MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2023

TABLE OF CONTENTS

EXPLANATORY NOTES.. 2

STRATEGIC ACHIEVEMENTS... 5

OUTLOOK AND FORWARD-LOOKING INFORMATION.. 6

MARKET CONDITIONS... 6

BUSINESS VISION... 9

FINANCIAL RESULTS... 11

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS.. 11
SUMMARY OF QUARTERLY RESULTS 14

LIQUIDITY AND CAPITAL RESOURCES... 15

OUTSTANDING SHARE DATA 16

CONTROLS AND PROCEDURES 17

INTERNAL CONTROLS OVER FINANCIAL REPORTING 17
OTHER INFORMATION... 17
OTHER INTERIM MD&A REQUIREMENTS 17

EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated August 10, 2023, should be read in conjunction with the cautionary statement regarding forward-looking information and statements below, as well as the audited consolidated financial statements and notes thereto, for the years ended December 31, 2022, and 2021. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts in the following MD&A are in Canadian dollars unless otherwise stated. References to "McCoy," "McCoy Global," "the Corporation," "we," "us" or "our" mean McCoy Global Inc. and its subsidiaries, unless the context otherwise requires. Additional information relating to McCoy Global, including periodic quarterly and annual reports and Annual Information Forms ("AIF"), filed with Canadian securities regulatory authorities, is available on SEDAR at sedar.com and our website at mccoyglobal.com.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains certain forward-looking statements and forward-looking information (collectively referred to herein as "**forward-looking statements**") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward-looking statements. Forward-looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "objective", "ongoing", "believe", "will", "may", "projected", "plan", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well-positioned" or similar words suggesting future outcomes. In particular, this MD&A contains:

Forward-looking statements relating to McCoy Global's:

- business strategy;
- future development and organic growth prospects;
- competitive advantages; and
- merger and acquisition strategy.

Forward-looking statements respecting:

- the business opportunities for the Corporation that are based on the views of management of the Corporation and current and anticipated market conditions; and
- the perceived benefits of the growth and operating strategies of the Corporation; which are based upon the financial and operating attributes of the Corporation as at the date hereof, as well as the anticipated operating and financial results.

Other forward-looking statements regarding the Corporation are located in the documents incorporated by reference in this MD&A and are based on certain key expectations and assumptions of the Corporation concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on market conditions and potential timing delays. Although management of the Corporation considers these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect.

By their very nature, forward-looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward-looking statements will not be achieved. Undue reliance should not be placed on forward-looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in the forward-looking statements, including those set out below and those detailed elsewhere in this MD&A:

- oil and natural gas price fluctuations;
- domestic and foreign competition;
- technology;
- replacement or reduced use of products and services;
- international operations and international trade relations;
- global health crisis;
- major operations disruption due to severe weather events;
- ability to effectively manage growth;
- business mergers and acquisitions;
- insurance sufficiency, availability, and rate risk;
- supply chain disruption and increasing material costs;
- reliance on key persons and workforce availability;
- legal compliance;
- litigation;
- breach of confidentiality;
- shareholder activism;
- safety performance;
- foreign exchange;
- availability of financing;
- raising equity through the issuance of shares;
- customers' inability to obtain credit/financing;
- material differences between actual results and management estimates and assumptions;
- Greenhouse Gas ("GHG") regulations and other climate change related measures;
- change in government administrations;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security and cybersecurity; and
- challenges by taxation authorities.

Readers are cautioned that the foregoing list is not exhaustive.

The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues, and expenses. These judgments and estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes.

The information contained in this MD&A, including the documents incorporated by reference herein, identifies additional factors that could affect the operating results and performance of the Corporation. We urge you to carefully consider those factors.

The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward-looking statements included in this MD&A are made as of the date of this MD&A and the Corporation does not undertake and is not obligated to publicly update such forward-looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

DESCRIPTION OF NON-GAAP MEASURES

Throughout this MD&A, management uses measures which do not have a standardized meaning as prescribed by IFRS and therefore are considered to be non-GAAP measures presented under IFRS.

EBITDA is non-GAAP measure defined as net earnings (loss), before:

- depreciation of property, plant and equipment;
- amortization of intangible assets;
- income tax expense (recovery); and
- finance charges, net.

Adjusted EBITDA is a non-GAAP measure defined as net earnings (loss), before:

- depreciation of property, plant and equipment;
- amortization of intangible assets;
- income tax expense (recovery);
- finance charges, net;
- provisions for (recovery of) excess and obsolete inventory;
- other losses (gains), net;
- restructuring charges;
- share-based compensation; and
- impairment losses.

