Interim Financial Report for the Period Ended March 27, 2021

LOGISTEC

Q1 2021

Revenue

(in millions of Canadian dollars)	2018 [1]	2019	2020	2021
March	82.4	114.7	109.4	**104.9**
June	149.2	156.2	123.6	
September	184.5	195.3	191.9	
December	168.7	173.7	179.8	
Year-to-date	584.9	639.9	604.7	**104.9**

Adjusted EBITDA [2]

(in millions of Canadian dollars)	2018 [1]	2019	2020	2021
March	(3.2)	1.2	7.5	**6.2**
June	14.9	21.7	19.9	
September	33.2	36.0	41.7	
December	19.3	30.7	31.6	
Year-to-date	64.2	89.6	100.7	**6.2**

Profit (loss) attributable to owners of the Company

(in millions of Canadian dollars)	2018 [1]	2019	2020	2021
March	(9.5)	(8.9)	(5.4)	**(5.7)**
June	1.9	5.9	4.6	
September	22.3	17.4	20.4	
December	3.4	11.8	13.0	
Year-to-date	18.1	26.2	32.6	**(5.7)**

Total earnings (loss) per share [3]

(in Canadian dollars)	2018 [1]	2019	2020	2021
March	(0.75)	(0.70)	(0.42)	**(0.44)**
June	0.14	0.45	0.35	
September	1.69	1.33	1.56	
December	0.26	0.90	0.99	
Year-to-date	1.38	2.00	2.49	**(0.44)**

[1] For all periods after January 1, 2019, figures reflect the application of IFRS 16, *Leases* ("IFRS 16"), for which the 2018 comparative figure has not been restated.
[2] Adjusted EBITDA is a non-IFRS measure; please refer to the non-IFRS measures section on page 12.
[3] For earnings (loss) per share per class of share, please refer to the selected quarterly financial information on page 6.

TO OUR SHAREHOLDERS

Highlights from the first quarter of 2021:

- Consolidated revenue reached $104.9 million, down $4.5 million or 4.2%;
- Adjusted EBITDA [(1)] closed at $6.2 million, down $1.3 million;
- Cash flows from operating activities generated a solid $18.3 million;
- Total basic loss per share closed at $0.44.

During the first quarter of 2021, consolidated revenue totalled $104.9 million, a decrease of $4.5 million or 4.2% over the same period in 2020. Revenue from the marine services segment reached $82.4 million in 2021, down $7.9 million or 8.7% compared with $90.3 million for the comparative period. Revenue from the U.S. Gulf region continues to be impacted by the slowdown of the oil and gas industry. Revenue from the environmental services segment was $22.4 million, up $3.3 million or 17.4% in the first quarter of 2021. This is mainly due to an increase revenue from sale of goods. Our environmental services segment is backed by a large order book of projects in 2021.

The adjusted EBITDA [(1)] for the quarter closed at $6.2 million, a decrease of $1.3 million compared with $7.5 million recorded in the comparative period. The decline in adjusted EBITDA [(1)] stemmed mainly from the unrealized exchange loss incurred in 2021 compared with an unrealized exchange gain in 2020. Excluding foreign exchange, our adjusted EBITDA [(1)] would have been ahead of last year by $3.7 million.

Cash flows from operating activities generated a solid $18.3 million for the first quarter of 2021 which is more than sufficient to cover our usual investment and financing activities.

As in previous first quarters, our Company showed a loss in the first quarter. This is due to the high seasonality of our environmental services, as well as marine navigation to the Arctic, and the lack of cargo handling activities in the Great Lakes, which are closed to navigation during this period. Loss attributable to owners of the Company for the first quarter amounted to $5.7 million, slightly higher than last year's loss of $5.4 million. The loss attributable to owners of the Company translated into a total basic and diluted loss per share of $0.44, of which $0.42 was attributable to Class A Common Shares and $0.47 to Class B Subordinate Voting Shares.

OUTLOOK

Our outlook, although still volatile due to the pandemic, seems positive in both our segments. In cargo handling, our strategic network of 79 terminals in 53 ports allows us to handle a wide range of diversified cargoes for many global industries. The economy is set to recover well, and, other than uncertainty with respect to the Port of Montréal labour situation, we should be in a position to benefit from stable and increasing volumes throughout our network. Our environmental business is also off to a good start with an order book of over $180.0 million. Our ALTRA water main renewal contracts are strong in both Québec and Ontario, and we are getting some traction in new markets. Further, lead in water and per- and polyfluoroalkyl substances ("PFAS") contamination continue to draw significant attention, especially in the USA, and we are well positioned to participate in these key markets over the coming years. We also see great opportunities for our field-proven expertise outside of Québec and are proactively expanding our environmental services across Canada, with particular emphasis on the western parts of the country.

(signed) James C. Cherry	(signed) Madeleine Paquin
James C. Cherry, FCPA, FCA	Madeleine Paquin, C.M.
Chairman of the Board	President and Chief Executive Officer

May 4, 2021

[(1)] Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measures section on page 12.

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) and some of these documents can also be consulted on LOGISTEC's website (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 the Company's annual report and include (but are not limited to) the impact of the COVID-19 pandemic on the Company's business and results of operations, the performance 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 deals with LOGISTEC Corporation's operations, results and financial position for the three-month periods ended March 27, 2021, and March 28, 2020. All financial information contained in this MD&A and the attached condensed consolidated interim financial statements ("Q1 2021 financial statements") has been prepared in accordance with International Financial Reporting Standards ("IFRS") using the same accounting policies as outlined in Note 2 of the notes to 2020 audited consolidated financial statements. In this report, unless indicated otherwise, all dollar amounts are expressed in Canadian dollars.

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 services and environmental services.

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. 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 products like forest products, metals, dry bulk, fruit, grain and bagged cargoes, containers, general and project cargoes. Other marine services include marine transportation and marine agencies. The Company is consistently pursuing opportunities to deliver value to its customers and enhance long term shareholder value.

