Interim Financial Report for the Period Ended June 24, 2023

LOGISTEC

Q2 2023

Revenue

(in millions of Canadian dollars)	2020	2021	2022	**2023**
March	109.4	104.9	141.4	**158.9**
June	123.6	172.5	219.0	**244.9**
September	191.9	236.2	284.2	
December	179.8	230.1	253.0	
Year-to-date	604.7	743.7	897.6	**403.8**

Adjusted EBITDA *(1)*

(in millions of Canadian dollars)	2020	2021	2022	**2023**
March	7.5	6.2	7.8	**10.0**
June	20.0	27.6	34.2	**37.6**
September	41.7	49.7	59.9	
December	31.6	37.7	41.5	
Year-to-date	100.8	121.2	143.4	**47.6**

Profit (loss) attributable to owners of the Company

(in millions of Canadian dollars)	2020	2021	2022	**2023**
March	(5.4)	(5.7)	(6.0)	**(9.1)**
June	4.6	10.2	13.0	**3.3**
September	20.4	26.8	31.6	
December	13.0	14.1	14.9	
Year-to-date	32.6	45.4	53.5	**(5.8)**

Total diluted earnings (loss) per share *(2)*

(in Canadian dollars)	2020	2021	2022	**2023**
March	(0.42)	(0.44)	(0.46)	**(0.71)**
June	0.35	0.78	1.00	**0.26**
September	1.56	2.04	2.43	
December	0.99	1.09	1.15	
Year-to-date	2.49	3.46	4.12	**(0.45)**

(1) Adjusted EBITDA is a non-IFRS measure; please refer to the non-IFRS measure section on page 16.
(2) 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 second quarter of 2023:

- Consolidated revenue totalled $244.9 million, up $25.9 million or 11.9%;
- Adjusted EBITDA [(1)] closed at $37.6 million, up $3.4 million;
- ALTRA | SANEXEN awarded first-of-its-kind contract by Waste Connections to combat PFAS;
- Successful implementation of Phase 2 of three of our enterprise resource planning ("ERP") project;
- LOGISTEC completed the acquisition of Fednav's terminal division ("FMT").

Highlights from the first half of 2023:

- Consolidated revenue totalled $403.8 million, up $43.4 million or 12.1%;
- Adjusted EBITDA [(1)] closed at $47.6 million, up $5.6 million;
- As of June 24, 2023, environmental services' backlog stood at $252.2 million.

RESULTS OF THE PERIOD

During the second quarter of 2023, consolidated revenue totalled $244.9 million, an increase of $25.9 million or 11.9% over the same period in 2022. The overall increase was mainly attributable to the acquisition of FMT, while our core markets remained robust, both in Canada and the USA. The scale and reach of LOGISTEC's activities combined with the deep expertise of our teams led to strong operational results, particularly in our marine business. Excluding the additional costs this quarter related to the ongoing strategic review and our latest acquisition, the Company achieved a good quarter.

MARINE SERVICES

Revenue from the marine services segment reached $175.5 million in the second quarter of 2023, up $36.7 million or 26.4% compared with the same period in 2022. The growth was mainly attributable to the Company's latest acquisition, FMT, which contributed $35.1 million in the second quarter of 2023. FMT performed well, especially its Hamilton (ON) terminal and there are significant prospective growth opportunities for the 11 strategically located terminals added in LOGISTEC's network. Our traditional marine services segment continued to deliver a good performance. Our bulk activities were strong, despite the impact of forest fires in Québec, which caused rail challenges in Sept-Îles. We were also pleased with the results of our investments in Gulf Stream Marine, Inc.'s Brownsville (TX) terminal, where we saw increased volumes from one of our key customers in the southern USA. These largely made up for lower container volumes and some slowdown in general cargoes.

ENVIRONMENTAL SERVICES

Revenue from the environmental services segment reached $69.5 million, down $10.7 million or 13.3% from the same period in 2022. Although our teams delivered on multiple projects in the field, these benefits were impacted by contract project delays, namely in our renewal of underground water mains division in Canada, somewhat offset by stronger activity in the USA. The Rayrock mine remediation project in Northern Canada has been delayed due to permitting issues, but, after six months, our revenues are close to expectations. We are now entering into our busy season and the overall book of business, at $252.2 million, remains strong until the end of the year.

FER-PAL Construction Ltd. ("FER-PAL")'s revenue and profit were below last year for the same quarter because of delayed startups. The backlog is strong, and we expect to be very busy until the end of the season, allowing us to end the year better than last year. In July 2023, the Company finalized the acquisition of the remaining interest in FER-PAL, a key strategic player in the deployment of our ALTRA water main renewal technology. This acquisition will strengthen the optimization of our environmental services segment and will lead to greater opportunities in the water industry for the future. American Process Group also performed well in the last quarter, with solid results for projects in both Canada and the United States.

[(1)] Adjusted EBITDA is a non-IFRS measure; please refer to the non-IFRS measure section on page 16.

In April 2023, Waste Connections awarded ALTRA | SANEXEN the first-of-its-kind continuous full-scale perfluoroalkyl and polyfluoroalkyl substances (“PFAS”) remediation solution for landfill and industrial waste management. The Company will provide and operate its modular units at Waste Connections’ landfills in Rosemount and Rich Valley (MN), for the next ten years. This agreement provides opportunities for our ALTRA PFAS Solution, and has already resulted in additional pilot projects and agreement discussions in the USA.

During this quarter, our environmental team received another prestigious award, the 2023 New Technology Award from Water Canada for our ALTRA PFAS Solution, highlighting once again our excellence in the development of innovative technologies. The proprietary foam fractionation technology allows for the most effective removal of highly concentrated PFAS streams from water.

OUTLOOK

Our team of experts, financial strength, wide-reaching and diverse North American network of terminals, and innovative environmental technologies are the pillars on which we will continue to build our business.

Our marine services segment is doing well, and we are foreseeing a positive second half of the year. Our latest acquisition, FMT, is performing as expected and has great prospects for the future. Our cargo handling activities are driven by solid demand, which is particularly strong in the U.S. Gulf Coast.

For the environmental side of the business, the execution of the remaining backlog should allow us to make up for the slow start and finish the year with a much better performance than in 2022. We have a solid backlog and are confident in our team’s ability to deliver on large projects this year. Our first continuous full-scale PFAS remediation contract should start in the USA in the late fall, and this holds great promise for future additional contracts.

We were happy to successfully complete a key milestone in our ERP project. Phase 2 out of three has been completed, allowing the successful go-live of SANEXEN Environmental Services Inc.’s financial and project management modules. This fall, we will launch our final phase, leading to our marine business’ go-live in 2024. We take this opportunity to thank our ERP extended team for their tireless work to bring this project to conclusion.

We incurred additional costs this quarter related to the ongoing strategic review, our latest acquisition, and the ERP project. These additional non-operational costs of $6.9 million, combined with the higher finance expense materially impacted the profitability, but excluding these elements, our results are better than last year, and we can expect satisfactory results for the remainder of 2023.

(signed) J. Mark Rodger
J. Mark Rodger
Chairman of the Board

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

August 1, 2023

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's 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 2022 annual report 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 deals with LOGISTEC Corporation's operations, results and financial position for the three-month and six-month periods ended June 24, 2023, and June 25, 2022. All financial information contained in this MD&A and the attached condensed consolidated interim financial statements ("Q2 2023 financial statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") using the same accounting policies as outlined in Note 2 of the notes to 2022 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 60 ports and 90 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 such as 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

LOGISTEC's environmental services segment delivers creative and customized solutions to industrial, municipal and governmental clients with respect to renewal of underground water mains, dredging, dewatering, contaminated soils and materials management, site remediation, risk assessment and manufacturing of fluid transportation products.

OUTLOOK FROM THE CHIEF FINANCIAL OFFICER

LOGISTEC is well positioned to further develop and grow its activities and face future headwinds, thanks to our team's agility and capability to pivot. Our financial strength, wide-reaching and diverse North American network of terminals, and innovative environmental technologies are what makes the Company's strength. We set a record for revenue for the second quarter of the year, amidst our strategic review process.