Net cash is a non-GAAP measure defined as cash and cash equivalents,

- plus: restricted cash;
- less: borrowings.

The Corporation reports on EBITDA and adjusted EBITDA because they are important measures used by management to evaluate performance. The Corporation believes adjusted EBITDA assists investors in assessing McCoy Global's current operating performance on a consistent basis without regard to non-cash, unusual (i.e., infrequent, and not considered part of ongoing operations), or non-recurring items that can vary significantly depending on accounting methods or non-operating factors.

Adjusted EBITDA is not considered an alternative to net earnings or loss in measuring McCoy Global's performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other issuers. Adjusted EBITDA should not be used as an exclusive measure of cash flow since it does not account for the impact of working capital changes, capital expenditures, debt changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

The Corporation reports net cash as it is an important measure used by management to evaluate liquidity. The Corporation believes net cash assists investors in assessing McCoy Global's current liquidity on a consistent basis taking into consideration cash and cash equivalents, restricted cash, and borrowings.

STRATEGIC ACHIEVEMENTS

McCoy remains committed to its key strategic objectives and we are pleased to report our progress:

Earnings Performance and Cashflow Generation

McCoy reported net earnings of $1.4 million on $16.2 million of revenue for the three months ended June 30, 2023 (Q2 2022 - $1.1 million of earnings on $12.9 million of revenue). As a percentage of revenue, net earnings increased by one percentage point to 9% due to an increase in gross profit, offset by $0.3 million of income tax expense.

Adjusted EBITDA for the three months ended June 30, 2023, was $2.9 million or 18% of revenue, a 25% increase from the comparative period (Q2 2022 - $2.3 million or 18% of revenue). Adjusted EBITDA in the second quarter of 2023 was impacted by increased revenue and production throughput, as well as decreased material costs on production inputs. The decreased material costs were the result of supply chain management, and a shift in product mix towards DWCRT™ and new product technology sales which command higher margins compared to traditional capital equipment. Increased production overhead and freight, as well as headcount and wage adjustments to support the Corporation's revenue growth also impacted profitability to a lesser extent.

Cash generated from Adjusted EBITDA performance was used to support the Corporation's inventory build plan to deliver on orders scheduled in the second half of the year, resulting in $4.4 million of cashflow used from operating activities in the second quarter of 2023 (Q2 2022 – cashflow used in operating activities of $2.4 million). During the second quarter of 2023, McCoy's revolving demand facility was increased from US$2.5 million to US$5.5 million, and the Corporation secured a commitment for a US$3.4 million term loan bearing interest of US Prime + 1.35%.

With a net cash balance of $14.7 million as at June 30, 2023 (June 30, 2022 - $4.1 million) and additional funds available under undrawn credit facilities, McCoy is well positioned to execute on its strategic objectives for the remainder of the year and beyond.

Advancing our Digital Technology Roadmap

To support a sustainable future regardless of market conditions, we committed to prudent investment in our "Digital Technology Roadmap" product development initiative. Since January 1, 2023, we achieved key commercial and development milestones on McCoy's Smart Tubular Running System (smarTR™):

- Reported five (5) commercial sales for McCoy's Flush Mount Spider (FMS) and received purchase order commitments for sale and rental of forty (40) additional tools scheduled for delivery in 2023 and early 2024. McCoy's FMS is a hydraulic rotary flush mounted spider that when fully connected (smartFMS™), handles casing while providing information on the state of the tool to the driller's display in real-time as well as the ability to integrate with McCoy Smart Casing Running Tool (smartCRT∑).
- Reported the second commercial sale for McCoy's smartCRT™ and received purchase order commitments for the rental of four (4) additional tools. Additionally, the smartCRT™ was used to run its first commercial casing job in the Middle East North Africa ("MENA") region, proving the in-field application of the tool and display. We expect to build upon the tool's in-field performance record in the second half of 2023 and further accelerate customer adoption. McCoy's smartCRT™ is an intelligent, connected enhancement of our conventional casing running tool that offers superior safety, efficiency and simplified operating procedure, with real-time data collection and analysis capabilities. This technology effectively mitigates the risk of human error, while providing actionable insights that optimize future performance.
- Substantially completed the development of the smarTR™, with key milestones achieved. We expect further advancements toward commercialization in the coming quarters and look forward to reporting our progress. McCoy's smarTR™ is a fully automated casing running system consisting of Virtual Thread-Rep™, smartCRT™, and smartFMS™.

Order Intake

McCoy reported $16.3 million of order intake for the three months ended June 30, 2023, a 44% increase over the $11.3 million of order intake reported in the second quarter of 2022. Order intake decreased sequentially by 18% compared to the $19.3 million reported in the first quarter of 2023.

