FLINT™

First Quarter

2024

flintcorp.com

FLINT Announces First Quarter 2024 Financial Results

Books $201.5 million in New Contract Awards and Renewals in First Quarter

Calgary, Alberta (May 2, 2024) – FLINT Corp. ("FLINT" or the "Company") (TSX: FLNT) today announced its results for the three months ended March 31, 2024. All amounts are in Canadian dollars and expressed in thousands of dollars unless otherwise noted.

"EBITDAS" and "Adjusted EBITDAS" are not standard measures under IFRS. Please refer to the Advisory regarding Non-GAAP Financial Measures at the end of this press release for a description of these items and limitations of their use.

"We continue to execute our organic growth strategy that targets both industrial end market and geographic diversification. During the quarter, we made additional investments in our business development team to support our organic growth strategy. We are already seeing the benefits of these investments with the booking of new contract awards and renewals during the first quarter that are estimated to generate approximately $201.5 million in backlog and the expansion of our geographic footprint in Canada," said Barry Card, Chief Executive Officer.

"Activity levels in the first quarter were similar to the same period last year with revenues and gross profit lower by about 3%. Gross profit margin was 8.9%, unchanged from last year. We expect modest growth in demand for our services from customers in the energy sector as the expected start-up of TMX expansion in the second quarter is providing support for Canadian oil prices, which remained strong throughout the first quarter," added Mr. Card.

FIRST QUARTER HIGHLIGHTS

- Revenue for the three months ended March 31, 2024 was $146.3 million, representing a decrease of $4.2 million or 2.8% from the same period in 2023. The decrease was due to the timing of maintenance and construction work, partially offset by an increase in environmental services.
- Gross profit margin for the three months ended March 31, 2024 was 8.9%, which was consistent with the same period in 2023.
- Adjusted EBITDAS for the three months ended March 31, 2024 was $3.2 million, representing a decrease of $2.3 million or 41.4% from the same period in 2023. As a percentage of revenue, Adjusted EBITDAS margin was 2.2% for the three months ended March 31, 2024 compared to 3.6% for the same period in 2023.
- Selling, general and administrative ("SG&A") expenses for the three months ended March 31, 2024 were $10.1 million, representing an increase of $1.9 million or 23.1% from the same period in 2023. As a percentage of revenue, SG&A expenses for the three months ended March 31, 2024 were 6.9%, compared to 5.4% for the same period in 2023. The increase is primarily due to higher personnel costs to support the Company's organic growth strategy combined with the timing of certain activities compared to prior year.
- Liquidity, including cash and available credit facilities, was $77.0 million at March 31, 2024, as compared to $56.7 million at December 31, 2023.
- New contract awards and renewals totaled approximately $201.5 million for the three months ended March 31, 2024 and $15.4 million for the month of April. Approximately 47% of the work is expected to be completed in 2024.

FIRST QUARTER FINANCIAL RESULTS

(In thousands of Canadian dollars, except per share amount)

Three Months Ended March 31,	2024	2023	% Change
Revenue ($)	146,263	150,479	(2.8)
Gross Profit ($)	13,010	13,368	(2.7)
Gross Profit margin (%)	8.9	8.9	—
Adjusted EBITDAS [(1)]	3,188	5,444	(41.4)
Adjusted EBITDAS margin (%)	2.2	3.6	(1.4)
SG&A expenses ($)	(10,056)	(8,168)	23.1
SG&A expenses margin (%)	6.9	5.4	1.5
Loss from continuing operations ($)	(4,786)	(3,325)	43.9
Net loss ($)	(5,012)	(3,325)	50.7
Basic and Diluted:			
Loss per share from continuing operations ($)	(0.05)	(0.03)	66.7
Net loss per share ($)	(0.05)	(0.03)	66.7

(1) EBITDAS and Adjusted EBITDAS are not standard measures under IFRS and they are defined in the section "Advisory regarding Non-GAAP Financial Measures"

Revenue for the three months ended March 31, 2024 was $146,263 compared to $150,479 for the same period in 2023, representing a decrease of 2.8%. The decrease in revenue was primarily due to timing of maintenance and construction work compared to the same period in 2023, partially offset by the increase in revenues coming from environmental services as that part of our service offering continues to grow.

Gross profit for the three months ended March 31, 2024 was $13,010 compared to $13,368 for the same period in 2023, representing a decrease of 2.7%. Gross profit margin for three months ended March 31, 2024 was 8.9%, which was consistent with the same period in 2023.

SG&A expenses for the three months ended March 31, 2024 were $10,056, in comparison to $8,168 for the same period in 2023, representing an increase of 23.1%. As a percentage of revenue, SG&A expenses for the three months ended March 31, 2024 were 6.9% compared to 5.4% for the same period in 2023. The increase in SG&A expenses, both on an absolute basis and as a percentage of revenue, is due to higher personnel costs to support the Company's organic growth strategy, increased professional fees required to support the ongoing continuous improvements in the business post the implementation of the Company's enterprise resource planning system, and the timing of certain activities compared to prior year.

For the three months ended March 31, 2024, Adjusted EBITDAS was $3,188 compared to $5,444 for the same period in 2023. As a percentage of revenue, Adjusted EBITDAS was 2.2% for the three months ended March 31, 2024 compared to 3.6% for the same period in 2023.

Loss from continuing operations for the three months ended March 31, 2024 was $4,786 in comparison to a loss of $3,325 for the same period in 2023.

CORPORATE UPDATES

On March 22, 2024, the Company released its second Sustainability Report as part of its ongoing commitment to environmental, social and governance matters. A copy of the 2023 Sustainability Report is accessible on the Company’s website at www.flintcorp.com.

The annual and special meeting of holders of common shares will be held at the Bow Valley Square Conference Centre (Angus Room), +30 Level, 205 – 5th Avenue S.W., Calgary, Alberta on Tuesday, June 25, 2024, at 9:00 a.m. (Calgary time).

The Company would like to acknowledge the significant contributions of Mr. Jordan Bitove who will not be standing for re-election at the meeting. Mr. Bitove has served as a director of the Company since 2013. The Company would like to thank Mr. Bitove for the guidance he has provided over the past 11 years.

LIQUIDITY AND CAPITAL RESOURCES

FLINT has an asset-based revolving credit facility (the “ABL Facility”) providing for maximum borrowings up to $50.0 million with a Canadian chartered bank. The amount available under the ABL Facility will vary from time to time based on the borrowing base determined with reference to the accounts receivable of FLINT and certain of its subsidiaries. The maturity date of the ABL Facility is April 14, 2025.

The Company anticipates that its liquidity (cash on hand and available credit facilities) and cash flow from operations will be sufficient to meet its short-term contractual obligations. To maintain compliance with its financial covenants through March 31, 2025, the Company anticipates the need to satisfy its obligation to pay interest on the Senior Secured Debentures in kind, which requires approval by the holder of the Senior Secured Debentures at its sole discretion.

As at March 31, 2024, the issued and outstanding share capital included 110,001,239 Common Shares, 127,732 Series 1 Preferred Shares, and 40,111 Series 2 Preferred Shares.

The Series 1 Preferred Shares (having an aggregate value of $127.732 million) are convertible at the option of the holder into Common Shares at a price of $0.35/share and the Series 2 Preferred Shares (having an aggregate value of $40.111 million) are convertible into Common Shares at a price of $0.10/share.

