



A SUSTAINABLE FUTURE ON LAND AND AT SEA

2021 ANNUAL REPORT

LOGISTEC

OUR PURPOSE

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



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At a glance:

OUR BUSINESS

For 70 years, LOGISTEC has built a business by contributing to the success of our customers, our partners, our communities, our shareholders, and our people. Our two business segments, marine and environmental services, are diverse in scope and geography, and develop solutions that support reliable and sustainable supply chains, protect our environment and our water resources.

TSX: LGT.A AND LGT.B



3,200 PEOPLE



80

TERMINALS IN

54

PORTS

2021 TOTAL REVENUE

\$743.7M

REDUCTION
OF

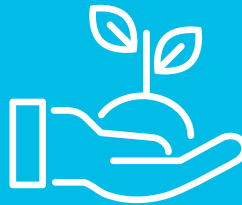
58M M³

OF DRINKING WATER LEAKS
OVER 2,200 KM INSTALLED



10.3B

LITRES OF WATER
DECONTAMINATED OVER
THE LAST 37 YEARS



6,000

ENVIRONMENTAL PROJECTS
COMPLETED TO DATE

70

YEARS OF GROWTH

OUR STRATEGY



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

PURPOSE-DRIVEN

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



STABLE LONG-TERM GROWTH

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

INNOVATING FOR THE NEXT GENERATIONS

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



CEO'S MESSAGE

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Building a sustainable future is making decisions based on the long term, having a positive impact in the communities where we work, and creating a better world for generations to come.

MADELEINE PAQUIN
PRESIDENT AND CEO



One thing 2021 taught us was to embrace the unexpected and to remain bold in pursuing our long-term growth strategy through the uncertainty. With this mindset, we were able to report the most successful year of our history, reaching key milestones on the financial, operational, and environmental fronts. We expanded our market leadership, shared our field-proven expertise, and achieved a remarkable overall performance.

As an essential service in both our marine and environmental segments, LOGISTEC continued to operate while maintaining rigorous health protocols and ensuring a safe working environment. Global supply chain congestion and disruption persisted and demand for reliable marine services remained very strong throughout the year. Stringent environmental regulatory frameworks, sustained infrastructure-related investments, combined with strong macroeconomic activity in our key markets, were the main demand drivers for our environmental services. As always, our teams adapted to customers' needs, providing reliable and unique solutions to contribute to their success.

RECORD FINANCIAL RESULTS

LOGISTEC had a record-breaking year in 2021. For the first time in our 70-year history, our consolidated revenue reached \$743.7 million, an increase of \$139.0 million or 23.0% over fiscal 2020. More importantly, we achieved record adjusted earnings before interest expense, income taxes, depreciation, and amortization expense ("Adjusted EBITDA⁽¹⁾") of \$120.8 million and we recorded our best ever profit attributable to owners of the Company at \$45.4 million. These earnings also led us to achieve another landmark: earnings per share ("EPS") above \$3.00 per share for the first time, with total diluted EPS computing at \$3.46 per share. We are particularly pleased that both our business segments fueled these amazing results with strong contributions from each.

STRUCTURED TO DELIVER SUCCESS

LOGISTEC stayed laser-focused on strategic initiatives and found new opportunities and markets to create long-term value for customers and shareholders.

Our leaders in the field in each of our segments are responsible for the performance and development of our business. We will continue to grow both segments organically through strong partnerships and through smart acquisitions that complement our network.

MARINE SERVICES – A KEY SUPPLY CHAIN PARTNER

LOGISTEC's marine services segment delivered its best performance ever with 2021 revenue closing at \$427.0 million, an increase of 23.9% over 2020. Bulk, break-bulk and container volumes were up everywhere, which led to this outstanding performance.

Our port terminal operations reported record tonnage handled in 2021 due to a buoyant market and the strength and creativity of our cargo handling expertise across our network, which was able to overcome congestion and labour shortages in many of our ports. This more than made up for the setbacks from the wood pellet fire at our Brunswick (GA) terminal and a strike at the Port of Montréal (QC). The economic rebound saw major investments in infrastructure projects, which meant an increase in demand for steel as well as other bulk and break-bulk materials, positively impacting our business. Congestion at major ports drove customers to explore alternate routes and LOGISTEC was ready to work with them to find new ways to get their product to destination. We also benefitted from our recent acquisitions, which performed well. In addition, we purchased state-of-the-art electric-powered equipment that is improving efficiencies and supporting our sustainability goals. As we renew our equipment, we will continue to opt for ecofriendly technologies.

Our cargo handling priorities are to pursue the expansion of our network in key markets, especially in the wind and bulk sectors. We will focus on building strong long-term customer relationships to anticipate their needs and respond quickly to market shifts. Further, we will rely upon our agile business model to deploy our flying team and explore niche port partnerships. We are also investing in new systems to harmonize and digitalize our operations, which will improve the quality and process of our customer experience across the whole supply chain.

“

This historic performance is the result of a clear vision, a solid strategic plan, well-defined business objectives, and great execution.



⁽¹⁾ Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measure section on page 53.

ENVIRONMENTAL SERVICES – CONTRIBUTING TO A SUSTAINABLE FUTURE

LOGISTEC's environmental services segment also delivered its best performance ever, with revenue reaching \$316.7 million for 2021, up from \$260.1 million or 21.8% from the previous year. Revenue growth was especially robust in the drinking water infrastructure renewal market, through the deployment of our ALTRA Proven Water Technologies in North America. In addition, the acquisition, in June 2021, of Alberta-based American Process Group ("APG"), a specialist dredging, dewatering and residuals management contractor, contributed noticeably to our revenue growth. The remainder of our core services were accretive for our revenue growth and performed in line with our expectations.

ALTRA Proven Water Technologies allows the renewal of water mains through a specialized trenchless lining technology designed for drinking water applications. With the increased frequency of extreme weather events - flooding, earthquakes, hurricanes - and aging water infrastructure, these resilient and field-proven technologies provide a cost-effective and robust solution to ensure safe and reliable water supply for impacted urban areas. This represents a significant driver for our growth in the Canadian and U.S. markets.

In 2021, we invested considerably to raise awareness for our newly developed ALTRA PFAS Treatment Solutions tailored for managing persistent chemicals, namely perfluoroalkyl and polyfluoroalkyl substances ("PFAS") that have adverse toxicological effects on humans and are widely present in our environment.

This technology is geared towards highly contaminated fluids present in landfills, airports as well as industrial and military sites. We developed key relationships during 2021 and have entered several pilot projects, which should drive new revenue in the coming year throughout North America.

We have also developed and started the commercialization of a technology to recycle and revalorize the fine components found in Construction, Renovation and Demolition ("CRD") residual materials. It offers a sustainable alternative based on circular economy principles rather than sending construction waste to landfill sites. Our CRD fines technology transforms waste into reusable by-products such as compost, aggregates, and wood chips.



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We are at an exciting moment in our history where we can drive change with our expertise and technology.



THE STRENGTH OF OUR PEOPLE

Throughout this busy year, our people were resilient, agile, and always ready to go beyond. Like many companies, we faced labour challenges, which drove us to further invest in our talent, recruitment capabilities and development programs. Our teams were strengthened in both business segments and within our corporate services, building a high-performing team with the right talent in key positions. We also reinforced our senior leadership team with the addition of a new Chief Information Officer, a new Treasurer, as well as a new President for our environmental business who started in early 2022.

From an organizational standpoint, we are updating our internal processes to continuously improve operational excellence. In this digital age, we are also investing in technologies to modernize our IT infrastructure and leverage data to guide our business decisions. We built the foundation for our Enterprise Resource Planning (“ERP”) system that will be deployed in the coming years. We believe in making wise investment decisions for the long term that will

translate into higher efficiencies, talent retention and enhanced customer service.

A major game-changer that rose to the forefront in 2021 was the widespread acknowledgment that climate change is real. For us at LOGISTEC, protecting the environment has always been part of our DNA, through reducing our carbon footprint and contributing to a sustainable global economy and supply chain. LOGISTEC’s services directly support 12 of the United Nations’ 17 Sustainable Development Goals and we are using these to guide us in setting new environmental, social and governance (“ESG”) targets to support our vision. In 2022, we will commit to improving how we measure our ESG performance and to create a path to reach the international goal to reduce CO₂ emissions by 40% by 2030. This drives our teams to find solutions that will make a difference and build a better future.

LOGISTEC won several prestigious awards that recognize our leadership in innovation and are a testament to the talent, expertise and passion of our people who are always seeking to provide creative solutions for our customers.

We are at an exciting moment in our history where we can drive change with our expertise and technology. I want to express my admiration and gratitude to every member of the LOGISTEC family who contributed to making 2021 such a successful year. I appreciate their commitment to excellence and their resilience, all while keeping the customers’ well-being top of mind every day. I would also like to thank our customers and our partners for their vision, trust and continued support. Together, we will continue to collaborate, innovate, and push boundaries for many years to come.

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



Reliability, imagination, sustainability, and going beyond are the four values that guide our business strategy. Our 2021 financial performance is a stellar demonstration of its strength.

JEAN-CLAUDE DUGAS, CPA, CA
CHIEF FINANCIAL OFFICER

STRONG FINANCIAL PERFORMANCE

LOGISTEC continues to lead with strong growth and profitability that can be attributed to strategic financial decisions and bold actions. A combination of our network expansion, a key acquisition and implementing our innovative solutions across North America have enabled LOGISTEC to post record results for 2021.

Our 2021 financial performance set record-breaking results in most financial aspects. Our consolidated revenue surpassed \$700M for the first time and our profit attributable to owners of the Company reached a record \$45.4 million. Because of this, our EPS leapt above the \$3.00 mark for the first time, reaching a record total diluted EPS of \$3.46. These strong financial results also drove the Adjusted EBITDA⁽¹⁾ to \$120.8 million, a 20.0% increase over 2020.

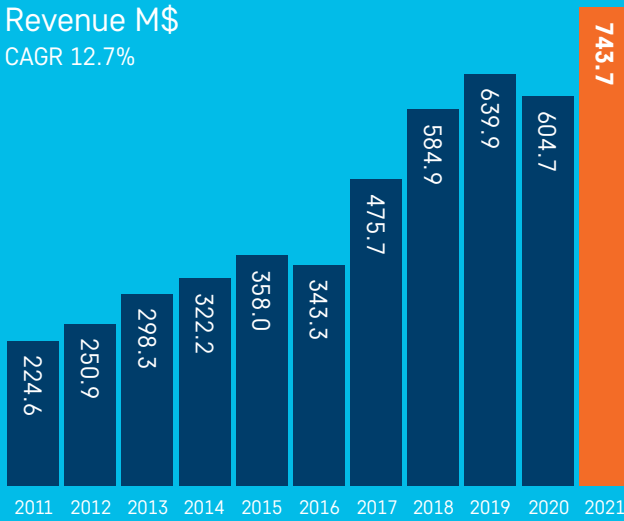
We remained focused on our long-term strategic plan through the challenges brought on by the pandemic, clearly demonstrating the dedication and resilience of our experts in the field and the strength of our core values. With this approach, we have further solidified a strong financial foundation to build upon next year and beyond.

- LOGISTEC is in a strong financial position at the close of 2021, with a sound working capital ratio and indebtedness and total assets approaching the \$1 billion milestone.
- The acquisition of APG is aligned with our long-term growth plan for our environmental services and we will continue to seek new opportunities in both our business segments.
- Our solid marine services performance in 2021 can be attributed to a combination of organic growth and contributions from our acquisitions in recent years.
- Our ability to produce cash generated from operations of more than \$100 million in 2021 is a strong base for a healthy balance sheet and will support future development.

⁽¹⁾ Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measure section on page 53.

Revenue M\$

CAGR 12.7%



TRIPLING REVENUE
IN 10 YEARS

3x

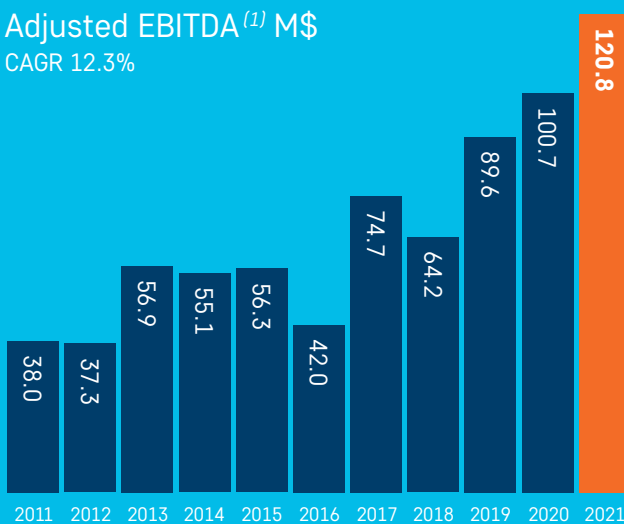
Profit attributable to owners
of the Company M\$

CAGR 9.9%



Adjusted EBITDA ⁽¹⁾ M\$

CAGR 12.3%



TRIPLING
ADJUSTED EBITDA ⁽¹⁾
IN 10 YEARS

3x

⁽¹⁾ Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measure section on page 53.

PURPOSE-DRIVEN

Our business decisions and actions center around our purpose and shared values with the clear objective of creating value for our customers, communities, people, shareholders, and all stakeholders. In 2021, we committed to creating solutions for supply chain and environmental challenges, we gave back to the communities where we operate, we were recognized for our innovation, and we expanded our network into new markets.

OUR VALUES

Our values define who we are and why. They guide our decisions and day-to-day actions. They shape the way we serve our customers and engage with our communities.



Reliability

Our people are recognized for their operational excellence. Over the years, solid processes and continuous learning have allowed us to establish reliable supply chains for our customers and effective remediation solutions for the environment. Whatever the circumstances, our people have an uncanny ability to find solid solutions.



Going Beyond

Our people are ready to go beyond and challenge the status quo. They strive to continuously push boundaries. They seek new ways to improve their operations and cost leadership. They go after new partnerships and business opportunities.



Imagination

Our people are imaginative thinkers – people who generate new and unique solutions – and have the courage to take action to put these solutions in place. They create environments in which others can take smart risks and experiment. They foster the creative ideas of others, using good instincts and agility to bring the right solutions to our customers.



Sustainability

Our people are fully accountable for our performance and are truly committed to long-term sustainable growth. By empowering our people, acting with integrity, setting clear goals, and measuring our progress, we deliver innovative products and services to our customers and create value for our shareholders.



LEADING FOR THE ENVIRONMENT

ALTRA Proven Water Technologies

We have a long track record of successful projects with our solutions to address challenges linked to aging water infrastructure. Using the trenchless ALTRA technology, we have renewed over 2,200 km of underground infrastructure with limited site disturbance and material wastage, minimizing the disruption and environmental impact of each project.

Envirolys Award

SANEXEN won the prestigious Envirolys Innovation and Environmental Protection Award from the CETEQ (Conseil des entreprises en technologies environnementales du Québec) for its recovery plant dedicated to residual materials issued from CRD fines, the first in North America.

ENVIROLYS

Clean50 Award

ALTRA Proven Water Technologies was awarded Canada's Clean50 Top Project for 2021, which recognizes the best sustainability-oriented projects completed in Canada. Projects are chosen based on the four "I's" criteria: Impactful, Innovative, Inspiring and can readily be Imitated.

2021
Clean50
Exceptional Contributors to Clean Capitalism
TOP PROJECT



WINNING AWARDS

Canada's EY Entrepreneur of the Year 2021

President and CEO Madeleine Paquin was one of the ten winners of Canada's EY Entrepreneur of the Year® 2021 program, which recognizes strong leaders developing solutions that will shape the future and investing in innovation to propel meaningful progress.

Signal Mutual's Frank R. Sharp Executive Leadership Award for Safety

Rodney Corrigan, President of LOGISTEC Stevedoring Inc., received the Frank R. Sharp Executive Leadership Award for Safety from Signal Mutual. The award recognizes Mr. Corrigan's ongoing promotion of employee health and safety through the implementation of a Safety Management System, setting high safety standards based on personal values and commitment to the prevention of workplace injuries and illnesses.

International Heavy Lift Awards - Terminal Operator of the Year & Safety

LOGISTEC was named Operator of the Year at the international Heavy Lift Awards and our subsidiary Gulf Stream Marine, Inc. ("GSM") won the Safety Award for its exemplary commitment to a culture of health and safety.

The Operator of the Year award is a testament to the efforts and work of our teams who focus every day on offering reliable, innovative, and safe solutions for our customers.

The Safety Award given to GSM also shows our strong commitment to safety, quality, and efficiency in handling oversized cargo.



Rodney Corrigan, President of LOGISTEC Stevedoring Inc. receives the award in London, UK in November 2021



GIVING BACK TO OUR COMMUNITIES

LOGISTEC lends its support to organizations active in communities where our people live and work. We seek to do so in sectors that are attuned to our identity, our values, and our strategic plan, namely the development of our talent, humanitarian endeavours, health and safety, environmental protection, and drinking water preservation. This year, we have donated to local and national non-profits across our network through our corporate donations program.

Green Marine

Green Marine is helping to reduce the marine industry's environmental footprint through concrete actions. At LOGISTEC, this program is an integral part of our ESG roadmap and our strategic sustainability objectives.

In 2021, LOGISTEC and GSM, on the U.S. Gulf Coast, officially certified five new terminals in Texas as part of Green Marine's Environmental Certification Program, for a total of 18, the largest network of Green Marine-certified port terminals in North America.

LOGISTEC is leading the drive to reduce its marine environmental footprint and truly contributing to a sustainable supply chain.



INNOVATING FOR THE NEXT GENERATIONS

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Innovation is LOGISTEC’s competitive advantage, building better solutions and services for our customers.

Our current and future success lies in creating solutions that keep us relevant in the competitive market, playing an important role in our economic growth.



Our team is bold. We experiment, we test our ideas and discover unique ways to give life to new solutions. We drive innovation from a deep understanding and insight of what our customers and our communities value and involve them in the development of products and services. Our sense of purpose and our agility compels us to challenge conventional thinking and pursue improvements that respond to both immediate challenges and those of tomorrow.

REDUCING LANDFILL WASTE BY RECOVERING CONSTRUCTION, RENOVATION AND DEMOLITION (“CRD”) RESIDUAL MATERIALS

In 2021, LOGISTEC launched the first processing facility of its kind in North America, aimed at recovering residual materials originating from CRD activities. The technology at the core of this facility transforms the finer components of CRD residual materials into valuable by-products such as compost, aggregates, and wood chips. This facility offers large-scale processing of residual materials, which can be recovered, recycled, and reused instead of ending up in solid waste landfills.

THE POWER OF ECOEFFICIENCY

TERMONT

TERMONT Montréal Inc. (“TERMONT”) operates a container terminal at the Port of Montréal and is a joint venture between LOGISTEC and other partners. TERMONT has installed technology on trucks that automatically stops the motor when they are not moving, reducing idling emissions again this year by 30%. In 2021, TERMONT acquired an electric-powered rail-mounted gantry crane that can transload import and export containers directly to and from railcars or staging piles, increasing efficiency and further cutting gas emissions.

Montréal Bulk Terminal

This year marked the arrival of our brand-new hybrid crane at the Port of Montréal, reaffirming our vision for a greener and sustainable supply chain. This investment by LOGISTEC will contribute to the Port de Montréal’s goal to leverage sustainable technologies and reduce its environmental footprint.

LOGISTEC USA Inc.

Two new eco-efficient mobile harbour cranes were purchased for the Port Manatee terminal in Tampa Bay (FL), and will begin operating in 2022. These new additions to our fleet of cargo handling equipment are well aligned with our focus on reducing our marine carbon footprint in support of our Green Marine initiatives. It is a long-term investment not only for our customers, but for our community in Port Manatee and the environment.



2021 HIGHLIGHTS

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

743.7M

IN REVENUE

3.46

EARNINGS
PER SHARE ⁽²⁾

120.8M

ADJUSTED EBITDA ⁽¹⁾

12.7

PRICE/EARNINGS
RATIO ⁽³⁾

45.4M

PROFIT ATTRIBUTABLE
TO OWNERS OF
THE COMPANY

39.1%

INCREASE IN PROFIT
ATTRIBUTABLE TO OWNERS
OF THE COMPANY OVER 2020

⁽¹⁾ Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measure section on page 53.

