FLINT™

flintcorp.com

Financial Statements

AR|2024

CONSOLIDATED FINANCIAL STATEMENTS OF

FLINT CORP.

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

March 11, 2025

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 11, 2025

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, 2024 and 2023 and the consolidated statements of income (loss) and comprehensive income (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, 2024 and 2023, 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
Revenue recognition	
As described in Note 1 to the consolidated financial statements, the Company recognizes revenue over time, either based on its right to consideration in an amount that corresponds directly with the value to its customers of performance completed to date, or utilizing an input measure to measure progress for contracts based on an analysis of costs incurred to date compared to total estimated costs. For the year ended December 31, 2024, the Company recognized revenue of $710.6 million. Due to the significance of revenue to the Company's consolidated financial statements and the audit effort involved in testing revenue recognized during the year, revenue was determined to be a key audit matter.	To test revenue recognized, our procedures included, among others: • We evaluated the appropriateness of the Company's revenue recognition accounting policies and we obtained an understanding of the Company's process for the initiation, processing and recording of revenue transactions; • We vouched a sample of revenue recognized to customer orders, third party invoices, timesheets, third party evidence of receipt of goods or services (where applicable) and cash receipts; • Specific to revenue recognized on a percentage-of-completion basis, we selected a sample of contracts with customers not yet complete as of year-end and re-performed the calculation of revenue recognized based on costs incurred to date, estimated cost of completion, and contract revenue. We obtained an understanding of management's estimates of cost of completion at project commencement and evaluated the reasonability of changes to those estimates over time; we compared prior period cost estimates to actual costs incurred to assess management's forecast ability; and we tested actual costs incurred subsequent to year-end; • We performed targeted, risk-based testing of journal entries affecting revenue; and • We evaluated the appropriateness and completeness of the related disclosures in Note 1 to the consolidated financial statements.

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.

- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the work performed for the purposes of the group 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 11, 2025

Consolidated Balance Sheets

(In thousands of Canadian dollars)

	Notes	December 31, 2024	December 31, 2023
Assets			
Cash	13	$ 10,957	$ 9,696
Accounts receivable	13	162,158	139,904
Inventories	2	3,978	6,251
Prepaid expenses		3,536	2,948
Total current assets		180,629	158,799
Property, plant and equipment	3	52,765	55,717
Goodwill and intangible assets	4	1,189	1,455
Long-term investments		655	661
Total assets		**$ 235,238**	**$ 216,632**
Liabilities and shareholders' deficit			
Accounts payable and accrued liabilities		$ 64,261	$ 50,015
Current portion of lease liabilities	6	10,015	9,031
Current portion of long-term incentive plan liability	10	2,874	2,668
Current portion of other secured borrowings	5	539	1,383
Total current liabilities		77,689	63,097
Long-term incentive plan liability	10	3,333	2,918
Term loan facility	5	40,324	40,278
Lease liabilities	6	22,577	25,187
Other secured borrowings	5	10,586	11,117
Senior secured debentures	5	134,593	129,171
Total liabilities		289,102	271,768
Common shares	11	462,057	462,057
Preferred shares	11	141,930	141,930
Contributed surplus		20,679	20,679
Deficit		(678,530)	(679,802)
Total shareholders' deficit		(53,864)	(55,136)
Total liabilities and shareholders' deficit		**$ 235,238**	**$ 216,632**

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 Income (Loss) and Comprehensive Income (Loss)

(In thousands of Canadian dollars)

For the year ended December 31,	Notes	2024	2023
Revenue		$ 710,554	$ 655,745
Cost of revenue		(635,629)	(588,232)
Gross profit		74,925	67,513
Selling, general and administrative expenses	7	(41,065)	(35,668)
Long-term incentive plan expense	10	(3,225)	(3,420)
Amortization of intangible assets	4	(266)	(401)
Depreciation expense	3	(10,686)	(10,106)
Income from long-term investments		394	192
Interest expense	8	(18,800)	(18,525)
Restructuring expenses		(1,605)	(1,541)
Impairment of goodwill and intangible assets	4	—	(7,289)
Impairment of property, plant and equipment	3	—	(4,173)
Gain on sale of property, plant and equipment		1,453	382
Other income		500	142
Income (loss) from continuing operations		1,625	(12,894)
Loss from discontinued operations (net of income taxes)		(353)	(13)
Net income (loss) and comprehensive income (loss)		**$ 1,272**	**$ (12,907)**
Net income (loss) per share (dollars)			
Basic and diluted:			
Continuing operations		$ 0.01	$ (0.12)
Discontinued operations		$ 0.00	$ 0.00
Net income (loss)		$ 0.01	$ (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, 2023		110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (679,802)	$ (55,136)
Net income		—	—	—	—	1,272	1,272
At December 31, 2024		110,001,239	$ 462,057	$ 141,930	$ 20,679	$ (678,530)	$ (53,864)