The Series 1 and Series 2 Preferred Shares have a 10% fixed cumulative preferential cash dividend payable when the Company has sufficient monies to be able to do so, including under the provisions of applicable law and contracts affecting the Company. The Board of Directors of the Company does not intend to declare or pay any cash dividends until the Company's balance sheet and liquidity position supports the payment. As at March 31, 2024, the accrued and unpaid dividends on the Series 1 and Series 2 shares totaled $97.6 million. Any accrued and unpaid dividends are convertible in certain circumstances at the option of the holder into additional Series 1 and Series 2 Preferred Shares.

OUTLOOK

We continue to execute our organic growth strategy that targets both industrial end market and geographic diversification. To support this strategy, we have made additional investments in overhead costs. These investments are designed to enhance the efficiency of our service delivery model and to support the continued growth in our business.

For our customers in the energy industry, there is a dichotomy between oil and natural gas pricing. For companies focused on oil production, the expected start-up of TMX expansion in the second quarter is providing support for Canadian oil prices, which remained strong throughout the first quarter. For companies focused on natural gas production, prices remain weak, with the expected start-up of LNG Canada in 2025 providing some optimism. While these customers continue to prioritize debt repayment and returns to shareholders, they are starting to increase spending on both maintenance projects (to increase operational reliability) and capital projects (to maintain or expand production capacity). For 2024, we see commodity prices at a level that supports continued modest growth for our business.

The market for skilled labour in Canada remains tight. We remain focused on our programs to attract, retain and develop our people and to deliver high quality services to our valued customers in a safe and efficient manner.

FLINT has a suite of more than 40 service offerings that encompass the full asset lifecycle. Through the extensive regional coverage provided by our 20 operating facilities, we believe that FLINT is well-positioned to further consolidate the services required at various operating sites while generating efficiencies and cost reductions for our customers. We are also continually working to improve our service delivery to help our customers bring their resources to our world.

ADDITIONAL INFORMATION

Our unaudited condensed consolidated interim financial statements for the three months ended March 31, 2024 and the related Management's Discussion and Analysis of the operating and financial results can be accessed on our website at www.flintcorp.com and will be available shortly through SEDAR+ at www.sedarplus.ca.

About FLINT Corp.

With a legacy of excellence and experience stretching back more than 100 years, FLINT provides solutions for the Energy and Industrial markets including: Oil & Gas (upstream, midstream and downstream), Petrochemical, Mining, Power, Agriculture, Forestry, Infrastructure and Water Treatment. With offices strategically located across Canada and a dedicated workforce, we provide maintenance, turnaround, construction, wear technology and environmental services that help our customers bring their resources to our world. For more information about FLINT, please visit www.flintcorp.com or contact:

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Advisory regarding Forward-Looking Information

Certain information included in this press release may constitute “forward-looking information” within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. This press release contains forward-looking information relating to: our business plans, strategies and objectives; contract renewals and project awards, including the estimated value thereof and the timing of completing the associated work; the sufficiency of our liquidity and cash flow from operations to meet our short-term contractual obligations and maintain compliance with our financial covenants through March 31, 2025; the payment of interest owing on the Senior Secured Debentures in kind; our dividend policy; the outlook for oil and natural gas prices and their impact on the demand for our services; the spending plans of our customers in the energy industry; that we expect continued modest growth for our business in 2024; the market for skilled labour in Canada; and our ability to generate efficiencies and cost reductions for our customers.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including, but not limited to, compliance with debt covenants, access to credit facilities and other sources of capital for working capital requirements and capital expenditure needs, availability of labour, dependence on key personnel, economic conditions, commodity prices, interest rates, regulatory change, weather and risks related to the integration of acquired businesses. These factors should not be considered exhaustive. Risks and uncertainties about FLINT’s business are more fully discussed in FLINT’s disclosure materials, including its annual information form and management’s discussion and analysis of the operating and financial results, filed with the securities regulatory authorities in Canada and available on SEDAR+ at www.sedarplus.ca. In formulating the forward-looking information, management has assumed that business and economic conditions affecting FLINT will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of FLINT consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management’s assumptions may prove to be incorrect.

This forward-looking information is made as of the date of this press release, and FLINT does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

Advisory regarding Non-GAAP Financial Measures

The terms ‘‘EBITDAS’’ and “Adjusted EBITDAS” (collectively, the ‘‘Non-GAAP financial measures’’) are financial measures used in this press release that are not standard measures under IFRS. FLINT’s method of calculating the Non-GAAP Financial Measures may differ from the methods used by other issuers. Therefore, the Non-GAAP Financial Measures, as presented, may not be comparable to similar measures presented by other issuers.

EBITDAS refers to income (loss) from continuing operations in accordance with IFRS, before depreciation and amortization, interest expense, income tax expense (recovery) and long-term incentive plan expenses. EBITDAS is used by management and the directors of FLINT as well as many investors to determine the ability of an issuer to generate cash from operations. Management believes that in addition to income (loss) from continuing operations and cash provided by operating activities, EBITDAS is a useful supplemental measure from which to determine FLINT’s ability to generate cash available for debt service, working capital, capital expenditures and income taxes. FLINT has provided a reconciliation of income (loss) from continuing operations to EBITDAS below.

Adjusted EBITDAS refers to EBITDAS excluding impairment of assets, restructuring expense, gain on sale of property, plant and equipment, loss (recovery) of contingent consideration liability, other income and one time incurred expenses. FLINT has used Adjusted EBITDAS as the basis for the analysis of its past operating financial performance. Adjusted EBITDAS is a measure that management believes (i) is a useful supplemental measure from which to determine FLINT’s ability to generate cash available for debt service, working capital, capital expenditures, and income taxes, and (ii) facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. FLINT has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDAS below.

Investors are cautioned that the Non-GAAP Financial Measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the shares. These Non-GAAP Financial Measures should only be used with reference to FLINT’s consolidated interim and annual financial statements, which are available on SEDAR+ at www.sedarplus.ca or on FLINT’s website at www.flintcorp.com.

(In thousands of Canadian dollars)

Three months ended March 31,	**2024**	**2023**
Loss from continuing operations	(4,786)	(3,325)
Add:		
Amortization of intangible assets	68	132
Depreciation expense	2,617	2,596
Long-term incentive plan expense	600	995
Interest expense	4,582	4,356
EBITDAS	3,081	4,754
Add (deduct):		
Gain on sale of property, plant and equipment	(169)	(122)
Restructuring expenses	395	607
Other income	(315)	—
One-time incurred expenses	196	205
Adjusted EBITDAS	3,188	5,444

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MD&A

Q1|2024

Management's Discussion and Analysis

May 2, 2024

The following is management's discussion and analysis ("MD&A") of the consolidated results of operations, balance sheets and cash flows of FLINT Corp. ("FLINT" or the "Company") for the three months ended March 31, 2024 and 2023. This MD&A should be read in conjunction with FLINT's unaudited condensed consolidated interim financial statements and the notes thereto for the three months ended March 31, 2024 and 2023 and the audited consolidated financial statements for the years ended December 31, 2023 and 2022.

All amounts in this MD&A are in Canadian dollars and expressed in thousands of dollars unless otherwise noted. The accompanying unaudited condensed consolidated interim financial statements of FLINT have been prepared by and are the responsibility of management. The contents of this MD&A have been approved by the Board of Directors of FLINT on the recommendation of its Audit Committee. This MD&A is dated May 2, 2024 and is current to that date unless otherwise indicated.

The unaudited condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"), as issued by the International Accounting Standards Board ("IASB").

This MD&A makes reference to certain measures that are not defined in IFRS and contains forward-looking information. These measures do not have any standard meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other issuers. See "Advisory regarding Forward-Looking Information" and "Advisory regarding Non-GAAP Financial Measures".

References to "we", "us", "our" or similar terms, refer to FLINT, unless the context otherwise requires.