Our marine services segment is doing well and we are foreseeing a positive second half of the year. Our latest business combination, FMT, which will be rebranded under the LOGISTEC banner, is performing as expected, and has good prospects for the future. Our cargo handling activities are also driven by solid demand, particularly in the U.S. Gulf Coast.

For the environmental services segment, our performance was impacted by project delays. However, we have a solid backlog and are confident in our team's ability to deliver in the second half of the year. Our first continuous full-scale PFAS remediation contract will be delivered before year-end and holds promise for future additional contracts.

We incurred additional costs this quarter related to the ongoing strategic review, our latest acquisition, increased finance expense and the ERP project, but excluding these elements, our adjusted EBITDA[(1)] is higher than last year, and we can expect satisfactory results for the remainder of 2023.

BUSINESS COMBINATIONS

2023 BUSINESS COMBINATIONS

FMT

On March 31, 2023, the Company acquired 100% ownership of the Canadian and U.S. marine terminal business of Fednav, including Federal Marine Terminals, Inc. and its logistics division, Fednav Direct (collectively, the "Acquisition" or "FMT") for a cash consideration of US$105.2 million ($142.4 million), subject to customary adjustments.

The marine terminal business comprises 11 terminals that provides stevedoring, handling and warehousing services for bulk, containerized, project cargo and general cargo. The logistics division offers value-added on-carriage services, inventory management, and 24/7 inland cargo transportation in Canada and the United States.

The Acquisition provides a combined network that offers strategic gateways for existing and future customers, allowing LOGISTEC to gain an important foothold in the Great Lakes region and access prime locations in the U.S. Gulf and East Coast regions.

Please refer to Note 4 of the notes to Q2 2023 financial statements for further details.

[(1)] Adjusted EBITDA is a non-IFRS measure; please refer to the non-IFRS measure section on page 16.

SELECTED QUARTERLY INFORMATION

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

	Q1 $	Q2 $	Q3 $	Q4 $	**Year-to-date $**
2023					
Revenue	**158,881**	**244,966**			**403,847**
Adjusted EBITDA [1]	**9,968**	**37,649**			**47,617**
Profit (loss) attributable to owners of the Company	**(9,052)**	**3,224**			**(5,828)**
Basic earnings (loss) per Class A Common Share [2]	**(0.68)**	**0.24**			**(0.44)**
Basic earnings (loss) per Class B Subordinate Voting Share [3]	**(0.75)**	**0.27**			**(0.48)**
Total basic earnings (loss) per share	**(0.71)**	**0.25**			**(0.46)**
Diluted earnings (loss) per Class A share	**(0.68)**	**0.25**			**(0.43)**
Diluted earnings (loss) per Class B share	**(0.75)**	**0.28**			**(0.47)**
Total diluted earnings (loss) per share	**(0.71)**	**0.26**			**(0.45)**

	Q1 $	Q2 $	Q3 $	Q4 $	Year $
2022					
Revenue	141,442	218,972	284,209	252,942	897,565
Adjusted EBITDA [1]	7,801	34,222	59,879	41,477	143,379
Profit (loss) attributable to owners of the Company	(6,018)	13,024	31,636	14,901	53,543
Basic earnings (loss) per Class A share	(0.44)	0.96	2.35	1.11	3.98
Basic earnings (loss) per Class B share	(0.49)	1.06	2.58	1.23	4.38
Basic earnings (loss) per share	(0.46)	1.00	2.45	1.16	4.15
Diluted earnings (loss) per Class A share	(0.44)	0.95	2.34	1.10	3.95
Diluted earnings (loss) per Class B share	(0.49)	1.06	2.56	1.21	4.34
Total diluted earnings (loss) per share	(0.46)	1.00	2.43	1.15	4.12

[1] Adjusted EBITDA is a non-IFRS measure; please refer to the non-IFRS measure section on page 16.
[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 Canadian dollars, except per share amounts)

	For the three months ended		For the six months ended	
	June 24, 2023	June 25, 2022	**June 24, 2023**	June 25, 2022
	$	$	**$**	$
Revenue	**244,966**	218,972	**403,847**	360,414
Employee benefits expense	**(113,612)**	(106,678)	**(192,335)**	(180,950)
Equipment and supplies expense	**(65,639)**	(60,477)	**(109,752)**	(100,999)
Operating expense	**(20,492)**	(15,263)	**(37,647)**	(27,355)
Other expenses	**(12,661)**	(8,725)	**(24,651)**	(15,980)
Depreciation and amortization expense	**(17,032)**	(14,037)	**(31,486)**	(26,834)
Share of profit of equity accounted investments	**943**	5,122	**1,528**	6,069
Other losses	**(2,782)**	(610)	**(3,530)**	(1,540)
Operating profit	**13,691**	18,304	**5,974**	12,825
Finance expense	**(8,247)**	(3,261)	**(12,926)**	(6,202)
Finance income	**284**	156	**536**	268
Profit (loss) before income taxes	**5,728**	15,199	**(6,416)**	6,891
Income taxes	**(2,457)**	(2,049)	**750**	361
Profit (loss) for the period	**3,271**	13,150	**(5,666)**	7,252
Profit (loss) attributable to:				
Owners of the Company	**3,224**	13,024	**(5,828)**	7,006
Non-controlling interest	**47**	126	**162**	246
Profit (loss) for the period	**3,271**	13,150	**(5,666)**	7,252
Basic earnings (loss) per Class A share	**0.24**	0.96	**(0.44)**	0.52
Basic earnings (loss) per Class B share	**0.27**	1.06	**(0.48)**	0.57
Diluted earnings (loss) per Class A share	**0.25**	0.95	**(0.43)**	0.51
Diluted earnings (loss)per Class B share	**0.28**	1.06	**(0.47)**	0.57

SECOND QUARTER

Consolidated revenue totalled $244.9 million for the second quarter of 2023, up $25.9 million or 11.9% from $219.0 million for the same period in 2022. Consolidated revenue was positively affected by a $6.5 million foreign exchange effect due to a stronger U.S. dollar against the Canadian dollar in the second quarter of 2023. Please refer to the segmented results section for the revenue variance explanation of each segment.

In the second quarter of 2023, employee benefits expense increased by $6.9 million or 6.5% to $113.6 million from the $106.7 million recorded for the same quarter in 2022. The ratio of employee benefits expense to revenue was 46.4% in the second quarter of 2023, down from 48.7% for the same period in 2022. Although the employee benefits expense related to our field operations is variable in nature, the lower ratio was mainly attributable to support and administrative employees' benefits expense that is generally fixed in nature.

Equipment and supplies expense amounted to $65.6 million in the second quarter of 2023, an increase of $5.2 million compared with the same period last year. This increase was mainly revenue driven, as the overall ratio of equipment and supplies expense to consolidated revenue was stable at 26.8% in the second quarter of 2023 compared with 27.6% for the same period in 2022.

Operating expense amounted to $20.5 million for the second quarter of 2023, up $5.2 million from the comparative period. This increase relates to higher short-term storage and wharfage charges, which are in line with the increase of revenue from cargo handling services in the U.S. Gulf Coast region.

Other expenses amounted to $12.7 million for the first quarter of 2023, up $4.0 million from $8.7 million in the comparative period. This increase was mainly due to professional fees of $5.0 million incurred with respect to the acquisition completed during the second quarter of 2023 and fees incurred in conjunction with the strategic review process announced on May 19, 2023.

Depreciation and amortization expense amounted to $17.0 million in the second quarter of 2023, up $3.0 million from $14.0 million last year. The increase resulted from our business combination and property, plant and equipment investments made in 2022 and 2023.

Share of profit of equity accounted investments reached $0.9 million, a decrease of $4.2 million over the same period last year. This decrease stemmed mainly from our equity accounted investment in TERMONT Terminal Inc., whose subsidiary specializes in handling containers, and whose volumes decreased due to lower container activity, reflecting the return to normal short-term storage services.

Other losses increased by $2.2 million, from a $0.6 million loss in the second quarter of 2022 to a $2.8 million loss this quarter. This variance was mainly related to unrealized exchange gains and losses on translating net working capital denominated in U.S. dollars.