	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)

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	2024	2023
Operating activities:			
Net income (loss)		$ 1,272	$ (12,907)
Adjustments for:			
Amortization of intangible assets	4	266	401
Depreciation expense	3	10,686	10,106
Income from long-term investment		(394)	(192)
Accretion expense	8	278	317
Non-cash interest expense	5, 9	5,306	9,817
Impairment of goodwill and intangible assets	4	—	7,289
Impairment of property, plant and equipment	3	—	4,173
Amortization of deferred financing costs	5, 8	263	361
Gain on sale of property, plant and equipment	3	(1,453)	(382)
Other		(7)	(142)
Changes in non-cash working capital	14	(5,719)	11,167
Cash flow provided by operating activities		10,498	30,008
Investing activities:			
Purchase of property, plant and equipment	3	(2,915)	(4,326)
Net proceeds on disposal of property, plant and equipment	3	4,951	1,415
Dividend proceeds from long-term investment		400	—
Cash flow provided by (used in) investing activities		2,436	(2,911)
Financing activities:			
Repayment of other secured borrowings	5	(1,437)	(1,654)
Decrease in ABL facility	5	—	(9,885)
Refinancing fees	5	(199)	(11)
Repayment of lease liabilities		(10,037)	(8,985)
Cash flow used in financing activities		(11,673)	(20,535)
Increase in cash		1,261	6,562
Cash, beginning of period		9,696	3,134
Cash, end of period		$ 10,957	$ 9,696

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, 2024 and 2023

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 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 11, 2025.

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

1. Material accounting policies

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, 2024. 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 Income (Loss) and Comprehensive Income (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 Income (Loss) and Comprehensive Income (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 Income (Loss) and Comprehensive Income (Loss). Impairment losses relating to goodwill are not subsequently reversed.

h. Revenue recognition

Contract revenue is recognized as the Company satisfies its performance obligations by transferring control of the promised goods or services to customers. The Company's revenue is comprised primarily of contracts with customers to perform services based on cost plus an agreed-upon margin and to contracts with customers to provide services or construct goods to client specifications for an agreed-upon price.

(i) Cost plus an agreed-upon margin

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) Agreed-upon price

At the inception of each contract with a customer, FLINT identifies the distinct performance obligations based on promises to transfer distinct goods or services 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 or service 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 a 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. Income (loss) per share

The income (loss) per share of FLINT is computed by dividing FLINT's income (loss) by the weighted average number of Common Shares outstanding during the reporting period. Diluted income (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) 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 goods and services are provided. 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.

(ii) 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.

(iii) 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.

(iv) 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 applied a number of IFRS amendments that were mandatorily effective for annual periods that began on or after January 1, 2024.

(i) IAS 1 *Presentation of Financial Statements* has been amended to clarify how to classify liabilities as either current or non-current. It specifies what is meant by a right to defer settlement; that a right to defer settlement must exist at the end of the reporting period; that classification is unaffected by the likelihood that an entity will exercise its deferral right; that only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification; as well as certain disclosure matters.

(ii) IFRS 16 *Leases* has been amended to specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction, to ensure the seller-lessee does not recognize any amount of the gain or loss that relates to the right of use it retains.

(iii) IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures* has been amended to specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity's liabilities, cash flows and exposure to liquidity risk.

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

(i) 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.

The Company has assessed the impact of this amendment and it is not expected to have a material effect on the Company's financial statements.

