Annual Report

2023

flintcorp.com

FLINT Announces Fourth Quarter and 2023 Annual Financial Results

Reports record full year revenues of $655.7 million and Adjusted EBITDAS of $33.0 million

Calgary, Alberta (March 12, 2024) – FLINT Corp. ("FLINT" or the "Company") (TSX: FLNT) today announced its results for the three and twelve months ended December 31, 2023. 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.

"2023 was the second consecutive year of record annual revenues for FLINT at $655.7 million, representing an increase of 8.4% over 2022. These results were driven primarily by our Maintenance and Construction Services segment which benefited from our organic growth strategy that targets both industrial end market and geographic diversification. The commitment of our employees to working safely and delivering high quality services to our valued customers is paramount to our success," said Barry Card, Chief Executive Officer.

"We have seen strong bookings to start 2024 with new contract awards and renewals during the first two months that are estimated to generate approximately $169.6 million in backlog. The awarded work will be executed across Energy and Industrial markets, including Oil and Gas, Agriculture and Forestry. We are proud to execute aspects of this work in partnership with our local stakeholders and Indigenous partners," added Mr. Card.

ANNUAL HIGHLIGHTS

- Revenues for the year ended December 31, 2023 were $655.7 million, representing an increase of $51.1 million or 8.4% from 2022. The increase in revenue was driven by the continued market momentum in the Maintenance and Construction Services segment.
- Gross profit for the year ended December 31, 2023 was $67.5 million, representing an increase of $4.4 million or 6.9% from 2022. The increase in gross profit was primarily driven by an increase in the volume of work in the Maintenance and Construction Services segment.
- Gross profit margin for the year ended December 31, 2023 was 10.3%, consistent with 10.4% in 2022.
- Adjusted EBITDAS for the year ended December 31, 2023 was $33.0 million, representing an increase of $0.9 million or 3.0% from 2022.
- Adjusted EBITDAS margin for the year ended December 31, 2023 was 5.0%, representing a decrease of 0.3% from 2022.
- Selling, general and administrative ("SG&A") expenses for year ended December 31, 2023 were $35.7 million, representing a decrease of $1.5 million or 4.1% from 2022. As a percentage of revenue, SG&A expenses for the year ended December 31, 2023 were 5.4%, down from 6.2% in 2022. The decrease in SG&A expenses and SG&A expenses as a percentage of revenue is due to the implementation costs for the Company's new enterprise resource planning system that were incurred in 2022.
- Loss from continuing operations for the year ended December 31, 2023 was $12.9 million, representing an increase of $0.5 million or 3.7% from 2022. The loss variance was driven by the impairment of assets in the Wear Technology Overlay Services segment of $11.5 million that was recorded in 2023 as compared to $3.7 million that was recorded in 2022 combined with higher interest expense. This was generally offset by the improvement in gross profit for the Maintenance and Construction Services segment, lower restructuring expenses and lower SG&A expenses.
- Liquidity, including cash and available credit facilities, was $56.7 million at December 31, 2023, as compared to $37.0 million at December 31, 2022.

- New contract awards and renewals totaled approximately $419.1 million for the year ended December 31, 2023.

FOURTH QUARTER HIGHLIGHTS

- Revenues for the three months ended December 31, 2023 were $149.7 million, which was consistent with 2022.
- Gross profit for the three months ended December 31, 2023 was $17.1 million, representing an increase of $0.1 million or 0.4% from the same period in 2022.
- Gross profit margin for the three months ended December 31, 2023 was 11.5%, consistent with 11.4% for the same period in 2022.
- Adjusted EBITDAS for the three months ended December 31, 2023 was $8.9 million, representing an increase of $0.1 million or 1.3% from the same period in 2022.
- Adjusted EBITDAS margin was 5.9% for the three months ended December 31, 2023 compared to 5.8% for the same period in 2022.
- SG&A expenses for the three months ended December 31, 2023 were $8.9 million, representing a decrease of $0.5 million or 5.3% from the same period in 2022. As a percentage of revenue, SG&A expenses for the three months ended December 31, 2023 were 5.9%, compared to 6.3% for the same period in 2022. The decrease in SG&A expenses and SG&A expenses as a percentage of revenue is due to the implementation costs for the Company's new enterprise resource planning system that were incurred in 2022.
- Loss from continuing operations for the three months ended December 31, 2023 was $0.3 million, representing a decrease of $4.6 million or 94.7% form the same period in 2022. The loss variance was driven by the impairment of intangible assets and goodwill of $3.7 million that was recorded in the fourth quarter of 2022 combined with lower long-term incentive plan expense in the fourth quarter of 2023.
- New contract awards and renewals totaled approximately $140.5 million for the three months ended December 31, 2023 and $169.6 million for the first two months of 2024. Approximately 40% of the work is expected to be completed in 2024.

FOURTH QUARTER AND ANNUAL 2023 FINANCIAL RESULTS

($ thousands, except per share amounts)	Three months ended December 31, 2023	2022		Twelve months ended December 31, 2023	2022	
Revenue						
Maintenance and Construction Services	138,294	136,173	1.6 %	608,361	555,191	9.6 %
Wear Technology Overlay Services	13,999	13,588	3.0 %	51,829	54,160	(4.3)%
Eliminations[1]	(2,611)	(14)	N/A	(4,445)	(4,678)	N/A
Total	149,682	149,747	— %	655,745	604,673	8.4 %
Gross Profit						
Maintenance and Construction Services	15,096	15,726	(4.0)%	60,177	54,653	10.1 %
Wear Technology Overlay Services	2,049	1,349	51.9 %	7,336	8,480	(13.5)%
Total	17,145	17,075	0.4 %	67,513	63,133	6.9 %
Gross Profit Margin (% of revenue)						
Maintenance and Construction Services	10.9 %	11.5 %	(0.6)%	9.9 %	9.8 %	0.1 %
Wear Technology Overlay Services	14.6 %	9.9 %	4.7 %	14.2 %	15.7 %	(1.5)%
Total	11.5 %	11.4 %	0.1 %	10.3 %	10.4 %	(0.1)%
Selling, general and administrative expenses	8,883	9,383	(5.3)%	35,668	37,204	(4.1)%
% of revenue	5.9 %	6.3 %	(0.4)%	5.4 %	6.2 %	(0.8)%
Adjusted EBITDAS[2]						
Maintenance and Construction Services	14,921	15,705	(5.0)%	59,667	54,258	10.0 %
Wear Technology Overlay Services	2,011	1,268	58.6 %	7,075	8,171	(13.4)%
Corporate	(8,064)	(8,215)	(1.8)%	(33,740)	(30,376)	11.1 %
Total	8,868	8,758	1.3 %	33,002	32,053	3.0 %
% of revenue	5.9 %	5.8 %	0.1 %	5.0 %	5.3 %	(0.3)%
Loss from continuing operations	(255)	(4,848)	(94.7)%	(12,894)	(12,431)	3.7 %
Net loss per share (dollars) from continuing operations - basic and diluted	(0.01)	(0.04)	(75.0)%	(0.12)	(0.11)	9.1 %

(1) The eliminations includes eliminations of inter-segment transactions. FLINT accounts for inter-segment sales based on transaction price.

(2) "Adjusted EBITDAS" is not a standard measure under IFRS. Please refer to the Advisory regarding Non-GAAP Financial Measures at the end of this press release for a description of this measure and limitations of its use.

SEGMENT OPERATING RESULTS

MAINTENANCE AND CONSTRUCTION SERVICES

Revenue for the Maintenance and Construction Services segment was $608.4 million for the year ended December 31, 2023, compared to $555.2 million for the same period in 2022, representing an increase of 9.6%. Revenue for three months ended December 31, 2023 was $138.3 million compared to $136.2 million for the same period in 2022, representing an increase of 1.6%. The increase in revenue was due to the results of our organic growth strategy and continued momentum in energy markets which benefited from strong oil prices.

Gross profit margin was 9.9% for the year ended December 31, 2023 consistent with 9.8% for the same period in 2022.

Environmental Services

We continue to grow and further enhance the technical abilities of our professional services and consulting capabilities to serve our growing customer base in Energy and Industrial markets. We offer full-scope environmental consulting and regulatory services, from the initial planning stage (pre-construction assessments, regulatory licensing and permitting), through the operational stage (amendments or renewal applications, water, air, and soil monitoring, waste management reporting and spill response), to site abandonment and decommissioning, and remediation and reclamation stage (environmental site assessments, remedial excavations, and full site reclamation including required regulatory submissions or notifications).

WEAR TECHNOLOGY OVERLAY SERVICES

Revenue for the Wear Technology Overlay Services segment for the year ended December 31, 2023 was $51.8 million, compared to $54.2 million for the same period in 2022, representing a decrease of 4.3%. The decrease in revenue relates to the higher activity levels experienced in 2022 as the market recovered from the COVID-19 pandemic combined with the delay in orders from a large customer that experienced operational issues in 2023. Revenue for this segment for the three months ended December 31, 2023 was $14.0 million, compared to $13.6 million for the same period in 2022, representing an increase of 3.0%.

Gross profit margin was 14.2% for the year ended December 31, 2023, compared to 15.7% for the same period in 2022. The decrease in gross profit margin was primarily due to mix of work, job margins being lower for certain projects and an increase in material costs.

CORPORATE

Murray Desrosiers, Senior Vice President, Legal and Corporate Development, will be retiring on June 30, 2024. Mr. Desrosiers joined FLINT in July 2019 and has been a key member of the Executive Leadership Team. We wish to congratulate Murray on a successful legal career that spanned 29 years and wish him the best in retirement. The Company has engaged an executive search firm to identify and evaluate candidates for the role.

On January 15, 2024, Robert Farthing was appointed as Vice President, Operational Delivery and Environmental Services with responsibility for operational best practices, processes, methodologies and work instructions to ensure the successful delivery of safe and improved client delivery and leading the Company's Environmental Services Division. Mr. Farthing has over 18 years of operational engineering and technical services experience. Prior to joining FLINT, Mr. Farthing served as Chief Operating Officer of CleanO2 Carbon Capture Technologies and Stella Power. Prior to that, he worked at Suncor Energy Inc. for nine years, holding key roles such as Engineering Manager in various disciplines, including Technical Strategy, Project Support, and Technical Specifications. Mr. Farthing is a professional engineer and holds a Bachelor of Science, Mechanical Engineering degree from the University of Alberta.

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 flows from operations will be sufficient to meet its short-term contractual obligations. To maintain compliance with its financial covenants through December 31, 2024, 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 December 31, 2023, 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 December 31, 2023, the accrued and unpaid dividends on the Series 1 and Series 2 shares totaled $93.5 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 December 18, 2023, Canso Investment Counsel Ltd., 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 December 31, 2023 with a principal amount of $5.0 million in order to satisfy the interest that would otherwise become due and payable on such date.

OUTLOOK

We continue to execute our organic growth strategy that targets both industrial end market and geographic diversification. After experiencing significant growth in 2022 from a backlog of projects due to the Covid-19 pandemic, the market normalized in 2023 with our revenues increasing by 8.4% over 2022. For 2024, we see commodity prices at a level that should support continued modest growth for our business.

The market for skilled labour in Western Canada remains tight. We are seeing increased interest from our valued customers in securing our services for multi-year periods due to our strong safety and operational performance and concerns about a tightening labour market. 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 audited consolidated financial statements for the year ended December 31, 2023 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. 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 December 31, 2024; that we expect continued modest growth for our buisness in 2024; the market for skilled labour in Western Canada; customer interest in multi-year service agreements; 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 also uses EBITDAS to monitor the performance of FLINT’s reportable segments and 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 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.