Environmental Services

The Company, 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"), operates in the environmental sector. We deliver creative and customized solutions to industrial, municipal and governmental clients with respect to renewal of underground water mains, site remediation, soils and materials management, risk assessment, and manufacturing of woven hoses.

OUTLOOK

Considering that the world is still struggling with the pandemic, we are satisfied with our Q1 2021 results. Consolidated revenue was essentially maintained, and our net income is reasonable, especially considering the positive foreign exchange gain realized in Q1 2020 that did not reoccur in this quarter. Furthermore Q1 2020 was mostly unaffected by the pandemic, so achieving similar levels of revenue is a positive sign for 2021.

While the current negotiation with union workers at Port of Montréal and their strike could have an impact on our results, our strength is our widely diversified network of port locations. As such, we expect our activities from our marine services segment to mostly mitigate this situation.

Breakbulk activities in both the U.S. and Canada are also showing a favorable upswing. Although we are still experiencing weaker volumes in the U.S. Gulf largely due to a weak oil and gas industry, we expect the positive trends to outweigh these shortfalls. US onshore wind, steel imports, iron ore and wood pellet exports should continue to be robust and harness strong revenue.

In our environmental services segment, the outlook is also positive. The early spring allowed both SANEXEN and FER-PAL to start their season early, and a combined backlog of some $180 million bodes well for the balance of the year.

We also see increasing signs of interest in our ALTRA Water Technologies and ALTRA Lead Solutions from U.S. markets. Our ALTRA PFAS Treatment Solutions continue to attract attention, as thousands of sites in North America are contaminated with this "forever chemical", and our solution is the most efficient and economical for highly contaminated water. Regulations are being put in place by numerous governmental authorities in Canada and in the USA, which will lead to remediation efforts, and consequently to new market opportunities for SANEXEN.

We were proud to announce in April that SANEXEN was awarded Canada's "Clean50" Top Project for 2021 by Delta Management Group and the Canada's Clean50 organization, which recognize the best sustainability-oriented projects completed in Canada over the prior two years. Projects are chosen based on four "I" criteria: Impactful, Innovative, Inspiring and can readily be Imitated. The ALTRA team's award-winning project set out to confirm that the ALTRA solution, also recently awarded the Solar Impulse Efficient Solutions label, is the most resilient technology available today against severe earthquakes and other natural disasters. We are all witnessing first-hand how climate change is bringing increasingly severe environmental conditions and is threatening our already fragile water main infrastructure. The time to act is now, and for our technology to receive the Clean50 award today, demonstrates that our solution is an excellent choice for the future.

One major unknown remains: how will COVID-19 evolve? Vaccination is certainly a major element of the solution, but until critical mass is reached, we all face potential setbacks. Hopefully the need to shut down the economy will not reoccur, and in this regard we must all remain vigilant and continue to apply rigorous working protocols to continue our business activities.

On a very encouraging final note, our market intelligence demonstrates a solid pipeline of activity and new business opportunities. As various evaluations are currently underway throughout our network, we are encouraged by the continued level of activity and future opportunities.

OUR RESPONSE TO COVID

Since March 2020, the COVID-19 pandemic has prompted governments and businesses to take unprecedented measures. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at 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.

In 2021, LOGISTEC continues to operate under its business continuity plan. To date, all our operations were deemed essential services by the government authorities in Canada and the United States. As such, the Company's marine operations, including our terminal operations across our North American network, remain open and functional. Similarly, the Company's environmental operations, including renewal of underground water mains, site remediation, soils and materials management, and manufacturing of woven hoses, are operational. Nonetheless, the economic slowdown due to COVID-19, as well as the strict distancing and sanitation protocols have increased the operating costs in our marine and environmental services segments.

The Company is currently assessing its eligibility to the Canada Emergency Wage Subsidy ("CEWS") and Canada Emergency Rent Subsidy ("CERS") programs offered by the Canadian federal government in connection with the COVID-19 pandemic. No subsidy was recognized for the three-month periods ended March 27, 2021 and March 28, 2020.

In light of the COVID-19 measures, management has reviewed their judgments, estimates and assumptions, which are fully described in Note 3 of the notes to 2020 audited consolidated financial statements, about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As at March 27, 2021, management has not found any triggering events that could impair its long-lived assets, including goodwill, that could increase its expected credit losses on its trade receivables, or that could limit its ability to draw on its credit facilities.

BUSINESS COMBINATION

2020 BUSINESS COMBINATIONS

CARE AND PASCAGOULA TERMINALS

On June 26, 2020, Gulf Stream Marine, Inc 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

On December 14, 2020, the Company acquired 100% ownership of Gestion Castaloop Inc. and its subsidiaries ("Castaloop") for a purchase price of $3.5 million, subject to certain adjustments. As at March 27, 2021, the Company reviewed the preliminary purchase price allocation, based on information available as at that date, and increase the net current assets and liabilities by $0.9 million which also increase the purchase price. 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.

Please refer to Note 5 of the notes to Q1 2021 financial statements for further details.