(ii) IFRS 9 *Financial Instruments* and IFRS *7 Financial Instruments: Disclosures* have been amended to clarify that financial liabilities are derecognized on the settlement date, which is the date the obligation is discharged, canceled, or expired. The amendments also introduce an optional accounting policy that allows entities to derecognized financial liabilities settled through electronic payment systems before the settlement date, provided specific conditions are met.

Further, the amendments to IFRS 9 and IFRS 7 introduce new disclosure requirements for financial assets and liabilities with contractual terms that can change cash flows due to contingent events not directly related to basic lending risks. Once in effect, entities must disclose a qualitative description of the contingent event, quantitative information on possible changes to the entity's contractual cash flows, and the gross carrying amount or amortized cost of affected financial instruments.

These amendments are effective for annual reporting periods beginning on or after January 1, 2026, with earlier application permitted. The amendments are to be applied retrospectively, but entities are not required to restate comparative periods.

The Company is currently assessing the impact of these amendments on its financial statements.

(iii) IFRS 18 *Presentation and Disclosures in Financial Statements* replacing IAS 1 *Presentation of Financial Statements* introduces new requirements for presentation within the Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), including specified totals and subtotals. Furthermore, entities are required to classify all income and expenses within the statement of profit or loss into one of five categories: operating, investing, financing, income taxes and discontinued operations.

It also requires disclosure of newly defined management-defined performance measures, subtotals of income and expenses, and includes new requirements for aggregation and disaggregation of financial information based on the identified 'roles' of the primary financial statements ("PFS") and the notes. In addition, narrow-scope amendments have been made to IAS 7 *Statement of Cash Flows*, which include changing the starting point for determining cash flows from operations under the indirect method, from 'profit or loss' to 'operating profit or loss' and removing the optionality around classification of cash flows from dividends and interest. In addition, there are consequential amendments to several other standards.

IFRS 18, and the amendments to the other standards, is effective for reporting periods beginning on or after January 1, 2027, but earlier application is permitted and must be disclosed. IFRS 18 will apply retrospectively.

The Company is currently assessing the impact of this standard and related amendments on its financial statements.

2. Inventories

Inventories comprise the following:

As at December 31,	2024	2023
Raw materials	$ 3,213	$ 4,302
Finished goods	765	1,949
Total	$ 3,978	$ 6,251

Included in cost of revenue for the year ended December 31, 2024 is the cost of inventories of $7,478 (December 31, 2023 - $8,682).

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, 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
Additions	—	97	2,682	—	6,843	136	9,758
Remeasurement	—	—	—	—	1,474	—	1,474
Disposals	(1,731)	—	(301)	—	—	(9,672)	(11,704)
Asset class transfer	—	—	(177)	—	(2,845)	3,022	—
As at December 31, 2024	$ 16,760	$ 2,005	$ 21,319	$ 786	$ 62,198	$ 38,331	$ 141,399
Accumulated depreciation and impairment							
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
Depreciation	506	137	1,207	215	7,127	1,494	10,686
Disposals	(294)	—	(244)	—	—	(7,668)	(8,206)
Asset class transfer	—	—	(6)	—	(2,178)	2,184	—
As at December 31, 2024	$ 3,207	$ 1,597	$ 13,665	$ 682	$ 37,547	$ 31,936	$ 88,634
Net book value							
As at December 31, 2023	$ 15,496	$ 448	$ 6,407	$ 319	$ 24,128	$ 8,919	$ 55,717
As at December 31, 2024	$ 13,553	$ 408	$ 7,654	$ 104	$ 24,651	$ 6,395	$ 52,765

a. Collateral:

As at December 31, 2024, property, plant and equipment included $13,173 subject to a general security agreement under the Senior Secured Debentures (December 31, 2023 - $12,125) and $14,941 subject to a general security agreement under the other secured borrowings (December 31, 2023 - $19,464). See Note 5 for additional details.

b. Disposals:

During the year ended December 31, 2024, the Company disposed of assets with a cost of $11,704 (December 31, 2023 - $3,211) and accumulated depreciation of $8,206 (December 31, 2023 - 2,178), for cash proceeds of $4,951 (December 31, 2023 - $1,415), and recognized a net gain on sale of $1,453 (December 31, 2023 - $382).