Three months ended	Maintenance and Construction Services		Wear Technology Overlay Services		Corporate		Total	
December 31, 2023	2023	2022	2023	2022	2023	2022	2023	2022
Income (loss) from continuing operations	$ 12,808	$ 13,760	$ 1,083	$ (3,252)	$ (14,146)	$ (15,356)	$ (255)	$ (4,848)
Add:								
Amortization of intangible assets	13	32	56	101	—	—	69	133
Depreciation expense	1,825	1,749	487	628	184	179	2,496	2,556
Long-term incentive plan expense	—	—	—	—	750	1,758	750	1,758
Interest expense	176	114	174	136	4,495	4,284	4,845	4,534
EBITDAS	14,822	15,655	1,800	(2,387)	(8,717)	(9,135)	7,905	4,133
Add (deduct):								
Gain on sale of property, plant and equipment	(59)	(119)	—	—	—	—	(59)	(119)
Impairment of goodwill and intangible assets	—	—	—	3,652	—	—	—	3,652
Restructuring expenses	158	169	211	3	67	(110)	436	62
One-time incurred expenses		—	—	—	586	1,030	586	1,030
Adjusted EBITDAS	$ 14,921	$ 15,705	$ 2,011	$ 1,268	$ (8,064)	$ (8,215)	$ 8,868	$ 8,758

Twelve months ended	Maintenance and Construction Services		Wear Technology Overlay Services		Corporate		Total	
December 31, 2023	2023	2022	2023	2022	2023	2022	2023	2022
Income (loss) from continuing operations	$ 51,773	$ 46,522	$ (8,002)	$ 1,231	$ (56,665)	$ (60,184)	$ (12,894)	$ (12,431)
Add:								
Amortization of intangible assets	59	117	342	446	—	—	401	563
Depreciation expense	7,060	6,983	2,276	2,556	770	937	10,106	10,476
Long-term incentive plan expense	—	—	—	—	3,420	3,061	3,420	3,061
Interest expense	752	769	623	282	17,150	15,852	18,525	16,903
EBITDAS	59,644	54,391	(4,761)	4,515	(35,325)	(40,334)	19,558	18,572
Add (deduct):								
Gain on sale of property, plant and equipment	(382)	(350)	—	—	—	—	(382)	(350)
Impairment of goodwill and intangible assets	—	—	7,289	3,652	—	—	7,289	3,652
Impairment of property, plant and equipment	—	—	4,173	—	—	—	4,173	—
Restructuring expenses	405	217	374	4	762	3,894	1,541	4,115
Other income	—	—	—	—	(142)	—	(142)	—
One-time incurred expenses		—	—	—	965	5,983	965	5,983
Loss on contingent consideration liability	—	—	—	—	—	81	—	81
Adjusted EBITDAS	$ 59,667	$ 54,258	$ 7,075	$ 8,171	$ (33,740)	$ (30,376)	$ 33,002	$ 32,053

ANNUAL REPORT 2023
MD&A

Management's Discussion and Analysis

March 12, 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 years ended December 31, 2023 and 2022. This MD&A should be read in conjunction with FLINT's audited consolidated financial statements and the notes thereto 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 audited consolidated 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 March 12, 2024 and is current to that date unless otherwise indicated.

The audited consolidated 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.

Reportable Segments

The two segments listed below represent the reportable segments that the chief operating decision maker considers when reviewing the performance of FLINT and deciding where to allocate resources.

FLINT's operations, assets and employees are mainly located in Canada with some activity in the United States through its Wear Technology Overlay Services segment. FLINT utilizes EBITDAS and Adjusted EBITDAS as performance measures for its segmented results. These measures are considered to be non-GAAP financial measures under IFRS.

Segment/Division	Business Description
Maintenance and Construction Services	Maintenance, turnaround, construction and environmental services to energy and industrial markets, including oil and gas (upstream, midstream and downstream), petrochemical, mining, power, agricultural, forestry, infrastructure and water treatment.
Wear Technology Overlay Services	Custom fabrication services supporting pipeline and infrastructure projects, and patented wear technology overlay services specializing in overlay pipe spools, pipe bends, wear plates and vessels for corrosion and abrasion resistant applications across various end markets.
Corporate Division	Provision of typical head office functions, including strategic planning, corporate communications, taxes, legal, marketing, finance, human resources and information technology.

Advisory regarding Forward-Looking Information

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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.

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2023 SUMMARY OF RESULTS – CONTINUING OPERATIONS

(In thousands of Canadian dollars)

	Three months ended December 31, 2023	Three months ended December 31, 2022	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Revenue	$ 149,682	$ 149,747	$ 655,745	$ 604,673
Cost of revenue	(132,537)	(132,672)	(588,232)	(541,540)
Gross profit	17,145	17,075	67,513	63,133
Selling, general and administrative expenses	(8,883)	(9,383)	(35,668)	(37,204)
Long-term incentive plan expense	(750)	(1,758)	(3,420)	(3,061)
Amortization of intangible assets	(69)	(133)	(401)	(563)
Depreciation expense	(2,496)	(2,556)	(10,106)	(10,476)
Income from long-term investments	20	36	192	141
Interest expense	(4,845)	(4,534)	(18,525)	(16,903)
Restructuring expenses	(436)	(62)	(1,541)	(4,115)
Impairment of goodwill and intangible assets	—	(3,652)	(7,289)	(3,652)
Impairment of property, plant and equipment	—	—	(4,173)	—
Loss on contingent consideration liability	—	—	—	(81)
Gain on sale of property, plant and equipment	59	119	382	350
Other income	—	—	142	—
Loss from continuing operations	(255)	(4,848)	(12,894)	(12,431)
Add:				
Amortization of intangible assets	69	133	401	563
Depreciation expense	2,496	2,556	10,106	10,476
Long-term incentive plan expense	750	1,758	3,420	3,061
Interest expense	4,845	4,534	18,525	16,903
EBITDAS (1)	7,905	4,133	19,558	18,572
Add (deduct):				
Gain on sale of property, plant and equipment	(59)	(119)	(382)	(350)
Impairment of goodwill and intangible assets	—	3,652	7,289	3,652
Impairment of property, plant and equipment	—	—	4,173	—
Restructuring expenses	436	62	1,541	4,115
Other income	—	—	(142)	—
One-time incurred expenses	586	1,030	965	5,983
Loss on contingent consideration liability	—	—	—	81
Adjusted EBITDAS (1)	$ 8,868	$ 8,758	$ 33,002	$ 32,053

(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 December 31, 2023	Three months ended December 31, 2022	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Basic and diluted:				
Continuing operations	$ (0.01)	$ (0.04)	$ (0.12)	$ (0.11)
Discontinued operations	$ (0.00)	$ (0.01)	$ (0.00)	$ (0.01)
Net loss	$ (0.01)	$ (0.05)	$ (0.12)	$ (0.12)

Selected Balance Sheet Accounts	December 31, 2023	December 31, 2022
Total assets	$ 216,632	$ 233,978
ABL facility	—	9,334
Term loan facility	40,278	40,157
Senior secured debentures	129,171	119,048
Other secured borrowings	12,500	14,143
Shareholders' deficit	$ 55,136	$ 42,229

2023 RESULTS

Revenue for the year ended December 31, 2023 was $655,745 compared to $604,673 for the same period in 2022, representing an increase of 8.4%. The increase in revenue was driven by the continued market momentum in the Maintenance and Construction Services segment.

Gross profit for the year ended December 31, 2023 was $67,513 compared to $63,133 for the same period in 2022, representing an increase of 6.9%. The increase in gross profit was primarily driven by an increase in the volume of work in the Maintenance and Construction Services segment. Gross profit margin for the year ended December 31, 2023 was 10.3%, consistent with the same period in 2022 of 10.4%.

Selling, general and administrative (“SG&A”) expenses for the year ended December 31, 2023 were $35,668 in comparison to $37,204 for the same period in 2022, representing a decrease of 4.1%. As a percentage of revenue, SG&A expenses for the year ended December 31, 2023 were 5.4% compared to 6.2% for the same period in 2022. The decrease in SG&A expenses and SG&A expenses as a percentage of revenue is due to the implementation costs for the Company’s new enterprise resource planning system that were incurred in 2022.

Non-cash items that impacted the 2023 results were depreciation, amortization, asset impairments and interest expense paid in kind. For the year ended December 31, 2023, depreciation and amortization expenses were $10,507 compared to $11,039 for the same period in 2022. The decrease was primarily due to the impairment of intangible assets, goodwill and property, plant and equipment of $11,462 recorded in the second quarter of 2023, which resulted in lower depreciation and amortization for the third and fourth quarters of 2023.

For the year ended December 31, 2023, interest expenses were $18,525 compared to $16,903 for the same periods in 2022, representing an increase of 9.6%. The increase in interest expense was primarily due to the increase in the principal amount of Senior Secured Debentures outstanding as a result of the payment of interest in kind combined with the impact of higher interest rates on our variable interest rate loans.

Restructuring expenses of $1,541 were recorded during the year ended December 31, 2023 compared to $4,115 for the same period in 2022. The restructuring expenses in 2022 and 2023 were primarily related to management changes.

Loss from continuing operations for the year ended December 31, 2023 was $12,894 in comparison to a loss of $12,431 for the same period in 2022. The loss variance was driven by the impairment of assets in the Wear Technology Overlay Services segment of $11,462 that was recorded in 2023 as compared to $3,652 that was recorded in 2022 combined with higher interest expense. This was generally offset by the improvement in gross profit for the Maintenance and Construction Services segment, lower restructuring expenses and lower SG&A expenses.

For the year ended December 31, 2023, Adjusted EBITDAS was $33,002 compared to $32,053 for the same period in 2022. As a percentage of revenue, Adjusted EBITDAS was 5.0% for the year ended December 31, 2023 compared to 5.3% for the same period in 2022.

FOURTH QUARTER 2023 RESULTS

Revenue for the three months ended December 31, 2023 was $149,682 which was relatively consistent with $149,747 for the same period in 2022.

Gross profit for the three months ended December 31, 2023 was $17,145 relatively consistent with $17,075 for the same period in 2022. Gross profit margin for the three months ended December 31, 2023 was 11.5%, consistent with 11.4% for the same period in 2022.

SG&A expenses for the three months ended December 31, 2023 were $8,883, in comparison to $9,383 for the same period in 2022, representing a decrease of 5.3%. As a percentage of revenue, SG&A expenses for the three months ended December 31, 2023 were 5.9% compared to 6.3% for the same period in 2022. The decrease in SG&A expenses and SG&A expenses as a percentage of revenue is due to the implementation costs for the Company's new enterprise resource planning system that were incurred in 2022.

Non-cash items that impacted the 2023 results were depreciation, amortization and interest expense paid in kind. For the three months ended December 31, 2023, depreciation and amortization expenses were $2,565 compared to $2,689 for the same period in 2022. The decrease in depreciation and amortization expenses is due to the $11,462 impairment that was recorded in the second quarter of 2023, which resulted in lower depreciation and amortization for the fourth quarter of 2023.

Loss from continuing operations for the three months ended December 31, 2023 was $255 in comparison to $4,848 for the same period in 2022. The loss variance was driven by the impairment of goodwill and intangible assets of $3,652 that was recorded in the fourth quarter of 2022 combined with lower long-term incentive plan expense in the fourth quarter of 2023.

For the three months ended December 31, 2023, Adjusted EBITDAS was $8,868 compared to $8,758 for the same period in 2022. As a percentage of revenue, Adjusted EBITDAS was 5.9% for the three months ended December 31, 2023, consistent with 5.8% for the same period in 2022.

SEGMENT OPERATING RESULTS

MAINTENANCE AND CONSTRUCTION SERVICES

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Revenue	$ 138,294	$ 136,173	$ 608,361	$ 555,191
Cost of revenue	(123,198)	(120,447)	(548,184)	(500,538)
Gross profit	15,096	15,726	60,177	54,653
Selling, general and administrative expenses	(195)	(57)	(702)	(536)
Amortization of intangible assets	(13)	(32)	(59)	(117)
Depreciation expense	(1,825)	(1,749)	(7,060)	(6,983)
Income from long-term investments	20	36	192	141
Interest expense	(176)	(114)	(752)	(769)
Restructuring expenses	(158)	(169)	(405)	(217)
Gain on sale of property, plant and equipment	59	119	382	350
Income from continuing operations	12,808	13,760	51,773	46,522
Add:				
Amortization of intangible assets	13	32	59	117
Depreciation expense	1,825	1,749	7,060	6,983
Interest expense	176	114	752	769
EBITDAS (1)	14,822	15,655	59,644	54,391
Add (deduct):				
Gain on sale of property, plant and equipment	(59)	(119)	(382)	(350)
Restructuring expenses	158	169	405	217
Adjusted EBITDAS (1)	$ 14,921	$ 15,705	$ 59,667	$ 54,258

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

TWELVE MONTHS ENDED

Revenue

Revenue for the Maintenance and Construction Services segment was $608,361 for the year ended December 31, 2023, compared to $555,191 for the same period in 2022, representing an increase of 9.6%. The increase in revenue was due to the results of our organic growth strategy and continued momentum in energy markets which benefited from strong oil prices.