In the second quarter of 2023, we continued to experience strong order intake for our FMS product line. In the US land market, despite a decrease in rig count and drilling activity in a market already saturated with tubular running services equipment, order intake increased by 102% compared to the same period in 2022. This was driven primarily by demand for our new FMS technology as it offers customers a highly efficient and safe solution by automating manual rig procedures and keeping personnel out of dangerous red zone areas of rig activity.

OUTLOOK AND FORWARD-LOOKING INFORMATION

As at June 30, 2023, McCoy's backlog totaled $25.6 million (US$19.3 million), which will support strong revenue and earnings performance for the second half of 2023. Recent supply chain disruptions as a result of the British Columbia port strike may impact delivery, and the resulting revenue, for certain orders planned for late September 2023, however our supply chain team is working diligently to mitigate this risk to the greatest extent possible and in any event, we expect to recover from any impact by early Q4 2023.

In the short and medium term, oil & gas market fundamentals continue to be positive in international markets, particularly the MENA and other international regions. Increased drilling activity levels, both land and offshore, paired with new international market entrants will serve to further drive demand for our new products with market leading technologies that provide superior safety, efficiency and simplified operating procedures, as well as for our legacy capital equipment, the broadest portfolio of TRS equipment on the market.

The global CRT market continues to grow as customer preference shifts from running casing with traditional hydraulic power tongs to CRTs due to advantages of time and cost savings, risk reduction, and improved safety. This is another area of opportunity for McCoy with its DWCRT™ tool introduced in 2019. In the first half of 2023, McCoy received orders from five new customers and two new geographies for the DWCRT™. Looking ahead, we expect further growth in orders intake and revenue generation from this product line as we continue to gain market share with our product.

Turning to the North America land market, despite decreasing rig count and drilling activity negatively affecting our traditional capital equipment and aftermarket sales in the region, we continue to see robust order intake for our new FMS technology due to the performance and safety advantages inherent in its unique design, and the continued tightening labour market faced by many of our customers.

As we progress through the commercialization stage of our 'Digital Technology Roadmap' initiative, we expect future revenues to become less dependent on the cyclicality of drilling activity, and more driven by technology adoption, demand from new local and regional market entrants, and market share gains in new geographies.

For the remainder of 2023, we continue to focus on our key strategic initiatives to deliver value to all our stakeholders:

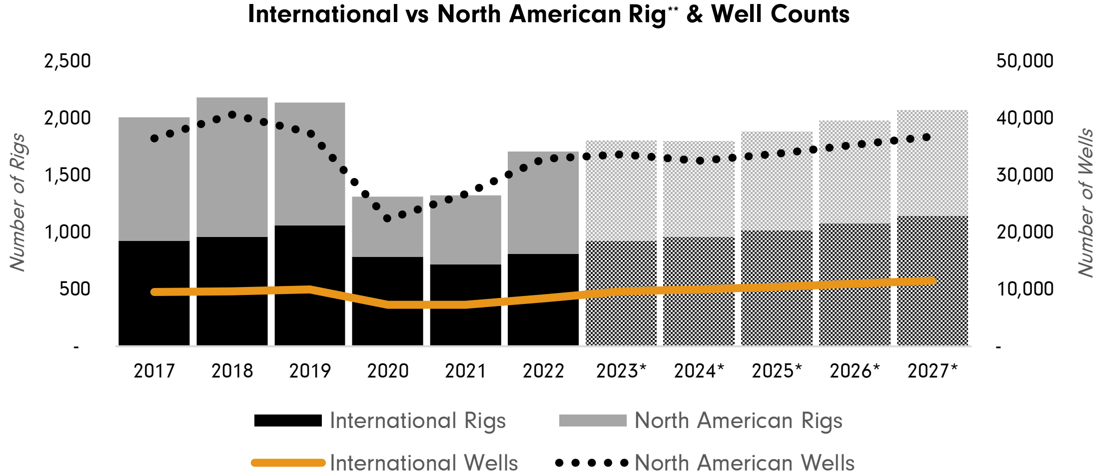
- Accelerating market adoption of new and recently developed 'smart' portfolio products;
- Taking advantage of the current market trajectory by focusing on revenue generation from new and existing customers;
- Focusing on capital allocation priorities; a) investment in growth through both organic and strategic M&A opportunities where returns are favourable and b) return excess cash to our shareholders in the form of share buy-backs and quarterly dividends.

We believe this strategy, together with our committed and agile team, McCoy's global brand recognition, intimate customer knowledge, strong balance sheet, and global footprint will further advance McCoy's competitive position and generate strong returns on invested capital.

