FLINT Announces Third Quarter 2024 Financial Results

Reports record quarterly revenues of $211.6 million and Adjusted EBITDAS of $13.4 million

Calgary, Alberta (November 5, 2024) – FLINT Corp. ("FLINT" or the "Company") (TSX: FLNT) today announced its results for the three and nine months ended September 30, 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.

"In the third quarter, we reached record levels of activity with $211.6 million in revenue and successfully executed 13 turnarounds. Adjusted EBITDAS rose by 24.4% year over year. Our dedication to client-centric service and on-time, on-budget contract execution will continue to drive our growth" said Barry Card, Chief Executive Officer.

"We successfully onboarded over 850 new employees in the third quarter, reaching a workforce high of 4,450 in September. Over 2 million exposure hours were worked throughout the quarter without a single recordable incident, showcasing our commitment to safety as it is an integral part of how we deliver services to our clients daily," added Mr. Card.

THIRD QUARTER HIGHLIGHTS

- Revenue for the three months ended September 30, 2024 was $211.6 million, representing an increase of $24.6 million or 13.1% from the same period in 2023 and an increase of $46.7 million or 28.3% from the second quarter of 2024.
- Gross profit for the three months ended September 30, 2024 was $23.8 million, representing an increase of $4.0 million or 20.3% from the same period in 2023 and an increase of $5.8 million or 32.1% from the second quarter of 2024.
- Gross profit margin for the three months ended September 30, 2024 was 11.2%, as compared to 10.6% in the same period in 2023 and 10.9% in the second quarter of 2024.
- Adjusted EBITDAS for the three months ended September 30, 2024 was $13.4 million, representing an increase of $2.6 million or 24.4% from the same period in 2023 and an increase of $5.1 million or 61.7% from the second quarter of 2024.
- Adjusted EBITDAS margin was 6.3% for the three months ended September 30, 2024 representing an increase of 0.5% from the same period in 2023 and an increase of 1.3% from the second quarter of 2024.
- Selling, general and administrative ("SG&A") expenses for the three months ended September 30, 2024 were $10.9 million, representing an increase of $1.9 million or 20.9% from the same period in 2023 and an increase of $0.8 million or 7.4% from the second quarter of 2024. As a percentage of revenue, SG&A expenses for the three months ended September 30, 2024 was 5.2%, as compared to 4.8% in the same period in 2023 and 6.2% in the second quarter of 2024.
- Liquidity, including cash and available credit facilities, was $48.6 million at September 30, 2024, as compared to $34.4 million at September 30, 2023.
- New contract awards and renewals totaled approximately $67.4 million for the three months ended September 30, 2024 and $18.3 million for the month of October. Approximately 85% of the work is expected to be completed in 2024.

THIRD QUARTER FINANCIAL RESULTS

($ thousands, except per share amounts)	Three months ended September 30,			Nine months ended September 30,		
	2024	2023	% Change	2024	2023	% Change
Revenue ($)	211,594	187,017	13.1	522,779	506,063	3.3
Gross Profit ($)	23,757	19,740	20.3	54,745	50,368	8.7
Gross Profit Margin (%)	11.2	10.6	0.6	10.5	10.0	0.5
Adjusted EBITDAS (1)	13,433	10,796	24.4	24,926	24,134	3.3
Adjusted EBITDAS Margin (%)	6.3	5.8	0.5	4.8	4.8	—
SG&A ($)	10,934	9,045	20.9	31,171	26,785	16.4
SG&A Margin (%)	5.2	4.8	0.4	6.0	5.3	0.7
Net income (loss) from continuing operations ($)	5,305	2,789	90.2	(69)	(12,639)	(99.5)
Net income (loss) ($)	5,233	2,786	87.8	(385)	(12,646)	(97.0)
Basic and Diluted:						
Net income (loss) per share from continuing operations ($)	0.05	0.03	66.7	—	(0.11)	(100.0)
Net income (loss) per share ($)	0.05	0.03	66.7	—	(0.11)	(100.0)

(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 and nine months ended September 30, 2024 was $211,594 and $522,779 compared to $187,017 and $506,063 for the same periods in 2023, representing an increase of 13.1% and 3.3%. The increase in revenue was primarily due to the 13 turnarounds that were performed in the third quarter this year, compared to 6 turnarounds that were performed in the same period of 2023.