Gross Profit

Gross profit was $60,177 for the year ended December 31, 2023, compared to $54,653 for the same period in 2022, representing an increase of 10.1%. Gross profit margin was 9.9% for the year ended December 31, 2023 compared to 9.8% for the same period in 2022. The increase in gross profit was due to the increase in the volume of activity related to the market momentum in 2023.

THREE MONTHS ENDED

Revenue

Revenue for the three months ended December 31, 2023 was $138,294 compared to $136,173 for the same period in 2022, representing an increase of 1.6%. The increase in revenues was due to continued market momentum in 2023 driven primarily by strong oil prices.

Gross Profit

Gross profit was $15,096 for the three months ended December 31, 2023, compared to $15,726 for the same period in 2022, representing a decrease of 4.0%. Gross profit margin was 10.9% for the three months ended December 31, 2023 compared to 11.5% for the same period in 2022. The decrease in gross profit and gross profit margin was due to a particularly strong fourth quarter in 2022 as a result of the market recovery experienced in 2022.

WEAR TECHNOLOGY OVERLAY SERVICES

	Three months ended December 31, 2023	Three months ended December 31, 2022	Twelve months ended December 31, 2023	Twelve months ended December 31, 2022
Revenue	$ 13,999	$ 13,588	$ 51,829	$ 54,160
Cost of revenue	(11,950)	(12,239)	(44,493)	(45,680)
Gross profit	2,049	1,349	7,336	8,480
Selling, general and administrative expenses	(38)	(81)	(261)	(309)
Amortization of intangible assets	(56)	(101)	(342)	(446)
Depreciation expense	(487)	(628)	(2,276)	(2,556)
Interest expense	(174)	(136)	(623)	(282)
Restructuring expenses	(211)	(3)	(374)	(4)
Impairment of goodwill and intangible assets	—	(3,652)	(7,289)	(3,652)
Impairment of property, plant and equipment	—	—	(4,173)	—
Income (loss) from continuing operations	1,083	(3,252)	(8,002)	1,231
Add:				
Amortization of intangible assets	56	101	342	446
Depreciation expense	487	628	2,276	2,556
Interest expense	174	136	623	282
EBITDAS (1)	1,800	(2,387)	(4,761)	4,515
Add (deduct):				
Impairment of goodwill and intangible assets	—	3,652	7,289	3,652
Impairment of property, plant and equipment	—	—	4,173	—
Restructuring expenses	211	3	374	4
Adjusted EBITDAS (1)	$ 2,011	$ 1,268	$ 7,075	$ 8,171

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

TWELVE MONTHS ENDED

Revenue

Revenue for the Wear Technology Overlay Services segment for the year ended December 31, 2023 was $51,829, compared to $54,160 for the same period in 2022, representing a decrease of 4.3%. The decrease in revenue relates to the higher activity levels experienced in 2022 as the market recovered from the COVID-19 pandemic combined with the delay in orders from a large customer that experienced operational issues in 2023.

Gross Profit

Gross profit was $7,336 for the year ended December 31, 2023, compared to $8,480 for the same period in 2022, representing a decrease of 13.5%. Gross profit margin was 14.2% for the year ended December 31, 2023, compared to 15.7% for the same period in 2022. The decrease in gross profit and gross profit margin was primarily due to the lower revenues as described above combined with mix of work and an increase in material costs.

THREE MONTHS ENDED

Revenue

Revenue for this segment for the three months ended December 31, 2023 was $13,999, compared to $13,588 for the same period in 2022, representing an increase of 3.0%.

Gross Profit

Gross profit was $2,049 for the three months ended December 31, 2023, compared to $1,349 for the same period in 2022, representing an increase of 51.9%. Gross profit margin was 14.6% for the three months ended December 31, 2023, compared to 9.9% for the same period in 2022. The increase in gross profit and gross profit margin was primarily due to the mix of work compared to the same period in 2022.

CORPORATE

FLINT's head office functions are located in Calgary, Alberta. The Corporate segment provides typical head office functions, including strategic planning, corporate communications, taxes, legal, marketing, finance, human resources and information technology, for the entire organization. The tables below reflect the costs of FLINT's corporate function, as well as other corporate overhead expenses.

	Three months ended December 31,		Twelve months ended December 31,	
	2023	2022	2023	2022
Selling, general and administrative expenses	$ (8,650)	$ (9,245)	$ (34,705)	$ (36,359)
Long-term incentive plan expense	(750)	(1,758)	(3,420)	(3,061)
Depreciation expense	(184)	(179)	(770)	(937)
Interest expense	(4,495)	(4,284)	(17,150)	(15,852)
Restructuring expenses	(67)	110	(762)	(3,894)
Loss on contingent consideration liability	—	—	—	(81)
Other income	—	—	142	—
Loss from continuing operations	(14,146)	(15,356)	(56,665)	(60,184)
Add:				
Depreciation expense	184	179	770	937
Long-term incentive plan expense	750	1,758	3,420	3,061
Interest expense	4,495	4,284	17,150	15,852
EBITDAS (1)	(8,717)	(9,135)	(35,325)	(40,334)
Add (deduct):				
Restructuring expenses	67	(110)	762	3,894
Other income	—	—	(142)	—
One-time incurred expenses	586	1,030	965	5,983
Loss on contingent consideration liability	—	—	—	81
Adjusted EBITDAS (1)	$ (8,064)	$ (8,215)	$ (33,740)	$ (30,376)

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

TWELVE MONTHS ENDED

Selling, General and Administrative Expenses

SG&A expenses were $34,705 for the year ended December 31, 2023 compared to $36,359 for the same period in 2022. SG&A expenses as a percentage of revenue were 5.3% for the year ended December 31, 2023 compared to 6.0% for the same period in 2022. The decrease in SG&A expenses and SG&A expenses as a percentage of revenue is due to the implementation costs for the Company's new enterprise resource planning system that were incurred in 2022.

THREE MONTHS ENDED

Selling, General and Administrative Expenses

SG&A expenses were $8,650 for the three months ended December 31, 2023 compared to $9,245 for the same period in 2022. SG&A expenses as a percentage of revenue were 5.8% for the three months ended December 31, 2023 compared to 6.2% for the same period in 2022. The decrease in SG&A expenses and SG&A expenses as a percentage of revenue is due to the same factors that impacted the full year.

LIQUIDITY AND CAPITAL RESOURCES

For the year ended December 31,		2023		2022
Cash flow provided by (used in) operating activities	$	30,008	$	(15,986)
Cash flow used in investing activities		(2,911)		(1,394)
Cash flow used in financing activities		(20,535)		(1,165)
Cash, end of period	$	9,696	$	3,135

Operating Activities

Cash flow provided by operating activities in 2023 is a result of a decrease in accounts receivable, due to an improvement in the Company's receivables management process following the enterprise resource planning system implementation in late 2022.

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 December 31, 2024, 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 used in investing activities during the year ended December 31, 2023 consisted of the purchase of property, plant and equipment, partially offset by proceeds from the disposal of certain property, plant and equipment.

Financing Activities

a. ABL Facility

FLINT has an asset-based revolving credit facility (the "ABL Facility") providing for maximum borrowings up to $50,000 with a Canadian chartered bank (the "Lender"). The ABL Facility matures on April 14, 2025. On November 10, 2023, the ABL Facility was amended to increase the limit for capital expenditures from $10,000 to $20,000 and the limit for non-financed capital expenditures from $4,000 to $8,000.

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 December 31, 2023 was $50,000 (December 31, 2022 - $43,750). 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, 2022 - Lender's prime rate plus 2.5%).

As at December 31, 2023, nil (December 31, 2022 - $9,885) was drawn on the ABL Facility, and there were $2,147 (December 31, 2022 - $2,147) of letters of credit reducing the amount available to be drawn. As at December 31, 2023, the net amount of deferred financing costs were $323 (December 31, 2022 - $551).

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 December 31, 2023, 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 December 31, 2023, $40,500 (December 31, 2022 - $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, 2022 - fixed rate of 8.0%). The net amount of deferred financing costs were $222 as at December 31, 2023 (December 31, 2022 - $343).

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 December 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 December 31, 2023, 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).

On June 6, 2023, 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 (i) accept the issuance of Senior Secured Debentures on June 30, 2023 with a principal amount of $4,812 in order to satisfy the interest that would otherwise become due and payable on such date (the “Payment in Kind Transaction”) and (ii) amend the trust indenture governing the Senior Secured Debentures to, among other things, establish a mechanism by which the Company may request, and the holder of the Senior Secured Debentures may approve (at their sole discretion), the payment of interest owing on the Senior Secured Debentures on future interest payment dates in kind (the “Indenture Amendment”). On June 28, 2023, the Company entered into the Ninth Supplemental Senior Secured Indenture to affect the Payment in Kind Transaction and the Indenture Amendment.

On December 18, 2023, 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 December 31, 2023 with a principal amount of $5,005 in order to satisfy the interest that would otherwise become due and payable on such date.

CONTRACTUAL OBLIGATIONS

The table below summarizes the Company’s contractual obligations at December 31, 2023, on an undiscounted basis:

	Total	Less than One Year	One to Five Years	After Five Years
Accounts payable and accrued liabilities	$ 50,015	$ 50,015	$ —	$ —
Term loan Facility (1)	40,500	—	40,500	—
Lease liabilities (2)	40,957	11,566	26,445	2,946
Other secured borrowings (1)	12,637	1,432	2,160	9,045
Senior secured debentures (1)	130,131	—	130,131	—
Total	$ 274,240	$ 63,013	$ 199,236	$ 11,991

(1) Carrying value is presented gross of debt issuance costs.

(2) Carrying value is presented as undiscounted cash flows.

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. Material 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 December 31, 2023, 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, 2022	127,732	40,111	110,001,239
Balance as at December 31, 2023	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 December 31, 2023, the accrued and unpaid dividends on the Series 1 and Series 2 Preferred Shares totaled $93,456 (December 31, 2022 - $76,671). 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 396,281,829 (December 31, 2022 - 319,675,972) Common Shares would be issued, which represents approximately 360.3% (December 31, 2022 - 290.6%) of the Common Shares outstanding as at December 31, 2023.

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 twelve months ended December 31, 2023, no Series 1 or Series 2 Preferred Shares were converted into Common Shares (year ended December 31, 2022 - 8,571 Common Shares were issued upon the conversion of three Series 1 Preferred 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, 2022 - 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, 2022 - 696.4%) of the Common Shares outstanding as at December 31, 2023.

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. After experiencing significant growth in 2022 from a backlog of projects due to the Covid-19 pandemic, the market normalized in 2023 with our revenues increasing by 8.4% over 2022. For 2024, we see commodity prices at a level that should support continued modest growth for our business.

The market for skilled labour in Western Canada remains tight. We are seeing increased interest from our valued customers in securing our services for multi-year periods due to our strong safety and operational performance and concerns about a tightening labour market. 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

An investment in the Common Shares of FLINT involves a number of risks. In addition to the other information contained in this MD&A and FLINT's other publicly-filed disclosure documents, investors should give careful consideration to the following factors, which are qualified in their entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this MD&A. Any of the matters highlighted in these risk factors could have a material adverse effect on FLINT's results of operations, business prospects or financial condition. The risks described below and referenced elsewhere in this MD&A are not exhaustive. The Company operates in a very competitive and ever-changing environment. New risk factors emerge from time to time and it is not possible for management to predict all such risk factors, nor can it assess the impact of all such risk factors on the Company's business.