Right-of-use assets consist of the following:

	Land and buildings	Automotive and heavy equipment	Total
Cost			
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
Remeasurement	1,474	—	1,474
Asset class transfer	—	(2,845)	(2,845)
Additions	—	6,843	6,843
As at December 31, 2024	$ 40,612	$ 21,586	$ 62,198
Accumulated depreciation and impairment			
As at December 31, 2022	$ 20,242	$ 6,045	$ 26,287
Disposals	—	(88)	(88)
Impairment	1,608	—	1,608
Depreciation	3,799	2,372	6,171
Asset class transfer	—	(1,380)	(1,380)
As at December 31, 2023	$ 25,649	$ 6,949	$ 32,598
Asset class transfer	—	(2,178)	(2,178)
Depreciation	3,772	3,355	7,127
As at December 31, 2024	$ 29,421	$ 8,126	$ 37,547
Net book value			
As at December 31, 2023	$ 13,489	$ 10,639	$ 24,128
As at December 31, 2024	$ 11,191	$ 13,460	$ 24,651

Remeasurement

During the first quarter of 2024, the Company amended a building lease to include additional leased premises. This amendment to the lease agreement represents a lease modification, and therefore the lease liability and right-of-use assets were remeasured during the quarter. This remeasurement resulted in an increase to the lease liability and related right-of-use asset of $1,205, which is included in the $1,474 above. The lease amendment will impact future cash flows, with fixed payments of $21 per month in the first year of the amendment, increasing to $23 per month in years two to four, with a final increase to $26 per month in years five to seven.

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, 2024, the Company did not identify any changes in the indicators of impairment or impairment reversals or any new indicators of impairment since the last impairment test that was carried out as at June 30, 2023. Therefore, no further assessment on impairment was performed as there have been no changes in circumstances that indicate that the carrying amount of property, plant and equipment exceeded its recoverable amount as at December 31, 2024.

During the second quarter of 2023, FLINT identified indicators of impairment for the legacy Wear Technology Overlay Services ("WTO") cash-generating unit ("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 operating profit for WTO. In addition, certain of FLINT's customers' capital spending budgets had been reduced in the near-term and there was 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 $18.0 million which exceeded its carrying amount by $11.5 million. 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 $29.5 million.

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 earnings before interest, taxes, depreciation and amortization ("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.

Decreased demand can lead to a decline in EBITDA. A decrease in EBITDA by 10% would result in a further impairment in the WTO CGU. 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.

Management does not believe that a reasonably possible change in the perpetual long-term growth rate for the WTO CGU would result in a further impairment.

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.

Management does not believe that a reasonably possible change in the post-tax discount rate for the WTO CGU would result in a further impairment.

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
Legacy 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, 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
Balance as at December 31, 2024	$ 100,681	$ 33,245	$ 3,377	$ 16,487	$ 53,109	$ 153,790
Amortization and impairment						
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
Amortization	—	240	26	—	266	266
Balance as at December 31, 2024	$ 100,681	$ 32,139	$ 3,339	$ 16,442	$ 51,920	$ 152,601
Net book value						
As at December 31, 2023	$ —	$ 1,346	$ 64	$ 45	$ 1,455	$ 1,455
As at December 31, 2024	$ —	$ 1,106	$ 38	$ 45	$ 1,189	$ 1,189

As at December 31, 2024, the legacy Wear Technology Overlay CGU (combined with Non-Union CGU as at January 1, 2024) had indefinite life intangible assets of nil (December 31, 2023 - nil) and goodwill of nil (December 31, 2023 - nil).

In the second quarter of 2023, the Company identified indicators of impairment for the legacy Wear Technology Overlay CGU (combined with Non-Union CGU as at January 1, 2024) 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

On May 31, 2024, FLINT extended the maturity dates of (a) the ABL Facility to April 14, 2027 (previously April 14, 2025), (b) the Term Loan Facility to the earlier of (i) the date that is 180 days following the maturity of the ABL Facility and (ii) October 14, 2027 (previously October 14, 2025), and (c) the Senior Secured Debentures to October 14, 2027 (previously March 23, 2026).

a. ABL Facility

FLINT has a $50,000 asset-based revolving credit facility (the "ABL Facility") maturing on April 14, 2027. 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, 2024 was $50,000 (December 31, 2023 - $50,000). The obligations under the ABL Facility are secured by, among other things, a first ranking lien on all of the existing and after acquired accounts receivable of the Company and the other guarantors, being certain of the Company's direct subsidiaries. The interest rate on the ABL Facility is the Lender's prime rate plus 1.75% (December 31, 2023 - Lender's prime rate plus 2.5%).