⁽²⁾ Attributable to owners of the Company.

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

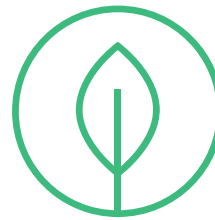


MARINE SERVICES

427.0M
IN REVENUE

30.5M PROFIT BEFORE INCOME TAXES

538.3M
TOTAL ASSETS



ENVIRONMENTAL SERVICES

316.7M
IN REVENUE

25.6M PROFIT BEFORE INCOME TAXES

360.7M
TOTAL ASSETS

MANAGEMENT'S DISCUSSION & ANALYSIS



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FORWARD-LOOKING STATEMENTS

This management's discussion and analysis ("MD&A") along with the annual report, audited annual consolidated financial statements, the annual information form and the information circular and compensation disclosure and analysis are all filed on SEDAR's website (www.sedar.com) 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 this document and include (but are not limited to) the performances of domestic and international economies and their effect on shipping volumes, weather conditions, labour relations, pricing, and competitors' marketing activities. The reader of this document is thus cautioned not to place undue reliance on these forward-looking statements. The Company undertakes no obligation to update or revise these forward-looking statements, except as required by law.



INTRODUCTION

This MD&A of operating results deals with LOGISTEC Corporation's operations, results and financial position for the fiscal years ended December 31, 2021 and 2020. All financial information contained in this MD&A and the attached audited consolidated financial statements ("financial statements") has been prepared in accordance with International Financial Reporting Standards ("IFRS").

In this report, unless indicated otherwise, all dollar amounts are expressed in Canadian dollars. This MD&A should be read in conjunction with LOGISTEC's financial statements and the notes ("2021 Notes") thereon.

<i>(in thousands of dollars, except where indicated)</i>	2021	2020	2019	2018 ⁽⁵⁾	2017 ⁽⁵⁾	Variation 21-20 %	Variation 21-17 %
Financial Results							
Revenue	743,703	604,701	639,942	584,878	475,743	23.0	56.3
Adjusted EBITDA ⁽¹⁾	120,821	100,658	89,611	64,177	74,741	20.0	61.7
Profit for the year ⁽²⁾	45,364	32,614	26,194	18,060	27,426	39.1	65.4
Financial Position							
Total assets	898,971	799,452	734,738	637,103	513,539	12.4	75.1
Working capital	81,806	91,634	97,996	82,099	70,196	(10.7)	16.5
Long-term debt (including the current portion and short-term bank loans; if any)	203,954	167,710	177,900	163,297	83,404	21.6	144.5
Equity ⁽²⁾	314,561	300,782	280,371	262,198	228,574	4.6	37.6
Per Share Information⁽³⁾							
Profit for the year ⁽²⁾ (\$)	3.46	2.49	2.00	1.38	2.11		
Equity ⁽²⁾ (\$)	23.98	23.00	21.40	19.96	17.56		
Outstanding shares, diluted (weighted average in thousands)	13,117	13,076	13,103	13,135	13,016		
Share price as at December 31							
Class A Common Shares (\$)	45.00	37.00	39.60	40.86	44.04		
Class B Subordinate Voting Shares (\$)	44.00	35.16	40.00	43.27	44.75		
Dividends declared per share							
Class A Common Shares (\$)	0.3834	0.3740	0.3685	0.3465	0.3150		
Class B Subordinate Voting Shares (\$)	0.4217	0.4114	0.4054	0.3812	0.3465		
Financial Ratios							
Return on average equity ⁽²⁾	14.74%	11.22%	9.66%	7.36%	12.76%		
Profit for the year ⁽²⁾ / revenue	6.10%	5.39%	4.09%	3.09%	5.76%		
Net indebtedness/capitalization ⁽⁴⁾	35%	29%	36%	38%	28%		
Price/earnings ratio (Class B Subordinate Voting Shares)	12.70	14.12	20.00	31.36	21.24		

⁽¹⁾ Adjusted EBITDA is a non-IFRS measure, please refer to the non-IFRS measure section on page 53.

⁽²⁾ Attributable to owners of the Company.

⁽³⁾ For earnings per share per class of share, please refer to the selected quarterly information table on page 41.

⁽⁴⁾ Net indebtedness and capitalization are defined and reconciled in the liquidity and capital resources section of this MD&A on page 47.

⁽⁵⁾ For all periods after January 1, 2019, figures reflect the application of IFRS 16, Leases ("IFRS 16"), for which the 2018 and 2017 comparative figures have not been restated.

OUR BUSINESS

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



OUR MISSION AND PURPOSE

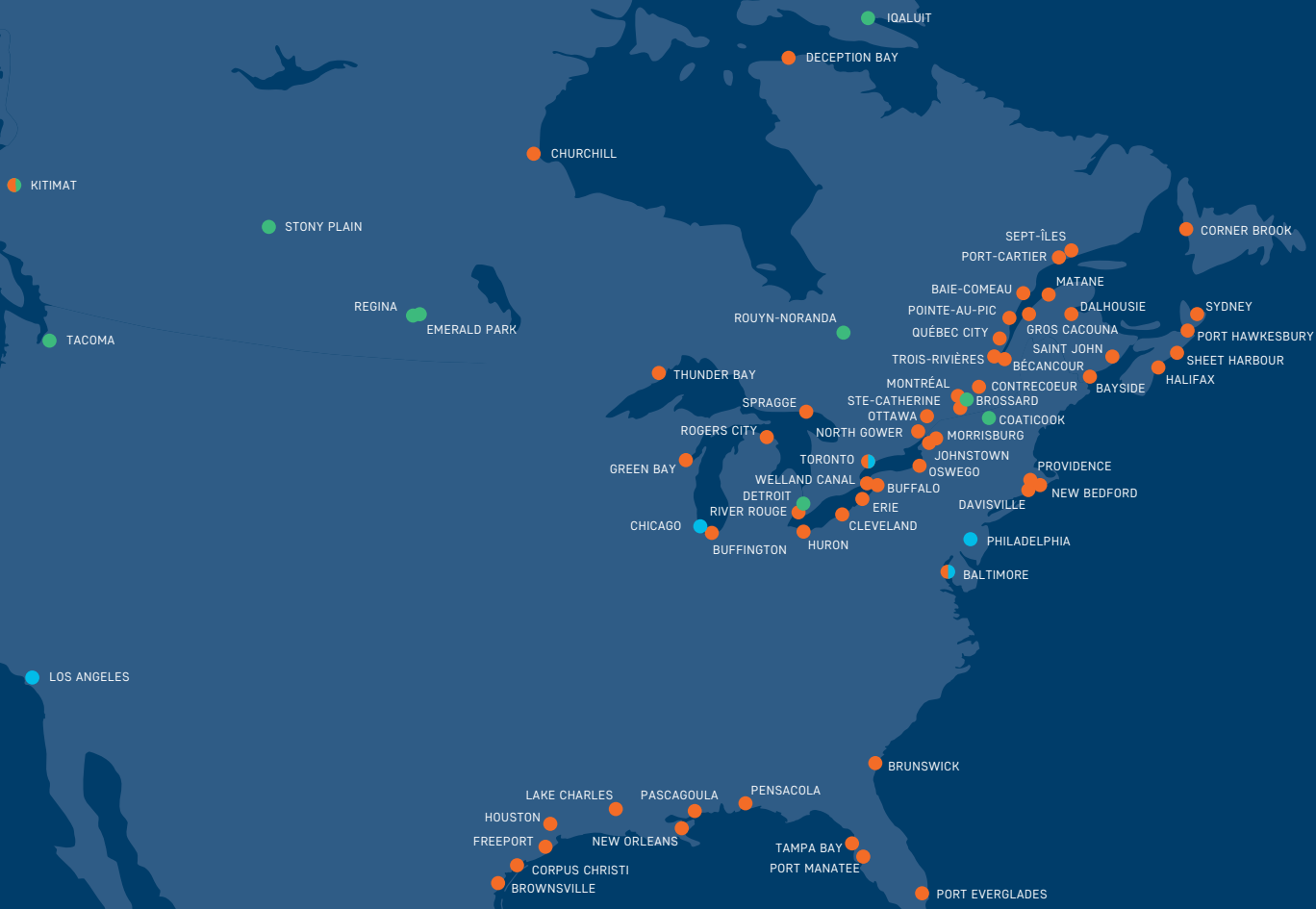
LOGISTEC's strategy is guided by our mission and purpose: We pride ourselves on building and sharing our expertise in order to contribute to the success of our customers and our communities. Our people are dedicated to finding solutions that support reliable and sustainable supply chains and protect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

CORPORATE OVERVIEW

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

LOGISTEC's people are key to the success of its strategy, as they ensure the delivery of the Company's services whether through its cargo handling facilities or on its project sites. LOGISTEC's success is a direct reflection of the skills and dedication of its 3,200 people across North America, from the Arctic to the Gulf of Mexico, including both union and non-union workers. LOGISTEC has a proven track record of creating mutually beneficial outcomes when negotiating with unions. The Company is party to 26 active collective agreements. Three agreements were signed in 2021, while five were still being negotiated at the end of 2021 and ten will expire in 2022.

- Marine services
- Environmental services
- Water services



2021 ANNUAL REPORT

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We are making significant investments in technology to harness the power of innovation for our people, and drive value creation for our customers and our communities.

MARTIN PONCE
CHIEF INFORMATION OFFICER

OUR STRATEGY

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

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

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





**DIVERSIFIED
REVENUE**

57%
MARINE
SERVICES



43%
ENVIRONMENTAL
SERVICES

**DIVERSIFIED
GEOGRAPHY**

54%
CANADA

46%
USA

MARINE SERVICES



\$427.0M
REVENUE FOR 2021



“

Our teams went to work every day with dedication, serving our customers through this extraordinary situation. I want to acknowledge the passion, reliability and hard work of all our teams across our network who contributed to another successful year.

RODNEY CORRIGAN
PRESIDENT, LOGISTEC STEVEDORING INC.

As a leading North American marine services provider, LOGISTEC specializes in cargo handling for a wide variety of marine and industrial customers and operates 80 terminals in 54 ports. Our marine services segment is focused on growth through innovation, operational excellence, and expanding its network to better serve its customers. LOGISTEC leases terminals, owns warehouses, and invests in cargo handling equipment and technologies to leverage its operations.

Our competitive advantage is positioned around three key areas:

- Strategically located near road and rail infrastructure, offering specialized cargo handling capabilities, fast and efficient services, and ease of transport to final destinations, as well as fast turnaround of cargo and vessels.
- Strong long-term relationships with business stakeholders and partners to support efficient and positive decision-making outcomes.
- Wide variety of cargo types and multiple industries served, resulting in a diversified revenue base and reducing LOGISTEC's sensitivity to economic swings in the short and long term.

12.4%

**COMPOUND ANNUAL
REVENUE GROWTH OVER
THE LAST 10 YEARS**

A RECORD YEAR FOR CARGO HANDLING

Once again in 2021, the global supply chain faced its share of challenges with the pandemic as a backdrop. LOGISTEC continued to support its customers through this new reality. One of the first effects of COVID-19 was the impact on the global supply chain. The sudden comeback of goods and projects and the strong rebound in manufacturing production, caught the world off guard. As lockdowns lifted, demand for products skyrocketed, creating challenges and opportunities for our network. As an essential service and as a key supply chain partner, LOGISTEC found innovative solutions to help customers thrive in the rebound and addressed supply chain challenges by creating new service offerings. We leveraged our extensive North American ports network and worked closely with our customers to identify more efficient routes to bypass congestion to get their products delivered and save time.

As a result, LOGISTEC handled record steel volumes, increased break-bulk cargoes as tonnage converted from containers to general cargo vessels. We also received strong wind cargoes and forest products throughout the United States and dealt with a robust oil and gas market, which drove higher-than-anticipated steel pipe volumes in the Houston market, and overall strong bulk cargo volumes. We were also very busy at our container terminals with record numbers of containers handled.

LOGISTEC was there at the very beginning of the renewable energy boom and developed specialized expertise combined with leading-edge safety and quality protocols. We are an industry leader in handling wind energy components, from towers to blades to nacelles. Our marine terminals are strategically located in the U.S. Gulf Coast, situated near existing, new and proposed wind projects, allowing our customers to benefit from both our expertise and access to the most efficient routes possible to destination wind projects.





DRIVING INITIATIVES FOR A SUSTAINABLE FUTURE

LOGISTEC continues to leverage sustainable technologies to reduce its environmental footprint, including investing in hybrid and electric-powered trucks, equipment, and cranes. As the marine operator with the most Green Marine-certified terminals across North America, our teams are continuously exploring ways to optimize our operations. As we renew our equipment, we will continue to opt for sustainable technologies.

SAFETY

LOGISTEC is dedicated to continuously improving its operations, equipment, and facilities to better serve its customers with a strong focus on safety. Every operation, every lift, every movement poses its own unique challenges. Striving for excellence in managing health and safety is part of our culture and goes beyond compliance.

MARINE TRANSPORTATION AND AGENCIES

Other marine services include marine transportation and marine agencies where the Company is consistently pursuing opportunities to deliver value to its customers and enhance long-term shareholder value. The Company has a joint venture to transport cargo to communities in the Canadian Arctic through the 50%-owned joint venture Transport Nanuk Inc. ("Nanuk"). Through this venture, LOGISTEC serves over 40 communities in Nunavut and Nunavik.

18

**GREEN MARINE
CERTIFIED TERMINALS**

23.9%

**OF ANNUAL REVENUE
GROWTH OVER 2020**



PRIORITIES

The marine services' short-term priorities are focused on accelerating growth and embedding operational excellence throughout our business, implementing continuous improvement programs across the network to increase productivity and expand margins. The Company invests in training to expand labour skillsets, and builds on technology to reduce operating costs and create value-added services. It leverages stakeholder management initiatives to secure competitive leases with port authorities and labour contracts with unions.

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



OUR MARINE AGENCIES REINVENTED THE SCOPE OF THEIR SERVICES TO SUPPORT THE MARINE INDUSTRY

LOGISTEC's Ramsey Greig & Co. Ltd. gave operational support again this year to an ecofriendly and time-saving River Shuttle service to 40,000 commuters, that connects Montréal's East End to the Old Port. This represents a cost-effective and efficient transportation solution allowing people to experience the serenity of water transport while avoiding the frustration of traffic jams.

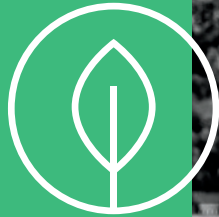
Our marine agency services leveraged their extensive industry expertise to connect communities in Québec, signing a charter contract with the *Société des traversiers du Québec* to add the NM Svanoy to its operational fleet. The agency's operations team will be responsible for ensuring its proper functioning and its maintenance as well as obtaining all the required certifications to navigate in Canadian waters.



**ECOFRIENDLY AND
TIME-SAVING RIVER
SHUTTLE SERVICE TO**

**40,000
COMMUTERS**

ENVIRONMENTAL SERVICES



\$316.7M

REVENUE FOR 2021



OVER THE YEARS, WE HAVE:

REMOVED TRUCKS FROM THE ROAD

1.5M 

REDUCTION OF

469 

KILOTONNES CO₂

LANDFILL AVOIDANCE

3.5M

TONNES

AVOIDED THE EMISSION OF

1,470 

TONNES OF ATMOSPHERIC POLLUTANTS

SOIL CONSERVATION

18.9M 

TONNES

Preserving and protecting the environment is a global trend that will continue to grow in importance as our society faces climate change and biodiversity challenges, exacerbated by urban development pressures and population growth. For decades, LOGISTEC has delivered creative and customized solutions to industrial, municipal, and governmental customers and partners. Our business units work to complement one another and support different areas of the business, from research and development activities, to manufacturing key components linked to fluid transportation, to managing our customers' waste management facilities and through the execution of environmental protection and remediation projects.

Our team of environmental experts, engineers, scientists and field personnel offers environmental services, including the renewal of drinking water infrastructure, dredging and dewatering of residual materials, environmental site characterization and remediation, contaminated soils and materials management, risk assessment studies as well as manufacturing of fluid transportation products.

Our ALTRA Proven Solutions brand combines a series of comprehensive solutions and products, including: ALTRA Proven Water Technologies, which support the renewal of aging drinking water infrastructure, and ALTRA Proven Lead-Free Solutions, which protects people from being exposed to lead in their drinking water.

Additionally, LOGISTEC manufactures the structural lining product used in our drinking water infrastructure renewal projects in North America.

Our team has also developed technologies to remove specific persistent chemicals, namely perfluoroalkyl and polyfluoroalkyl substances ("PFAS") or "forever chemicals" widely present in our environment, in particular soils and groundwater. These persistent chemicals commonly found in landfills, airports, as well as industrial and military sites have an adverse toxicological effect on humans and a negative impact on the environment. ALTRA PFAS Treatment Solutions can be adapted to each site's conditions, are cost-effective and safe, and provide long-lasting results.

13.2%

**COMPOUND ANNUAL
REVENUE GROWTH OVER
THE LAST 10 YEARS**





LOGISTEC also provides turnkey solutions for the environmental assessment of properties and the remediation of impacted soils, groundwater and lagoons. LOGISTEC offers services linked to the proper handling of hazardous materials in buildings and the replacement of underground hydrocarbon storage infrastructure, including the characterization and remediation of sites and risk assessment, as well as contaminated soils and materials management.

LOGISTEC's environmental services' competitive advantage is centered around the following:

- A team of dedicated scientists, engineers, project leaders and experts in the field that develops unique solutions for today's environmental challenges. Our environmental services are built upon a very pragmatic approach to tackle current and anticipated complex environmental conditions.

- Our team develops, manufactures, and installs its drinking water infrastructure renewal liner, allowing for a better understanding of the product's full lifecycle and its installation on site.
- Positioned as a leader in our traditional markets, with strong opportunities for increasing market shares through geographic expansion, as well as for further commercialization of unique water technologies across North America.

In 2021, the NIEDNER team launched a 4.0 manufacturing program, which will allow them to optimize and improve their operations, in response to increasing demand for their innovative products. NIEDNER saw its sales increase by 53% in 2021.

EXPANDING OUR NETWORK REACH

American Process Group ("APG")

In June 2021, LOGISTEC announced the acquisition of APG, an Alberta-based environmental industry leader, specializing in dredging, dewatering and residuals management in Western Canada and select urban areas in the USA. This is a significant step toward our ambitious strategic plan to expand innovative services both geographically and operationally, to continue to build our role as a leader in environmental services and to add new service offerings to our growing portfolio.

21.8%

OF ANNUAL REVENUE GROWTH OVER 2020



PRIORITIES

Our short-term focus is on deploying core services and solutions in additional select North American regions as well as on continued investment in research and development, the realization of pilot projects in the field, and the creation and testing of customized solutions in waste management, environmental protection, and water resources preservation. Additionally, there is accelerated urgency as businesses and governments recognize the necessity to serve communities

facing a growing number of critical environmental challenges. As a result, our field-proven innovative solutions to resolve drinking water infrastructure challenges are expected to see increased demand.

In the longer term, our ambition is to be recognized as an industry leader with respect to environmental protection, natural resources preservation and circular economy solutions across North America. We will continue to grow through geographic expansion of our environmental services and

commercialization of our unique water technologies across North American markets. Strategic acquisitions will continue to complement our targeted growth.



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We will continue to grow through geographic expansion of our environmental services and commercialization of our unique water technologies across North American markets.

JEAN-FRANÇOIS BOLDUC
PRESIDENT
LOGISTEC ENVIRONMENTAL SERVICES INC.
AND SANEXEN ENVIRONMENTAL SERVICES INC.

COMMITMENT TO ESG

Delivering responsibly is at the heart of how the LOGISTEC family is building a sustainable future for the next generations. It means supporting reliable and sustainable supply chains, creating solutions and technologies for a better environment, attracting and

developing the best and brightest talent, investing in our communities and leading with the highest governance standards.