- Failure to comply with the covenants in the agreements governing the Company's debt could adversely affect the Company's financial condition.
- The Company's credit facilities may not provide sufficient liquidity and a failure to renew the credit facilities could adversely affect the Company's financial condition.
- The Company's access to capital or borrowing to maintain operations and/or finance future development and acquisitions may become restricted.
- Difficulty in retaining, replacing or adding personnel could adversely affect the Company's business. A portion of the Company's employees are unionized, and accordingly the Company is subject to the detrimental effects of a strike or other labour action, in addition to competitive cost factors.
- The Company relies on certain key personnel whose absence or loss could disrupt its operations and have a material adverse effect on its business.
- The Company relies on subcontractors whose failure to satisfactorily perform their portion of the work could result in additional costs being incurred.
- The Company's growth potential is restricted by the use of the majority of its cash flow to service debt.
- Common Shares issuable on conversion of Series 1 or Series 2 Preferred Shares, substantially all of which are held by Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages, could result in the holders of the Common Shares being substantially diluted and Canso being in a position to unilaterally elect the directors of the Company should it so choose.
- The Company's business depends on the oil and natural gas industry and particularly on the level of exploration, development and production for North American oil and natural gas, which is volatile.
- The Company's financial performance depends on its performance under agreements with its customers and its ability to renew customer contracts and attract new business.
- The Company is subject to risk of default by counterparties to its contracts, and its counterparties may deem the Company to be a default risk.
- Failure to maintain the Company's safety standards and record could lead to a decline in the demand for its services.
- The Company is subject to a number of federal, provincial and regional health, safety and environmental laws and regulations that may require it to make substantial expenditures or cause it to incur substantial liabilities. Changes in legislation and regulations that affect the Company's customers, or failure of customers to comply with such regulations, could adversely affect demand for the Company's services and the Company's financial performance.

- Future actions by governmental authorities in response to a global pandemic could adversely affect the Company's business and operations.
- The Company's industry is intensely competitive. The Company's reputation relative to its competition significantly affects the Company's long-term success and financial performance.
- The Company has direct and indirect exposure to credit market volatility resulting from negative investor sentiment about the development and regulation of energy production.
- The Company is directly and indirectly subject to the influence of public perception on the regulatory regime governing resource development.
- The Company is susceptible to seasonal volatility in its operating and financial results due to adverse weather conditions.
- The Company's reliance on equipment and parts suppliers exposes it to risks, including timing of delivery and quality of parts and equipment.
- The Company is subject to a number of additional business risks, which could adversely affect its ability to complete projects and service contracts on time and on budget.
- The direct and indirect restrictions and costs of various environmental laws and regulations, existing and proposed, may adversely affect the Company's business, operations and financial results.
- The Company may participate in large contracts with a small number of customers, thus increasing the risk of economic dependence and concentration of credit. The Company's customer base is concentrated and loss of a significant customer could cause the Company's revenue to decline substantially.
- The Company's performance is sensitive to impacts of localized factors and trends that are specific to Alberta and British Columbia because a large percentage of the Company's revenues originate in those provinces.
- Since a significant portion of the Company's work is in the oil sands sector, the Company's performance is sensitive to factors affecting the oil sands sector, including temporary or permanent shutdown of projects due to downturns in oil and gas prices, natural disasters, mechanical breakdowns, technology failures or pressure from environmental activism.
- The Company may not be able to convert its backlog into revenue and cannot guarantee that the revenues projected in its backlog will be realized or, if realized, will result in profits.
- The Company's current technology may become obsolete or experience a decrease in demand. To the extent that the Company does not keep up with changes in technology, demand for its services may be hindered.
- The Company's operations are subject to hazards inherent in the oilfield services industry, which risks may not be covered to the full extent by the Company's insurance policies.
- The Company is and may become subject to legal proceedings, which could have a material adverse effect on its business, financial condition and results of operations.
- Conservation measures and technological advances could reduce demand for oil and natural gas, resulting in reduced demand for the Company's services.
- Business acquisitions involve numerous risks and the failure to realize anticipated benefits of acquisitions and dispositions could negatively affect the Company's results of operations.
- Public announcement of strategic transactions could be delayed.

- Improper access to confidential information could adversely affect the Company's business.
- Cyber attacks and loss of the Company's information and computer systems could adversely affect the Company's business.
- Income tax laws, regulations or administrative practices relating to the Company and its shareholders may in the future be changed or interpreted in a manner that adversely affects the Company or its shareholders.
- The Company's internal and disclosure controls may not be effective and could adversely affect the Company's business, operations and financial results.
- The Company's business is subject to changes in general economic conditions over which it has little or no control.
- The trading activity and price of the Common Shares could be unpredictable and volatile.
- The Company may issue additional Common Shares or securities exchangeable for or convertible into Common Shares in the future, which could result in the dilution of the interests of the holders of Common Shares.

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

Disclosure Controls and Procedures

National Instrument 52-109, "Certification of Disclosure in Issuers' Annual and Interim Filings" ("NI 52-109"), issued by the Canadian Securities Administrators requires chief executive officers ("CEO") and chief financial officers ("CFO") to certify that they are responsible for establishing and maintaining the disclosure controls and procedures for the issuer, that disclosure controls and procedures have been designed to provide reasonable assurance that material information relating to the issuer is made known to them, that they have evaluated the effectiveness of the issuer's disclosure controls and procedures, and that their conclusions about effectiveness of those disclosure controls and procedures at the end of the period covered by the relevant annual filings have been disclosed by the issuer.

The Company's management, including its CEO and CFO, have evaluated the effectiveness of the Company's disclosure controls and procedures as at December 31, 2023 and have concluded that those disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in its corporate filings is recorded, processed, summarized and reported within the required time period for the year then ended. The CEO and CFO have certified the appropriateness of the financial disclosures in the Company's filings for the year ended December 31, 2023 with securities regulators, including this MD&A and the accompanying audited consolidated financial statements, and that they are responsible for the design of the disclosure controls and procedures.

Internal Controls over Financial Reporting

NI 52-109 also requires CEOs and CFOs to certify that they are responsible for establishing and maintaining internal controls over financial reporting for the issuer, that those internal controls have been designed and are effective in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS, and that the issuer has disclosed any changes in its internal controls during its most recent year end that has materially affected, or is reasonably likely to materially affect, its internal control over financial reporting.

There have been no changes in internal controls over financial reporting during the year ended December 31, 2023 that have materially affected or are reasonably likely to materially affect internal controls over financial reporting. Furthermore, the Company's management, including its CEO and CFO, have evaluated the effectiveness of the Company's internal control over financial reporting as at December 31, 2023 and have concluded that those controls were effective.

Due to the inherent limitations common to all control systems, management acknowledges that disclosure controls and procedures and internal control over financial reporting may not prevent or detect all misstatements. Accordingly, management's evaluation of our disclosure controls and procedures and internal control over financial reporting provide reasonable, not absolute, assurance that misstatements resulting from fraud or error will be detected.

SELECTED QUARTERLY INFORMATION

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

	2023 Q4	2023 Q3	2023 Q2	2023 Q1	2022 Q4	2022 Q3	2022 Q2	2022 Q1
Revenue ($)	149,682	187,017	168,567	150,479	149,747	171,883	173,195	109,848
Gross Profit ($)	17,145	19,740	17,260	13,368	17,075	20,617	15,701	9,740
Gross Profit Margin (%)	11.5%	10.6%	10.2%	8.9%	11.4%	12.0%	9.1%	8.9%
Adjusted EBITDAS	8,868	10,796	7,894	5,444	8,758	12,381	7,908	3,006
Net (loss) income from continuing operations ($)	(255)	2,789	(12,103)	(3,325)	(4,848)	1,174	(974)	(7,783)
Net (loss) income ($)	(261)	2,786	(12,107)	(3,325)	(5,379)	1,172	(976)	(7,796)
Net (loss) income per share from continuing operations ($)	(0.01)	0.03	(0.11)	(0.03)	(0.04)	0.01	(0.01)	(0.07)
Net (loss) income per share ($)	(0.01)	0.03	(0.11)	(0.03)	(0.05)	0.01	(0.01)	(0.07)

FLINT's revenues are somewhat seasonal, in particular for the Maintenance and Construction Services segment. Typically, there are scheduled shutdown turnaround projects in the spring and fall which increase revenues over and above the standard maintenance and operational support services.

SELECTED ANNUAL INFORMATION

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

	2023	2022	2021
Financial results			
Revenue	655,745	604,673	389,402
Gross profit	67,513	63,133	40,336
Adjusted EBITDAS	33,002	32,053	17,115
Net loss from continuing operations	(12,894)	(12,431)	(9,296)
Net loss per share from continuing operations	(0.12)	(0.11)	(0.08)
Financial position			
Total assets	216,632	233,978	205,454
Non-current financial liabilities	208,671	205,616	149,969

ADDITIONAL INFORMATION

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

ANNUAL REPORT 2023

FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS OF

FLINT CORP.

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

March 12, 2024

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The consolidated financial statements of FLINT Corp. ("FLINT") and all of the information in the annual report are the responsibility of management, including responsibility for establishing and maintaining disclosure controls and procedures and internal control over financial reporting to provide reasonable assurance that the information used internally by management and disclosed externally is complete and reliable in all material respects. Management has evaluated the effectiveness of the disclosure controls and procedures and internal controls over financial reporting and has concluded that they are effective.

The consolidated financial statements have been prepared by management in accordance with International Financial Reporting Standards and include certain estimates that are based on management's best judgments. Actual results may differ from these estimates and judgments. Management has ensured that the consolidated financial statements are presented fairly in all material respects.

Management has developed and maintains a system of internal control to provide reasonable assurance that FLINT's assets are safeguarded, transactions are accurately recorded, and the consolidated financial statements report FLINT's operating and financial results in a timely manner. Financial information presented elsewhere in the annual report has been prepared on a consistent basis with that in the consolidated financial statements.

The Board of Directors of FLINT annually appoints an Audit Committee (the "Committee") comprised of Independent Directors. This Committee meets regularly with management and the auditors to review significant accounting, reporting and internal control matters. The auditors have unrestricted access to the Committee. The Committee reviews the consolidated financial statements, Management's Discussion & Analysis, and the external auditor's report. The Committee reports its findings to the Board of Directors for their consideration in approving the consolidated financial statements for issuance to the shareholders. The Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or re-appointment of the external auditors.

Ernst & Young LLP, an independent firm of Chartered Professional Accountants, was appointed by the shareholders to audit the consolidated financial statements in accordance with Canadian generally accepted auditing standards. Ernst & Young LLP has provided an independent auditor's report.

Barry Card
Chief Executive Officer

Jennifer Stubbs
Chief Financial Officer

Calgary, Canada
March 12, 2024

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of **FLINT Corp.**

Opinion

We have audited the consolidated financial statements of FLINT Corp. and its subsidiaries (collectively, the "Company"), which comprise the consolidated balance sheets as at December 31, 2023 and 2022 and the consolidated statements of loss and comprehensive loss, consolidated statements of shareholders' deficit and consolidated statements of cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters. For the matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matter below, provide the basis for our audit opinion on the accompanying consolidated financial statements.

Key audit matter	How our audit addressed the key audit matter
Impairment of goodwill, intangible assets and property, plant and equipment	
During the year ended December 31, 2023, an impairment loss of $7,289 was recorded with respect to goodwill and intangible assets and an impairment loss of $4,173 was recorded with respect to property, plant and equipment. Refer to Note 1 Material accounting policies of the consolidated financial statements for a description of the Company's accounting policy for impairment of long-lived assets, indefinite life intangible assets and goodwill. Refer to Notes 3 and 4 of the consolidated financial statements for the Company's impairment disclosures. Goodwill and indefinite life intangible assets are tested at least annually for impairment or whenever indicators are present. If the carrying amount of a cash generating unit ("CGU") or group of CGUs exceeds its recoverable amount, an impairment charge is recognized for the difference. The recoverable amount of the Company's Wear Technology Overlay CGU was determined based on its fair value less costs of disposal ("FVLCD"), which was estimated using a discounted cash flow approach. Auditing the Company's estimated recoverable amount for the Wear Technology Overlay CGU was complex due to the subjective nature of the various management inputs and assumptions. Significant assumptions included earnings before income taxes, interest, depreciation and amortization ("EBITDA"), capital expenditures, growth rates, working capital, discount rates, and costs of disposal, which are affected by expectations about future market and economic conditions.	To test the impairment loss recorded, our procedures included, among others: • We involved our valuation specialists to assess the methodology applied and the various inputs utilized in determining the discount rate by referencing current industry, economic, and comparable company information, and company and cash-flow specific risk premiums; • We assessed the historical accuracy of management's cash flow projections, including EBITDA, capital expenditures and working capital by comparing them to actual historical performance; • We compared the growth rates and costs of disposal to current industry, market and economic trends; • We performed sensitivity analyses on significant assumptions to evaluate the changes in the recoverable amount of the CGU that would arise from changes in those assumptions; • We assessed the reasonability of the pro-rata allocation of impairment to the Company's long-lived assets after the impairment of goodwill by considering the individual recoverable amounts of the assets within the CGU; • We evaluated the competence, capabilities and objectivity of the independent valuators engaged by the Company with respect to fair value estimates of right-of-use assets and property, plant and equipment, including involving our valuation specialists to assess the methodology employed by those specialists and the various inputs utilized; and • We assessed the adequacy of the Company's disclosures included in the notes to the consolidated financial statements in relation to this matter.