SELECTED QUARTERLY FINANCIAL INFORMATION

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

	Q1 $	Q2 $	Q3 $	Q4 $	Year-to-date $
2021					
Revenue	**104,850**				**104,850**
Adjusted EBITDA [(1)]	**6,247**				**6,247**
Profit (loss) attributable to owners of the Company	**(5,724)**				**(5,724)**
Basic earnings (loss) per Class A Common Share [(2)]	**(0.42)**				**(0.42)**
Basic earnings (loss) per Class B Subordinate Voting Share [(3)]	**(0.47)**				**(0.47)**
Total basic earnings (loss) per share	**(0.44)**				**(0.44)**
Diluted earnings (loss) per Class A share	**(0.42)**				**(0.42)**
Diluted earnings (loss) per Class B share	**(0.47)**				**(0.47)**
Total diluted earnings (loss) per share	**(0.44)**				**(0.44)**

	Q1 $	Q2 $	Q3 $	Q4 $	Year $
2020					
Revenue	109,431	123,595	191,847	179,828	604,701
Adjusted EBITDA [(1)]	7,473	19,930	41,720	31,535	100,658
Profit (loss) attributable to owners of the Company	(5,421)	4,590	20,465	12,980	32,614
Basic earnings (loss) per Class A share	(0.41)	0.35	1.52	0.97	2.43
Basic earnings (loss) per Class B share	(0.45)	0.38	1.68	1.06	2.67
Total basic earnings (loss) per share	(0.42)	0.36	1.58	1.01	2.53
Diluted earnings (loss) per Class A share	(0.41)	0.34	1.50	0.95	2.39
Diluted earnings (loss) per Class B share	(0.45)	0.37	1.65	1.05	2.63
Total diluted earnings (loss) per share	(0.42)	0.35	1.56	0.99	2.49

[(1)] Adjusted EBITDA is a non-IFRS measure; please refer to the non-IFRS measures section on page 12.
[(2)] Class A Common Share ("Class A share").
[(3)] Class B Subordinate Voting Share ("Class B share")

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

(in thousands of dollars, except per share amounts)	**For the three months ended**	
	March 27, 2021 $	March 28, 2020 $
Revenue	**104,850**	109,431
Employee benefits expense	**(57,978)**	(56,877)
Equipment and supplies expense	**(25,724)**	(32,039)
Operating expense	**(9,622)**	(11,274)
Other expenses	**(5,821)**	(6,444)
Depreciation and amortization expense	**(11,361)**	(10,776)
Share of profit (loss) of equity accounted investments	**1,151**	(151)
Other (losses) gains	**(609)**	4,827
Operating loss	**(5,114)**	(3,303)
Finance expense	**(2,549)**	(3,136)
Finance income	**116**	130
Loss before income taxes	**(7,547)**	(6,309)
Income taxes	**1,926**	1,079
Loss for the period	**(5,621)**	(5,230)
Profit (loss) attributable to:		
Owners of the Company	**(5,724)**	(5,421)
Non-controlling interests	**103**	191
Loss for the period	**(5,621)**	(5,230)
Basic and diluted loss per Class A Common Share	**(0.42)**	(0.41)
Basic and diluted loss per Class B Subordinate Voting Share	**(0.47)**	(0.45)

FIRST QUARTER

Consolidated revenue totalled $104.9 million for the first quarter of 2021, down $4.5 million or 4.2% from $109.4 million for the same period in 2020. Consolidated revenue was affected by a $4.4 million negative foreign exchange effect due to a stronger Canadian dollar against the U.S. dollar in the first quarter of 2021 than in the same quarter of 2020. Please refer to the segmented results section for the revenue variance explanation of each segment.

In the first quarter of 2021, employee benefits expense increased by $1.1 million to $58.0 million from the $56.9 million recorded for the same quarter in 2020. The ratio of employee benefits expense to revenue was 55.3%, up from 52.0% for the same period in 2020. The increase stems mainly from higher revenue in the environmental services segment and the fixed cost structure, to some extent, of the employee benefits in the marine services segment. The Company is currently assessing whether it is eligible for grants, financial support and other stimulus programs offered by governments. No subsidy was recognized for the first quarter ended March 27, 2021.

Equipment and supplies expense amounted to $25.7 million in the first quarter of 2021, a decrease of $6.3 million compared with the same period last year. The overall ratio of equipment and supplies expense to consolidated revenue decreased to 24.5% for the first quarter of 2021, compared with 29.3% for the first quarter of 2020. The decline is primarily attributable to lower terminal expenses and gains of operational efficiency in the marine services segment.

Operating expense stood at $9.6 million for the first quarter of 2021, down $1.7 million from the comparative period. This decrease relates to lower wharfage charges and is in line with the reduction of revenue from cargo handling services.

Share of profit of equity accounted investments reached $1.2 million, an increase of $1.4 million over the $0.2 million share of loss 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 $5.4 million, from a $4.8 million gain in the first quarter of 2020 to a $0.6 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.

Overall, the Company reported a loss attributable to owners of the Company of $5.7 million in the first quarter of 2021, a slight deterioration compared with the $5.4 million loss recorded in the corresponding period last year. This translated into a basic and diluted loss per share of $0.44, of which $0.42 per share was attributable to Class A shares and $0.47 per share was attributable to Class B shares.

All other items of the condensed consolidated interim statements of earnings varied according to normal business parameters and were comparable to 2020 levels.

SEGMENTED RESULTS

	Three-month periods ended March 27, 2021			Three-month periods ended March 28, 2020		
	Marine services $	**Environmental services $**	**Total $**	Marine services $	Environmental services $	Total $
Revenue	**82,440**	**22,410**	**104,850**	90,341	19,090	109,431
Profit (loss) before income taxes	**3,257**	**(10,804)**	**(7,547)**	6,393	(12,702)	(6,309)

MARINE SERVICES

FIRST QUARTER

Revenue from the marine services segment reached $82.4 million in 2021, down $7.9 million or 8.7% when compared with $90.3 million in 2020. The decrease is mainly attributable to the stronger Canadian dollar which negatively impacted our revenue generated in the United States once converted into Canadian dollar. In addition, revenue from the U.S. Gulf region continues to be impacted by the slowdown of the oil and gas industry.

Profit before income taxes from the marine services segment amounted to $3.3 million in the first quarter of 2021, down $3.1 million from the $6.4 million reported for the same quarter of 2020. This decrease stemmed mainly from lower revenue from the Gulf region as mentioned above, the unrealized exchange loss incurred in 2021 on translating net working capital denominated in U.S. dollars, partly offset by lower equipment and supplies expense and higher share of profit of equity accounted investments, as explained above.