Through its three Environmental, Social and Governance ("ESG") priorities, LOGISTEC is dedicated

to finding solutions that support reliable supply chains and protect the environment and water resources and, in doing so, contribute directly and indirectly to achieving 12 of the United Nations' 17 Sustainable Development Goals.



PROTECT AND RENEW OUR ENVIRONMENT



BE SOCIALLY RESPONSIBLE



LEAD WITH STRONG GOVERNANCE

<p>3 GOOD HEALTH AND WELL-BEING</p>	<p>GOAL 3: Good Health and Well-Being Address lead in drinking water and emerging contaminants</p>	<p>4 QUALITY EDUCATION</p>	<p>GOAL 4: Quality Education Participate in programs to help youth acquire the knowledge and skills needed to promote sustainable development</p>	<p>5 GENDER EQUALITY</p>	<p>GOAL 5: Gender Equality Help women have equal rights to economic resources and natural resources</p>
<p>6 CLEAN WATER AND SANITATION</p>	<p>GOAL 6: Clean Water Improve water quality and infrastructure</p>	<p>7 AFFORDABLE AND CLEAN ENERGY</p>	<p>GOAL 7: Affordable and Clean Energy Support wind energy supply chains</p>	<p>8 DECENT WORK AND ECONOMIC GROWTH</p>	<p>GOAL 8: Decent Work and Economic Growth Protect labour rights and promote safe and secure working environments for all workers</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p>	<p>GOAL 9: Build Resilient Infrastructure and Foster Innovation Facilitate sustainable and resilient infrastructure development. ALTRA's resiliency has been proven</p>	<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p>	<p>GOAL 11: Sustainable Cities and Communities Prevent disasters including water-related disasters</p>	<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p>	<p>GOAL 12: Responsible Consumption and Production Contribute to circular economy with our CRD fines technology</p>
<p>13 CLIMATE ACTION</p>	<p>GOAL 13: Climate Action Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters</p>	<p>14 LIFE BELOW WATER</p>	<p>GOAL 14: Life Under Water As part of Green Marine, support all best practices of international shipping</p>	<p>15 LIFE ON LAND</p>	<p>GOAL 15: Life on Land Ensure the restoration of our natural ecosystems</p>

OUTLOOK

Last year, as we were looking ahead at 2021, the outlook was uncertain. We were navigating the pandemic, the global supply chain was weakened, yet an economic recovery was underway.

In 2021, the COVID-19 pandemic persisted with the emergence of variants that kept changing the game. The supply chain remained fragile and disrupted in certain places; inflation had an impact on the cost of living, something we had not seen in many years. Despite that, we benefitted from a gradual economic recovery.

We navigated these challenges and delivered excellent results in 2021. It took hard work and dedication, but the entire LOGISTEC family rallied and delivered. Once again, our expertise combined with a proven strategy of innovation and targeted diversification prevailed and allowed us to increase our revenue and improve our profitability. This bodes well for the Company and our stakeholders.

The economy is still running full steam ahead. Consumer demand is not slowing down. Increased discretionary spending is fuelling this growth. We are no longer experiencing a catch-up from the 2020 pandemic world halt, during which consumer spending slowed down and consumer savings increased, improving household balance sheets. Government stimulus paid directly to taxpayers is another factor that contributed to the positive consumer financial situation. As people started to spend again, there was additional pressure on the supply chain, and shortages became more frequent. These shortages



delayed some of the spending, which extended the demand for a longer period. Economists are saying this may last up to two more years before it balances out. This is good news for the Company, being part of the supply chain that benefits from high demand.

This context also leads to inflationary pressures. Central banks are announcing interest rate adjustments to mitigate the inflationary trends. This will help, but it might not be enough to tackle inflation.

One big uncertainty ahead is the growing scarcity of labour. It has become challenging to attract and retain talent at all levels of the organization, and this is a widespread problem that will impact all areas of the economy. This may be one of our greatest challenges yet.

The current situation between Russia and Ukraine and the related sanctions being brought forward by various countries may influence the flow of industrial commodities. It is very difficult to predict what will be the outcome on volumes handled, as some cargoes could be negatively affected, whereas alternative cargoes could be favoured.

Coming out of our best year ever, our marine services segment is strong, and we have the confidence and support of our customers and our partners. Our environmental services segment is also in a good position to perform, with a solid order book to start 2022 and new business opportunities from our latest acquisition, American Process Group.

Internally, we are in the process of redefining and deploying our data strategy, in particular with our ERP system. Such an undertaking is always a challenge, but we are progressing with a strong plan and a clear vision. This will give management access to more information to support a faster and better decision-making process, with a continuous improvement mindset.

We are confident we can continue to deliver strong financial performances in the future, as we can count on the great LOGISTEC family, our vision and values, a focused strategic plan and sound financial position. We will continue to seek growth opportunities, both organic and through acquisitions, while creating value for all our stakeholders.

OUR RESPONSE TO COVID-19

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 Canada and the United States, where the Company operates.

In 2021, LOGISTEC continued to operate under its business continuity plan. 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, remained open and functional. Similarly, the Company's environmental operations, including the renewal of underground water mains, dredging and dewatering, site remediation, contaminated soils and materials management, and manufacturing of fluid transportation products, remained operational. Nonetheless, the strict distancing and sanitation protocols have increased the operating costs in our marine and environmental services segments.

As at December 31, 2021, the Company qualified for the Canada Emergency Wage Subsidy ("CEWS") and there was reasonable assurance that a subsidy would be received from the federal government in connection with the COVID-19 pandemic. For the year ended December 31, 2021, the Company recognized a wage subsidy of \$2.9 million (\$15.8 million in 2020) against the salary expense, under employee benefits expense in the consolidated statements of earnings and all subsidies were received.

In light of the COVID-19 measures, management has reviewed its judgments, estimates and assumptions, which are fully described in Note 3 of the 2021 Notes, related to the carrying amounts of assets and liabilities that are not readily apparent from other sources. As at December 31, 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 COMBINATIONS

2021 BUSINESS COMBINATIONS

AMERICAN PROCESS GROUP

On June 3, 2021, SANEXEN acquired 100% ownership of APG for a purchase price of \$50.0 million, subject to adjustments. On January 11, 2022, the Company settled the post-closing working capital adjustments for an additional cash consideration of \$3.0 million. APG is an Alberta-based environmental industry leader, specializing in dredging, dewatering and residuals management. This strategic acquisition positions us in Western Canada and the United States, markets with strong potential. In addition, APG's complementary expertise allows us to enhance our service offering to our current and future clients.

Please refer to Note 4 of the 2021 Notes for further details.

2020 BUSINESS COMBINATIONS

CARE AND PASCAGOULA TERMINALS

On June 26, 2020, Gulf Stream Marine, Inc. ("GSM") acquired the Care terminal at the Port of Houston in Texas, and on July 15, 2020, acquired an additional terminal at the Port of Pascagoula in Mississippi for a total purchase price of US\$12.0 million (\$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 Castalooop Inc. and its subsidiaries ("CASTALOOP") for a purchase price of \$3.5 million, subject to certain adjustments. On May 19, 2021, the Company settled the post-closing working capital adjustments for an additional cash consideration of \$0.9 million. 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.

SELECTED ANNUAL FINANCIAL INFORMATION

years ended December 31

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

	2021	2020	2019	Variation 21-20	
	\$	\$	\$	\$	%
Revenue	743,703	604,701	639,942	139,002	23.0
Profit attributable to owners of the Company	45,364	32,614	26,194	12,750	39.1
Total basic earnings per share ⁽¹⁾	3.49	2.53	2.05	0.96	37.9
Total diluted earnings per share ⁽¹⁾	3.46	2.49	2.00	0.97	39.0
Total assets	898,971	799,452	734,738	99,519	12.4
Total non-current liabilities	401,935	365,269	338,565	36,666	10.0
Cash dividends per share:					
– Class A shares ⁽²⁾	0.3787	0.3740	0.3658		
– Class B shares ⁽³⁾	0.4165	0.4114	0.4023		
Total cash dividends	5,137	5,022	4,864		

⁽¹⁾ Combined for both classes of shares.

⁽²⁾ Class A Common Shares ("Class A shares").

⁽³⁾ Class B Subordinate Voting Shares ("Class B shares").

2021 VERSUS 2020

Revenue reached \$743.7 million in 2021, up by 23.0% or \$139.0 million over 2020. Revenue in the marine services segment totalled \$427.0 million in 2021, up by \$82.4 million from \$344.6 million last year. The environmental services segment delivered revenue totalling \$316.7 million, an increase of \$56.6 million or 21.8% over revenue of \$260.1 million in 2020.

Profit attributable to owners of the Company increased by \$12.8 million or 39.1% in 2021. Overall, both segments performed as expected and our results were positively impacted by volumes returning to pre-pandemic levels and strategic acquisitions we have made over the years are contributing to LOGISTEC's performance.

Total assets amounted to \$899.0 million at the end of 2021, up by \$99.5 million over 2020. This increase stems mainly from the additional goodwill, property, plant and equipment and intangible assets following the business combination with APG, as well as additional trade receivables related to the significant increase in revenue. Our cash position decreased by \$9.2 million: essentially due to \$92.9 million cash outflows from investing activities offset by the \$79.6 million in positive cash flows from operating activities following the business combination with APG and our strong investment in property, plant and equipment to support organic growth.

Total non-current liabilities increased to \$36.7 million in 2021, compared with \$365.3 million in 2020. This is due mainly to the additional \$28.0 million in long-term debt and \$8.3 million in lease liabilities.

Cash dividends paid in 2021 increased by 2.3% to \$5.1 million, compared with \$5.0 million in 2020.

2020 VERSUS 2019

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

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

Total assets amounted to \$799.5 million at the end of 2020, up by \$64.7 million over 2019. This increase stems mainly from the additional \$43.2 million in right-of-use assets and our cash position that increased by \$22.6 million. The higher cash position was essentially due to \$108.5 million of positive cash flows from operating activities, which more than offset our \$43.3 million cash outflows from investing activities and \$41.0 million cash outflows from financing activities.

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

Cash dividends paid in 2020 was \$5.0 million compared with \$4.9 million in 2019.

SELECTED QUARTERLY INFORMATION

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

	Q1 \$	Q2 \$	Q3 \$	Q4 \$	Year \$
2021					
Revenue	104,850	172,593	236,171	230,089	743,703
Profit (loss) attributable to owners of the Company	(5,724)	10,241	26,739	14,108	45,364
Basic earnings (loss) per Class A share	(0.42)	0.75	1.98	1.03	3.34
Basic earnings (loss) per Class B Share	(0.47)	0.84	2.17	1.14	3.68
Total basic earnings (loss) per share	(0.44)	0.79	2.05	1.09	3.49
Diluted earnings (loss) per Class A share	(0.42)	0.75	1.95	1.03	3.31
Diluted earnings (loss) per Class B share	(0.47)	0.83	2.15	1.13	3.64
Total diluted earnings (loss) per share	(0.44)	0.78	2.04	1.09	3.46
2020					
Revenue	109,431	123,595	191,847	179,828	604,701
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

2021 ANNUAL REPORT

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		For the twelve months ended	
	December 31, 2021	December 31, 2020	December 31, 2021	December 31, 2020
	\$	\$	\$	\$
Revenue	230,089	179,828	743,703	604,701
Employee benefits expense	(115,139)	(86,401)	(363,331)	(287,665)
Equipment and supplies expense	(54,619)	(46,320)	(187,225)	(155,611)
Operating expense	(15,347)	(10,673)	(50,095)	(41,864)
Other expenses	(11,698)	(8,190)	(33,327)	(27,509)
Depreciation and amortization expense	(13,292)	(11,789)	(49,100)	(45,390)
Share of profit of equity accounted investments	3,977	5,458	10,084	9,529
Other losses	(4,674)	(2,167)	(4,052)	(923)
Operating profit	19,297	19,746	66,657	55,268
Finance expense	(3,186)	(3,422)	(11,103)	(12,453)
Finance income	130	200	541	635
Profit before income taxes	16,241	16,524	56,095	43,450
Income taxes	(2,040)	(3,585)	(10,471)	(10,662)
Profit for the period	14,201	12,939	45,624	32,788
Profit attributable to:				
Owners of the Company	14,108	12,980	45,364	32,614
Non-controlling interest	93	(41)	260	174
Profit for the period	14,201	12,939	45,624	32,788
Basic earnings per Class A share	1.03	0.97	3.34	2.43
Basic earnings per Class B share	1.14	1.06	3.68	2.67
Diluted earnings per Class A share	1.03	0.95	3.31	2.39
Diluted earnings per Class B share	1.13	1.05	3.64	2.63

Significant accounting policies applied in the 2021 financial statements are described in Note 2 of the 2021 Notes.

THREE MONTHS ENDED DECEMBER 31

Consolidated revenue totalled \$230.1 million in the fourth quarter of 2021, an increase of \$50.3 million or 27.9% over 2020. The strengthening of the Canadian dollar against the U.S. dollar negatively affected consolidated revenue by \$3.5 million this quarter. Please refer to the segmented results section for the revenue variance explanation of each segment.

Employee benefits expense reached \$115.1 million, an increase of \$28.7 million or 33.3% over the \$86.4 million recorded for the same period last year. The ratio of employee benefits expense to revenue was 50.0%, slightly up from 48.1% for the same period last year. The higher ratio is mainly attributable to two factors: higher revenue, as a portion of the employee benefits expense related to our field operations are variable in nature, and no wage subsidy from the CEWS was recognized in 2021 compared with \$3.1 million received in 2020.

Equipment and supplies expense amounted to \$54.6 million in the fourth quarter of 2021, an increase of \$8.3 million compared with the same period last year. The overall ratio of equipment and supplies expense to consolidated revenue decreased to 23.7% for the fourth quarter of 2021 from 25.8% in the fourth quarter of 2020. The lower ratio is mainly attributable to the environmental services segment and derived from the revenue mix, as revenue relating to site remediation and contaminated soils and materials management services has a lower equipment and supplies expense component.

Operating expense amounted to \$15.3 million, an increase of \$4.7 million or 43.8% compared with the same period of 2020. This increase was mainly revenue driven, as the overall ratio of operating expense to consolidated revenue was stable at 6.7% in the fourth quarter of 2021 compared with 5.9% for the same period in 2020.

Other expense amounted to \$11.7 million, an increase of \$3.5 million or 42.8% compared with the same period of 2020. This increase stemmed mainly from three factors: the recognition in 2021 of an expense to remove an asset at one terminal; higher insurance premium; and incremental travel expenses since governments lifted some COVID-19 measures.

Other losses varied by \$2.5 million, from a \$2.2 million loss in the fourth quarter of 2020 to a \$4.7 million loss this quarter. The loss in the fourth quarter of 2021 comprised mainly of a \$5.1 million write-off of configuration and customization costs related to the implementation of an Enterprise Resource Planning ("ERP") system following a decision from the International Financial Reporting Interpretations Committee ("IFRIC"), which clarifies how to recognize these costs in a cloud computing arrangement. Please refer to Note 2 of the 2021 Notes for further details.

In the fourth quarter of 2021, the Company reported a profit of \$14.2 million, which was mainly attributable to owners of the Company. This translated into total diluted earnings per share of \$1.09, of which \$1.03 per share was attributable to Class A shares and \$1.13 per share was attributable to Class B shares.

TWELVE MONTHS ENDED DECEMBER 31

Consolidated revenue totalled \$743.7 million in 2021, an increase of \$139.0 million or 23.0% over 2020. The strengthening of the Canadian dollar against the U.S. dollar negatively affected consolidated revenue by \$24.8 million this year. Please refer to the segmented results section for the revenue variance explanation of each segment.

For 2021, the employee benefits expense reached \$363.3 million, an increase of \$75.7 million or 26.3% over the \$287.7 million recorded for the same period last year. The ratio of employee benefits expense to revenue was 48.9%, slightly up from 47.6% for the same period last year. This increase stemmed mainly from three factors: higher revenue, as a portion of the employee benefits expense related to our field operations are variable in nature; a lower wage subsidy from the CEWS recognized in 2021; and the \$2.5 million reduction of the long-term incentive plan provision for executives recognized in 2020.

Equipment and supplies expense amounted to \$187.2 million, an increase of \$31.6 million or 20.3% over the same period in 2020. This increase was mainly revenue driven, as the overall ratio of equipment and supplies expense to consolidated revenue was stable at 25.2% for 2021 compared with 25.7% in 2020.

Operating expense amounted to \$50.1 million, an increase of \$8.2 million or 19.7% compared with 2020. This increase was mainly revenue driven, as the overall ratio of operating expense to consolidated revenue was stable at 6.7% in 2021 compared with 6.9% in 2020.

Other expenses stood at \$33.3 million, up \$5.8 million or 21.1% compared to the same period of 2020. This increase stemmed mainly from three factors: the recognition in 2021 of an expense to remove an asset at one terminal; a higher insurance premium; and incremental travel expenses since governments lifted some COVID-19 measures.

Depreciation and amortization expense amounted to \$49.1 million in 2021, up \$3.7 million from \$45.4 million last year. The increase results from our business combinations and property, plant and equipment investments made in 2020 and 2021, such as the amortization of intangible assets related to client relationships and backlog associated with the investment in APG.

Other losses varied by \$3.2 million, from a \$0.9 million loss in 2020 to a \$4.1 million loss this year. The 2021 loss comprised mainly of a \$5.1 million write-off of configuration and customization costs related to the implementation of an ERP system following a decision from IFRIC, which clarifies how to recognize these costs in a cloud computing arrangement. Please refer to Note 2 of the 2021 Notes for further details.

Income taxes stood at \$10.5 million for 2021. When the profit before income taxes is adjusted to exclude the effect of the share of profit of equity accounted investments, the 2021 tax rate computes to 22.8% compared with 31.4% in 2020. This variation is within normal parameters and relates to the recognition in 2021 of unused tax losses previously not recognized and non-taxable items. Please refer to Note 10 of the 2021 Notes for a full reconciliation of the effective income tax rate and other relevant income tax information.

In 2021, the Company reported a profit of \$45.6 million, of which \$0.2 million was attributable to a non-controlling interest, amounting to a \$45.4 million profit attributable to owners of the Company. This translated into total diluted earnings per share of \$3.46, of which \$3.31 per share was attributable to Class A shares and \$3.64 per share was attributable to Class B shares.

SEGMENTED RESULTS

<i>(in thousands of dollars)</i>	For the three months ended December 31, 2021			For the three months ended December 31, 2020		
	Marine services	Environmental services	Total	Marine services	Environmental services	Total
	\$	\$	\$	\$	\$	\$
Revenue	128,117	101,972	230,089	93,607	86,221	179,828
Profit before income taxes	2,388	13,853	16,241	11,201	5,323	16,524

<i>(in thousands of dollars)</i>	For the twelve months ended December 31, 2021			For the twelve months ended December 31, 2020		
	Marine services	Environmental services	Total	Marine services	Environmental services	Total
	\$	\$	\$	\$	\$	\$
Revenue	426,967	316,736	743,703	344,622	260,079	604,701
Profit before income taxes	30,450	25,645	56,095	27,233	16,217	43,450

MARINE SERVICES

THREE MONTHS ENDED DECEMBER 31

Revenue from the marine services segment reached \$128.1 million in 2021, up \$34.5 million or 36.9% when compared with \$93.6 million in 2020. The rebound in manufacturing production had a favourable impact on global trade, which translated into incremental cargo handled at most of LOGISTEC's terminals. Furthermore, the traditional energy industry and the wind energy sector continued to fuel the growth of our operations in the U.S. Gulf Coast.

The 2021 profit before income taxes from the marine services segment amounted to \$2.4 million, down \$8.8 million from the \$11.2 million profit in 2020. This decrease stemmed mainly from a nil wage subsidy from the CEWS recognized in 2021 compared to \$3.1 million received in 2020, the \$2.9 million write-off of configuration and customization costs related to the implementation of an ERP system, and higher other expenses as explained above.