Other information

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

- Management's Discussion and Analysis
- The information, other than the consolidated financial statements and our auditor's report thereon, in the Annual Report

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

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

We obtained Management's Discussion & Analysis and the Annual Report prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact in this auditor's report. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Company audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kim Wiggins.

Ernst & Young LLP

Chartered Professional Accountants

Calgary, Canada

March 12, 2024

Consolidated Balance Sheets

(In thousands of Canadian dollars)

	Notes	December 31, 2023	December 31, 2022
Assets			
Cash	15	$ 9,696	$ 3,134
Accounts receivable	15	139,904	159,371
Inventories	2	6,251	5,729
Prepaid expenses		2,948	2,441
Total current assets		158,799	170,675
Property, plant and equipment	3	55,717	53,689
Goodwill and intangible assets	4	1,455	9,145
Long-term investments		661	469
Total assets		**$ 216,632**	**$ 233,978**
Liabilities and shareholders' deficit			
Accounts payable and accrued liabilities		$ 50,015	$ 57,893
Current portion of lease liabilities	6	9,031	8,447
Current portion of long-term incentive plan liability	11	2,668	2,814
Current portion of other secured borrowings	5	1,383	1,437
Total current liabilities		63,097	70,591
Long-term incentive plan liability	11	2,918	2,487
ABL facility	5	—	9,334
Term loan facility	5	40,278	40,157
Lease liabilities	6	25,187	21,884
Other secured borrowings	5	11,117	12,706
Senior secured debentures	5	129,171	119,048
Total liabilities		271,768	276,207
Common shares	12	462,057	462,057
Preferred shares	12	141,930	141,930
Contributed surplus		20,679	20,679
Deficit		(679,802)	(666,895)
Total shareholders' deficit		(55,136)	(42,229)
Total liabilities and shareholders' deficit		**$ 216,632**	**$ 233,978**

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

Signed on behalf of the Board of Directors,

Fraser Clarke, Director

Sean McMaster, Director

Consolidated Statements of Loss and Comprehensive Loss

(In thousands of Canadian dollars)

For the year ended December 31,	Notes	2023	2022
Revenue	7	$ 655,745	$ 604,673
Cost of revenue		(588,232)	(541,540)
Gross profit		67,513	63,133
Selling, general and administrative expenses	8	(35,668)	(37,204)
Long-term incentive plan expense	11	(3,420)	(3,061)
Amortization of intangible assets	4	(401)	(563)
Depreciation expense	3	(10,106)	(10,476)
Income from long-term investments		192	141
Interest expense	9	(18,525)	(16,903)
Restructuring expenses	13	(1,541)	(4,115)
Impairment of goodwill and intangible assets	4	(7,289)	(3,652)
Impairment of property, plant and equipment	3	(4,173)	—
Loss on contingent consideration liability		—	(81)
Gain on sale of property, plant and equipment	3	382	350
Other income		142	—
Loss from continuing operations		(12,894)	(12,431)
Loss from discontinued operations (net of income taxes)		(13)	(548)
Net loss and comprehensive loss		**$ (12,907)**	**$ (12,979)**
Net loss per share (dollars)			
Basic and diluted:			
Continuing operations		$ (0.12)	$ (0.11)
Discontinued operations		$ (0.00)	$ (0.01)
Net loss		$ (0.12)	$ (0.12)

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

Consolidated Statements of Shareholders' Deficit

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

	Notes	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		—	—	—	—	(12,907)	(12,907)
At December 31, 2023		110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (679,802)	$ (55,136)

	Notes	Number of Common Shares	Common Shares	Preferred Shares	Contributed Surplus	Deficit	Total Shareholders' Deficit
December 31, 2021		109,992,668	$ 462,054	$ 141,933	$ 20,679	$ (653,916)	$ (29,250)
Net loss		—	—	—	—	(12,979)	(12,979)
Conversion of preferred shares to common shares	12	8,571	3	(3)	—	—	—
At December 31, 2022		110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (666,895)	$ (42,229)

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

Consolidated Statements of Cash Flows

(In thousands of Canadian dollars)

For the year ended December 31,	Notes	2023	2022
Operating activities:			
Net loss		$ (12,907)	$ (12,979)
Adjustments for:			
Amortization of intangible assets	4	401	563
Depreciation expense	3	10,106	10,476
Income from long-term investment		(192)	(141)
Accretion expense	9	317	268
Non-cash interest expense	5, 9	9,817	9,077
Impairment of goodwill and intangible assets	4	7,289	3,652
Impairment of property, plant and equipment	3	4,173	—
Payment of earn-out		—	(157)
Amortization of deferred financing costs	5, 9	361	238
Loss on contingent consideration liability		—	81
Gain on sale of property, plant and equipment	3	(382)	(350)
Other income		(142)	—
Changes in non-cash working capital	16	11,167	(26,714)
Cash flow provided by (used in) operating activities		30,008	(15,986)
Investing activities:			
Purchase of property, plant and equipment	3	(4,326)	(2,099)
Net proceeds on disposal of property, plant and equipment	3	1,415	788
Proceeds from long-term investments		—	350
Payment of deferred consideration		—	(433)
Cash flow used in investing activities		(2,911)	(1,394)
Financing activities:			
Repayment of other secured borrowings	5	(1,654)	(1,440)
(Decrease) increase in ABL facility	5	(9,885)	9,885
Refinancing fees	5	(11)	(1,068)
Repayment of lease liabilities		(8,985)	(8,542)
Cash flow used in financing activities		(20,535)	(1,165)
Increase (decrease) in cash		6,562	(18,545)
Cash, beginning of period		3,134	21,680
Cash, end of period		$ 9,696	$ 3,135

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

Notes to Consolidated Financial Statements

(In thousands of Canadian dollars)

For the years ended December 31, 2023 and 2022

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 audited consolidated financial statements ("financial statements") were authorized for issuance in accordance with a resolution of the Board of Directors of FLINT passed on March 12, 2024.

1. Material accounting policies

The following are the accounting policies that management considers material to the users of the consolidated financial statements. Accounting policy information is considered to be material if its disclosure is needed for users to understand information provided about material transactions, other events or conditions in the consolidated financial statements.

a. Basis of presentation

These consolidated financial statements are prepared on an historical cost basis in accordance with International Financial Reporting Standards ("IFRS"). The accounting policies that follow have been consistently applied to all years presented.

b. Principles of consolidation

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2023. The Company conducts business through numerous subsidiaries, all of which are wholly-owned and therefore controlled, by the Company. The financial results of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All inter-company balances and transactions have been eliminated on consolidation.

c. Financial instruments

(i) Financial assets

When financial assets are recognized initially, they are measured at fair value, plus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. The Company considers whether a contract contains an embedded derivative when the entity first becomes a party to it. Embedded derivatives are separated from the host contract which is not measured at fair value through profit or loss when the analysis shows that the economic characteristics and risks of embedded derivatives are not closely related to those of the host contract.

The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year end. Financial assets and financial liabilities are recognized on the Company's consolidated balance sheet when the Company becomes party to the contractual provisions of the instrument. Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Cash

Cash is comprised of cash on deposit with financial institutions and is measured at amortized cost.

Accounts receivable

Accounts receivable, which are non-derivative financial assets that have fixed or determinable payments that are not quoted in an active market, are classified as amortized cost and subsequently measured using the effective interest rate method, net of any impairment.

Impairment provisions for trade receivables are recognized based on lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the accounts receivable. For accounts receivable, which are reported net, such provisions are recorded in a separate provision account with the loss being recognized in the Consolidated Statements of Loss and Comprehensive Loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

(ii) Financial liabilities

Financial liabilities are recognized initially at fair value and subsequently measured at amortized cost using the effective interest rate method. They are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

(iii) Fair value hierarchy

The Company uses a three level hierarchy to categorize the significance of the inputs used in measuring the fair value of financial instruments. The three levels of the fair value hierarchy are:

Level 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted unadjusted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an ongoing basis.

Level 2 – If there is no active market, fair value is established using inputs other than quoted prices that are observable for the asset or liability either directly or indirectly, including quoted forward prices, time value, volatility factors and broker quotations.

Level 3 – Valuations in this level are those with inputs that are not based on observable market data and which are less observable, unavailable or where the observable data does not support the majority of the instrument's fair value. Level 3 instruments may include items based on pricing services or broker quotes where the Company is unable to verify the observability of inputs into their prices. Level 3 instruments include longer-term transactions, transactions in less active markets or transactions at locations for which pricing information is not available. In these instances, internally developed methodologies are used to determine fair value which primarily includes extrapolation of observable future prices to similar location, similar instruments or later time periods.

If different levels of inputs are used to measure a financial instrument's fair value, the classification within the hierarchy is based on the lowest level input that is significant to the fair value measurement.

d. Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes the costs to purchase and other costs incurred in bringing the inventories to their present location. Costs such as storage costs and administrative overheads that do not directly contribute to bringing the inventories to their present location and condition are specifically excluded from the cost of inventories and are expensed in the period incurred. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects are assigned by using specific identification of their individual costs. The weighted average cost formula is used for inventories other than those dealt with by the specific identification of cost formula. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

e. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are capitalized.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation is calculated following the method that best reflects usage and annual rates based on the estimated useful lives of the assets as follows:

Asset class	Basis	Rate
Furniture, tools and equipment	Declining balance	10% - 50%
Computer hardware	Declining balance	20% - 50%
Automotive and heavy equipment	Declining balance	10% - 30%
Buildings	Declining balance	5% - 10%
Right-of-use assets	Straight-line	The shorter of expected useful life or term of lease
Leasehold improvements	Straight-line	The shorter of expected useful life or term of lease

f. Intangible assets

Intangible assets acquired individually or as part of a group of other assets are recognized and measured at cost. Intangible assets acquired in a transaction, including those acquired in business combinations, are initially recorded at their fair value. Intangible assets with determinable useful lives, such as customer relationships and computer software are amortized over their useful lives. Intangible assets having an indefinite life, such as brands, are not amortized but are subject to an annual impairment test (refer to Note 1(g)).

Some intangible assets are contained in a physical form, such as a compact disc in the case of computer software. When the software is not an integral part of the related hardware, computer software is treated as an intangible asset. Intangible assets with determinable lives are amortized using the following methods and rates based on the estimated useful life of the asset as follows:

Asset class	Basis	Rate / Term
Customer relationships	Straight line	10 years
Computer software	Declining balance	50% - 100%

g. Impairment of long-lived assets, indefinite life intangible assets and goodwill

Assets with definite useful lives, including property, plant and equipment and intangible assets, are amortized over their estimated useful lives. Long-lived assets are assessed for impairment at each balance sheet date, or whenever events or changes in circumstances occur, whether there is an indication that such assets may not be recoverable.

If indicators of impairment exist, an estimate of the recoverable amount is made. If the carrying amount of an asset or cash generating unit ("CGU") exceeds its recoverable amount, an impairment charge is recognized in the Consolidated Statements of Loss and Comprehensive Loss for the amount by which the carrying amount exceeds the recoverable amount.