MARKET CONDITIONS

Management uses active rig counts as well as number and length of wells being drilled as data points to monitor and set expectations of the future performance of the Corporation. Generally, these metrics are leading indicators of demand for McCoy Global's products and services, although there are many factors that may impact any correlation.

A summary of historical and forecasted rig and well counts, which includes both land and offshore, obtained from Spears & Associates Drilling and Production Outlook, June 2023, is as follows:



**Forecasted*
***Cumulative*

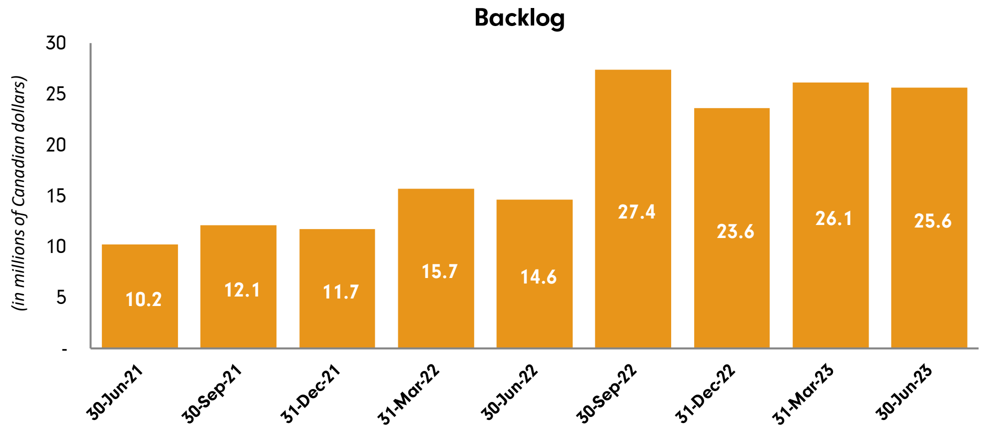
The demand for McCoy Global's products and services is related to drilling activity levels and customers' capital and operating budgets, which in turn are influenced by oil and natural gas prices and expectations as to future price trends. The availability of existing capital equipment adequate to serve drilling activity requirements, or lack thereof, further drives demand levels for McCoy's capital equipment products.

Backlog

Backlog is a measure of the amount of customer orders the Corporation has received and is therefore an indicator of a base level of future revenue potential. Backlog is not a GAAP measure and, as a result, the definition and determination of backlog will vary among other issuers reporting a backlog figure.

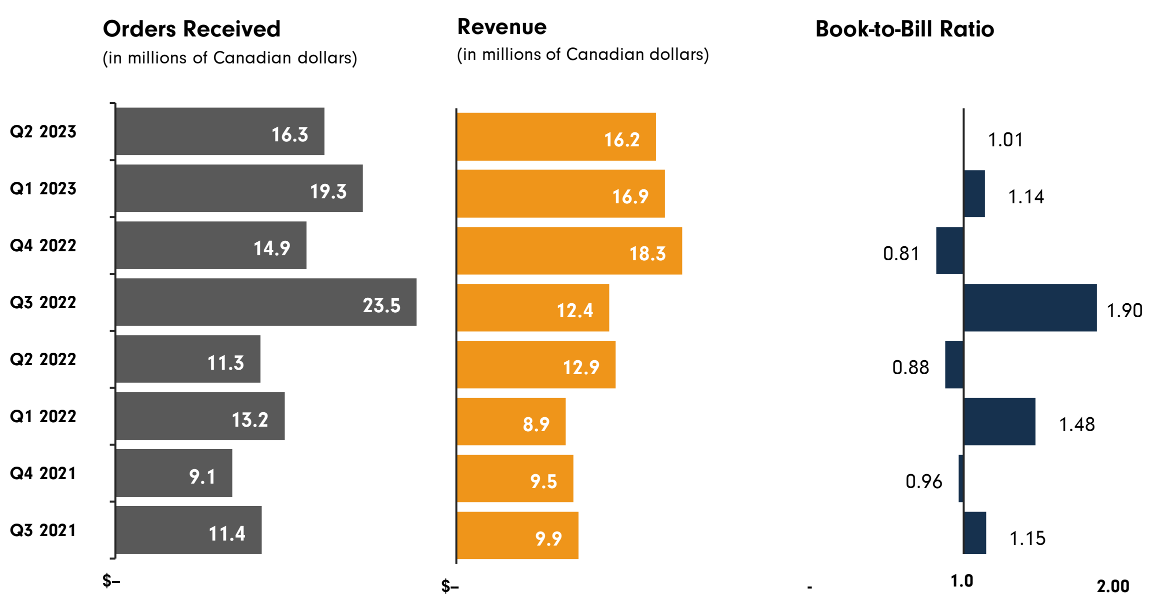
The Corporation defines backlog as orders that have a high certainty of being delivered and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments; however, may be secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog once fulfilled. Expected delivery dates for orders recorded in backlog historically spanned from one to six months.

