



**LOGISTEC**

# 2020: A YEAR OF RESILIENCY AND GROWTH

2020 ANNUAL REPORT

# OUR PURPOSE

LOGISTEC's strategy is guided by our mission and purpose: We pride ourselves on building and sharing our expertise in order to contribute to the success of our customers and our communities. Our people are dedicated to finding solutions that support reliable supply chains and protect our environment and our water resources.



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# AT A GLANCE: OUR BUSINESS

For more than 65 years, LOGISTEC has built a business by creating success for our customers, our partners, our shareholders and our people. Our two business segments, marine and environmental services, are diverse in scope and geography, and work to find solutions that support reliable supply chains, protect our environment and our water resources.

**79** TERMINALS  
in **53** PORTS

**2,715**  
PEOPLE

**5,500**  
environmental projects  
COMPLETED TO DATE

2020 total  
**REVENUE**  
**\$604.7M**

REDUCTION OF  
**55M** M<sup>3</sup>  
of drinking water leaks  
over 2,100km installed

**2.6B**  
gallons of water  
decontaminated  
over the last 35 years

**50+**  
CONSECUTIVE  
years of profits

TSX: LGT.A AND LGT.B



# OUR STRATEGY

Anchored by a proven track record of long-term growth, LOGISTEC is driven through innovation to provide our stakeholders with a sustainable world for the next generations. Our strategic vision is clear: to be the provider of choice for safe, sustainable, and creative solutions in our marine and environmental services segments.



## STABLE LONG-TERM GROWTH

We deliver consistent, profitable growth that is stable and focused on long-term outcomes.



## PURPOSE DRIVEN

Our strategic decisions are grounded in our purpose, our values, and our commitment to our customers, our communities and to each other as colleagues.



## INNOVATING FOR THE NEXT GENERATIONS

We develop creative solutions to help shape the future for our customers and our communities.

# CEO'S MESSAGE

2020 was a year like no other —one filled with countless changes and unique challenges. While the pandemic disrupted our business, it reinforced one thing: Through our company's 65+ year history, we have faced challenges before, and we always emerge stronger, more resilient and more innovative than ever.

Just as our purpose guides us in better times, it also guided our decisions during challenging times, which enabled us to remain focused on our strategic, financial, and sustainable long-term priorities. Through it all, our LOGISTEC family demonstrated resiliency and determination, which resulted in our ability to continue to deliver some of our most critical services.

“

**WE ARE INVESTING IN  
OUR FUTURE, OUR PEOPLE,  
AND OUR COMMUNITIES,  
WHICH IN TURN MEANS WE ARE  
INVESTING IN OUR SUCCESS.**

## **RESPONDING TO COVID-19 WITH OUR LONG-TERM ASPIRATIONS IN FOCUS**

Our ability to respond to the changing environment enabled us to execute against our strategy and advance our long-term sustainability goals.

Designated as an essential service, LOGISTEC's terminal operations across our North American network remained open and functional, allowing us to rapidly respond to and maintain our customers' products flowing during lockdown. As a result, we moved fast to implement health and safety protocols, ensuring that working conditions were safe for our people and our customers.



As we worked through the pandemic, our cargo handling services delivered despite extremely volatile conditions. Lockdown restrictions and the closure of borders delayed or stopped raw material supply and contracted manufacturing everywhere. As a result, we saw full containers with nowhere to go as businesses were shut down. These created terrible congestion for both import and export fluidity. Additionally, consumer demand changed rapidly, focusing on essential goods and bulk buying—adding more pressure on the supply chain.

Despite the disruptions, I am proud of our team and their ability to rise to the challenges and not lose sight of our long-term strategic priorities. In the height of the pandemic, we proceeded with our development plan and acquired two businesses during the year as well as opened new terminal activities in Newfoundland, British Columbia, and Louisiana. While cargoes handled in these new terminals did not make up for the loss in volume as a result of COVID-19, these investments serve as long-term, strategic assets for LOGISTEC.

Our environmental services segment experienced a larger impact as a result of the pandemic. The Québec economy being shut down during the spring led to approximately ten weeks of inactivity for our operations. When the lockdown ended, our team of scientists, researchers and in-field experts accelerated their productivity, delivering nine months of work in just six months. Through the process, we are pleased to report that we completed the work while remaining COVID-19 free.



Looking to 2021, we know that the vaccine rollout for COVID-19 will impact the speed at which global economies can begin to reopen. While the full impact of the pandemic remains to be seen, we are confident in the resilience of our business model, and the expertise and commitment of our people. With this, as guidelines related to COVID-19 evolve, we continue to adopt best practices that prioritize the health and safety of our employees while ensuring our business operations within both our marine and environmental services continue to progress against plan.

There are countless stories of resiliency during the pandemic, yet one stands out in how we continued to create positive impact in our communities. In the early days of the pandemic, we had teams working tirelessly in Montréal, innovating and revamping the aging water main infrastructure. Under demanding circumstances, our teams collaborated with the municipality and residents, as hundreds of crew members and engineers repaired kilometres of water main infrastructure throughout the region.

“

## CONTINUING TO DRIVE PROFITABLE GROWTH AND DELIVER LONG-TERM, SUSTAINABLE VALUE TO OUR STAKEHOLDERS REMAINS A KEY PRIORITY IN 2021 AND BEYOND.

### DELIVERING VALUE IN 2020 AND BEYOND

LOGISTEC's operational resiliency delivered excellent results in a year of extreme uncertainty, including record adjusted EBITDA <sup>(1)</sup> of \$101 million. Strong 2020 results were driven by both our marine and environmental services segments, as a result of new creative solutions allowing us to reach new locations and customers.

Looking ahead, we are encouraged that the volumes in cargo handling will return to pre-pandemic levels, with container traffic expected to grow again. Our

environmental services segment is backed by a large order book of projects entering 2021, specifically through our subsidiaries, FER-PAL Construction Ltd. ("FER-PAL") and SANEXEN Environmental Services Inc. ("SANEXEN") as well as plans to expand our ALTRA Proven Solutions ("ALTRA") product in the USA. As we continue to invest in our technologies and further drive innovation, we expect environmental services to deliver solid growth by expanding our service offering to include additional large remediation sites across Canada and capitalize on the fast emerging PFAS ("water chemicals") technology market potential.

### INVESTING IN GROWTH DESPITE UNCERTAINTY

Our strategy is to leverage our high-quality assets, strong geographic footprint and culture of innovation to drive future growth. Utilizing the expertise we have acquired from over 65 years, we continue to go beyond for our customers, playing a critical role when it comes to the reliability of their supply chain; we continue to improve our operational excellence, and foster a culture of innovation and performance to power growth.



In June, we announced that our cargo handling and terminal operations in Houston, Texas called Gulf Stream Marine, Inc. ("GSM") acquired Coastal Cargo Texas Inc. This includes the Care terminal at the Port of Houston, and Gulf Coast Storage Inc. at the Port of Pascagoula, Mississippi, which further expands our footprint and anchors GSM as the terminal operator of choice in three Gulf Coast states. Overall, the operations are strategically located terminals that complement and expand our growing network throughout the USA.

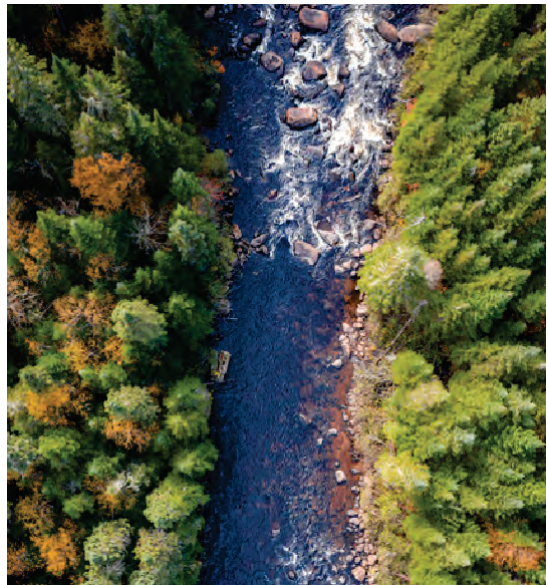
<sup>(1)</sup> Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measure section on page 46.

In 2020, we continued to invest in innovative technologies that resulted in new or elevated solutions to tackle some of our environmental services segment's most requested services. This included investments in our solutions such as ALTRA 10X liner for resiliency against extreme climate disruptions (natural disasters), ALTRA Lead Solutions pilot in Montréal-Est and Laval, Québec, ALTRA PFAS Treatment Solutions testing, and ALTRA 3D testing for dewatering at mining sites. We further developed a technology to recycle construction and demolition debris while working closely with partners to develop a tracking technology for the disposal of regulated materials. Finally, we launched a turnkey solution to manage the life cycle of personal protective equipment ("PPE") waste, from source to final disposal, ensuring the safe disposal of PPE through valorization—a process that involves changing residues into products at a much greater value.

For our marine services segment, we are focused on maximizing the use of our facilities for the benefit of our customers while continuing to grow and strengthen our network. In addition, we plan to invest in and implement continuous improvement programs and monetize synergies across our network, resulting in increased productivity and improved margins.

In closing, and looking back on this year, I am grateful for our talented and passionate people who showed up every day and served our customers by always going beyond. In turn, our customers stood by us as we navigated the uncertain conditions to create immediate and practical solutions. Despite everything, we stayed true to our values and never lost sight of our greater purpose—to constantly work to shape a more sustainable business and contribute to a better future for the next generations. I thank all our stakeholders for their commitment and look forward to working together in the year ahead and beyond.

*(signed)* Madeleine Paquin, C.M.  
President and Chief Executive Officer  
LOGISTEC Corporation





# STABLE LONG-TERM GROWTH

LOGISTEC's 65+ year history of continuous growth and profitability is in part a result of our prudent financial decisions and strategic actions including expanding our geographical footprint and launching innovative solutions to achieve a diverse and robust customer base.

While we never could have predicted the immense impact of the global pandemic, our values-based decision-making since inception laid the groundwork for a resilient and innovative business, allowing us to maintain stable long-term growth. Both our marine and environmental services continued to perform well throughout 2020 and are set up to continue to achieve growth in 2021, with a combination of organic development initiatives and strategic acquisitions.

- In the past year, we continued to safeguard our balance sheet, which has resulted in solid cash flows to support continued growth plans in 2021.
- We expect that LOGISTEC will see growth in both marine and environmental services, as we anticipate returning to revenue levels comparable to 2019 in addition to realizing benefits from the acquisitions completed in 2020.
- LOGISTEC is well positioned to surpass 2020 results, as our environmental services segment entered 2021 with a solid order book of projects equalling approximately \$120 million, representing 46% of that segment's 2020 revenue.
- In 2021, our water technology experts will launch a product rollout to encourage the commercial adoption of our new products including ALTRA 3D and ALTRA PFAS Treatment Solutions in Canada and the United States.

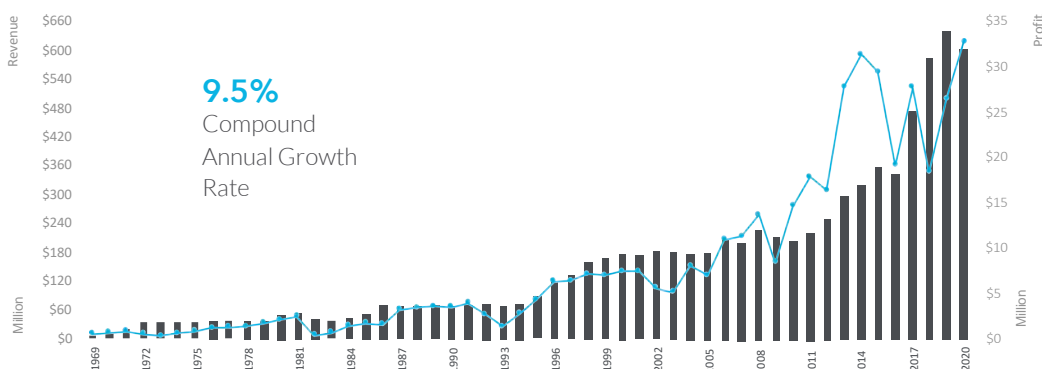


**AT LOGISTEC, WE DIFFERENTIATE OURSELVES THROUGH INNOVATION AND TECHNOLOGY WITH A MINDSET OF LONG-TERM GROWTH AND SUSTAINABILITY.**

JEAN-CLAUDE DUGAS, CPA, CA  
CHIEF FINANCIAL OFFICER

**Solid profits every year for the last 50+ years**

- Revenue
- Profit attributable to owners of the Company<sup>(1)</sup>



<sup>(1)</sup> Compound Annual Growth Rate in graph represents growth since 1969.

# PURPOSE DRIVEN

Our business decisions and actions centre around our purpose and shared values with the clear objective to create value for our customers, communities, people, shareholders, and all stakeholders alike. Delivering responsibly is at the heart of how the LOGISTEC family is building a sustainable future for the next generations. It means handling our customers' goods safely, protecting and renewing our environment and our water infrastructure, attracting and developing the best and brightest talent, investing in our communities and leading with the highest governance standards.

In 2020, we specifically chose which challenges we wanted to take on. We focused on addressing the growing water infrastructure challenges by adopting technologies in accordance with the United Nation's Sustainable Development Goals, reducing waste from disposable PPE, and contributing to our communities in a meaningful way.

## ADDRESSING GROWING WATER INFRASTRUCTURE CHALLENGES FOR A SUSTAINABLE FUTURE

- ALTRA renews and protects aging water infrastructure from the inside with minimal disruption to communities.

### OVER THE YEARS, WE HAVE:

saved over  
**41.2M**  
litres of fuel

preserved  
**23M**  
tonnes of soil  
(keeping it out of landfills)

avoided the  
emission of over  
**447**  
kilotonnes of green  
house gas emissions

and avoided the  
emission of over  
**1,250**  
tonnes of atmospheric  
pollution compared  
to traditional open-  
cut water main  
replacement



In November, the Solar Impulse Foundation recognized our ALTRA Proven Solutions as one of the 1,000 clean and efficient solutions that will change the world. The Solar Impulse Foundation is LOGISTEC's platform to enhance worldwide education on our ability to protect the environment in a profitable way with a path to potentially fast-tracking implementation.



Certified by Solar  
Impulse label

## PROTECTING OUR ENVIRONMENT FROM DISPOSABLE PPE

- BOX-19 is a turnkey solution that our team developed during the pandemic that eliminates the risks associated with the disposal of PPE potentially contaminated by COVID-19. In January 2021, the Québec government made an announcement mandating that two disposable masks be supplied to each high school student and staff member per day. It was estimated that used masks would accumulate approximately 100 million by year-end and likely end up in a landfill.
- The BOX-19 team quickly mobilized decision-makers within the Québec Ministries of Health and Education and informed them of the LOGISTEC solution to address this new challenge. Early success of the program includes preventing approximately 750,000 masks per month from ending up in a landfill with consistent uptake growing month over month.



### TREE CANADA

Building on our national tree-planting program with Tree Canada, the LOGISTEC family's contributions resulted in offsetting a fleet of 500 mobile units in the past year. Our efforts will continue, as we promote environmental sustainability and help make the communities where we work greener across our network.



**OUR WORLD IS CHANGING,  
AND WE BELIEVE THERE  
HAS NEVER BEEN A  
MORE IMPORTANT TIME  
FOR OUR INNOVATIVE  
SOLUTIONS THAN NOW,  
AND WE WHOLEHEARTEDLY  
ACCEPT THIS IMPORTANT  
RESPONSIBILITY.**

MARTIN BUREAU  
VICE-PRESIDENT, INNOVATION  
SANEXEN ENVIRONMENTAL SERVICES INC.



# INNOVATING FOR THE NEXT GENERATIONS

Throughout the pandemic, we continued to invest and innovate to introduce new solutions while ensuring we remained focused on our long-term environmental and sustainability goals. Our practical approach to tackling complex matters through investments, research and development, testing, pilot projects, and challenging the status quo, has helped solve problems that not only affect our stakeholders today, but for the next generations.

## INNOVATING TO SOLVE TODAY'S WATER ISSUES, WITH AN EYE TO THE FUTURE

This year, we formally launched ALTRA, representing a suite of innovative water technology solutions. ALTRA combines a series of comprehensive solutions to protect and renew water infrastructure including ALTRA Water Technologies (formerly Aqua-Pipe), which addresses water main infrastructure issues, ALTRA Lead Solutions (formerly Neofit), which protects people from lead in their drinking water, and ALTRA PFAS Treatment Solutions, that eliminates potentially harmful “forever chemicals” from drinking water. The offering represents LOGISTEC’s latest commitment to developing innovative solutions that drive positive and sustainable change and impact. ALTRA serves as a competitive advantage in the market and we have ambitions to grow substantially within North America. We are seeing interest build in the USA, as cities and municipalities face more climate disruption events. We will continue to invest in our technologies and attract talented engineers and scientists to elevate our competitiveness.

“

**OUR PURPOSE IS THE DRIVING FORCE BEHIND OUR COLLECTIVE PASSION TO CREATE SOLUTIONS FOR OUR CUSTOMERS AND COMMUNITIES TODAY AND FOR THE NEXT GENERATIONS.**

RODNEY CORRIGAN  
PRESIDENT  
LOGISTEC STEVEDORING INC.



## NATIONALLY RECOGNIZED FOR OUR INNOVATION

Our water technology team was recognized and awarded during the 11<sup>th</sup> annual Canadian Water Summit. The team received the award in the “Projects and Technology: Drinking Water” category, for our innovative Next Generation Water Technology that is earthquake resilient and NSF 61 certified. The 2020 Water’s Next Awards recognize individuals, projects, and technologies that have made significant contributions to the water industry in Canada.



Water's Next  
Awards 2020  
Winner

## TAKING ON RESIDUE RECYCLING WITH ONE-OF-A-KIND TECHNOLOGY

We've partnered with RECYC-QUÉBEC for a project to recycle and reclaim gypsum and fine residues from the construction, renovation and demolition ("CRD") sector. Our creative solutions are the first technologically and economically viable solutions that will result in less than 10% of CRD fine residues ending up in the landfill in one year's time. It is also the first project in the Province of Québec that will trace residual materials coming directly from the source of production (CRD debris sorting centres) to a recovery centre dedicated to processing this material. This traceability is part of our commitment to transparent and environmentally responsible management of these residual materials.



## INNOVATING THROUGH COLLABORATION: DELIVERING PPE THROUGH ARTIFICIAL INTELLIGENCE

When COVID-19 had quickly turned into a global crisis, there was a sudden global demand for single-use PPE that created a strain on the supply chain. The Port of Montréal needed to streamline and speed up the process immediately. Our colleagues from TERMONT Montréal Inc. (a joint venture of LOGISTEC) joined forces with the Port of Montréal, CargoM, Montréal Gateway Terminals Partnership, Scale AI and Ivado Labs to leverage artificial intelligence ("AI") and create an innovative solution called CARGO2ai. As containers arrive at the port, the AI algorithm immediately validates which supplies are urgently required and where, flagging which container needs to be picked up first and automatically adjusting stock levels at the destination. The innovative solution is shareable and can be implemented at any port or other supply chain around the world and can be used well beyond COVID-19.

# 2020 HIGHLIGHTS

For the year ended December 31  
(\$ except where otherwise indicated).

**604.7M**

IN REVENUE

**100.7M**

ADJUSTED EBITDA <sup>(1)</sup>

**32.6M**

PROFIT ATTRIBUTABLE TO  
OWNERS OF THE COMPANY

**24.5 %**

INCREASE IN PROFIT  
ATTRIBUTABLE TO OWNERS OF  
THE COMPANY OVER 2019

**2.49**

EARNINGS PER SHARE <sup>(2)</sup>

**14.12**

PRICE/EARNINGS RATIO <sup>(3)</sup>

<sup>(1)</sup> Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measures section on page 46.

<sup>(2)</sup> Attributable to owners of the Company.

<sup>(3)</sup> Price/earnings ratio calculated with Class B Subordinate Voting Shares.





MARINE SERVICES SEGMENT

**344.6M**

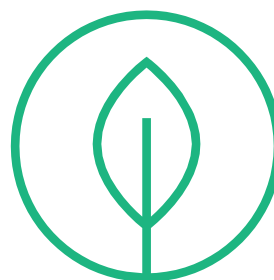
IN REVENUE

**27.2M**

PROFIT BEFORE  
INCOME TAXES

**523.8M**

TOTAL ASSETS



ENVIRONMENTAL SERVICES SEGMENT

**260.1M**

IN REVENUE

**16.2M**

PROFIT BEFORE  
INCOME TAXES

**273.6M**

TOTAL ASSETS

# MANAGEMENT'S DISCUSSION & ANALYSIS





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## FORWARD-LOOKING STATEMENTS

*This management's discussion and analysis ("MD&A") along with the annual report, audited annual consolidated financial statements, the annual information form and the information circular and compensation disclosure and analysis are all filed on SEDAR's website ([www.sedar.com](http://www.sedar.com)) and some of these documents can also be consulted on LOGISTEC's website ([www.logistec.com](http://www.logistec.com)), in the investors section.*

*The interim financial reports and financial press releases can also be consulted on SEDAR and LOGISTEC's website.*

*For the purpose of informing shareholders and potential investors about the Company's prospects, sections of this document may contain forward-looking statements, within the meaning of securities legislation, about the Company's activities, performance and financial position and, in particular, hopes for the success of the Company's efforts in the development and growth of its business. These forward-looking statements express, as of the date of this document, the estimates, predictions, projections, expectations, or opinions of the Company about future events or results. Although the Company believes that the expectations produced by these forward-looking statements are founded on valid and reasonable bases and assumptions, these forward-looking statements are inherently subject to important uncertainties and contingencies, many of which are beyond the Company's control, such that the Company's performance may differ significantly from the predicted performance expressed or presented in such forward-looking statements. The important risks and uncertainties that may cause the actual results and future events to differ significantly from the expectations currently expressed are examined under business risks in this document and include (but are not limited to) the performances of domestic and international economies and their effect on shipping volumes, weather conditions, labour relations, pricing and competitors' marketing activities. The reader of this document is thus cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to update or revise these forward-looking statements, except as required by law.*

# INTRODUCTION

This MD&A of operating results deals with LOGISTEC Corporation's operations, results and financial position for the fiscal years ended December 31, 2020 and 2019. All financial information contained in this MD&A and the attached audited consolidated financial statements ("financial statements") has been prepared in accordance with International Financial Reporting Standards ("IFRS").

In this report, unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A should be read in conjunction with LOGISTEC's financial statements and the notes ("2020 Notes") thereon.

<i>(in thousands of dollars, except where indicated)</i>	2020 <sup>(5)</sup>	2019 <sup>(5)</sup>	2018	2017	2016	Variation 20-19 %	Variation 20-16 %
<b>Financial Results</b>							
Revenue	604,701	639,942	584,878	475,743	343,326	(5.5)	76.1
Adjusted EBITDA <sup>(1) (6)</sup>	100,658	89,611	64,177	74,741	42,034	12.3	139.5
Profit for the year <sup>(2)</sup>	32,614	26,194	18,060	27,426	18,858	24.5	72.9
<b>Financial Position</b>							
Total assets	797,381	734,738	637,103	513,539	355,860	8.5	124.1
Working capital	91,604	97,996	82,099	70,196	75,745	(6.5)	20.9
Long-term debt (including the current portion)	167,680	177,900	163,297	83,404	60,325	(5.7)	178.0
Equity <sup>(2)</sup>	300,782	280,371	262,198	228,574	201,383	7.3	49.4
<b>Per Share Information<sup>(3)</sup></b>							
Profit for the year <sup>(2)</sup> (\$)	2.49	2.00	1.38	2.11	1.48		
Equity <sup>(2)</sup> (\$)	23.00	21.40	19.96	17.56	15.77		
Outstanding shares, diluted (weighted average in thousands)	13,076	13,103	13,135	13,016	12,768		
Share price as at December 31							
Class A Common Shares (\$)	37.00	39.60	40.86	44.04	38.00		
Class B Subordinate Voting Shares (\$)	35.16	40.00	43.27	44.75	35.10		
Dividends declared per share							
Class A Common Shares (\$)	0.3740	0.3685	0.3465	0.3150	0.3000		
Class B Subordinate Voting Shares (\$)	0.4114	0.4054	0.3812	0.3465	0.3300		
<b>Financial Ratios</b>							
Return on average equity <sup>(2)</sup>	11.22%	9.66%	7.36%	12.76%	9.65%		
Profit for the year <sup>(2)</sup> / revenue	5.39%	4.09%	3.09%	5.76%	5.49%		
Net indebtedness/capitalization <sup>(4)</sup>	29%	36%	38%	28%	18%		
Price/earnings ratio (Class B Subordinate Voting Shares)	14.12	20.00	31.36	21.24	23.76		

<sup>(1)</sup> Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measures section on page 46.

<sup>(2)</sup> Attributable to owners of the Company.

<sup>(3)</sup> For earnings per share per class of share, please refer to the selected quarterly information table on page 34.

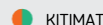
<sup>(4)</sup> Net indebtedness and capitalization are non-IFRS measures, please refer to the liquidity and capital resources section on page 40.

<sup>(5)</sup> The 2020 and 2019 figures reflect the application of IFRS 16 Leases ("IFRS 16"), for which the comparative figures have not been restated. Please refer to the application of IFRS 16 section on page 47 for further details.

<sup>(6)</sup> The application of IFRS 16 had a favourable impact of \$19.3 million on the adjusted EBITDA of 2020 (\$13.7 million in 2019).

# OUR BUSINESS

The Company is incorporated in the Province of Québec and its shares are listed on the Toronto Stock Exchange ("TSX") under the ticker symbols LGT.A and LGT.B. The Company's largest shareholder is Sumanic Investments Inc. The operations of LOGISTEC Corporation, its subsidiaries and its joint ventures (collectively "LOGISTEC", the "Company", "we", "us", or "our") are divided into two segments: marine and environmental services.

KITIMAT

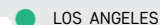
## OUR MISSION AND PURPOSE

LOGISTEC's strategy towards 2023 is guided by our mission and purpose: We pride ourselves on building and sharing our expertise in order to contribute to the success of our customers and our communities. Our people are dedicated to finding solutions that support reliable supply chains and protect our environment and our water resources.

## CORPORATE OVERVIEW

LOGISTEC is a North American provider of choice for safe, sustainable and creative solutions in the marine and environmental sectors. The Company's long-term strategy is supported by a history of consistent, profitable growth driven by innovation and resiliency within its two distinct business segments.