TWELVE MONTHS ENDED DECEMBER 31

Revenue in the marine services segment totalled \$427.0 million in 2021, up \$82.4 million from \$344.6 million in 2020. The increase stemmed mainly from a general volume increase in our general cargo terminals, which saw more activity in 2021 than in 2020 as explained above.

The 2021 profit before income taxes from the marine services segment amounted to \$30.5 million, up \$3.3 million from the \$27.2 million profit in 2020. These results reflect a higher level of activity than in the same period of 2020, partly offset by a \$1.3 million CEWS wage subsidy recognized in 2021 compared to \$8.3 million received in 2020, the \$2.9 million write-off of configuration and customization costs related to the implementation of an ERP system, and higher other expenses as explained above.

ENVIRONMENTAL SERVICES**THREE MONTHS ENDED DECEMBER 31**

Revenue from the environmental services segment reached \$102.0 million, up \$15.8 million from the \$86.2 million in 2020. The growth is mainly attributable to our ALTRA line of products, as revenue from services relating to the renewal of underground water mains increased by \$12.1 million quarter over quarter.

The 2021 profit before income taxes from the environmental services segment amounted to \$13.9 million, up \$8.6 million over the \$5.3 million profit incurred in 2020. This increase was mainly revenue driven as explained above, partly offset by the 2.2 million write-off of configuration and customization costs related to the implementation of an ERP system.

TWELVE MONTHS ENDED DECEMBER 31

Revenue from the environmental services segment totalled \$316.7 million, compared with \$260.1 million in 2020, an increase of \$56.6 million. The increase stemmed mainly from higher revenue from services relating to the renewal of underground water mains and the acquisition of APG. It is important to note that some of these operations in the province of Québec were suspended in 2020, as they were not deemed essential services by the government authorities at that time.

The 2021 profit before income taxes from the environmental services segment amounted to \$25.6 million, a significant improvement over the \$16.2 million profit incurred in 2020. These results included a wage subsidy of \$1.6 million recognized under employee benefits expense in 2021 compared with \$7.5 million recognized in the comparative period of 2020. This increase was mainly revenue driven as explained above, partly offset by the \$2.2 million write-off of configuration and customization costs related to the implementation of an ERP system.

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

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).

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 is 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.

During the year ended December 31, 2021, the Company received confirmation of 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 destroyed 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.

Pursuant to the lease agreement with the Georgia Ports Authority, the Company is required to rebuild the warehouse that was destroyed by the fire, unless agreed to otherwise. As at the date of these 2021 financial statements, discussions are ongoing with the Georgia Ports Authority and other parties to determine if the warehouse will be rebuilt and if so, the size and the type of warehouse to be constructed. In accordance with the lease agreement, this warehouse was insured for US\$21.9 million (\$26.9 million). As at the date of this MD&A, the Company has not begun reconstruction of the warehouse and is able to operate with reduced capacity at this facility. The Company will record the impact of final discussions related to the warehouse, including any required obligations for rebuilding of the warehouse and a corresponding insurance recovery, in the period when all information will be available.

This reflects management's best estimates based on the information available as at the date of this MD&A and is 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.

On August 5, 2021, the Company's Board of Directors elected to increase the dividend payment by 5%.

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 share \$	Per Class B share \$	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
August 5, 2021	September 24, 2021	October 8, 2021	0.09818	0.10799	1.3
December 9, 2021	January 4, 2022	January 18, 2022	0.09818	0.10799	1.3
March 18, 2022	March 31, 2022	April 14, 2022	0.09818	0.10799	1.3

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

LIQUIDITY AND CAPITAL RESOURCES

CAPITAL MANAGEMENT

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

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

The Company includes the following in its capital:

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

The capital is calculated as follows:

<i>(in thousands of dollars)</i>	As at December 31, 2021 \$	As at December 31, 2020 \$
Short-term bank loans	8,600	–
Long-term debt, including the current portion	195,354	167,710
Less:		
Cash and cash equivalents	37,530	46,778
Total net indebtedness	166,424	120,932
Equity attributable to owners of the Company	314,561	300,782
Capitalization	480,985	421,714
Ratio of net indebtedness/capitalization	34.6%	28.7%

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

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

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

BORROWING CAPACITY

LOGISTEC generates positive cash flows from operating activities. These reached \$79.6 million and \$108.5 million in 2021 and 2020, respectively, which was more than sufficient to cover our ongoing investing and financing activities.

At the end of 2021, our net indebtedness, defined as long-term debt (including the current portion) and short-term bank loans, if any, net of cash and cash equivalents, was \$166.4 million, whereas our equity attributable to owners of the Company totalled \$314.6 million, giving us a net indebtedness/capitalization ratio of 34.6%.

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

In November 2021, to increase its financial flexibility, the Company and its wholly owned subsidiary, LOGISTEC USA Inc., renegotiated their credit agreement leading to an amendment to the existing credit agreement. The term of the unsecured revolving credit facility was extended to October 2025.

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

The Company has a credit facility amounting to \$300.0 million (\$300.0 million in 2020). As at December 31, 2021, there was an equivalent of \$135.6 million drawn under the facility (\$106.7 million in 2020), an additional \$14.5 million was used for letters of credit (\$4.1 million in 2020) and the unused amount was \$149.9 million (\$189.2 million in 2020). The applicable interest rate on this revolving credit facility is variable and depends on the form of borrowing, to which is added a margin that varies according to the leverage ratio level achieved by the Company.

In addition to the line of credit described above, the Company also entered, in 2017, into a 10-year unsecured loan agreement of \$50.0 million with a Canadian financial institution, which is fully drawn. Please refer to Note 23 of the 2021 Notes for further details.

CAPITAL RESOURCES

Total assets amounted to \$899.0 million as at December 31, 2021, up by \$99.5 million over the closing balance of \$799.5 million as at December 31, 2020. The increase was mainly due to the additional goodwill, property, plant and equipment and intangible assets following the business combination with APG, as well as additional trade and other receivables that reflect the higher level of activity in the fourth quarter of 2021 compared with the same quarter of 2020.

Cash and cash equivalents totalled \$37.5 million at the end of 2021, down by \$9.3 million from \$46.8 million as at December 31, 2020. The main items behind this decrease were as follows:

(in thousands of dollars)

Sources:	
Cash generated from operations	109,889
Issuance of long-term debt, net of repayment	28,080
Dividends received from equity accounted investments	8,859
Net change in short-term bank loans	8,600
	155,428
Uses:	
Business combinations, net of cash acquired	(50,390)
Acquisition of property, plant and equipment, net of proceeds from disposal	(43,607)
Changes in non-cash working capital items	(27,556)
Repayment of lease liabilities	(13,384)
Interest paid	(11,508)
Income taxes paid	(9,719)
Dividends paid on Class A and Class B shares	(5,137)
Repayment of other non-current liabilities	(2,635)
	(163,936)

WORKING CAPITAL

As at December 31, 2021, current assets totalled \$263.2 million and current liabilities totalled \$181.4 million, computing into working capital of \$81.8 million for a current ratio of 1.45:1. This compares with working capital of \$91.6 million and a 1.69:1 ratio as at December 31, 2020. The decrease was due to higher trade and other payables recorded in 2021 compared with 2020, following the reclassification to current liabilities of \$28.2 million due to a non-controlling interest.

LONG-TERM DEBT

Total net indebtedness amounted to \$166.4 million as at December 31, 2021, up by \$45.5 million when compared with \$120.9 million as at December 31, 2020. The increase stems mainly from the additional debt incurred to finance the acquisition of APG and a lower level of cash and cash equivalents as explained above.

Under the terms of our various financing agreements, the Company must satisfy certain restrictive covenants with respect to minimum financial ratios. As at December 31, 2021, LOGISTEC complied with such covenants. In some cases, financing covenants may limit the ability of some subsidiaries or joint ventures to pay dividends to LOGISTEC. However, LOGISTEC generates sufficient cash flows from its wholly owned subsidiaries to meet its financial obligations.

PAYMENTS DUE BY PERIOD

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

Contractual Obligations					
as at December 31, 2021					
<i>(in thousands of dollars)</i>					
	Total	Less than	1 - 3 years	4 - 5 years	More than
	\$	1 year	\$	\$	5 years
		\$			\$
Long-term debt ⁽¹⁾	203,925	8,574	40,142	146,288	8,921
Lease liabilities					
– Equipment	12,245	3,890	7,633	722	–
– Occupancy	194,468	16,174	39,449	22,324	116,521
Long-term liabilities due to non-controlling interests	38,832	–	38,832	–	–
Non-current liabilities ⁽²⁾	4,259	–	–	4,259	–
Total contractual obligations	453,729	28,638	126,056	173,593	125,442

⁽¹⁾ Includes capital and interest.

⁽²⁾ Excludes long-term liabilities due to non-controlling interests.

The reader is referred to Notes 12, 18, 23, 24, 25, and 31 of the 2021 Notes for further details about financial risk management, lease arrangements, indebtedness, post-employment benefit assets and obligations, non-current liabilities, and contingent liabilities and guarantees.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

Equity attributable to owners of the Company amounted to \$314.6 million as at December 31, 2021. Adding total net indebtedness yields a capitalization of \$481.0 million, which computes to a net indebtedness/capitalization ratio of 34.6%. This means that the Company has financial leverage available should the need arise. The net indebtedness/capitalization is reconciled above in the capital management section.

As at March 18, 2022, 7,377,022 Class A shares and 5,680,936 Class B shares were issued and outstanding. Each Class A share is convertible at any time by its holder into one Class B share. Please refer to Note 26 of the 2021 Notes for full details on the Company's share capital.

NORMAL COURSE ISSUER BID (“NCIB”)

Pursuant to the current NCIB, which was launched on October 28, 2021, and will terminate on October 27, 2022, LOGISTEC intends to repurchase, for cancellation purposes, up to 368,851 Class A shares and 284,301 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 15, 2021.

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

During 2021, under the NCIB programs, nil Class A shares and 14,100 Class B shares were repurchased at average prices per share of nil and \$39.07, respectively. Please refer to Note 26 of the 2021 Notes for further details.

EQUITY IN JOINT VENTURES

The Company's results include its share of operations in joint ventures, which are accounted for in the share of profit of equity accounted investments. The closing balance of \$46.3 million at the end of 2021 is mainly the result of the 2020 closing balance of \$45.1 million, plus the 2021 share of profit of equity accounted investments of \$10.1 million, less \$8.9 million in dividends received.

As at December 31, 2021, the Company's 50%-equity interest are in the following joint ventures: 9260-0873 Québec Inc., Flexiport Mobile Docking Structures Inc, Moorings (Trois-Rivières) Ltd., Québec Maritime Services Inc., Québec Mooring Inc., TERMONT Terminal Inc., Transport Nanuk Inc. ("Nanuk"). The Company also owns 49%-equity interests in Qikiqtaaluk Environmental Inc. and Avataani Environmental Services Inc.

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

The Company has one significant joint venture, TERMONT Terminal Inc., whose subsidiary specializes in handling containers, which is aligned with the Company's core business. Please refer to Note 16 of the 2021 Notes.

POST-EMPLOYMENT BENEFITS

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

A summary of the fair value of plan assets, benefit obligation, funded status of the retirement plans, and significant assumptions can be found in Note 24 of the 2021 Notes.

Calculations on the retirement plans' funded statuses have been performed by the Company's independent actuaries as of December 31, 2021. They calculated a benefit obligation of \$40.0 million, compared with a fair value of plan assets of \$23.9 million, which computed into a funded status deficit of \$16.1 million. The Company offers supplemental retirement plans to senior executives ("SERP"). These SERP are unfunded and the related obligation of \$15.9 million is included in the above numbers. Excluding the SERP obligation, the funded status deficit amounts to \$0.2 million. The reader is referred to the description of the Senior Management Pension Plan in our information circular.

Management's assumption for the discount rate was 2.5% in 2020 and 3.0% in 2021. Actuarial calculations made for actual funding and cash disbursements use different assumptions and therefore compute into different funded statuses. The Company's SERP are non-registered plans and, therefore, are not subject to actuarial valuations.

The most recent actuarial valuations for the Senior Management Pension Plan and the Employee Pension Plan of LOGISTEC Corporation are dated December 31, 2019. Based on these valuations, the Company's combined surplus amounts to \$1.6 million when calculated using the going concern method, and to a combined deficit of \$2.6 million when using the solvency method.

OTHER ITEMS IN THE CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Financial position as at <i>(in millions of dollars)</i>	DEC 31, 2021 \$	DEC 31, 2020 \$	Var. \$	Var. %	Explanation of variation
Trade and other receivables	183.3	138.6	44.7	32.2	The variation is due to two factors: a greater level of activity in the fourth quarter of 2021 compared with the same quarter of 2020, and the acquisition of APG, as discussed in the business combinations section of this MD&A.
Inventories	16.8	12.9	3.9	30.0	The increase is due to two factors: a higher level of inventory held in 2021 to hedge against supply chain disruption and APG's \$1.0 million year-end inventories added to the total in 2021, compared with 2020.
Property, plant and equipment	207.3	185.7	21.6	11.7	The increase stems mainly from the capital expenditures of \$44.7 million, the fixed assets acquired as part of the business combinations of \$11.6 million, offset by the depreciation expense of \$27.6 million and the impairment loss for \$6.5 million following the fire at the Port of Brunswick.
Goodwill	182.7	149.3	33.4	22.4	The increase stems from the acquisition of APG, as discussed in the business combinations section of this MD&A.
Trade and other payables	127.0	91.7	35.3	38.5	As at December 31, 2021, the Company remeasured a written put option held by the non-controlling interest in FER-PAL, which led to the recognition of an additional \$32.4 million liability and a reclassification to current liabilities of an amount due of \$28.7 million.
Contract liabilities	14.8	8.9	5.9	65.5	Contract liabilities represent advance consideration received from customers, for which revenue will be recognized when contract work is performed in our environmental services segment. Greater level of activity in the fourth quarter of 2021 compared with the same quarter of 2020 led to higher deferred revenue at the end of 2021.
Current portion of lease liabilities	15.8	18.3	(2.5)	(13.6)	The increase stems mainly from the addition of \$19.4 million, partly offset by the repayment of lease liabilities in the amount of \$13.4 million and the remeasurement of lease liabilities denominated in foreign currency in the amount of \$0.2 million.
Non-current lease liabilities	125.2	116.9	8.3	7.1	
Share capital	50.9	45.6	5.3	11.7	The variation is mainly due to the issuance of Class B shares in accordance with the terms of the 2016 acquisition of the non-controlling interest in SANEXEN.
Share capital to be issued	–	4.9	(4.9)	(100)	

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 Company's impairment charge, includes the customer repayment of an investment in a service contract and, since 2021, excludes configuration and customization costs related to the implementation of an ERP system. The definition of adjusted EBITDA 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.

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

(in thousands of dollars)

	2021	2020	2019	2018 ⁽¹⁾	2017 ⁽¹⁾
	\$	\$	\$	\$	\$
Profit for the year	45,624	32,788	26,437	17,994	27,356
PLUS:					
Depreciation and amortization expense	49,100	45,390	42,122	28,580	33,859
Impairment charge	–	–	–	6,821	2,917
Net finance expense	10,562	11,818	12,353	7,474	3,533
Income taxes	10,471	10,662	8,699	3,308	6,211
Configuration and customization costs in a cloud computing arrangement	5,064	–	–	–	–
Customer repayment of an investment in a service contract	–	–	–	–	865
Adjusted EBITDA	120,821	100,658	89,611	64,177	74,741

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

(in thousands of dollars)

	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾	2013 ⁽¹⁾	2012 ⁽¹⁾	2011 ⁽¹⁾
	\$	\$	\$	\$	\$	\$
Profit for the year	18,486	32,873	34,517	30,827	18,285	19,568
PLUS:						
Depreciation and amortization expense	14,288	12,328	10,246	9,413	7,819	8,220
Impairment charge	–	–	–	–	–	1,300
Net finance expense	1,700	623	225	166	347	400
Income taxes	7,268	10,288	9,870	9,948	5,925	3,993
Customer repayment of an investment in a service contract	292	209	231	6,510	4,958	4,540
Adjusted EBITDA	42,034	56,321	55,089	56,864	37,334	38,021

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

FINANCIAL RISK MANAGEMENT

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

CREDIT RISK

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

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

Overall, the Company serves some 2,350 customers. In 2021, the 20 largest customers accounted for 45.0% (40.0% in 2020) of consolidated revenue, and not a single customer accounted for more than 10% of consolidated revenue and trade receivables in 2021 and 2020.

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

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

<i>(in thousands of dollars)</i>	As at December 31, 2021 \$	As at December 31, 2020 \$
0-30 days	73,798	45,251
31-60 days	40,457	26,903
61-90 days	11,181	13,944
Over 90 days ⁽¹⁾	30,546	29,982
Allowance for doubtful accounts	(3,584)	(3,359)
	152,398	112,721

⁽¹⁾ Includes contract holdbacks amounting to \$10,893 (\$6,360 in 2020).

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

<i>(in thousands of dollars)</i>	2021 \$	2020 \$
Balance, beginning of year	3,359	3,053
Bad debt expense	1,473	873
Write offs	(1,248)	(567)
Balance, end of year	3,584	3,359

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

LIQUIDITY RISK

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

The following are the contractual maturities of financial obligations:

As at December 31, 2021 <i>(in thousands of dollars)</i>	Carrying amount \$	Contractual cash flows ⁽¹⁾ \$	Less than 1 year \$	1 - 3 years \$	More than 3 Years \$
Short-term bank loans	8,600	8,600	8,600	–	–
Trade and other payables	127,044	127,044	127,044	–	–
Dividends payable	1,338	1,338	1,338	–	–
Lease liabilities	141,024	206,713	20,064	47,082	139,567
Long-term debt	195,354	203,925	8,574	40,142	155,209
Non-current liabilities	40,730	43,091	–	38,832	4,259
	514,090	590,711	165,620	126,056	299,035

⁽¹⁾ Includes principal and interest.

As at December 31, 2020 (in thousands of dollars)	Carrying amount \$	Contractual cash flows ⁽⁷⁾ \$	Less than 1 year \$	1 - 3 years \$	More than 3 Years \$
Trade and other payables	91,694	91,694	91,694	–	–
Dividends payable	1,259	1,259	1,259	–	–
Lease liabilities	135,152	179,108	18,148	29,137	131,823
Long-term debt	167,710	180,065	6,622	130,027	43,416
Non-current liabilities	38,400	40,787	–	39,323	1,464
	434,215	492,913	117,723	198,487	176,703

⁽⁷⁾ Includes principal and interest.

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

MARKET RISK

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

INTEREST RATE RISK

The Company is exposed to market risk related to interest rate fluctuations because a portion of its long-term debt bears interest at floating rates. The Company manages this risk by maintaining a mix of fixed and floating rate borrowings in accordance with the Company's policies. In addition, the Company holds interest rate swap contracts with the Company's main banks for an amount of \$40.0 million. The interest rate swap contracts are designated as a cash flow hedge to swap the floating rate of its debts to a fixed rate, thus decreasing the Company's sensitivity to interest rate fluctuations. The floating interest rates on the interest rate swap are CDOR and the weighted average fixed interest rate is 1.51%. The interest rate swap contracts settle on a monthly basis and will mature in June 2023 and September 2027, respectively. The Company continues to monitor opportunities to reduce interest rate risk.

SENSITIVITY ANALYSIS

As at December 31, 2021, the floating rate portion of the Company's long-term debt was 66.4% (60.4% in 2020). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2021 would have had a negative impact of \$1.3 million (\$1.0 million in 2020) on profit for the year. A hypothetical variation of -1.0% in the prime interest rate would have had the opposite impact on profit for the year.

FOREIGN EXCHANGE RISK

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

During 2021, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have had a positive impact of \$0.8 million (\$0.9 million in 2020) on profit for the year and a positive impact of \$9.5 million (\$12.5 million in 2020) on total comprehensive income. A hypothetical weakening of 5.0% of the U.S. dollar against the Canadian dollar would have had the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2021, a total of \$14.6 million or US\$11.6 million (\$25.3 million or US\$19.9 million in 2020) of cash and cash equivalents and trade and other receivables is denominated in foreign currencies. As at December 31, 2021, a total of \$5.2 million or US\$4.1 million (\$1.6 million or US\$1.2 million in 2020) of trade and other payables is denominated in foreign currencies.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The estimated fair value of long-term debt was \$0.3 million higher than its carrying value as at December 31, 2021 (\$3.3 million higher in 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.