Finance expense reached $8.2 million, up $5.0 million from 2022. This increase stemmed mainly from a higher level of net indebtedness (1) as explained in the liquidity and capital resources section, and rising interest rates in the market, since a portion of the long-term debt bears interest at floating rates.

Overall, the Company reported a profit attributable to owners of the Company of $3.2 million in the second quarter of 2023, a decrease compared with the $13.0 million profit recorded in the corresponding period last year. This translated into total diluted earnings per share of $0.26, of which $0.25 per share was attributable to Class A shares and $0.28 per share to Class B shares.

FIRST HALF

For the six-month period ended June 24, 2023, consolidated revenue totalled $403.8 million, compared with $360.4 million for the same period in 2022, an increase of $43.4 million. Consolidated revenue was positively affected by a $12.9 million foreign exchange effect due to a stronger U.S. dollar against the Canadian dollar in the first half of 2023. Please refer to the segmented results section for the revenue variance explanation of each segment.

For the first six months of 2023, the employee benefits expense reached $192.3 million, an increase of $11.4 million or 6.3% over the $181.0 million recorded for the same period last year. The ratio of employee benefits expense to revenue was 47.6% in the first half of 2023, down from 50.2% for the same period in 2022. Although the employee benefits expense related to our field operations is variable in nature, the lower ratio was mainly attributable to support and administrative employees' benefits expense that is generally fixed in nature.

For the first half of 2023, equipment and supplies expense amounted to $109.8 million, an increase of $8.8 million or 8.7% over the first half of 2022. This increase was mainly revenue driven as the overall ratio of equipment and supplies expense to consolidated revenue remained stable at 27.2% in 2023, compared with 28.0% in 2022.

Operating expense amounted to $37.6 million for the first half of 2023, up $10.3 million from the comparative period. This increase relates to higher short-term storage and wharfage charges, which are in line with the increase of revenue from cargo handling services in the U.S. Gulf Coast region.

Other expenses totalled $24.7 million, an increase of $8.7 million or 54.3% compared with the first half of 2022. This increase was mainly due to professional fees of $7.1 million incurred with respect to the business combinations and fees incurred in conjunction with the strategic review process announced on May 19, 2023, as explained above.

(1) The net indebtedness is reconciled in Note 5 of the notes to Q2 2023 financial statements.

Depreciation and amortization expense reached $31.5 million in 2023, up $4.7 million from $26.8 million last year. The increase resulted from our business combination and property, plant and equipment investments made in 2022 and 2023 as explained above.

Share of profit of equity accounted investments reached $1.5 million, a decrease of $4.5 million over the same period last year. This decrease stemmed mainly from the performance of our equity accounted investment in TERMONT Terminal Inc. as explained above.

Finance expense reached $12.9 million this year, up $6.7 million compared with the comparative period of 2022. This increase stemmed mainly from a higher level of net indebtedness [(1)] as explained in the liquidity and capital resources section, and rising interest rates in the market, since a portion of the long-term debt bears interest at floating rates.

For the first six months of 2023, the Company reported a loss for the period of $5.6 million and a profit of $0.2 million attributable to a non-controlling interest, resulting in a $5.8 million loss attributable to owners of the Company. This translated into a total diluted loss per share of $0.45, of which $0.43 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 2022 levels.

SEGMENTED RESULTS

(in thousands of Canadian dollars)	**For the three months ended June 24, 2023**			For the three months ended June 25, 2022		
	Marine services	**Environmental services**	**Total**	Marine services	Environmental services	Total
	$	**$**	**$**	$	$	$
Revenue	**175,481**	**69,485**	**244,966**	138,826	80,146	218,972
Profit (loss) before income taxes	**6,800**	**(1,072)**	**5,728**	13,059	2,140	15,199

	For the six months ended June 24, 2023			For the six months ended June 25, 2022		
	Marine services	**Environmental services**	**Total**	Marine services	Environmental services	Total
	$	**$**	**$**	$	$	$
Revenue	**297,002**	**106,845**	**403,847**	250,579	109,835	360,414
Profit (loss) before income taxes	**7,128**	**(13,544)**	**(6,416)**	18,738	(11,847)	6,891

MARINE SERVICES

SECOND QUARTER

Revenue from the marine services segment reached $175.5 million in 2023, up $36.7 million or 26.4% compared with $138.8 million in 2022. The growth was mainly attributable to the business combination of FMT which contributed $35.1 million in the second quarter of 2023.

Profit before income taxes from the marine services segment amounted to $6.8 million in the second quarter of 2023, down $6.3 million from the $13.1 million reported for the same quarter of 2022. These results reflected a lower share of profit of equity accounted investments of $4.0 million, a substantial increase of $3.6 million in non-operational items and $3.3 million of additional finance expense, partly offset by higher revenue. Non-operational items include professional fees incurred in business combinations and the strategic review process.

[(1)] The net indebtedness is reconciled in Note 5 of the notes to Q2 2023 financial statements.

FIRST HALF

Revenue in the marine services segment totalled $297.0 million for the first half of 2023, up by $46.4 million from $250.6 million for the same period last year. The increase stemmed mainly from the business combination as explained above, and the U.S. Gulf Coast region where the energy industry continued to fuel the growth of our operations.

For the first half of 2023, profit before income taxes from the marine services segment amounted to $7.1 million, down from $18.7 million in the same period of 2022. These results reflected a substantial increase of $5.7 million in non-operational items, namely professional fees as explained above, a lower share of profit of equity accounted investments of $4.4 million and $4.2 million of additional finance expense, partly offset by higher revenue.

ENVIRONMENTAL SERVICES

SECOND QUARTER

Revenue from the environmental services segment was $69.5 million, down $10.7 million or 13.3%, in the second quarter of 2023. This decrease was mainly attributable to lower revenue from services relating to the renewal of underground water mains due to delayed contract project starts in Canada, partly offset by higher revenue from our U.S. activities as well as from site remediation and contaminated soils and materials management services.

The environmental services segment reported a $1.1 million loss in the second quarter of 2023, $3.2 million less than the $2.1 million profit reported for the same quarter of 2022. These results reflected a delayed project contract revenue, $1.6 million of additional finance expense, a substantial increase of $1.4 million in non-operational items, namely professional fees as explained above, as well as ERP costs of $0.6 million.

FIRST HALF

The environmental services segment generated revenue totalling $106.8 million, a decrease of $3.0 million over revenue of $109.8 million for the same six-month period in 2022. The decrease for the first half of 2023 was mainly attributable to delayed contract revenue from services relating to the renewal of underground water mains, partly offset by higher revenue from site remediation and contaminated soils and materials management services, as explained above.

For the first half of 2023, the environmental services segment reported a $13.5 million loss before income taxes, compared to the $11.8 million loss in the same period of 2022. These results reflected delayed contract revenue, $2.5 million of additional finance expense, a substantial increase of $1.5 million in non-operating items, namely professional fees as explained above, as well as ERP costs of $1.0 million.

STRATEGIC REVIEW PROCESS

LOGISTEC has undertaken a strategic review process to ensure the Company's continuity and maximize its value. The time has come for LOGISTEC's full market valuation to be recognized, after posting years of record performances and successes thanks to our people and our strong governance. The Board has struck a committee of independent directors to supervise this review process. In the meantime, LOGISTEC continues to operate with great focus, as we can see by our strong second quarter results. No decision has been made to date and business perspectives for the future remain very exciting.

FIRE INCIDENT AT THE PORT OF BRUNSWICK (GA)

On May 2, 2021, a fire destroyed a leased warehouse, a portion of a conveyor and certain terminal equipment assets at our bulk facilities in Brunswick (GA). Pursuant to the lease agreement with Georgia Ports Authority ("GPA"), the Company is required to rebuild the warehouse that was destroyed by the fire, unless agreed to otherwise. In accordance with the lease agreement and the property insurance contract, this warehouse was insured for US$21.9 million ($28.9 million) and the related equipment for US$8.6 million ($11.4 million). The Company is currently operating with reduced capacity at this facility.