LOGISTEC's people are key to the success of its strategy, as they ensure the delivery of the Company's services whether through its cargo handling facilities or on its project sites. LOGISTEC's success is a direct reflection of the skills and dedication of its more than 2,700 people across North America, from the Arctic to Brownsville (TX), including both union and non-union workers. LOGISTEC has a proven track record of creating mutually beneficial outcomes when negotiating with unions. The Company is party to 35 active collective agreements. We signed six agreements in 2020, while six were still being negotiated at the end of 2020 and eight will expire in 2021.

LOS ANGELES





## STRATEGY

Anchored by its performance history, LOGISTEC is driven to innovate, providing its stakeholders a sustainable world for the next generations. The strategic vision is clear: to be the provider of choice for safe, sustainable and creative solutions in the marine and environmental sectors.

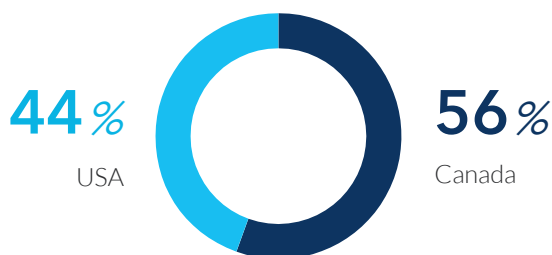
Since becoming a public company in 1969, LOGISTEC has demonstrated increasing profitability over the years, creating value for all stakeholders. The Company's strong financial discipline, solid balance sheet and achievements support long-term financial stability and continued growth.

LOGISTEC leverages the breadth of its geographic footprint, invests in innovative solutions and centres decisions around the Company's values to deliver unparalleled and sustainable results. When it comes to strategic expansion through acquisitions, LOGISTEC pursues opportunities that support and contribute to maximizing shareholder value, undertaking rigorous evaluations, based on defined financial and strategic criteria. The evaluation looks to whether the investment is accretive, assesses if it provides the proper return from future sustainable cash flows, and looks at whether the financial position will minimally be affected (if financing is needed) to present an acceptable debt level and debt/capitalization ratio.

## DIVERSIFIED REVENUE



## DIVERSIFIED GEOGRAPHY





## MARINE SERVICES

Consisting of 53 ports and 79 terminals across North America, LOGISTEC's marine services segment provides specialized cargo handling and other services to a wide variety of marine and industrial customers. The marine services segment is focused on growth through innovation, further embedding operational excellence and expanding its port facilities through organic and inorganic growth. LOGISTEC ensures that its infrastructure is optimally leveraged by leasing the terminals and warehouses that it operates. Most of the sites are under long-term leases, allowing LOGISTEC to invest in proper infrastructure and cargo handling equipment and technologies. The rent may be a fixed monthly charge, a throughput fee based on tonnage handled or a combination of both.

The marine services segment's competitive advantage is positioned around three key areas:

- Strategically located near road and rail infrastructures, offering specialized cargo handling capabilities, fast and efficient services, and ease of transport to final destinations, as well as fast turnaround of cargo and vessels.
- Strong, long-term relationships with critical business stakeholders and partners to support efficient and positive decision-making outcomes for all.
- The diversity of cargo types, various industries served, and ultimate revenue base reduces LOGISTEC's sensitivity to economic swings in the short and long term.

### CARGO HANDLING

LOGISTEC's cargo handling services business is one of the largest service providers in Canada and a growing player in the United States. Cargoes handled typically consist of essential products like forest products, metals, dry bulk, fruit,

## 344.6M

revenue for 2020

## 6.2%

annual revenue  
growth over the last  
10 years



grain and bagged cargoes, containers, general and project cargoes.

The extended network of port terminals allows the Company to specialize its facilities and tailor the services according to customers' specific cargo handling needs. This improves the quality of services, enhances operating efficiencies, lowers the risk of cargo damage, and ensures greater control over costs. To optimally serve customers, LOGISTEC's terminal operators leverage technology to monitor the extensive fleet of equipment, while providing real-time information and updates to customers. In addition, LOGISTEC's leaders in the field are recognized for their ability to develop unique cargo handling solutions, addressing the specific challenges each supply chain brings.

### MARINE TRANSPORTATION AND MARINE AGENCIES

Other marine services include marine transportation and marine agencies where the Company is consistently pursuing opportunities to deliver value to its customers and enhance long-term shareholder value.

The Company has a joint venture to transport cargo to communities in the Canadian Arctic through the 50%-owned joint venture Transport Nanuk Inc. ("Nanuk"). Through this venture, LOGISTEC serves over 40 communities in Nunavut and Nunavik. LOGISTEC also seeks to increase market share in the Canadian Arctic for re-supply, develop

new opportunities for the mining industry and develop short-sea shipping opportunities in non-Arctic Eastern Canada—all while continuing to monitor and improve the operational efficiency of its fleet.

### PRIORITIES

The marine services segment's short-term priorities are focused on accelerating growth and embedding operational excellence throughout the business. The segment is implementing continuous improvement programs across the network to increase productivity and expand margins, invest in skills and training to expand its experienced and flexible labour, and leverage technology to reduce operating costs and create value-added services. It is also deliberately focused on stakeholder management initiatives to secure competitive leases with port authorities and labour contracts with unions.

In the longer term, the marine services segment is focused on geographic expansion, continued customer growth and increased market share. The Company expects to expand its existing cargo handling business through continued investment, strategic acquisitions and partnerships with ports and terminals, and targeted solutions for new strategic customers.







## ENVIRONMENTAL SERVICES

LOGISTEC, through its subsidiaries SANEXEN Environmental Services Inc. ("SANEXEN"), FER-PAL Construction Ltd. ("FER-PAL"), and NIEDNER Inc. ("NIEDNER"), as well as through its brand, ALTRA Proven Solutions ("ALTRA"), delivers creative and customized solutions to industrial, municipal and governmental clients and partners. The subsidiaries work to complement one another and support different areas of the business, from research and development to implementation and installation.

The Company's expert environmental engineers and scientists, combined with its in-house research and development teams, develop unique water technologies and offer environmental services, including the renewal of underground water mains, site remediation, soils and materials management, risk assessment and manufacturing of woven hoses.

ALTRA combines a series of comprehensive solutions to protect and renew water infrastructure, including: ALTRA Water Technologies, which addresses water main infrastructure issues, ALTRA Lead Solutions, which protects people from lead in their drinking water, and ALTRA PFAS Treatment Solutions, which eliminates potentially harmful "forever chemicals" from drinking water, offering flexible, fluid and proven management solutions for long-lasting and sustainable results.

ALTRA's next-generation technology protects aging water infrastructure from the inside with minimal disruption to communities. FER-PAL is a certified field installer of the ALTRA technology.

Additionally, through NIEDNER, the Company manufactures the structural lining used in our drinking water infrastructure renewal process.

## 260.1M

revenue for 2020

## 13.6%

annual revenue growth  
over the last 10 years



certified by Solar  
Impulse label

The environmental services segment also offers turnkey solutions for the assessment of properties (phases I and II) and the clean-up of soils, groundwater, buildings, lagoons and underground tanks, including the characterization and remediation of sites and risk assessment, as well as soils and materials management. It has carried out hundreds of projects involving a wide spectrum of decontamination issues, and analyzes and evaluates the human and environmental risks associated with contamination issues.

The environmental services segment's competitive advantage is centred around the following areas:

- Differentiated solutions through investment in innovation and the ability to be agile and resilient. The environmental services segment takes a common-sense approach to tackling current and anticipated complex environmental conditions.
- Develops, manufactures and installs its product, allowing the Company to better understand all aspects of the product and its installation of solutions enabling continuous improvement.
- Positioned as a leader in traditional markets, with strong opportunities for geographic expansion, as well as further commercialization of unique water technologies across the North American markets.

## PRIORITIES

The environmental services segment's short-term focus is on continued investment, research and development, pilot projects, testing and the creation of customized solutions to meet growing demands and drive overall growth. Additionally, there is an accelerated urgency, as businesses and governments realize the necessity to serve communities facing a growing number of critical environmental challenges. As a result, LOGISTEC's field-proven innovative solutions to solve water issues are expected to see increased demand.

In the longer term, the Company's ambition for the segment is to be recognized as an industry leader with respect to sustainability across North America. The Company will continue to grow through geographic expansion of its environmental services and commercialization of its unique water technologies across North American markets. The segment's business development strategy will also maintain a strong focus on its traditional business (soils and materials management, site remediation and risk assessment).







# COMMITMENT TO ESG

Delivering responsibly is at the heart of how the LOGISTEC family is building a sustainable future. It means handling the customers' goods safely, protecting and renewing the environment, attracting and developing the best and brightest talent, investing in communities and leading with the highest governance standards.

Through its three Environmental, Social and Governance ("ESG") priorities, LOGISTEC is dedicated to finding solutions that support reliable supply chains and protect the environment and water resources and, in doing so, contribute to achieving 12 of the 17 United Nations' Sustainable Development Goals.



**PROTECT AND  
RENEW OUR  
ENVIRONMENT**



**BE  
SOCIALY  
RESPONSIBLE**



**LEAD WITH  
STRONG  
GOVERNANCE**

## PROTECT AND RENEW OUR ENVIRONMENT

LOGISTEC has taken a proactive and voluntary approach to improving its impact on the environment. The Company has been certified as a Green Marine participant since 2009 —a joint Canada-USA initiative aimed at implementing a marine industry environmental program throughout North America. Companies participating in the voluntary program evaluate their performance yearly on a scale that ranges from regulatory compliance to excellence in their practices with respect to twelve prioritized environmental issues. The program is reviewed and



### Goal 3: Good Health and Well-Being

Addressing lead in drinking water and emerging contaminants



### Goal 4: Quality Education

Participate in programs to help youth acquire the knowledge and skills needed to promote sustainable development



### Goal 5: Gender Equality

Help women have equal rights to economic resources and natural resources



### Goal 6: Clean Water

Improve water quality and infrastructure

adjusted every year to reflect new regulations and keep up with technological innovation.

To date, LOGISTEC's environmental efforts have been strategically driven to create impact for shareholders and broader stakeholders alike, including:

- Treated over 10 billion litres of contaminated water and more than 15 million tonnes of impacted soils over the past 35 years;
- Water technology has eliminated 55 million M<sup>3</sup> of drinking water leaks, 950 tonnes of atmospheric pollutants, 443 kilotonnes of greenhouse gases, and removed one million trucks from roads;
- The TERMONT Montréal Inc. ("TERMONT") joint venture was recognized in September 2019 as the first port operator in the world to use a fully hybrid vehicle fleet;
- 5,500 projects of site remediation of contaminated soils completed;
- 2,500 trees planted in partnership with Tree Canada to offset LOGISTEC's carbon footprint.

The Solar Impulse Foundation recognized ALTRA as one of the 1,000 clean and efficient solutions that will change the world.

## BE SOCIALLY RESPONSIBLE

Through LOGISTEC's socially responsible priorities, the Company works to improve people's lives, including its employees and the many communities the Company serves.

LOGISTEC believes in the importance of promoting strong labour relations and supports collective workers' rights as a party to 35 active union agreements to ensure its people feel heard and safe. Protecting LOGISTEC's people and ensuring the right conditions are in place to foster a culture of health and safety is the Company's top priority. LOGISTEC's occupational health and safety commitments are embedded through its values and culture, resulting in a solid frequency rate improvement in the last 12 months. The Company has developed and employed a Safety Management System ("SMS"), which contains processes used to verify the Company's quality and service. The SMS serves as the Company's formal commitment to its people through Health, Safety and Environment ("HSE") programs. Composed of 14 discrete elements within 50 operations programs, the SMS also includes HSE information to provide guidance for the Company's terminals and facilities when developing and implementing site-specific HSE and quality programs, ensuring that unique precautions are carefully considered for each site.

Beyond health and safety, LOGISTEC believes that fostering a culture of inclusion inspires true imagination and innovation. The Company works to implement strategies and practices to support a diverse workplace. While work in this regard continues, the Company's Board of Directors is made up of 36% women; 46% of the Company's officers are women; 50% of the officers and directors of LOGISTEC Marine Services Inc. and directors of LOGISTEC



### Goal 7: Affordable and Clean Energy

Support wind energy supply chains



### Goal 8: Decent Work and Economic Growth

Protect labour rights and promote safe and secure working environments for all workers



### Goal 9: Build Resilient Infrastructure and Foster Innovation

Facilitate sustainable and resilient infrastructure development. ALTRA's resiliency was proven



### Goal 11: Sustainable Cities and Communities

Prevent disasters including water-related disasters



### Goal 12: Responsible Consumption and Production

Achieve environmentally sound management of waste (BOX-19)



Environmental Services Inc. are women.

The community impact reach includes programs that support developing talent, humanitarian initiatives, health and safety, and the environment. LOGISTEC's strong ties to the Arctic communities allow for knowledge exchange and collaboration through the joint ventures in NEAS Inc. and Qikiqtaaluk Environmental Inc.. Broader social and economic impact was realized through the development of CARGO2ai through a partnership between the Port of Montréal, CargoM, TERMONT, Montréal Gateway Terminals Partnership, Scale AI and Ivado Labs. It is a logistics tool that was created to tackle the uncertainty around COVID-19, using artificial intelligence to quickly identify and prioritize the critical cargo that Canadians need.

## LEAD WITH STRONG GOVERNANCE

Good governance is a fundamental principle at LOGISTEC, and the Company strives to maintain the highest standards of ethical conduct — reporting results with accuracy and transparency, and maintaining compliance with the laws, rules and regulations that govern LOGISTEC's businesses.

The Board is responsible for the stewardship of the Company and for monitoring the actions of, and providing overall guidance and direction to management. The Board established an Audit Committee and a Governance and Human Resources Committee, each comprised of independent directors to uphold the integrity and transparency of decision making.

The Board authorizes the Audit Committee to assist in overseeing:

- The integrity and quality of the Company's internal control over financial reporting, disclosure controls and procedures, and risk management;
- The Company's compliance with legal and regulatory requirements;
- The qualifications and independence of the Company's independent auditor;
- The performance of the Company's internal accounting functions and independent auditor.

The Board considers recommendations of the Governance and Human Resources Committee with respect to:

- The appointment and compensation of executive officers of the Company at the level of Vice-President and above;
- The compensation philosophy for the Company;
- The adoption of any incentive compensation and equity-based plans, including stock options, stock purchases or other similar plans, in which officers are or may be eligible to participate;
- The Company's retirement policies and special cases.

The Board also approves HSE policies and procedures, and reviews any material issues relating to environmental and safety matters and management's response thereto. See the full list of Directors towards the end of the Annual Report.



### Goal 13: Climate Action

Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters



### Goal 14: Life Under Water

As part of Green Marine, support all best practices of international shipping



### Goal 15: Life On Land

Ensure the restoration of our natural ecosystems



## OUTLOOK

2020 was a year of challenges brought on by the COVID-19 pandemic, despite a drop of revenue in our marine services segment, LOGISTEC's agile response and commitment to innovation led to growth initiatives in both the marine and environmental services segments, while maintaining the quality and productivity of our talented team and positioning the Company to quickly respond, as the economic recovery continues.

Our path forward is grounded in our commitment to returning capital to stakeholders through dividends while committing to growing shareholder value through strategic, accretive acquisitions in both segments, combined with organic growth driven by innovation.

Looking to 2021, we expect that the vaccine for COVID-19 will impact the speed at which global economies can begin to reopen. In 2020, the Bank of Canada reported a 5.5% decline in Gross Domestic Product ("GDP"), however GDP is forecast to post growth of about 4% in 2021 and almost 5% in 2022. This follows the deepest recession in modern times. While the speed of the economic recovery in Canada has yet to be determined, we believe we have strong business positioning in both services to navigate through these uncertain times. Our marine services remain essential and will continue to operate with the health and safety of our people and customers as a top priority. Additionally, the Canadian federal government's \$33 billion Investing in Canada Infrastructure Program will no doubt support Canada's economic recovery, and may lead to opportunities in both segments. As far as the USA, where we have 44% of our revenue, we expect more positive recovery, as it has so far demonstrated a very resilient rebound.

We forecast that LOGISTEC will see growth in both marine and environmental services, as we anticipate returning to revenue levels comparable to 2019, in addition to realizing the benefits from the acquisitions completed in 2020.

In marine services, we expect volumes to return to historical levels as the economy adjusts to the new normal and vaccines are rolled out. We also remain focused on maximizing the use of our facilities for the benefit of our customers while continuing to grow and strengthen our network. In addition, we continue to embed operational excellence in our day-to-day by applying our innovative approach, resulting in increased productivity and expanding margins.

Supporting our outlook of growth for 2021, we begin the year with a solid project order book of approximately \$120 million in our environmental services segment, representing 46% of the segment's revenue in 2020, positioning it to surpass 2020 results. We also expect environmental services to deliver on solid growth by continuing to provide our customers with innovative solutions. This will be supported by a product rollout to encourage the commercial adoption of our new products including our suite of ALTRA in Canada and the United States, and expanding the service offering to include additional large remediation sites across Canada.

While the full impact of the pandemic remains to be seen, we remain confident in the resilience of our business model, and the expertise and commitment of our people to continue to achieve growth in 2021.

## OUR RESPONSE TO COVID-19

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at the global and national levels. These measures, which include travel bans, solitary confinement, or quarantine, whether voluntary or not, and social distancing, have caused significant disruption in the United States and Canada, where the Company operates.

LOGISTEC rolled out its business continuity plan for its marine operations, which were deemed essential services by the government authorities in Canada and the United States. As such, our terminal operations across our North American network remained open and functional. In addition, our manufacturing of woven hoses, which is essential in providing communities with drinking water and fighting forest fires, remained operational.

On the environmental services side, we were, as every year, impacted by the seasonality of our operations; as most activities cannot be performed in the winter season. This includes site remediation and renewal of water mains. COVID-19 has nonetheless affected some of these activities, causing significant delays in our projects. However, operating under strict distancing and sanitation protocols, we were able to recover most of the lost time before the conclusion of the active season.

As at December 31, 2020, the Company qualified for the Canada Emergency Wage Subsidy ("CEWS") and there was reasonable assurance that the amount would be received from the Canadian federal government in connection with the COVID-19 pandemic. For the year ended December 31, 2020, the Company recognized \$15.8 million of wage subsidy against the salary expense, which qualified for that subsidy, under employee benefits expense in the consolidated statements of earnings.

In light of the COVID-19 measures, management has reviewed its judgments, estimates and assumptions, which are fully described in Note 3 of the 2020 Notes, related to the carrying amounts of assets and liabilities that are not readily apparent from other sources. As at December 31, 2020, management has not found any triggering events that could impair its long-lived assets, including goodwill, that could increase the allowance for doubtful accounts on its trade receivables, or that could limit its ability to draw on its credit facilities.

## BUSINESS COMBINATIONS

### 2020 BUSINESS COMBINATIONS

#### CARE AND PASCAGOULA TERMINALS

On June 26, 2020, Gulf Stream Marine, Inc. ("GSM") acquired the Care terminal at the Port of Houston in Texas, and on July 15, 2020, acquired an additional terminal at the Port of Pascagoula in Mississippi for a total purchase price of US\$12.0 million (CA\$16.5 million), subject to certain adjustments. These two strategically located marine terminals complement LOGISTEC's growing network throughout the U.S. Gulf, which is now operating in 12 terminals in three Gulf Coast states.



## CASTALOOP INC.

On December 14, 2020, the Company acquired 100% ownership of Gestion Castaloo Inc. and its subsidiaries ("Castaloo") for a purchase price of \$3.5 million, subject to certain adjustments. Castaloo provides customized cargo handling services to clients along the Great Lakes and St. Lawrence Seaway, as well as along the St. Lawrence River and the U.S. East Coast. This acquisition solidifies LOGISTEC's position as a leading provider of innovative cargo handling services at ports throughout North America.

Please refer to Note 4 of the 2020 Notes for further details.

## 2019 BUSINESS COMBINATIONS

On October 31, 2019, the Company acquired the remaining 14.18% interest in MtlLINK Multimodal Solutions Inc. for cash consideration of \$1.8 million.

## SELECTED ANNUAL FINANCIAL INFORMATION

Years ended December 31

(in thousands of dollars, except earnings and dividends per share)

	2020 <sup>(1)</sup>	2019 <sup>(1)</sup>	2018	Variation 20-19	
	\$	\$	\$	\$	%
Revenue	604,701	639,942	584,878	(35,241)	(5.5)
Profit attributable to owners of the Company	32,614	26,194	18,060	6,420	24.5
Total basic earnings per share <sup>(2)</sup>	2.53	2.05	1.43	0.48	23.4
Total diluted earnings per share <sup>(2)</sup>	2.49	2.00	1.38	0.49	24.5
Total assets	797,381	734,738	637,103	62,643	8.5
Total non-current liabilities	365,266	338,565	246,497	26,701	7.9
Cash dividends per share:					
– Class A shares <sup>(3)</sup>	0.3740	0.3658	0.3383		
– Class B shares <sup>(4)</sup>	0.4114	0.4023	0.3721		
Total cash dividends	5,022	4,864	4,452		

<sup>(1)</sup> The 2020 and 2019 figures reflect the application of IFRS 16 Leases ("IFRS 16"), for which the comparative figures have not been restated. Please refer to Application of IFRS 16 section on page 47.

<sup>(2)</sup> Combined for both classes of shares.

<sup>(3)</sup> Class A Common Shares ("Class A shares").

<sup>(4)</sup> Class B Subordinate Voting Shares ("Class B shares").

## 2020 VERSUS 2019

Revenue reached \$604.7 million in 2020, down by 5.5% or \$35.2 million over 2019. Revenue in the marine services segment totalled \$344.6 million in 2020, down by \$40.7 million from \$385.3 million last year. The environmental services segment delivered revenue totalling \$260.1 million, an increase of \$5.5 million or 2.1% over revenue of \$254.6 million in 2019.

Profit attributable to owners of the Company increased by \$6.4 million or 24.5% in 2020. Results were positively impacted by an improved performance from FER-PAL. Additionally, \$15.8 million of CEWS were recorded against our salary expense which were instrumental in maintaining employment.

Total assets amounted to \$797.4 million at the end of 2020, up by \$62.6 million over 2019. This increase stems mainly from the additional \$43.2 million in right-of-use assets and our cash position that increased by \$22.9 million. The later variation was essentially due to \$108.5 million of positive cash flows from operating activities, which was more than enough to cover our \$44.6 million cash outflows from investing activities and \$41.0 million cash outflows from financing activities.

Total non-current liabilities increased to \$365.3 million in 2020, compared with \$338.6 million in 2019. This is due mainly to the additional \$35.4 million in lease liabilities.

Cash dividends paid in 2020 increased by 3.2% to \$5.0 million, compared with \$4.9 million in 2019.

## 2019 VERSUS 2018

Revenue was up by 9.4% in 2019, an increase of \$55.1 million over 2018. Revenue in the marine services segment totalled \$385.3 million in 2019, up by \$44.5 million from \$340.8 million in 2018. The environmental services segment delivered revenue totalling \$254.6 million, an increase of \$10.5 million or 4.3% over revenue of \$244.1 million in 2018.

Profit attributable to owners of the Company increased by \$8.1 million or 45.0% in 2019. Most of the variation came from an increase in our environmental services segment, mainly due to the improved results of FER-PAL when compared with 2018.

Total assets amounted to \$734.7 million at the end of 2019, up by \$97.6 million over 2018. This increase stems mainly from right-of-use assets following the application of IFRS 16, as fully described in Notes 2 and 16 of the 2019 audited consolidated financial statements. Our cash position increased by \$7.2 million. This variation was essentially due to \$71.3 million of positive cash flows from operating activities, which was more than enough to cover our \$42.0 million cash outflows from investing activities and \$23.6 million cash outflows from financing activities.

Total non-current liabilities increased to \$338.6 million in 2019, compared with \$246.5 million in 2018. This is due mainly from lease liabilities following the application of IFRS 16, as fully described in Notes 2 and 16 of the 2019 audited consolidated financial statements.

Cash dividends paid in 2019 increased by 9.3% to \$4.9 million, compared with \$4.5 million in 2018.

## SELECTED QUARTERLY INFORMATION

(in thousands of dollars, except earnings and dividends per share)

	Q1	Q2	Q3	Q4	Year
	\$	\$	\$	\$	\$
<b>2020</b>					
Revenue	109,431	123,595	191,847	179,828	<b>604,701</b>
Profit (loss) attributable to owners of the Company	(5,421)	4,590	20,465	12,980	<b>32,614</b>
Basic earnings (loss) per Class A share	(0.41)	0.35	1.52	0.97	<b>2.43</b>
Basic earnings (loss) per Class B Share	(0.45)	0.38	1.68	1.06	<b>2.67</b>
Total basic earnings (loss) per share	(0.42)	0.36	1.58	1.01	<b>2.53</b>
Diluted earnings (loss) per Class A share	(0.41)	0.34	1.50	0.95	<b>2.39</b>
Diluted earnings (loss) per Class B share	(0.45)	0.37	1.65	1.05	<b>2.63</b>
Total diluted earnings (loss) per share	(0.42)	0.35	1.56	0.99	<b>2.49</b>
<b>2019</b>					
Revenue	114,748	156,175	195,293	173,726	<b>639,942</b>
Profit (loss) attributable to owners of the Company	(8,890)	5,927	17,393	11,764	<b>26,194</b>
Basic earnings (loss) per Class A share	(0.67)	0.44	1.31	0.89	<b>1.97</b>
Basic earnings (loss) per Class B share	(0.74)	0.49	1.44	0.97	<b>2.16</b>
Total basic earnings (loss) per share	(0.70)	0.46	1.37	0.92	<b>2.05</b>
Diluted earnings (loss) per Class A share	(0.67)	0.43	1.27	0.86	<b>1.92</b>
Diluted earnings (loss) per Class B share	(0.74)	0.48	1.40	0.95	<b>2.11</b>
Total diluted earnings (loss) per share	(0.70)	0.45	1.33	0.90	<b>2.00</b>

## SEASONAL NATURE OF OPERATIONS

Marine services are affected by weather conditions and are therefore of a seasonal nature. During the winter months, the St. Lawrence Seaway is closed. There is no activity on the Great Lakes, reduced activity on the St. Lawrence River, and no activity in Arctic transportation due to ice conditions.

Environmental services are also affected by weather conditions, as most of the specialized services offered involve the excavation of soils, which is more difficult during the winter.

Historically, the first quarter and, to a lesser extent, the second quarter have always presented a lower level of activity than the other quarters. The third and fourth quarters are usually the most active.