Gross profit for the three and nine months ended September 30, 2024 was $23,757 and $54,745 compared to $19,740 and $50,368 for the same periods in 2023, representing an increase of 20.3% and 8.7%. Gross profit margin for three and nine months ended September 30, 2024 was 11.2% and 10.5%, compared to 10.6% and 10.0% to for the same periods in 2023. The increase in gross profit margin was primarily due to the mix of work compared to the same period of 2023.

SG&A expenses for the three and nine months ended September 30, 2024 were $10,934 and $31,171, in comparison to $9,045 and $26,785 for the same periods in 2023, representing an increase of 20.9% and 16.4%. As a percentage of revenue, SG&A expenses for the three and nine months ended September 30, 2024 were 5.2% and 6.0% compared to 4.8% and 5.3% for the same periods in 2023. The increase in SG&A expenses, both on an absolute basis and as a percentage of revenue, is primarily due to higher personnel costs to support the Company's organic growth strategy and increased professional fees to assist in the ongoing continuous improvements in the business post the implementation of the Company's enterprise resource planning system.

For the three and nine months ended September 30, 2024, Adjusted EBITDAS was $13,433 and $24,926 compared to $10,796 and $24,134 for the same periods in 2023. As a percentage of revenue, Adjusted EBITDAS was 6.3% and 4.8% for the three and nine months ended September 30, 2024 compared to 5.8% and 4.8% for the same periods in 2023.

Income from continuing operations for the three months ended September 30, 2024 was $5,305 compared to $2,789 for the same period in 2023. The income variance was primarily driven by the increase in turnaround activity partially offset by higher SG&A expenses. Loss from continuing operations for the nine months ended September 30, 2024 was $69 compared to $12,639 for the same period in 2023. The loss variance was driven by the impairment of intangible assets, goodwill and PP&E recognized in the second quarter of 2023.

LIQUIDITY AND CAPITAL RESOURCES

FLINT has an asset-based revolving credit facility (the “ABL Facility”) providing for maximum borrowings of 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, 2027.

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 September 30, 2025, the Company has the ability 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 September 30, 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 September 30, 2024, the accrued and unpaid dividends on the Series 1 and Series 2 shares totaled $106.0 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.

On June 30, 2024, Canso, in its capacity as portfolio manager for and on behalf of certain accounts that it manages and sole holder of the Senior Secured Debentures, agreed to accept the issuance of Senior Secured Debentures on June 30, 2024 with a principal amount of $5,205 in order to satisfy the interest that would otherwise become due and payable on such date.

ADDITIONAL INFORMATION

Our unaudited condensed interim financial statements for the three and nine months ended September 30, 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, 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. Specifically, this press release 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 to September 30, 2025; the payment of interest owing on the Senior Secured Debentures in kind; the Company’s approach to dividends; our view that dedication to client-centric service and on-time, on-budget contract execution will continue to drive our growth; and the amount of work that is expected to be completed in 2024.

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, 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 September 30, 2024	2023	Nine months ended September 30, 2024	2023
Income (loss) from continuing operations	5,305	2,789	(69)	(12,639)
Add:				
Amortization of intangible assets	66	70	201	332
Depreciation expense	2,671	2,434	8,003	7,610
Long-term incentive plan expense	850	625	2,225	2,670
Interest expense	4,718	4,670	14,033	13,680
EBITDAS	13,610	10,588	24,393	11,653
Add (deduct):				
Gain on sale of property, plant and equipment	(810)	(133)	(1,253)	(323)
Impairment of goodwill and intangible assets	—	—	—	7,289
Impairment of property, plant and equipment	—	—	—	4,173
Restructuring expenses	334	327	1,310	1,105
Other income	(47)	(32)	(468)	(142)
One-time incurred expenses	346	46	944	379
Adjusted EBITDAS	13,433	10,796	24,926	24,134