McCoy Global's backlog as at June 30, 2023, totaled $25.6 million (US$19.3 million), a decrease of $0.5 million or 2% from backlog of $26.1 million (US$19.3 million) as at March 31, 2023. Compared to June 30, 2022, backlog increased $11.0 million, or 75%, from $14.6 million.



Book-to-Bill Ratio

The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized. The ratio is an indicator of customer demand and sales order processing times. The book-to-bill ratio is not a GAAP measure and therefore the definition and calculation of the ratio will vary among other issuers reporting the book-to-bill ratio. McCoy Global calculates the book-to-bill ratio as net sales orders taken in the reporting period divided by the revenues reported for the same reporting period. Orders received are those orders in a period which have been included in backlog. Orders received are typically booked in $USD. For each reporting period, orders received are converted to $CAD at an average foreign exchange rate for the period. As a result, orders received can fluctuate from one reporting period to another because of foreign exchange volatility. Set out below are orders received, revenue and the book-to-bill ratio:



BUSINESS VISION

Our vision is to leverage our global reputation of unparalleled expertise and trusted partnerships to transform tubular running operations, delivering unmatched safety and efficiency while reducing environmental impact through Smart Solutions

McCoy Global Inc. is incorporated and domiciled in Canada and is a leading provider of technologies and equipment designed to support tubular running operations, enhance wellbore integrity, and assist with collecting critical data for the global energy industry. McCoy Global's core products are used predominantly during the well construction phase for both land and offshore wells during both oil and gas exploration and development.

The Corporation is engaged in the following:

- design, production, and distribution of capital equipment to support tubular running operations, enhance wellbore integrity and to support capital equipment sales through aftermarket products and services such as technical support, consumables, and replacement parts;
- design, production, and distribution of data collection technologies used in rugged applications for the global energy industry as well as in construction, marine, nuclear, and aerospace;
- repair, maintenance, and calibration of the Corporation's capital equipment and similar competitor products; and
- rental, licensing, and revenue sharing of the Corporation's products and technologies.

Since mid-2008, the oil & gas extraction complex has experienced an increasingly volatile pricing environment and growing public and investor pressure to reduce its impact on the environment and improve safety. In turn, producers have been acutely focused on managing their costs and adapting their business strategy to demonstrate compliance with broader sustainability efforts.

McCoy has a reputation of innovation within tubular running services (TRS) operations globally. The Corporation has extensive experience launching new products into the markets it serves, offering the highest quality, technological advancements, and safety standards available, and has done so for more than three decades.

McCoy believes the TRS space is primed for transformation employing automation and machine learning. Tools and processes used in TRS today are mechanical, highly repetitive, require significant labour inputs, have a high rate of personnel safety exposure, and maintain minimal well integrity data. Recognizing this opportunity, McCoy has conceptualized a 'Smart' TRS system that will operate autonomously using the Corporation's cloud-based data repository and machine learning to improve effectiveness. Our cloud-based platform and digital infrastructure that was developed in 2019, will enable future digital product offerings and enhancements. This cloud based, real time, remote data transmission infrastructure will support our ability to integrate, digitize, and automate the historically manual processes of tubular make up through our smarTR™ automated casing running system. The product suite includes three 'Smart' products: Virtual Thread Rep™, SmartCRT™, and SmartFMS™.

McCoy is engaged with three key customer groups:

Service Companies and Drilling Contractors - Producers are challenging contractors, across the board, to reduce costs. In most cases, their largest cost is people. With five years of decreasing oil and gas activity, personnel have left the industry to the point where there is now a critical shortage of skilled and experienced labour. This lack of labour and the reality that 65% of TRS cost is directly attributed to labour is a driving force behind the transition to an increasingly automated system.

Producers – McCoy's Virtual Thread RepTM consolidates data on every connection made in a Producer's completion program. This repository of data supports verifiable and reliable well integrity that validates Environmental Social Governance (ESG) initiatives. In addition to providing enhanced data, remote operation can reduce up to 85% of the labour costs associated with TRS for our Producer group.

Tubular Manufacturers – Threaded connection integrity is the standard that all manufacturers are measured by. Tubular connections at wellsite, which are currently made up by humans, will be controlled, and torqued to factory specifications by McCoy's 'Smart' tools, leveraging autonomous machine learning. OEM's and manufacturers will benefit from reduced operational risk with systems in place to ensure connections are made correctly and in accordance with specifications related to project parameters, reducing the environmental impact of faulty connections and leaking wells.