# CONSOLIDATED FINANCIAL REVIEW

<i>(in thousands of dollars, except per share amounts)</i>				
	For the three months ended		For the twelve months ended	
	December 31, 2020 \$	December 31, 2019 \$	December 31, 2020 \$	December 31, 2019 \$
Revenue	179,828	173,726	604,701	639,942
Employee benefits expense	(86,401)	(80,738)	(287,665)	(313,091)
Equipment and supplies expense	(46,320)	(45,266)	(155,611)	(169,640)
Operating expense	(10,673)	(12,295)	(41,864)	(43,173)
Other expenses	(8,190)	(8,200)	(27,509)	(31,936)
Depreciation and amortization expense	(11,789)	(10,063)	(45,390)	(42,122)
Share of profit of equity accounted investments	5,458	3,075	9,529	8,729
Other gains and (losses)	(2,167)	357	(923)	(1,220)
Operating profit	19,746	20,596	55,268	47,489
Finance expense	(3,422)	(4,480)	(12,453)	(12,854)
Finance income	200	145	635	501
Profit before income taxes	16,524	16,261	43,450	35,136
Income taxes	(3,585)	(4,477)	(10,662)	(8,699)
<b>Profit for the period</b>	<b>12,939</b>	<b>11,784</b>	<b>32,788</b>	<b>26,437</b>
Profit attributable to:				
<b>Owners of the Company</b>	<b>12,980</b>	<b>11,764</b>	<b>32,614</b>	<b>26,194</b>
Non-controlling interest	(41)	20	174	243
<b>Profit for the period</b>	<b>12,939</b>	<b>11,784</b>	<b>32,788</b>	<b>26,437</b>
Basic earnings per Class A share	0.97	0.89	2.43	1.97
Basic earnings per Class B share	1.06	0.97	2.67	2.16
Diluted earnings per Class A share	0.95	0.86	2.39	1.92
Diluted earnings per Class B share	1.05	0.95	2.63	2.11

Significant accounting policies applied in the 2020 financial statements are described in Note 2 of the 2020 Notes.

## THREE MONTHS ENDED DECEMBER 31

Consolidated revenue totalled \$179.8 million in the fourth quarter of 2020, an increase of \$6.1 million or 3.5% over 2019. Consolidated revenue was negatively affected by \$0.4 million this quarter, due to a strengthening of the Canadian dollar against the U.S. dollar. Please refer to the segmented results section for the revenue variance explanation of each segment.

Employee benefits expense reached \$86.4 million, an increase of \$5.7 million or 7.0% over the \$80.7 million recorded for the same period last year. The ratio of employee benefits expense to revenue was 48.1%, slightly up from 46.5% for the same period last year. The higher ratio is mainly attributable to the environmental services segment and derived



from the revenue mix, as revenue relating to the renewal of underground water mains has a higher labour component. This increase was partly offset by the \$3.1 million wage subsidy the Company claimed under the CEWS program.

Operating expense stood at \$10.7 million, down \$1.6 million or 13.2% compared with the same period of 2019. This decrease stems mainly from short-term leases in 2019 that matured and were renewed for longer terms, thus capitalized in 2020 as right-of-use assets. The decrease in operating expense should be analysed in conjunction with the increase in depreciation and amortization expense.

Depreciation and amortization expense amounted to \$11.8 million in 2020, up \$1.7 million from \$10.1 million last year. This increase is mainly related to the depreciation of additional right-of-use assets in 2020 compared to 2019.

Share of profit of equity accounted investments reached \$5.5 million, an increase of \$2.4 million or 77.5% over the \$3.1 million recorded for the same period last year. This increase stems mainly from the strong performance of our equity accounted investments in TERMONT Terminal Inc., whose subsidiary specializes in handling containers.

Other gains and losses varied by \$2.6 million, from a \$0.4 million gain in the fourth quarter of 2019 to a \$2.2 million loss this quarter. The variance is mainly related to unrealized exchange gains and losses on translating net working capital denominated in U.S. dollars.

Finance expense amounted to \$3.4 million in the fourth quarter of 2020, a decrease of \$1.1 million over the \$4.5 million reported for the same quarter of 2019. The decrease stems mainly from a lower weighted average interest rate on our revolving credit facility partly offset by a higher accretion expense related to additional lease liabilities in 2020 when compared to 2019.

In the fourth quarter of 2020, the Company reported a profit of \$12.9 million, which was mainly attributable to owners of the Company. This translated into total diluted earnings per share of \$0.99, of which \$0.95 per share was attributable to Class A shares and \$1.05 per share was attributable to Class B shares.

All other items of the fourth quarter of the consolidated statements of earnings varied according to normal business parameters and were comparable to 2019 levels.

## TWELVE MONTHS ENDED DECEMBER 31

Consolidated revenue totalled \$604.7 million in 2020, a decrease of \$35.2 million or 5.5% over 2019. Consolidated revenue was positively affected by \$3.9 million this year due to a strengthening of the U.S. dollar against the Canadian dollar. Please refer to the segmented results section for the revenue variance explanation of each segment.

For 2020, the employee benefits expense reached \$287.7 million, a decrease of \$25.4 million or 8.1% over the \$313.1 million recorded for the same period last year. The ratio of employee benefits expense to revenue was 47.6%, slightly down from 48.9% for the same period last year. The decrease stemmed mainly from three factors: the wage subsidy the Company claimed under the CEWS program, lower revenue, since a portion of the employee benefits expense related to our field operations is variable in nature, and a \$2.5 million reduction of

the long-term incentive plan ("LTIP") provision for executives, considering the economic slowdown due to COVID-19. Please refer to Note 7 to the 2020 Notes for further details on the government assistance.

Equipment and supplies expense amounted to \$155.6 million, a decrease of \$14.0 million or 8.3% over the same period in 2019. This variation reflects the overall decrease in activity in 2020, as the overall ratio of equipment and supplies expense to revenue was 25.7%, in line with the 26.5% for the same period in 2019.

Other expenses stood at \$27.5 million, down \$4.4 million or 13.9% compared to the same period of 2019. This decrease stems mainly from lower travel costs and professional fees incurred in 2020 compared to 2019.

Depreciation and amortization expense amounted to \$45.4 million in 2020, up \$3.3 million from \$42.1 million last year. This increase is mainly related to the depreciation of additional right-of-use assets in 2020 compared to 2019.

Income taxes stood at \$10.7 million for 2020. When the profit before income taxes is adjusted to exclude the effect of share of the profit of equity accounted investments, the 2020 tax rate computes to 31.4% compared with 32.9% in 2019. This variation is within normal parameters and relates to lower non-tax-deductible expenses incurred in 2020 when compared with 2019. Please refer to Note 10 of the 2020 Notes for a full reconciliation of the effective income tax rate and other relevant income tax information.

In 2020, the Company reported a profit of \$32.8 million, of which \$0.2 million was attributable to a non-controlling interest, amounting to a \$32.6 million profit attributable to owners of the Company. This translated into total diluted earnings per share of \$2.49, of which \$2.39 per share was attributable to Class A shares and \$2.63 per share was attributable to Class B shares.

## SEGMENTED RESULTS

(in thousands of dollars)	For the three months ended		For the twelve months ended	
	December31, 2020 \$	December31, 2019 \$	December31, 2020 \$	December31, 2019 \$
<b>Revenue</b>				
Marine services	93,607	98,805	344,622	385,305
Environmental services	86,221	74,921	260,079	254,637
Total	179,828	173,726	604,701	639,942
<b>Profit before income taxes</b>				
Marine services	11,201	5,426	27,233	25,338
Environmental services	5,323	10,835	16,217	9,798
Total	16,524	16,261	43,450	35,136

## MARINE SERVICES

### THREE MONTHS ENDED DECEMBER 31

Revenue from the marine services segment reached \$93.6 million in 2020, down \$5.2 million or 5.3% when compared with \$98.8 million in 2019. The decrease is primarily attributable to COVID-19, which negatively impacted trade volumes following the measures put in place by governments to suppress the virus and thus reducing revenue throughout our port terminals. This was especially true in the U.S. Gulf region, where the slowdown of the oil and gas industry negatively impacted the level of cargo. In addition, volumes in the United States further suffered from an extremely active hurricane season, which disrupted some of our operations along the Florida and Texas coastlines.

The 2020 profit before income taxes from the marine services segment amounted to \$11.2 million, up \$5.8 million from the \$5.4 million profit in 2019. This increase stems mainly from the CEWS recorded against our salary expense which was instrumental in maintain employment and a \$3.0 million additional year-over-year share of profit of equity accounted investments mainly related to TERMONT Terminal Inc.

### TWELVE MONTHS ENDED DECEMBER 31

The marine services segment posted revenue of \$344.6 million in 2020, representing lower sales compared with \$385.3 million in 2019. The decrease is primarily attributable to COVID-19, which negatively impacted trade volumes in general and more specifically cargo related to the oil and gas industry, and an extremely active hurricane season.

The 2020 profit before income taxes from the marine services segment amounted to \$27.2 million, up \$1.9 million from the \$25.3 million profit in 2019. Results were positively impacted by a \$8.3 million CEWS recorded against our salary expense which was instrumental in maintaining employment, and lower travel costs and professional fees incurred in 2020 compared with 2019. These increases were partially offset by lower cargo volumes, primarily attributable to COVID-19 and higher depreciation and amortization expense from the additional right-of-use assets in 2020 compared with 2019.

## ENVIRONMENTAL SERVICES

### THREE MONTHS ENDED DECEMBER 31

Revenue from the environmental services segment stood at \$86.2 million, up \$11.3 million from the \$74.9 million in 2019. The increase is related to higher revenue from services relating to the renewal of underground water mains; as we operated at full capacity to execute our strong order book before the end of the year.

The 2020 profit before income taxes from the environmental services segment amounted to \$5.3 million, down \$5.5 million over the \$10.8 million profit incurred last year. The decreased profitability is mainly attributable to higher employee benefits expense and equipment and supplies expense derived from the revenue mix, as higher revenue in 2020 related to the renewal of underground water mains has higher labour and supplies components when compared to revenue from site remediation and soils and materials management we had in 2019.

## TWELVE MONTHS ENDED DECEMBER 31

Revenue from the environmental services segment totalled \$260.1 million, compared with \$254.6 million in 2019, an increase of \$5.5 million. The increase is mainly attributable to higher revenue from services relating to the renewal of underground water mains.

The 2020 profit before income taxes from the environmental services segment amounted to \$16.2 million, a significant improvement over the \$9.8 million profit incurred last year. Results were positively impacted by the \$7.5 million CEWS recorded against our employee benefits expense, which was instrumental in maintaining employment, and to an improved performance at FER-PAL as a result of better cost control measures.

All other items of the consolidated statements of earnings varied according to normal business parameters.

## DIVIDENDS

The Company's Board of Directors determines the level of dividend payments. Although LOGISTEC does not have a formal dividend policy, the practice to date has been to maintain regular quarterly dividends with modest increases over the years.

The following table describes the dividend payments schedule since January 2020, which are all eligible dividends for Canada Revenue Agency purposes.

*(in millions of dollars, except per share amounts)*

Declaration date	Record date	Payment date	Per Class A share \$	Per Class B share \$	Total \$
December 4, 2019	January 3, 2020	January 17, 2020	0.09350	0.10285	1.2
March 17, 2020	April 3, 2020	April 17, 2020	0.09350	0.10285	1.2
May 6, 2020	June 19, 2020	July 3, 2020	0.09350	0.10285	1.3
August 6, 2020	September 25, 2020	October 9, 2020	0.09350	0.10285	1.3
December 10, 2020	January 4, 2021	January 18, 2021	0.09350	0.10285	1.3
March 16, 2021	April 1, 2021	April 15, 2021	0.09350	0.10285	1.3

The Board of Directors has maintained the dividend payment for now, and will reassess the decision at the upcoming Board meetings, depending on the evolution of the economic situation.



# LIQUIDITY AND CAPITAL RESOURCES

## CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to:

- Maintain a capital structure that allows financing options to the Company in order to benefit from potential opportunities as they arise;
- Provide an appropriate return on investment to its shareholders.

The Company includes the following in its capital:

- Cash and cash equivalents and short-term investments, if any;
- Long-term debt (including the current portion);
- Equity attributable to owners of the Company.

The capital is calculated as follows:

	As at December 31, 2020 \$	As at December 31, 2019 \$
<i>(in thousands of dollars)</i>		
Long-term debt, including the current portion	167,680	177,900
Less:		
Cash and cash equivalents	45,498	22,608
Total net indebtedness	122,182	155,292
Equity attributable to owners of the Company	300,782	280,371
Capitalization	422,964	435,663
Ratio of net indebtedness/capitalization	28.9%	35.6%

The Company's financial strategy is formulated and adapted according to market conditions to maintain a flexible capital structure that is consistent with the objectives stated above and corresponds to the risk characteristics of the underlying assets. To maintain or adjust its capital structure, the Company may refinance its existing debt, raise new debt, pay down debt, repurchase shares for cancellation purposes pursuant to normal course issuer bids or issue new shares.

When looking at business investment opportunities, the Company uses discounted cash flow models to ensure that the rate of return meets its objectives. Furthermore, investment opportunities must be accretive, therefore enhancing shareholder value.

The decision to repay debt is based on an assessment of current levels of cash in relation to expected cash that will be generated from operations. The Company has credit facilities with various financial institutions that can be utilized when investment opportunities arise.

## BORROWING CAPACITY

LOGISTEC generates positive cash flows from operating activities. These reached \$108.5 million and \$71.3 million in 2020 and 2019, respectively, which is more than sufficient to cover our usual investing and financing activities.

At the end of 2020, our net indebtedness, defined as long-term debt (including the current portion) net of cash and cash equivalents, was \$122.2 million, whereas our equity attributable to owners of the Company totalled \$300.8 million, giving us a net indebtedness/capitalization ratio of 28.9%.

The Company has organized its banking facilities to segregate credits available to its wholly owned subsidiaries from credits available to non-wholly owned subsidiaries and joint ventures.

In October 2019, to increase its financial flexibility, the Company and its wholly owned subsidiary, LOGISTEC USA Inc., renegotiated their credit agreement leading to an amendment to the existing credit agreement. The unsecured revolving credit facility was increased from \$175.0 million to \$300.0 million or the U.S. dollar equivalent, with maturity in October 2023.

LOGISTEC has a committed line of credit provided by a banking syndicate supported by six major Canadian banks and financial institutions. It allows LOGISTEC Corporation and a designated subsidiary to borrow funds directly from this credit facility to cover operating and general corporate expenses and to issue bank guarantees. Since the beginning of the pandemic and the resulting financial crisis, we have made sure that our cash balance of immediately available funds remained above \$20.0 million, as a precautionary measure. In addition, the banking syndicate has assured us that our facility is secure and that funds will be available, should the need arise.

The total amount available through this committed credit facility as at December 31, 2020, was \$300 million (\$300.0 million in 2019). There was an equivalent of \$106.7 million drawn under the facility (\$115.0 million in 2019), and an additional \$4.1 million was used for letters of credit (\$3.7 million in 2019). The applicable interest rate on this revolving credit facility is variable, and depends on the form of borrowing, to which is added a margin that varies according to the level of leverage ratio achieved by the Company.

In addition to the line of credit described above, the Company also entered, in 2017, into a 10-year unsecured loan agreement of \$50.0 million with a Canadian financial institution, which is fully drawn. Please refer to Note 23 of the 2020 Notes for further details.

## CAPITAL RESOURCES

Total assets amounted to \$797.4 million as at December 31, 2020, up by \$62.7 million over the closing balance of \$734.7 million as at December 31, 2019. This increase stems mainly from the additional \$43.2 million in right-of-use assets and our cash position that increased by \$22.9 million as explained below.

Cash and cash equivalents totalled \$45.5 million at the end of 2020, up by \$22.9 million from \$22.6 million as at December 31, 2019. The main items behind this increase were as follows:

*(in thousands of dollars)*

**Sources:**

Cash generated from operations	93,305
Changes in non-cash working capital items	15,066
	<b>108,371</b>

**Uses:**

Acquisition of property, plant and equipment, net of proceeds from disposal	(22,741)
Business combinations	(19,957)
Repayment of lease liabilities	(14,049)
Interest paid	(10,755)
Repayment of long-debt, net of issuance	(7,444)
Income taxes paid	(5,164)
Dividends paid on Class A and Class B shares	(5,022)
	<b>(85,132)</b>

## WORKING CAPITAL

As at December 31, 2020, current assets totalled \$222.1 million and current liabilities totalled \$130.5 million, computing into working capital of \$91.6 million for a current ratio of 1.70:1. This compares with working capital of \$98.0 million and a 1.85:1 ratio as at December 31, 2019. The decrease is due to a higher current portion of lease liabilities recorded in 2020 compared with 2019.

## LONG-TERM DEBT

Total net indebtedness amounted to \$122.2 million as at December 31, 2020, down by \$33.1 million when compared with \$155.3 million as at December 31, 2019. This decrease is mainly attributable to positive cash flows from operating activities, which was more than sufficient to cover the usual investing and financing activities.

Under the terms of our various financing agreements, the Company, its subsidiaries and its joint ventures must satisfy certain restrictive covenants with respect to minimum financial ratios. As at December 31, 2020, LOGISTEC Corporation complied with such covenants. In some cases, financing covenants may limit the ability of some subsidiaries or joint ventures to pay dividends to LOGISTEC. However, LOGISTEC generates sufficient cash flows from its wholly owned subsidiaries to meet its financial obligations.

## PAYMENTS DUE BY PERIOD

The following table provides a summary of the Company's long-term debt and contractual obligations:

<b>Contractual Obligations</b>					
as at December 31, 2020					
<i>(in thousands of dollars)</i>					
	Total	Less than 1 year	1 - 3 years	4 - 5 years	More than 5 Years
	\$	\$	\$	\$	\$
Long-term debt <sup>(1)</sup>	180,035	6,592	130,027	23,610	19,806
Lease liabilities					
– Equipment	7,839	3,381	3,593	865	–
– Occupancy	171,286	14,772	25,556	23,423	107,535
Long-term liabilities due to non-controlling interest	34,350	–	34,350	–	–
Non-current liabilities <sup>(2)</sup>	5,658	4,194	–	1,464	–
<b>Total contractual obligations</b>	<b>399,168</b>	<b>28,939</b>	<b>193,526</b>	<b>49,362</b>	<b>127,341</b>

<sup>(1)</sup> Includes capital and interest.

<sup>(2)</sup> Excluding long-term liabilities to non-controlling interests.

The reader is referred to Notes 12, 18, 23, 24, 25, and 31 of the 2020 Notes for further details about financial risk management, lease arrangements, indebtedness, post-employment benefit assets and obligations, non-current liabilities, and contingent liabilities and guarantees.

## EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Equity attributable to owners of the Company amounted to \$300.8 million as at December 31, 2020. Adding total net indebtedness yields a capitalization of \$423.0 million, which computes to a net indebtedness/capitalization ratio of 28.9%. This means that the Company has financial leverage available should the need arise. The net indebtedness/capitalization ratio is a non-IFRS measure and is reconciled above in the capital management section.

As at March 16, 2021, 7,377,022 Class A shares and 5,529,969 Class B shares were issued and outstanding. Each Class A share is convertible at any time by its holder into one Class B share. Please refer to Note 26 of the 2020 Notes for full details on the Company's share capital.

## NORMAL COURSE ISSUER BID ("NCIB")

Pursuant to the current NCIB, which was launched on October 28, 2020, and will terminate on October 27, 2021, LOGISTEC intends to repurchase, for cancellation purposes, up to 368,881 Class A shares and 277,113 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 16, 2020.

Shareholders may obtain a free copy of the notice of intention regarding the NCIB filed with the TSX by contacting the Company.

During 2020, under the NCIB programs, 5,900 Class A shares and 34,600 Class B shares were repurchased at average prices per share of \$31.51 and \$32.66, respectively. Please refer to Note 26 of the 2020 Notes for further details.



## EQUITY IN JOINT VENTURES

The Company's results include its share of operations in joint ventures, which are accounted for in the share of profit of equity accounted investments. The closing balance of \$45.1 million at the end of 2020 is mainly the result of the 2019 closing balance of \$42.3 million, plus the 2020 share of profit of equity accounted investments of \$9.5 million, less \$6.6 million in dividends received, and our share of losses of a joint venture of \$0.1 million.

As at December 31, 2020, the Company's 50%-equity interest are in the following joint ventures: TERMONT Terminal Inc., Transport Nanuk Inc. ("Nanuk"), Québec Mooring Inc., Moorings (Trois-Rivières) Ltd., Québec Maritime Services Inc., 9260-0873 Québec Inc. and Flexiport Mobile Docking Structures Inc. The Company also owns 49%-equity interests in Qikiqtaaluk Environmental Inc. and Avataani Environmental Services Inc.

None of the Company's joint ventures are publicly listed entities and, consequently, do not have published price quotations.

The Company has one significant joint venture, TERMONT Terminal Inc., whose subsidiary specializes in handling containers, which is aligned with the Company's core business. Please refer to Note 16 of the 2020 Notes.

## POST-EMPLOYMENT BENEFITS

The Company offers either defined benefit retirement plans or defined contribution retirement plans to its employees. The Company sponsors two defined benefit retirement plans. Considering that a majority of beneficiaries from the defined benefit retirement plans were pensioners already, the Company elaborated a derisking strategy with regard to these plans.

A summary of the fair value of plan assets, benefit obligation, funded status of the retirement plans, and significant assumptions can be found in Note 24 of the 2020 Notes.

Calculations on the retirement plans' funded statuses have been performed by the Company's independent actuaries as of December 31, 2020. They calculated a benefit obligation of \$44.1 million, compared with a fair value of plan assets of \$22.5 million, which computed into a funded status deficit of \$21.6 million. The Company offers supplemental retirement plans to senior executives ("SERP"). These SERP are unfunded and the related obligation of \$18.9 million is included in the above numbers. Excluding the SERP obligation, the funded status deficit amounts to \$2.7 million. The reader is referred to the description of the Senior Management Pension Plan in our information circular.

Management's assumption for the discount rate was 3.3% in 2019 and 2.5% in 2020. Actuarial calculations made for actual funding and cash disbursements use different assumptions and therefore compute into different funded statuses. The Company's SERP are non-registered plans and, therefore, are not subject to actuarial valuations.

The last actuarial valuations for the Senior Management Pension Plan and the Employee Pension Plan of LOGISTEC Corporation are dated December 31, 2019. Based on these

valuations, the Company's combined surplus amounts to \$1.6 million when calculated using the going concern method, and to a combined deficit of \$2.6 million when using the solvency method.

## OTHER ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Financial position as at (in millions of dollars)	DEC 31, 2020 \$	DEC 31, 2019 \$	Var. \$	Var. %	Explanation of variation
Trade and other receivables	137.9	156.2	(18.3)	(11.7)	The decrease stems from lower revenue in 2020 when compared with 2019 and an increased focus on collection given the economic slowdown due to COVID-19.
Contract assets	7.6	10.6	(3.0)	(28.1)	Contract assets represent the gross unbilled amount that will be collected from customers for contract work performed in our environmental services segment. The decrease is mainly due to invoices being issued more rapidly in 2020 to reduce credit risk as explained above.
Prepaid expenses and other	9.0	5.1	3.9	75.6	This variation is primarily explained by the timing of payments of worker's compensation and higher insurance premium.
Right-of-use assets	132.8	89.6	43.2	48.2	This increase stems from the addition of \$60.6 million, of which \$32.8 million were acquired through business combinations, partly offset by the \$13.8 million depreciation expense and the revaluation of right-of-use assets denominated in foreign currency in the amount of \$3.1 million.
Goodwill	149.8	140.6	9.2	6.6	The majority of the increase stems from the acquisition of Castalooop and two terminals, as discussed in the business combinations section of this MD&A.
Contract liabilities	8.7	5.4	3.3	62.4	Contract liabilities represent advance consideration received from customers, for which revenue will be recognized when contract work is performed in our environmental services segment. The 2020 season was completed later than the 2019 season given the late start, which led to higher deferred revenue at the end of 2020.
Current income tax liabilities	8.6	3.1	5.5	n.m.	The increase is due to higher profit before income taxes once adjusted to exclude the effect of the share of profit of equity accounted investments in 2020 when compared with last year.
Current portion of lease liabilities	18.3	9.8	8.5	85.9	The increase stems mainly from the addition of \$60.9 million partly offset by the repayment of lease liabilities in the amount of \$14.0 million and the revaluation of lease liabilities denominated in foreign currency in the amount of \$3.0 million.
Non-current lease liabilities	116.9	81.5	35.4	43.5	

Financial position as at (in millions of dollars)	DEC 31, 2020 \$	DEC 31, 2019 \$	Var. \$	Var. %	Explanation of variation
Non-current liabilities	38.4	46.1	(7.7)	(16.7)	This decrease stems mainly from a \$6.3 million short-term reclassification of a due to a non-controlling interest in SANEXEN, the reversal of the \$2.5 million LTIP provision and the repayment of a \$2.5 million advance due to a non-controlling interest. The decrease is partially offset by the revaluation of a due to a non-controlling interest in FER-PAL.
Share capital	45.6	40.2	5.4	13.3	The variation is mainly due to the issuance of Class B shares in accordance with the terms of the 2016 acquisition of the non-controlling interest in SANEXEN.
Share capital to be issued	4.9	9.8	(4.9)	(50)	

*n.m.: not meaningful*

Other items in the consolidated statements of financial position varied according to normal business parameters.

## NON-IFRS MEASURES

In this MD&A, the Company uses measures that are not in accordance with IFRS. Adjusted earnings before interest expense, income taxes, depreciation and amortization expense ("adjusted EBITDA") and net indebtedness/capitalization ratio are not defined by IFRS and cannot be formally presented in financial statements. The definition of adjusted EBITDA excludes the Company's impairment charge and includes the customer repayment of an investment in a service contract. The definition of adjusted EBITDA and net indebtedness/capitalization ratio used by the Company may differ from those used by other companies. Even though adjusted EBITDA is a non-IFRS measure, it is used by managers, analysts, investors, and other financial stakeholders to analyze and assess the Company's performance and management from a financial and operational standpoint. Net indebtedness/capitalization ratio is a leverage ratio used by our fund providers.

The following table provides a reconciliation of profit for the year to adjusted EBITDA.