As at December 31, 2024, nil (December 31, 2023 - nil) was drawn on the ABL Facility, and there were $400 (December 31, 2023 - $2,147) of letters of credit reducing the amount available to be drawn. As at December 31, 2024, the net amount of deferred financing costs was $304 (December 31, 2023 - $323).

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

- The Company must maintain a fixed charge coverage ratio equal to or greater than 1.00:1.00 for each twelve month period calculated and tested as of the last day of each fiscal quarter; and
- For each fiscal year, the Company must not expend or become obligated for (i) any capital expenditures in an aggregate amount exceeding $20,000 and (ii) any non-financed capital expenditures in an aggregate amount exceeding $8,000.

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

b. Term Loan Facility

FLINT has a term loan facility providing for maximum borrowings of up to $40,500 (the “Term Loan Facility”) with Canso Investment Counsel Ltd., in its capacity as portfolio manager for and on behalf of certain accounts that it manages (“Canso”). The Term Loan Facility matures on the earlier of (a) the date that is 180 days following the maturity date of the ABL Facility and (b) October 14, 2027.

As at December 31, 2024, $40,500 (December 31, 2023 - $40,500) was outstanding under the Term Loan Facility. The Term Loan Facility is required to be used for specific purposes and cannot be redrawn once repaid. The interest rate on the Term Loan Facility is a fixed rate of 8.0% (December 31, 2023 - fixed rate of 8.0%). The net amount of deferred financing costs was $176 as at December 31, 2024 (December 31, 2023 - $222).

c. Other Secured Borrowings

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

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

The $5,500 loan had monthly principal payments of $75. The interest rate on the loan was the BDC Floating Base Rate less 0.5%. Interest accrued and was payable monthly. The Company allocated $85 in deferred financing costs to this loan that were amortized over the life of the loan. The final payment for this loan occurred on June 6, 2024.

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 requires 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, 2024, FLINT was in compliance with all financial covenants under the $13,500 loan agreement with BDC.

d. Senior Secured Debentures

Balance as at December 31, 2022	$	119,048
Accretion		306
Debentures issued to settle interest		9,817
Balance as at December 31, 2023	$	129,171
Accretion		217
Debentures issued to settle interest		5,205
Balance as at December 31, 2024	$	134,593

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. On May 31, 2024, the maturity date of the Senior Secured Debentures was extended to October 14, 2027.

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

6. Leases

Maturity analysis - contractual undiscounted cash flows:

As at December 31,		
2025	$	12,483
2026		10,357
2027		7,901
2028		4,035
2029		2,462
After 2029		1,101
Total	**$**	**38,339**
Less: effects of discounting		(5,747)
Total discounted lease liabilities	**$**	**32,592**
Analyzed as:		
Current	$	10,015
Non-current	$	22,577

7. Selling, general and administrative expenses

For the year ended December 31,		2024		2023
Salaries and benefits	$	28,217	$	23,924
Occupancy and office costs		5,043		4,430
Professional fees		4,151		3,270
Travel and advertising		2,020		2,027
Insurance		1,634		2,017
Total	$	41,065	$	35,668

8. Interest expense

For the year ended December 31,		2024		2023
Interest expense on Senior Secured Debentures	$	10,619	$	9,817
Interest expense on ABL Facility		482		983
Interest expense on Term Loan Facility		3,249		3,240
Interest expense on lease liabilities		2,997		2,630
Interest expense on other secured borrowings		963		1,094
Interest (income) expense - other		(51)		83
Deferred financing costs amortized		263		361
Accretion expense		278		317
Total	$	18,800	$	18,525