McCoy's digital strategy will meet this demand. Our cloud platform is the nucleus of the Corporation's digital strategy and serves as a repository for real-time, complete well integrity data.

Set out below are McCoy Global's principal operations:

Operating Name	Country of Incorporation	Operating Region	Ownership Interest
McCoy Global Canada Corp.	Canada	Canada	100%
McCoy Global FZE	United Arab Emirates	Eastern Hemisphere	100%
McCoy Global USA, Inc.	United States	United States, Central America & Latin America	100%

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

For the three months ended June 30 ($000 except per share amounts)	**2023**	2022
Revenue	**16,248**	12,863
Net earnings	**1,427**	1,051
Per common share – basic	**0.05**	0.04
Per common share – diluted	**0.05**	0.04
As a % of revenue	***9%***	*8%*
Adjusted EBITDA	**2,862**	2,296
Per common share – basic	**0.10**	0.08
Per common share – diluted	**0.10**	0.08
As a % of revenue	***18%***	*18%*

As at and for the six months ended June 30 ($000 except per share amounts)	**2023**	2022
Revenue	**33,112**	21,754
Net earnings	**1,955**	1,225
Per common share – basic	**0.07**	0.04
Per common share – diluted	**0.07**	0.04
As a % of revenue	***6%***	*6%*
Adjusted EBITDA	**5,282**	3,757
Per common share – basic	**0.19**	0.13
Per common share – diluted	**0.18**	0.13
As a % of revenue	***16%***	*17%*
Total assets	**72,077**	59,375
Total liabilities	**19,574**	17,395
Total non-current liabilities	**3,728**	5,413

EBITDA and Adjusted EBITDA are calculated as follows:

	Three months ended June 30		Six months ended June 30	
($000)	**2023**	2022	**2023**	2022
Net earnings	**1,427**	1,051	**1,955**	1,225
Depreciation of property, plant, and equipment	**471**	440	**921**	1,036
Amortization of intangible assets	**418**	269	**838**	469
Income tax expense	**322**	-	**523**	-
Finance charges, net	**1**	183	**356**	359
EBITDA	**2,639**	1,943	**4,593**	3,089
Share-based compensation	**74**	121	**501**	375
Provisions for excess and obsolete inventory	**78**	234	**73**	496
Other losses (gains), net	**71**	(2)	**115**	(203)
Adjusted EBITDA	**2,862**	2,296	**5,282**	3,757

REVENUE

	For the 3 months ended June 30				For the 6 months ended June 30			
($000 except percentages)	**2023**	2022	Change	% Change	**2023**	2022	Change	% Change
Revenue	**16,248**	12,863	3,385	26%	**33,112**	21,754	11,358	52%

Revenue for the three and six months ended June 30, 2023 showed strong improvement from the comparative periods due to robust market activity in the MENA region, continued market share increase of McCoy's CRT product line, and increasing market adoption of McCoy's newly developed FMS and smartCRT™.

Revenue for the three and six months ended June 30, 2022, benefited from the rebound in activity as a result of strengthening industry fundamentals post-pandemic, particularly with respect to capital equipment and related parts and accessories.

GROSS PROFIT

	For the 3 months ended June 30				For the 6 months ended June 30			
($000 except percentages)	**2023**	2022	Change	% Change	**2023**	2022	Change	% Change
Gross profit	**5,404**	4,077	1,327	33%	**10,232**	6,769	3,463	51%
Gross profit %	***33%***	*32%*	*1%*		***31%***	*31%*	*0%*	

Gross profit as a percentage of revenue for the three and six months ended June 30, 2023, was 33% and 31% respectively, an increase of one and nil percentage points, respectively from the comparable periods in 2022. Despite material cost headwinds from continued supply chain challenges, increased production throughput, successful supply chain management, and a shift in product mix towards our new technologies include CRTs, smartCRTs, and FMS allowed us to maintain, and in some cases improve, product margins.

Gross profit for the three months ended June 30, 2023, includes a $0.1 million provision for excess and obsolete inventory (2022 – $0.2 million). Gross profit for the six months ended June 30, 2023, includes a $0.1 million provision for excess and obsolete inventory (2022 – $0.5 million).

GENERAL AND ADMINISTRATION EXPENSE (G&A)

($000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2023	2022	Change	% Change	**2023**	2022	Change	% Change
G&A	**1,911**	1,560	351	23%	**4,247**	3,155	1,092	35%
G&A as a % of revenue	***12%***	*12%*	*-%*		***13%***	*15%*	*(2%)*	

For the three and six months ended June 30, 2023, G&A increased from the comparative periods due to headcount increases to support the increase in activity, as well as bad debts provision of $0.2 million for the six months ended June 30, 2023 (2022 - $0.1 million). As a percentage of revenue, G&A remained consistent and fell 2% respectively, with the comparative periods.