*(in thousands of dollars, except earnings and dividends per share)*

	2020 <sup>(1)</sup> \$	2019 <sup>(1)</sup> \$	2018 \$	2017 \$	2016 \$
Profit for the year	32,788	26,437	17,994	27,356	18,486
PLUS:					
Depreciation and amortization expense	45,390	42,122	28,580	33,859	14,288
Impairment charge	—	—	6,821	2,917	—
Net finance expense	11,818	12,353	7,474	3,533	1,700
Income taxes	10,662	8,699	3,308	6,211	7,268
Customer repayment of an investment in a service contract	—	—	—	865	292
Adjusted EBITDA	100,658	89,611	64,177	74,741	42,034

<sup>(1)</sup> The 2020 and 2019 figures reflect the application of IFRS 16, for which the comparative figures have not been restated. Please refer to the Application of IFRS 16 section for further details.

## APPLICATION OF IFRS 16

The following table provides the estimated impact of the adoption of IFRS 16:

<i>(in thousands of dollars)</i>	2020 \$	2019 \$
Statement of earnings line items:		
Operating expense <sup>(1)</sup>	19,288	13,686
Depreciation and amortization expense <sup>(2)</sup>	(13,833)	(11,568)
Finance expense <sup>(3)</sup>	(5,239)	(3,960)
Profit (loss) before income taxes	216	(1,842)

<sup>(1)</sup> IFRS 16 requires the recognition of an asset and a related liability for all contractual obligations previously accounted for as operating leases under IAS 17 *Leases*, unless the contract term is 12 months or less or the underlying asset has a low value. Lease payments falling under the scope of IFRS 16 are presented in the audited consolidated statements of cash flows as repayment of lease liabilities and interest paid, instead of as operating expense.

<sup>(2)</sup> Right-of-use assets are depreciated in accordance with IAS 16 *Property, Plant and Equipment* using the straight-line method over the earlier of the end of their estimated useful lives or the lease term.

<sup>(3)</sup> Accretion interest expenses on the lease liability were created under IFRS 16.

## FINANCIAL RISK MANAGEMENT

Due to the nature of the activities carried out and as a result of holding financial instruments, the Company is exposed to credit risk, liquidity risk and market risk, especially interest rate risk and foreign exchange risk.

### CREDIT RISK

Credit risk arises from the possibility that a counterpart will fail to perform its obligations. The Company's exposure to credit risk is primarily attributable to its cash and cash equivalents, trade and other receivables, and non-current financial assets. Management believes the credit risk is limited for its cash and cash equivalents, as the Company deals with major North American financial institutions.

The Company conducts a thorough assessment of credit issues prior to committing to the investment and actively monitors the financial health of its investees on an ongoing basis. In addition, the Company is exposed to credit risk from customers. On the one hand, the Company does business mostly with large industrial, municipal, and well-established customers, thus reducing its credit risk. On the other hand, the number of customers served by the Company is limited, which increases the risk of business concentration and economic dependency.

Overall, the Company serves some 2,200 customers. In 2020, the 20 largest customers account for 40.0% (39.7% in 2019) of consolidated revenue, and not a single customer accounts for more than 10% of consolidated revenue and trade receivables in 2020 and 2019.

Allowance for doubtful accounts and past due receivables are reviewed by management on a monthly basis. Trade and other receivables are written off once determined not to be collectable.



Pursuant to their respective terms, net trade receivables are aged as follows:

	As at December 31, 2020 \$	As at December 31, 2019 \$
<i>(in thousands of dollars)</i>		
0-30 days	45,251	56,528
31-60 days	26,903	32,379
61-90 days	13,944	16,635
Over 90 days <sup>(1)</sup>	25,885	33,042
	<b>111,983</b>	138,584

<sup>(1)</sup> Includes contract holdbacks amounting to \$6,360 (\$11,200 in 2019).

The movements in the allowance for doubtful accounts were as follows:

	2020 \$	2019 \$
<i>(in thousands of dollars)</i>		
Balance, beginning of year	3,053	2,364
Bad debt expense	873	1,410
Write offs	(567)	(721)
Balance, end of year	<b>3,359</b>	3,053

The Company's maximum exposure to credit risk with respect to each of its financial assets (cash and cash equivalents, trade and other receivables, and non-current financial assets) corresponds to its carrying amount.

## LIQUIDITY RISK

Liquidity risk is the Company's exposure to the risk of not being able to meet its financial obligations when they become due. The Company monitors its levels of cash and debt, and takes appropriate actions to ensure it has sufficient cash to meet operational needs while ensuring compliance with covenants.

The following are the contractual maturities of financial obligations:

As at December 31, 2020 <i>(in thousands of dollars)</i>	Carrying amount \$	Contractual cash flows <sup>(1)</sup> \$	Less than 1 year \$	1 - 3 years \$	More than 5 Years \$
Trade and other payables	90,046	90,046	90,046	—	—
Dividends payable	1,259	1,259	1,259	—	—
Lease liabilities	135,168	179,125	18,153	29,149	131,823
Long-term debt	167,680	180,035	6,592	130,027	43,416
Non-current liabilities	38,400	40,787	4,973	34,350	1,464
	<b>432,553</b>	<b>491,252</b>	<b>121,023</b>	<b>193,526</b>	<b>176,703</b>

<sup>(1)</sup> Includes principal and interest.

As at December 31, 2019 (in thousands of dollars)	Carrying amount \$	Contractual cash flows <sup>(1)</sup> \$	Less than 1 year \$	1 - 3 years \$	More than 5 Years \$
Trade and other payables	86,217	86,217	86,217	—	—
Dividends payable	1,245	1,245	1,245	—	—
Lease liabilities	91,315	123,759	13,593	23,153	87,013
Long-term debt	177,900	190,744	11,842	10,758	168,144
Non-current liabilities	46,088	52,565	1,673	19,529	31,363
	402,765	454,530	114,570	53,440	286,520

<sup>(1)</sup> Includes principal and interest.

Given the actual liquidity level combined with future cash flows that will be generated by operations, the Company believes that its liquidity risk is low to moderate.

## MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's results or the value of its financial instruments. The Company is mainly exposed to interest rate risk and foreign exchange risk.

## INTEREST RATE RISK

The Company is exposed to market risk related to interest rate fluctuations because a portion of its long-term debt bears interest at floating rates. The Company manages this risk by maintaining a mix of fixed and floating rate borrowings in accordance with the Company's policies. In addition, in 2020, the Company entered into an interest rate swap contract with the Company's main banks for an amount of \$15.0 million. The interest rate swap contract is designated as a cash flow hedge to swap the floating rate of its debts to a fixed rate, thus decreasing the Company's sensitivity to interest rate fluctuations. The floating interest rate on the interest rate swap is CDOR and the fixed interest rate is 0.78%. The interest rate swap contract settles on a monthly basis and will mature in June 2023. The Company continues to monitor opportunities to reduce interest rate risk.

## SENSITIVITY ANALYSIS

As at December 31, 2020, the floating rate portion of the Company's long-term debt is 60.4% (70.5% in 2019). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2020 would have had a negative impact of \$1.0 million (\$1.3 million in 2019) on profit for the year. A hypothetical variation of -1.0% in the prime interest rate would have had the opposite impact on profit for the year.

## FOREIGN EXCHANGE RISK

The Company provides services invoiced in U.S. dollars and purchases equipment denominated in U.S. dollars. In addition, a portion of the Company's long-term debt is denominated in U.S. dollars. Consequently, it is exposed to risks arising from foreign currency rate fluctuations. The Company considers the risk to be limited and, therefore, does not use derivative financial instruments to reduce its exposure.

During 2020, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have had a positive impact of \$1.2 million (\$2.6 million in 2019) on profit for the year and a positive impact of \$12.5 million (\$12.0 million in 2019) on total comprehensive income. A hypothetical weakening of 5.0% of the U.S. dollar against the Canadian dollar would have had the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2020, a total of \$60.6 million or US\$47.6 million (\$95.2 million or US\$73.3 million in 2019) of cash and cash equivalents and trade and other receivables is denominated in foreign currencies. As at December 31, 2020, a total of \$39.0 million or US\$30.6 million (\$61.7 million or US\$47.5 million in 2019) of trade and other payables is denominated in foreign currencies.

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

As at December 31, 2020 and 2019, the estimated fair values of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximated their respective carrying values due to their short-term nature.

The estimated fair value of long-term notes receivable, included in non-current financial assets, was not significantly different from their carrying value as at December 31, 2020 and 2019, based on the Company's estimated rate for long-term notes receivable with similar terms and conditions.

The estimated fair value of long-term debt was \$3.3 million higher than its carrying value as at December 31, 2020 (\$0.9 million higher in 2019), as a result of a change in financial conditions of similar instruments available to the Company. The fair value of long-term debt is determined using the discounted future cash flows method and management's estimates for market interest rates for identical or similar issuances.

Please refer to Note 2 of the 2020 Notes for further information related to the Company's fair value hierarchy.

## BUSINESS RISKS

The business risks to which we are exposed have been fairly consistent over the last few years. The following is a summary of these major risks:

**MARKET RISK** — The Company handles a wide variety of commodities and, although our geographical and product diversification strategy should protect us from significant impacts, major fluctuations in specific commodities or in specific regions may affect our performance.

**PORT TERMINAL RELATED RISKS** — Access to strategic terminals is critical to a successful cargo handling operation. Our facilities are generally leased on a long-term basis. Such leases give us operating rights in exchange for rent that is, to a large extent, fixed for the Company. Consequently, we quickly feel the financial impact of a major decline in cargo volumes.

**GOVERNMENT POLICIES** — Government investment in port infrastructure, legislation, tariffs or taxation powers can have a direct impact on profitability.

**CURRENCY FLUCTUATIONS** — Fluctuations in the Canadian/U.S. dollar conversion rate may affect Canadian companies. This situation, although it may affect our customers, does not affect us directly. Indeed, we usually provide services locally and are paid in the same currency in which we incur costs. Hence, fluctuations in the U.S. dollar do not usually have a significant impact on our results, as our U.S. subsidiaries are financially self-sustaining. As discussed in the previous section entitled financial risk management, the Company is mainly exposed to fluctuations in the U.S. dollar versus the Canadian dollar, particularly for its consolidated statements of financial position items held in U.S. dollars. However, the Company considers this risk to be relatively limited.

**PERSONNEL AND LABOUR RELATED RISKS** — Some of our facilities are located near small urban centres where it can be difficult to find qualified labour. In addition, the industry in our marine services segment is strongly unionized and there is always a risk of labour disturbance when negotiating collective agreements.

**OTHER EXTERNAL FACTORS** — Our marine services segment may be influenced by factors touching global trade and the movement of goods such as: extreme weather conditions, climate changes, political instability, or pandemic outbreak. Such factors could impact supply and demand of goods, affect the availability of labour, reduce volumes, and change or create new customer trends, which could impact our performance.

## RELATED PARTY TRANSACTIONS

In addition to compensation to key management personnel and dividends to shareholders that occur in the normal course of business and that are quantified in Note 29 of the 2020 Notes, services rendered to or by related parties are essentially professional services, rent, management fees, and operational costs charged to or by joint ventures. These transactions are also in the normal course of business, and their consideration is established and agreed to by the related parties. Included in the amounts owed from joint ventures is Nanuk's share of the post-employment benefit obligation of one of the Company's sponsored retirement plans.

## SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

In the application of the Company's significant accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors considered to be relevant.

Actual results may differ from those estimates. The measurement of some assets and liabilities in the preparation of the financial statements includes assumptions made by management that are described in Note 3 of the 2020 Notes. Further details on judgments, estimates and assumptions can be found in the 2020 Notes, particularly regarding trade receivables



(Notes 12 and 14), equity accounted investments (Note 16), lease arrangements (Note 18), goodwill (Note 19), finite-life intangible assets (Note 20), impairment of long-lived assets including goodwill (Note 19), deferred income taxes (Note 10), post-employment benefits (Note 24), and non-current liabilities (Note 25). The Company's significant accounting policies are applied consistently to all its reportable industry segments (Note 30).

## TRACKING PERFORMANCE

In addition to a sophisticated accounting system that enables us to rigorously analyze the performance of each of our facilities and business units, we use a costing system that allows us to monitor our operations. We have developed a multitude of automated reporting and tracking tools that provide our managers with accurate and timely information, helping to optimize our operations.

Our senior management team meets once a month to discuss results, forecasts, and development projects. This practice enables management to accurately assess results and development, and to allocate necessary resources as required in a timely manner.

In addition to these monthly meetings, senior management provides our Board of Directors and our Audit Committee with quarterly performance reports. The Audit Committee's members question management and hold regular in camera discussions with the independent auditor to ensure that publicly disclosed financial reports are accurate.

Finally, before any financial or regulatory information is issued to the public, it is reviewed by a Disclosure Committee composed of members of the Company's senior management, the President and Chief Executive Officer, the Chairman of the Board, and the Chairman of the Audit Committee.

## INTERNAL CONTROLS OVER FINANCIAL REPORTING

LOGISTEC has implemented high standards of corporate governance. LOGISTEC has in place corporate governance practices that are consistent with the requirements of National Policy 58-201 "Corporate Governance Guidelines" and National Instrument 58-101 "Disclosure of Corporate Governance Practices". Of LOGISTEC's 11 directors, eight are independent, four are women, and the roles of Chairman and Chief Executive Officer are separate. The Governance and Human Resources Committee and the Audit Committee consist exclusively of independent directors. The Audit Committee, which is involved in the review of interim and annual reports and financial statements prior to their submission to the Board of Directors for approval, meets separately with the Company's independent auditor. The Board of Directors recommends the appointment of the independent auditor to shareholders after the Audit Committee has made a proper analysis.

Pursuant to the requirements of National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings", the President and Chief Executive Officer and the Chief Financial Officer are responsible for the establishment and maintenance of disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR"). They are assisted in these tasks by a Certification Steering Committee, which is comprised of members of the Company's senior management including the two previously mentioned executives.

They have reviewed this MD&A, the annual financial statements, the annual information form, and the information circular, which includes a compensation disclosure and analysis (the "Annual Filings"). Based on their knowledge, the Annual Filings do not contain any untrue statement of a material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it was made, for the period covered by the Annual Filings. Based on their knowledge, the annual financial statements, together with the other financial information included in the Annual Filings, fairly present in all material respects the financial condition, financial performance and cash flows of the Company, as of the date and for the periods presented in the Annual Filings.

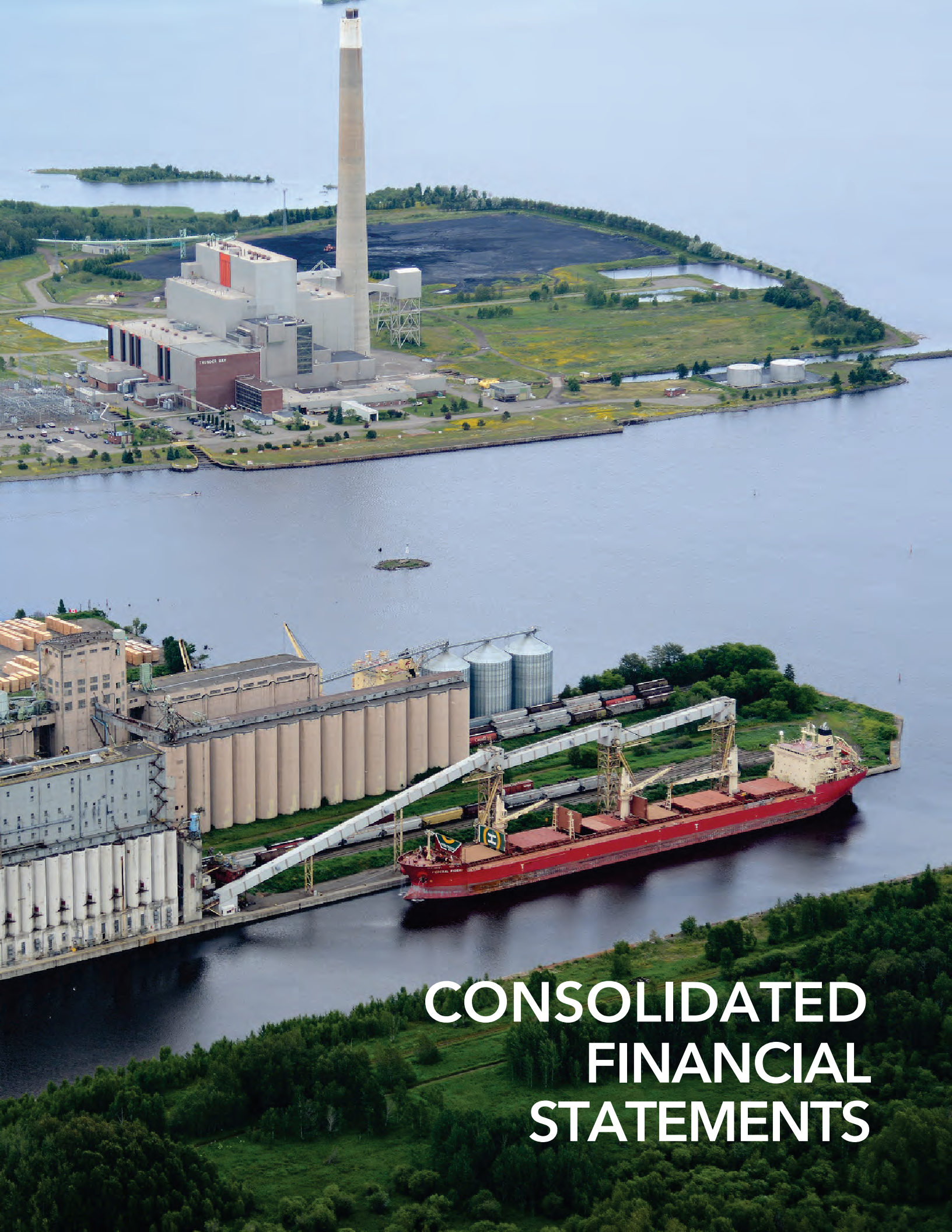
Under the supervision of the Certification Steering Committee, the effectiveness of DC&P was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the DC&P were effective as at the end of the fiscal period ended December 31, 2020, and that the design of these DC&P provided reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, was communicated to them in a timely manner for the preparation of the Annual Filings, and that information required to be disclosed in its Annual Filings was recorded, processed, summarized and reported within the required time periods.

The President and Chief Executive Officer and the Chief Financial Officer have also designed such ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Despite the COVID-19 outbreak and the necessity of physical distancing, there has been no change in the Company's ICFR that occurred in 2020 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. Under the supervision of the Certification Steering Committee, the effectiveness of ICFR was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that ICFR is adequate and effective to provide such assurance as at December 31, 2020.

*(signed) Jean-Claude Dugas*  
Jean-Claude Dugas, CPA, CA  
Chief Financial Officer

March 16, 2021





# CONSOLIDATED FINANCIAL STATEMENTS



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# INDEPENDENT AUDITORS' REPORT

To the Shareholders of LOGISTEC Corporation

## OPINION

We have audited the consolidated financial statements of Logistec Corporation (the "Entity"), which comprise:

- the consolidated statements of financial position as at December 31, 2020 and 2019
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards (IFRS).

## BASIS FOR OPINION

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

## EVALUATION OF THE GOODWILL IMPAIRMENT ASSESSMENT OF THE ALTRA WATER TECHNOLOGIES CASH GENERATING UNIT (“CGU”)

### *Description of the matter*

We draw attention to Notes 2, 3 and 19 to the financial statements. The goodwill balance as of December 31, 2020 is \$149,848, of which \$86,445 relates to the ALTRA Water Technologies CGU. CGUs to which goodwill has been allocated are tested for impairment annually by the Entity, except when certain criteria are met, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rated on the basis of the carrying amount of each asset in the CGU.

Recoverable amount of a CGU is the higher of fair value less cost of disposal and value in use. The Entity’s key assumptions used in establishing the recoverable amount of the ALTRA Water Technologies CGU, which is calculated by discounting five-year cash flow projections are as follows:

- Budgeted cash flow projections covering a one-year period
- Forecasted cash flow projections growth rate beyond that one-year period
- Discount rate.

### *Why the matter is a key audit matter*

We identified the evaluation of the goodwill impairment assessment of the ALTRA Water Technologies CGU as a key audit matter. This matter represented an area of significant risk of material misstatement given the magnitude of the ALTRA Water Technologies CGU and the high degree of estimation uncertainty in determining the recoverable amount. In addition, significant auditor judgment and specialized skills and knowledge were required in evaluating the results of our audit procedures due to the sensitivity of the determination of the recoverable amount of the ALTRA Water Technologies CGU to minor changes to significant assumptions.

### *How the matter was addressed in the audit*

The following are the primary procedures we performed to address this key audit matter:

We evaluated the appropriateness of the Entity’s one-year period budgeted cash flow projections assumption used in establishing the recoverable amount of the ALTRA Water Technologies CGU by comparing it to the Entity’s actual historical cash flows. We took into account changes in conditions and events affecting the Entity to assess the adjustments or lack of adjustments made by the Entity in arriving at the one-year period budgeted cash flow projections assumption.

We compared the Entity’s historical forecasts to actual results to assess the Entity’s ability to accurately predict the forecasted cash flow projections growth rate assumptions beyond the one-year period.

We involved valuation professionals with specialized skills and knowledge, who assisted in:

- Evaluating the appropriateness of the Entity's discount rate assumption used in establishing the recoverable amount, by comparing inputs into the discount to publicly available data for comparable entities;
- Evaluating the appropriateness of the discounted cash flow model used by the Entity to calculate the recoverable amount of the ALTRA Water Technologies CGU based on the knowledge of the valuation professional;
- Assessing the reasonableness of the Entity's estimate of the recoverable amount of the ALTRA Water Technologies CGU by comparing the Entity's estimated earnings before interest, tax, depreciation, and amortization ("EBITDA") multiple to publicly available EBITDA multiples for comparable entities.

## OTHER INFORMATION

Management is responsible for the other information. Other information comprises:

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions;
- the information, other than the financial statements and the auditors' report thereon, included in the "Annual report 2020".

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the information, other than the financial statements and the auditors' report thereon, included in the Annual report 2020 as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRS), and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going

concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

## AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
- Provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group Entity to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

The logo for KPMG LLP, featuring the letters "KPMG" in a bold, sans-serif font, followed by "LLP" in a smaller, italicized font. A horizontal line is drawn underneath the text.

The engagement partner on the audit resulting in this auditors' report is Yvon Dupuis.

Montréal, Canada  
March 16, 2021

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\*CPA auditor, CA, public accountancy permit No. A114306



# CONSOLIDATED STATEMENTS OF EARNINGS

Years ended December 31  
(in thousands of dollars, except per share amounts)

	Notes	2020 \$	2019 \$
Revenue	5	604,701	639,942
Employee benefits expense	6	(287,665)	(313,091)
Equipment and supplies expense		(155,611)	(169,640)
Operating expense		(41,864)	(43,173)
Other expenses		(27,509)	(31,936)
Depreciation and amortization expense	17, 18, 20	(45,390)	(42,122)
Share of profit of equity accounted investments	16	9,529	8,729
Other losses	8	(923)	(1,220)
Operating profit		55,268	47,489
Finance expense	9	(12,453)	(12,854)
Finance income		635	501
Profit before income taxes		43,450	35,136
Income taxes	10	(10,662)	(8,699)
<b>Profit for the year</b>		<b>32,788</b>	<b>26,437</b>
Profit attributable to:			
<b>Owners of the Company</b>		<b>32,614</b>	<b>26,194</b>
Non-controlling interest		174	243
<b>Profit for the year</b>		<b>32,788</b>	<b>26,437</b>
Basic earnings per Class A Common Share <sup>(1)</sup>	11	2.43	1.97
Basic earnings per Class B Subordinate Voting Share <sup>(2)</sup>	11	2.67	2.16
Diluted earnings per Class A share	11	2.39	1.92
Diluted earnings per Class B share	11	2.63	2.11

<sup>(1)</sup> Class A Common Share ("Class A share")

<sup>(2)</sup> Class B Subordinate Voting Share ("Class B share")

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31  
(in thousands of dollars)

	Notes	2020 \$	2019 \$
<b>Profit for the year</b>		<b>32,788</b>	26,437
Other comprehensive (loss) income			
Items that are or may be reclassified to the consolidated statements of earnings			
Net change in value of currency translation differences arising on translation of foreign operations, net of \$302 tax recovery in 2020 (nil in 2019)		(2,921)	(5,916)
Net change in value of unrealized gain on translating debt designated as hedging item of the net investment in foreign operations, net of \$1,053 tax expense in 2020 (nil in 2019)		1,253	3,653
Loss on derivatives designated as cash flow hedges		(92)	(174)
Income taxes relating to derivatives designated as cash flow hedges		(11)	47
Total items that are or may be reclassified to the consolidated statements of earnings		(1,771)	(2,390)
Items that will not be reclassified to the consolidated statements of earnings			
Remeasurement losses on benefit obligation	24	(2,732)	(4,384)
Return on retirement plan assets	24	333	1,680
Income taxes on remeasurement gain on benefit obligation and return on retirement plan assets	10	636	719
Total items that will not be reclassified to the consolidated statements of earnings		(1,763)	(1,985)
Share of other comprehensive (loss) income of equity accounted investments, net of income taxes			
Items that are or may be reclassified to the consolidated statements of earnings		(199)	—
Items that will not be reclassified to the consolidated statements of earnings		53	(26)
Total share of other comprehensive loss of equity accounted investments, net of income taxes		(146)	(26)
Other comprehensive loss for the year, net of income taxes		(3,680)	(4,401)
<b>Total comprehensive income for the year</b>		<b>29,108</b>	22,036
Total comprehensive income attributable to:			
Owners of the Company		28,962	21,819
Non-controlling interest		146	217
<b>Total comprehensive income for the year</b>		<b>29,108</b>	22,036

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Notes	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Assets</b>			
Current assets			
Cash and cash equivalents		45,498	22,608
Trade and other receivables	14	137,911	156,228
Contract assets		7,617	10,593
Current income tax assets	10	9,171	6,028
Inventories	15	12,946	12,569
Prepaid expenses and other		9,005	5,129
		222,148	213,155
Equity accounted investments	16	45,061	42,349
Property, plant and equipment	17	185,181	184,304
Right-of-use assets	18	132,795	89,581
Goodwill	19	149,848	140,617
Intangible assets	20	38,422	40,735
Non-current assets		2,381	2,417
Non-current financial assets	21	9,160	8,829
Deferred income tax assets	10	12,385	12,751
<b>Total assets</b>		<b>797,381</b>	<b>734,738</b>
<b>Liabilities</b>			
Current liabilities			
Trade and other payables	22	90,046	86,217
Contract liabilities		8,700	5,356
Current income tax liabilities	10	8,570	3,131
Dividends payable	26	1,259	1,245
Current portion of lease liabilities	18	18,251	9,820
Current portion of long-term debt	23	3,718	9,390
		130,544	115,159
Lease liabilities	18	116,917	81,495
Long-term debt	23	163,962	168,510
Deferred income tax liabilities	10	21,399	21,156
Post-employment benefit obligations	24	22,055	18,383
Contract liabilities		2,533	2,933
Non-current liabilities	25	38,400	46,088
<b>Total liabilities</b>		<b>495,810</b>	<b>453,724</b>
<b>Equity</b>			
Share capital	26	45,575	40,222
Share capital to be issued	26	4,906	9,811
Retained earnings		242,358	220,641
Accumulated other comprehensive income	27	7,943	9,697
Equity attributable to owners of the Company		300,782	280,371
Non-controlling interest		789	643
<b>Total equity</b>		<b>301,571</b>	<b>281,014</b>
<b>Total liabilities and equity</b>		<b>797,381</b>	<b>734,738</b>
Commitments, contingent liabilities and guarantees	18, 31		

See accompanying notes to the consolidated financial statements.