Please refer to Note 2 of the 2021 Notes for further information related to the Company's fair value hierarchy.

BUSINESS RISKS

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

MARKET RISK – The Company handles a wide variety of commodities and, although our geographical and product diversification strategy should protect us from significant impacts, major fluctuations in specific commodities or in specific regions may affect our performance. The current situation between Russia and Ukraine and the related sanctions being brought forward by various countries may influence the flow of industrial commodities. It is very difficult to predict what will be the outcome on volumes handled as some cargoes could be negatively affected, whereas alternative cargoes could be favored.

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

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

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

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

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

RELATED PARTY TRANSACTIONS

In addition to compensation to key management personnel and dividends to shareholders that occur in the normal course of business and which are quantified in Note 29 of the 2021 Notes, services rendered to or by related parties are essentially professional services, rent, management fees, and operational costs charged to or by joint ventures. These transactions are also in the normal course of business, and their consideration is established and agreed to by the related parties. Included in the amounts owed from joint ventures is Nanuk's share of the post-employment benefit obligation of one of the Company's sponsored retirement plans.

SIGNIFICANT JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

Actual results may differ from those estimates. The measurement of some assets and liabilities in the preparation of the financial statements includes assumptions made by management that are described in Note 3 of the 2021 Notes. Further details on judgments, estimates and assumptions can be found in the 2021 Notes, particularly regarding trade receivables (Notes 12 and 14), equity accounted investments (Note 16), lease arrangements (Note 18), goodwill (Note 19), finite-life intangible assets (Note 20), impairment of long-lived assets including goodwill (Note 19), deferred income taxes (Note 10), post-employment benefits (Note 24), and non-current liabilities (Note 25). The Company's significant accounting policies are applied consistently to all its reportable industry segments (Note 30).

TRACKING PERFORMANCE

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

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

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

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

INTERNAL CONTROLS OVER FINANCIAL REPORTING

LOGISTEC has implemented high standards of corporate governance. LOGISTEC has in place corporate governance practices that are consistent with the requirements of National Policy 58-201 "Corporate Governance Guidelines" and National Instrument 58-101 "Disclosure of Corporate Governance Practices". Of LOGISTEC's 10 directors, seven are independent, four are women, and the roles of Chairman and Chief Executive Officer are separate. The Governance and Human Resources Committee and the Audit Committee consist exclusively of independent directors. The Audit Committee, which is involved in the review of interim and annual reports and financial statements prior to their submission to the Board of Directors for approval, meets separately with the Company's independent auditor. The Board of Directors recommends the appointment of the independent auditor to shareholders after the Audit Committee has made a proper assessment.

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

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

Under the supervision of the Certification Steering Committee, the effectiveness of DC&P was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the DC&P were effective as at the end of the fiscal period ended December 31, 2021, and that the design of these DC&P provided reasonable assurance that material information relating to the Company, including its consolidated subsidiaries, was communicated to them in a timely manner for the preparation of the Annual Filings, and that information required to be disclosed in its Annual Filings was recorded, processed, summarized and reported within the required time periods.

The President and Chief Executive Officer and the Chief Financial Officer have also designed such ICFR, or caused it to be designed under their supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. The management's evaluation of the Company's DC&P and ICFR excluded controls, conventions and procedures regarding APG, acquired on June 3, 2021. The Company has a period of one year from the acquisition date to conduct this analysis and to implement internal controls deemed necessary. Please refer to the business combinations section for further financial information. Despite the COVID-19 outbreak and the necessity of physical distancing, there has been no change in the Company's ICFR that occurred in 2021 that has materially affected, or is reasonably likely to materially affect, the Company's ICFR. Under the supervision of the Certification Steering Committee, the effectiveness of ICFR was evaluated. Based upon this evaluation, the President and Chief Executive Officer and the Chief Financial Officer concluded that the ICFR are adequate and effective to provide such assurance as at December 31, 2021.

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

March 18, 2022

CONSOLIDATED FINANCIAL STATEMENTS



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INDEPENDENT AUDITORS' REPORT

To the Shareholders of LOGISTEC Corporation

OPINION

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

- the consolidated statements of financial position as at December 31, 2021, and 2020
- the consolidated statements of earnings for the years then ended
- the consolidated statements of comprehensive income for the years then ended
- the consolidated statements of changes in equity for the years then ended
- the consolidated statements of cash flows for the years then ended
- and notes to the consolidated financial statements, including a summary of significant accounting policies

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated financial position of the Entity as at December 31, 2021, and 2020, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

BASIS FOR OPINION

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

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

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our auditors' report.

EVALUATION OF THE GOODWILL IMPAIRMENT ASSESSMENT

Description of the matter

We draw attention to Notes 2, 3 and 19 to the financial statements. The goodwill balance as of December 31, 2021, is \$182,706. Cash generated units ("CGUs") to which goodwill has been allocated are tested for impairment annually by the Entity, except when certain criteria are met, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the CGU is less than its the carrying amount, an impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the CGU and then to the other assets of the CGU prorated on the basis of the carrying amount of each asset in the CGU.

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

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

Why the matter is a key audit matter

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

How the matter was addressed in the audit

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

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

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

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

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

OTHER INFORMATION

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

- the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions;
- the information, other than the financial statements and the auditors' report thereon, included in the "Annual report 2021".

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

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

We obtained the information included in Management's Discussion and Analysis filed with the relevant Canadian Securities Commissions and the information, other than the financial statements and the auditors' report thereon, included in the Annual report 2021 as at the date of this auditors' report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

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

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

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

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

AUDITORS' RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

We also:

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

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

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

Montréal, Canada

March 18, 2022



*KPMG LLP**

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

CONSOLIDATED STATEMENTS OF EARNINGS

years ended December 31

(in thousands of dollars, except per share amounts)

	Notes	2021 \$	2020 \$
Revenue	5	743,703	604,701
Employee benefits expense	6	(363,331)	(287,665)
Equipment and supplies expense		(187,225)	(155,611)
Operating expense		(50,095)	(41,864)
Other expenses		(33,327)	(27,509)
Depreciation and amortization expense	17, 18, 20	(49,100)	(45,390)
Share of profit of equity accounted investments	16	10,084	9,529
Other losses	8	(4,052)	(923)
Operating profit		66,657	55,268
Finance expense	9	(11,103)	(12,453)
Finance income		541	635
Profit before income taxes		56,095	43,450
Income taxes	10	(10,471)	(10,662)
Profit for the year		45,624	32,788
Profit attributable to:			
Owners of the Company		45,364	32,614
Non-controlling interest		260	174
Profit for the year		45,624	32,788
Basic earnings per Class A Common Share ⁽¹⁾	11	3.34	2.43
Basic earnings per Class B Subordinate Voting Share ⁽²⁾	11	3.68	2.67
Diluted earnings per Class A share	11	3.31	2.39
Diluted earnings per Class B share	11	3.64	2.63

⁽¹⁾ Class A Common Share ("Class A share")

⁽²⁾ Class B Subordinate Voting Share ("Class B share")

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

years ended December 31
(in thousands of dollars)

	Notes	2021 \$	2020 \$
Profit for the year		45,624	32,788
Other comprehensive income (loss)			
Items that are or may be reclassified to the consolidated statements of earnings			
Currency translation differences arising on translation of foreign operations		848	(3,223)
Income taxes relating to currency translation differences arising on translation of foreign operations		–	302
Unrealized gain on translating debt designated as hedging item of the net investment in foreign operations		521	2,306
Income taxes relating to unrealized gain on translating debt designated as hedging item of the net investment in foreign operations		(121)	(1,053)
Loss on derivatives designated as cash flow hedges		(235)	(92)
Income taxes relating to derivatives designated as cash flow hedges		62	(11)
Total items that are or may be reclassified to the consolidated statements of earnings		1,075	(1,771)
Items that will not be reclassified to the consolidated statements of earnings			
Remeasurement gains (losses) on benefit obligations	24	5,178	(2,732)
Return on retirement plan assets	24	1,034	333
Income taxes on remeasurement gains (losses) on benefit obligation and return on retirement plan assets	10	(1,646)	636
Total items that will not be reclassified to the consolidated statements of earnings		4,566	(1,763)
Share of other comprehensive income (loss) of equity accounted investments, net of income taxes			
Items that are or may be reclassified to the consolidated statements of earnings		318	(199)
Items that will not be reclassified to the consolidated statements of earnings		(84)	53
Total share of other comprehensive income (loss) of equity accounted investments, net of income taxes		234	(146)
Other comprehensive income (loss) for the year, net of income taxes		5,875	(3,680)
Total comprehensive income for the year		51,499	29,108
Total comprehensive income attributable to:			
Owners of the Company		51,240	28,962
Non-controlling interest		259	146
Total comprehensive income for the year		51,499	29,108

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(in thousands of Canadian dollars)

	Notes	As at December 31, 2021 \$	As at December 31, 2020 \$
Assets			
Current assets			
Cash and cash equivalents		37,530	46,778
Trade and other receivables	14	183,322	138,649
Contract assets		7,517	7,617
Current income tax assets	10	7,597	9,171
Inventories	15	16,830	12,946
Prepaid expenses and other		10,437	9,056
		263,233	224,217
Equity accounted investments	16	46,311	45,061
Property, plant and equipment	17	207,321	185,686
Right-of-use assets	18	135,049	132,779
Goodwill	4, 19	182,706	149,311
Intangible assets	20	41,043	38,422
Non-current assets		2,448	2,381
Non-current financial assets	21	5,902	9,210
Deferred income tax assets	10	14,958	12,385
Total assets		898,971	799,452
Liabilities			
Current liabilities			
Short-term bank loans		8,600	–
Trade and other payables	22	127,044	91,694
Contract liabilities		14,801	8,941
Current income tax liabilities	10	10,442	8,719
Dividends payable	26	1,338	1,259
Current portion of lease liabilities	18	15,775	18,251
Current portion of long-term debt	23	3,427	3,748
		181,427	132,612
Lease liabilities	18	125,249	116,901
Long-term debt	23	191,927	163,962
Deferred income tax liabilities	10	25,684	21,418
Post-employment benefit obligations	24	16,212	22,055
Contract liabilities		2,133	2,533
Non-current liabilities	25	40,730	38,400
Total liabilities		583,362	497,881
Equity			
Share capital	26	50,889	45,575
Share capital to be issued	26	–	4,906
Retained earnings		254,621	242,358
Accumulated other comprehensive income	27	9,051	7,943
Equity attributable to owners of the Company		314,561	300,782
Non-controlling interest		1,048	789
Total equity		315,609	301,571
Total liabilities and equity		898,971	799,452

Commitments, contingent liabilities and guarantees

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See accompanying notes to the consolidated financial statements.

On behalf of the Board

(signed) Curtis J. Foltz
Curtis J. Foltz
Chairman of the Board

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(in thousands of Canadian dollars)

	Notes	Attributable to owners of the Company						
		Share capital issued	Share capital to be issued	Accumulated other comprehensive income (Note 27)	Retained earnings	Total	Non-controlling interest	Total equity
		\$	\$	\$	\$	\$	\$	\$
Balance as at January 1, 2021		45,575	4,906	7,943	242,358	300,782	789	301,571
Profit for the year		–	–	–	45,364	45,364	260	45,624
Other comprehensive income (loss)								
Currency translation differences arising on translation of foreign operations		–	–	849	–	849	(1)	848
Unrealized gain on translating debt designated as hedging item of the net investment in foreign operations, net of income taxes		–	–	400	–	400	–	400
Remeasurement gains on benefit obligation and return on retirement plan assets, net of income taxes	24	–	–	–	4,566	4,566	–	4,566
Share of other comprehensive income of equity accounted investments, net of income taxes		–	–	32	202	234	–	234
Cash flow hedges, net of income taxes		–	–	(173)	–	(173)	–	(173)
Total comprehensive income for the year		–	–	1,108	50,132	51,240	259	51,499
Remeasurement of written put option liability	25	–	–	–	(32,403)	(32,403)	–	(32,403)
Issuance and repurchase of Class B shares	26	408	–	–	(444)	(36)	–	(36)
Issuance of Class B share capital to a subsidiary shareholder	26	4,906	(4,906)	–	–	–	–	–
Class B shares to be issued under the Executive Stock Option Plan	26	–	–	–	364	364	–	364
Other dividend		–	–	–	(170)	(170)	–	(170)
Dividends on Class A shares	26	–	–	–	(2,828)	(2,828)	–	(2,828)
Dividends on Class B shares	26	–	–	–	(2,388)	(2,388)	–	(2,388)
Balance as at December 31, 2021		50,889	–	9,051	254,621	314,561	1,048	315,609

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

(in thousands of Canadian dollars)

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

See accompanying notes to the consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

years ended December 31
(in thousands of Canadian dollars)

	Notes	2021 \$	2020 \$
Operating activities			
Profit for the year		45,624	32,788
Items not affecting cash and cash equivalents	28	64,265	60,517
Cash generated from operations		109,889	93,305
Dividends received from equity accounted investments	16	8,859	6,600
Contributions to defined benefit retirement plans	24	(1,022)	(871)
Settlement of provisions	25	(865)	(481)
Changes in non-cash working capital items	28	(27,556)	15,066
Income taxes paid		(9,719)	(5,164)
		79,586	108,455
Financing activities			
Net change in short-term bank loans		8,600	–
Issuance of long-term debt, net of transaction costs	23, 28	91,681	76,518
Repayment of long-term debt	23, 28	(63,601)	(83,962)
Repayment of other non-current liabilities		(2,635)	(2,557)
Repayment of lease liabilities		(13,384)	(14,049)
Interest paid		(11,508)	(10,755)
Issuance of Class B shares	26	130	190
Repurchase of Class A shares	26	–	(186)
Repurchase of Class B shares	26	(551)	(1,131)
Dividends paid on Class A shares	26	(2,794)	(2,760)
Dividends paid on Class B shares	26	(2,343)	(2,262)
		3,595	(40,954)
Investing activities			
Acquisition of property, plant and equipment	17	(44,306)	(23,375)
Acquisition of intangible assets	20	(117)	(248)
Proceeds from disposal of property, plant and equipment	17	699	634
Business combinations, net of cash acquired	4	(50,390)	(18,677)
Interest received		576	330
Acquisition of other non-current assets		(632)	(228)
Proceeds from disposal of other non-current assets		84	109
Cash paid to non-controlling interests		(170)	(2,056)
Cash received on other non-current financial assets		1,398	222
		(92,858)	(43,289)
Net change in cash and cash equivalents		(9,677)	24,212
Cash and cash equivalents, beginning of year		46,778	22,608
Effect of exchange rate on balances held in foreign currencies of foreign operations		429	(42)
Cash and cash equivalents, end of year		37,530	46,778
Non-cash transactions and supplemental information	28		

See accompanying notes to the consolidated financial statements.

1. GENERAL INFORMATION

LOGISTEC Corporation (the “Company”) provides specialized cargo handling and other services to a wide variety of marine, industrial and municipal customers. The Company has cargo handling facilities in 54 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.

These audited consolidated financial statements were approved by the Company’s Board of Directors on March 18, 2022.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

STATEMENT OF COMPLIANCE

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

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED AND ADOPTED

CONFIGURATION OR CUSTOMIZATION COSTS IN A CLOUD COMPUTING ARRANGEMENT (“IAS 38 *INTANGIBLE ASSETS*”)

In March 2021, the International Financial Reporting Interpretations Committee (“IFRIC”) published an agenda decision that clarified how to recognize certain configuration and customization costs in a cloud computing arrangement. As a result of this decision, LOGISTEC changed its accounting policy for costs incurred on cloud computing arrangements.

Consequently, LOGISTEC will now expense configuration and customization costs related to certain cloud computing arrangements. The impact of changing this accounting policy to LOGISTEC’s consolidated statements of earnings is a recognition of an expense of \$5,064 under other losses for the year ended December 31, 2021 (refer to Note 8).

ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET APPLIED

CLASSIFICATION OF LIABILITIES AS CURRENT OR NON-CURRENT (AMENDMENTS TO IAS 1)

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

The 2020 amendment is effective for annual periods beginning on or after January 1, 2023. The 2020 amendments are subject to future developments and in November 2021 the IASB proposed to defer the effective date to no earlier than January 2024. It is not expected that this amendment will have a significant impact on the Company’s financial statements.

PREPARATION

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

BASIS OF CONSOLIDATION

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

SUBSIDIARIES

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

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

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

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

The following subsidiaries are wholly owned by the Company:

American Process Equipment Ltd., American Process Group LLC, American Process Group (Canada) Ltd., BalTerm, LLC, CASTALOOP Inc., CASTALOOP USA Inc., CrossGlobe Transport, Ltd., GSM Intermediate Holdings, Inc., GSM Maritime Holdings, LLC, Gulf Stream Marine, Inc. ("GSM"), Les Terminaux Rideau Bulk Terminals Inc., LOGISTEC Environmental Services Inc., LOGISTEC Marine Agencies Inc., LOGISTEC Marine Services Inc., LOGISTEC Stevedoring Inc., LOGISTEC Stevedoring (New Brunswick) Inc., LOGISTEC Stevedoring (Nova Scotia) Inc., LOGISTEC Stevedoring (Ontario) Inc., LOGISTEC Stevedoring U.S.A. Inc., LOGISTEC USA Inc., MtlLINK Multimodal Solutions Inc., NIEDNER Inc., Pate Stevedore Company, Inc., Ramsey Greig & Co. Ltd., SANEXEN Environmental Services Inc., SANEXEN Water, LLC., SETL Real Estate Management Inc., Sorel Maritime Agencies Inc., and Tartan Terminals, Inc.

The Company also holds a 51.03% investment in FER-PAL Construction Ltd. ("FER-PAL"), a 60.00% investment in LOGISTEC Everglades LLC and a 82.71% investment in LOGISTEC Gulf Coast LLC ("LGC") (77.91% in 2020). Refer to Note 25 for further details.

BUSINESS COMBINATIONS

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

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

NON-CONTROLLING INTERESTS

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

EQUITY ACCOUNTED INVESTMENTS

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

JOINT VENTURES

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

ASSOCIATES

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

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

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

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

REVENUE RECOGNITION

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

MARINE SERVICES

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

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

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

ENVIRONMENTAL SERVICES

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

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

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

ENVIRONMENTAL GOODS

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

FOREIGN CURRENCIES

FUNCTIONAL AND PRESENTATION CURRENCY

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

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

TRANSACTIONS AND BALANCES

Revenue and expense items arising from transactions in foreign currencies are converted into the functional currency at the rates in effect on transaction dates. Monetary asset and liability items on the consolidated statements of financial position are translated into the functional currency at the rates in effect at the end of the reporting period; non-monetary items are translated at the rates in effect on transaction dates. Exchange gains or losses arising from translation are recognized in the consolidated statements of earnings under other losses, except where hedge accounting is applied, as described under hedge of a net investment in foreign operations.

INCOME TAXES

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

CURRENT INCOME TAXES

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

DEFERRED INCOME TAXES

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

DEFERRED INCOME TAX ASSETS

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

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

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

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

DEFERRED INCOME TAX LIABILITIES

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

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

CASH AND CASH EQUIVALENTS

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

TRADE AND OTHER RECEIVABLES

Trade receivables are amounts due from customers for the rendering of services or sale of goods in the normal course of business. Invoices are issued according to contractual terms and are usually payable upon receipt. The period between performance and payments for the performance is generally less than one year. Amounts not invoiced are presented as contract assets. Trade and other receivables are classified as current assets if payment is due within one year or less. Trade and other receivables are initially recognized at fair value and subsequently measured at amortized cost, less impairment. The Company maintains an allowance for doubtful accounts to provide for impairment of trade receivables. The expense relating to doubtful accounts is included within other expenses in the consolidated statements of earnings.