ENVIRONMENTAL SERVICES

FIRST QUARTER

Revenue from the environmental services segment was $22.4 million, up by $3.3 million or 17.4% in the first quarter of 2020. This is mainly due to an increase revenue from sale of goods. As mentioned in the outlook section of our 2020 Annual Report, our environmental services segment is backed by a large order book of projects in 2021.

Loss before income taxes from the environmental services segment amounted to $10.8 million in the first quarter of 2021, $1.9 million less than the $12.7 million loss reported for the same quarter of 2020. The decreased loss was mainly revenue-driven, partly offset by higher employee benefits expense as explained above.

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 2021 dividend payments schedule, 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 $	Per Class B $	Total $
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
May 4, 2021	June 21, 2021	July 5, 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 financial strategy and primary objectives when managing capital are described in Note 12 of the notes to the 2020 audited consolidated financial statements and were applied consistently in the first quarter of 2021. Please also refer to Note 6 of the notes to Q1 2021 financial statements for an update on financial risk management information.

CAPITAL RESOURCES

Total assets amounted to $763.9 million as at March 27, 2021, down $34.4 million from $798.3 million as at December 31, 2020. The decrease is mainly due to the collection of trade and other receivables as explained below.

Cash and cash equivalents totalled $47.0 million at the end of the first quarter of 2021, up $1.5 million from $45.5 million as at December 31, 2020. The main items underlying this increase are as follows:

(in thousands of dollars)	
Sources:	
Changes in non-cash working capital items	16,768
Cash-generated from operations	5,970
	22,738
Uses:	
Acquisition of property, plant and equipment, net of proceeds from disposal	(5,199)
Income taxes paid	(4,734)
Interest paid	(3,486)
Repayment of lease liabilities	(3,272)
Repayment of other non-current liabilities	(2,432)
Repayment of long-term debt, net of issuance	(1,145)
	(20,268)

WORKING CAPITAL

As at March 27, 2021, current assets and current liabilities totalled $188.3 million $101.8 million, respectively, computing into working capital of $86.5 million for a current ratio 1.85:1. This compares with working capital of $90.7 million and a ratio of 1.69:1 as at December 31, 2020. The decrease in working capital was due to the seasonal nature of our operations.

LONG-TERM DEBT

Total net indebtedness amounted to $118.4 million as at March 27, 2021, down $3.8 million from $122.2 million as at December 31, 2020. The decrease stems mainly from the increase in cash and cash equivalents, as explained above and the remeasurement of long-term debt denominated in foreign currency, which had an impact of $1.1 million. The net indebtedness/capitalization ratio is a non-IFRS measure and is reconciled in Note 6 of the notes to Q1 2021 financial statements.

Since the beginning of the pandemic and the resulting financial crisis, we have ensured that our cash balance of immediately available funds remained above $20.0 million, as a precautionary measure. As discussed in the Company's 2020 Annual Report, we have a $300.0 million committed line of credit provided by a banking syndicate supported by six major Canadian banks and financial institutions. They have assured us that our facility is secure and that funds will be available, if the need arises. Please refer to Note 23 of the 2020 Annual Report for further details.

Equity Attributable to Owners of the Company

As at March 27, 2021, equity attributable to owners of the Company amounted to $295.3 million, down $5.5 million from $300.8 million as at December 31, 2020. Adding total net indebtedness yields a capitalization of $413.7 million, which computes to a net indebtedness/capitalization ratio of 28.6% compared with 28.9% as at December 31, 2020. The net indebtedness/capitalization ratio is a non-IFRS measure and is reconciled in Note 6 of the notes to Q1 2021 financial statements.

As at May 4, 2021, 7,377,022 Class A shares and 5,601,125 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 7 of the notes to Q1 2021 financial statements for further details regarding the Company's share capital.

SIGNIFICANT JOINT VENTURE

As disclosed in Note 16 of the notes to the 2020 audited consolidated financial statements, the Company holds various investments in joint ventures. The Company has only one significant joint venture, namely Termont Terminal Inc., whose activities are aligned with the Company's core marine services segment.

The following table summarizes the financial information of Termont Terminal Inc. at 100%. The Company holds a 50% equity interest in this joint venture.

(in thousands of dollars)

	As at March 27, 2021 $	As at December 31, 2020 $
Statement of financial position		
Total assets	**102,113**	95,316
Total liabilities	**43,551**	39,742

	For the three months ended	
	March 27, 2021 $	March 28, 2020 $
Statement of earnings		
Revenue	**1,130**	980
Share of profit of an equity accounted investment	**2,394**	829
Profit for the period	**2,989**	1,267

OTHER ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Financial position as at *(in millions of dollars)*	March 27, 2021 $	December 31, 2020 $	Var. $	Var. %	Explanation of variation
Trade and other receivables	**106.4**	137.9	**(31.5)**	**(22.9)**	The decrease reflects the lower level of our seasonal operations and the sustained collection effort in the environmental services segment in the first quarter of 2021 compared with the fourth quarter of 2020.
Contract assets	**2.9**	7.6	**(4.7)**	**(61.9)**	The decrease reflects the lower level of our seasonal operations.
Current income tax assets	**10.8**	9.2	**1.6**	**17.6**	The increase is due to the income tax recovery related to the loss of the period.
Trade and other payables	**67.3**	90.9	**(23.6)**	**(25.2)**	The decrease reflects the lower level of activity in all business segments in the first quarter of 2021 compared to the fourth quarter of 2020.
Contract liabilities	**11.2**	8.7	**2.5**	**28.9**	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 start of the season in all business activities led to higher deferred revenue at the end of the first quarter of 2021.
Current income tax liabilities	**4.0**	8.6	**(4.6)**	**(53.2)**	The decrease is due to the 2021 tax instalments made.
Post-employment benefit obligations	**18.5**	22.1	**(3.6)**	**(16.2)**	The decrease stems mainly from the remeasurement of the post-employment benefit obligations based on the prevailing discount rate of 3.25% as at March 27, 2021, compared with 2.50% as at December 31, 2020.
Share capital	**48.0**	45.6	**2.4**	**5.4**	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	**2.4**	4.9	**(2.5)**	**(51.3)**	

All other items included in the condensed consolidated interim statements of financial position varied according to normal business parameters in the first quarter of 2021.