On behalf of the Board

(signed) James C. Cherry  
James C. Cherry, FCPA, FCA  
Director

(signed) Madeleine Paquin  
Madeleine Paquin, C.M.  
Director

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars)

	Notes	Attributable to owners of the Company						
		Share capital \$	Share capital to be issued \$	Accumulated other comprehensive income (Note 27) \$	Retained earnings \$	Total \$	Non-controlling interest \$	Total equity \$
<b>Balance as at January 1, 2020</b>		<b>40,222</b>	<b>9,811</b>	<b>9,697</b>	<b>220,641</b>	<b>280,371</b>	<b>643</b>	<b>281,014</b>
Profit for the year		—	—	—	32,614	32,614	174	32,788
Other comprehensive (loss) income								
Currency translation differences arising on translation of foreign operations		—	—	(2,893)	—	(2,893)	(28)	(2,921)
Unrealized gain on translating debt designated as hedging item of the net investment in foreign operations		—	—	1,253	—	1,253	—	1,253
Remeasurement losses on benefit obligation and return on retirement plan assets, net of income taxes	24	—	—	—	(1,763)	(1,763)	—	(1,763)
Share of other comprehensive loss of equity accounted investments, net of income taxes		—	—	(11)	(135)	(146)	—	(146)
Cash flow hedges, net of income taxes		—	—	(103)	—	(103)	—	(103)
<b>Total comprehensive (loss) income for the year</b>		<b>—</b>	<b>—</b>	<b>(1,754)</b>	<b>30,716</b>	<b>28,962</b>	<b>146</b>	<b>29,108</b>
Remeasurement of written put option liability	25	—	—	—	(2,732)	(2,732)	—	(2,732)
Repurchase of Class A shares	26	(4)	—	—	(182)	(186)	—	(186)
Issuance and repurchase of Class B shares	26	452	—	—	(888)	(436)	—	(436)
Issuance of Class B shares capital to a subsidiary shareholder	26	4,905	(4,905)	—	—	—	—	—
Class B shares to be issued under the Executive Stock Option Plan	26	—	—	—	136	136	—	136
Other dividends		—	—	—	(299)	(299)	—	(299)
Dividends on Class A shares	26	—	—	—	(2,758)	(2,758)	—	(2,758)
Dividends on Class B shares	26	—	—	—	(2,276)	(2,276)	—	(2,276)
<b>Balance as at December 31, 2020</b>		<b>45,575</b>	<b>4,906</b>	<b>7,943</b>	<b>242,358</b>	<b>300,782</b>	<b>789</b>	<b>301,571</b>

See accompanying notes to the consolidated financial statements.

# CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(in thousands of Canadian dollars)

	Notes	Attributable to owners of the Company						
		Share capital \$	Share capital to be issued \$	Accumulated other comprehensive income (Note 27) \$	Retained earnings \$	Total \$	Non-controlling interest \$	Total equity \$
<b>Balance as at January 1, 2019</b>		<b>35,016</b>	<b>14,717</b>	<b>12,061</b>	<b>200,404</b>	<b>262,198</b>	<b>2,191</b>	<b>264,389</b>
Profit for the year		—	—	—	26,194	26,194	243	26,437
Other comprehensive (loss) income								
Currency translation differences arising on translation of foreign operations		—	—	(5,890)	—	(5,890)	(26)	(5,916)
Unrealized gain on translating debt designated as hedging item of the net investment in foreign operations		—	—	3,653	—	3,653	—	3,653
Remeasurement losses on benefit obligation and return on retirement plan assets, net of income taxes	24	—	—	—	(1,985)	(1,985)	—	(1,985)
Share of other comprehensive loss of equity accounted investments, net of income taxes		—	—	—	(26)	(26)	—	(26)
Cash flow hedges, net of income taxes		—	—	(127)	—	(127)	—	(127)
<b>Total comprehensive (loss) income for the year</b>		<b>—</b>	<b>—</b>	<b>(2,364)</b>	<b>24,183</b>	<b>21,819</b>	<b>217</b>	<b>22,036</b>
Remeasurement of written put option liability	25	—	—	—	2,766	2,766	—	2,766
Repurchase of non-controlling interests	25, 29	—	—	—	(35)	(35)	(1,765)	(1,800)
Repurchase of Class A shares	26	(6)	—	—	(381)	(387)	—	(387)
Issuance and repurchase of Class B shares	26	306	—	—	(1,384)	(1,078)	—	(1,078)
Issuance of Class B shares capital to a subsidiary shareholder	26	4,906	(4,906)	—	—	—	—	—
Dividends on Class A shares	26	—	—	—	(2,722)	(2,722)	—	(2,722)
Dividends on Class B shares	26	—	—	—	(2,190)	(2,190)	—	(2,190)
<b>Balance as at December 31, 2019</b>		<b>40,222</b>	<b>9,811</b>	<b>9,697</b>	<b>220,641</b>	<b>280,371</b>	<b>643</b>	<b>281,014</b>

See accompanying notes to the consolidated financial statements.



# CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended December 31  
(in thousands of Canadian dollars)

	Notes	2020 \$	2019 \$
<b>Operating activities</b>			
Profit for the year		32,788	26,437
Items not affecting cash and cash equivalents	28	60,517	55,912
Cash generated from operations		93,305	82,349
Dividends received from equity accounted investments	16	6,600	4,113
Contributions to defined benefit retirement plans	24	(871)	(991)
Settlement of provisions	25	(481)	(194)
Changes in non-cash working capital items	28	15,066	(2,049)
Income taxes paid		(5,164)	(11,947)
		108,455	71,281
<b>Financing activities</b>			
Net change in short-term bank loans		—	(13,577)
Issuance of long-term debt, net of transaction costs	23, 28	76,518	84,649
Repayment of long-term debt	23, 28	(83,962)	(66,030)
Repayment of other non-current liability		(2,557)	(571)
Repayment of lease liabilities		(14,049)	(9,726)
Interest paid		(10,755)	(12,269)
Issuance of Class B shares	26	190	258
Repurchase of Class A shares	26	(186)	(387)
Repurchase of Class B shares	26	(1,131)	(1,635)
Dividends paid on Class A shares	26	(2,760)	(2,703)
Dividends paid on Class B shares	26	(2,262)	(2,161)
		(40,954)	(24,152)
<b>Investing activities</b>			
Acquisition of property, plant and equipment	17	(23,375)	(34,974)
Acquisition of intangible assets	20	(248)	(122)
Proceeds from disposal of property, plant and equipment	17	634	1,832
Business combinations	4	(19,957)	—
Interest received		330	439
Acquisition of other non-current assets		(228)	(944)
Proceeds from disposal of other non-current assets		109	151
Cash paid to non-controlling interests		(2,056)	(7,972)
Cash received on other non-current financial assets		222	211
		(44,569)	(41,379)
Net change in cash and cash equivalents		22,932	5,750
Cash and cash equivalents, beginning of year		22,608	15,393
Effect of exchange rate on balances held in foreign currencies of foreign operations		(42)	1,465
Cash and cash equivalents, end of year		45,498	22,608
Non-cash transactions and supplemental information	28		

See accompanying notes to the consolidated financial statements.

## 1. GENERAL INFORMATION

LOGISTEC Corporation (the “Company”) provides specialized cargo handling and other services to a wide variety of marine, industrial and municipal customers. The Company has cargo handling facilities in 53 ports across North America, and offers marine agency services to foreign shipowners and operators serving the Canadian market. The Company is widely diversified in terms of cargo type and port location with a balance between import and export activities. Furthermore, the Company, through its subsidiaries SANEXEN Environmental Services Inc. (“SANEXEN”) and FER-PAL Construction Ltd. (“FER-PAL”), operates in the environmental services segment where it provides services for the renewal of underground water mains, soils and materials management, site remediation, risk assessment and manufacturing of woven hoses.

The Company is incorporated in the Province of Québec and is governed by the Québec Business Corporations Act. Its shares are listed on the Toronto Stock Exchange (“TSX”) under the ticker symbols LGT.A and LGT.B. The address of its registered office is 600 de la Gauchetière Street West, 14th Floor, Montréal, Québec H3B 4L2, Canada.

The Company’s largest shareholder is Sumanic Investments Inc.

These audited consolidated financial statements were approved by the Company’s Board of Directors on March 16, 2021.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies used in the preparation of these consolidated financial statements are set out below.

### STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board.

### ACCOUNTING STANDARD AND INTERPRETATION ISSUED AND ADOPTED

On January 1, 2020, the Company adopted the following new amendments:

- Amendments to Hedge Accounting Requirements - IBOR Reform and its Effects on Financial Reporting (Phase 1);
- Amendments to References to Conceptual Framework in IFRS Standards;
- Definition of a Business (Amendments to IFRS 3);
- Definition of Material (Amendments to IAS 1 and IAS 8).

The Company completed its assessment of the impact of these amendments and concluded that the adoption does not have a material impact on its consolidated financial statements.

## PREPARATION

The consolidated financial statements have been prepared on a historical cost basis, with the exception of certain financial instruments that are measured at fair value, including derivative financial instruments, post-employment benefit assets, post-employment benefit obligations, and provisions for asset retirement obligations. Historical cost is generally based on the fair value of the consideration given in exchange for services. Fair value is defined as the price that would be received for the sale of an asset or paid for the transfer of a liability in a normal transaction between market participants on the valuation date.

## BASIS OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company and its subsidiaries.

## SUBSIDIARIES

Subsidiaries are all entities controlled by the Company. Control is achieved where the Company has power over the investee, exposure or rights to variable returns from its involvement with the investee, and the ability to use its power over the investee to affect the amount of these returns. The subsidiaries continue to be consolidated until the date that such control ceases.

Revenue and expenses of subsidiaries acquired or disposed of during the year are included in the consolidated statements of earnings and of comprehensive income from the effective date of acquisition of control and up to the effective date of loss of control, as appropriate. Total comprehensive income of subsidiaries is attributed to owners of the Company and to non-controlling interests.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by the Company.

All intra-group transactions, balances, revenue, expenses, and cash flows are eliminated on consolidation until they are realized with a third party. Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

The following subsidiaries are wholly owned by the Company:

BalTerm, LLC, Castaloop Inc., Castaloop USA Inc., CrossGlobe Transport, Ltd., GSM Intermediate Holdings, Inc., GSM Maritime Holdings, LLC, Gulf Stream Marine, Inc. ("GSM"), Les Terminaux Rideau Bulk Terminals Inc., LOGISTEC Environmental Services Inc., LOGISTEC Marine Agencies Inc., LOGISTEC Marine Services Inc., LOGISTEC Stevedoring Inc., LOGISTEC Stevedoring (New Brunswick) Inc., LOGISTEC Stevedoring (Nova Scotia) Inc., LOGISTEC Stevedoring (Ontario)

Inc., LOGISTEC Stevedoring U.S.A. Inc., LOGISTEC USA Inc., MtlLINK Multimodal Solutions Inc. ("MtlLINK"), NIEDNER Inc., Pate Stevedore Company, Inc. ("Pate"), Ramsey Greig & Co. Ltd., SANEXEN Environmental Services Inc., SANEXEN Water, Inc., SETL Real Estate Management Inc., Sorel Maritime Agencies Inc., and Tartan Terminals, Inc.

The Company also holds a 51.03% investment in FER-PAL and a 77.91% investment in LOGISTEC Gulf Coast LLC ("LGC").

#### BUSINESS COMBINATIONS

The Company uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, liabilities incurred and equity interests issued by the Company. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed as incurred. Identifiable assets acquired, and liabilities and contingent liabilities assumed in a business combination are initially measured at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share in the recognized amounts of the acquiree's net assets.

Changes in the parent company's ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

#### NON-CONTROLLING INTERESTS

Non-controlling interests represent equity interests in subsidiaries owned by outside parties. The share of net assets of subsidiaries attributable to non-controlling interests is presented as a component of equity.

#### EQUITY ACCOUNTED INVESTMENTS

Equity accounted investments consist of investments in joint ventures and associates of the Company.

##### JOINT VENTURES

A joint venture is a contractual arrangement whereby the Company and other parties undertake to have joint control over an arrangement, which exists only when decisions about the activities that significantly affect the returns of the arrangement require the unanimous consent of the parties sharing control. It involves the establishment of a corporation or a partnership and the parties having joint control have rights to the net assets of the arrangement.

##### ASSOCIATES

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

The profit or loss, assets and liabilities of equity accounted investments are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in a joint venture or associate is initially recognized in the consolidated statements of financial position at cost, and adjusted thereafter to recognize the Company's share of profit or loss and of other comprehensive income or loss of the joint venture or associate. When the Company's share of loss of a joint venture or associate exceeds the Company's interest in that joint venture or associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture or associate), the Company discontinues recognizing its share of further losses unless the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture or associate.

Any excess of the acquisition cost over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of a joint venture or associate recognized at the acquisition date is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the acquisition cost, after reassessment, is recognized immediately in the consolidated statements of earnings.

When the Company transacts with its joint venture or associate, profit or loss resulting from transactions with the joint venture or associate is recognized in the Company's consolidated financial statements only to the extent of interests in the joint venture or associate that are not related to the Company.

## REVENUE RECOGNITION

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognizes revenue when it transfers control of a service or product to a customer. Determining the timing of the transfer of control ("at a point in time" or "over time") requires judgment. The Company recognizes revenue from the following major sources:

### MARINE SERVICES

The Company earns revenue from stevedoring, cargo loading and unloading, container stuffing and destuffing, ship dockage, road transportation, storage and tailgating (truck loading and discharging). Revenue from these services is recognized over time, as the services are performed during the period between the arrival and departure of the cargo to or from the terminal.

Fees for storage are recognized over time for material stored by customers under short-term arrangements at the Company's facilities based on a time-proportion basis.

For arrangements that involve multiple performance obligations, the total consideration in the contract is allocated to the separate performance obligations based on their stand-alone selling prices, and revenue is recognized when, or as, performance obligations in the contract are satisfied. The stand-alone selling price is determined based on the list prices at which the Company sells the services in separate transactions.



## ENVIRONMENTAL SERVICES

The Company earns revenue in the environmental services segment, where it provides services to industrial, municipal and other governmental customers for the renewal of underground water mains, site remediation, soils and materials management and risk assessment.

Contracts with customers for these services generally comprise multiple performance obligations. There is significant integration of services performed by the Company and, as such, they are considered to represent a single distinct performance obligation. Revenue from these services is recognized over time based on the stage of completion of work, which is determined on the basis of costs incurred.

Under the cost method, the stage of completion at any given time is measured by dividing the cumulative costs incurred at the period end date by the sum of incurred costs and anticipated costs for completing a contract. The cumulative effect of changes to anticipated costs and revenue for completing a contract are recognized in the period in which the revisions are identified. In the event that the total anticipated costs exceed the total anticipated revenue on a contract, such loss is recognized in its entirety in the period in which it becomes known. Estimates are required to determine the appropriate anticipated costs and revenue.

## ENVIRONMENTAL GOODS

Revenue from the manufacturing of woven hoses is recognized at a point in time when control of the asset is transferred to the customer, generally when a customer takes possession of the goods. In contracts under which the Company provides custom products or services and for which it has an enforceable right to payment for performance completed, the criteria for revenue recognition over time are met and, consequently, revenue is recognized under that method.

## FOREIGN CURRENCIES

### FUNCTIONAL AND PRESENTATION CURRENCY

Items included in the financial statements of each of the Company's foreign operations are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional and presentation currency is the Canadian dollar.

The financial statements of foreign operations that have a functional currency different from that of the Company's presentation currency are translated into Canadian dollars. Assets and liabilities are translated at the rates in effect at the end of the reporting period; revenue and expense items are translated at the rates in effect on transaction dates. Gains or losses arising from translation are recorded in equity under the heading accumulated other comprehensive income – foreign currency translation.

### TRANSACTIONS AND BALANCES

Revenue and expense items arising from transactions in foreign currencies are converted into the functional currency at the rates in effect on transaction dates. Monetary asset and liability items on the consolidated statements of financial position are translated into the

functional currency at the rates in effect at the end of the reporting period; non-monetary items are translated at the rates in effect on transaction dates. Exchange gains or losses arising from translation are recognized in the consolidated statements of earnings under the heading other losses, except where hedge accounting is applied, as described under derivative financial instruments.

## INCOME TAXES

Income tax expense comprises current and deferred income taxes. The income tax expense is recognized in the consolidated statements of earnings except to the extent that it relates to items recognized directly in equity or in other comprehensive income, in which case it is recognized in equity or other comprehensive income.

### CURRENT INCOME TAXES

Current income taxes are the expected taxes payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable with respect to previous years.

### DEFERRED INCOME TAXES

Deferred income taxes are recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax basis used in the computation of taxable profit. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred income tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

#### DEFERRED INCOME TAX ASSETS

Deferred income tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized. Such deferred income tax assets are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred income tax assets are recognized for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilized.

Deferred income tax assets arising from deductible temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures are only recognized to the extent that it is probable that there will be sufficient taxable profit against which the benefits of the temporary differences can be utilized and they are expected to reverse in the foreseeable future.

The carrying amount of deferred income tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

#### DEFERRED INCOME TAX LIABILITIES

Deferred income tax liabilities are generally recognized for all taxable temporary differences. Such deferred income tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of other assets and liabilities in a transaction (other than in a business combination) that affects neither the taxable profit nor the accounting profit.

Deferred income tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

#### **CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand and in banks, highly liquid investments with maturity dates less than three months from the acquisition date, and highly liquid investments redeemable at all times without penalty.

#### **TRADE AND OTHER RECEIVABLES**

Trade receivables are amounts due from customers for the rendering of services or sale of goods in the normal course of business. Invoices are issued according to contractual terms and are usually payable upon receipt. The period between performance and payments for the performance is generally less than one year. Uninvoiced amounts are presented as contract assets. Trade and other receivables are classified as current assets if payment is due within one year or less. Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost, less impairment. The Company maintains an allowance for doubtful accounts to provide for impairment of trade receivables. The expense relating to doubtful accounts is included within other expenses in the consolidated statements of earnings.

#### **CONTRACT ASSETS OR CONTRACT LIABILITIES**

Contract assets primarily relate to the gross unbilled amount for a given project that is expected to be collected from customers for contract work performed to date. It is measured at cost plus profit recognized by the Company to date less progress billings. The contract assets are transferred to trade and other receivables when the rights become unconditional. This usually occurs when the Company issues an invoice to the customer. If progress billings for a given project exceed costs incurred plus recognized profit, then the difference is presented as contract liabilities.

Contract liabilities also relate to the advance consideration received from customers, for which revenue is usually recognized when the service is rendered or upon delivery of the goods. The contract liabilities are presented as either current or non-current based on the

timing of when the Company expects to recognize revenue.

The Company used the practical expedients exemptions, as allowed by IFRS 15 Revenue from Contracts with Customers, therefore, no information is provided about the remaining performance obligations as at December 31, 2020 and 2019, that have an original expected duration of one year or less.

## INVENTORIES

Inventories are measured at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Cost of work in progress and finished goods includes raw material cost, labour cost and appropriate overhead cost. Net realizable value represents the estimated sale price for inventories less all estimated costs of completion and costs necessary to make the sale.

## PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost, net of government grants, less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are recorded in the consolidated statements of earnings during the period in which they are incurred.

Property, plant and equipment, less their residual value, are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

Buildings	5 to 25 years
Machinery and automotive equipment	3 to 20 years
Computer equipment	3 to 7 years
Furniture and fixtures	3 to 10 years
Leasehold improvements	4 to 16 years

The estimated useful lives, residual values and method of depreciation are reviewed annually, with the effect of any changes in estimates accounted for on a prospective basis.

The gain or loss on disposal of property, plant and equipment is determined by comparing the sales proceeds with the carrying amount of the asset and is included in the consolidated statements of earnings.

## LEASES

At inception of a lease arrangement, the Company assesses whether a contract is or contains a lease, based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

## SHORT-TERM OR LOW-VALUE LEASES

The Company has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less, and leases of low-value assets. The Company recognizes the lease payment associated with these leases as an expense on a straight-line basis over the lease term in the consolidated statements of earnings under the caption operating expense.

## ALL OTHER LEASES

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or site on which it is located, less any lease incentives received. The assets are depreciated using the straight-line method over the earlier of the end of their estimated useful lives or the lease term. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option.

The lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

The lease liability is measured at amortized cost using the effective interest method. Lease payments are apportioned between finance expense and reduction of the lease liability using the effective interest method to achieve a constant rate of interest on the remaining balance of the liability. A finance expense is charged directly to the consolidated statements of earnings.

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option. When it is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset.

## GOVERNMENT GRANTS

Government grants related to the acquisition of capital expenditures are reflected as a reduction of the cost of the related assets. Accordingly, they are recognized in the consolidated statements of earnings over the life of the depreciable asset as a reduced depreciation expense. Government grants for expenses are recognized as a reduction of the related expenses. The benefit of a government loan at a below-market rate of interest is treated as a government grant, measured as the difference between proceeds received and the fair value of the loan based on prevailing market interest rates.



## GOODWILL

Goodwill is measured as the excess of the acquisition cost over the Company's share in the fair value of all identified assets and liabilities. Goodwill is initially recognized as an asset at fair value and is subsequently measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to each of the Company's cash-generating units ("CGU") (or groups of CGUs) expected to benefit from the synergies of the combination, and which represent the lowest level within the Company at which goodwill is monitored for internal purposes.

CGUs to which goodwill has been allocated are tested for impairment annually, except when certain criteria are met, or more frequently when there is an indication that the CGU may be impaired. Recoverable amount of a CGU is the higher of fair value less cost of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU for which the estimates of future cash flows have not been adjusted. If the recoverable amount of the CGU is less than its carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU pro-rated on the basis of the carrying amount of each asset in the CGU. An impairment loss recognized on goodwill is not reversed in subsequent periods.

On disposal of the relevant CGU, the attributable amount of goodwill is included in the determination of the gain or loss on disposal.

## INTANGIBLE ASSETS

Intangible assets consist primarily of lease rights and location, and client relationships. Intangible assets have finite useful lives and are stated at cost less accumulated amortization and impairment losses.

Intangible assets are amortized using the straight-line method over their estimated useful lives. The estimated useful lives are as follows:

Client relationships	2 to 15 years
Computer software	3 to 5 years
Lease rights and location	15 to 21 years

Research expenditures are recognized as an expense as incurred. Development expenditures are recognized as an intangible asset when all the following criteria can be demonstrated:

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;

- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Development expenditures that do not meet these criteria are recognized as an expense as incurred. Development expenditures previously recognized as an expense are not recognized as an intangible asset in a subsequent year.

#### IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

At the end of each reporting date, the Company reviews the carrying amount of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

If the carrying amount of an asset (or CGU) exceeds its recoverable amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is immediately recognized in the consolidated statements of earnings. Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in the consolidated statements of earnings.

#### PROVISIONS

Provisions include provisions for warranty, claims and litigation, provisions to further recognize the Company's share of losses of certain joint ventures for which it has incurred constructive obligations, and asset retirement obligations. Provisions are recognized when the Company has a legal or constructive obligation as a result of a past event, when it is probable that the Company will be required to settle the obligation, and when a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

## WARRANTY

A subsidiary of the Company provides a limited warranty on its products to be free of defects in material and workmanship for a period of five years from the date goods are sold. The provision is based on management's best estimate of the amount required to settle the obligation.

## CLAIMS AND LITIGATION

A provision for claims and litigation is recognized when it is probable that the Company will be held responsible. The provision is based on management's best estimate of the amount required to settle the obligation.

## ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations essentially derive from its obligations to remove assets and to restore its sites under lease arrangements. The fair value of a liability for an asset retirement obligation is recorded in the year in which it is incurred and when a reasonable estimate of fair value can be made. The fair value of a liability for an asset retirement obligation is the amount at which that liability could be settled in a current transaction between independent parties that is other than in a forced or liquidation transaction. The asset retirement cost is capitalized as part of the related asset and is amortized using a systematic and rational method over the asset's useful life.

## POST-EMPLOYMENT BENEFITS

Certain employees have entitlements under the Company's retirement plans, which are either defined contribution or defined benefit retirement plans. These plans take different forms depending on the legal, financial and tax regime of each country.

For defined benefit retirement plans, the level of benefit provided is based on the length of service and earnings of the person entitled. Also, the cost of retirement is actuarially determined using the projected unit credit method pro-rated on service and management's best estimate of expected plan investment performance, salary escalation and retirement ages of employees.

The retirement liability recognized in the consolidated statements of financial position represents the present value of the defined benefit obligation as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to the present value of available refunds and reductions in future contributions to the plan.

The net interest expense is calculated on the net defined benefit liability (asset) by applying the discount rate used to calculate the defined benefit obligation at the beginning of the year.

Remeasurements are included in other comprehensive income, namely actuarial gains and losses on benefit obligations and variation on plan assets excluding amounts included in profit for the year. Actuarial gains and losses are recognized in full in the period in which they occur, in other comprehensive income, without recycling to the consolidated statements of earnings in subsequent periods.

Past service cost is recognized at the earlier of the following two dates:

- i. When the plan amendment or curtailment occurs; or
- ii. When the entity recognizes related restructuring costs or termination benefits.

Contributions for defined contribution retirement plans are recognized as an expense when employees have rendered service entitling them to the contributions.

## FINANCIAL INSTRUMENTS

Trade receivables and debt securities issued are initially recognized when they are originated. All other financial assets and liabilities are initially recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets, unless it is a trade receivable without a significant financing component, and financial liabilities are initially recorded at fair value. A trade receivable without a significant financing component is initially measured at the transaction price.