G&A in the comparative period was impacted by the wage rollbacks and salary freezes enacted in April 2020, which were not reversed until mid-year 2022.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

($000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2023	2022	Change	% Change	**2023**	2022	Change	% Change
Sales and Marketing	**655**	498	157	32%	**1,116**	850	266	31%
Sales and Marketing as a % of revenue	***4%***	*4%*	*-%*		***3%***	*4%*	*(1%)*	

Sales & Marketing expenses increased from the comparative periods due to increased commissions, travel, and headcount to support increased market activity. As a percentage of revenue, Sales & Marketing remained the same and decreased 1% respectively, with the comparative periods.

Sales and Marketing expenses in the comparative periods were impacted by the wage rollbacks and salary freezes enacted in April, which were not reversed until mid-year 2022.

PRODUCT DEVELOPMENT AND SUPPORT

($000 except percentages)	For the three months ended June 30				For the six months ended June 30			
	2023	2022	Change	% Change	**2023**	2022	Change	% Change
Product development and support expense	**1,017**	787	230	29%	**1,920**	1,383	537	39%
Capitalized development expenditures	**89**	101	(12)	(12%)	**89**	459	(370)	(81%)
Total product development and support expenditures	**1,106**	888	218	24%	**2,009**	1,842	167	9%
Total product development and support expenditures as a % of revenue	***7%***	*7%*	*0%*		***6%***	*8%*	*(2%)*	

During the three and six months ended June 30, 2023, the Corporation further advanced its ‘Digital Technology Roadmap’ initiative by focusing its Product development and support resources on accelerating market adoption of new and recently commercialized ‘smart’ portfolio products, including the smartCRT™ and McCoy’s FMS. As well, final development and test rig trials for the automated smarTR™ package were completed. Field trials for the smarTR™ package are scheduled to commence in Q3 and Q4, 2023. The Corporation expects capital expenditures for the first suite of smart products under its ‘Digital Technology Roadmap’ initiative to have substantially concluded.

In the current period, Product development and support expenses increased from the comparative period due to a decrease in capitalized internal product design and development hours, as well as increased headcount and travel to support customer adoption of new technologies.

During the three and six months ended June 30, 2022, capitalized development expenditures were centered around field trials for McCoy's smartCRT™ commercialized in the fourth quarter of 2022. Product development and support expenses in the comparative period was impacted by the wage rollbacks and salary freezes enacted in April 2020, which were not reversed until mid-year 2022.

OTHER ITEMS

($000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2023	2022	Change	% Change	**2022**	2022	Change	% Change
Finance charges, net	**1**	183	(182)	(99%)	**356**	359	(3)	(1%)
Other losses (gains), net	**71**	(2)	73	(3,650%)	**115**	(203)	318	(157%)

Finance charges, net, includes borrowing costs, finance charges imputed on leases in accordance with IFRS 16, offset by interest income on cash and cash equivalents. For the three months ended June 30, 2023, finance charges, net decreased significantly from the comparative period due to full repayment of the Corporation's term loan in the first quarter of 2023, as well as interest earned on cash and cash equivalents. For the six months ended June 30, 2023, finance charges, net was also impacted by prepayment penalties and recognition of the remaining amortized finance charges associated with early repayment of the Corporation's term loan.

For the three and six months ended June 30, 2023, other losses, net are comprised of foreign exchange losses offset by gains on disposal of property, plant, and equipment. For the three months ended June 30, 2022, other (gains), net were nominal. For the six months June 30, 2022, other (gains), net was comprised primarily of gains on disposal of property, plant and equipment offset by costs associated with strategic alternatives assessment and foreign exchange losses.

SUMMARY OF QUARTERLY RESULTS

($000 except per share amounts)	2023		2022				2021		
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30
Revenue	**16,248**	16,684	18,264	12,410	12,863	8,891	9,451	9,885	6,086
Net earnings	**1,427**	528	7,264	274	1,051	174	2,464	621	1,151
Per share – Basic	**0.05**	0.02	0.26	0.01	0.04	0.01	0.09	0.02	0.04
Per share – Diluted	**0.05**	0.02	0.25	0.01	0.04	0.01	0.08	0.02	0.04
EBITDA	**2,639**	1,954	7,319	1,149	1,943	1,146	3,504	1,551	2,077
Adjusted EBITDA	**2,862**	2,419	3,681	1,099	2,296	1,461	1,213	1,377	174