CONTRACT ASSETS OR CONTRACT LIABILITIES

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

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

The Company used the practical expedient exemptions, as allowed by IFRS 15, *Revenue from Contracts with Customers*, therefore, no information is provided about the remaining performance obligations as at December 31, 2021, and 2020 that have an original expected duration of one year or less.

INVENTORIES

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

PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

LEASES

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

SHORT-TERM OR LOW-VALUE LEASES

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

ALL OTHER LEASES

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

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

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

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

GOVERNMENT GRANTS

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

GOODWILL

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

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

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

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

INTANGIBLE ASSETS

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

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

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

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

- The technical feasibility of completing the intangible asset so that it will be available for use or sale;
- The intention to complete the intangible asset and use or sell it;
- The ability to use or sell the intangible asset;
- How the intangible asset will generate probable future economic benefits;
- The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- The ability to measure reliably the expenditure attributable to the intangible asset during its development.

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

IMPAIRMENT OF NON-FINANCIAL ASSETS OTHER THAN GOODWILL

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

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

PROVISIONS

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

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

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

WARRANTY

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

CLAIMS AND LITIGATION

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

ASSET RETIREMENT OBLIGATIONS

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

POST-EMPLOYMENT BENEFITS

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

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

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

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

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

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

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

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

FINANCIAL INSTRUMENTS

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

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

FINANCIAL ASSETS

CLASSIFICATION

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

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

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

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

DERECOGNITION OF FINANCIAL ASSETS

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

FINANCIAL LIABILITIES

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

CLASSIFICATION

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

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

DERECOGNITION OF FINANCIAL LIABILITIES

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

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

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

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

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

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

HEDGE OF A NET INVESTMENT IN FOREIGN OPERATIONS

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

EARNINGS PER SHARE ("EPS")

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

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

SHARE CAPITAL

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

SHARE-BASED PAYMENT

EQUITY-SETTLED SHARE-BASED PAYMENT

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

CASH-SETTLED SHARE-BASED PAYMENT

A liability is recognized for the fair value of cash-settled share-based payment to employees and directors. The fair value is determined at the grant date and at the end of each reporting period with changes in fair value recognized in the consolidated statements of earnings under employee benefits expense. The fair value is expensed on a straight-line basis over the vesting period with recognition of a corresponding liability. The fair value is determined by reference to the closing trading price of the Class B shares on the TSX at the end of each reporting period. The approach used to account for vesting conditions when measuring equity-settled transactions also applies to cash-settled transactions.

3. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

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

COVID-19 MEASURES

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 Canada and the United States, where the Company operates.

In 2021, LOGISTEC continued to operate under its business continuity plan. 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, remained open and functional. Similarly, the Company's environmental operations, including the renewal of underground water mains, dredging and dewatering, site remediation, contaminated soils and materials management, and manufacturing of fluid transportation products, remained operational. Nonetheless, the strict distancing and sanitation protocols have increased the operating costs in our marine and environmental services segments.

In light of the COVID-19 measures, management has reviewed its judgments, estimates and assumptions related to the carrying amounts of assets and liabilities that are not readily apparent from other sources. As at December 31, 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.

LEASE TERM AND INCREMENTAL BORROWING RATE

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

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

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

BUSINESS COMBINATIONS

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

IMPAIRMENT OF LONG-LIVED ASSETS, INCLUDING GOODWILL

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

INCOME TAXES

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

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

CONTRACT ASSETS

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

LONG-TERM LIABILITIES DUE TO NON-CONTROLLING INTERESTS

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

LONG-TERM INCENTIVE PLANS

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

4. BUSINESS COMBINATIONS

2021 BUSINESS COMBINATIONS

AMERICAN PROCESS GROUP

On June 3, 2021, SANEXEN acquired 100% ownership of American Process Group ("APG") for a purchase price of \$50,000, subject to adjustments. On January 11, 2022, the Company settled the post-closing working capital adjustments for an additional cash consideration of \$2,964. APG is an Alberta-based environmental industry leader, specializing in dredging, dewatering and residuals management. This strategic acquisition positions the Company in Western Canada and the United States, markets with strong potential. In addition, APG's complementary expertise allows us to enhance our service offering to our current and future clients in our environmental services segment.

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

	American Process Group \$
Current assets	6,293
Property, plant and equipment	11,629
Right-of-use assets	1,429
Goodwill	32,478
Intangible assets	8,250
Deferred income tax asset	203
Current liabilities	(2,336)
Lease liabilities	(1,429)
Deferred income tax liabilities	(3,553)
	52,964
Cash consideration paid	49,500
Undisbursed consideration included in trade and other payables	3,464
Purchase price consideration	52,964

The fair value of receivables acquired of \$4,431, which includes a negligible amount deemed uncollectible as at the acquisition date, is included in current assets. The acquisition transaction costs for these assets, included under other expenses, amounted to \$564. The purchase price allocation is final.

IMPACT OF THE BUSINESS COMBINATION ON THE RESULTS OF THE COMPANY

The Company's results for the year ended December 31, 2021, include \$18,393 in revenue, and a profit before income taxes of \$1,789 generated by the business combination. Those results include a depreciation and amortization expense of \$2,879, mainly related to the amortization of intangible assets related to client relationships and backlog. If the business combination had been completed on January 1, 2021, in the Company's best estimate, revenue and profit before income taxes for the year ended December 31, 2021, would have been \$32,051 and \$2,395, respectively.

In determining these estimated amounts, the Company assumes that the fair value adjustments that arose on the acquisition dates would have been the same had the acquisitions occurred on January 1, 2021.

2020 BUSINESS COMBINATIONS

CARE AND PASCAGOULA TERMINALS

On June 26, 2020, GSM acquired the Care terminal at the Port of Houston in Texas, and on July 15, 2020, acquired an additional terminal at the Port of Pascagoula in Mississippi for a total purchase price of US\$12,033 (\$16,457). 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 Castalooop Inc. and its subsidiaries ("CASTALOOP") for a purchase price of \$3,500, subject to certain adjustments. On May 19, 2021, the Company settled the post-closing working capital adjustments for an additional cash consideration of \$890. In 2021, the Company finalized estimates of the fair value of assets acquired and liability assumed. Consequently, the comparative figures of the consolidated statements of financial position have been changed 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.

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

	Care and Pascagoula Terminals \$	CASTALOOP \$	Total \$
Cash and cash equivalents	–	1,280	1,280
Current assets	134	789	923
Property, plant and equipment	7,317	505	7,822
Non-current financial assets	–	50	50
Right-of-use assets	32,706	111	32,817
Goodwill ⁽¹⁾	7,042	2,963	10,005
Intangible assets	2,051	–	2,051
Current liabilities	(87)	(1,197)	(1,284)
Lease liabilities	(32,706)	(111)	(32,817)
Purchase price consideration	16,457	4,390	20,847

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

The fair value of receivables acquired of \$738, which includes a negligible amount deemed uncollectible as at the acquisition date, is included in current assets. The acquisition transition costs for these assets, included under other expenses, amounted to \$89.

IMPACT OF THE BUSINESS COMBINATIONS ON THE RESULTS OF THE COMPANY

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

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

GOODWILL

Goodwill mainly arose in the acquisition, as a result of synergies attributable to the expected future growth potential from the expanded locations and intangible assets not qualifying for separate recognition. Goodwill related to the acquisitions of APG and CASTALOOB is not deductible for tax purposes.

5. REVENUE

	2021	2020
	\$	\$
Revenue from cargo handling services	425,937	343,538
Revenue from services relating to the renewal of underground water mains	184,555	152,252
Revenue from site remediation and contaminated soils and materials management services	106,196	82,989
Revenue from the sale of goods	27,015	25,922
	743,703	604,701

CONTRACT IN THE SCOPE OF IFRIC 12 SERVICE CONCESSION ARRANGEMENTS

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

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

Management, maintenance and operating services are spread over a 15-year period and revenue is recognized over that period. It is subject to annual indexation, which will be based on the Consumer Price Index. These services are payable quarterly. In connection with the management, maintenance and operating services, the Company recorded revenue of \$421 (\$617 in 2020).

An amount of \$490 (\$202 in 2020) is recorded in trade and other receivables and an amount of \$244 (\$233 in 2020) is recorded in other financial assets. In addition, an amount of \$2,848 (\$3,093 in 2020), which bears interest at a rate of 5.00%, is included in non-current financial assets.

6. EMPLOYEE BENEFITS EXPENSE

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

	2021	2020
	\$	\$
Wages, salaries and fringe benefits	352,805	281,309
Defined benefit retirement plans (Note 24)	1,864	1,906
Defined contribution retirement plans (Note 24)	3,486	3,423
Government pension plans	4,465	3,568
Other long-term expense (recovery) ⁽¹⁾	711	(2,541)
	363,331	287,665

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

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

7. GOVERNMENT ASSISTANCE

As at December 31, 2021, the Company qualified for the Canada Emergency Wage Subsidy and there was reasonable assurance that the amount would be received from the federal government in connection with the COVID-19 pandemic. For the year ended December 31, 2021, the Company recognized a wage subsidy of \$2,921 (\$15,802 in 2020) against the salary expense qualifying for that subsidy under employee benefits expense in the consolidated statements of earnings. As at December 31, 2021, nil was included in trade and other receivables (\$4,776 in 2020).

As at December 31, 2021, the Company qualified for the Texas Emissions Reduction Plan related to the acquisition of new and upgraded equipment to reduce pollution and improve air quality in Texas. The Company recognized a grant of US\$1,600 (\$2,029) as a reduction of the US\$3,500 (\$4,438) cost of the related assets.

As at December 31, 2021, the Company qualified for various subsidies offered by provincial agencies to support innovation and to develop new technologies. For the year ended December 31, 2021, the Company recognized \$303 (\$836 in 2020) against research expenditures qualifying for these subsidies under other expenses in the consolidated statements of earnings and recognized \$212 (\$536 in 2020) as a reduction of the cost of the related property, plant, and equipment. As at December 31, 2021, \$395 was included in trade and other receivables (\$693 in 2020).

8. OTHER LOSSES

	2021	2020
	\$	\$
Configuration and customization costs in a cloud computing arrangement (Note 2)	(5,064)	–
Net foreign exchange losses	(108)	(756)
Gain on remeasurement of a long-term liability due to a non-controlling interest (Note 25)	515	309
Gain (loss) on disposal of property, plant and equipment	361	(476)
Gain on refinancing of a long-term debt (Note 23)	244	–
	(4,052)	(923)

9. FINANCE EXPENSE

	2021	2020
	\$	\$
Interest on long-term debt	5,758	7,163
Interest on lease liabilities (Note 18)	5,222	5,239
Other interest expense	123	51
	11,103	12,453

10. INCOME TAXES

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

	2021	2020
	\$	\$
Profit before income taxes	56,095	43,450
Less: share of profit of equity accounted investments	(10,084)	(9,529)
Parent company's and subsidiaries' profit before income taxes	46,011	33,921
Income tax expense calculated at the statutory income tax rate of 26.5% (26.5% in 2020)	12,193	8,989
Non-deductible items and other	(1,045)	1,009
Change in deferred tax assets or tax losses not previously recognized	(924)	(302)
Effect of foreign tax differences	75	393
Adjustments in respect of the prior year	172	573
Income tax expense recognized in consolidated statements of earnings	10,471	10,662
Effective income tax rate	22.76%	31.43%

Components of the income tax expense are as follows:

	2021	2020
	\$	\$
Current income taxes		
Current income tax expense in respect of the current year	13,281	9,735
Adjustments in respect of the prior year	543	237
Deferred income taxes		
Deferred income tax expense recognized in the year	(2,982)	373
Adjustments in respect of the prior year	(371)	317
Income tax expense recognized in consolidated statements of earnings	10,471	10,662

DEFERRED INCOME TAX BALANCES

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

	As at December 31, 2021 \$	As at December 31, 2020 \$
Deferred income tax assets	14,958	12,385
Deferred income tax liabilities	(25,684)	(21,418)
Net deferred income tax liability	(10,726)	(9,033)

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

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

Deferred income tax assets	Property, plant and equipment \$	Unused tax losses \$	Post- employment benefits ⁽¹⁾ \$	Lease liabilities \$	Other \$	Total \$
As at January 1, 2020	1,002	8,251	4,567	19,841	5,328	38,989
Benefit (expense) to statement of earnings	(531)	(447)	145	3,317	361	2,845
Benefit (expense) to statement of comprehensive income	–	(240)	636	–	(11)	385
Effect of foreign currency exchange differences	–	(33)	–	(266)	(42)	(341)
As at December 31, 2020	471	7,531	5,348	22,892	5,636	41,878
Acquisition through business combination (Note 4)	–	203	–	–	–	203
Benefit (expense) to statement of earnings	(135)	2,531	(182)	9,990	1,178	13,382
(Expense) benefit to statement of comprehensive income	–	–	(1,646)	–	62	(1,584)
Effect of foreign currency exchange differences	–	(3)	–	(38)	13	(28)
As at December 31, 2021	336	10,262	3,520	32,844	6,889	53,851

Deferred income tax liabilities	Property, plant and equipment \$	Right-of-use assets \$	Contract holdbacks and backlog \$	Intangible assets \$	Other \$	Total \$
As at January 1, 2020	(16,039)	(19,395)	(2,711)	(6,612)	(2,637)	(47,394)
(Benefit) expense to statement of earnings	1,122	(2,793)	(2,728)	(752)	1,616	(3,535)
(Benefit) to statement of comprehensive income	–	–	–	–	(511)	(511)
Effect of foreign currency exchange differences	162	253	–	103	11	529
As at December 31, 2020	(14,755)	(21,935)	(5,439)	(7,261)	(1,521)	(50,911)
Acquisition through business combination (Note 4)	(3,553)	–	–	–	–	(3,553)
(Benefit) expense to statement of earnings	(2,382)	(8,885)	(397)	627	1,008	(10,029)
(Benefit) to statement of comprehensive income	–	–	–	–	(121)	(121)
Effect of foreign currency exchange differences	19	36	–	9	(27)	37
As at December 31, 2021	(20,671)	(30,784)	(5,836)	(6,625)	(661)	(64,577)

UNUSED TAX LOSSES

The Company has unused non-capital tax losses in the amount of \$40,665 (\$32,057 in 2020) of which nil has not been recognized (\$2,990 in 2020). These losses will be expiring as follows:

	As at December 31, 2021 \$	As at December 31, 2020 \$
2026 to 2033	1,240	1,219
2034	1,982	1,823
2035	3,097	2,570
2036	1,711	1,282
2037	6,808	5,097
2038	397	3,714
2039	1,665	1,679
2040	4	28
2041	9,932	14,645
Indefinite	13,829	–

Tax benefits of \$10,262 (\$7,531 in 2020) have been recorded related to unused non-capital tax losses, including \$5,220 (\$4,856 in 2020) from foreign subsidiaries. The Company also has \$1,008 (\$1,216 in 2020) of unrecognized capital losses and deductible temporary differences that may be carried forward indefinitely. As at December 31, 2021, no deferred tax liability was recognized for temporary differences arising from investments in subsidiaries and joint ventures because the Company controls the decisions affecting the realization of such liabilities and it is probable that the temporary differences will not reverse in the foreseeable future.

11. EARNINGS PER SHARE

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

	2021	2020
Profit attributable to owners of Class A shares, basic (\$)	24,649	17,901
Profit attributable to owners of Class B shares, basic (\$)	20,715	14,713
	45,364	32,614
Weighted average number of Class A shares outstanding, basic	7,377,022	7,378,964
Weighted average number of Class B shares outstanding, basic	5,635,989	5,513,258
	13,013,011	12,892,222
Basic earnings per Class A share	3.34	2.43
Basic earnings per Class B share	3.68	2.67
Profit attributable to owners of Class A shares, diluted (\$)	24,444	17,637
Profit attributable to owners of Class B shares, diluted (\$)	20,920	14,977
	45,364	32,614
Weighted average number of Class A shares outstanding, diluted	7,377,022	7,378,964
Weighted average number of Class B shares outstanding, diluted	5,739,486	5,696,621
	13,116,508	13,075,585
Diluted earnings per Class A share	3.31	2.39
Diluted earnings per Class B share	3.64	2.63

12. FINANCIAL RISK MANAGEMENT

CAPITAL MANAGEMENT

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

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

The Company includes the following in its capital:

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

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

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

The capital is calculated as follows:

	As at December 31, 2021 \$	As at December 31, 2020 \$
Short-term bank loans	8,600	–
Long-term debt, including the current portion	195,354	167,710
Less:		
Cash and cash equivalents	37,530	46,778
Total net indebtedness	166,424	120,932
Equity attributable to owners of the Company	314,561	300,782
Capitalization	480,985	421,714
Ratio of net indebtedness/capitalization	34.6%	28.7%

As at December 31, 2021, the Company was in compliance with all of its obligations under the terms of its banking agreements.

FINANCIAL RISK MANAGEMENT

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

CREDIT RISK

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

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

Overall, the Company serves some 2,350 customers. In 2021, the 20 largest customers accounted for 45.0% (40.0% in 2020) of consolidated revenue, and not a single customer accounted for more than 10% of consolidated revenue and trade receivables in 2021 and 2020.

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

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

LIQUIDITY RISK

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

The following are the contractual maturities of financial obligations:

	Carrying amount	Contractual cash flows ⁽¹⁾	Less than 1 year	1-3 years	More than 3 years
	\$	\$	\$	\$	\$
As at December 31, 2021					
Short-term bank loans	8,600	8,600	8,600	–	–
Trade and other payables	127,044	127,044	127,044	–	–
Dividends payable	1,338	1,338	1,338	–	–
Lease liabilities	141,024	206,713	20,064	47,082	139,567
Long-term debt	195,354	203,925	8,574	40,142	155,209
Non-current liabilities	40,730	43,091	–	38,832	4,259
	514,090	590,711	165,620	126,056	299,035
As at December 31, 2020					
	\$	\$	\$	\$	\$
Trade and other payables	91,694	91,694	91,694	–	–
Dividends payable	1,259	1,259	1,259	–	–
Lease liabilities	135,152	179,108	18,148	29,137	131,823
Long-term debt	167,710	180,065	6,622	130,027	43,416
Non-current liabilities	38,400	40,787	–	39,323	1,464
	434,215	492,913	117,723	198,487	176,703

⁽¹⁾ Includes principal and interest.

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

MARKET RISK

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

INTEREST RATE RISK

The Company is exposed to market risk related to interest rate fluctuations because a portion of its long-term debt bears interest at floating rates. The Company manages this risk by maintaining a mix of fixed and floating rate borrowings in accordance with the Company's policies. In addition, the Company holds interest rate swap contracts with the Company's main banks for an amount of \$40,000. The interest rate swap contracts are designated as a cash flow hedge to swap the floating rate of its debts to a fixed rate, thus decreasing the Company's sensitivity to interest rate fluctuations. The floating interest rates on the interest rate swap are CDOR and the weighted average fixed interest rate is 1.51%. The interest rate swap contracts settle on a monthly basis and will mature in June 2023 and September 2027 respectively. The Company continues to monitor opportunities to reduce interest rate risk.

SENSITIVITY ANALYSIS

As at December 31, 2021, the floating rate portion of the Company's long-term debt is 66.4% (60.4% in 2020). All else being equal, a hypothetical variation of +1.0% in the prime interest rate on the floating rate portion of the Company's long-term debt held as at December 31, 2021, would have had a negative impact of \$1,297 (\$1,014 in 2020) on profit for the year. A hypothetical variation of -1.0% in the prime interest rate would have had the opposite impact on profit for the year.

FOREIGN EXCHANGE RISK

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

During 2021, all else being equal, a hypothetical strengthening of 5.0% of the U.S. dollar against the Canadian dollar would have had a positive impact of \$827 (\$947 in 2020) on profit for the year and a positive impact of \$9,478 (\$12,474 in 2020) on total comprehensive income. A hypothetical weakening of 5.0% of the U.S. dollar against the Canadian dollar would have had the opposite impact on profit for the year and total comprehensive income.