9. Income taxes

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

For the year ended December 31,		2024		2023
Income (loss) from continuing operations before tax	$	1,625	$	(12,894)
Tax rate (%)		23.50		23.51
Income tax (recovery) expense at statutory rates	$	382	$	(3,032)
Permanent differences		(7)		1,067
Change in rates on temporary differences		35		(284)
Deferred tax asset not recognized		(410)		2,249
Income tax expense	$	—	$	—

The statutory rate decreased from 23.51% to 23.50% 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,		2024		2023
Property, plant and equipment	$	(18,135)	$	(21,873)
Non-capital losses		18,135		21,873
Deferred tax asset (liability)	$	—	$	—

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

As at December 31,		2024		2023
Intangible assets	$	11,965	$	11,650
Senior secured debentures		5,529		5,312
Non-capital loss carryforward		90,111		82,181
Net capital loss carryforward		80,605		80,606
Lease liabilities		32,592		34,218
Other		6,252		2,405
Unrecognized deductible temporary differences	$	227,054	$	216,372

A deferred tax asset has been recognized in respect of $18,135 of non-capital losses and a deferred tax asset has not been recognized in respect of $90,111 of non-capital losses. The total of $108,246 non-capital losses begin to expire in 2035.

FLINT has approximately $80,605 of net capital losses that have not been recognized in the consolidated financial statements as at December 31, 2024 (December 31, 2023 - $80,606). There is no expiry of capital losses.

10. 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 2024, 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, 2024, the carrying amount of $6,207 (December 31, 2023 - $5,586) 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, 2024, 2025 and 2026, adjusted for the portion of the performance period that has been completed.

11. Share capital and income (loss) per share

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

	Preferred Shares		Common
	Series 1	Series 2	Shares
Balance as at December 31, 2023	127,732	40,111	110,001,239
Cancelled shares	—	(11)	—
Balance as at December 31, 2024	127,732	40,100	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, 2024, the accrued and unpaid dividends on the Series 1 and Series 2 Preferred Shares totaled $110,234 (December 31, 2023 - $93,456). Assuming that the holders of the Preferred Shares exercise the right to convert such accrued and unpaid dividends into additional Preferred Shares and then convert such Preferred Shares into Common Shares, approximately 472,827,081 (December 31, 2023 - 396,281,829) Common Shares would be issued, which represents approximately 429.8% (December 31, 2023 - 360.3%) of the Common Shares outstanding as at December 31, 2024.

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

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

Based upon the conversion rights of the Series 1 and Series 2 Preferred Shares there could be significant dilution to the current holders of Common Shares. Up to approximately 765,948,571 (December 31, 2023 - 766,059,000) additional Common Shares would be issuable upon conversion of the face amount of the Preferred Shares into Common Shares, representing approximately 696.3% (December 31, 2023 - 696.4%) of the Common Shares outstanding as at December 31, 2024.

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

(in thousands, except number of shares and per share amounts)		2024		2023
Net income (loss) - basic and diluted	$	1,272	$	(12,907)
Weighted average shares outstanding - basic and diluted		110,001,239		110,001,239
Net income (loss) per common shares - basic and diluted	$	0.01	$	(0.12)

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

12. Related party disclosures

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,		2024		2023
Short-term employment benefits	$	7,547	$	7,666
Termination benefits		60		350
Total compensation	$	7,607	$	8,016

13. 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,		2024		2023
Cash	$	10,957	$	9,696
Accounts receivable		162,158		139,904
Total	$	173,115	$	149,600

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

FLINT has a credit policy under which each new customer is analyzed individually for creditworthiness before standard payment terms and conditions are offered. FLINT's exposure to credit risk with its customers is influenced mainly by the individual characteristics of each customer. When available, FLINT reviews credit bureau ratings, bank accounts and financial information for each new customer. FLINT's customers are primarily Canadian 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, 2024, $111,283 (December 31, 2023 - $93,685) related to trade receivables and $50,875 (December 31, 2023 - $46,219) related to accrued revenue (i.e., for work performed but not yet invoiced) and other. $43,353 of the accrued revenue and other as at December 31, 2024, represents an unconditional right to consideration (December 31, 2023 - $33,648).