LIQUIDITY AND CAPITAL RESOURCES

Selected cash flow and capitalization information is as follows:

($000)	For the 3 months ended June 30		For the 6 months ended June 30	
	2023	2022	**2023**	2022
Cash used in operating activities	**(4,406)**	(2,371)	**(1,525)**	(2,371)
Cash used in investing activities	**(488)**	(347)	**(959)**	(613)
Cash (used in) generated from financing activities	**720**	(68)	**(4,039)**	(45)
Debt to equity ratio	**0.37 to 1**	0.41 to 1	**0.37 to 1**	0.41 to 1

Cash used in operating activities for the three and six months ended June 30, 2023, relates to working capital investments in inventory to support orders backlog, and an increase in trade receivable balances related to timing of customer shipments towards the end of the quarter, offset by cashflow generated from adjusted EBITDA. In the comparative periods, cash used in operating activities relates to an increase in trade receivable balances due to the timing of customer shipments, offset by cashflow generated from adjusted EBITDA.

Cash used in investing activities for the three and six months ended June 30, 2023, relates to strategic investments in the Corporation's rental fleet, primarily from equipment transferred from inventory, as well as additions to production equipment and leasehold improvements. For the three and six months ended June 30, 2022, cash used in investing activities was related to investment in McCoy's 'Digital Technology Roadmap' and additions to the Corporation's rental fleet. For the six months ended June 30, 2022, proceeds from the sale of property, plant and equipment also contributed to cash flow.

Cash generated from financing activities for the three months ended June 30, 2023, relates to changes in restricted cash, proceeds from the issuance of common shares under the Corporation's restricted share plan, offset by principal elements of lease payments, and the repurchase of shares under the Corporation's normal course issuer bid. Cash used in financing activities for the six months ended June 30, 2023, also includes early repayment of the Corporation's term loan, and proceeds from the issuance of common shares under the Corporation's stock options plan. Cash used in financing activities for the three and six months ended June 30, 2022, relates to principal elements of lease payments offset by changes in restricted cash and proceeds from the issuance of common shares under the Corporation's restricted share plan.

As at ($000)	**June 30, 2023**	December 31, 2022
Cash and cash equivalents	**14,651**	21,469
Restricted cash, as per credit facility	**-**	846
Borrowings	**-**	(4,517)
Net cash	**14,651**	17,798
Debt to equity ratio	**0.37**	0.50
Undrawn availability under revolving demand facility	**3,310**	3,386

McCoy remains committed to managing the business for success through diligently managing the Corporation's liquidity. Generating operating cashflows and increasing working capital efficiency is a key priority for the Corporation. During the six months ended June 30, 2023, the Canadian chartered bank where the Corporation holds a revolving demand facility released $0.8 million (US$0.63 million) of restricted cash previously held as collateral under its authority.

Anticipated capital spending for the remainder of 2023 includes:

- up to US$1.6 million of strategic investment in rental equipment where meaningful returns are expected; and
- up to $0.5 million of investments in production facility equipment and leasehold improvements.

OUTSTANDING SHARE DATA

As at August 10, 2023 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	28,572,289
Convertible equity securities:	
Stock options	1,435,000
Restricted share plan units	185,000

The stock options and restricted share plan units are exercisable into an equal number of common shares. Stock options may be exercised after they have vested. Restricted share plan units are converted to common shares at pre-determined vesting dates.

Options with the following exercise price ranges were outstanding as at August 10, 2023:

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	Years
<$1	565,000	6.35
$1 to $2	490,000	3.44
$2 to $3	180,000	3.41
$3 to $4	200,000	1.60
	1,435,000	4.33

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has evaluated whether there were changes in our Internal Controls over Financial Reporting ("ICFR") during the six-month period ended June 30, 2023, that have materially affected, or are reasonably likely to materially affect, our ICFR. No such changes have been identified.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR.

OTHER INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year ending December 31, 2022, is available on SEDAR at www.sedar.com.

OTHER INTERIM MD&A REQUIREMENTS

There have been no significant changes to the following items from those described in our 2022 MD&A and Consolidated Annual Financial Statements. Please refer to the page numbers listed below from McCoy Global's 2022 MD&A and Consolidated Annual Financial Statements:

- Financial risk management and financial instruments – pages 37-39 Consolidated Annual Financial Statements;
- Capital management – page 39 Consolidated Annual Financial Statements;
- Contractual obligations – page 21 MD&A;
- Related party transactions – page 40 Consolidated Annual Financial Statements;
- Critical accounting estimates and judgements – pages 15-16 Consolidated Annual Financial Statements; and
- Risks and uncertainties – pages 25 MD&A.