OVERVIEW OF OUR BUSINESS

As of January 1, 2024, the level of disaggregation of financial results reported to the Company's chief operating decision makers has been revised in conjunction with internal reorganizations. As a result, the Company has one reportable segment as at March 31, 2024. Previously, the Company had two reportable segments: the Maintenance and Construction Services segment and the Wear Technology Overlay Services segment. This change is reflective of the Company's integration of its fabrication and overlay services with its maintenance, turnaround and construction services in an effort to enhance the value offering for its customers.

FLINT's services include maintenance and turnarounds, facility construction, fabrication, modularization and machining, wear technologies and weld overlays, pipeline installation and integrity, electrical and instrumentation, workforce supply, heavy equipment operators, and environmental services. FLINT is a leading provider of these services to the energy and industrial markets, including oil and gas (upstream, midstream and downstream), petrochemical, mining, power, agriculture, forestry, infrastructure and water treatment. Its operations, assets and employees are mainly located in Canada with some activity in the United States.

FLINT utilizes EBITDAS and Adjusted EBITDAS as performance measures to evaluate its results. These measures are considered to be non-GAAP financial measures under IFRS.

Advisory regarding Forward-Looking Information

Certain information included in this MD&A may constitute “forward-looking information” within the meaning of Canadian securities laws. In some cases, forward-looking information can be identified by terminology such as “may”, “will”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential”, “continue” or the negative of these terms or other similar expressions concerning matters that are not historical facts. Specifically, this MD&A contains forward-looking information relating to: our business plans, strategies and objectives; the sufficiency of our liquidity and cash flow from operations to meet our short-term contractual obligations and maintain compliance with our financial covenants through March 31, 2025; the payment of interest owing on the Senior Secured Debentures in kind; our dividend policy; the effect of known claims and litigation on our financial position and results of operations; the outlook for oil and natural gas prices and their impact on the demand for our services; the spending plans of our customers in the energy industry; that we expect continued modest growth for our business in 2024; the market for skilled labour in Canada; and our ability to generate efficiencies and cost reductions for our customers.

Forward-looking information involves significant risks and uncertainties. A number of factors could cause actual events or results to differ materially from the events and results discussed in the forward-looking information including, but not limited to, compliance with debt covenants, access to credit facilities and other sources of capital for working capital requirements and capital expenditure needs, availability of labour, dependence on key personnel, economic conditions, commodity prices, interest rates, regulatory change, weather and risks related to the integration of acquired businesses. These factors should not be considered exhaustive. Risks and uncertainties about FLINT’s business are more fully discussed in FLINT’s disclosure materials, including its annual information form and management’s discussion and analysis of the operating and financial results, filed with the securities regulatory authorities in Canada and available on SEDAR+ at www.sedarplus.ca. In formulating the forward-looking information, management has assumed that business and economic conditions affecting FLINT will continue substantially in the ordinary course, including, without limitation, with respect to general levels of economic activity, regulations, taxes and interest rates. Although the forward-looking information is based on what management of FLINT consider to be reasonable assumptions based on information currently available to it, there can be no assurance that actual events or results will be consistent with this forward-looking information, and management’s assumptions may prove to be incorrect.

This forward-looking information is made as of the date of this MD&A, and FLINT does not assume any obligation to update or revise it to reflect new events or circumstances except as required by law. Undue reliance should not be placed on forward-looking information. Forward-looking information is provided for the purpose of providing information about management's current expectations and plans relating to the future. Readers are cautioned that such information may not be appropriate for other purposes.

Advisory regarding Non-GAAP Financial Measures

The terms ‘‘EBITDAS’’ and “Adjusted EBITDAS” (collectively, the ‘‘Non-GAAP Financial Measures’’) are financial measures used in this MD&A that are not standard measures under IFRS. FLINT’s method of calculating the Non-GAAP Financial Measures may differ from the methods used by other issuers. Therefore, the Non-GAAP Financial Measures, as presented, may not be comparable to similar measures presented by other issuers.

EBITDAS refers to income (loss) from continuing operations in accordance with IFRS, before depreciation and amortization, interest expense, income tax expense (recovery) and long-term incentive plan expenses. EBITDAS is used by management and the directors of FLINT as well as many investors to determine the ability of an issuer to generate cash from operations. Management believes that in addition to income (loss) from continuing operations and cash provided by operating activities, EBITDAS is a useful supplemental measure from which to determine FLINT’s ability to generate cash available for debt service, working capital, capital expenditures and income taxes. FLINT has provided a reconciliation of income (loss) from continuing operations to EBITDAS below.

Adjusted EBITDAS refers to EBITDAS excluding impairment of assets, restructuring expense, gain on sale of property, plant and equipment, loss (recovery) of contingent consideration liability, other income and one time incurred expenses. FLINT has used Adjusted EBITDAS as the basis for the analysis of its past operating financial performance. Adjusted EBITDAS is a measure that management believes (i) is a useful supplemental measure from which to determine FLINT’s ability to generate cash available for debt service, working capital, capital expenditures, and income taxes, and (ii) facilitates the comparability of the results of historical periods and the analysis of its operating financial performance which may be useful to investors. FLINT has provided a reconciliation of income (loss) from continuing operations to Adjusted EBITDAS below.

Investors are cautioned that the Non-GAAP Financial Measures are not alternatives to measures under IFRS and should not, on their own, be construed as an indicator of performance or cash flows, a measure of liquidity or as a measure of actual return on the shares. These Non-GAAP Financial Measures should only be used with reference to FLINT’s consolidated interim and annual financial statements, which are available on SEDAR+ at www.sedarplus.ca or on FLINT’s website at www.flintcorp.com.

FIRST QUARTER 2024 SUMMARY OF RESULTS – CONTINUING OPERATIONS

(In thousands of Canadian dollars)

Three months ended March 31,	2024	2023
Revenue	$ 146,263	$ 150,479
Cost of revenue	(133,253)	(137,111)
Gross profit	13,010	13,368
Selling, general and administrative expenses	(10,056)	(8,168)
Long-term incentive plan expense	(600)	(995)
Amortization of intangible assets	(68)	(132)
Depreciation expense	(2,617)	(2,596)
Income from long-term investments	38	39
Interest expense	(4,582)	(4,356)
Restructuring expenses	(395)	(607)
Gain on sale of property, plant and equipment	169	122
Other income	315	—
Loss from continuing operations	(4,786)	(3,325)
Add:		
Amortization of intangible assets	68	132
Depreciation expense	2,617	2,596
Long-term incentive plan expense	600	995
Interest expense	4,582	4,356
EBITDAS (1)	3,081	4,754
Add (deduct):		
Gain on sale of property, plant and equipment	(169)	(122)
Restructuring expenses	395	607
Other income	(315)	—
One-time incurred expenses	196	205
Adjusted EBITDAS (1)	$ 3,188	$ 5,444

(1) EBITDAS and Adjusted EBITDAS are not standard measures under IFRS and they are defined in the section "Advisory regarding Non-GAAP Financial Measures".

Net loss per share (dollars)

Three months ended March 31,	2024	2023
Basic & Diluted:		
Continuing operations	$ (0.05)	$ (0.03)
Discontinued operations	$ 0.00	$ 0.00
Net loss	$ (0.05)	$ (0.03)

Selected Balance Sheet Accounts		March 31, 2024		December 31, 2023
Total assets	$	226,403	$	216,632
Term loan facility		40,308		40,278
Senior secured debentures		129,171		129,171
Other secured borrowings		12,065		12,500
Shareholders' deficit	$	60,148	$	55,136

FIRST QUARTER 2024 RESULTS

Revenue for the three months ended March 31, 2024 was $146,263 compared to $150,479 for the same period in 2023, representing a decrease of 2.8%. The decrease in revenue was primarily due to timing of maintenance and construction work compared to the same period in 2023, partially offset by the increase in revenues coming from environmental services as that part of our service offering continues to grow.