EVENT AFTER THE REPORTING PERIOD

On May 2, 2021, a fire destroyed a leased warehouse, certain machinery and automotive equipment assets at our bulk facilities in Brunswick (GA). Pursuant to our lease agreement with the Georgia Ports Authority, we are required to rebuild the affected warehouse. We believe the indemnity provided from our insurance coverage will cover the replacement cost of the assets destroyed; however, these costs have not yet been established. Other damages resulting from the fire are also expected to be covered by the insurance. The financial statements as at and for the period ended March 27, 2021, do not reflect the impact of the fire.

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 the Q1 2021 financial statements. The definition of adjusted EBITDA excludes the Company's impairment charge. 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 tables provide a reconciliation of profit (loss) for the period to adjusted EBITDA:

(in thousands of Canadian dollars)

	Q1 $	Q2 $	Q3 $	Q4 $	Year-to-date $
2021					
Profit (loss) for the period	(5,621)				**(5,621)**
PLUS:					
Depreciation and amortization expense	11,361				**11,361**
Net finance expense	2,433				**2,433**
Income taxes	(1,926)				**(1,926)**
Adjusted EBITDA [1]	6,247				**6,247**

	Q1 $	Q2 $	Q3 $	Q4 $	Year $
2020					
Profit (loss) for the period	(5,230)	4,615	20,464	12,939	32,788
PLUS:					
Depreciation and amortization expense	10,776	11,223	11,602	11,789	45,390
Net finance expense	3,006	2,676	2,914	3,222	11,818
Income taxes	(1,079)	1,416	6,740	3,585	10,662
Adjusted EBITDA [1]	7,473	19,930	41,720	31,535	100,658
2019					
Profit (loss) for the period	(8,931)	6,106	17,478	11,784	26,437
PLUS:					
Depreciation and amortization expense	10,834	10,728	10,497	10,063	42,122
Net finance expense	2,552	2,804	2,662	4,335	12,353
Income taxes	(3,287)	2,106	5,403	4,477	8,699
Adjusted EBITDA	1,168	21,744	36,040	30,659	89,611
2018 [1]					
Profit (loss) for the period	(8,326)	3,060	19,823	3,437	17,994
PLUS:					
Depreciation and amortization expense	6,083	6,485	7,385	8,627	28,580
Impairment charge	—	—	—	6,821	6,821
Net finance expense	804	2,745	1,858	2,067	7,474
Income taxes	(1,745)	2,630	4,081	(1,658)	3,308
Adjusted EBITDA	(3,184)	14,920	33,147	19,294	64,177

[1] For all periods after January 1, 2019, figures reflect the application of IFRS 16, Leases ("IFRS 16"), for which the 2018 comparative figure has not been restated.

REPORT ON DISCLOSURE CONTROLS

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 executives including the two previously mentioned executives.

They have reviewed this management's discussion and analysis and the Q1 2021 financial statements and related notes (the "Interim Filings"). Based on their knowledge, the Interim 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 Interim Filings. Based on their knowledge, the Q1 2021 financial statements, together with the other financial information included in the Interim 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 Interim Filings.

The President and Chief Executive Officer and the Chief Financial Officer have concluded that the design of 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 Interim Filings and that information required to be disclosed in its Interim 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, the Company's generally accepted accounting principles.

Despite the COVID-19 outbreak and the necessity of physical distancing, there has been no change in the Company's ICFR that occurred during the first quarter of 2021 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

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

May 4, 2021

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

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

	Notes	For the three months ended March 27, 2021 $	March 28, 2020 $
Revenue	8	**104,850**	109,431
Employee benefits expense		**(57,978)**	(56,877)
Equipment and supplies expense		**(25,724)**	(32,039)
Operating expense		**(9,622)**	(11,274)
Other expenses		**(5,821)**	(6,444)
Depreciation and amortization expense		**(11,361)**	(10,776)
Share of profit (loss) of equity accounted investments		**1,151**	(151)
Other (losses) gains		**(609)**	4,827
Operating loss		**(5,114)**	(3,303)
Finance expense		**(2,549)**	(3,136)
Finance income		**116**	130
Loss before income taxes		**(7,547)**	(6,309)
Income taxes		**1,926**	1,079
Loss for the period		**(5,621)**	(5,230)
Profit (loss) attributable to:			
Owners of the Company		**(5,724)**	(5,421)
Non-controlling interests		**103**	191
Loss for the period		**(5,621)**	(5,230)
Basic and diluted loss per Class A Common Share (1)		**(0.42)**	(0.41)
Basic and diluted loss per Class B Subordinate Voting Share (2)		**(0.47)**	(0.45)
Weighted average number of Class A shares outstanding, basic and diluted		**7,377,022**	7,382,055
Weighted average number of Class B shares outstanding, basic and diluted		**5,556,254**	5,437,724

(1) Class A Common Share ("Class A share").
(2) Class B Subordinate Voting Share ("Class B share").