Goodwill and indefinite life intangible assets are not amortized and are tested for impairment annually, or more frequently, if events or changes in circumstances indicate that the asset might be impaired. For the purposes of impairment testing, goodwill is allocated to the CGU or group of CGUs whose acquisition gave rise to the goodwill. Assessment of goodwill impairment is performed at the level at which goodwill is monitored for internal management purposes, which is the CGU level. Goodwill impairment is determined by assessing whether the carrying amount of the CGU or relevant group of CGUs exceeds the recoverable amount. Impairment of indefinite life intangible assets is determined by assessing whether the carrying amount of the CGU to which those indefinite life intangible assets relate exceeds the recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs of disposal ("FVLCD") and its value in use ("VIU"). If it is not possible to estimate the recoverable amount of an individual asset, the CGU to which the asset belongs is tested for impairment. The FVLCD excludes any costs with respect to restructuring, employee severance and termination benefits. The VIU is determined using the estimated future cash flows generated from use and eventual disposition of an asset or CGU discounted to their present value using a post-tax discount rate and excludes any costs with respect to restructuring, employee severance and termination benefits.

Assets to be disposed of are presented separately in the Consolidated Balance Sheets and reported at the lower of the carrying amount or FVLCD.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, FLINT estimates the assets' or CGU's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumption used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited such that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined net of depreciation had the impairment loss not been recognized for the asset in prior years. Such reversal is recognized in the Consolidated Statements of Loss and Comprehensive Loss. Impairment losses relating to goodwill are not subsequently reversed.

h. Revenue recognition

Maintenance and Construction services revenue includes revenue from contracts entered into to provide maintenance, turnaround, construction and environmental services to energy and industrial markets, including oil and gas (upstream, midstream and downstream), petrochemical, mining, power, agricultural, forestry, infrastructure and water treatment. The majority of the revenue within the Maintenance and Construction segment relates to contracts with customers to perform services based on cost plus an agreed-upon margin.

Wear Technology Overlay Services revenue includes the sale of goods with respect to custom fabrication services supporting pipeline and infrastructure projects and patented wear technology overlay services specializing in pipe spools, pipe bends and plate. The majority of revenue within the Wear Technology Overlay services segment relates to contracts with customers to construct goods to client specifications for an agreed-upon price.

(i) Revenue from the rendering of services

Performance obligations arising from contracts with customers require FLINT to provide labour hours and rental of equipment as requested. Each individual contract may contain multiple performance obligations and at contract inception, consideration is variable as the total number of hours required is not fixed. However, under the terms of its contracts with customers, FLINT has the right to consideration in an amount that corresponds directly with the value to its customers of performance completed to date, and therefore recognizes revenue over time as it is earned.

(ii) Revenue from the sale of goods

At the inception of each contract with a customer, FLINT identifies the distinct performance obligations based on promises to transfer distinct goods to the customer. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. FLINT's performance obligations are generally satisfied over time as work progresses because of continuous transfer of control to the customer. For contracts with multiple performance obligations, the contract's transaction price is allocated to each performance obligation using the Company's best estimate of the standalone selling price of each distinct good in the contract.

Transfer of control is measured utilizing an input method to measure progress for contracts based on an analysis of costs incurred to date compared to total estimated costs. These costs, once incurred, are considered a measure of progress and are expensed in the period in which they are incurred. Total estimated project costs and resulting contract income are affected by changes in the expected cost of materials and labour, productivity, scheduling and other factors. Additionally, external factors such as customer requirements and other factors outside of FLINT's control may affect the progress and estimated cost of a project's completion and, therefore, the timing and amount of revenue and income recognition. Changes in total estimated contract cost and losses, if any, are recognized in the period they are determined.

Deferred revenue is recognized if a payment is received or a payment is due (whichever is earlier) from a customer before the Company transfers the related goods or services. Deferred revenue is included within accounts payable and accrued liabilities and is recognized as revenue when the Company performs under the contract (i.e., transfers control of the related goods or services to the customer).

i. Income taxes

Income tax expense or recovery comprises current and deferred taxes. Current tax is the expected tax payable or recoverable on the taxable income for the year and is recognized in the period to which it relates. Amounts included in current tax reflect the income tax expense or recovery relating to the taxable income of FLINT and its subsidiaries.

Deferred tax is recognized using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes at the reporting date. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and interest in joint arrangements to the extent that it is probable that they will not reverse in the foreseeable future.

In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse based on the tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if FLINT has a legally enforceable right to offset current tax assets and liabilities and if the corresponding deferred tax assets and liabilities relate to the income taxes raised by the same taxation authority on either the same taxable entity or different taxable entities that intend to settle their current tax assets and liabilities either on a net basis or simultaneously.

A deferred tax asset is recognized to the extent it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent it is no longer probable that the related tax benefit will be realized.

j. Leases

(i) Leases as a lessee

The Company assesses whether a contract is or contains a lease at inception. The Company recognizes a right-of-use asset and corresponding lease liability with respect to all lease contracts in which it is a lessee, except for leases with a term of twelve months or less or leases of low value assets.

A right-of-use asset and lease liability is recognized on the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made on or before the commencement date, less any lease incentives received. Right-of-use assets are subsequently depreciated using the straight line method over the shorter of the estimated useful lives of the assets and the lease term, including periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option.

Lease liabilities are initially measured at the present value of the lease payments that are not paid at the lease commencement date. The associated lease payments are discounted using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate. Lease liabilities are subsequently measured at amortized cost using the effective interest rate method. The lease liability is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

(ii) Leases as a lessor

The Company enters into sub-lease agreements as a lessor with respect to some of its leased properties. When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sub-lease is classified as a finance or operating lease by reference to the right-of-use asset arising from the head lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Rental income from operating leases is recognized on a straight line basis over the term of the lease.

k. Long-term incentive plan

Employees of the Company may receive remuneration in the form of performance incentive plan ("PIP") awards for services rendered. Performance vesting conditions are adjusted at each reporting date to reflect the estimated cash payment at the time of vesting of the award.

l. Loss per share

The loss per share of FLINT is computed by dividing FLINT's loss by the weighted average number of Common Shares outstanding during the reporting period. Diluted loss per share is determined by adjusting the weighted average number of Common Shares outstanding for the effects of all potentially dilutive Common Shares, using the treasury stock method.

m. Provisions

A provision is recognized if, as a result of a past event, FLINT has a present legal or constructive obligation that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

n. Use of estimates and judgements

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting periods. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment in future periods to the carrying amount of the of assets and liabilities within the next financial year.

Material estimates and judgments made by management in the preparation of these consolidated financial statements are outlined below.

(i) Depreciation and amortization

Measurement of the net book value of property, plant and equipment and intangible assets requires the Company to make estimates of the expected useful lives of the assets, method of depreciation and amortization and whether impairment in value has occurred. Residual values of the assets, estimates useful lives and depreciation and amortization methodology are reviewed annually with prospective application of any changes, if deemed appropriate. Changes to estimates and specifically those related to automotive and heavy equipment, which could be significant, could be caused by a variety of factors, including changes to the physical life of the assets or changes in the nature of the utilization of the assets. A change in any of the estimates would result in a change in the amount of depreciation or amortization and, as a result, a charge to net income recorded in the period in which the change occurs.

(ii) Revenue recognition – percentage of completion

The nature of certain of the Company's contracts with customers is such that revenue is earned over time as the related good is produced. In these instances, revenue is recognized as work is completed and this requires management to make a number of estimates and assumptions surrounding the expected profitability of the contract, the estimated degree of completion based on hours and costs incurred and other detailed factors. Although these factors are routinely reviewed as part of the project management process, changes in these estimates or assumptions could lead to changes in revenue recognized in a given period.

(iii) Determination of cash generating units

Assets are grouped into CGUs that have been identified as being the smallest identifiable group of assets that generate cash inflows that are independent of cash flows of other assets or groups of assets. The allocation of assets into CGUs requires significant judgment and interpretations. Factors considered in the classification include the integration between assets, the ability of management to allocate finite resources to complete future projects or contracts, and the way in which management monitors the operations. The recoverability of the Company's assets is assessed at the CGU level and therefore the determination of a CGU could have a significant effect on impairment losses or reversals.

(iv) Impairment of non-financial assets

With respect to property, plant and equipment and definite life intangible assets, judgment is applied by management in assessing whether there are any indicators of impairment at each reporting date that would require a full impairment test to be performed. Impairment indicators include, but are not limited to, a significant decline in an asset's market value, significant adverse changes in the technological, market, economic or legal environment in which the assets are operated, evidence of obsolescence or physical damage of an asset, significant changes in the planned use of an asset, or ongoing under-performance of an asset. Application of these factors to the facts and circumstances of a particular asset requires a significant amount of judgment.

Should an impairment test be required and in the annual impairment test for goodwill and indefinite life intangible assets, the determination of the magnitude of impairment involves the use of estimates, assumptions and judgments on highly uncertain matters particularly with respect to estimating the recoverable amount of a CGU or a group of CGUs. Such estimates, assumptions and judgments include, but are not limited to: the choice of discount rates that reflect appropriate asset-specific risks, timing of revenue and customer turnover, inflation factors for projected costs and the level of capital expenditures required in future periods to maintain operations.

(viii) Going concern

These financial statements have been prepared on a going concern basis, which assumes the realization of assets and discharge of liabilities and commitments in the normal course of business within the foreseeable future. Management uses judgment to assess the Company's ability to continue as a going concern and the conditions that cast doubt upon the use of the going concern assumption.

o. New and amended standards that are effective for the current year

In the current year, the Company has applied a number of IFRS amendments that are mandatorily effective for annual periods that begin on or after 1 January 2023.

(i) IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* has been amended to clarify the distinction between changes in accounting estimates, changes in accounting policies and the correction of errors. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments had no impact on the Company's consolidated financial statements.

(ii) IAS 1 *Presentation of Financial Statements* and IFRS Practice Statement 2 *Making Materiality Judgements* has been amended to provide guidance and examples to help entities apply materiality judgements to accounting policy disclosures. The amendments aim to help entities provide accounting policy disclosures that are more useful by replacing the requirement for entities to disclose their 'significant' accounting policies with a requirement to disclose their 'material' accounting policies and adding guidance on how entities apply the concept of materiality in making decisions about accounting policy disclosures.The amendments have had an impact on the Company's disclosures of accounting policies and estimates, but not on the measurement, recognition or presentation of any items in the Company's consolidated financial statements.

(iii) IAS 12 *Income Taxes* has been amended to narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases. The amendments had no impact on the Company's consolidated financial statements.

p. Standards issued but not yet effective

The new and amended standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below. The Company intends to adopt these new and amended standards and interpretations, if applicable, when they become effective. The Company has assessed the impact of these standards and they are not expected to have a material effect on the Company's financial statements.

(i) IAS 1 *Presentation of Financial Statements* has been amended to clarify how to classify debt and other liabilities as either current or non-current. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

(ii) IFRS 16 *Leases* has been amended to include requirements for sale and leaseback transactions to explain how an entity accounts for a sale and leaseback after the date of the transaction. The amendments are effective for annual reporting periods beginning on or after January 1, 2024 and must be applied retrospectively.

(iii) IAS 7 *Cash Flows and* IFRS 7 *Financial Instrument Disclosures* has been amended to require disclosures to enhance the transparency of supplier finance arrangements and their effects on the Company's liabilities, cash flows and exposure to liquidity risk. The amendments are effective for annual reporting periods beginning on or after January 1, 2024.

(iv) IAS 21 *The Effects of Changes in Foreign Exchange Rates* has been amended to impact a transaction or an operation in a foreign currency that is not exchangeable into another currency at a measurement date for a specified purpose. The amendments are effective for annual reporting periods beginning on or after January 1, 2025.

2. Inventories

Inventories comprise the following:

As at December 31,	2023	2022
Raw materials	$ 4,302	$ 3,882
Finished goods	1,949	1,847
Total	$ 6,251	$ 5,729

Included in cost of revenue for the year ended December 31, 2023 is the cost of inventories of $8,682 (December 31, 2022 - $13,357).