Gross profit for the three months ended March 31, 2024 was $13,010 compared to $13,368 for the same period in 2023, representing a decrease of 2.7%. Gross profit margin for the three months ended March 31, 2024 was 8.9%, consistent with 2023.

Selling, general and administrative ("SG&A") expenses for the three months ended March 31, 2024 were $10,056, in comparison to $8,168 for the same period in 2023, representing an increase of 23.1%. As a percentage of revenue, SG&A expenses for the three months ended March 31, 2024 were 6.9% compared to 5.4% for the same period in 2023. The increase in SG&A expenses, both on an absolute basis and as a percentage of revenue, is due to higher personnel costs to support the Company's organic growth strategy, increased professional fees required to support the ongoing continuous improvements in the business post the implementation of the Company's enterprise resource planning system, and the timing of certain activities compared to prior year.

Non-cash items that impacted the 2024 results were depreciation and amortization. For the three months ended March 31, 2024, depreciation and amortization expenses were $2,685 compared to $2,728 for the same period in 2023.

For the three months ended March 31, 2024, interest expenses was $4,582 compared to $4,356 for the same period in 2023, representing an increase of 5.2%. The increase in interest expense was primarily due to the increase in the principal amount of Senior Secured Debentures outstanding combined with the impact of higher interest rates on our variable interest rate loans.

Loss from continuing operations for the three months ended March 31, 2024 was $4,786 in comparison to $3,325 for the same period in 2023.

For the three months ended March 31, 2024, Adjusted EBITDAS was $3,188 compared to $5,444 for the same period in 2023. As a percentage of revenue, Adjusted EBITDAS was 2.2% for the three months ended March 31, 2024 compared to 3.6% for the same period in 2023.

LIQUIDITY AND CAPITAL RESOURCES

For three months ended March 31,	2024	2023
Cash flow provided by operating activities	$ 25,847	$ 20,837
Cash flow provided by (used in) investing activities	216	(495)
Cash flow used in financing activities	(2,810)	(12,550)
Cash, end of period	$ 32,949	$ 10,926

Operating Activities

Cash flow provided by operating activities in 2024 is a result of an increase in accounts payable due to the timing of labour related liabilities combined with a decrease in accounts receivable due to an improvement in the Company's receivables management process.

The Company anticipates that its liquidity (cash on hand and available credit facilities) and cash flows from operations will be sufficient to meet its short-term contractual obligations. To maintain compliance with its financial covenants through March 31, 2025, the Company anticipates the need to satisfy its obligation to pay interest on the Senior Secured Debentures in kind, which requires approval by the holder of the Senior Secured Debentures at its sole discretion

Investing Activities

Cash flow provided by investing activities during the three months ended March 31, 2024 consisted of proceeds from the disposal of certain property, plant and equipment and dividend proceeds from an equity investment, partially offset by the purchase of property, plant and equipment.

Financing Activities

Net cash used in financing activities for the three months ended March 31, 2024 consisted of lease principal payments and principal payments on other secured borrowings.

ABL facility, term loan facility and other borrowings

a. ABL Facility

FLINT has an asset-based revolving credit facility (the "ABL Facility") providing for maximum borrowings of up to $50,000 with a Canadian chartered bank (the "Lender"). The ABL Facility matures on April 14, 2025.

The amount available under the ABL Facility will vary from time to time based on the borrowing base determined with reference to the accounts receivable of the Company. The ABL Facility borrowing base as at March 31, 2024 was $45,570 (December 31, 2023 - $50,000). The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable of the Company and the other guarantors, being certain of the Company's direct subsidiaries. The interest rate on the ABL Facility is the Lender's prime rate plus 2.5% (December 31, 2023 - Lender's prime rate plus 2.5%).

As at March 31, 2024, nil (December 31, 2023 - nil) was drawn on the ABL Facility, and there were $700 (December 31, 2023 - $2,147) of letters of credit reducing the amount available to be drawn. As at March 31, 2024, the net amount of deferred financing costs were $262 (December 31, 2023 - $323).

The financial covenants applicable under the ABL Facility are as follows:

- The Company must maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal quarter; and

- For each fiscal year, the Company must not expend or become obligated for (i) any capital expenditures in an aggregate amount exceeding $20,000 and (ii) any non-financed capital expenditures in an aggregate amount exceeding $8,000.

As at March 31, 2024, FLINT was in compliance with all financial covenants under the ABL Facility.

b. Term Loan Facility

FLINT has a term loan facility providing for maximum borrowings of up to $40,500 (the “Term Loan Facility”) with Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (“Canso”). The Term Loan Facility matures on the earlier of (a) the date that is 180 days following the maturity date of the ABL Facility and (b) October 14, 2025.

As at March 31, 2024, $40,500 (December 31, 2023 - $40,500) was outstanding under the Term Loan Facility. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid. The interest rate on the Term Loan Facility is a fixed rate of 8.0% (December 31, 2023 - fixed rate of 8.0%). The net amount of deferred financing costs were $192 as at March 31, 2024 (December 31, 2023 - $222).

c. Other Secured Borrowings

On June 26, 2019, the Company received $19,000 from two secured loans with the Business Development Bank of Canada (“BDC”) as a partial source of funds for the acquisition of certain assets of the production services division of AECOM Production Services Ltd. (the "AECOM PSD Business").

The $13,500 loan has monthly principal payments of $45, with the final payment to occur on October 2, 2045. The interest rate on the loan is the BDC Floating Base Rate less 1.0%. Interest accrues and is payable monthly. The Company allocated $195 in deferred financing costs to this loan that will be amortized over the life of the loan.

The $5,500 loan has monthly principal payments of $75, with the final payment to occur on November 28, 2024. The interest rate on the loan is the BDC Floating Base Rate less 0.5%. Interest accrues and is payable monthly. The Company allocated $85 in deferred financing costs to this loan that will be amortized over the life of the loan.

The loans are secured by a first security interest on the real property and equipment acquired through the acquisition of the AECOM PSD Business and a security interest in all other present and future property, subject to the priorities granted to existing lenders under the ABL Facility, the Term Loan Facility, the senior secured debentures and other existing commitments.

The loan agreements with BDC require the Company to maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal year.

As at March 31, 2024, FLINT was in compliance with all financial covenants under the loan agreements with BDC.

d. Senior Secured Debentures

On March 23, 2016, the Company issued 8.0% senior secured debentures due March 23, 2026 (the "Senior Secured Debentures") pursuant to a trust indenture between FLINT, as issuer, and BNY Trust Company of Canada, as debenture trustee, as amended and supplemented (the "Senior Secured Indenture"), on a private placement basis to Canso. On June 2, 2020, the debenture trustee was changed to Computershare Trust Company of Canada.

The Senior Secured Debentures bear interest at an annual rate of 8.0% payable in arrears on June 30 and December 31 of each year. The Senior Secured Debentures are redeemable at the option of the Company and, in certain circumstances, are mandatorily redeemable. The Senior Secured Debentures are secured by first-ranking liens over all of the property of the Company and its guarantor subsidiaries, other than certain limited classes of collateral over which the Company has granted a prior-ranking lien in favour of the ABL Facility, the Term Loan Facility and the other secured loans.