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE INCOME

(in thousands of Canadian dollars)

	For the three months ended	
	March 27, 2021 $	March 28, 2020 $
Loss for the period	**(5,621)**	(5,230)
Other comprehensive (loss) income		
Items that are or may be reclassified to the consolidated statements of earnings		
Currency translation differences arising on translation of foreign operations	**(1,465)**	9,852
Unrealized gain (loss) on translating debt designated as hedging item of the net investment in foreign operations	**942**	(5,340)
Income taxes relating to unrealized gain on translating debt designated as hedging item of the net investment in foreign operations	**(125)**	—
Gains on derivatives financial instruments designated as cash flow hedges	**64**	—
Income taxes relating to derivatives financial instruments designated as cash flow hedges	**(17)**	—
Total items that are or may be reclassified to the consolidated statements of earnings	**(601)**	4,512
Items that will not be reclassified to the consolidated statements of earnings		
Remeasurement gains on benefit obligation	**4,173**	3,717
Return on retirement plan assets	**(528)**	(1,402)
Income taxes on remeasurement gains on benefit obligation and return on retirement plan assets	**(966)**	(613)
Total items that will not be reclassified to the consolidated statements of earnings	**2,679**	1,702
Other comprehensive income for the period, net of income taxes	**2,078**	6,214
Total comprehensive (loss) income for the period	**(3,543)**	984
Total comprehensive (loss) income attributable to:		
Owners of the Company	**(3,636)**	735
Non-controlling interests	**93**	249
Total comprehensive (loss) income for the period	**(3,543)**	984

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Notes	As at March 27, 2021 $	As at December 31, 2020 $
Assets			
Current assets			
Cash and cash equivalents		**46,976**	45,498
Trade and other receivables		**106,377**	137,911
Contract assets		**2,902**	7,617
Current income tax assets		**10,785**	9,171
Inventories		**13,214**	12,946
Prepaid expenses and other		**8,002**	9,005
		188,256	222,148
Equity accounted investments		**45,542**	45,061
Property, plant and equipment		**184,062**	185,181
Right-of-use assets		**137,047**	132,795
Goodwill	5	**150,193**	150,748
Intangible assets		**37,077**	38,422
Non-current assets		**2,219**	2,381
Non-current financial assets		**7,953**	9,160
Deferred income tax assets		**11,565**	12,385
Total assets		**763,914**	798,281
Liabilities			
Current liabilities			
Trade and other payables		**67,318**	90,946
Contract liabilities		**11,215**	8,700
Current income tax liabilities		**4,008**	8,570
Dividends payable		**1,266**	1,259
Current portion of lease liabilities		**14,424**	18,251
Current portion of long-term debt		**3,547**	3,718
		101,778	131,444
Lease liabilities		**125,788**	116,917
Long-term debt		**161,857**	163,962
Deferred income tax liabilities		**21,080**	21,399
Post-employment benefit obligations		**18,485**	22,055
Contract liabilities		**2,433**	2,533
Non-current liabilities		**36,326**	38,400
Total liabilities		**467,747**	496,710
Equity			
Share capital	7	**48,025**	45,575
Share capital to be issued	7	**2,388**	4,906
Retained earnings		**237,520**	242,358
Accumulated other comprehensive income	9	**7,352**	7,943
Equity attributable to owners of the Company		**295,285**	300,782
Non-controlling interest		**882**	789
Total equity		**296,167**	301,571
Total liabilities and equity		**763,914**	798,281

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars)

		Attributable to owners of the Company						
	Notes	Share capital $	Share capital to be issued $	Accumulated other comprehensive income (Note 9) $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Balance as at January 1, 2021		**45,575**	**4,906**	**7,943**	**242,358**	**300,782**	**789**	**301,571**
(Loss) profit for the period		—	—	—	(5,724)	(5,724)	103	(5,621)
Other comprehensive income (loss)								
Currency translation differences arising on translation of foreign operations		—	—	(1,455)	—	(1,455)	(10)	(1,465)
Unrealized loss on translating debt designated as hedging item of the net investment in foreign operations		—	—	817	—	817	—	817
Remeasurement gains on benefit obligation and return on retirement plan assets, net of income taxes		—	—	—	2,679	2,679	—	2,679
Cash flow hedges, net of income taxes		—	—	47	—	47	—	47
Total comprehensive income (loss) for the period		—	—	(591)	(3,045)	(3,636)	93	(3,543)
Remeasurement of written put option liabilities		—	—	—	(295)	(295)	—	(295)
Repurchase of Class B shares	7	(68)	—	—	(277)	(345)	—	(345)
Issuance of Class B shares capital to a subsidiary shareholder	7	2,518	(2,518)	—	—	—	—	—
Class B shares to be issued under the Executive Stock Option Plan		—	—	—	45	45	—	45
Dividends on Class A shares	7	—	—	—	(690)	(690)	—	(690)
Dividends on Class B shares	7	—	—	—	(576)	(576)	—	(576)
Balance as at March 27, 2021		**48,025**	**2,388**	**7,352**	**237,520**	**295,285**	**882**	**296,167**

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(in thousands of Canadian dollars)

		Attributable to owners of the Company						
	Notes	Share capital $	Share capital to be issued $	Accumulated other comprehensive income (Note 9) $	Retained earnings $	Total $	Non-controlling interests $	Total equity $
Balance as at January 1, 2020		**40,222**	**9,811**	**9,697**	**220,641**	**280,371**	**643**	**281,014**
(Loss) profit for the period		—	—	—	(5,421)	(5,421)	191	(5,230)
Other comprehensive income (loss)								
Currency translation differences arising on translation of foreign operations		—	—	9,794	—	9,794	58	9,852
Unrealized loss on translating debt designated as hedging item of the net investment in foreign operations		—	—	(5,340)	—	(5,340)	—	(5,340)
Remeasurement gains on benefit obligation and return on retirement plan assets, net of income taxes		—	—	—	1,702	1,702	—	1,702
Total comprehensive income (loss) for the period		—	—	4,454	(3,719)	735	249	984
Remeasurement of written put option liabilities		—	—	—	(270)	(270)	—	(270)
Repurchase of Class A shares	7	(2)	—	—	(117)	(119)	—	(119)
Repurchase of Class B shares	7	(118)	—	—	(452)	(570)	—	(570)
Issuance of Class B shares capital to a subsidiary shareholder		4,905	(4,905)	—	—	—	—	—
Dividends on Class A shares	7	—	—	—	(690)	(690)	—	(690)
Dividends on Class B shares	7	—	—	—	(569)	(569)	—	(569)
Balance as at March 28, 2020		**45,007**	**4,906**	**14,151**	**214,824**	**278,888**	**892**	**279,780**