As at December 31, 2021, a total of \$14,644 or US\$11,551 (\$25,302 or US\$19,873 in 2020) of cash and cash equivalents and trade and other receivables was denominated in foreign currencies. As at December 31, 2021, a total of \$5,200 or US\$4,102 (\$1,568 or US\$1,231 in 2020) of trade and other payables was denominated in foreign currencies.

FAIR VALUE OF FINANCIAL INSTRUMENTS

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

The estimated fair value of long-term debt was \$288 higher than its carrying value as at December 31, 2021 (\$3,349 higher in 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, 2021, no financial instruments were recorded at fair value and transferred between levels 1, 2 and 3.

SENSITIVITY ANALYSIS

On December 31, 2021, all other things being equal, a 10.0% increase of pre-established financial performance threshold of acquired businesses related to the written put option would have resulted in a decrease of \$3,657 (\$3,196 in 2020) in retained earnings for the year ended December 31, 2021, and an increase of the same amount in total liabilities. A 10.0% decrease of pre-established financial performance threshold would have had the opposite estimated impact.

13. FINANCIAL INSTRUMENTS

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

Carrying amount	As at December 31, 2021 \$	As at December 31, 2020 \$
Financial assets classified at amortized cost		
Cash and cash equivalents	37,530	46,778
Trade and other receivables	183,322	138,649
Non-current financial assets	5,902	9,210
	226,754	194,637
Financial liabilities classified at amortized cost		
Short-term bank loans	8,600	–
Trade and other payables	127,044	91,694
Dividends payable	1,338	1,259
Long-term debt, including current portion	195,354	167,710
Non-current liabilities	40,730	38,400
	373,066	299,063

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

14. TRADE AND OTHER RECEIVABLES

Carrying amount	As at December 31, 2021 \$	As at December 31, 2020 \$
Trade receivables	137,362	101,625
Allowance for doubtful accounts	(3,584)	(3,359)
Contract holdbacks	18,620	14,455
Net trade receivables	152,398	112,721
Government subsidies receivables	395	5,469
Accrued revenue	25,129	12,868
Commodity taxes	3,626	3,637
Insurance benefit receivable related to claims	388	509
Other	1,386	3,445
	183,322	138,649

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

	As at December 31, 2021 \$	As at December 31, 2020 \$
0-30 days	73,798	45,251
31-60 days	40,457	26,903
61-90 days	11,181	13,944
Over 90 days ⁽¹⁾	30,546	29,982
Allowance for doubtful accounts	(3,584)	(3,359)
	152,398	112,721

⁽¹⁾ Includes contract holdbacks amounting to \$10,893 (\$6,360 in 2020).

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

	2021 \$	2020 \$
Balance, beginning of year	3,359	3,053
Bad debt expense	1,473	873
Write-offs	(1,248)	(567)
Balance, end of year	3,584	3,359

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

15. INVENTORIES

	As at December 31, 2021 \$	As at December 31, 2020 \$
Consumables	11,597	7,598
Raw materials	2,199	2,201
Work in progress	2,654	2,656
Finished goods	380	491
	16,830	12,946

The cost of inventories recognized as an expense during the year was \$46,889 (\$44,212 in 2020) and was recorded in equipment and supplies expense in the consolidated statements of earnings.

16. EQUITY ACCOUNTED INVESTMENTS

INVESTMENTS IN JOINT VENTURES

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

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

The Company has one significant joint venture, TERMONT Terminal Inc., specialized in handling containers, which is aligned with the Company's core marine services segment. The address of TERMONT Terminal Inc.'s head office 600 De la Gauchetière Street West, 14th Floor, Montréal, Québec H3B 4L2, Canada.

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

	2021	2020
	\$	\$
Statement of financial position		
Current assets (including cash and cash equivalents of \$2,440 (\$1,431 in 2020))	4,696	3,197
Non-current assets	94,722	92,119
Current liabilities	(1,419)	(1,129)
Non-current liabilities	(42,120)	(38,613)
Net assets	55,879	55,574
The Company's share of net assets presented as an equity accounted investment		
	27,949	27,795
Results		
Revenue	4,632	4,112
Share of profit of an equity accounted investment	11,596	12,713
Interest expense	(1,998)	(1,834)
Interest income	1,999	1,844
Income taxes	(797)	(717)
Profit and total comprehensive income for the year	13,810	14,702
The Company's share of profit and total comprehensive income for the year		
	6,905	7,351
Dividend received by the Company		
	6,750	5,250

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

	2021	2020
	\$	\$
Carrying amount of interests in individually immaterial joint ventures	18,362	17,266
Profit for the year	3,179	2,178
Other comprehensive income (loss)	234	(146)
Total comprehensive income for the year	3,381	2,032
Dividends received by the Company	2,109	1,350

17. PROPERTY, PLANT AND EQUIPMENT

Cost	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress ⁽¹⁾ \$	Total \$
As at January 1, 2020	73,882	228,720	4,835	14,225	2,166	323,828
Additions	93	8,641	198	130	15,366	24,428
Additions through business combinations (Note 4)	–	7,810	12	–	–	7,822
Disposals	(124)	(4,222)	(836)	(1,183)	–	(6,365)
Transfers	698	4,813	1,197	3,148	(9,856)	–
Effect of foreign currency exchange differences	(429)	(1,649)	(35)	(212)	(752)	(3,077)
As at December 31, 2020	74,120	244,113	5,371	16,108	6,924	346,636
Additions	18	7,214	372	271	36,844	44,719
Additions through business combinations (Note 4)	–	11,629	–	–	–	11,629
Disposals	(6,437)	(4,472)	(110)	(74)	–	(11,093)
Transfers	1,689	17,946	545	823	(21,003)	–
Effect of foreign currency exchange differences	(287)	(66)	(6)	(41)	(5)	(405)
As at December 31, 2021	69,103	276,364	6,172	17,087	22,760	391,486

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

Accumulated depreciation	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
As at January 1, 2020	14,749	114,518	4,019	6,238	–	139,524
Depreciation expense	3,139	23,150	376	1,184	–	27,849
Disposals	(22)	(3,247)	(809)	(1,139)	–	(5,217)
Effect of foreign currency exchange differences	(136)	(927)	(35)	(108)	–	(1,206)
As at December 31, 2020	17,730	133,494	3,551	6,175	–	160,950
Depreciation expense	2,768	22,890	607	1,337	–	27,602
Disposals	(142)	(3,977)	(81)	(69)	–	(4,269)
Effect of foreign currency exchange differences	(9)	(94)	(4)	(11)	–	(118)
As at December 31, 2021	20,347	152,313	4,073	7,432	–	184,165

Carrying amount	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Leasehold improvements \$	Construction in progress \$	Total \$
As at December 31, 2020	56,390	110,619	1,820	9,933	6,924	185,686
As at December 31, 2021	48,756	124,051	2,099	9,655	22,760	207,321

As at December 31, 2021, the Company has \$14,097 of property, plant and equipment under order, or not yet delivered (nil in 2020).

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).

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 is 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.

During the year ended December 31, 2021, the Company received confirmation of 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 destroyed 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.

Pursuant to the lease agreement with Georgia Ports Authority, the Company is required to rebuild the warehouse that was destroyed by the fire, unless agreed to otherwise. As at the date of these consolidated financial statements, discussions are ongoing with the Georgia Ports Authority and other parties to determine if the warehouse will be rebuilt and if so, the size and the type of warehouse to be constructed. In accordance with the lease agreement, this warehouse was insured for US\$21,900 (\$26,900). As at the date of these financial statements, the Company has not begun reconstruction of the warehouse and is able to operate with reduced capacity at this facility. The Company will record the impact of final discussions related to the warehouse, including any required obligations for rebuilding of the warehouse and a corresponding insurance recovery, in the period when all information will be available.

This reflects management's best estimates based on the information available as at the date of these consolidated 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.

18. LEASE ARRANGEMENTS

Leases relate to lease agreements to rent offices, port facilities, and equipment that expire until 2040. The Company has the option to purchase some of the leased equipment at the end of the lease terms. The Company also has the option to renew certain lease arrangements to rent offices, port facilities and equipment. Contingent rentals are determined based on the volume and type of cargo handled. Lease liabilities are discounted using the incremental weighted average borrowing rate of 3.87%.

RIGHT-OF-USE ASSETS

Carrying amount	Land and buildings \$	Machinery and automotive equipment \$	Computer equipment, furniture and fixtures \$	Total \$
As at January 1, 2020	83,642	5,493	446	89,581
Additions	55,943	4,613	52	60,608
Derecognition	(455)	–	–	(455)
Depreciation expense ⁽¹⁾	(10,722)	(2,977)	(134)	(13,833)
Effect of foreign currency exchange differences	(2,907)	(211)	(4)	(3,122)
As at December 31, 2020	125,501	6,918	360	132,779
Additions	15,531	4,260	10	19,801
Derecognition	(998)	(196)	–	(1,194)
Depreciation expense	(12,254)	(3,450)	(123)	(15,827)
Effect of foreign currency exchange differences	(176)	(332)	(2)	(510)
As at December 31, 2021	127,604	7,200	245	135,049

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

LEASE LIABILITIES

	As at December 31, 2021 \$	As at December 31, 2020 \$
Contractual undiscounted cash flows		
Less than 1 year	20,064	18,148
Between 1 and 5 years	71,043	53,425
More than 5 years	115,606	107,535
Total undiscounted lease liabilities	206,713	179,108
Lease liabilities		
Current	15,775	18,251
Non-current	125,249	116,901

AMOUNT RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF EARNINGS

	2021 \$	2020 \$
Leases under IFRS 16		
Interest on lease liabilities	5,222	5,239
Expense related to variable lease payments, short-term and low-value assets not included in the measurement of lease liabilities ⁽¹⁾	38,019	30,766
	43,241	36,005

⁽¹⁾ Recognized as operating expense in the consolidated statements of earnings.

19. GOODWILL

Carrying amount	As at December 31, 2021 \$	As at December 31, 2020 \$
Cost, beginning of year	150,611	141,917
Business combinations (Note 4)	32,478	10,005
Effect of foreign currency exchange differences	917	(1,311)
Cost, end of year	184,006	150,611
Accumulated impairment losses	(1,300)	(1,300)
Net carrying amount	182,706	149,311

IMPAIRMENT TESTING

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

Carrying amount	As at December 31, 2021 \$	As at December 31, 2020 \$
Stevedoring	56,886	57,000
ALTRA Proven Water Technologies	86,445	86,445
Environment	39,190	5,681
Agencies	185	185
	182,706	149,311

The recoverable amount of all CGUs or groups of CGUs has been determined based on value in use, which is calculated by discounting five-year cash flow projections from the budget approved by the Board of Directors covering a one-year period and forecasts for the subsequent four years. These cash flow projections reflect past experience, future expectations of financial performance and current economic situation, including the COVID-19 pandemic.

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

- A growth rate between 3.0% to 5.0% (3.0% to 5.0% in 2020) has been used to extrapolate cash flow projections for the forecasted subsequent four years and a growth rate of 2.0% (2.0% in 2020) for the terminal value.
- The discount rate used to calculate the recoverable amount is based on market data and was 10.0% (9.1% in 2020).

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

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

20. INTANGIBLE ASSETS

Cost	Lease rights and location	Client relationships and backlog	Computer software	Total
	\$	\$	\$	\$
As at January 1, 2020	26,086	45,151	3,417	74,654
Additions	–	–	385	385
Additions through business combinations (Note 4)	–	2,051	–	2,051
Disposals	–	(50)	–	(50)
Effect of foreign currency exchange differences	(515)	(701)	(31)	(1,247)
As at December 31, 2020	25,571	46,451	3,771	75,793
Additions	–	–	117	117
Additions through a business combination (Note 4)	–	8,250	–	8,250
Disposals	–	–	(152)	(152)
Effect of foreign currency exchange differences	(109)	39	10	(60)
As at December 31, 2021	25,462	54,740	3,746	83,948

Accumulated amortization	Lease rights and location	Client relationships and backlog	Computer software	Total
	\$	\$	\$	\$
As at January 1, 2020	8,093	22,920	2,906	33,919
Amortization expense	1,395	2,209	370	3,974
Disposals	–	(10)	–	(10)
Effect of foreign currency exchange differences	(230)	(248)	(34)	(512)
As at December 31, 2020	9,258	24,871	3,242	37,371
Amortization expense	1,302	4,046	323	5,671
Disposals	–	–	(152)	(152)
Effect of foreign currency exchange differences	(24)	27	12	15
As at December 31, 2021	10,536	28,944	3,425	42,905

Carrying amount	Lease rights and location	Client relationships and backlog	Computer software	Total
	\$	\$	\$	\$
As at December 31, 2020	16,313	21,580	529	38,422
As at December 31, 2021	14,926	25,796	321	41,043

Accumulated impairment losses	As at December 31, 2021	As at December 31, 2020
	\$	\$
Balance, end of year	9,738	9,738

21. NON-CURRENT FINANCIAL ASSETS

	As at December 31, 2021 \$	As at December 31, 2020 \$
Non-current financial assets	3,480	4,876
Contract holdbacks	2,422	4,334
	5,902	9,210

22. TRADE AND OTHER PAYABLES

	As at December 31, 2021 \$	As at December 31, 2020 \$
Trade payables and accrued liabilities	67,541	62,730
Payroll accruals	24,315	18,920
Due to a non-controlling interest (Note 25)	28,155	5,857
Provisions (Note 25)	789	636
Other	6,244	3,551
	127,044	91,694

23. INDEBTEDNESS

LONG-TERM DEBT

	As at December 31, 2021 \$	As at December 31, 2020 \$
Revolving credit facility, bearing interest at bankers' prime rate and/or acceptance and LIBOR loans, with no principal repayment required until October 2025. The weighted average interest rate was 2.13% as at December 31, 2021 ⁽¹⁾	135,568	106,670
Unsecured long-term debt, bearing interest at 4.50%, without any principal repayment due before December 2022, to be paid in 20 equal consecutive quarterly payments, maturing in 2027 ⁽²⁾	49,974	50,000
Term credit facilities, bearing interest at prime rate plus 0.75% to 2.00%, with maturities ranging up to five years from the advance date ⁽³⁾⁽⁴⁾	9,084	9,701
Non-interest-bearing government loan, maturing in 2023	700	1,130
Loan for equipment purchases, bearing interest up to 5.36%	28	209
	195,354	167,710
Less:		
Current portion	3,427	3,748
	191,927	163,962

⁽¹⁾ As of November 10, 2021, the Company and its wholly owned subsidiary, LOGISTEC USA Inc., jointly and severally renegotiated their credit agreement leading to an amendment to the existing credit agreement. The revolving credit facility details are as follows:

- A \$300,000 or the U.S. dollar equivalent unsecured revolving credit facility maturing in October 2025.
- The unsecured revolving credit facility is to be used for short-term and long-term cash flow needs and investment purposes, and to refinance existing indebtedness. The facility can be used in the form of direct advances, bankers' acceptances, LIBOR, and letters of credit. As at December 31, 2021, US\$60,000 (\$76,068) was drawn from the credit facility.
- The interest rate charged on the borrowings made under this agreement depends on the form of the borrowing, to which is added a margin that varies according to the level of a leverage ratio achieved by the Company.

⁽²⁾ As of September 14, 2021, the Company renegotiated its credit agreement leading to an amendment to the existing unsecured long-term debt. The unsecured long-term debt details are as follows:

- A \$25,000 unsecured loan maturing in September 2027, and bearing interest at 4.50% (formerly at 4.82%), paid quarterly. The repayment schedule begins in December 2022 and payments are to be made in 20 equal consecutive quarterly instalments of \$1,250.
- A \$25,000 unsecured loan maturing in September 2027 and bearing interest at 4.50% (formerly at 4.64%), paid quarterly. The repayment schedule begins in December 2022 and payments are to be made in 20 equal consecutive quarterly instalments of \$1,250.
- A \$25,000 advance prepayment option exercisable on September 15, 2022 was added without penalty.

⁽³⁾ The credit facility details of FER-PAL are as follows:

- A \$10,000 and a US\$1,000 overdraft facilities due on demand, to be used for operating requirements. These facilities can be used in the form of overdrafts, bankers' acceptances and letters of credit. The advances are based on accounts receivable's estimated worth of good quality. As at December 31, 2021, no amount was drawn on these credit facilities.
- A demand loan for an amount of \$10,000 due over 48 months in equal principal repayments plus monthly interest, bearing interest at prime rate plus applicable margin varying between 0.25% and 0.75%. As at December 31, 2021, the loan amounted to \$3,125.
- A \$750 corporate credit card credit facility.
- A risk management facility for an amount of \$1,000 to be used in the form of foreign exchange forward contracts.
- The facility is secured by a general security agreement on all of its current and future assets.

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

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

Long-term debt matures as follows:

	As at December 31, 2021 \$	As at December 31, 2020 \$
Total principal repayments required		
Less than 1 year	3,427	3,748
Between 1 and 5 years	191,927	145,316
More than 5 years	–	18,646
	195,354	167,710

HEDGING INSTRUMENTS

During the year ended December 31, 2021, an average amount of US\$57,333 (US\$56,280 in 2020) of the revolving credit facility denominated in U.S. dollars had been designated by the Corporation as a hedging instrument of its net investment in foreign operations. As there was no hedge ineffectiveness during the year ended December 31, 2021, there was no impact on the consolidated statements of earnings. Consequently, a foreign exchange gain of \$521 (gain of \$2,306 in 2020) was reclassified to other comprehensive income.

24. POST-EMPLOYMENT BENEFIT ASSETS AND OBLIGATIONS

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

The projected benefit obligation as at December 31, 2021, has been extrapolated using the projected benefit obligation based on the latest actuarial valuations dated December 31, 2019.

The last actuarial valuation for the Supplemental Retirement Plans for Senior Executives ("SERP") of LOGISTEC Corporation is dated December 31, 2021.

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

The weighted average duration of the defined benefit obligation is 14.7 years.

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

	2021 \$	2020 \$
Benefit obligation, beginning of year	(44,145)	(39,409)
Current service cost	(1,446)	(1,418)
Interest cost	(1,098)	(1,280)
Employees' contributions	(86)	(96)
Actuarial gain (loss) arising from experience adjustments	5,380	(3,076)
Benefits paid	1,351	1,134
Benefit obligation, end of year	(40,044)	(44,145)
Fair value of plan assets, beginning of year	22,529	21,451
Interest income	560	696
Variation on plan assets, excluding amounts included in interest income	1,114	485
Employer's contributions ⁽¹⁾	897	935
Employees' contributions	86	96
Benefits paid	(1,239)	(1,134)
Fair value of plan assets, end of year	23,947	22,529
Net benefit liability, end of year ⁽²⁾	(16,097)	(21,616)

⁽¹⁾ Employer's contributions include contributions made by an equity accounted investment of the Company of \$73 (\$64 in 2020) and exclude benefits paid of \$198 (nil in 2020) under the SERP.

⁽²⁾ Post-employment benefit obligations in the consolidated statements of financial position include \$115 (\$439 in 2020) for defined contribution retirement plans provided to certain members of key management personnel, for which no contributions were made.

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

	Wholly and partially funded		Unfunded ⁽¹⁾		Total	
	2021 \$	2020 \$	2021 \$	2020 \$	2021 \$	2020 \$
Benefit obligation	(24,162)	(25,272)	(15,882)	(18,873)	(40,044)	(44,145)
Fair value of plan assets	23,947	22,529	-	-	23,947	22,529
Plan deficit	(215)	(2,743)	(15,882)	(18,873)	(16,097)	(21,616)

⁽¹⁾ The unfunded plans consist of SERP. As at December 31, 2021, the plan deficit for the Canadian executives is \$14,718 (\$17,760 in 2020) and \$1,164 (\$1,113 in 2020) for the U.S. executives. The SERP are non-contributory, and the Company plans to fund the benefits with future cash flows that will be generated by operations.