The Senior Secured Debentures provide for certain events of default and covenants of the Company, including financial and reporting covenants and restrictive covenants limiting the ability of the Company and its subsidiaries to make certain distributions and dispositions, incur indebtedness, grant liens and limitations with respect to acquisitions, mergers, investments, non-arm's length transactions, reorganizations and hedging arrangements (subject to certain exceptions).

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

FLINT prepares its consolidated financial statements in accordance with IFRS. The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenues and expenses for the period of the consolidated financial statements. Based on the current environment, significant market uncertainty exists that could impact the estimates and assumptions made by FLINT. Significant accounting policies and methods used in the preparation of the consolidated financial statements, including use of estimates and judgments, are described in note 1 of the annual consolidated financial statements for the year ended December 31, 2023.

CONTINGENCIES

Contingencies are provided for when they are likely to occur and can be reasonably estimated. FLINT is subject to claims and litigation proceedings arising in the normal course of operations. The known claims and litigation proceedings are not expected to materially affect the Company's financial position or reported results of operations.

TRANSACTIONS WITH RELATED PARTIES

As at March 31, 2024, directors and officers beneficially owned an aggregate of 7,634,907 Common Shares, representing approximately 6.9% of the issued and outstanding Common Shares.

SHARE CAPITAL

The authorized share capital of the Company consists of: (i) an unlimited number of Common Shares, and (ii) Preferred Shares issuable in series to be limited in number to an amount equal to not more than one half of the issued and outstanding Common Shares at the time of issuance of such Preferred Shares.

The following table summarizes the number of Preferred and Common Shares:

	Preferred Shares		Common
	Series 1	Series 2	Shares
Balance as at December 31, 2023	127,732	40,111	110,001,239
Balance as at March 31, 2024	127,732	40,111	110,001,239

The Series 1 and Series 2 Preferred Shares have a 10.0% fixed cumulative preferential cash dividend payable when the Company shall have sufficient monies to be able to do so, including under the provisions of applicable law and contracts affecting the Company. The Board of Directors of the Company does not intend to declare or pay any cash dividends until the Company's balance sheet and liquidity position supports the payment. Any accrued and unpaid dividends are convertible in certain circumstances at the option of the holder into additional Series 1 and Series 2 Preferred Shares.

As at March 31, 2024, the accrued and unpaid dividends on the Series 1 and Series 2 Preferred Shares totaled $97,629 (December 31, 2023 - $93,456). Assuming that the holders of the Preferred Shares exercise the right to convert such accrued and unpaid dividends into additional Preferred Shares and then convert such Preferred Shares into Common Shares, approximately 415,328,641 (December 31, 2023 - 396,281,829) Common Shares would be issued, which represents approximately 377.6% (December 31, 2023 - 360.3%) of the Common Shares outstanding as at March 31, 2024.

In addition, holders of the Series 1 and Series 2 Preferred Shares have the right, at their option, to convert their Preferred Shares into Common Shares at a price of $0.35 and $0.10 per Common Share, respectively, subject to adjustment in certain circumstances. During the three months ended March 31, 2024, no Series 1 or Series 2 Preferred Shares were converted into Common Shares (year ended December 31, 2023 - no Series 1 or Series 2 Preferred Shares were converted into Common Shares).

The Series 1 and Series 2 Preferred Shares are redeemable by the Company for cash at 110% of the purchase price for such shares, plus accrued but unpaid dividends, once all of the outstanding Senior Secured Debentures have been repaid and are subject to repayment in the event of certain change of control transactions.

Based upon the conversion rights of the Series 1 and Series 2 Preferred Shares there could be significant dilution to the current holders of Common Shares. Up to approximately 766,059,000 (December 31, 2023 - 766,059,000) additional Common Shares would be issuable upon conversion of the face amount of the Preferred Shares into Common Shares, representing approximately 696.4% (December 31, 2023 - 696.4%) of the Common Shares outstanding as at March 31, 2024.

As the terms of the Preferred Shares do not create an unavoidable obligation to pay cash, the Preferred Shares are accounted for within shareholders' deficit, net of transaction costs.

OUTLOOK

We continue to execute our organic growth strategy that targets both industrial end market and geographic diversification. To support this strategy, we have made additional investments in overhead costs. These investments are designed to enhance the efficiency of our service delivery model and to support the continued growth in our business.

For our customers in the energy industry, there is a dichotomy between oil and natural gas pricing. For companies focused on oil production, the expected start-up of TMX expansion in the second quarter is providing support for Canadian oil prices, which remained strong throughout the first quarter. For companies focused on natural gas production, prices remain weak, with the expected start-up of LNG Canada in 2025 providing some optimism. While these customers continue to prioritize debt repayment and returns to shareholders, they are starting to increase spending on both maintenance projects (to increase operational reliability) and capital projects (to maintain or expand production capacity). For 2024, we see commodity prices at a level that supports continued modest growth for our business.

The market for skilled labour in Canada remains tight. We remain focused on our programs to attract, retain and develop our people and to deliver high quality services to our valued customers in a safe and efficient manner.

FLINT has a suite of more than 40 service offerings that encompass the full asset lifecycle. Through the extensive regional coverage provided by our 20 operating facilities, we believe that FLINT is well-positioned to further consolidate the services required at various operating sites while generating efficiencies and cost reductions for our customers. We are also continually working to improve our service delivery to help our customers bring their resources to our world.

RISK FACTORS

The Company's risk factors have not changed materially from those disclosed in the "Risk Factors" section of the MD&A for the year ended December 31, 2023.

For additional information regarding the risks that the Company is exposed to, see the disclosure provided under the heading “Risk Factors” in the Company’s Annual Information Form for the year ended December 31, 2023, which is available on the SEDAR+ website at www.sedarplus.ca.

DISCLOSURE CONTROLS AND PROCEDURES AND INTERNAL CONTROL OVER FINANCIAL REPORTING

We are required to comply with National Instrument 52-109 "Certification of Disclosure in Issuers' Annual and Interim Filings". This instrument requires us to disclose in our interim MD&A any weaknesses in or changes to our internal control over financial reporting during the period that may have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. We confirm that no such weaknesses were identified in, or changes were made to, internal controls over financial reporting during the three months ended March 31, 2024.

Internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

SELECTED QUARTERLY INFORMATION

(In thousands of Canadian dollars, except per share amount)

	2024 Q1	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2
Revenue ($)	146,263	149,682	187,017	168,567	150,479	149,747	171,883	173,195
Gross Profit ($)	13,010	17,145	19,740	17,260	13,368	17,075	20,617	15,701
Gross Profit Margin (%)	8.9	11.5	10.6	10.2	8.9	11.4	12.0	9.1
Adjusted EBITDAS	3,188	8,868	10,796	7,894	5,444	8,758	12,381	7,908
Net (loss) income from continuing operations ($)	(4,786)	(255)	2,789	(12,103)	(3,325)	(4,848)	1,174	(974)
Net (loss) income ($)	(5,012)	(261)	2,786	(12,107)	(3,325)	(5,379)	1,172	(976)
Net (loss) income per share from continuing operations ($)	(0.05)	(0.01)	0.03	(0.11)	(0.03)	(0.04)	0.01	(0.01)
Net (loss) income per share ($)	(0.05)	(0.01)	0.03	(0.11)	(0.03)	(0.05)	0.01	(0.01)

FLINT’s revenues are somewhat seasonal, there are scheduled shutdown turnaround projects in the spring and fall which increase revenues over and above the standard maintenance and operational support services.

ADDITIONAL INFORMATION

Additional information relating to the Company is available in the Company's Annual Information Form for the year ended December 31, 2023.

flintcorp.com

Financial Statements

Q1|2024

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS OF

FLINT CORP.

FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023

(UNAUDITED)

Consolidated Interim Balance Sheets

(In thousands of Canadian dollars)

(Unaudited)

	Notes	March 31, 2024	December 31, 2023
Assets			
Cash	7	$ 32,949	$ 9,696
Accounts receivable	7	127,523	139,904
Inventories		5,904	6,251
Prepaid expenses		2,437	2,948
Total current assets		168,813	158,799
Property, plant and equipment	2	55,754	55,717
Goodwill and intangible assets		1,387	1,455
Long-term investments		449	661
Total assets		**$ 226,403**	**$ 216,632**
Liabilities and shareholders' deficit			
Accounts payable and accrued liabilities		$ 67,123	$ 50,015
Current portion of lease liabilities		9,283	9,031
Current portion of long-term incentive plan liability		2,187	2,668
Current portion of other secured borrowings	3	1,083	1,383
Total current liabilities		79,676	63,097
Long-term incentive plan liability		1,395	2,918
Term loan facility	3	40,308	40,278
Lease liabilities		25,019	25,187
Other secured borrowings	3	10,982	11,117
Senior secured debentures	3	129,171	129,171
Total liabilities		286,551	271,768
Common shares	6	462,057	462,057
Preferred shares	6	141,930	141,930
Contributed surplus		20,679	20,679
Deficit		(684,814)	(679,802)
Total shareholders' deficit		(60,148)	(55,136)
Total liabilities and shareholders' deficit		**$ 226,403**	**$ 216,632**

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Interim Statements of Loss and Comprehensive Loss

(In thousands of Canadian dollars)

(Unaudited)

For three months ended March 31,	Notes		2024		2023
Revenue	4	$	146,263	$	150,479
Cost of revenue			(133,253)		(137,111)
Gross profit			13,010		13,368
Selling, general and administrative expenses	5		(10,056)		(8,168)
Long-term incentive plan expense			(600)		(995)
Amortization of intangible assets			(68)		(132)
Depreciation expense	2		(2,617)		(2,596)
Income from long-term investments			38		39
Interest expense			(4,582)		(4,356)
Restructuring expenses			(395)		(607)
Gain on sale of property, plant and equipment			169		122
Other income			315		—
Loss from continuing operations			(4,786)		(3,325)
Loss from discontinued operations (net of income taxes)			(226)		—
Net loss and comprehensive loss		**$**	**(5,012)**	**$**	**(3,325)**
Net loss per share (dollars)					
Basic and diluted:					
Continuing operations		$	(0.05)	$	(0.03)
Discontinued operations		$	(0.00)	$	0.00
Net loss		$	(0.05)	$	(0.03)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Interim Statements of Shareholders' Deficit

(In thousands of Canadian dollars, except number of shares)

(Unaudited)

	Number of Common Shares	Common Shares	Preferred Shares	Contributed Surplus	Deficit	Total Shareholders' Deficit
December 31, 2023	110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (679,802)	$ (55,136)
Net loss	—	—	—	—	(5,012)	(5,012)
At March 31, 2024	110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (684,814)	$ (60,148)

	Number of Common Shares	Common Shares	Preferred Shares	Contributed Surplus	Deficit	Total Shareholders' Deficit
December 31, 2022	110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (666,895)	$ (42,229)
Net loss	—	—	—	—	(3,325)	(3,325)
At March 31, 2023	110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (670,220)	$ (45,554)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Consolidated Interim Statements of Cash Flows

(In thousands of Canadian dollars)

(Unaudited)

For three months ended March 31,	Notes	2024	2023
Operating activities:			
Net loss		$ (5,012)	$ (3,325)
Adjustments for:			
Amortization of intangible assets		68	132
Depreciation expense	2	2,617	2,596
Income from long-term investment		(38)	(39)
Amortization of deferred financing costs	3	88	89
Gain on sale of property, plant and equipment		(169)	(122)
Other		10	—
Changes in non-cash working capital		28,283	21,506
Cash flow provided by operating activities		25,847	20,837
Investing activities:			
Purchase of property, plant and equipment		(356)	(944)
Net proceeds on disposal of property, plant and equipment		322	449
Dividend proceeds from equity investment		250	—
Cash flow provided by (used in) investing activities		216	(495)
Financing activities:			
Repayment of other secured borrowings		(435)	(510)
Decrease in ABL facility	3	—	(9,885)
Repayment of lease liabilities		(2,375)	(2,155)
Cash flow used in financing activities		(2,810)	(12,550)
Increase in cash		23,253	7,792
Cash, beginning of period		9,696	3,134
Cash, end of period		$ 32,949	$ 10,926

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Notes to Condensed Consolidated Interim Financial Statements

(In thousands of Canadian dollars)

(Unaudited)

Reporting entity

FLINT Corp. ("FLINT" or the "Company") is a corporation formed pursuant to the *Business Corporations Act* (Alberta). The head office is located at Bow Valley Square 2, Suite 3500, 205 - 5th Avenue S.W., Calgary, Alberta T2P 2V7. FLINT's services include maintenance and turnarounds, facility construction, fabrication, modularization and machining, wear technologies and weld overlays, pipeline installation and integrity, electrical and instrumentation, workforce supply, heavy equipment operators, and environmental services. FLINT is a leading provider of these services to the energy and industrial markets, including oil and gas (upstream, midstream and downstream), petrochemical, mining, power, agriculture, forestry, infrastructure and water treatment.

These unaudited condensed consolidated interim financial statements ("interim financial statements") were authorized for issuance in accordance with a resolution of the Board of Directors of FLINT passed on May 2, 2024.

As of January 1, 2024, the level of disaggregation of financial results reported to the Company's chief operating decision makers has been revised in conjunction with internal reorganizations. As a result, the Company has one reportable segment as at March 31, 2024. Previously, the Company had two reportable segments: the Maintenance and Construction Services segment and the Wear Technology Overlay Services segment.

1. Material accounting policies

a. Basis of presentation

These interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information normally disclosed in annual consolidated financial statements has been omitted or condensed. The interim financial statements should be read in conjunction with the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2023.

These interim financial statements have been prepared on an historical cost basis and presented in Canadian dollars rounded to the nearest thousand unless otherwise indicated.

b. Seasonality of operations

FLINT's revenues are somewhat seasonal, in that its customers typically schedule shutdown turnaround projects in the spring and fall which increase revenues over and above the standard maintenance and operational support services. This typically results in higher activity levels and revenues for FLINT in the second and third quarters of the year.

c. New standards, interpretations and amendments adopted by the Company

The accounting policies utilized in the preparation of the interim financial statements are consistent with those followed in the preparation of the Company's annual consolidated financial statements for the year ended December 31, 2023, except for the adoption of new standards effective as of January 1, 2024, as described below.

(i) Non-current Liabilities with Covenants and Classification of Liabilities as Current or Non-current - Amendments to IAS 1

The amendments to IAS 1 clarify what is meant by a right to defer settlement; that a right to defer settlement must exist at the end of the reporting period; that classification is unaffected by the likelihood that an entity will exercise its deferral right; that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; as well as certain disclosure matters.

(ii) Lease Liability in a Sale and Leaseback - Amendments to IFRS 16

The amendments to IFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

(iii) Supplier Finance Arrangements - Amendments to IAS 7 and IFRS 7

The amendments to IAS 7 and IFRS 7 specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

The adoption of these amendments had no impact on the Company's interim financial statements.