Trade receivables are non-interest bearing and generally due on 30-90 day terms. As at December 31, 2024, approximately $9,721 of FLINT's trade receivables had been outstanding longer than 90 days (December 31, 2023 - $12,295). Subsequent to December 31, 2024, $3,514 of the $9,721 over 90 days was collected. Management has fully evaluated the outstanding receivables as at December 31, 2024 and has determined that the lifetime expected credit losses of the trade receivables is immaterial at this time.

(ii) Interest rate risk

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

A 1% increase in interest rates would have increased interest expense for the year ended December 31, 2024, by approximately $112 (December 31, 2023 - $127).

(iii) Customer concentration risk

Revenues of FLINT are concentrated, with its top three customers representing 38.1% of consolidated revenue (December 31, 2023 - 33.9%) and 29.3% of consolidated accounts receivable (December 31, 2023 - 30.0%). More specifically, FLINT's largest customer accounted for 16.4% or $116,231 of FLINT's consolidated revenue for the year ended December 31, 2024 (December 31, 2023 - 12.9% or $84,613).

(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	$ 64,261	$ 64,261	$ —	$ —
Term loan Facility (1)	40,500	—	40,500	—
Lease liabilities (2)	38,339	12,483	24,755	1,101
Other secured borrowings (1)	11,205	540	2,160	8,505
Senior secured debentures (1)	135,335	—	135,335	—
Total	$ 289,640	$ 77,284	$ 202,750	$ 9,606

(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 forecasts and actual gross profit and cash flows from operations. The Company anticipates that its liquidity (cash on hand and available credit facilities) and cash flows from operations will be sufficient to meet its short-term contractual obligations and to maintain compliance with its financial covenants through December 31, 2025. To maintain compliance with its financial covenants through December 31, 2025, the Company can request approval from the holder of the Senior Secured Debentures to pay interest on the Senior Secured Debentures in kind (see Note 5).

14. Supplemental cash flow information

a. Changes in non-cash working capital

As at December 31,	2024	2023
Accounts receivables	$ (22,254)	$ 19,467
Inventories	2,273	(522)
Prepaid expenses	(607)	(184)
Accounts payable and accrued liabilities (1)	14,869	(7,594)
Total changes in non-cash working capital	$ (5,719)	$ 11,167

(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, 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
Borrowings	—	—	8,319	—	—	8,319
Deferred financing	46	—	—	—	—	46
Repayments	—	—	(10,037)	—	(1,437)	(11,474)
Interest settled for additional senior secured debentures	—	—	—	5,205	—	5,205
Non-cash changes	—	—	92	217	62	371
Balance as at December 31, 2024	$ 40,324	$ —	$ 32,592	$ 134,593	$ 11,125	$ 218,634

15. Capital management

FLINT's capital structure is comprised of shareholders' equity and current and non-current 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.

CORPORATE INFORMATION

BOARD OF DIRECTORS

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

Barry Card
Director

H. Fraser Clarke (1) (2)
Director

Katrisha Gibson (1) (3)
Director

Karl Johannson (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

OFFICERS

Barry Card
Chief Executive Officer

Jennifer Stubbs
Chief Financial Officer

Neil Wotton
Chief Operating Officer

Kent Chicilo
Senior Vice President, Legal

James Healey
Vice President, Finance and Corporate Controlling

Deloris Rushton
Vice President, Human Resources and Marketing

Herb Thomas
Vice President, Maintenance and Construction

Angela Thompson
Vice President, Commercial and Environmental Services

Clint Tisnic
Vice President, Operational Finance

HEAD OFFICE

FLINT Corp.
Bow Valley Square 2
3500, 205 – 5th Avenue S.W.
Calgary, Alberta T2P 2V7
T: 587-318-0997
F: 587-475-2181
www.flintcorp.com

BANKER
TD Canada Trust

AUDITORS
Ernst & Young LLP

LEGAL COUNSEL
Blake, Cassels & Graydon LLP
McCarthy Tetrault LLP

TRANSFER AGENT
Computershare Investor Services Inc.

EXCHANGE LISTING
Toronto Stock Exchange
Symbol: FLNT

FLINT™

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

Corporate Office

flintcorp.com

InvestorRelations@flintcorp.com

587-318-0997

Suite 3500
Bow Valley Square 2
205 - 5th Avenue SW
Calgary, AB T2P 2V7