Plan assets consist of:

	As at December 31, 2021 \$	As at December 31, 2020 \$
Derived from observable market data - Level 2 fair value		
Bonds	9,647	8,894
Canadian & foreign stock	11,219	10,271
Non-observable market inputs - Level 3 fair value		
Annuity contracts	3,081	3,364
	23,947	22,529

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

	2021 \$	2020 \$
Current service cost	1,446	1,418
Net interest expense	538	584
	1,984	2,002
Less: net expense assumed by an equity accounted investment of the Company	(120)	(96)
Defined benefit cost recognized	1,864	1,906
Net expense for defined contribution retirement plans	3,486	3,423
Net expense for all defined benefit and defined contribution retirement plans	5,350	5,329

SIGNIFICANT ACTUARIAL ASSUMPTIONS

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

	2021 %	2020 %
Accrued benefit liability		
Discount rate, end of year	3.0	2.5
Expected rate of compensation increase	3.8	3.8
Benefit cost		
Discount rate	2.5	3.3
Expected rate of compensation increase	3.8	3.8

SENSITIVITY ANALYSIS

As at December 31, 2021, all else being equal, a hypothetical variation of +1.0% in the discount rate would have a positive impact of \$5,126 (\$6,197 in 2020), whereas a hypothetical variation of -1.0% would have a negative impact of \$6,392 (\$7,918 in 2020) on the benefit obligation.

As at December 31, 2021, all else being equal, a hypothetical variation of +1.0% in the expected rate of compensation increase would have a negative impact of \$741 (\$1,332 in 2020), whereas a hypothetical variation of -1.0% would have a positive impact of \$703 (\$1,252 in 2020) on the benefit obligation.

CONTRIBUTIONS TO RETIREMENT PLANS

Total cash payments for post-employment benefits for 2021, consisting of cash contributed by the Company to its funded retirement plans, cash payments made directly to beneficiaries for its unfunded other benefit retirement plans, and cash contributed to its defined contribution retirement plans, were \$4,508 (\$4,294 in 2020).

The Company expects to make a contribution of \$573 to the defined benefit retirement plans in 2021.

25. NON-CURRENT LIABILITIES

	As at December 31, 2021 \$	As at December 31, 2020 \$
Long-term liability due to a non-controlling interest	36,471	32,742
Advance due to a non-controlling interest	–	2,447
Provisions	2,232	1,464
Other	2,027	1,747
	40,730	38,400

REPURCHASE OF NON-CONTROLLING INTERESTS

FER-PAL

Following the business combination of FER-PAL 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 based on a predetermined purchase price formula based on FER-PAL's performance.

As at December 31, 2021, following the accretion of interest and the remeasurement of the put option, a liability of \$64,366 (\$31,963 in 2020) was recognized, of which \$27,895 (nil in 2020) has been included in trade and other payables while the remaining balance of \$36,471 (\$31,963 in 2020) has been included in non-current liabilities in the consolidated statements of financial position. For the year ended December 31, 2021, the Company recognized a loss on remeasurement of \$32,403 (\$2,732 in 2020) in retained earnings.

The Company also has a call option, exercisable by LOGISTEC at any time after July 6, 2022, to purchase the remaining 49% shares from the non-controlling interest shareholders on the same terms as the put option.

LGC

On December 31, 2021, the Company repurchased a 4.80% interest in LGC held by the non-controlling interest for a negligible purchase price. The Company has an obligation to repurchase the remaining 17.29% non-controlling interest in LGC on December 31, 2021, at the latest, or earlier upon the occurrence of certain events. The purchase price is the greater of: i) the book value of the 17.29% non-controlling interests or ii) a multiple of an agreed upon measure of financial performance, minus LGC's debt. For the year ended December 31, 2021, the Company recognized a gain on remeasurement of \$515 (\$309 in 2020) in other losses in the consolidated statements of earnings. As at December 31, 2021, a liability of \$260 is included in trade and other payables in the consolidated statements of financial position. On March 2, 2022, the Company settled the liability, which resulted in LGC being a wholly owned subsidiary at that date.

No profit is attributed to the non-controlling interests of FER-PAL and LGC since the Company recorded a due to non-controlling interest.

PROVISIONS

	Claims and litigation \$	Shares-based payments \$	Share of losses of certain joint ventures \$	Other \$	Total \$
As at December 31, 2020	542	1,002	180	376	2,100
Additional provisions	696	1,492	–	32	2,220
Settlement of provisions	(302)	(563)	–	4	(861)
Reversal of provisions	(222)	–	(180)	(36)	(438)
As at December 31, 2021	714	1,931	–	376	3,021
Less: current provisions	714	–	–	75	789
Non-current provisions	–	1,931	–	301	2,232

Other provisions include provisions for warranty and provisions for asset retirement obligations. Provisions for asset retirement obligations essentially derive from the obligation to remove assets and to restore the sites under lease arrangements expiring until 2026.

INSURANCE BENEFITS

An amount of \$388 (\$509 in 2020) is recognized as an asset in trade and other receivables relative to the benefit to be received from the insurance company in connection with claims.

26. SHARE CAPITAL

Authorized in an unlimited number:

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

Issued and outstanding ⁽¹⁾	As at December 31, 2021 \$	As at December 31, 2020 \$
7,377,022 Class A shares (7,377,022 in 2020)	4,875	4,875
5,683,036 Class B shares (5,535,869 in 2020)	46,014	40,700
	50,889	45,575

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

REPURCHASE OF THE NON-CONTROLLING INTEREST IN SANEXEN

Following the 2016 agreement with the non-controlling interest shareholders of SANEXEN to acquire the remaining equity interest that LOGISTEC did not already own in SANEXEN, during the year ended December 31, 2021, LOGISTEC issued 148,567 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 nil as at December 31, 2021.

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

The following table provides a reconciliation between the opening and closing balances for the year 2021:

	As at December 31, 2020 \$	Settlement \$	As at December 31, 2021 \$
Trade and other payables	5,857	(5,857)	–
Share capital to be issued	4,906	(4,906)	–

EXECUTIVE STOCK OPTION PLAN

The Company has an Executive Stock Option Plan under which 58,253 options to subscribe for the Company's Class B shares have been granted to certain senior executives in 2021 (60,658 options granted in 2020). The exercise price of the options is \$44.79 (\$24.86 for the 2020 grant) and is equal to the average of the daily high and low trading prices for the five days, consecutive or not, preceding the date of the grant. The options granted vest over a period of four years at the rate of 25% per year, starting at the grant date. The fair value of the options was estimated at \$13.99 (\$5.77 for the 2020 grant) at the grant date using the Black-Scholes option pricing model, taking into account the terms and conditions on which the options were granted. The contractual term of each option granted is ten years. There are no cash settlement alternatives. The Company accounts for the Executive Stock Option Plan as an equity-settled plan. The expenses recorded in the consolidated financial statements of earnings for the year ended December 31, 2021, was \$364 (\$136 in 2020).

EMPLOYEE STOCK PURCHASE PLAN ("ESPP")

Pursuant to the ESPP, 600,000 Class B shares were reserved for issuance. As at January 1, 2021, there remained an unallocated balance of 169,400 Class B shares reserved pursuant to this ESPP. Eligible employees designated by the Board of Directors need to have at least two years of service. Participation is on a voluntary basis. The subscription price is determined by the average high and low board lot trading prices of the Class B shares on the TSX during five days, consecutive or not, preceding the last Thursday of the month of May of the year the shares are issued (or the last Thursday of such other month as shall be determined by the Board, which shall be the month preceding the date of issuance), less a maximum 10% discount. A non-interest-bearing loan offered by the Company is available to acquire said shares. The loans are repaid over a two-year period by way of payroll deductions.

As at December 31, 2021, following the issuance of 12,700 (24,300 in 2020) Class B shares under this ESPP, there remains an unallocated balance of 156,700 Class B shares reserved for issuance pursuant to this ESPP. Those 12,700 (24,300 in 2020) Class B shares were issued for cash consideration of \$130 (\$190 in 2020) and for non-interest-bearing loans of \$385 (\$505 in 2020), repayable over two years with a carrying value of \$500 as at December 31, 2021 (\$443 in 2020).

NORMAL COURSE ISSUER BID ("NCIB")

Pursuant to the current NCIB, which was launched on October 28, 2021, and will terminate on October 27, 2022, LOGISTEC intends to repurchase for cancellation purposes, up to 368,851 Class A shares and 284,301 Class B shares, representing 5% of the issued and outstanding shares of each class as at October 15, 2021.

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

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

Shares repurchased by bid	Class A shares	Class B shares	Class A shares	Class B shares
			Average price	Average price
			\$	\$
NCIB 2019 (October 28, 2019, to October 27, 2020)				
Repurchase in 2019	2,300	7,000	41.78	40.52
Repurchase in 2020	5,300	28,100	30.73	31.98
Total NCIB 2019	7,600	35,100	34.08	33.69
NCIB 2020 (October 28, 2020, to October 27, 2021)				
Repurchase in 2020	600	6,500	38.41	35.59
Repurchase in 2021	–	11,100	–	37.92
Total NCIB 2020	600	17,600	38.41	37.06
NCIB 2020 (October 28, 2021, to October 27, 2022)				
Repurchase in 2021	–	3,000	–	43.34
Total NCIB 2021	–	3,000	–	43.34

Shares repurchased by year	Class A shares	Class B shares
2020		
NCIB 2019	5,300	28,100
NCIB 2020	600	6,500
Total 2020	5,900	34,600
2021		
NCIB 2020	–	11,100
NCIB 2021	–	3,000
Total 2021	–	14,100

The number of shares varied as follows:

Shares repurchased by bid	Number of Class A shares	Number of Class B shares	Class A shares \$	Class B shares \$
As at January 1, 2020	7,383,622	5,396,901	4,879	35,343
Repurchased under the NCIBs	(5,900)	(34,600)	(4)	(243)
Conversion	(700)	700	–	–
ESPP	–	24,300	–	695
Exercise of option pursuant to the SANEXEN transaction	–	148,568	–	4,905
As at December 31, 2020	7,377,022	5,535,869	4,875	40,700
Repurchased under the NCIBs	–	(14,100)	–	(107)
Conversion	–	–	–	–
ESPP	–	12,700	–	515
Exercise of option pursuant to the SANEXEN transaction	–	148,567	–	4,906
As at December 31, 2021	7,377,022	5,683,036	4,875	46,014

DIVIDENDS

Details of dividends declared per share are as follows:

	2021	2020
	\$	\$
Class A shares	0.38	0.37
Class B shares	0.42	0.41

Details of dividends paid per share are as follows:

	2021	2020
	\$	\$
Class A shares	0.38	0.37
Class B shares	0.42	0.41

On March 18, 2022, the Board of Directors declared a dividend of \$0.09818 per Class A share and \$0.10799 per Class B share, which will be paid on April 14, 2022, to all shareholders of record as of March 31, 2022. The estimated dividend to be paid is \$724 on Class A shares and \$613 on Class B shares.

27. ACCUMULATED OTHER COMPREHENSIVE INCOME, NET OF TAXES

	As at December 31, 2021	As at December 31, 2020
	\$	\$
Loss on financial instruments designated as cash flow hedges	(247)	(106)
Currency translation differences arising on translation of foreign operations	8,067	7,218
Unrealized gain on translating debt designated as hedging item of the net investment in foreign operations	1,231	831
	9,051	7,943

28. CONSOLIDATED STATEMENTS OF CASH FLOWS

ITEMS NOT AFFECTING CASH AND CASH EQUIVALENTS

	2021 \$	2020 \$
Defined benefit and defined contribution retirement plan expense	1,864	1,937
Depreciation and amortization expense	49,100	45,390
Share of profit of equity accounted investments	(10,084)	(9,529)
Finance expense	11,103	12,453
Finance income	(541)	(635)
Current income taxes	13,824	9,991
Deferred income taxes	(3,353)	671
Non-current assets	438	525
Contract liabilities	(400)	(400)
Non-current liabilities	504	(2,517)
Other	1,810	2,631
	64,265	60,517

CHANGES IN NON-CASH WORKING CAPITAL ITEMS

	2021 \$	2020 \$
(Increase) decrease in:		
Trade and other receivables	(29,571)	22,692
Income taxes	(806)	(2,532)
Prepaid expenses and other	(1,023)	(3,874)
Inventories	(3,169)	(386)
Increase (decrease) in:		
Trade and other payables	1,153	(4,345)
Contract liabilities	5,860	3,511
	(27,556)	15,066

NON-CASH TRANSACTIONS

During 2021, the Company acquired property, plant and equipment, of which \$1,587 (\$1,174 in 2020) was unpaid at the end of the year.

RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

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

2021	Opening		Cash changes		Non-cash changes		Non-cash changes		Ending
	DEC 31, 2020	Repayments	Borrowings	Debt from acquisitions/adjustments	Borrowings	Foreign exchange	DEC 31, 2021		
	\$	\$	\$	\$	\$	\$	\$	\$	
Short-term bank loans	–	–	8,600	–	–	–	8,600		
Revolving credit facility	106,670	(59,086)	88,451	–	–	(467)	135,568		
Unsecured loan debt	50,000	–	–	(26)	–	–	49,974		
Term credit facility	9,701	(3,884)	3,222	(13)	–	58	9,084		
Government loan	1,130	(430)	–	–	–	–	700		
Equipment loan	209	(201)	8	13	–	(1)	28		
Lease liabilities	135,152	(13,384)	–	1,429	17,972	(145)	141,024		
Total	302,862	(76,985)	100,281	1,403	17,972	(555)	344,978		

2020	Opening		Cash changes		Non-cash changes		Non-cash changes		Ending
	DEC 31, 2019	Repayments	Borrowings	Debt from acquisitions/adjustments	Borrowings	Foreign exchange	DEC 31, 2020		
	\$	\$	\$	\$	\$	\$	\$		
Revolving credit facility	115,003	(80,064)	74,381	–	–	(2,650)	106,670		
Unsecured loan debt	50,000	–	–	–	–	–	50,000		
Term credit facility	10,333	(2,698)	2,137	–	–	(71)	9,701		
Government loan	1,200	(100)	–	30	–	–	1,130		
Equipment loan	1,364	(1,100)	–	(44)	–	(11)	209		
Lease liabilities	91,315	(14,049)	–	(16)	60,927	(3,025)	135,152		
Total	269,215	(98,011)	76,518	(30)	60,927	(5,757)	302,862		

29. RELATED PARTY TRANSACTIONS

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

TRADING TRANSACTIONS

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

	2021	2020
	\$	\$
Sale of services	7,492	5,028
Purchase of services	847	921
	As at	As at
	December 31,	December 31,
	2021	2020
	\$	\$
Amounts owed to joint ventures	3,485	640
Amounts owed from joint ventures	264	2,045

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

TRANSACTIONS WITH SHAREHOLDERS

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

	2021	2020
	\$	\$
Dividends paid to Sumanic Investments Inc.	2,227	2,173

COMPENSATION OF KEY MANAGEMENT PERSONNEL

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

	2021	2020
	\$	\$
Short-term benefits	5,192	5,789
Post-employment benefits	262	248
Other long-term benefits	595	(879)
	6,049	5,158

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

30. SEGMENTED INFORMATION

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

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

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

INDUSTRY SEGMENTS

REVENUE, RESULTS AND OTHER INFORMATION

	Marine services \$	Environmental services \$	Total \$
2021			
Revenue	426,967	316,736	743,703
Depreciation and amortization expense	34,577	14,523	49,100
Share of profit of equity accounted investments	9,217	867	10,084
Finance expense	7,820	3,283	11,103
Finance income	40	501	541
Profit before income taxes	30,450	25,645	56,095
Acquisition of property, plant and equipment, including business combinations	34,457	21,891	56,348
	Marine services \$	Environmental services \$	Total \$
2020			
Revenue	344,622	260,079	604,701
Depreciation and amortization expense	33,094	12,296	45,390
Share of profit of equity accounted investments	9,239	290	9,529
Finance expense	8,980	3,473	12,453
Finance income	100	535	635
Profit before income taxes	27,233	16,217	43,450
Acquisition of property, plant and equipment, including business combinations	24,280	7,970	32,250

ASSETS AND LIABILITIES

	Marine services \$	Environmental services \$	Total \$
2021			
Total assets	538,261	360,710	898,971
Equity accounted investments	44,259	2,052	46,311
Total liabilities	376,841	206,521	583,362
2020			
Total assets	525,833	273,619	799,452
Equity accounted investments	42,913	2,148	45,061
Total liabilities	374,346	123,535	497,881

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:

Revenue	Canada \$	USA \$	Total \$
2021	401,262	342,441	743,703
2020	338,396	266,305	604,701
Non-current assets⁽¹⁾			
As at December 31, 2021	346,673	268,205	614,878
As at December 31, 2020	281,235	272,405	553,640

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

31. CONTINGENT LIABILITIES AND GUARANTEES

As at December 31, 2021, the Company has outstanding letters of credit for an amount of \$14,513 (\$4,108 in 2020) relating to financial guarantees issued in the normal course of business. Most of these letters of credit mature within the next 12 months.

The Company, together with one of its partners, severally guarantees the obligations of a lease arrangement in one of its joint ventures. The guarantee is limited to a cumulative amount of \$2,385 (\$2,222 in 2020).

As at December 31, 2021, the Company has contingent liabilities totalling \$486 (\$2,025 in 2020) for contingent obligations to remove assets and to restore sites under lease arrangements.

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

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

BOARD OF DIRECTORS



Madeleine Paquin, C.M. ⁽¹⁾
President & Chief Executive Officer



Curtis J. Foltz ⁽¹⁾⁽²⁾⁽³⁾
Consultant
Corporate Director



Michael Dodson ⁽²⁾⁽³⁾
Corporate Director



Lukas Loeffler,
Eng., Ph.D.
Corporate Director



Nicole Paquin
Corporate Director



George Gugelmann ⁽²⁾⁽³⁾
Private Investor



J. Mark Rodger ⁽¹⁾⁽³⁾
Partner - Borden
Ladner Gervais LLP



Dany St-Pierre ⁽²⁾⁽³⁾
President -
Cleantech
Expansion LLC



Suzanne Paquin
President -
Transport Nanuk Inc.



Luc Villeneuve,
FCPA, FCA ⁽¹⁾⁽²⁾
Corporate Director

⁽¹⁾ Member of the Executive Committee

⁽²⁾ Member of the Audit Committee

⁽³⁾ Member of the Governance and Human Resources Committee

OFFICERS OF THE COMPANY



Curtis J. Foltz
Chairman of the Board



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



Jean-Claude Dugas, CPA, CA
Chief Financial Officer



Stéphane Blanchette, CHRP
Vice-President, Human Resources



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



Suzanne Paquin
Vice-President



Martin Ponce
Chief Information Officer



Marie-Chantal Savoy
Vice-President, Strategy & Communications



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



Arty Davilmar, CPA, CFA, MBA
Treasurer



Rodney Corrigan
President - LOGISTEC Stevedoring Inc.



Jean-François Bolduc
President - LOGISTEC Environmental Services Inc. and SANEXEN Environmental Services Inc.

SHAREHOLDER AND INVESTOR INFORMATION

ANNUAL MEETING

The annual meeting of shareholders will be held on May 5, 2022.

Please refer to www.logistec.com/investors for meeting details.

TRANSFER AGENT AND REGISTRAR

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or 1-800-564-6253
Fax: 416-263-9394
or 1-888-453-0330
caregistryinfo@computershare.com

INDEPENDENT AUDITOR

KPMG LLP
KPMG Tower
600 De Maisonneuve Blvd. West
Suite 1500
Montréal, QC H3A 0A3
Tel.: 514-840-2100
www.kpmg.com

STOCK EXCHANGES

LOGISTEC shares are listed on the Toronto Stock Exchange.

Ticker symbols:

LGT.A for Class A Common Shares

LGT.B for Class B Subordinate Voting Shares

INVESTOR RELATIONS

Jean-Claude Dugas
Chief Financial Officer
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This year, LOGISTEC celebrates its 70th anniversary.

Our culture is built on a rich heritage, sustained over the years through creative thinking, ingenuity, and collaboration. Since 1952, the LOGISTEC family has experienced spectacular growth. This celebration provides us with a great opportunity to reflect upon our past, and more importantly, to craft a bold vision for our future.

LOGISTEC

www.logistec.com