2. Property, plant and equipment

	Land and buildings	Computer hardware	Furniture, tools and equipment	Leasehold improve-ments	Right-of-use assets	Automotive and heavy equipment	Total
Cost							
As at December 31, 2023	$ 18,491	$ 1,908	$ 19,115	$ 786	$ 56,726	$ 44,845	$ 141,871
Additions	—	34	260	—	1,245	63	1,602
Remeasurement	—	—	—	—	1,205	—	1,205
Disposals	—	—	(51)	—	—	(1,163)	(1,214)
Asset class transfer	—	—	(177)	—	(995)	1,171	(1)
As at March 31, 2024	$ 18,491	$ 1,942	$ 19,147	$ 786	$ 58,181	$ 44,916	$ 143,463
Accumulated depreciation and impairment							
As at December 31, 2023	$ 2,995	$ 1,460	$ 12,708	$ 467	$ 32,598	$ 35,926	$ 86,154
Depreciation	137	36	278	54	1,679	433	2,617
Disposals	—	—	(51)	—	—	(1,011)	(1,062)
Asset class transfer	—	—	—	—	(718)	718	—
As at March 31, 2024	$ 3,132	$ 1,496	$ 12,935	$ 521	$ 33,559	$ 36,066	$ 87,709
Net book value							
As at December 31, 2023	$ 15,496	$ 448	$ 6,407	$ 319	$ 24,128	$ 8,919	$ 55,717
As at March 31, 2024	$ 15,359	$ 446	$ 6,212	$ 265	$ 24,622	$ 8,850	$ 55,754

Right-of-use assets consist of the following:

	Land and buildings	Automotive and heavy equipment	Total
Cost			
As at December 31, 2023	$ 39,138	$ 17,588	$ 56,726
Additions	—	1,245	1,245
Remeasurement	1,205	—	1,205
Asset class transfer	—	(995)	(995)
As at March 31, 2024	$ 40,343	$ 17,838	$ 58,181
Accumulated depreciation and impairment			
As at December 31, 2023	$ 25,649	$ 6,949	$ 32,598
Depreciation	931	748	1,679
Asset class transfer	—	(718)	(718)
As at March 31, 2024	$ 26,580	$ 6,979	$ 33,559
Net book value			
As at December 31, 2023	$ 13,489	$ 10,639	$ 24,128
As at March 31, 2024	$ 13,763	$ 10,859	$ 24,622

Remeasurement

During the first quarter of 2024, the Company amended a building lease to include additional leased premises. This amendment to the lease agreement represents a lease modification, and therefore the lease liability and right-of-use asset were remeasured during the quarter. This remeasurement resulted in an increase to the lease liability and related right-of-use asset of $1,205. The lease amendment will impact future cash flows, with fixed payments of $21 per month in the first two years of the extension, increasing to $23 per month in year three.

3. ABL facility, term loan facility and other borrowings

a. ABL Facility

FLINT has a $50,000 asset-based revolving credit facility (the "ABL Facility") maturing on April 14, 2025. The amount available under the ABL Facility will vary from time to time based on the borrowing base determined with reference to the accounts receivable of the Company. The ABL Facility borrowing base as at March 31, 2024 was $45,570 (December 31, 2023 - $50,000). The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable of the Company and the other guarantors, being certain of the Company's direct subsidiaries. The interest rate on the ABL Facility is the Lender's prime rate plus 2.5% (December 31, 2023 - Lender's prime rate plus 2.5%).

As at March 31, 2024, nil (December 31, 2023 - nil) was drawn on the ABL Facility, and there were $700 (December 31, 2023 - $2,147) of letters of credit reducing the amount available to be drawn. As at March 31, 2024, the net amount of deferred financing costs were $262 (December 31, 2023 - $323).

The financial covenants applicable under the ABL Facility are as follows:

- The Company must maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal quarter; and

- For each fiscal year, the Company must not expend or become obligated for (i) any capital expenditures in an aggregate amount exceeding $20,000 and (ii) any non-financed capital expenditures in an aggregate amount exceeding $8,000.

As at March 31, 2024, FLINT was in compliance with all financial covenants under the ABL Facility.

b. Term Loan Facility

FLINT has a term loan facility providing for maximum borrowings of up to $40,500 (the “Term Loan Facility”) with Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (“Canso”). The Term Loan Facility matures on the earlier of (a) the date that is 180 days following the maturity date of the ABL Facility and (b) October 14, 2025.

As at March 31, 2024, $40,500 (December 31, 2023 - $40,500) was outstanding under the Term Loan Facility. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid. The interest rate on the Term Loan Facility is a fixed rate of 8.0% (December 31, 2023 - fixed rate of 8.0%). The net amount of deferred financing costs were $192 as at March 31, 2024 (December 31, 2023 - $222).

c. Other Secured Borrowings

On June 26, 2019, the Company received $19,000 from two secured loans with the Business Development Bank of Canada (“BDC”) as a partial source of funds for the acquisition of certain assets of the production services division of AECOM Production Services Ltd. (the "AECOM PSD Business").

The $13,500 loan has monthly principal payments of $45, with the final payment to occur on October 2, 2045. The interest rate on the loan is the BDC Floating Base Rate less 1.0%. Interest accrues and is payable monthly. The Company allocated $195 in deferred financing costs to this loan that will be amortized over the life of the loan.

The $5,500 loan has monthly principal payments of $75, with the final payment to occur on November 28, 2024. The interest rate on the loan is the BDC Floating Base Rate less 0.5%. Interest accrues and is payable monthly. The Company allocated $85 in deferred financing costs to this loan that will be amortized over the life of the loan.

The loans are secured by a first security interest on the real property and equipment acquired through the acquisition of the AECOM PSD Business and a security interest in all other present and future property, subject to the priorities granted to existing lenders under the ABL Facility, the Term Loan Facility, the senior secured debentures and other existing commitments.

The loan agreements with BDC require the Company to maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal year.

As at March 31, 2024, FLINT was in compliance with all financial covenants under the loan agreements with BDC.

d. Senior Secured Debentures

Balance as at December 31, 2022	$	119,048
Accretion		306
Debentures issued to settle interest		9,817
Balance as at December 31, 2023	$	129,171
Balance as at March 31, 2024	$	129,171

On March 23, 2016, the Company issued 8.0% senior secured debentures due March 23, 2026 (the "Senior Secured Debentures") pursuant to a trust indenture between FLINT, as issuer, and BNY Trust Company of Canada, as debenture trustee, as amended and supplemented (the "Senior Secured Indenture"), on a private placement basis to Canso. On June 2, 2020, the debenture trustee was changed to Computershare Trust Company of Canada.

The Senior Secured Debentures bear interest at an annual rate of 8.0% payable in arrears on June 30 and December 31 of each year. The Senior Secured Debentures are redeemable at the option of the Company and, in certain circumstances, are mandatorily redeemable. The Senior Secured Debentures are secured by first-ranking liens over all of the property of the Company and its guarantor subsidiaries, other than certain limited classes of collateral over which the Company has granted a prior-ranking lien in favour of the ABL Facility, the Term Loan Facility and the other secured loans.

The Senior Secured Debentures provide for certain events of default and covenants of the Company, including financial and reporting covenants and restrictive covenants limiting the ability of the Company and its subsidiaries to make certain distributions and dispositions, incur indebtedness, grant liens and limitations with respect to acquisitions, mergers, investments, non-arm's length transactions, reorganizations and hedging arrangements (subject to certain exceptions).

4. Revenue

The following are amounts for each significant category of revenue recognized:

For three months ended March 31,	2024	2023
Rendering of services	$ 132,083	$ 134,456
Sales of goods	14,180	16,023
Total	$ 146,263	$ 150,479

5. Selling, general and administrative expenses

For three months ended March 31,	2024	2023
Salaries and benefits	$ 6,742	$ 5,360
Occupancy and office costs	1,069	997
Professional fees	1,353	760
Travel and advertising	493	460
Insurance	399	591
Total	$ 10,056	$ 8,168

6. Share capital and loss per share

The authorized share capital of the Company consists of: (i) an unlimited number of Common Shares, and (ii) Preferred Shares issuable in series to be limited in number to an amount equal to not more than one half of the issued and outstanding Common Shares at the time of issuance of such Preferred Shares.