The Company has insurance in place covering, among other things, property and equipment damage and general liability up to specified amounts, subject to limited deductibles. The Company has notified its insurers of the incident and the anticipated proceeds from the insurance coverage are expected to be sufficient to cover the cost of the assets destroyed, as well as other costs incurred as a direct result of the fire.

As at the date of the Q2 2023 financial statements, the Company obtained approvals required from the GPA and other parties to reconstruct. A feasibility study was obtained and the size and the type of warehouse to be constructed were determined, but the final design which is subject to approval from the GPA and state authorities has not been completed. In addition, the groundwork preparation began during the first half of 2023. Based on the preliminary information received, the Company has recorded the obligations for rebuilding the warehouse and a corresponding insurance recovery in its condensed consolidated interim statements of financial position, both at the estimated amount of US$21.9 million ($28.9 million) in trade and other payables and trade and other receivables, respectively.

As at June 24, 2023, the Company incurred rebuilding costs of US$1.2 million ($1.5 million) and has received from the insurer an amount of US$13.5 million ($17.8 million), resulting in an obligation for rebuilding of the warehouse and a corresponding insurance recovery of US$20.7 million ($27.4 million) and US$8.4 million ($11.1 million), respectively. Both the insurance recovery and the costs to rebuild the warehouse were recognized under other losses in the condensed consolidated interim statements of earnings for the period ended June 24, 2023. There is no impact on the profit of the period.

During the year ended December 31, 2021, the Company received an advance from the property insurance carriers on its initial claim in the amount of US$ 5.0 million ($6.1 million) related to the incident. The Company also recognized an impairment loss of US$5.3 million ($6.5 million) for the conveyor and certain terminal equipment assets that were impacted by the fire. Both the insurance recovery and the impairment loss related to the assets destroyed were recognized under other gains (losses) in the consolidated statements of earnings for the year ended December 31, 2021.

This reflects management's best estimates based on the information available as at the date of the Q2 2023 financial statements and are subject to change as new developments occur in the future in connection with the Company's reconstruction of the warehouse and finalization of the insurance claim.

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 2023 dividend payments schedule, which are all eligible dividends for Canada Revenue Agency purposes.

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

Declaration date	Record date	Payment date	Per Class A share $	Per Class B share $	Total $
December 7, 2022	January 3, 2023	January 17, 2023	0.11782	0.12959	1.6
March 22, 2023	March 30, 2023	April 13, 2023	0.11782	0.12959	1.6
May 3, 2023	June 22, 2023	July 7, 2023	0.11782	0.12959	1.6
August 1, 2023	September 22, 2023	October 6, 2023	0.11782	0.12959	1.6

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 2022 audited consolidated financial statements and were applied consistently in the second quarter of 2023. Please also refer to Note 5 of the notes to Q2 2023 financial statements for an update on financial risk management information.

CAPITAL RESOURCES

Total assets amounted to $1,131.5 million as at June 24, 2023, up $147.8 million over the closing balance of $983.7 million as at December 31, 2022. This increase was mainly due to the additional goodwill and property, plant and equipment following the acquisition of FMT.

Cash and cash equivalents totalled $23.1 million at the end of the second quarter of 2023, down $12.9 million from $36.0 million as at December 31, 2022. The main items behind this decrease were as follows:

(in thousands of Canadian dollars)

Sources:	
Issuance of long-term debt, net of repayment and transaction costs	128.0
Cash generated from operations	39.3
Changes in non-cash working capital items	13.2
	180.5
Uses:	
Business combinations, net of cash acquired	136.0
Acquisition of property, plant and equipment, net of proceeds from disposal	24.9
Interest paid	12.9
Repayment of lease liabilities	9.2
Income taxes paid	8.0
Dividends paid on Class A and Class B shares	3.1
	194.1

WORKING CAPITAL

As at June 24, 2023, current assets totalled $306.2 million and current liabilities totalled $237.8 million, computing to working capital of $68.4 million and a current ratio of 1.29:1, compared with working capital of $113.8 million and a 1.65:1 ratio as at December 31, 2022. The decrease was mainly due to the reclassification to short term of an amount due of $21.7 million for the acquisition of the remaining 32.7% interest held by the non-controlling interest shareholders of FER-PAL and the seasonal nature of our operations.

LONG-TERM DEBT

On March 8, 2023, the Company exercised the accordion option of $150.0 million or the U.S. dollar equivalent included in its existing revolving credit facility, leading to an amendment to the existing credit agreement in effect since March 30, 2022. The amended credit facility amounts to $450.0 million ($300.0 million in 2022). As at June 24, 2023, the Company has drawn $315.3 million ($186.7 million as at December 31, 2022).

Total net indebtedness [(1)] amounted to $336.7 million as at June 24, 2023, up $137.7 million from $199.0 million as at December 31, 2022. The increase stemmed mainly from the additional debt incurred to finance the acquisition of FMT.

During the second quarter ended June 24, 2023, an interest rate swap contract designated as a cash flow hedge to swap the floating rate of its debts to a fixed rate expired in the amount of $15.0 million.

LIABILITY DUE TO NON-CONTROLLING INTERESTS

On March 31, 2022, the non-controlling interest shareholders exercised their put option. On July 29, 2022, the Company acquired an additional 16.3% investment in that subsidiary for a cash consideration of $19.1 million. On June 9, 2023 the Company and the non-controlling interest shareholders have mutually agreed that the Company proceeds to the purchase of the remaining 32.7%, payable on July 28, 2023, for an amount of $45.4 million.

For the six-month period ended June 24, 2023, the net remeasurement of the written put option was $5.6 million ($0.1 million in 2022), which corresponded to the portion of a dividend of $3.7 million ($8.7 million in 2022) declared and payable to the non-controlling shareholders of the subsidiary, plus the remeasurement of the liability of $1.9 million ($8.6 million in 2022) based on the agreement concluded in June 2023.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Equity attributable to owners of the Company amounted to $340.9 million as at June 24, 2023. Adding total net indebtedness [(1)] yields a capitalization of $677.6 million, which computes to a net indebtedness/capitalization ratio [(1)] of 49.7%. This means that the Company has financial leverage available should the need arise.

As at August 1, 2023, 7,361,022 Class A shares and 5,455,591 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 6 of the notes to Q2 2023 financial statements for further details regarding the Company's share capital.

(1) The net indebtedness is reconciled in Note 5 of the notes to Q2 2023 financial statements

EQUITY IN JOINT VENTURES

As disclosed in Note 16 of the notes to the 2022 audited consolidated financial statements, the Company holds various investments in joint ventures. 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.

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 Canadian dollars)

	As at June 24, 2023 $	As at December 31, 2022 $
Statements of financial position		
Total assets	**102,042**	96,934
Total liabilities	**47,844**	45,111

	For the three months ended		**For the six months ended**	
	June 24, 2023 $	June 25, 2022 $	**June 24, 2023 $**	June 25, 2022 $
Statements of earnings				
Revenue	**1,025**	1,691	**2,010**	2,887
Share of profit of an equity accounted investment	**1,324**	6,887	**2,171**	9,134
Profit for the period	**1,811**	7,877	**3,147**	10,765