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities measured at fair value through profit or loss ("FVTPL")) are added to or deducted from the fair value of the financial assets or liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities measured at FVTPL are recognized immediately in profit or loss.

## FINANCIAL ASSETS

### CLASSIFICATION

All financial assets that do not meet a "solely payment of principal and interest" condition shall be classified at FVTPL. For those that meet this condition, classification at initial recognition will be determined based on the business model under which these assets are managed. Financial assets that are being managed on a "held for trading" or fair value basis are classified at FVTPL. Financial assets that are being managed on a "hold to collect and for sale" basis are classified at fair value through other comprehensive income. Finally, financial assets that are being managed on a "hold to collect" basis are classified at amortized cost.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an investment-by-investment basis.

Cash and cash equivalents, trade and other receivables and non-current financial assets are classified at amortized cost.

Interest income is recognized by applying the effective interest rate. The effective interest method is a method of calculating the amortized cost of a financial asset and of allocating interest income over the corresponding period. The effective interest rate is the rate that discounts estimated future cash receipts over the expected life of the financial asset, or, where appropriate, a shorter period.

IMPAIRMENT OF FINANCIAL ASSETS

The Company recognizes a loss allowance for expected credit losses ("ECL") on financial assets that are measured at amortized cost.

The Company elected to apply the simplified impairment approach. Therefore, the Company recognizes lifetime ECL for financial assets that are measured at amortized cost. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. ECL are estimated using a provision matrix based on the Company's historical credit loss experience, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money when appropriate.

The Company considers a financial asset to be in default when the borrower is unlikely to pay its credit obligation in full.

DERECOGNITION OF FINANCIAL ASSETS

The Company derecognizes a financial asset only when the contractual rights to the cash flow from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

## FINANCIAL LIABILITIES

Financial liabilities are classified either at FVTPL or at amortized cost.

CLASSIFICATION

Trade and other payables, dividends payable, long-term debt and liabilities due to non-controlling interests are classified at amortized cost using the effective interest method, with interest expense recognized on an effective yield basis. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expenses over the corresponding period. The effective interest rate is the rate that discounts estimated future cash payments over the expected life of the financial liability, or, where appropriate, a shorter period.

Long-term liabilities due to non-controlling interests included in the caption non-current liabilities in the consolidated statements of financial position include a written put option that is recognized at the present value of its exercise price. The Company has chosen to account for the remeasurement of the written put option liability at each reporting period within the retained earnings.

DERECOGNITION OF FINANCIAL LIABILITIES

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or expired.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial instruments recognized at fair value are classified using a hierarchy that reflects the significance of the inputs used to measure the fair value.

The fair value hierarchy requires that observable market inputs be used whenever such inputs exist. A financial instrument is classified in the lowest level of the hierarchy for which a significant input has been used to measure fair value.

An entity's own credit risk and the credit risk of the counterparty, in addition to the credit risk of the financial instrument, were factored into the fair value determination of the financial liabilities, including derivative instruments.

The Company presents a fair value hierarchy with three levels that reflects the significance of inputs used in determining the fair value assessments. The fair value of financial assets and liabilities classified in these three levels is evaluated as follows:

- Level 1: valuation based on quoted prices (unadjusted) observed in active markets for identical assets or liabilities;
- Level 2: valuation techniques based on inputs that are quoted prices of similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, inputs other than quoted prices used in a valuation model that are observable for the instrument being valued, and inputs that are derived mainly from or corroborated by observable market data using correlation or other forms of relationship;
- Level 3: valuation techniques based significantly on inputs that are not observable in the market.

#### HEDGE OF A NET INVESTMENT IN FOREIGN OPERATIONS

The Company designated a debt denominated in U.S. dollars as a hedging item of a portion equivalent to its net investment in foreign operations, which uses the U.S. dollar as their functional currency. Hence, the effective portion of unrealized exchange gains or losses on translating debts denominated in U.S. dollars and designated as hedging items, net of related income taxes, is recognized in other comprehensive income (loss) and the ineffective portion is recognized in profit or loss. Unrealized exchange gains or losses on translating debts denominated in U.S. dollars and designated as hedging items of the net investment in foreign operations, that are recognized in other comprehensive income (loss), are reclassified to profit or loss when they are subject to a total or partial disposal.

#### EARNINGS PER SHARE ("EPS")

Basic EPS are calculated by dividing the profit (loss) for the year attributable to owners of the Company by the weighted average number of Class A and Class B shares outstanding during the year.

Diluted EPS are calculated by adjusting the weighted average number of Class A and Class B shares outstanding for dilutive instruments. Diluted EPS are calculated using the treasury stock method.

#### SHARE CAPITAL

Class A and Class B shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.



**SHARE-BASED PAYMENT**

Equity-settled share-based payment to employees is measured at the fair value of the equity instruments at the grant date. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognized prospectively in the consolidated statements of earnings such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

**ACCOUNTING STANDARDS AND AMENDMENTS ISSUED BUT NOT YET APPLIED****CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT (AMENDMENTS TO IAS 1)**

On January 23, 2020, the IASB issued amendments to IAS 1 *Presentation of Financial Statements*, to clarify the classification of liabilities as current or non-current. For the purposes of non-current classification, the amendment removed the requirement for a right to defer settlement or roll over of a liability for at least twelve months to be unconditional. Instead, such a right must have substance and exist at the end of the reporting period.

The amendment is effective for annual periods beginning on or after January 1, 2023. It is not expected that this amendment will have a significant impact on the Company's financial statements.

### **3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's significant accounting policies, which are described in Note 2, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The measurement of some assets and liabilities in the preparation of these consolidated financial statements includes assumptions made by management, in particular regarding the following items:

## COVID-19 MEASURES

During March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at the global and national levels. These measures, which include travel bans, solitary confinement or quarantine, whether voluntary or not, and social distancing, have caused significant disruption in the United States and Canada, where the Company operates.

The Company rolled out its business continuity plan for its marine operations, which were deemed essential services by the government authorities in Canada and the United States. As such, our terminal operations across our North American network remained open and functional. In addition, our manufacturing of woven hoses, which is essential in providing communities with drinking water and fighting forest fires, remained operational.

On the environmental services side, we were, as every year, impacted by the seasonality of our operations, as most activities cannot be performed in the winter season. This includes site remediation and renewal of water mains. COVID-19 has nonetheless affected some of these activities, causing significant delays in our projects. However, operating under strict distancing and sanitation protocols, we were able to recover most of the lost time before the conclusion of the active season.

In light of the COVID-19 measures, management has reviewed its judgments, estimates and assumptions related to the carrying amounts of assets and liabilities that are not readily apparent from other sources. As at December 31, 2020, management has not found any triggering events that could impair its long-lived assets, including goodwill, that could increase the allowance for doubtful accounts on its trade receivables, or that could limit its ability to draw on its credit facilities.

## LEASE TERM AND INCREMENTAL BORROWING RATE

The measurement of lease liabilities requires management to make assumptions about the lease term. The lease term includes periods covered by an option to extend if the Company is reasonably certain to exercise that option. In addition, the lease liability is remeasured if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

Lease liability is initially measured at the present value of the lease payments, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Significant changes to the assumptions used in the determination of the lease term or the incremental borrowing rate could significantly change the lease liabilities, and consequently the carrying amount of the right-of-use asset, which would impact the interest and amortization expenses.

## BUSINESS COMBINATIONS

The determination of fair value associated with identifiable property, plant and equipment and intangible assets following a business combination requires management to make assumptions. More specifically, this is the case when the Company calculates fair values using appropriate valuation techniques, which are generally based on a forecast of expected future cash flows for intangible assets, and on a replacement cost approach, an income-based approach and/or a market-based approach for property, plant and equipment. These valuations are closely related to the assumptions made by management about the future return on the related assets and the discount rate applied. Significant changes to these assumptions could significantly change the fair values associated with identifiable intangible assets following a business combination, which would impact the amortization expense.

## IMPAIRMENT OF LONG-LIVED ASSETS, INCLUDING GOODWILL

At each reporting date, if any indication of impairment exists for long-lived assets, including goodwill, and at least annually for the goodwill, the Company performs an impairment test to determine if the carrying amounts are recoverable. The impairment review process is subjective and requires significant estimates throughout the analysis. Refer to Note 19 for a discussion on the Company's goodwill impairment test.

## INCOME TAXES

The Company determines its income tax expense and its income tax assets and liabilities based on its interpretation of applicable tax legislation, including tax treaties between Canada and the United States, as well as underlying rules and regulations. Such interpretations involve judgments and estimates that may be challenged in government tax audits, to which the Company is regularly subject. New information may also become available, which would cause the Company to change its judgment regarding the adequacy of existing income tax assets and liabilities. Any such changes will have an impact on net earnings for the period in which they occur.

In the calculation of income taxes and deferred tax assets and liabilities, estimates must be used to determine the appropriate rates and amounts, and to take into account the probability of realization of tax assets. Deferred tax assets also reflect the benefit of unused tax losses and deductions that can be carried forward to reduce current income taxes in future years. This assessment requires the Company to make significant estimates in determining whether or not it is probable that the deferred tax assets can be recovered from future taxable income and therefore, that they can be recognized in the Company's consolidated financial statements. The Company relies, among other things, on its past experience to make this assessment.

## CONTRACT ASSETS

Contract assets are being measured at cost plus profit recorded by the Company to date, from which progress billings are subtracted. The Company must assess the profit to be accounted for on a given contract, which is based under the anticipated profit on the contract and the history for that type of contract.

## LONG-TERM LIABILITIES DUE TO NON-CONTROLLING INTERESTS

The determination of the liability resulting from the written put options granted to FER- PAL's and the liability related to LGC's non-controlling interest shareholders require the use of estimates and assumptions regarding the future performance of the entities. The actual amounts payable may be materially different from those estimates at the reporting date as a result of unforeseen events, changes in circumstances and other matters outside of the Company's control. Refer to Note 25 for further details.

## LONG-TERM INCENTIVE PLANS

To determine the expense relating to long-term incentive plans, the Company must assess the probability of attaining each threshold creating a right to the long-term bonus, which depends on the expected results to be achieved.

# 4. BUSINESS COMBINATIONS

## 2020 BUSINESS COMBINATIONS

### CARE AND PASCAGOULA TERMINALS

On June 26, 2020, GSM acquired the Care terminal at the Port of Houston in Texas, and on July 15, 2020, acquired an additional terminal at the Port of Pascagoula in Mississippi for a total purchase price of US\$12,033 (CA\$16,457), subject to certain adjustments. These two strategically located marine terminals complement LOGISTEC's growing network throughout the U.S. Gulf, which is now operating in 12 terminals in three Gulf Coast states. The purchase price is final.

### CASTALOOP INC.

On December 14, 2020, the Company acquired 100% ownership of Gestion Castaloop Inc. and its subsidiaries ("Castaloop") for a purchase price of \$3,500, subject to certain adjustments. Castaloop provides customized cargo handling services to clients along the Great Lakes and St. Lawrence Seaway as well as along the St. Lawrence River and U.S. East Coast. This acquisition solidifies LOGISTEC's position as a leading provider of innovative cargo handling services at ports throughout North America. The purchase price has been allocated on a preliminary basis and will be finalized as soon as the Company has obtained all the information it considers necessary. As at December 31, 2020, we are currently evaluating the property, plant and equipment, intangible assets and working capital.

At the acquisition date, the fair value of the underlying identifiable assets acquired and liabilities assumed was as follows:

	Care and Pascagoula Terminals	Castaloop	Total
	\$	\$	\$
Current assets	134	—	134
Property, plant and equipment	7,317	—	7,317
Right-of-use assets	32,706	127	32,833
Goodwill <sup>(1)</sup>	7,042	3,500	10,542
Intangible assets	2,051	—	2,051
Current liabilities	(87)	—	(87)
Lease liabilities	(32,706)	(127)	(32,833)
Cash purchase consideration	16,457	3,500	19,957

<sup>(1)</sup> The goodwill related to the acquisition of Care and Pascagoula terminals is deductible for tax purposes.

The acquisition transition costs for these assets, included under other expenses, amounted to \$89.

## IMPACT OF THE BUSINESS COMBINATIONS ON THE RESULTS OF THE COMPANY

The Company's results for the year ended December 31, 2020, include \$4,743 in revenue, and a loss before income taxes of \$2,070 generated by these business combinations. If these business combinations had been completed on January 1, 2020, in the Company's best estimate, revenue and loss before income taxes for the year ended December 31, 2020, would have been \$13,206 and \$240, respectively.

In determining these estimated amounts, the Company assumes that the fair value adjustments that arose on the acquisition dates would have been the same, had the acquisitions occurred on January 1, 2020.

## GOODWILL

Goodwill mainly arose in the acquisition, as a result of synergies attributable to the expected future growth potential from the expanded locations and intangible assets not qualifying for separate recognition.

## 2019 BUSINESS COMBINATIONS

On October 31, 2019, the Company acquired the remaining 14.18% interest in MtlLINK for a cash consideration of \$1,800.

## 5. REVENUE

	2020 \$	2019 \$
Revenue from cargo handling services	343,538	382,651
Revenue from services relating to the renewal of underground water mains	152,252	145,660
Revenue from site remediation and soils and materials management services	82,989	81,614
Revenue from the sale of goods	25,922	30,017
	604,701	639,942

### CONTRACT IN THE SCOPE OF IFRIC 12 SERVICE CONCESSION ARRANGEMENTS

In 2015, the Company entered into a service contract with a federal Crown corporation and a department of the Québec government whereby the Company was required to design, construct and operate a groundwater pumping and treatment system (the “System”) to better control migration of groundwater and to prevent it from flowing into the St. Lawrence River. The federal Crown corporation and the department of the Québec government jointly assume the management of the land bordering the St. Lawrence River.

The contract is for a period of 15 years and the construction of the System was completed in 2016.

Management, maintenance and operating services are spread over a 15-year period and revenue is recognized over that period. It is are subject to annual indexation, which will be based on the Consumer Price Index. These services are payable quarterly. In connection with the management, maintenance and operating services, the Company recorded revenue of \$617 (\$603 in 2019).

An amount of \$202 (\$335 in 2019) is recorded in trade and other receivables and an amount of \$233 (\$222 in 2019) is recorded in other financial assets. In addition, an amount of \$3,093 (\$3,325 in 2019), which bears interest at a rate of 5.00%, is included in non-current financial assets.



## 6. EMPLOYEE BENEFITS EXPENSE

The aggregate compensation of the Company's employees, including that of members of key management personnel, is as follows:

	2020 \$	2019 \$
Wages, salaries and fringe benefits	281,309	302,825
Defined benefit retirement plans (Note 24)	1,906	2,060
Defined contribution retirement plans (Note 24)	3,423	3,140
Government pension plans	3,568	3,373
Other long-term (recovery) expense <sup>(1)</sup>	(2,541)	1,693
	287,665	313,091

<sup>(1)</sup> In 2020, in light of the economic slowdown caused by COVID-19, the Company reassessed the probability to attain the threshold creating the right to the long-term bonus, which resulted in the reversal of \$2,541 of employee benefits expense.

The compensation of key management personnel is further disclosed in Note 29.

## 7. GOVERNMENT ASSISTANCE

As at December 31, 2020, the Company qualified for the Canada Emergency Wage Subsidy and that there was reasonable assurance that the amount would be received from the Canadian federal government in connection with the COVID-19 pandemic. For the year ended December 31, 2020, the Company recognized \$15,802 of wage subsidy against the salary expense, which qualified for that subsidy, under employee benefits expense in the consolidated statements of earnings. As at December 31, 2020, \$4,776 was included in trade and other receivables.

## 8. OTHER LOSSES

	2020 \$	2019 \$
Net foreign exchange losses	(756)	(2,994)
(Loss) gain on disposal of property, plant and equipment	(476)	1,166
Gain on remeasurement of a long-term liability due to a non-controlling interest	309	608
	(923)	(1,220)

## 9. FINANCE EXPENSE

	2020 \$	2019 \$
Interest on long-term debt	7,163	8,861
Interest on lease liabilities	5,239	3,960
Other interest expense	51	33
	12,453	12,854

## 10. INCOME TAXES

The reconciliation of income taxes calculated at the statutory income tax rate to the income tax expense is as follows:

	2020 \$	2019 \$
Profit before income taxes	43,450	35,136
Less: share of profit of equity accounted investments	(9,529)	(8,729)
Parent company's and subsidiaries' profit before income taxes	33,921	26,407
Income tax expense calculated at the statutory income tax rate of 26.50% (26.60% in 2019)	8,989	7,024
Non-deductible items and other	1,028	1,314
Change in deferred tax assets or tax losses not previously recognized	(302)	(540)
Effect of foreign tax differences	374	177
Adjustments in respect of the prior year	573	724
Income tax expense recognized in profit or loss	10,662	8,699
Effective income tax rate	31.43%	32.94%

Components of the income tax expense for the years are as follows:

	2020 \$	2019 \$
<b>Current income taxes</b>		
Current income tax expense in respect of the current year	9,735	8,751
Adjustments in respect of the prior year	256	324
<b>Deferred income taxes</b>		
Deferred income tax expense recognized in the year	354	(776)
Adjustments in respect of the prior year	317	400
Income tax expense recognized in profit or loss	10,662	8,699

### DEFERRED INCOME TAX BALANCES

The amounts recognized in the consolidated statements of financial position are as follows:

	As at December 31, 2020 \$	As at December 31, 2019 \$
Deferred income tax assets	12,385	12,751
Deferred income tax liabilities	(21,399)	(21,156)
Income tax expense recognized in profit or loss	(9,014)	(8,405)

Deferred income tax balances for which a right of offset exists within the same entity and jurisdiction are presented net in the consolidated statements of financial position as permitted by IAS 12 *Income Taxes*.

The movements in deferred income tax assets and liabilities, prior to this offsetting of balances, are shown below:

Deferred income tax assets	Property, Plant and equipment \$	Unused tax losses \$	Post- employment benefits <sup>(1)</sup> \$	Lease liabilities \$	Other \$	Total \$
<b>As at January 1, 2019</b>	<b>844</b>	<b>8,219</b>	<b>3,678</b>	<b>—</b>	<b>6,543</b>	<b>19,284</b>
Expense (benefit) to statement of earnings	158	(190)	170	20,085	(967)	19,256
Expense (benefit) to statement of comprehensive income	—	—	719	—	47	766
Effect of foreign currency exchange differences	—	222	—	(244)	(295)	(317)
<b>As at December 31, 2019</b>	<b>1,002</b>	<b>8,251</b>	<b>4,567</b>	<b>19,841</b>	<b>5,328</b>	<b>38,989</b>
Expense (benefit) to statement of earnings	(531)	(447)	145	3,317	380	2,864
Expense (benefit) to statement of comprehensive income	—	(240)	636	—	(11)	385
Effect of foreign currency exchange differences	—	(33)	—	(266)	(42)	(341)
<b>As at December 31, 2020</b>	<b>471</b>	<b>7,531</b>	<b>5,348</b>	<b>22,892</b>	<b>5,655</b>	<b>41,897</b>

<sup>(1)</sup> The 2019 figure have been reclassified to conform with this year presentation.

Deferred income tax liabilities	Contract Property, Plant and equipment \$	Right- of-use assets \$	holdbacks and backlog \$	Intangible assets \$	Other \$	Total \$
<b>As at January 1, 2019</b>	<b>(12,720)</b>	<b>—</b>	<b>(3,419)</b>	<b>(9,200)</b>	<b>(4,091)</b>	<b>(29,430)</b>
Benefit (expense) to statement of earnings	(3,490)	(19,634)	708	2,482	1,454	(18,480)
Effect of foreign currency exchange differences	171	239	—	106	—	516
<b>As at December 31, 2019</b>	<b>(16,039)</b>	<b>(19,395)</b>	<b>(2,711)</b>	<b>(6,612)</b>	<b>(2,637)</b>	<b>(47,394)</b>
Benefit (expense) to statement of earnings	1,122	(2,793)	(2,728)	(752)	1,616	(3,535)
Expense (benefit) to statement of comprehensive income	—	—	—	—	(511)	(511)
Effect of foreign currency exchange differences	162	253	—	103	11	529
<b>As at December 31, 2020</b>	<b>(14,755)</b>	<b>(21,935)</b>	<b>(5,439)</b>	<b>(7,261)</b>	<b>(1,521)</b>	<b>(50,911)</b>

## UNUSED TAX LOSSES

The Company has unused non-capital tax losses in the amount of \$32,057 (\$33,570 in 2019) of which \$2,990 has not been recognized (\$3,738 in 2019). These losses are expiring in the following years:

	As at December 31, 2020 \$	As at December 31, 2019 \$
2029 to 2032	689	1,654
2033	530	950
2034	1,823	3,071
2035	2,570	3,321
2036	1,282	1,841
2037	5,097	6,975
2038	3,714	662
2039	1,679	3,296
2040	28	—
Indefinite	14,645	11,800

Tax benefits of \$7,531 (\$8,251 in 2019) have been recorded related to unused non-capital tax losses, including \$4,856 (\$4,489 in 2019) from foreign subsidiaries. The Company also has \$1,216 (\$1,935 in 2019) of unrecognized capital losses and deductible temporary differences that may be carried forward indefinitely. As at December 31, 2020, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries and joint ventures because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

## 11. EARNINGS PER SHARE

The earnings and weighted average number of Class A shares and Class B shares used in the calculation of basic and diluted earnings per share are as follows:

	2020	2019
Profit attributable to owners of Class A shares, basic (\$)	17,901	14,540
Profit attributable to owners of Class B shares, basic (\$)	14,713	11,654
	32,614	26,194
Weighted average number of Class A shares outstanding, basic	7,378,964	7,388,122
Weighted average number of Class B shares outstanding, basic	5,513,258	5,383,398
	12,892,222	12,771,520
Basic earnings per Class A share	2.43	1.97
Basic earnings per Class B share	2.67	2.16
Profit attributable to owners of Class A shares, diluted (\$)	17,637	14,152
Profit attributable to owners of Class B shares, diluted (\$)	14,977	12,042
	32,614	26,194
Weighted average number of Class A shares outstanding, diluted	7,378,964	7,388,122
Weighted average number of Class B shares outstanding, diluted	5,696,621	5,715,329
	13,075,585	13,103,451
Diluted earnings per Class A share	2.39	1.92
Diluted earnings per Class B share	2.63	2.11

## 12. FINANCIAL RISK MANAGEMENT

### CAPITAL MANAGEMENT

The Company's primary objectives when managing capital are to:

- Maintain a capital structure that allows financing options to the Company in order to benefit from potential opportunities as they arise;
- Provide an appropriate return on investment to its shareholders.

The Company includes the following in its capital:

- Cash and cash equivalents and short-term investments, if any;
- Long-term debt (including the current portion);
- Equity attributable to owners of the Company.

The Company's financial strategy is formulated and adapted according to market conditions in order to maintain a flexible capital structure that is consistent with the objectives stated above and corresponds to the risk characteristics of the underlying assets. In order to

maintain or adjust its capital structure, the Company may refinance its existing debt, raise new debt, pay down debt, repurchase shares for cancellation purposes pursuant to normal course issuer bids or issue new shares.

The Company's Board of Directors determines the level of dividend payments. To date, the practice has been to maintain regular quarterly dividend payments with increases over the years.

The capital is calculated as follows:

	As at December 31, 2020 \$	As at December 31, 2019 \$
Long-term debt, including the current portion	167,680	177,900
Less:		
Cash and cash equivalents	45,498	22,608
Total net indebtedness	122,182	155,292
Equity attributable to owners of the Company	300,782	280,371
Capitalization	422,964	435,663
Ratio of net indebtedness/capitalization	28.9%	35.6%

As at December 31, 2020, the Company was in compliance with all of its obligations under the terms of its banking agreements.

## FINANCIAL RISK MANAGEMENT

Due to the nature of the activities carried out and as a result of holding financial instruments, the Company is exposed to credit risk, liquidity risk and market risk, especially interest rate risk and foreign exchange risk.

### CREDIT RISK

Credit risk arises from the possibility that a counterpart will fail to perform its obligations. The Company's exposure to credit risk is primarily attributable to its cash and cash equivalents, trade and other receivables, and non-current financial assets. Management believes the credit risk is limited for its cash and cash equivalents, as the Company deals with major North American financial institutions.

The Company conducts a thorough assessment of credit issues prior to committing to the investment and actively monitors the financial health of its investees on an ongoing basis. In addition, the Company is exposed to credit risk from customers. On the one hand, the Company does business mostly with large industrial, municipal and well-established customers, thus reducing its credit risk. On the other hand, the number of customers served by the Company is limited, which increases the risk of business concentration and economic dependency.



Overall, the Company serves some 2,200 customers. In 2020, the 20 largest customers account for 40.0% (39.7% in 2019) of consolidated revenue, and not a single customer accounts for more than 10% of consolidated revenue and trade receivables in 2020 and 2019.

Allowance for doubtful accounts and past due receivables are reviewed by management on a monthly basis. Refer to Note 14 for further details.

The Company's maximum exposure to credit risk with respect to each of its financial assets corresponds to its carrying amount.

#### LIQUIDITY RISK

Liquidity risk is the Company's exposure to the risk of not being able to meet its financial obligations when they become due. The Company monitors its levels of cash and debt and takes appropriate actions to ensure it has sufficient cash to meet operational needs while ensuring compliance with covenants.

The following are the contractual maturities of financial obligations:

<b>As at December 31, 2020</b>	Carrying amount \$	Contractual cash flows <sup>(1)</sup> \$	Less than 1 year \$	1-3 years \$	More than 3 years \$
Trade and other payables	90,046	90,046	90,046	—	—
Dividends payable	1,259	1,259	1,259	—	—
Lease liabilities	135,168	179,125	18,153	29,149	131,823
Long-term debt	167,680	180,035	6,592	130,027	43,416
Non-current liabilities	38,400	40,787	4,973	34,350	1,464
	<b>432,553</b>	<b>491,252</b>	<b>121,023</b>	<b>193,526</b>	<b>176,703</b>

<b>As at December 31, 2019</b>	Carrying amount \$	Contractual cash flows <sup>(1)</sup> \$	Less than 1 year \$	1-3 years \$	More than 3 years \$
Trade and other payables	86,217	86,217	86,217	—	—
Dividends payable	1,245	1,245	1,245	—	—
Lease liabilities	91,315	123,759	13,593	23,153	87,013
Long-term debt	177,900	190,744	11,842	10,758	168,144
Non-current liabilities	46,088	52,565	1,673	19,529	31,363
	<b>402,765</b>	<b>454,530</b>	<b>114,570</b>	<b>53,440</b>	<b>286,520</b>

<sup>(1)</sup> Includes principal and interest.