See accompanying notes to the condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(in thousands of Canadian dollars)

	Notes	For the three months ended March 27, 2021 $	March 28, 2020 $
Operating activities			
Loss for the period		**(5,621)**	(5,230)
Items not affecting cash and cash equivalents		**11,591**	13,930
Cash generated from operations		**5,970**	8,700
Dividends received from equity accounted investments		**490**	750
Contributions to defined benefit retirement plans		**(194)**	(218)
Settlement of provisions		**(20)**	(50)
Changes in non-cash working capital items		**16,768**	18,043
Income taxes paid		**(4,734)**	(3,363)
		18,280	23,862
Financing activities			
Issuance of long-term debt, net of transaction cost		**—**	141
Repayment of long-term debt		**(1,145)**	(15,408)
Repayment of other non-current liability		**(2,432)**	(69)
Repayment of lease liabilities		**(3,272)**	(2,511)
Interest paid		**(3,486)**	(2,985)
Repurchase of Class A shares	7	**—**	(119)
Repurchase of Class B shares	7	**(345)**	(570)
Dividends paid on Class A shares		**(690)**	(690)
Dividends paid on Class B shares		**(569)**	(555)
		(11,939)	(22,766)
Investing activities			
Acquisition of property, plant and equipment		**(5,263)**	(3,232)
Acquisition of intangible assets		**(9)**	(69)
Acquisition of other non-current assets		**(16)**	—
Proceeds from disposal of property, plant and equipment		**64**	43
Repayment of other non-current financial assets		**57**	54
Proceeds from disposal of other non-current assets		**22**	26
Interest received		**61**	65
		(5,084)	(3,113)
Net change in cash and cash equivalents		**1,257**	(2,017)
Cash and cash equivalents, beginning of period		**45,498**	22,608
Effect of exchange rate on balances held in foreign currencies of foreign operations		**221**	(1,495)
Cash and cash equivalents, end of period		**46,976**	19,096
Additional information			
Acquisition of property, plant and equipment included in trade and other payables		**2,343**	645

See accompanying notes to the condensed consolidated interim 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.

The accompanying Q1 2021 financial statements of the Company have been prepared by and are the responsibility of management. The Q1 2021 financial statements were approved by the Company's Board of Directors on May 4, 2021.

2. BASIS OF PREPARATION

The condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34 *Interim Financial Reporting*, using the same accounting policies as outlined in Note 2 of the notes to 2020 audited consolidated financial statements.

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. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates. The measurement of certain assets and liabilities in the preparation of these Q1 2021 financial statements includes significant assumptions made by management, which have been set out in Note 3 of the notes to 2020 audited consolidated financial statements.

The Q1 2021 financial statements do not include all of the information required for annual financial statements and should therefore be read in conjunction with the audited consolidated financial statements included in the Company's 2020 annual report.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

COVID-19 Measures

Since March 2020, the COVID-19 pandemic has prompted governments and businesses to take unprecedented measures. The situation is constantly evolving, and the measures put in place have numerous economic repercussions at 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.

In 2021, LOGISTEC continues to operate under its business continuity plan. To date, all our operations were deemed essential services by the government authorities in Canada and the United States. As such, the Company's marine operations, including our terminal operations across our North American network, remain open and functional. Similarly, the Company's environmental operations, including renewal of underground water mains, site remediation, soils and materials management, and manufacturing of woven hoses, are operational. Nonetheless, the economic slowdown due to COVID-19, as well as the strict distancing and sanitation protocols have increased the operating costs in our marine and environmental services segments.

(in thousands of Canadian dollars)

In light of the COVID-19 measures, management has reviewed their judgments, estimates and assumptions, which are fully described in Note 3 of the notes to 2020 audited consolidated financial statements, about the carrying amounts of assets and liabilities that are not readily apparent from other sources. As at March 27, 2021, management has not found any triggering events that could impair its long-lived assets, including goodwill, that could increase its expected credit losses on its trade receivables, or that could limit its ability to draw on its credit facilities.

4. 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.

5. BUSINESS COMBINATION

2020 BUSINESS COMBINATIONS

CASTALOOP

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. As at March 27, 2021, the Company reviewed the preliminary purchase price allocation, based on information available as at that date, and increase the net current assets and liabilities by $900 which also increase the purchase price. In accordance with IFRS 3 *Business Combinations*, the Company has adjusted retrospectively the purchase price allocation disclosed in Note 5 of the notes to 2020 audited consolidated financial statement and the comparative figures of the Condensed Consolidated Interim Statements of Financial Position have been amended accordingly.

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, with respect to the fair values of the property, plant and equipment, intangible assets and working capital.

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

	Castaloop $
Net current assets and liabilities	900
Right of use assets	127
Goodwill (not deductible for tax purposes)	3,500
Lease liabilities	(127)
Purchase price consideration	4,400

The acquisition transition costs for these assets, included under other expenses, amounted to $26.

(in thousands of Canadian dollars)

Goodwill

Goodwill mainly arose from 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.

6. FINANCIAL RISK MANAGEMENT

Capital Management

The Company monitors the ratio of net indebtedness/capitalization on a quarterly basis. As at March 27, 2021, the ratio was calculated as follows:

	As at March 27, 2021 $	As at December 31, 2020 $
Long-term debt, including the current portion	**165,404**	167,680
Less:		
Cash and cash equivalents	**46,976**	45,498
Total net indebtedness	**118,428**	122,182
Equity attributable to owners of the Company	**295,285**	300,782
Capitalization	**413,713**	422,964
Ratio of net indebtedness/capitalization	**28.6%**	28.9%

As at March 27, 2021, the Company was in compliance with all of its obligations under the terms of its banking agreements.