OTHER ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Financial position as at *(in millions of Canadian dollars)*	**JUNE 24, 2023 $**	DEC 31, 2022 $	**Var. $**	**Var. %**	Explanation of variation
Contract assets	**27.0**	14.9	**12.1**	**80.8**	Contract assets represent the gross unbilled amount that will be collected from customers for contract work performed in our environmental services segment. The start of the season in all business activities led to higher work in progress at the end of the second quarter of 2023.
Current income tax assets	**22.2**	11.2	**11.0**	**97.9**	The increase was due to the income tax recovery related to the seasonality of our operations.
Inventory	**30.0**	20.0	**10.0**	**49.8**	The increase was due to a higher level of inventory of ALTRA Proven Solutions products held in 2023 that will be delivered to customers in the coming quarters by our environmental services segment in addition to the inventory for the Rayrock project.
Prepaid expenses	**14.4**	8.8	**5.6**	**64.4**	This variation is primarily explained by the timing of payments of our insurance premiums and property taxes.
Property, plant and equipment	**275.8**	234.6	**41.2**	**17.6**	The increase stemmed mainly from the capital expenditures of $25.4 million and the fixed assets acquired as part of the business combinations of $38.3 million, offset by the revaluation of property, plant and equipment denominated in foreign currency in the amount of $3.7 million and the depreciation expense of $17.2 million.
Goodwill	**286.0**	187.4	**98.6**	**52.6**	The increase stemmed from the acquisition of FMT, as discussed in the business combinations section of this MD&A.
Trade and other payables	**178.2**	128.0	**50.2**	**39.2**	The increase was due to the reclassification to short term of an amount due of $21.7 million for the acquisition of the remaining 32.7% interest held by the non-controlling interest of FER-PAL and the seasonal nature of our operations.
Current income tax liabilities	**8.4**	5.1	**3.3**	**65.1**	The increase was mainly due to the higher income tax expense and the timing of the tax instalments made.
Dividends payable	**5.3**	1.6	**3.7**	**n.m.**	The increase stemmed from the dividend payable to the non-controlling interest of FER-PAL declared in the second quarter of 2023.
Current portion of lease liabilities	**21.8**	18.7	**3.1**	**17.0**	The increase stemmed mainly from the addition of $12.2 million, partly offset by the remeasurement of lease liabilities denominated in foreign currency in the amount of $3.5 million and the repayment of lease liabilities in the amount of $13.1 million.
Non-current lease liabilities	**152.2**	157.5	**(5.3)**	**(3.3)**	

Financial position as at *(in millions of Canadian dollars)*	**JUNE 24, 2023 $**	DEC 31, 2022 $	**Var. $**	**Var. %**	Explanation of variation
Current portion of long-term debt	**11.4**	10.9	**0.5**	**4.5**	Refer to the liquidity and capital resources section of this MD&A.
Long-term debt	**347.7**	224.1	**123.6**	**55.1**	
Deferred income tax liabilities	**30.1**	24.6	**5.5**	**22.2**	The increase stemmed mainly from taxable temporary differences upon the recognition of property, plant and equipment acquired following the business combination of FMT.
Non-current liabilities	**5.5**	25.6	**(20.1)**	**(78.3)**	The decrease resulted mainly from the reclassification to trade and other payables of the final payment to repurchase the non-controlling interest in FER-PAL as explained above.

n.m.: not meaningful

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

NON-IFRS MEASURE

In this MD&A, the Company uses a measure that is not in accordance with IFRS. Adjusted earnings before interest expense, income taxes, depreciation and amortization expense ("adjusted EBITDA") is not defined by IFRS and cannot be formally presented in financial statements. The definition of adjusted EBITDA excludes the configuration and customization costs related to the implementation of an Enterprise Resource Planning ("ERP") system, and since the second quarter of 2023, the Company excluded professional fees incurred in a business combination and analyzing other business development opportunities ("transaction costs"). Please refer to the strategic review process section of this MD&A and Note 4 of the notes to the Q2 2023 financial statements for further information on the nature of the transaction costs incurred in the first half of 2023.The definition of adjusted EBITDA used by the Company may differ from those used by other companies. The Company excludes the configuration and customization costs related to the implementation of an ERP system and transaction costs because they affect the comparability of our financial results and could potentially distort the analysis of trends in business performance. Excluding these items does not imply they are non-recurring. 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. The definition of adjusted EBITDA has been applied retroactively and comparative figures have been amended accordingly to comply to the current year definition.

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

(in thousands of Canadian dollars)

	Q1	Q2	Q3	Q4	**Year-to-date**
	$	$	$	$	**$**
2023					
Profit (loss) for the period	**(8,937)**	**3,271**			**(5,666)**
PLUS:					
Depreciation and amortization expense	**14,454**	**17,032**			**31,486**
Net finance expense	**4,427**	**7,963**			**12,390**
Income taxes	**(3,207)**	**2,457**			**(750)**
Configuration and customization costs in a cloud computing arrangement	**1,136**	**1,897**			**3,033**
Transaction costs	**2,095**	**5,029**			**7,124**
Adjusted EBITDA	**9,968**	**37,649**			**47,617**
2022					
Profit (loss) for the period	(5,898)	13,150	31,766	14,984	54,002
PLUS:					
Depreciation and amortization expense	12,797	14,037	14,056	15,306	56,196
Net finance expense	2,829	3,105	4,052	4,830	14,816
Income taxes	(2,410)	2,049	7,827	3,338	10,804
Configuration and customization costs in a cloud computing arrangement	483	1,881	1,024	2,888	6,276
Transaction costs	–	–	1,154	131	1,285
Adjusted EBITDA	7,801	34,222	59,879	41,477	143,379
2021					
Profit (loss) for the period	(5,621)	10,287	26,757	14,201	45,624
PLUS:					
Depreciation and amortization expense	11,361	11,883	12,564	13,292	49,100
Net finance expense	2,433	2,522	2,551	3,056	10,562
Income taxes	(1,926)	2,542	7,815	2,040	10,471
Configuration and customization costs in a cloud computing arrangement	–	–	–	5,064	5,064
Transaction costs	–	358	–	–	358
Adjusted EBITDA	6,247	27,592	49,687	37,653	121,179
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
Transaction costs	–	32	37	62	131
Adjusted EBITDA	7,473	19,962	41,757	31,597	100,789

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, comprised of members of the Company's senior management, including the two previously mentioned executives.

They have reviewed this management's discussion and analysis and the Q2 2023 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 Q2 2023 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 management's evaluation of the Company's DC&P and ICFR excluded controls, policies and procedures regarding FMT, acquired on March 31, 2023. The Company has a period of one year from the acquisition date to conduct this analysis and to implement internal controls deemed necessary.

Additional information about this acquisition is presented in the following table:

(in thousands of Canadian dollars)

	As at June 24, 2023 $
Statement of financial position	
Current assets	**28,809**
Non-current assets	**136,049**
Current liabilities	**(16,262)**
Non-current liabilities	**(5,872)**
	For the three and six months ended June 24, 2023 $
Statement of earnings	
Revenue	**35,077**
Profit before income tax	**3,520**

There has been no change in the Company's ICFR that occurred in the second quarter of 2023 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR.

(signed) Carl Delisle
Carl Delisle, CPA auditor
Chief Financial Officer and Treasurer

August 1, 2023

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS

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

	Notes	For the three months ended June 24, 2023 $	June 25, 2022 $	For the six months ended June 24, 2023 $	June 25, 2022 $
Revenue	7	**244,966**	218,972	**403,847**	360,414
Employee benefits expense		**(113,612)**	(106,678)	**(192,335)**	(180,950)
Equipment and supplies expense		**(65,639)**	(60,477)	**(109,752)**	(100,999)
Operating expense		**(20,492)**	(15,263)	**(37,647)**	(27,355)
Other expenses		**(12,661)**	(8,725)	**(24,651)**	(15,980)
Depreciation and amortization expense		**(17,032)**	(14,037)	**(31,486)**	(26,834)
Share of profit of equity accounted investments		**943**	5,122	**1,528**	6,069
Other losses		**(2,782)**	(610)	**(3,530)**	(1,540)
Operating profit		**13,691**	18,304	**5,974**	12,825
Finance expense		**(8,247)**	(3,261)	**(12,926)**	(6,202)
Finance income		**284**	156	**536**	268
Profit (loss) before income taxes		**5,728**	15,199	**(6,416)**	6,891
Income taxes		**(2,457)**	(2,049)	**750**	361
Profit (loss) for the period		**3,271**	13,150	**(5,666)**	7,252
Profit (loss) attributable to:					
Owners of the Company		**3,224**	13,024	**(5,828)**	7,006
Non-controlling interest		**47**	126	**162**	246
Profit (loss) for the period		**3,271**	13,150	**(5,666)**	7,252
Basic earnings (loss) per Class A Common Share [(1)]		**0.24**	0.96	**(0.44)**	0.52
Basic earnings (loss) per Class B Subordinate Voting Share [(2)]		**0.27**	1.06	**(0.48)**	0.57
Diluted earnings (loss) per Class A share		**0.25**	0.95	**(0.43)**	0.51
Diluted earnings (loss) per Class B share		**0.28**	1.06	**(0.47)**	0.57
Weighted average number of Class A Shares outstanding, basic and diluted		**7,361,022**	7,371,689	**7,361,022**	7,374,355
Weighted average number of Class B Shares outstanding, basic		**5,455,591**	5,522,156	**5,455,591**	5,601,413
Weighted average number of Class B Shares outstanding, diluted		**5,636,497**	5,614,501	**5,636,497**	5,677,914