Given the actual liquidity level combined with future cash flows that will be generated by operations, the Company believes that its liquidity risk is low to moderate.

## MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Company's results or the value of its financial instruments. The Company is mainly exposed to interest rate risk and foreign exchange risk.

INTEREST RATE RISK

The Company is exposed to market risk related to interest rate fluctuations because a portion of its long-term debt bears interest at floating rates. The Company manages this risk by maintaining a mix of fixed and floating rate borrowings in accordance with the Company's policies. In addition, in 2020, the Company entered into an interest rate swap contract with the Company's main banks for an amount of \$15,000. The interest rate swap contract is designated as a cash flow hedge to swap the floating rate of its debts to a fixed rate, thus decreasing the Company's sensitivity to interest rate fluctuations. The floating interest rate on the interest rate swap is CDOR and the fixed interest rate is 0.78%. The interest rate swap contract settles on a monthly basis and will mature in June 2023. The Company continues to monitor opportunities to reduce interest rate risk.

SENSITIVITY ANALYSIS

As at December 31, 2020, the floating rate portion of the Company's long-term debt is 60.4% (70.5% in 2019). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2020 would have had a negative impact of \$1,014 (\$1,253 in 2019) on profit for the year. A hypothetical variation of -1.0% in the prime interest rate would have had the opposite impact on profit for the year.

FOREIGN EXCHANGE RISK

The Company provides services invoiced in U.S. dollars and purchases equipment denominated in U.S. dollars. In addition, a portion of the Company's long-term debt is denominated in U.S. dollar. Consequently, it is exposed to risks arising from foreign currency rate fluctuations. The Company considers the remaining risk to be limited and, therefore, does not use derivative financial instruments to reduce its exposure.

During 2020, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have had a positive impact of \$1,195 (\$2,649 in 2019) on profit for the year and a positive impact of \$12,474 (\$11,991 in 2019) on total comprehensive income. A hypothetical weakening of 5.0% of the U.S. dollar against the Canadian dollar would have had the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2020, a total of \$60,575 or US\$47,577 (\$95,209 or US\$73,306 in 2019) of cash and cash equivalents and trade and other receivables is denominated in foreign currencies. As at December 31, 2020, a total of \$39,004 or US\$30,634 (\$61,711 or US\$47,514 in 2019) of trade and other payables is denominated in foreign currencies.

## FAIR VALUE OF FINANCIAL INSTRUMENTS

As at December 31, 2020 and 2019, the estimated fair values of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximated their respective carrying values due to their short-term nature.

The estimated fair value of long-term notes receivable, included in non-current financial assets, was not significantly different from their carrying value as at December 31, 2020 and 2019, based on the Company's estimated rate for long-term notes receivable with similar terms and conditions.

The estimated fair value of long-term debt was \$3,349 higher than its carrying value as at December 31, 2020 (\$921 higher in 2019), as a result of a change in financial conditions of similar instruments available to the Company. The fair value of long-term debt is determined using the discounted future cash flows method and management's estimates for market interest rates for identical or similar issuances.

For the year ended December 31, 2020, no financial instruments were recorded at fair value and transferred between levels 1, 2 and 3.

## SENSITIVITY ANALYSIS

On December 31, 2020, all other things being equal, a 10.0% increase of pre-established financial performance threshold of acquired businesses related to the written put option would have resulted in a decrease of \$3,196 (\$2,923 in 2019) in retained earnings for the year ended December 31, 2020, and an increase of the same amount in total liabilities. A 10.0% decrease of pre-established financial performance threshold would have had the opposite estimated impact.

## 13. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities in the consolidated statements of financial position are as follows:

Carrying amount	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Financial assets classified at amortized cost</b>		
Cash and cash equivalents	45,498	22,608
Trade and other receivables	137,911	156,228
Non-current financial assets	9,160	8,829
	192,569	187,665
<b>Financial liabilities classified at amortized cost</b>		
Trade and other payables	90,046	86,217
Dividends payable	1,259	1,245
Long-term debt, including current portion	167,680	177,900
Non-current liabilities	38,400	46,088
	297,385	311,450

The fair value of the Company's financial instruments is disclosed in Note 12.

## 14. TRADE AND OTHER RECEIVABLES

Carrying amount	As at December 31, 2020 \$	As at December 31, 2019 \$
Trade receivables	100,887	125,389
Allowance for doubtful accounts	(3,359)	(3,053)
Contract holdbacks	14,455	16,248
Net trade receivables	111,983	138,584
Canada Emergency Wage Subsidy receivables	4,776	—
Accrued revenue	12,868	11,985
Commodity taxes	3,637	1,664
Insurance reimbursement receivable related to claims	509	1,633
Other	4,138	2,362
	137,911	156,228

Pursuant to their respective terms, net trade receivables are aged as follows since issuance of the invoice:

	As at December 31, 2020 \$	As at December 31, 2019 \$
0-30 days	45,251	56,528
31-60 days	26,903	32,379
61-90 days	13,944	16,635
Over 90 days <sup>(1)</sup>	25,885	33,042
	<b>111,983</b>	138,584

<sup>(1)</sup> Includes contract holdbacks amounting to \$6,360 (\$11,200 in 2019).

The movements in the allowance for doubtful accounts were as follows:

	2020 \$	2019 \$
Balance, beginning of year	3,053	2,364
Bad debt expense	873	1,410
Write offs	(567)	(721)
Balance, end of year	<b>3,359</b>	3,053

Credit risk exposure and mitigation are further discussed in Note 12.

## 15. INVENTORIES

	As at December 31, 2020 \$	As at December 31, 2019 \$
Consumables	7,598	6,251
Raw materials	2,201	2,412
Work in progress	2,656	3,332
Finished goods	491	574
	<b>12,946</b>	12,569

The cost of inventories recognized as an expense during the year was \$44,212 (\$45,935 in 2019) and was recorded in equipment and supplies expense in the consolidated statements of earnings.

## 16. EQUITY ACCOUNTED INVESTMENTS

### INVESTMENTS IN JOINT VENTURES

The Company's results include its share of operations in joint ventures, which are accounted for using the equity method. The Company's 50%-equity interests are in the following joint ventures: TERMONT Terminal Inc., Transport Nanuk Inc., Québec Mooring Inc., Moorings (Trois-Rivières) Ltd., Québec Maritime Services Inc., 9260-0873 Québec Inc. and Flexiport Mobile Docking Structures Inc. The Company also owns 49%-equity interests in Qikiqtaaluk Environmental Inc. and Avataani Environmental Services Inc.

None of the Company's joint ventures are publicly listed entities and, consequently, do not have published price quotations.

The Company has one significant joint venture, TERMONT Terminal Inc., specialized in handling containers, which is aligned with the Company's core business. The address of TERMONT Terminal Inc.'s registered office is Port of Montréal, Section 68, P.O. Box 36, Station K, Montréal (QC) H1N 3K9, Canada.

The following tables summarize the financial information of TERMONT Terminal Inc.:

	2020 \$	2019 \$
Statement of financial position		
Current assets (including cash and cash equivalents of \$1,431 (\$2,455 in 2019))	3,197	3,870
Non-current assets	92,119	85,108
Current liabilities	(1,129)	(787)
Non-current liabilities	(38,613)	(36,816)
Net assets	55,574	51,375
The Company's share of net assets presented as an equity accounted investment	27,795	25,694
Results		
Revenue	4,112	3,914
Share of profit of an equity accounted investment	12,713	6,006
Interest expense	(1,834)	(1,749)
Interest income	1,844	1,783
Income taxes	(717)	(797)
Profit and total comprehensive income for the year	14,702	8,204
The Company's share of profit and total comprehensive income for the year	7,351	4,102
Dividend received by the Company	5,250	2,250



The Company also has interests in individually immaterial joint ventures. The following table provides, in aggregate, the financial information for those joint ventures:

	2020 \$	2019 \$
Carrying amount of interests in individually immaterial joint ventures	17,266	16,655
Profit for the year	2,178	4,627
Other comprehensive loss	(146)	(43)
Total comprehensive income for the year	2,032	4,584
Dividends received by the Company	1,350	1,863

## 17. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress <sup>(1)</sup> \$	Total \$
<b>As at January 1, 2019</b>	<b>73,617</b>	<b>210,197</b>	<b>4,580</b>	<b>13,942</b>	<b>2,956</b>	<b>305,292</b>
Additions	36	24,121	85	20	10,295	34,557
Disposals	(803)	(9,468)	(18)	(10)	—	(10,299)
Transfers	2,003	7,978	271	792	(11,044)	—
Effect of foreign currency exchange differences	(971)	(4,108)	(83)	(519)	(41)	(5,722)
<b>As at December 31, 2019</b>	<b>73,882</b>	<b>228,720</b>	<b>4,835</b>	<b>14,225</b>	<b>2,166</b>	<b>323,828</b>
Additions	93	8,641	198	130	15,366	24,428
Additions through business combinations (Note 4)	—	7,317	—	—	—	7,317
Disposals	(124)	(4,222)	(836)	(1,183)	—	(6,365)
Transfers	698	4,813	1,197	3,148	(9,856)	—
Effect of foreign currency exchange differences	(429)	(1,649)	(35)	(212)	(752)	(3,077)
<b>As at December 31, 2020</b>	<b>74,120</b>	<b>243,620</b>	<b>5,359</b>	<b>16,108</b>	<b>6,924</b>	<b>346,131</b>

<sup>(1)</sup> During 2020, the Company reclassified \$137 of assets under construction to intangible assets.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except for per share amounts)

<b>Accumulated depreciation</b>	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
<b>As at January 1, 2019</b>	<b>12,966</b>	<b>101,910</b>	<b>3,735</b>	<b>5,397</b>	<b>—</b>	<b>124,008</b>
Depreciation expense	2,734	22,075	364	1,102	—	26,275
Disposals	(795)	(7,969)	(2)	(56)	—	(8,822)
Effect of foreign currency exchange differences	(156)	(1,498)	(78)	(205)	—	(1,937)
<b>As at December 31, 2019</b>	<b>14,749</b>	<b>114,518</b>	<b>4,019</b>	<b>6,238</b>	<b>—</b>	<b>139,524</b>
Depreciation expense	3,139	23,150	376	1,184	—	27,849
Disposals	(22)	(3,247)	(809)	(1,139)	—	(5,217)
Effect of foreign currency exchange differences	(136)	(927)	(35)	(108)	—	(1,206)
<b>As at December 31, 2020</b>	<b>17,730</b>	<b>133,494</b>	<b>3,551</b>	<b>6,175</b>	<b>—</b>	<b>160,950</b>

<b>Carrying amount</b>	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
As at December 31, 2019	59,133	114,202	816	7,987	2,166	184,304
<b>As at December 31, 2020</b>	<b>56,390</b>	<b>110,126</b>	<b>1,808</b>	<b>9,933</b>	<b>6,924</b>	<b>185,181</b>

As at December 31, 2020 and 2019, the Company has no property, plant and equipment under order, or not yet delivered.

## 18. LEASE ARRANGEMENTS

Leases relate to lease agreements to rent offices, port facilities, and equipment that expire until 2040. The Company has the option to purchase some of the leased equipment at the end of the lease terms. The Company also has the option to renew certain lease arrangements to rent offices, port facilities and equipment. Contingent rentals are determined based on the volume and type of cargo handled. Lease liabilities are discounted using the incremental weighted average borrowing rate of 4.70%.

## RIGHT-OF-USE ASSETS

Carrying amount	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Total \$
<b>As at January 1, 2019</b>	<b>69,102</b>	<b>7,201</b>	<b>214</b>	<b>76,517</b>
Additions	28,479	892	339	29,710
Derecognition	(2,336)	(45)	(11)	(2,392)
Depreciation expense	(9,190)	(2,290)	(88)	(11,568)
Effect of foreign currency exchange differences	(2,413)	(265)	(8)	(2,686)
<b>As at December 31, 2019</b>	<b>83,642</b>	<b>5,493</b>	<b>446</b>	<b>89,581</b>
Additions	55,959	4,613	52	60,624
Derecognition	(455)	—	—	(455)
Depreciation expense <sup>(1)</sup>	(10,722)	(2,977)	(134)	(13,833)
Effect of foreign currency exchange differences	(2,907)	(211)	(4)	(3,122)
<b>As at December 31, 2020</b>	<b>125,517</b>	<b>6,918</b>	<b>360</b>	<b>132,795</b>

<sup>(1)</sup> In 2020, during the construction of a leasehold improvement, the Company capitalized \$266 of depreciation expense to its property, plant and equipment.

## LEASE LIABILITIES

	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Contractual undiscounted cash flows</b>		
Less than 1 year	<b>18,153</b>	13,593
Between 1 and 5 years	<b>53,437</b>	41,405
More than 5 years	<b>107,535</b>	68,761
Total undiscounted lease liabilities	<b>179,125</b>	123,759
<b>Lease liabilities as at December 31, 2020</b>		
Current	<b>18,251</b>	9,820
Non-current	<b>116,917</b>	81,495

## AMOUNT RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF EARNINGS

Leases under IFRS 16	2020 \$	2019 \$
Interest on lease liabilities <sup>(1)</sup>	<b>5,239</b>	3,960
Expense related to variable lease payments, short-term and low-value assets not included in the measurement of lease liabilities <sup>(2)</sup>	<b>30,766</b>	34,312
	<b>36,005</b>	38,272

<sup>(1)</sup> In 2020, during the construction of a leasehold improvement the Company capitalized \$150 of interest expense to its property, plant and equipment.

<sup>(2)</sup> Recognized as operating expense in the consolidated statements of earnings.

## 19. GOODWILL

Carrying amount	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Cost, beginning of year</b>	<b>141,917</b>	143,972
Business combinations (Note 4)	<b>10,542</b>	—
Effect of foreign currency exchange differences	<b>(1,311)</b>	(2,055)
<b>Cost, end of year</b>	<b>151,148</b>	141,917
Accumulated impairment losses	<b>(1,300)</b>	(1,300)
<b>Net carrying amount</b>	<b>149,848</b>	140,617

### IMPAIRMENT TESTING

The carrying amount of goodwill has been allocated to the following CGUs or groups of CGUs:

Carrying amount	As at December 31, 2020 \$	As at December 31, 2019 \$
Stevedoring	<b>57,537</b>	48,306
ALTRA Proven Water Technologies	<b>86,445</b>	86,445
Environment	<b>5,681</b>	5,681
Agencies	<b>185</b>	185
	<b>149,848</b>	140,617

The recoverable amount of the groups of CGUs Stevedoring and Environment have been determined based on value in use, which is calculated by discounting five-year cash flow projections from the budget approved by the Board of Directors covering a one-year period and forecasts for the subsequent four years. The recoverable amount of the ALTRA Water Proven Technologies has been determined based on a fair value less costs to disposal, which is calculated by discounting five-year cash flow projections from the budget approved by the Board of Directors covering a one-year period, forecasts for the subsequent four years and adjusted for market participant assumptions. These cash flow projections reflect past experience, future expectations of financial performance and current economic situation, including the Covid-19.

The key assumptions used in establishing the recoverable amount for the groups of CGU are as follows:

- A growth rate between 3.0% to 5.0% (3.0% in 2019) has been used to extrapolate cash flow projections for the forecasted subsequent four years and a growth rate of 2.0% (3.0% in 2019) for the terminal value.
- The discount rate used to calculate the recoverable amount is based on market data and was 9.1% (9.0% in 2019).

Projected cash flows are most sensitive to assumptions regarding the impact of COVID-19, future profitability, replacement capital expenditure requirements and working capital investment and tax considerations. The values applied to these key assumptions are derived from a combination of external and internal factors, based on past experience together with management's future expectations about business performance.

The discount rates were estimated based on an appropriate weighted average cost of capital (WACC) for each group of CGUs. The discount rates were estimated by applying the Company's weighted average cost of capital as adjusted to reflect the market assessment of risks and for which the cash flow projections have not been adjusted.

## 20. INTANGIBLE ASSETS

Cost	Lease rights and location \$	Client relationships and backlog \$	Computer software \$	Total \$
<b>As at January 1, 2019</b>	<b>27,399</b>	<b>46,581</b>	<b>3,666</b>	<b>77,646</b>
Additions	—	—	122	122
Effect of foreign currency exchange differences	(1,313)	(1,430)	(371)	(3,114)
<b>As at December 31, 2019</b>	<b>26,086</b>	<b>45,151</b>	<b>3,417</b>	<b>74,654</b>
Additions	—	—	385	385
Additions through business combinations (Note 4)	—	2,051	—	2,051
Disposals	—	(50)	—	(50)
Effect of foreign currency exchange differences	(515)	(701)	(31)	(1,247)
<b>As at December 31, 2020</b>	<b>25,571</b>	<b>46,451</b>	<b>3,771</b>	<b>75,793</b>

Accumulated amortization	Lease rights and location \$	Client relationships and backlog \$	Computer software \$	Total \$
<b>As at January 1, 2019</b>	<b>7,125</b>	<b>20,858</b>	<b>2,657</b>	<b>30,640</b>
Amortization expense	1,374	2,270	635	4,279
Effect of foreign currency exchange differences	(406)	(208)	(386)	(1,000)
<b>As at December 31, 2019</b>	<b>8,093</b>	<b>22,920</b>	<b>2,906</b>	<b>33,919</b>
Amortization expense	1,395	2,209	370	3,974
Disposals	—	(10)	—	(10)
Effect of foreign currency exchange differences	(230)	(248)	(34)	(512)
<b>As at December 31, 2020</b>	<b>9,258</b>	<b>24,871</b>	<b>3,242</b>	<b>37,371</b>

Carrying amount	Lease rights and location \$	Client relationships and backlog \$	Computer software \$	Total \$
As at December 31, 2019	17,993	22,231	511	40,735
<b>As at December 31, 2020</b>	<b>16,313</b>	<b>21,580</b>	<b>529</b>	<b>38,422</b>

	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Accumulated Impairment Losses</b>		
<b>Balance, end of year</b>	<b>9,738</b>	<b>9,738</b>

## 21. NON-CURRENT FINANCIAL ASSETS

	As at December 31, 2020 \$	As at December 31, 2019 \$
Non-current financial assets	4,826	6,225
Contract holdbacks	4,334	2,604
	<b>9,160</b>	<b>8,829</b>

## 22. TRADE AND OTHER PAYABLES

	As at December 31, 2020 \$	As at December 31, 2019 <sup>(1)</sup> \$
Trade payables and accrued liabilities	60,750	60,383
Payroll accruals	18,920	20,276
Due to a non-controlling interest (Note 26)	5,857	—
Provisions (Note 25)	636	593
Other	3,883	4,965
	<b>90,046</b>	<b>86,217</b>

<sup>(1)</sup> The 2019 figure have been reclassified to conform with this year presentation.



## 23. INDEBTEDNESS

### LONG-TERM DEBT

	As at December 31, 2020 \$	As at December 31, 2019 \$
Revolving credit facility, bearing interest at bankers' prime rate and/or acceptance and LIBOR loans, with no principal repayment required until October 2023. The weighted average interest rate was 1.65% as at December 31, 2020 <sup>(1)</sup>	106,670	115,003
Unsecured long-term debt, bearing interest at 4.82% and 4.64%, without any principal repayment due before December 2022, to be paid in 20 equal consecutive quarterly payments, maturing in 2027 <sup>(2)</sup>	50,000	50,000
Term credit facilities, bearing interest at prime rate plus 0.75% to 2.00%, with maturities ranging up to 5 years from the advance date <sup>(3) (4)</sup>	9,701	10,333
Non-interest-bearing government loan, maturing in 2023	1,100	1,200
Loan for equipment purchases, bearing interest from 0.50% to 5.36%	209	1,364
	167,680	177,900
Less:		
Current portion	3,718	9,390
	163,962	168,510

<sup>(1)</sup> The revolving credit facility details are as follows:

- A \$300,000 or the U.S. dollar equivalent unsecured revolving credit facility maturing in October 2023.
- The unsecured revolving credit facility is to be used for short-term and long-term cash flow needs and investment purposes, and to refinance existing indebtedness. The facility can be used in the form of direct advances, bankers' acceptances, LIBOR, and letters of credit. As at December 31, 2020, US\$72,000 (\$91,670) was drawn from the credit facility.
- The interest rate charged on the borrowings made under this agreement depends on the form of the borrowing, to which is added a margin that varies according to the level of leverage ratio achieved by the Company.

<sup>(2)</sup> The unsecured long-term debt details are as follows:

- A \$25,000 unsecured loan maturing in September 2027, and bearing interest at 4.82%, paid quarterly. The repayment schedule begins in December 2022 and is to be paid in 20 equal consecutive quarterly instalments of \$1,250.
- A \$25,000 unsecured loan maturing in September 2027, and bearing interest at 4.64%, paid quarterly. The repayment schedule begins in December 2022 and is to be paid in 20 equal consecutive quarterly instalments of \$1,250.

<sup>(3)</sup> The credit facility details of FER-PAL are as follows:

- A \$10,000 overdraft facility due on demand, to be used for operating requirements. The facility can be used in the form of overdrafts, bankers' acceptances and letters of credit. The advances are based on accounts receivable's estimated worth of good quality. As at December 31, 2020, no amount was drawn on this credit facility.
- A demand loan for an amount of \$10,000 due over 48 months in equal principal repayments plus monthly interests, bearing interest at prime rate plus 0.75%. As at December 31, 2020, the loan amounted to \$6,250.
- A \$750 corporate credit card credit facility.
- A risk management facility for an amount of \$1,000 to be used in the form of foreign exchange forward contracts.
- The facility is secured by a general security agreement on all of its current and future assets.

<sup>(4)</sup> As of June 26, 2020, LGC extended its credit agreement to US\$6,500 by refinancing the overdraft lending facility and an equipment financing loan balance by converting it to a demand term loan and increasing the revolving demand credit facility lending capacity.

- A US\$4,000 revolver demand facility to be used for operating requirements. The facility can be used in the form of Prime rate advances plus 2.00%.
- A demand loan facility for an amount of US\$2,000 due over 60 months in equal principal repayments plus monthly interests, bearing interest at prime rate plus 2.00%.
- A US\$500 corporate credit card credit facility.
- The facility is secured by a general security agreement on all of its current and future assets.

Long-term debt matures as follows:

	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Total principal repayments required</b>		
Less than 1 year	<b>3,718</b>	9,390
Between 1 and 5 years	<b>145,316</b>	141,010
More than 5 years	<b>18,646</b>	27,500
	<b>167,680</b>	177,900

## HEDGING INSTRUMENTS

During the year ended December 31, 2020, an average amount of US\$56,280 (\$50,583 in 2019) of the revolving credit facility denominated in U.S. dollars had been designated by the Corporation as hedging instruments of its net investment in foreign operations. As there was no hedge ineffectiveness during the year ended December 31, 2020, there was no impact on the consolidated statements of earnings. Consequently, a foreign exchange gain of \$2,306 (gain of \$3,653 in 2019) was reclassified to other comprehensive income.

## 24. POST-EMPLOYMENT BENEFIT ASSETS AND OBLIGATIONS

The Company has various defined benefit and defined contribution retirement plans providing retirement benefits to its employees.

The projected benefit obligation as at December 31, 2020, has been extrapolated using the projected benefit obligation based on the latest actuarial valuations.

The last actuarial valuation for the Supplemental Retirement Plans for Senior Executives ("SERP") of LOGISTEC Corporation is dated December 31, 2017.

The Company's retirement plans may be exposed to various types of risks. The Company has not identified any unusual risks to which its retirement plans are exposed. Regular asset-liability matching analyses are performed in order to align the investment policy with the plans' obligations. Allocation to fixed-income investments is then adjusted following the evolution of the plans' obligations. Fixed-income investments are made up of bonds and annuities. Annuities are purchased when opportunities arise on financial markets.

The weighted average duration of the defined benefit obligation is 15.9 years.

The following table presents information concerning the defined benefit retirement plans, as established by an independent actuary:

	2020 \$	2019 \$
<b>Benefit obligation, beginning of year</b>	<b>(39,409)</b>	(33,703)
Current service cost	<b>(1,418)</b>	(1,548)
Interest cost	<b>(1,280)</b>	(1,345)
Employees' contributions	<b>(96)</b>	(114)
Actuarial loss arising from experience adjustments	<b>(3,076)</b>	(4,464)
Benefits paid	<b>1,134</b>	1,765
<b>Benefit obligation, end of year</b>	<b>(44,145)</b>	(39,409)
<b>Fair value of plan assets, beginning of year</b>	<b>21,451</b>	19,371
Interest income	<b>696</b>	762
Variation on plan assets, excluding amounts included in interest income	<b>485</b>	1,906
Administrative fees	—	(16)
Employer's contributions <sup>(1)</sup>	<b>935</b>	1,079
Employees' contributions	<b>96</b>	114
Benefits paid	<b>(1,134)</b>	(1,765)
<b>Fair value of plan assets, end of year</b>	<b>22,529</b>	21,451
<b>Net benefit liability, end of year <sup>(2)</sup></b>	<b>(21,616)</b>	(17,958)

<sup>(1)</sup> Employer's contributions include contributions made by an equity accounted investment of the Company of \$64 (\$88 in 2019).

<sup>(2)</sup> Post-employment benefit obligations in the consolidated statements of financial position include \$439 (\$425 in 2019) for defined contribution retirement plans provided to certain members of key management personnel, for which no contributions were made.