Financial Risk Management

By 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 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. For the three months ended March 27, 2021, the 20 largest customers accounted for 34.6% (44.1% in 2020) of consolidated revenue.

Fair Value of Financial Instruments

As at March 27, 2021 and December 31, 2020, 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 March 27, 2021 and December 31, 2020, based on the Company's estimated interest rate for long-term notes receivable with similar terms and conditions.

The estimated fair value of long-term debt was $2,529 higher than its carrying value as at March 27, 2021 ($3,349 higher as at December 31, 2020) 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.

(in thousands of Canadian dollars)

Sensitivity analysis

On March 27, 2021, all other things being equal, a 10.0% increase of the pre-established financial performance threshold of acquired businesses related to the written put option would have resulted in a decrease of $3,196 in retained earnings for the period ended March 27, 2021, and an increase of the same amount in total liabilities. A 10.0% decrease of the pre-established financial performance threshold would have had the opposite estimated impact.

7. SHARE CAPITAL

During the first quarter, pursuant to the Company's normal course issuer bid, nil (3,900 in 2020) Class A shares and 9,200 (17,400 in 2020) Class B shares were repurchased and cancelled for cash consideration of $nil ($119 in 2020) and $345 ($570 in 2020), respectively. Of this amount, the excess over the stated capital of the repurchased shares of $nil ($117 in 2020) and $277 ($452 in 2020), respectively, was charged to retained earnings.

As at March 27, 2021, the outstanding balance of the non-interest-bearing loans granted under the Employee Stock Purchase Plan ("ESPP") and repayable over two years had a carrying value of $345 ($443 as at December 31, 2020).

Following the 2016 agreement with SANEXEN, as at March 24, 2021, LOGISTEC issued 76,256 Class B shares at $33.02 per share, which reduced the share capital to be issued from $4,906 as at December 31, 2020 to $2,388 as at March 27, 2021.

The issued and outstanding shares were as follows:

	As at March 27, 2021 $	As at December 31, 2020 $
7,377,022 Class A shares (7,377,022 as at December 31, 2020)	**4,875**	4,875
5,602,925 Class B shares (5,535,869 as at December 31, 2020)	**43,150**	40,700
	48,025	45,575

Dividends

Details of dividends declared per share are as follows:

	For the three months ended	
	March 27, 2021 $	March 28, 2020 $
Class A shares	**0.904**	0.094
Class B shares	**0.103**	0.103

Executive Stock Option Plan

The Company accounts for the Executive Stock Option Plan as an equity-settled plan. The expenses recorded in the condensed consolidated interim statements of earnings for the three-month period ended March 27, 2021 was $45 ($nil in 2020).

(in thousands of Canadian dollars)

8. REVENUE

Revenue is detailed as follows:

	For the three months ended	
	March 27, 2021	March 28, 2020
	$	$
Revenue from cargo handling services	**82,063**	89,740
Revenue from services relating to the renewal of underground water mains	**3,171**	2,465
Revenue from site remediation and soils and materials management	**13,573**	13,706
Revenue from sale of goods	**6,043**	3,520
	104,850	109,431

9. ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAXES

	As at March 27, 2021	As at March 28, 2020
	$	$
(Losses) gains on financial instruments designated as cash flow hedges	**(60)**	8
Currency translation differences arising on translation of foreign operations	**6,066**	20,207
Unrealized gains (losses) on translating debt designated as hedging item of the net investment in foreign operations	**1,346**	(6,064)
	7,352	14,151

10. 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 condensed consolidated interim 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

The financial information by industry segment is as follows:

	Three-month periods ended March 27, 2021			Three-month periods ended March 28, 2020		
	Marine services	**Environmental services**	**Total**	Marine services	Environmental services	Total
	$	**$**	**$**	$	$	$
Revenue	**82,440**	**22,410**	**104,850**	90,341	19,090	109,431
Profit (loss) before income taxes	**3,257**	**(10,804)**	**(7,547)**	6,393	(12,702)	(6,309)

	As at March 27, 2021			As at December 31, 2020		
	Marine services	**Environmental services**	**Total**	Marine services	Environmental services	Total
	$	**$**	**$**	$	$	$
Total assets	**534,309**	**229,605**	**763,914**	524,662	273,619	798,281
Total liabilities	**380,184**	**87,563**	**467,747**	373,175	123,535	496,710

(in thousands of Canadian dollars)

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.

	Three-month periods ended March 27, 2021			Three-month periods ended March 28, 2020		
	Canada	**USA**	**Total**	Canada	USA	Total
	$	**$**	**$**	$	$	$
Revenue	**42,505**	**62,345**	**104,850**	39,899	69,532	109,431

	As at March 27, 2021			As at December 31, 2020		
	Canada	**USA**	**Total**	Canada	USA	Total
	$	**$**	**$**	$	$	$
Non-current assets [1]	**289,036**	**267,104**	**556,140**	282,183	272,405	554,588

(1) Non-current assets exclude non-current financial assets and deferred income tax assets.

11. EVENT AFTER THE REPORTING PERIOD

On May 2, 2021, a fire destroyed a leased warehouse, certain machinery and automotive equipment assets at our bulk facilities in Brunswick (GA). Pursuant to our lease agreement with the Georgia Ports Authority, we are required to rebuild the affected warehouse. We believe the indemnity provided from our insurance coverage will cover the replacement cost of the assets destroyed; however, these costs have not yet been established. Other damages resulting from the fire are also expected to be covered by the insurance. The financial statements as at and for the period ended March 27, 2021, do not reflect the impact of the fire.

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