(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 OFCOMPREHENSIVE INCOME

(in thousands of Canadian dollars)

	For the three months ended		For the six months ended	
	June 24, 2023 $	June 25, 2022 $	**June 24, 2023 $**	June 25, 2022 $
Profit (loss) for the period	**3,271**	13,150	**(5,666)**	7,252
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	**(10,553)**	6,142	**(7,416)**	3,653
Unrealized gain (loss) on translating debt designated as hedging item of the net investment in foreign operations	**5,271**	(2,069)	**4,132**	(1,224)
Income taxes relating to unrealized gain on translating debt designated as hedging item of the net investment in foreign operations	**(547)**	274	**(547)**	162
(Losses) gains on derivatives designated as cash flow hedges	**(162)**	1,137	**(224)**	1,613
Income taxes relating to derivatives designated as cash flow hedges	**(35)**	(122)	**65**	(428)
Total items that are or may be reclassified to the consolidated statements of earnings	**(6,026)**	5,362	**(3,990)**	3,776
Items that will not be reclassified to the consolidated statements of earnings				
Remeasurement gains (losses) on benefit obligation	**–**	4,642	**(714)**	9,239
Return on retirement plan assets	**(200)**	(1,431)	**351**	(2,884)
Income taxes on remeasurement of benefit obligation and return on retirement plan assets	**53**	(850)	**96**	(1,684)
Total items that will not be reclassified to the consolidated statements of earnings	**(147)**	2,361	**(267)**	4,671
Share of other comprehensive income of equity accounted investments, net of income taxes				
Items that are or may be reclassified to the consolidated statements of earnings	**(12)**	–	**20**	–
Total share of other comprehensive income of equity accounted investments, net of income taxes	**(12)**	–	**20**	–
Other comprehensive (loss) income for the period, net of income taxes	**(6,185)**	7,723	**(4,237)**	8,447
Total comprehensive (loss) income for the period	**(2,914)**	20,873	**(9,903)**	15,699
Total comprehensive (loss) income attributable to:				
Owners of the Company	**(2,891)**	20,704	**(10,020)**	15,427
Non-controlling interest	**(23)**	169	**117**	272
Total comprehensive (loss) income for the period	**(2,914)**	20,873	**(9,903)**	15,699

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 June 24, 2023 $**	As at December 31, 2022 $
Assets			
Current assets			
Cash and cash equivalents		**23,136**	36,043
Trade and other receivables		**189,468**	198,247
Contract assets		**26,959**	14,912
Current income tax assets		**22,249**	11,245
Inventories		**29,958**	20,000
Prepaid expenses and other		**14,399**	8,756
		306,169	289,203
Equity accounted investments		**44,863**	46,140
Property, plant and equipment		**275,787**	234,602
Right-of-use assets		**163,874**	167,274
Goodwill		**285,952**	187,430
Intangible assets		**33,051**	36,807
Non-current assets		**1,589**	2,030
Post-employment benefit assets		**1,252**	1,264
Non-current financial assets		**5,588**	6,114
Deferred income tax assets		**13,424**	12,808
Total assets		**1,131,549**	983,672
Liabilities			
Current liabilities			
Short-term bank loans		**799**	–
Trade and other payables		**178,206**	128,019
Contract liabilities		**11,816**	11,107
Current income tax liabilities		**8,414**	5,095
Dividends payable		**5,261**	1,574
Current portion of lease liabilities		**21,840**	18,662
Current portion of long-term debt		**11,420**	10,925
		237,756	175,382
Lease liabilities		**152,241**	157,500
Long-term debt	8	**347,650**	224,110
Deferred income tax liabilities		**30,071**	24,604
Post-employment benefit obligations		**14,184**	13,690
Contract liabilities		**1,533**	1,733
Non-current liabilities		**5,536**	25,562
Total liabilities		**788,971**	622,581
Equity			
Share capital	6	**49,443**	49,443
Retained earnings		**276,068**	290,773
Accumulated other comprehensive income	9	**15,346**	19,271
Equity attributable to owners of the Company		**340,857**	359,487
Non-controlling interest		**1,721**	1,604
Total equity		**342,578**	361,091
Total liabilities and equity		**1,131,549**	983,672

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 issued $	Retained earnings $	Accumulated other comprehensive income (Note 9) $	Total $	Non-controlling interest $	Total equity $
Balance as at January 1, 2023		**49,443**	**290,773**	**19,271**	**359,487**	**1,604**	**361,091**
(Loss) profit for the period		**–**	**(5,828)**	**–**	**(5,828)**	**162**	**(5,666)**
Other comprehensive income (loss)							
Currency translation differences arising on translation of foreign operations		**–**	**–**	**(7,371)**	**(7,371)**	**(45)**	**(7,416)**
Unrealized loss on translating debt designated as hedging item of the net investment in foreign operations, net of income taxes		**–**	**–**	**3,585**	**3,585**	**–**	**3,585**
Remeasurement losses on benefit obligation and return on retirement plan assets, net of income taxes		**–**	**(267)**	**–**	**(267)**	**–**	**(267)**
Share of other comprehensive income of equity accounted investments, net of income taxes		**–**	**–**	**20**	**20**	**–**	**20**
Cash flow hedges, net of income taxes		**–**	**–**	**(159)**	**(159)**	**–**	**(159)**
Total comprehensive income (loss) for the period		**–**	**(6,095)**	**(3,925)**	**(10,020)**	**117**	**(9,903)**
Net remeasurement of written put option liability	9	**–**	**(5,567)**	**–**	**(5,567)**	**–**	**(5,567)**
Class B shares to be issued under the Executive Stock Option Plan	6	**–**	**270**	**–**	**270**	**–**	**270**
Other dividend		–	**(163)**	**–**	**(163)**	**–**	**(163)**
Dividends on Class A shares	6	**–**	**(1,734)**	**–**	**(1,734)**	**–**	**(1,734)**
Dividends on Class B shares	6	**–**	**(1,414)**	**–**	**(1,414)**	**–**	**(1,414)**
Balance as at June 24, 2023		**49,443**	**276,068**	**15,346**	**340,857**	**1,721**	**342,578**

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					
		Share capital issued $	Retained earnings $	Accumulated other comprehensive income (Note 9) $	Total $	Non-controlling interest $	Total equity $
Balance as at January 1, 2022	Notes	**50,889**	**254,621**	**9,051**	**314,561**	**1,048**	**315,609**
Profit for the period		–	7,006	–	7,006	246	7,252
Other comprehensive income (loss)							
Currency translation differences arising on translation of foreign operations		–	–	3,627	3,627	26	3,653
Unrealized loss on translating debt designated as hedging item of the net investment in foreign operations, net of income taxes		–	–	(1,062)	(1,062)	–	(1,062)
Remeasurement gains on benefit obligation and return on retirement plan assets, net of income taxes		–	4,671	–	4,671	–	4,671
Cash flow hedges, net of income taxes		–	–	1,185	1,185	–	1,185
Total comprehensive income for the period		–	11,677	3,750	15,427	272	15,699
Net remeasurement of written put option liability	9	–	(124)	–	(124)	–	(124)
Issuance and repurchase of Class B shares	6	(1,384)	(7,872)	–	(9,256)	–	(9,256)
Class B shares to be issued under the Executive Stock Option Plan	6	–	241	–	241	–	241
Other dividend		–	(127)	–	(127)	–	(127)
Dividends on Class A shares	6	–	(1,447)	–	(1,447)	–	(1,447)
Dividends on Class B shares	6	–	(1,203)	–	(1,203)	–	(1,203)
Balance as at June 25, 2022		**49,505**	**255,766**	**12,801**	**318,072**	**1,320**	**319,392**