3. 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, 2021	$ 18,491	$ 1,803	$ 13,922	$ 749	$ 41,950	$ 42,694	$ 119,609
Additions	—	103	1,597	79	7,085	320	9,184
Write off	—	—	—	—	—	(92)	(92)
Disposals	—	(26)	(35)	(96)	(157)	(1,191)	(1,505)
Remeasurement	—	—	—	—	546	—	546
Asset class transfer	—	—	—	—	(3,778)	3,778	—
As at December 31, 2022	$ 18,491	$ 1,880	$ 15,484	$ 732	$ 45,646	$ 45,509	$ 127,742
Additions	—	28	3,638	54	7,063	606	11,389
Remeasurement	—	—	—	—	5,951	—	5,951
Disposals	—	—	(7)	—	(155)	(3,049)	(3,211)
Asset class transfer	—	—	—	—	(1,779)	1,779	—
As at December 31, 2023	$ 18,491	$ 1,908	$ 19,115	$ 786	$ 56,726	$ 44,845	$ 141,871
Accumulated depreciation and impairment							
As at December 31, 2021	$ 1,814	$ 1,063	$ 10,377	$ 261	$ 23,277	$ 27,852	$ 64,644
Depreciation	613	248	949	130	5,843	2,693	10,476
Disposals	—	(26)	(34)	(96)	(86)	(825)	(1,067)
Asset class transfer	—	—	—	—	(2,747)	2,747	—
As at December 31, 2022	$ 2,427	$ 1,285	$ 11,292	$ 295	$ 26,287	$ 32,467	$ 74,053
Depreciation	568	175	945	172	6,171	2,075	10,106
Impairment	—	—	478	—	1,608	2,087	4,173
Disposals	—	—	(7)	—	(88)	(2,083)	(2,178)
Asset class transfer	—	—	—	—	(1,380)	1,380	—
As at December 31, 2023	$ 2,995	$ 1,460	$ 12,708	$ 467	$ 32,598	$ 35,926	$ 86,154
Net book value							
As at December 31, 2022	$ 16,064	$ 595	$ 4,192	$ 437	$ 19,359	$ 13,042	$ 53,689
As at December 31, 2023	$ 15,496	$ 448	$ 6,407	$ 319	$ 24,128	$ 8,919	$ 55,717

a. Collateral:

As at December 31, 2023, property, plant and equipment included $12,125 subject to a general security agreement under the Senior Secured Debentures (December 31, 2022 - $13,261) and $19,464 subject to a general security agreement under the other secured borrowings (December 31, 2022 - $21,069). See note 5 for additional details.

b. Disposals:

During the year ended December 31, 2023, the Company disposed of assets with a cost of $3,211 (December 31, 2022 - $1,505) and accumulated depreciation of $2,178 (December 31, 2022 - $1,067), for cash proceeds of $1,415 (December 31, 2022 - $788), and recognized a net gain on sale of $382 (December 31, 2022 - $350).

Right-of-use assets consist of the following:

	Land and buildings	Automotive and heavy equipment	Total
Cost			
As at December 31, 2021	$ 29,562	$ 12,388	$ 41,950
Remeasurement	546	—	546
Asset class transfer	—	(3,778)	(3,778)
Additions	1,304	5,781	7,085
Disposals	—	(157)	(157)
As at December 31, 2022	$ 31,412	$ 14,234	$ 45,646
Remeasurement	5,951	—	5,951
Asset class transfer	—	(1,779)	(1,779)
Additions	1,775	5,288	7,063
Disposals	—	(155)	(155)
As at December 31, 2023	$ 39,138	$ 17,588	$ 56,726
Accumulated depreciation and impairment			
As at December 31, 2021	$ 16,411	$ 6,866	$ 23,277
Disposals	—	(86)	(86)
Depreciation	3,831	2,012	5,843
Asset class transfer	—	(2,747)	(2,747)
As at December 31, 2022	$ 20,242	$ 6,045	$ 26,287
Asset class transfer	—	(1,380)	(1,380)
Depreciation	3,799	2,372	6,171
Impairment	1,608	—	1,608
Disposals	—	(88)	(88)
As at December 31, 2023	$ 25,649	$ 6,949	$ 32,598
Net book value			
As at December 31, 2022	$ 11,170	$ 8,189	$ 19,359
As at December 31, 2023	$ 13,489	$ 10,639	$ 24,128

Remeasurement

During the year ended December 31, 2023, the Company exercised an option to extend the term of a building lease for an additional 60 months to April 30, 2030 (original termination date of April 30, 2025). This amendment to the lease agreement represents a lease modification, and therefore the lease liability and right-of-use asset were remeasured resulting in an increase to the lease liability and related right-of-use asset of $4,452, which is included in the $5,951 above. The lease extension will impact future cash flows for the extension period, with fixed payments of $109 per month in the first year of the extension, increasing to $112 per month in year five.

Information regarding lease liabilities can be found in Note 6.

Impairment

As at December 31, 2023, the Company did not identify any changes in the indicators of impairment or any new indicators of impairment and determined that no further impairment testing was required.

During the second quarter of 2023, FLINT identified indicators of impairment for the Wear Technology Overlay Services ("WTO") CGU as a result of an increase in market competition resulting in more competitive pricing and increased cost for both materials and labour due to higher rates of inflation. These factors had a significant negative impact on earnings before interest, taxes, depreciation and amortization ("EBITDA") for WTO. In addition, certain of FLINT's customers' capital spending budgets were reduced in the near-term which led to significant uncertainty as to the scale and duration of these developments.

As a result, management performed an impairment test as at June 30, 2023 for the WTO CGU. Based on the results of this test, the Company concluded that the recoverable amount of the WTO CGU was $18,026 which exceeded its carrying amount by $11,462. The impairment was allocated to goodwill, and then to the intangible and long-lived assets within the WTO CGU. The carrying amount of the WTO CGU prior to the impairment was $29,488.

Valuation technique

The recoverable amount of the WTO CGU was calculated based on fair value less costs of disposal, which is considered to be a level 3 fair value measurement. The fair value less costs of disposal is determined through a discounted cash flow ("DCF") approach which involves projecting cash flows and converting them into a present value equivalent through discounting. The discounting process uses a rate of return that is commensurate with the risk associated with the business or asset and the time value of money. This approach requires assumptions about EBITDA, capital expenditures, growth rates, working capital and discount rates.

Projected EBITDA and capital expenditures

Projected EBITDA and capital expenditures are based on FLINT's internal forecasts for the remainder of the year and take into consideration current year performance relative to budget, economic trends and market/industry trends at the time the forecast is developed. The annual budget is developed during the fourth quarter of the previous year and is updated quarterly by senior management based on actual results. Anticipated future cash flows are updated to reflect any subsequent changes in expected demand for products and services.

As at June 30, 2023, projected EBITDA decreased by approximately 30% from the approved budget developed in the fourth quarter of 2022 resulting in an impairment.

Growth rate and terminal value

FLINT used projected EBITDA and capital expenditures as noted above and applied a perpetual long-term growth rate of 3% in years 2 through 5 and a terminal growth rate of 2% thereafter for the WTO CGU. The perpetual growth rates are management's estimate of long-term inflation and productivity growth in the industry and geographic locations in which it operates.

Discount rate

FLINT assumed post-tax discount rates of 19.75% in order to calculate the present value of projected future cash flows. The discount rates represent a weighted average cost of capital ("WACC"), which is an estimate of the overall required rate of return on an investment for both debt and equity owners. The WACC serves as the basis for developing an appropriate discount rate, adjusted for risks specific to each CGU.

The following table summarizes the impairment losses for the twelve months ended December 31, 2023:

Impairment by asset class allocated to	Property, plant and equipment	Right-of-use assets	Goodwill and intangibles (1)	Total
Wear Technology Overlay Services	2,565	1,608	7,289	11,462

(1) See Note 4 Goodwill and intangible assets.

4. Goodwill and intangible assets

	Goodwill	Customer relationship	Computer software	Brands	Intangible Total	Total
Cost						
As at December 31, 2021	$ 100,681	$ 33,245	$ 3,377	$ 16,487	$ 53,109	$ 153,790
Balance as at December 31, 2022	$ 100,681	$ 33,245	$ 3,377	$ 16,487	$ 53,109	$ 153,790
Balance as at December 31, 2023	$ 100,681	$ 33,245	$ 3,377	$ 16,487	$ 53,109	$ 153,790
Amortization and impairment						
As at December 31, 2021	$ 92,732	$ 29,895	$ 3,160	$ 14,643	$ 47,698	$ 140,430
Amortization	—	446	87	30	563	563
Impairment	3,652	—	—	—	—	3,652
Balance as at December 31, 2022	$ 96,384	$ 30,341	$ 3,247	$ 14,673	$ 48,261	$ 144,645
Amortization	—	320	66	15	401	401
Impairment	4,297	1,238	—	1,754	2,992	7,289
Balance as at December 31, 2023	$ 100,681	$ 31,899	$ 3,313	$ 16,442	$ 51,654	$ 152,335
Net book value						
As at December 31, 2022	$ 4,297	$ 2,904	$ 130	$ 1,814	$ 4,848	$ 9,145
As at December 31, 2023	$ —	$ 1,346	$ 64	$ 45	$ 1,455	$ 1,455

As at December 31, 2023, the WTO CGU had indefinite life intangible assets of nil (December 31, 2022 - $1,574) and goodwill of nil (December 31, 2022 - $4,297).

In the second quarter of 2023, FLINT identified indicators of impairment for the WTO CGU and performed an impairment test which resulted in an impairment of the goodwill and intangible assets of the CGU to reduce the carrying amount to its recoverable amount. See Note 3 for additional details.

5. 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 December 31, 2023 was $50,000 (December 31, 2022 - $43,750). 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, 2022 - Lender's prime rate plus 2.5%).

As at December 31, 2023, nil (December 31, 2022 - $9,885) was drawn on the ABL Facility, and there were $2,147 (December 31, 2022 - $2,147) of letters of credit reducing the amount available to be drawn. As at December 31, 2023, the net amount of deferred financing costs were $323 (December 31, 2022 - $551).

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 December 31, 2023, 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 December 31, 2023, $40,500 (December 31, 2022 - $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, 2022 - fixed rate of 8.0%). The net amount of deferred financing costs were $222 as at December 31, 2023 (December 31, 2022 - $343).

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 December 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 December 31, 2023, FLINT was in compliance with all financial covenants under the loan agreements with BDC.

d. Senior Secured Debentures

Balance as at December 31, 2021	$	109,744
Accretion		227
Debentures issued to settle interest		9,077
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

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).

On June 6, 2023, 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 (i) accept the issuance of Senior Secured Debentures on June 30, 2023 with a principal amount of $4,812 in order to satisfy the interest that would otherwise become due and payable on such date (the “Payment in Kind Transaction”) and (ii) amend the trust indenture governing the Senior Secured Debentures to, among other things, establish a mechanism by which the Company may request, and the holder of the Senior Secured Debentures may approve (at their sole discretion), the payment of interest owing on the Senior Secured Debentures on future interest payment dates in kind (the “Indenture Amendment”). On June 28, 2023, the Company entered into the Ninth Supplemental Senior Secured Indenture to affect the Payment in Kind Transaction and the Indenture Amendment.

On December 18, 2023, 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 December 31, 2023 with a principal amount of $5,005 in order to satisfy the interest that would otherwise become due and payable on such date.