The following table summarizes the number of Preferred and Common Shares outstanding:

	Preferred Shares		Common
	Series 1	Series 2	Shares
Balance as at December 31, 2023	127,732	40,111	110,001,239
Balance as at March 31, 2024	127,732	40,111	110,001,239

The Series 1 and Series 2 Preferred Shares have a 10.0% fixed cumulative preferential cash dividend payable when the Company shall have sufficient monies to be able to do so, including under the provisions of applicable law and contracts affecting the Company. The Board of Directors of the Company does not intend to declare or pay any cash dividends until the Company's balance sheet and liquidity position supports the payment. Any accrued and unpaid dividends are convertible in certain circumstances at the option of the holder into additional Series 1 and Series 2 Preferred Shares.

As at March 31, 2024, the accrued and unpaid dividends on the Series 1 and Series 2 Preferred Shares totaled $97,629 (December 31, 2023 - $93,456). Assuming that the holders of the Preferred Shares exercise the right to convert such accrued and unpaid dividends into additional Preferred Shares and then convert such Preferred Shares into Common Shares, approximately 415,328,641 (December 31, 2023 - 396,281,829) Common Shares would be issued, which represents approximately 377.6% (December 31, 2023 - 360.3%) of the Common Shares outstanding as at March 31, 2024.

In addition, holders of the Series 1 and Series 2 Preferred Shares have the right, at their option, to convert their Preferred Shares into Common Shares at a price of $0.35 and $0.10 per Common Share, respectively, subject to adjustment in certain circumstances. During the three months ended March 31, 2024, no Series 1 or Series 2 Preferred Shares were converted into Common Shares (year ended December 31, 2023 - no Series 1 or Series 2 Preferred Shares were converted into Common Shares).

The Series 1 and Series 2 Preferred Shares are redeemable by the Company for cash at 110% of the purchase price for such shares, plus accrued but unpaid dividends, once all of the outstanding Senior Secured Debentures have been repaid and are subject to repayment in the event of certain change of control transactions.

Based upon the conversion rights of the Series 1 and Series 2 Preferred Shares there could be significant dilution to the current holders of Common Shares. Up to approximately 766,059,000 (December 31, 2023 - 766,059,000) additional Common Shares would be issuable upon conversion of the face amount of the Preferred Shares into Common Shares, representing approximately 696.4% (December 31, 2023 - 696.4%) of the Common Shares outstanding as at March 31, 2024.

The only potentially dilutive securities as at March 31, 2024 were the Preferred Shares. All potentially dilutive securities were anti-dilutive for the three months ended March 31, 2024, and therefore were not included in the calculation of diluted earnings per share.

7. Financial instruments and risk management

Financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities, the ABL Facility, the Term Loan Facility, the Senior Secured Debentures and other secured borrowings.

a. Risk management

FLINT's Board of Directors has overall responsibility for the establishment and oversight of FLINT's risk management framework. FLINT has exposure to credit risk, interest rate risk, customer concentration risk, and liquidity risk.

(i) Credit risk

The Company has exposure to credit risk, which is the risk of financial loss to FLINT if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from FLINT's accounts receivable. The following table outlines FLINT's maximum exposure to credit risk:

	March 31, 2024	December 31, 2023
Cash	$ 32,949	$ 9,696
Accounts receivable	127,523	139,904
Total	$ 160,472	$ 149,600

Cash is held at Canadian Schedule A Banks and is therefore considered low credit risk.

FLINT has a credit policy under which each new customer is analyzed individually for creditworthiness before standard payment terms and conditions are offered. FLINT's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. When available, FLINT reviews credit bureau ratings, bank accounts and financial information for each new customer. FLINT's customers are primarily Canadian companies operating in energy and industrial markets, all of which have strong creditworthiness.

Of the total balance of accounts receivable at March 31, 2024, $85,311 (December 31, 2023 - $93,685) related to trade receivables and $42,212 (December 31, 2023 - $46,219) related to accrued revenue and other (i.e., for work performed but not yet invoiced).

Trade receivables are non-interest bearing and are generally due on 30-90 day terms. As at March 31, 2024, approximately $9,123 of FLINT's trade receivables had been outstanding longer than 90 days (December 31, 2023 - $12,295). Management has fully evaluated the outstanding receivables as at March 31, 2024 and has determined that the lifetime expected credit losses of the trade receivables is immaterial at this time.

(ii) Interest rate risk

Interest rate risk arises from the possibility of the future cash flows of a financial instrument fluctuating as a result of changes in the market rates of interest. FLINT is subject to interest rate risk on its ABL Facility and other secured borrowings. The required cash flow to service certain credit facilities will fluctuate as a result of changes in market rates.

There were no material changes to interest rate risk for the three months ended March 31, 2024.

(iii) Customer concentration risk

There were no material changes to customer concentration for the three months ended March 31, 2024.

(iv) Liquidity risk

Liquidity risk is the risk that FLINT will not be able to meet its financial obligations as they come due. FLINT's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to its reputation.

FLINT's strategy is that long-term debt should always form part of its capital structure, assuming an appropriate cost. As existing debt approaches maturity, FLINT will replace it with new debt, convert it into equity or refinance or restructure, depending on the state of the capital markets at the time.

FLINT manages its liquidity risk by continuously monitoring forecast and actual gross profit and cash flows from operations. The Company anticipates that its liquidity (cash on hand and available credit facilities) and cash flows from operations will be sufficient to meet its short-term contractual obligations and to maintain compliance with its financial covenants through March 31, 2025. To maintain compliance with its financial covenants through March 31, 2025, the Company anticipates the need to satisfy its obligation to pay interest on the Senior Secured Debentures in kind, which requires approval by the holder of the Senior Secured Debentures at its sole discretion (see Note 3).

CORPORATE INFORMATION

BOARD OF DIRECTORS

Sean McMaster (1) (2)
Chair of the Board

Jordan Bitove (2) (3)
Director

H. Fraser Clarke (1) (2)
Director

Katrisha Gibson (1) (3)
Director

Karl Johannson (1) (2) (3)
Director

Dean MacDonald (3)
Director

Notes:
(1) Member of the Audit Committee
(2) Member of the Corporate Governance and Compensation Committee
(3) Member of the Health, Safety and Environment Committee

HEAD OFFICE

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OFFICERS

Barry Card
Chief Executive Officer

Jennifer Stubbs
Chief Financial Officer

Neil Wotton
Chief Operating Officer

Murray Desrosiers
Senior Vice President, Legal and Corporate Development

Robert Farthing
Vice President, Operational Delivery and Environmental Services

James Healey
Vice President, Finance and Corporate Controlling

Deloris Rushton
Vice President, Human Resources

Herb Thomas
Vice President, Operations

Angela Thompson
Vice President, Corporate Services

Clint Tisnic
Vice President, Operational Finance

BANKER
TD Canada Trust

AUDITORS
Ernst & Young LLP

LEGAL COUNSEL
Blake, Cassels & Graydon LLP
McCarthy Tetrault LLP

TRANSFER AGENT
Computershare Investor Services Inc.

EXCHANGE LISTING
Toronto Stock Exchange
Symbol: FLNT

FLINT™

Helping customers bring their resources to our world. We will be the service company of choice for our stakeholders.

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