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 six months ended June 24, 2023 $	June 25, 2022 $
Operating activities			
Income (loss) for the period		**(5,666)**	7,252
Items not affecting cash and cash equivalents		**44,997**	27,952
Cash generated from operations		**39,331**	35,204
Dividends received from equity accounted investments		**2,825**	5,675
Contributions to defined benefit retirement plans		**(446)**	(393)
Settlement of provisions		**(1,585)**	(351)
Changes in non-cash working capital items		**13,198**	(20,774)
Income taxes paid		**(7,971)**	(10,715)
		45,352	8,646
Financing activities			
Net change in short-term bank loans		**799**	(4,361)
Issuance of long-term debt, net of transaction costs		**174,093**	76,343
Repayment of long-term debt		**(46,140)**	(37,367)
Repayment of lease liabilities		**(9,229)**	(7,678)
Interest paid		**(12,896)**	(6,056)
Issuance of Class B shares		**–**	221
Repurchase of Class B shares	6	**–**	(9,937)
Dividends paid on Class A shares		**(1,734)**	(1,449)
Dividends paid on Class B shares		**(1,414)**	(1,227)
		103,479	8,489
Investing activities			
Dividends paid to a non-controlling interest	9	**(163)**	(8,826)
Acquisition of property, plant and equipment		**(26,075)**	(27,607)
Proceeds from disposal of property, plant and equipment		**1,139**	798
Business combinations, net of cash acquired	4	**(136,011)**	(3,264)
Acquisition of intangible assets		**(153)**	(211)
Interest received		**437**	78
Cash receipts from other non-current financial assets		**127**	705
Acquisition of other non-current assets		**(30)**	(362)
Proceeds from disposal of other non-current assets		**49**	282
		(160,680)	(38,407)
Net change in cash and cash equivalents		**(11,849)**	(21,272)
Cash and cash equivalents, beginning of year		**36,043**	37,530
Effect of exchange rate on balances held in foreign currencies of foreign operations		**(1,058)**	811
Cash and cash equivalents, end of period		**23,136**	17,069
Additional information			
Acquisition of property, plant and equipment included in trade and other payables		**987**	2,906
Issuance of Class B shares under the Employee Stock Purchase Plan for non-interest-bearing loans		**–**	460

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 60 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 operates in the environmental services segment where it provides services for the renewal of underground water mains, dredging, dewatering, contaminated soils and materials management, site remediation, risk assessment and manufacturing of fluid transportation products.

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 condensed consolidated interim financial statements ("Q2 2023 financial statements") of the Company have been prepared by and are the responsibility of management. The Q2 2023 financial statements were approved by the Company's Board of Directors on August 1, 2023.

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 2022 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 Q2 2023 financial statements includes significant assumptions made by management, which have been set out in Note 3 of the notes to the 2022 audited consolidated financial statements.

The Q2 2023 financial statements do not include all of the information required for annual financial statements and should therefore be read in conjunction with the 2022 audited consolidated financial statements included in the Company's 2022 annual report.

3. 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.

(in thousands of Canadian dollars)

4. BUSINESS COMBINATIONS

2023 BUSINESS COMBINATIONS

FMT

On March 31, 2023, the Company acquired 100% ownership of the Canadian and U.S. marine terminal business of Fednav, including Federal Marine Terminals, Inc. and its logistics division, Fednav Direct (collectively, the "Acquisition" or "FMT") for a cash consideration of US$105,218 ($142,392), subject to customary adjustments.

The marine terminal business comprises 11 terminals that provides stevedoring, handling and warehousing services for bulk, containerized, project cargo and general cargo. The logistics division offers value-added on-carriage services, inventory management, and 24/7 inland cargo transportation in Canada and the United States.

The Acquisition provides a combined network that offers strategic gateways for existing and future customers, allowing LOGISTEC to gain an important foothold in the Great Lakes region and access prime locations in the U.S. Gulf and East Coast regions.

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. The Company was in the process of evaluating the fair values of property, plant and equipment, intangible assets, right-of-use assets, lease liabilities and working capital.

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

	$
Cash	6,381
Current assets, excluding cash	11,130
Property, plant & equipment	38,285
Goodwill and intangible assets	101,824
Current liabilities	(8,974)
Deferred income tax liabilities	(6,254)
Purchase price consideration	142,392

The fair value of receivables acquired of $10,785, which includes a negligible amount deemed uncollectible as at the acquisition date, is included in current assets. The acquisition transaction costs included under other expenses, amounted to $2,715.

Impact of the business combination on the results of the Company

The Company's results for the three-month period ended June 24, 2023 include $35,077 in revenue and a profit before income taxes of $3,520 generated by the business combination. If the business combination had been completed on January 1, 2023, in the Company's best estimate, revenue and loss before income taxes for the six-month period would have been $56,548 and $3,408, respectively.

In determining these estimated amounts, the Company assumes that the fair value adjustments that arose on the acquisition date would have been the same, had the acquisition occurred on January 1, 2023.

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.

(in thousands of Canadian dollars)

5. FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

The Company monitors the ratio of net indebtedness/capitalization on a quarterly basis. As at June 24, 2023, the ratio was calculated as follows:

	As at June 24, 2023 $	As at December 31, 2022 $
Short-term bank loans	**799**	–
Long-term debt, including the current portion	**359,070**	235,035
Less:		
Cash and cash equivalents	**23,136**	36,043
Total net indebtedness	**336,733**	198,992
Equity attributable to owners of the Company	**340,857**	359,487
Capitalization	**677,590**	558,479
Ratio of net indebtedness/capitalization	**49.7%**	35.6%

As at June 24, 2023, 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 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 2,700 customers. For the six months ended June 24, 2023, the 20 largest customers accounted for 41.3% (38.1% in 2022) of consolidated revenue.

FAIR VALUE OF FINANCIAL INSTRUMENTS

As at June 24, 2023, and December 31, 2022, the estimated fair values of cash and cash equivalents, trade and other receivables, short-term bank loans, 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 June 24, 2023 and December 31, 2022, 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 $3,778 higher than its carrying value as at June 24, 2023 ($3,730 lower as at December 31, 2022), 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 period ended June 24, 2023, no financial instruments were recorded at fair value or transferred between levels 1, 2 and 3.

(in thousands of Canadian dollars)

6. SHARE CAPITAL

Issued and outstanding [(1)]	As at June 24, 2023 $	As at December 31, 2022, $
7,361,022 Class A shares (7,361,022 as at December 31, 2022)	**4,864**	4,864
5,455,591 Class B shares (5,455,591 as at December 31, 2022)	**44,579**	44,579
	49,443	49,443

(1) All issued and outstanding shares are fully paid.

During the second quarter ended June 24, 2023, there were nil Class A shares converted into Class B shares (16,000 in 2022).

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 financial statements of earnings for the three-month and six-month periods ended June 24, 2023, were respectively $130 ($111 in 2022) and $270 ($241 in 2022).

The number of stock options and the weighted average exercise price are summarized as follows:

Stock options	Number of options	Weighted average exercise price $
Outstanding at January 1, 2022	**118,911**	**34.62**
Granted during the year	72,801	40.11
Forfeited during the year	(5,403)	42.43
Outstanding at December 31, 2022	**186,309**	**36.54**
Forfeited during the period	(5,403)	42.43
Outstanding at June 24, 2023	**180,906**	**36.36**
Exercisable at June 24, 2023	75,554	31.75

NORMAL COURSE ISSUER BID (“NCIB”)

Pursuant to the NCIB launched on October 28, 2021 and terminated on October 27, 2022, 255,095 Class B shares were repurchased during the period ended June 25, 2022 and cancelled for a cash consideration of $9,937. Of this amount, the excess over the stated capital of the repurchased shares of $7,872 was charged to retained earnings.