6. Leases

Maturity analysis - contractual undiscounted cash flows

As at December 31,		
2024	$	11,566
2025		10,106
2026		7,909
2027		5,807
2028		2,623
After 2029		2,946
Total	**$**	**40,957**
Less: effects of discounting		(6,739)
Total discounted lease liabilities	**$**	**34,218**
Analyzed as:		
Current	$	9,031
Non-current	$	25,187

7. Revenue

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

For the year ended December 31,		2023		2022
Rendering of services	$	590,850	$	547,575
Sales of goods		64,895		57,098
Total	$	655,745	$	604,673

8. Selling, general and administrative expenses

For the year ended December 31,		2023		2022
Salaries and benefits	$	23,924	$	24,562
Occupancy and office costs		4,430		3,306
Professional fees		3,270		6,191
Travel and advertising		2,027		1,604
Insurance		2,017		1,541
Total	$	35,668	$	37,204

9. Interest expense

For the year ended December 31,		2023		2022
Interest expense on Senior Secured Debentures	$	9,817	$	9,077
Interest expense on ABL Facility		983		1,016
Interest expense on Term Loan Facility		3,240		3,130
Interest expense on lease liabilities		2,630		2,424
Interest expense on other secured borrowings		1,094		767
Interest expense - other		83		(17)
Deferred financing costs amortized		361		238
Accretion expense		317		268
Total	$	18,525	$	16,903

10. Income taxes

The reconciliation of statutory income tax rates to FLINT's effective tax rate is as follows:

For the year ended December 31,		2023		2022
Loss from continuing operations before tax	$	(12,894)	$	(12,431)
Tax rate (%)		23.51		23.37
Income tax (recovery) expense at statutory rates	$	(3,032)	$	(2,906)
Permanent differences		1,067		867
Change in rates on temporary differences		(284)		788
Deferred tax asset not recognized		2,249		1,251
Income tax expense	$	—	$	—

The statutory rate increased from 23.37% to 23.51% due to the differences in the amount of taxable income attributable to various provinces

Deferred income taxes have been recognized in respect of the following temporary differences:

As at December 31,		2023		2022
Property, plant and equipment	$	(21,873)	$	(24,244)
Non-capital losses		21,873		24,244
Deferred tax liability	$	—	$	—

A deferred tax asset has not been recognized in respect of the following deductible temporary differences:

As at December 31,	2023	2022
Intangible assets	$ 11,650	$ 9,038
Senior secured debentures	5,312	5,007
Non-capital loss carryforward	82,181	72,967
Net capital loss carryforward	80,606	80,606
Lease liabilities	34,218	30,331
Other	2,405	6,027
Unrecognized deductible temporary differences	$ 216,372	$ 203,976

A deferred tax asset has been recognized in respect of $21,873 of non-capital losses and a deferred tax asset has not been recognized in respect of $82,181 of non-capital losses. The total of $104,054 non-capital losses begin to expire in 2035.

FLINT has approximately $80,606 of net capital losses that have not been recognized in the consolidated financial statements as at December 31, 2023 (December 31, 2022 - $80,606). There is no expiry of capital losses.

11. Long-term incentive plan

The Company has a long term incentive plan that provides participants with a cash settlement based on achieving certain performance criteria and is earned based on service requirements over a three year period. In 2023, the Board of Directors approved the granting of additional awards with a three-year performance period and similar performance metrics and weightings as awards granted in previous years. PIP awards are payable within one month following approval of the Company's annual financial statements for those years.

As at December 31, 2023, the carrying amount of $5,586 (December 31, 2022 - $5,301) represents the net present value of estimated future cash payments expected to be earned under the program based on management's best estimate of the performance criteria over the performance periods ending December 31, 2023, 2024 and 2025, adjusted for the portion of the performance period that has been completed.

12. 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, 2022	127,732	40,111	110,001,239
Balance as at December 31, 2023	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 December 31, 2023, the accrued and unpaid dividends on the Series 1 and Series 2 Preferred Shares totaled $93,456 (December 31, 2022 - $76,671). 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 396,281,829 (December 31, 2022 - 319,675,972) Common Shares would be issued, which represents approximately 360.3% (December 31, 2022 - 290.6%) of the Common Shares outstanding as at December 31, 2023.

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 year ended December 31, 2023, no Series 1 or Series 2 Preferred Shares were converted into Common Shares (year ended December 31, 2022 - 8,571 Common Shares were issued upon the conversion of three Series 1 Preferred 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, 2022 - 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, 2022 - 696.4%) of the Common Shares outstanding as at December 31, 2023.

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.

(in thousands, except number of shares and per share amounts)		2023		2022
Net loss - basic and diluted	$	(12,907)	$	(12,979)
Weighted average shares outstanding - basic and diluted		110,001,239		110,000,472
Net loss per Common Shares - basic and diluted	$	(0.12)	$	(0.12)

The only potentially dilutive securities as at December 31, 2023 were the Preferred Shares. All potentially dilutive securities were anti-dilutive for the twelve months ended December 31, 2023, and therefore were not included in the calculation of diluted earnings per share.

13. Restructuring expenses

Restructuring expenses of $1,541 were recorded during the year ended December 31, 2023 (December 31, 2022 - $4,115). The restructuring expenses in 2023 and 2022 were primarily related to termination costs as a result of management changes.

14. Related party disclosures

Compensation for key management personnel

FLINT's key management personnel are comprised of officers and directors. The remuneration for these key management personnel are as follows:

For the year ended December 31,		2023		2022
Short-term employment benefits	$	7,666	$	5,362
Termination benefits		350		3,600
Total compensation	$	8,016	$	8,962

15. 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:

As at December 31,		2023		2022
Cash	$	9,696	$	3,134
Accounts receivable		139,904		159,371
Total	$	149,600	$	162,505

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 energy companies engaged in upstream, midstream and downstream activities, all of which have strong creditworthiness.

Of the total balance of accounts receivable at December 31, 2023, $93,685 (December 31, 2022 - $87,505) related to trade receivables and $46,219 (December 31, 2022 - $71,866) related to accrued revenue (i.e., for work performed but not yet invoiced) and other.

Trade receivables are non-interest bearing and generally due on 30-90 day terms. As at December 31, 2023, approximately $12,295 of FLINT's trade receivables had been outstanding longer than 90 days (December 31, 2022 - $15,630). Subsequent to December 31, 2023, $7,378 of the $12,295 over 90 days was collected. Management has fully evaluated the outstanding receivables as at December 31, 2023 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.

A 1% increase in interest rates in the year, would have increased interest expense for the year ended December 31, 2023 by approximately $127 (December 31, 2022 - $143).

(iii) Customer concentration risk

Revenues of FLINT are concentrated, with its top three customers representing 33.9% of consolidated revenue (December 31, 2022 - 34.4%) and 30.0% of consolidated accounts receivable (December 31, 2022 - 32.9%). More specifically, FLINT's largest customer accounted for 12.9% or $84,613 of FLINT's consolidated revenue for the year ended December 31, 2023 (December 31, 2022 - 14.0% or $84,655).

(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.

	Total	Less than One Year	One to Five Years	After Five Years
Accounts payable and accrued liabilities	$ 50,015	$ 50,015	$ —	$ —
Term loan Facility [1]	40,500	—	40,500	—
Lease liabilities [2]	40,957	11,566	26,445	2,946
Other secured borrowings [1]	12,637	1,432	2,160	9,045
Senior secured debentures [1]	130,131	—	130,131	—
Total	$ 274,240	$ 63,013	$ 199,236	$ 11,991

(1) Carrying value is presented gross of debt issuance costs.

(2) Carrying value is presented as undiscounted cash flows.

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. To maintain compliance with its financial covenants through December 31, 2024, 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 (refer to Note 5d).

16. Supplemental cash flow information

a. Changes in non-cash working capital

As at December 31,	2023	2022
Accounts receivables	$ 19,467	$ (52,193)
Inventories	(522)	(197)
Prepaid expenses	(184)	(380)
Accounts payable and accrued liabilities [1]	(7,594)	26,056
Total changes in non-cash working capital	$ 11,167	$ (26,714)

(1) Includes change in the long-term incentive plan accrual

b. Changes in liabilities arising from financing activities

	Term loan facility	ABL facility	Lease liabilities	Senior secured debentures	Other secured borrowings	Total liabilities from financing activities
Balance as at December 31, 2021	$ 40,436	$ —	$ 31,366	$ 109,744	$ 15,571	$ 197,117
Borrowings	—	9,885	7,631	—	—	17,516
Deferred financing	(343)	(551)	—	—	—	(894)
Repayments	—	—	(8,542)	—	(1,440)	(9,982)
Interest settled for additional senior secured debentures	—	—	—	9,077	—	9,077
Non-cash changes	64	—	(124)	227	12	179
Balance as at December 31, 2022	$ 40,157	$ 9,334	$ 30,331	$ 119,048	$ 14,143	$ 213,013
Borrowings	—	—	6,930	—	—	6,930
Deferred financing	121	—	—	—	—	121
Repayments	—	(9,885)	(8,985)	—	(1,654)	(20,524)
Interest settled for additional senior secured debentures	—	—	—	9,817	—	9,817
Non-cash changes	—	551	5,942	306	11	6,810
Balance as at December 31, 2023	$ 40,278	$ —	$ 34,218	$ 129,171	$ 12,500	$ 216,167

17. Capital management

FLINT's capital structure is comprised of shareholders' equity and short and long-term debt. FLINT's objectives when managing capital are to support its ability to continue as a going concern in order to provide returns for its shareholders. Maintaining liquidity, managing financial risk and optimizing the cost of capital are key factors that set the framework for FLINT capital management strategy.

FLINT is not subject to any externally imposed capital requirements other than standard and restrictive financial covenants contained in the ABL Facility the Term Loan Facility, the Senior Secured Debentures and the other secured borrowings.

18. Segment information

The Company has organized the business around differences in products and services provided to customers. All or substantially all of FLINT’s operations, assets and employees are located in Canada.

FLINT has four operating segments (December 31, 2022 - five), which are aggregated into two reportable segments, as follows:

- The Maintenance and Construction Services segment provides maintenance, turnaround, construction and environmental services to energy and industrial markets, including oil and gas (upstream, midstream and downstream), petrochemical, mining, power, agricultural, forestry, infrastructure and water treatment. The Maintenance and Construction reportable segment consists of the Union and Non-union operating segments as well as the Environmental operating segment on the basis of the similarities in their service offerings, customers and business environment.

- The Wear Technology Overlay Services segment provides custom fabrication services supporting pipeline and infrastructure projects, and patented wear technology overlay services specializing in overlay pipe spools, pipe bends, wear plates and vessels for corrosion and abrasion resistant applications across various end markets.

In addition to the reportable operating segments, the Corporate division is a standard head office function, which deals with strategic planning, corporate communications, taxes, legal, marketing, finance, financing (including interest expense), human resources and information technology for the entire organization. These costs are managed on a group basis and therefore are not allocated to operating segments.

The eliminations column includes eliminations of inter-segment transactions. FLINT accounts for inter-segment sales based on transaction price.

For the year ended December 31, 2023	Maintenance and Construction Services	Wear Technology Overlay Services	Corporate	Eliminations	Total
Revenue	$ 608,361	$ 51,829	$ —	$ (4,445)	$ 655,745
Cost of revenue	(548,184)	(44,493)	—	4,445	(588,232)
Gross profit	60,177	7,336	—	—	67,513
Selling, general and administrative expenses	(702)	(261)	(34,705)	—	(35,668)
Long-term incentive plan expense	—	—	(3,420)	—	(3,420)
Amortization of intangible assets	(59)	(342)	—	—	(401)
Depreciation expense	(7,060)	(2,276)	(770)	—	(10,106)
Income from long-term investments	192	—	—	—	192
Interest expense	(752)	(623)	(17,150)	—	(18,525)
Restructuring expenses	(405)	(374)	(762)	—	(1,541)
Impairment of goodwill and intangible assets	—	(7,289)	—	—	(7,289)
Impairment of property, plant and equipment	—	(4,173)	—	—	(4,173)
Gain on sale of property, plant and equipment	382	—	—	—	382
Other income	—	—	142	—	142
Income (loss) from continuing operations	$ 51,773	$ (8,002)	$ (56,665)	$ —	$ (12,894)

For the year ended December 31, 2022	Maintenance and Construction Services	Wear Technology Overlay Services	Corporate	Eliminations	Total
Revenue	$ 555,191	$ 54,160	$ —	$ (4,678)	$ 604,673
Cost of revenue	(500,538)	(45,680)	—	4,678	(541,540)
Gross profit	54,653	8,480	—	—	63,133
Selling, general and administrative expenses	(536)	(309)	(36,359)	—	(37,204)
Long-term incentive plan expense	—	—	(3,061)	—	(3,061)
Amortization of intangible assets	(117)	(446)	—	—	(563)
Depreciation expense	(6,983)	(2,556)	(937)	—	(10,476)
Income from long-term investments	141	—	—	—	141
Interest expense	(769)	(282)	(15,852)	—	(16,903)
Restructuring expenses	(217)	(4)	(3,894)	—	(4,115)
Impairment of goodwill and intangible assets	—	(3,652)	—	—	(3,652)
Loss on contingent consideration liability	—	—	(81)	—	(81)
Gain on sale property, plant and equipment	350	—	—	—	350
Income (loss) from continuing operations	$ 46,522	$ 1,231	$ (60,184)	$ —	$ (12,431)

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 Hetherington
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

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

Corporate Office

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