The following table provides the reconciliation of the benefit obligation, the fair value of plan assets and plan deficit in respect of wholly and partially funded plans, and unfunded plans:

	Wholly and partially funded		Unfunded <sup>(1)</sup>		Total	
	2020 \$	2019 \$	2020 \$	2019 \$	2020 \$	2019 \$
Benefit obligation	<b>(25,272)</b>	(22,634)	<b>(18,873)</b>	(16,775)	<b>(44,145)</b>	(39,409)
Fair value of plan assets	<b>22,529</b>	21,451	—	—	<b>22,529</b>	21,451
Plan deficit	<b>(2,743)</b>	(1,183)	<b>(18,873)</b>	(16,775)	<b>(21,616)</b>	(17,958)

<sup>(1)</sup> The unfunded plans consist of SERP. As at December 31, 2020, the plan deficit for the Canadian executives is \$17,760 (\$15,819 in 2019) and \$1,113 (\$956 in 2019) for the American executives. The SERP are non-contributory and the Company plans to fund the benefits with future cash flows that will be generated by operations.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended December 31, 2020 and 2019  
(in thousands of Canadian dollars, except for per share amounts)

Plan assets consist of:

	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Derived from observable market data – Level 2 fair value</b>		
Bonds	8,894	7,950
Canadian & foreign stock	10,271	10,281
<b>Non-observable market inputs – Level 3 fair value</b>		
Annuity contracts	3,364	3,220
	<b>22,529</b>	<b>21,451</b>

The following table provides the reconciliation of the net expense for all defined benefit and defined contribution retirement plans in the employee benefits expense in the consolidated statements of earnings for the years ended December 31:

	2020 \$	2019 \$
Current service cost	1,418	1,548
Net interest expense	584	583
Administrative fees	—	16
	<b>2,002</b>	<b>2,147</b>
Less: net expense assumed by an equity accounted investment of the Company	(96)	(87)
Defined benefit cost recognized	<b>1,906</b>	<b>2,060</b>
Net expense on defined contribution retirement plans	<b>3,423</b>	<b>3,140</b>
Net expense for all defined benefit and defined contribution retirement plans	<b>5,329</b>	<b>5,200</b>

## SIGNIFICANT ACTUARIAL ASSUMPTIONS

The significant actuarial assumptions used in the measurement of the Company's net benefit liability are as follows:

	2020 %	2019 %
Accrued benefit liability		
Discount rate, end of year	2.5	3.3
Expected rate of compensation increase	3.8	3.8
Benefit cost		
Discount rate	3.3	4.0
Expected rate of compensation increase	3.8	3.8

## SENSITIVITY ANALYSIS

As at December 31, 2020, all else being equal, a hypothetical variation of +1.0% in the discount rate would have a positive impact of \$6,197 (\$5,574 in 2019), whereas a hypothetical variation of -1.0% would have a negative impact of \$7,918 (\$6,623 in 2019) on the benefit obligation.

As at December 31, 2020, all else being equal, a hypothetical variation of +1.0% in the expected rate of compensation increase would have a negative impact of \$1,332 (\$1,294 in 2019), whereas a hypothetical variation of -1.0% would have a positive impact of \$1,252 (\$1,224 in 2019) on the benefit obligation.

## CONTRIBUTIONS TO RETIREMENT PLANS

Total cash payments for post-employment benefits for 2020, consisting of cash contributed by the Company to its funded retirement plans, cash payments made directly to beneficiaries for its unfunded other benefit retirement plans, and cash contributed to its defined contribution retirement plans, were \$4,294 (\$4,131 in 2019).

The Company expects to make a contribution of \$882 to the defined benefit retirement plans in 2021.

## 25. NON-CURRENT LIABILITIES

	As at December 31, 2020 \$	As at December 31, 2019 \$
Long-term liability due to a non-controlling interest in FER-PAL	31,963	29,231
Long-term liability due to a non-controlling interest in SANEXEN (Note 26)	—	6,394
Advance due to a non-controlling interest	2,447	4,895
Long-term incentive plans	—	2,541
Provisions	1,464	1,013
Long-term liability due to a non-controlling interest in LGC	779	1,079
Other	1,747	935
	<b>38,400</b>	46,088

## REPURCHASE OF NON-CONTROLLING INTERESTS

## FER-PAL

Following the business combination of FER-PAL on July 6, 2017, the Company granted the 49% non-controlling interest shareholders a put option, exercisable at any time after July 6, 2021, allowing them to sell all the remaining shares to LOGISTEC in three equal tranches over three fiscal years for cash consideration based on a predetermined purchase price formula based on FER-PAL's performance. On December 31, 2019, FER-PAL repurchased a

0.03% interest held by the non-controlling interest for an aggregate purchase price of \$786. As at December 31, 2020, following the accretion of interest and the reevaluation of the put option, a liability of \$31,963 (\$29,231 in 2019) has been included in non-current liabilities in the consolidated statements of financial position. For the year ended December 31, 2020, the Company recognized a loss on remeasurement of \$2,732 (gain on remeasurement of \$2,766 in 2019) in retained earnings.

The Company also has a call option, exercisable by LOGISTEC at any time after July 6, 2022, to purchase the remaining 48% shares from the non-controlling interest shareholders on the same terms as the put option.

## LGC

On August 9, 2019, the Company repurchased a 7.91% interest in LGC held by the non-controlling interest for an aggregate purchase price of \$610. The Company has an obligation to repurchase the 22% non-controlling interest shareholders in LGC on December 31, 2021, at the latest, or sooner upon the occurrence of certain events. The purchase price is the greater of: i) the book value of the 22% non-controlling interests or ii) a multiple of an agreed upon measure of financial performance, minus LGC's debt. For the year ended December 31, 2020, the Company recognized a gain on remeasurement of \$300 (\$608 in 2019) in other losses in the consolidated statements of earnings. As at December 31, 2020, a liability of \$779 is included in non-current liabilities in the consolidated statements of financial position.

As a result of the non-participant nature of the non-controlling interests in the results of both FER-PAL and LGC, no profit is attributed to the non-controlling interests.

## PROVISIONS

	Claims and litigation \$	Shares- based payments \$	Share of losses of certain joint ventures \$	Other \$	Total \$
<b>As at December 31, 2019</b>	<b>438</b>	<b>483</b>	<b>251</b>	<b>434</b>	<b>1,606</b>
Additional provisions	1,179	519	—	13	1,711
Settlement of provisions	(481)	—	—	(9)	(490)
Reversal of provisions	(594)	—	(71)	(62)	(727)
<b>As at December 31, 2020</b>	<b>542</b>	<b>1,002</b>	<b>180</b>	<b>376</b>	<b>2,100</b>
Less: current provisions	542	—	—	94	636
<b>Non-current provisions</b>	<b>—</b>	<b>1,002</b>	<b>180</b>	<b>282</b>	<b>1,464</b>

Other provisions include provisions for warranty and provisions for asset retirement obligations. Provisions for asset retirement obligations essentially derive from the obligation to remove assets and to restore the sites under lease arrangements expiring until 2025.

## REIMBURSEMENTS

An amount of \$509 (\$1,633 in 2019) is recognized as an asset in trade and other receivables relative to the reimbursement to be received from the insurance company in connection with claims.

## 26. SHARE CAPITAL

Authorized in an unlimited number:

- First Ranking Preferred Shares, non-voting, issuable in series;
- Second Ranking Preferred Shares, non-voting, issuable in series;
- Class A Common Shares, without par value, 30 votes per share, convertible into Class B Subordinate Voting Shares at the holder's discretion;
- Class B Subordinate Voting Shares, without par value, one vote per share, entitling their holders to receive a dividend equal to 110% of any dividend declared on each Class A Common Share.

	As at December 31, 2020 \$	As at December 31, 2019 \$
<b>Issued and outstanding <sup>(1)</sup></b>		
7,377,022 Class A shares (7,383,622 in 2019)	<b>4,875</b>	4,879
5,535,869 Class B shares (5,396,901 in 2019)	<b>40,700</b>	35,343
	<b>45,575</b>	40,222

<sup>(1)</sup> All issued and outstanding shares are fully paid.

## REPURCHASE OF THE NON-CONTROLLING INTEREST IN SANEXEN

Following the 2016 agreement with the non-controlling interest shareholders of SANEXEN to acquire the remaining equity interest LOGISTEC did not already own in SANEXEN, as at March 24, 2020, LOGISTEC issued 148,568 Class B shares at \$33.02 per share. As at December 31, 2020, there are 148,567 Class B shares to be issued and the related amount recorded in the Company's financial statements as share capital to be issued is \$4,906.

In addition, during the fourth quarter of 2020, LOGISTEC has exercised its call option to acquire from the non-controlling interest shareholders their non-voting and non-dividend bearing Class G Preferred Shares of SANEXEN for cash consideration of \$7,634 of which \$1,777 was paid on December 17, 2020, and the remaining \$5,857 paid on January 14, 2021.



The following table provides a reconciliation between the opening and closing balances for the year 2020:

	As at December 31 2019 \$	Employee benefits expense \$	Finance expense \$	Reclassification \$	Settlement \$	As at December 31, 2020 \$
Trade and other payables	—	—	—	7,634	(1,777)	<b>5,857</b>
Non-current liabilities	6,394	503	737	(7,634)	—	—
Share capital to be issued	9,811	—	—	—	(4,905)	<b>4,906</b>

## EXECUTIVE STOCK OPTION PLAN

The Company has an Executive Stock Option Plan under which 60,658 options to subscribe for the Company's Class B shares have been granted to certain senior executives. The exercise price of the options is \$24.86 and is equal to the average of the daily high and low trading prices for the five days, consecutive or not, preceding the date of grant. The options granted vest over a period of four years at the rate of 25% per year, starting at the grant date. The fair value of the options was estimated at \$5.77 at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions on which the options were granted. The contractual term of each option granted is ten years. There are no cash settlement alternatives. The Company accounts for the Executive Stock Option Plan as an equity-settled plan. The expenses recorded in the consolidated financial statements of earnings for the year ended December 31, 2020 was \$136.

## EMPLOYEE STOCK PURCHASE PLAN ("ESPP")

Pursuant to the ESPP, 600,000 Class B shares were reserved for issuance. As at January 1, 2020, there remained an unallocated balance of 193,700 Class B shares reserved pursuant to this ESPP. Eligible employees designated by the Board of Directors need to have at least two years of service. Participation is on a voluntary basis. The subscription price is determined by the average high and low board lot trading prices of the Class B shares on the TSX during five days, consecutive or not, preceding the last Thursday of the month of May of the year the shares are issued (or the last Thursday of such other month as shall be determined by the Board, which shall be the month preceding the date of issuance), less a maximum 10% discount. A non-interest-bearing loan offered by the Company is available to acquire said shares. The loans are reimbursed over a two-year period by way of payroll deductions. As at December 31, 2020, following the issuance of 24,300 (14,800 in 2019) Class B shares under this ESPP, there remains an unallocated balance of 169,400 Class B shares reserved for issuance pursuant to this ESPP. Those 24,300 (14,800 in 2019) Class B shares were issued for cash consideration of \$190 (\$258 in 2019) and for non-interest-bearing loans of \$505 (\$298 in 2019), repayable over two years with a carrying value of \$443 as at December 31, 2020 (\$328 in 2019).

## NORMAL COURSE ISSUER BID ("NCIB")

Pursuant to the current NCIB, which was launched on October 28, 2020, and will terminate on October 27, 2021, LOGISTEC intends to repurchase for cancellation purposes, up to 368,881 Class A shares and 277,113 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 16, 2020.

Shareholders may obtain a free copy of the notice of intention regarding the NCIB filed with the TSX by contacting the Company.

Under the various NCIBs, repurchases were made through the TSX or alternative Canadian trading systems. The tables below summarize the number of shares repurchased by NCIB and by year:

Shares repurchased by bid	Class A shares	Class B shares	Class A shares Average price \$	Class B shares Average price \$
NCIB 2018 (October 26, 2018 to October 25, 2019)				
Repurchase in 2018	3,000	19,700	48.34	49.15
Repurchase in 2019	6,800	32,800	42.71	41.16
<b>Total NCIB 2018</b>	<b>9,800</b>	<b>52,500</b>	<b>44.43</b>	<b>44.16</b>
NCIB 2019 (October 28, 2019 to October 27, 2020)				
Repurchase in 2019	2,300	7,000	41.78	40.52
Repurchase in 2020	5,300	28,100	30.73	31.98
<b>Total NCIB 2019</b>	<b>7,600</b>	<b>35,100</b>	<b>34.08</b>	<b>33.69</b>
NCIB 2020 (October 28, 2020 to October 27, 2021)				
Repurchase in 2020	600	6,500	38.41	35.59
<b>Total NCIB 2020</b>	<b>600</b>	<b>6,500</b>	<b>38.41</b>	<b>35.59</b>
Shares repurchased by year			Class A shares	Class B shares
2019				
NCIB 2018			6,800	32,800
NCIB 2019			2,300	7,000
<b>Total 2019</b>			<b>9,100</b>	<b>39,800</b>
2020				
NCIB 2019			5,300	28,100
NCIB 2020			600	6,500
<b>Total 2020</b>			<b>5,900</b>	<b>34,600</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

year ended December 31, 2020 and 2019

(in thousands of Canadian dollars, except for per share amounts)

The number of shares varied as follows:

Shares repurchased by bid	Number of Class A shares	Number of Class B shares	Class A shares \$	Class B shares \$
<b>As at January 1, 2019</b>	<b>7,392,722</b>	<b>5,273,334</b>	<b>4,885</b>	<b>30,131</b>
Repurchased under the NCIBs	(9,100)	(39,800)	(6)	(250)
ESPP	—	14,800	—	556
Exercise of option pursuant to the SANEXEN transaction	—	148,567	—	4,906
<b>As at December 31, 2019</b>	<b>7,383,622</b>	<b>5,396,901</b>	<b>4,879</b>	<b>35,343</b>
Repurchased under the NCIBs	(5,900)	(34,600)	(4)	(243)
Conversion	(700)	700	—	—
ESPP	—	24,300	—	695
Exercise of option pursuant to the SANEXEN transaction	—	148,568	—	4,905
<b>As at December 31, 2020</b>	<b>7,377,022</b>	<b>5,535,869</b>	<b>4,875</b>	<b>40,700</b>

## DIVIDENDS

Details of dividends declared per share are as follows:

	2020 \$	2019 \$
Class A shares	0.37	0.37
Class B shares	0.41	0.41

Details of dividends paid per share are as follows:

	2020 \$	2019 \$
Class A shares	0.37	0.37
Class B shares	0.41	0.40

On March 16, 2021, the Board of Directors declared a dividend of \$0.0935 per Class A share and \$0.10285 per Class B share, which will be paid on April 15, 2021, to all shareholders of record as of April 1, 2021. The estimated dividend to be paid is \$690 on Class A shares and \$569 on Class B shares.

## 27. ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAXES

	As at December 31, 2020 \$	As at December 31, 2019 \$
(Losses) gains on financial instruments designated as cash flow hedges	(106)	8
Currency translation differences arising on translation of foreign operations	7,521	10,414
Unrealized gain (loss) on translating debt designated as hedging item of the net investment in foreign operations	528	(725)
	7,943	9,697

## 28. CONSOLIDATED STATEMENTS OF CASH FLOWS

### ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Defined benefit and defined contribution retirement plan expense	1,937	2,099
Depreciation and amortization expense	45,390	42,122
Share of profit of equity accounted investments	(9,529)	(8,729)
Finance expense	12,453	12,854
Finance income	(635)	(501)
Current income taxes	9,991	9,075
Deferred income taxes	671	(376)
Non-current assets	525	(2,650)
Contract liabilities	(400)	(400)
Non-current liabilities	(2,517)	3,749
Other	2,631	(1,331)
	60,517	55,912

## CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2020 \$	2019 \$
Decrease (increase) in:		
Trade and other receivables	22,692	8,034
Income taxes	(2,532)	(808)
Prepaid expenses and other	(3,874)	(231)
Inventories	(386)	(1,861)
Increase (decrease) in:		
Trade and other payables	(4,345)	(7,313)
Contract liabilities	3,511	130
	15,066	(2,049)

## NON-CASH TRANSACTIONS

During 2020, the Company acquired property, plant and equipment, of which \$1,174 (\$400 in 2019) was unpaid at the end of the year.

## RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The following table provides a reconciliation between the opening and closing balances for financing activities, including cash and non-cash flow changes:

2020	Opening		Cash changes		Non-cash changes	Non-cash changes	Ending
	December 31, 2019	Repayments	Borrowings	Debt from acquisitions/ adjustments	Borrowings	Foreign exchange	December 31, 2020
	\$	\$	\$	\$	\$	\$	\$
Revolving credit facility	115,003	(80,064)	74,381	—	—	(2,650)	106,670
Unsecured loan debt	50,000	—	—	—	—	—	50,000
Term credit facility	10,333	(2,698)	2,137	—	—	(71)	9,701
Government loan	1,200	(100)	—	—	—	—	1,100
Equipment loan	1,364	(1,100)	—	(44)	—	(11)	209
Lease liabilities	91,315	(14,049)	—	—	60,927	(3,025)	135,168
<b>Total</b>	<b>269,215</b>	<b>(98,011)</b>	<b>76,518</b>	<b>(44)</b>	<b>60,927</b>	<b>(5,757)</b>	<b>302,848</b>

2019	Opening		Cash changes		Non-cash changes	Non-cash changes	Ending
	December 31, 2018	Repayments	Borrowings	Debt from acquisitions/ adjustments	Borrowings	Foreign exchange	December 31, 2019
	\$	\$	\$	\$	\$	\$	\$
Revolving credit facility	104,527	(58,660)	72,917	—	—	(3,781)	115,003
Unsecured loan debt	50,000	—	—	—	—	—	50,000
Term credit facility	574	(2,449)	11,634	614	—	(40)	10,333
Government loan	1,600	(400)	—	—	—	—	1,200
Equipment loan	3,932	(1,920)	98	(688)	—	(58)	1,364
Lease liabilities	—	(9,726)	—	—	103,800	(2,759)	91,315
Other	2,664	(2,601)	—	(13)	—	(50)	—
<b>Total</b>	<b>163,297</b>	<b>(75,756)</b>	<b>84,649</b>	<b>(87)</b>	<b>103,800</b>	<b>(6,688)</b>	<b>269,215</b>

## 29. RELATED PARTY TRANSACTIONS

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Company and other related parties are disclosed hereafter.

### TRADING TRANSACTIONS

The following tables summarize the Company's related party transactions with its joint ventures for the years:

	2020 \$	2019 \$
Sale of services	5,028	7,174
Purchase of services	921	767

	As at December 31, 2020 \$	As at December 31, 2019 \$
Amounts owed to joint ventures	640	1,736
Amounts owed from joint ventures	2,045	2,929

The amounts outstanding are unsecured and will be settled in cash. No guarantees have been given or received.

**TRANSACTIONS WITH SHAREHOLDERS**

Transactions with the Company's largest shareholder, Sumanic Investments Inc., were as follows:

	2020 \$	2019 \$
Dividends paid to Sumanic Investments Inc.	2,173	2,125

**COMPENSATION OF KEY MANAGEMENT PERSONNEL**

The compensation of directors and of other members of key management personnel<sup>(1)</sup> during the years ended was as follows:

	2020 \$	2019 \$
Short-term benefits	5,789	4,684
Post-employment benefits	248	209
Other long-term benefits	(879)	(250)
	5,158	4,643

<sup>(1)</sup> The compensation of members of key management personnel includes the compensation of the president of one of the Company's joint ventures.

**30. SEGMENTED INFORMATION**

The Company and its subsidiaries are organized and operate primarily in two reportable industry segments: marine services and environmental services. The accounting policies used within the segments are applied in the same manner as for the consolidated financial statements.

The Company discloses information about its reportable segments based upon the measures used by management in assessing the performance of those reportable segments. The Company uses segmented profit before income taxes to measure the operating performance of its segments.

The financial information by industry and geographic segments is as follows:



## INDUSTRY SEGMENTS

## REVENUE, RESULTS AND OTHER INFORMATION

<b>2020</b>	Marine services \$	Environmental services \$	Total \$
Revenue	<b>344,622</b>	<b>260,079</b>	<b>604,701</b>
Depreciation and amortization expense	<b>33,094</b>	<b>12,296</b>	<b>45,390</b>
Share of profit of equity accounted investments	<b>9,239</b>	<b>290</b>	<b>9,529</b>
Finance expense	<b>8,980</b>	<b>3,473</b>	<b>12,453</b>
Finance income	<b>100</b>	<b>535</b>	<b>635</b>
Profit before income taxes	<b>27,233</b>	<b>16,217</b>	<b>43,450</b>
Acquisition of property, plant and equipment, including business combinations	<b>23,775</b>	<b>7,970</b>	<b>31,745</b>
<b>2019</b>	Marine services \$	Environmental services \$	Total \$
Revenue	385,305	254,637	639,942
Depreciation and amortization expense	29,803	12,319	42,122
Share of profit of equity accounted investments	7,463	1,266	8,729
Finance expense	9,581	3,273	12,854
Finance income	277	224	501
Profit before income taxes	25,338	9,798	35,136
Acquisition of property, plant and equipment	26,114	8,443	34,557

## ASSETS AND LIABILITIES

<b>2020</b>	Marine services \$	Environmental services \$	Total \$
Total assets	<b>523,762</b>	<b>273,619</b>	<b>797,381</b>
Equity accounted investments	<b>42,913</b>	<b>2,148</b>	<b>45,061</b>
Total liabilities	<b>372,275</b>	<b>123,535</b>	<b>495,810</b>
<b>2019</b>			
Total assets	463,823	270,915	734,738
Equity accounted investments	40,419	1,930	42,349
Total liabilities	323,674	130,050	453,724

**GEOGRAPHIC SEGMENTS**

The Company's revenue from external customers by country of origin and information about its non current assets by location of assets are detailed below:

<b>Revenue</b>	Canada \$	USA \$	Total \$
<b>2020</b>	<b>338,396</b>	<b>266,305</b>	<b>604,701</b>
2019	329,031	310,911	639,942
<b>Non-current assets<sup>(1)</sup></b>			
<b>As at December 31, 2020</b>	<b>281,283</b>	<b>272,405</b>	<b>553,688</b>
As at December 31, 2019	259,185	240,818	500,003

<sup>(1)</sup> Non-current assets exclude non-current financial assets and deferred income tax assets.

**31. CONTINGENT LIABILITIES AND GUARANTEES**

As at December 31, 2020, the Company has outstanding letters of credit for an amount of \$4,108 (\$3,695 in 2019) relating to financial guarantees issued in the normal course of business. Most of these letters of credit mature within the next 12 months.

The Company, together with one of its partners, severally guarantees the obligations of a lease arrangement in one of its joint ventures. The guarantee is limited to a cumulative amount of \$2,222 (\$2,199 in 2019).

As at December 31, 2020, the Company has contingent liabilities totalling \$2,025 (\$1,941 in 2019) for contingent obligations to remove assets and to restore sites under lease arrangements.

The Company indemnifies its directors and officers for prejudices suffered by reason or in respect of the execution of their duties for the Company to the extent permitted by law. The Company has underwritten and maintains directors' and officers' liability insurance coverage.

No amounts have been recorded in the consolidated financial statements related to the above contingent liabilities and guarantees.

# BOARD OF DIRECTORS



**Madeleine Paquin, C.M.** <sup>(1)</sup>  
President & Chief Executive Officer



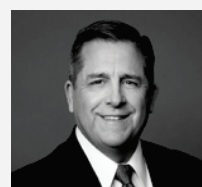
**James C. Cherry,**  
FCPA, FCA <sup>(1)(2)(3)</sup>  
Corporate Director



**Michael Dodson** <sup>(2)(3)</sup>  
Corporate Director



**Serge Dubreuil, Eng.** <sup>(2)</sup>  
Corporate Director



**Curtis J. Foltz** <sup>(2)(3)</sup>  
Consultant - Corporate Director



**Nicole Paquin**  
Vice-President, Mergers & Acquisitions



**George Gugelmann** <sup>(3)</sup>  
Private Investor



**J. Mark Rodger** <sup>(1)(3)</sup>  
Partner - Borden Ladner Gervais LLP



**Dany St-Pierre** <sup>(3)</sup>  
President - Cleantech Expansion LLC



**Suzanne Paquin** <sup>(1)</sup>  
President - Transport Nanuk Inc.



**Luc Villeneuve,**  
FCPA, FCA <sup>(1)(2)</sup>  
Corporate Director

<sup>(1)</sup> Member of the Executive Committee

<sup>(2)</sup> Member of the Audit Committee

<sup>(3)</sup> Member of the Governance and Human Resources Committee

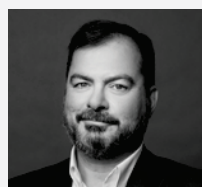
# OFFICERS OF THE COMPANY



**James C. Cherry,**  
FCPA, FCA  
Chairman of the  
Board



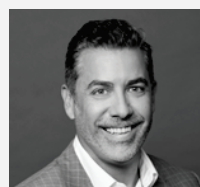
**Madeleine  
Paquin, C.M.**  
President & Chief  
Executive Officer



**Jean-Claude  
Dugas, CPA, CA**  
Chief Financial  
Officer



**Stéphane  
Blanchette,**  
CHRP  
Vice-President,  
Human Resources



**Carl Delisle,**  
CPA, CA  
Vice-President  
and Corporate  
Controller



**Nicole Paquin**  
Vice-President,  
Mergers &  
Acquisitions



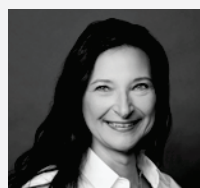
**Suzanne Paquin**  
Vice-President



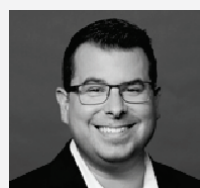
**Martin Ponce**  
Vice-President,  
Information  
Technology



**Marie-Chantal  
Savoy**  
Vice-President,  
Strategy &  
Communications



**Ingrid Stefancic,**  
LL.B., FCG, Acc. Dir.  
Vice-President,  
Corporate & Legal  
Services -  
Corporate Secretary



**Mathieu Brunet,**  
CPA, CGA  
Treasurer



**Rodney  
Corrigan**  
President-  
Logistec  
Stevedoring Inc.

# SHAREHOLDER AND INVESTOR INFORMATION

## ANNUAL MEETING

The annual meeting of shareholders will be held on May 4, 2021.

Please refer to [www.logistec.com/investors](http://www.logistec.com/investors) for meeting details.

## TRANSFER AGENT AND REGISTRAR

Computershare Trust Company of Canada

1500 Robert-Bourassa Boulevard, Suite 700  
Montréal, QC H3A 3S8  
Tel.: (514) 982-7270  
or 1-800-564-6253  
Fax: (416) 263-9394  
or 1-888-453-0330  
[caregistryinfo@computershare.com](mailto:caregistryinfo@computershare.com)

## INDEPENDENT AUDITOR

KPMG LLP

KPMG Tower  
600 De Maisonneuve Blvd. West  
Suite 1500  
Montréal, Qc H3A 0A3  
Tel.: (514) 840-2100  
[www.kpmg.com](http://www.kpmg.com)

## STOCK EXCHANGES

LOGISTEC common shares are listed on the Toronto Stock Exchange.

Ticker symbols:

LGT.A for Class A Common Shares

LGT.B for Class B Subordinate Voting Shares

## INVESTOR RELATIONS

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Chief Financial Officer  
600 de la Gauchetière Street West  
14th Floor  
Montréal, Qc H3B 4L2  
Tel.: (514) 844-9381  
[ir@logistec.com](mailto:ir@logistec.com)

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