DIVIDENDS

Details of dividends declared per share are as follows:

	For the six months ended June 24, 2023 $	June 25, 2022 $
Class A shares	**0.24**	0.20
Class B shares	**0.26**	0.22

(in thousands of Canadian dollars)

7. REVENUE

	For the three months ended		For the six months ended	
	June 24, 2023 $	June 25, 2022 $	**June 24, 2023 $**	June 25, 2022 $
Revenue from cargo handling services	**175,419**	138,747	**296,334**	249,812
Revenue from services relating to the renewal of underground water mains	**30,765**	46,090	**34,980**	53,734
Revenue from site remediation and contaminated soils and materials management services	**28,028**	26,350	**57,352**	43,163
Revenue from the sale of goods	**10,754**	7,785	**15,181**	13,705
	244,966	218,972	**403,847**	360,414

The Company issues performance and payment bonds related to long-term contracts, which guarantee execution of the contract and payment to suppliers. Long-term contract projects where governmental/municipal agencies are the clients account for the majority of bonds issued. Total bonds issued and outstanding as of June 24, 2023 amounted to $397,717 ($263,182 as at December 31, 2022).

8. INDEBTEDNESS

On March 8, 2023, the Company exercised the accordion option of $150,000 or the U.S. dollar equivalent included in its existing revolving credit facility, leading to an amendment to the existing credit agreement in effect since March 30, 2022. The amended credit facility amounts to $450,000 ($300,000 in 2022). As at June 24, 2023, the Company has drawn $315,275 ($18,670 as at December 31, 2022).

During the second quarter ended June 24, 2023, an interest rate swap contract designated as a cash flow hedge to swap the floating rate of its debts to a fixed rate expired in the amount of $15,000.

(in thousands of Canadian dollars)

9. STATEMENTS OF CHANGES IN EQUITY

ACCUMULATED OTHER COMPREHENSIVE INCOME

	As at June 24, 2023 $	As at June 25, 2022 $
Gain on financial instruments designated as cash flow hedges	**1,264**	939
Currency translation differences arising on translation of foreign operations	**13,076**	11,692
Unrealized gain on translating debt designated as hedging item of the net investment in foreign operations	**986**	170
Share of other comprehensive income of equity accounted investments	**20**	–
	15,346	12,801

LIABILITY DUE TO NON-CONTROLLING INTERESTS

Following the business combination of a subsidiary on July 6, 2017, the Company granted the 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 calculated using a predetermined purchase price formula based on FER-PAL's performance.

On March 31, 2022, the non-controlling interest shareholders exercised their put option. On July 29, 2022, the Company settled the first tranche for an amount of $19,086, which resulted in an additional 16.3% investment in that subsidiary at that date. On June 9, 2023, the Company and the non-controlling interest shareholders have mutually agreed that the Company proceeds to the purchase of the remaining 32.7%, payable on July 28, 2023, for an amount of $45,363.

As at June 24, 2023, the written put option liability amounted to $45,363 ($43,483 as at December 31, 2022) and the full amount ($23,619 as at December 31, 2022) was included in trade and other payables. The balance amount of $19,864 as at December 31, 2022 was included in non-current liabilities in the condensed consolidated interim statements of financial position.

For the six-month period ended June 24, 2023, the net remeasurement of the written put option was $5,567 ($124 in 2022), which corresponded to the portion of a dividend of $3,687 ($8,699 in 2022) declared and payable to the non-controlling shareholders of the subsidiary, plus the remeasurement of the liability of $1,880 ($8,575 in 2022) based on the agreement concluded in June 2023.

(in thousands of Canadian dollars)

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:

	For the three months ended June 24, 2023			For the three months ended June 25, 2022		
	Marine services	**Environmental services**	**Total**	Marine services	Environmental services	Total
	$	**$**	**$**	$	$	$
Revenue	**175,481**	**69,485**	**244,966**	138,826	80,146	218,972
Profit (loss) before income taxes	**6,800**	**(1,072)**	**5,728**	13,059	2,140	15,199

	For the six months ended June 24, 2023			For the six months ended June 25, 2022		
	Marine services	**Environmental services**	**Total**	Marine services	Environmental services	Total
	$	**$**	**$**	$	$	$
Revenue	**297,002**	**106,845**	**403,847**	250,579	109,835	360,414
Profit (loss) before income taxes	**7,128**	**(13,544)**	**(6,416)**	18,738	(11,847)	6,891

	As at June 24, 2023			As at December 31, 2022		
	Marine services	**Environmental services**	**Total**	Marine services	Environmental services	Total
	$	**$**	**$**	$	$	$
Total assets	**793,451**	**338,098**	**1,131,549**	636,174	347,498	983,672
Total liabilities	**599,221**	**189,750**	**788,971**	436,400	186,181	622,581

(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:

	For the three months ended June 24, 2023			For the three months ended June 25, 2022		
	Canada	**USA**	**Total**	Canada	USA	Total
	$	**$**	**$**	$	$	$
Revenue	**109,796**	**135,170**	**244,966**	111,131	107,841	218,972

	For the six months ended June 24, 2023			For the six months ended June 25, 2022		
	Canada	**USA**	**Total**	Canada	USA	Total
	$	**$**	**$**	$	$	$
Revenue	**173,146**	**230,701**	**403,847**	170,092	190,322	360,414

	As at June 24, 2023			As at December 31, 2022		
	Canada	**USA**	**Total**	Canada	USA	Total
	$	**$**	**$**	$	$	$
Non-current assets (1)	**377,575**	**427,541**	**805,116**	319,034	355,249	674,283

(1) Non-current assets exclude post-employment benefit assets, non-current financial assets and deferred income tax assets.

11. FIRE INCIDENT AT THE PORT OF BRUNSWICK (GA)

On May 2, 2021, a fire destroyed a leased warehouse, a portion of a conveyor and certain terminal equipment assets at our bulk facilities in Brunswick (GA). Pursuant to the lease agreement with Georgia Ports Authority ("GPA"), the Company is required to rebuild the warehouse that was destroyed by the fire, unless agreed to otherwise. In accordance with the lease agreement and the property insurance contract, this warehouse was insured for US$21,900 ($28,906) and the related equipment for US$8,600 ($11,351). The Company is currently operating with reduced capacity at this facility.

The Company has insurance in place covering, among other things, property and equipment damage and general liability up to specified amounts, subject to limited deductibles. The Company has notified its insurers of the incident and the anticipated proceeds from the insurance coverage are expected to be sufficient to cover the cost of the assets destroyed, as well as other costs incurred as a direct result of the fire.

As at the date of the Q2 2023 financial statements, the Company obtained approvals required from the GPA and other parties to reconstruct. A feasibility study was obtained and the size and the type of warehouse to be constructed were determined, but the final design which is subject to approval from the GPA and state authorities has not been completed. In addition, the groundwork preparation began during the first half of 2023. Based on the preliminary information received, the Company has recorded the obligations for rebuilding the warehouse and a corresponding insurance recovery in its condensed consolidated interim statements of financial position, both at the estimated amount of US$21,900 ($28,906) in trade and other payables and trade and other receivables, respectively.

As at June 24, 2023, the Company incurred rebuilding costs of US$1,158 ($1,528) and has received from the insurer an amount of US$13,454 ($17,758), resulting in an obligation for rebuilding of the warehouse and a corresponding insurance recovery of US$20,742 ($27,377) and US$8,446 ($11,148), respectively. Both the insurance recovery and the costs to rebuild the warehouse were recognized under other losses in the condensed consolidated interim statements of earnings for the period ended June 24, 2023. There is no impact on the profit of the period.

During the year ended December 31, 2021, the Company received an advance from the property insurance carriers on its initial claim in the amount of US$5,000 ($6,147) related to the incident. The Company also recognized an impairment loss of US$5,250 ($6,454) for the conveyor and certain terminal equipment assets that were impacted by the fire. Both the insurance recovery and the impairment loss related to the assets destroyed were recognized under other gains (losses) in the consolidated statements of earnings for the year ended December 31, 2021.

This reflects management's best estimates based on the information available as at the date of the Q2 2023 financial statements and are subject to change as new developments occur in the future in connection with the Company's reconstruction of the warehouse and finalization of the insurance claim.

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