



# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

June 30, 2024

*(unaudited)*

Notice to Reader:

*As required by National Instrument 51-102, Part 4, subsection 4.3(3)(a), readers are advised that the Company's independent auditors have not performed a review of the June 30, 2024 condensed consolidated interim financial statements.*

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in thousands of Canadian dollars)  
(unaudited)

As at	Note	June 30, 2024	December 31, 2023
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		9,186	15,726
Trade and other receivables		14,708	10,410
Inventories	4	36,977	30,591
Prepaid expenses and deposits		2,202	1,022
		<b>63,073</b>	<b>57,749</b>
Deferred tax assets		1,409	1,242
Property, plant and equipment	5	9,193	9,323
Intangible assets		4,772	5,311
Goodwill		3,742	3,616
<b>Total assets</b>		<b>82,189</b>	<b>77,241</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		13,459	13,350
Dividends payable	6	544	270
Income taxes payable		530	288
Customer deposits		3,572	4,293
Provisions		977	745
Current lease liabilities		1,093	1,104
		<b>20,175</b>	<b>20,050</b>
Lease liabilities		2,758	3,208
<b>Total liabilities</b>		<b>22,933</b>	<b>23,258</b>
<b>Shareholders' equity</b>			
Share capital		17,801	17,395
Contributed surplus		46,268	46,271
Accumulated other comprehensive income		10,523	8,669
Accumulated deficit		(15,336)	(18,352)
<b>Total shareholders' equity</b>		<b>59,256</b>	<b>53,983</b>
<b>Total liabilities and shareholders' equity</b>		<b>82,189</b>	<b>77,241</b>

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

**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS**

(Stated in thousands of Canadian dollars, except per share amounts)  
(unaudited)

		Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Revenue</b>	7	<b>19,910</b>	16,248	<b>36,452</b>	33,112
<b>Cost of sales</b>	8	<b>13,167</b>	10,844	<b>24,458</b>	22,880
<b>Gross profit</b>		<b>6,743</b>	5,404	<b>11,994</b>	10,232
General and administration	8	<b>1,562</b>	1,911	<b>3,803</b>	4,247
Product development and support	8	<b>1,042</b>	1,017	<b>2,226</b>	1,920
Sales and marketing	8	<b>591</b>	655	<b>1,250</b>	1,116
Finance charges, net		<b>35</b>	1	<b>24</b>	356
Other (gains) loss, net		<b>(27)</b>	71	<b>(7)</b>	115
		<b>3,203</b>	3,655	<b>7,296</b>	7,754
<b>Earnings before income taxes</b>		<b>3,540</b>	1,749	<b>4,698</b>	2,478
<b>Income tax expense (recovery)</b>	9				
Current		<b>544</b>	562	<b>722</b>	887
Deferred		<b>(129)</b>	(240)	<b>(124)</b>	(364)
		<b>415</b>	322	<b>598</b>	523
<b>Net earnings</b>		<b>3,125</b>	1,427	<b>4,100</b>	1,955
<b>Other comprehensive earnings (loss)</b>					
Translation gain (loss)		<b>558</b>	(1,124)	<b>1,854</b>	(1,131)
<b>Comprehensive earnings</b>		<b>3,683</b>	303	<b>5,954</b>	824
<b>Net earnings per share</b>					
Basic		<b>0.12</b>	0.05	<b>0.15</b>	0.07
Diluted		<b>0.11</b>	0.05	<b>0.15</b>	0.07

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

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands of Canadian dollars, except per share amounts)  
(unaudited)

	Note	Issued capital			Accumulated other comprehensive income	Accumulated deficit	Total equity
		Number of shares	Share capital	Contributed surplus			
		#	\$	\$	\$	\$	\$
Balances at January 1, 2023		28,391,789	60,135	5,758	9,877	(24,056)	51,714
Net earnings		-	-	-	-	1,955	1,955
Translation loss on foreign operations		-	-	-	(1,131)	-	(1,131)
Employee share-based compensation expense		-	-	8	-	-	8
Issuance of common shares under restricted share plan		185,000	252	-	-	-	252
Issuance of common shares upon stock option exercise		120,000	130	(52)	-	-	78
Repurchase of shares		(62,500)	(132)	45	-	-	(87)
Reduction of stated capital		-	(42,000)	42,000	-	-	-
Dividends	6	-	-	-	-	(286)	(286)
<b>Balances at June 30, 2023</b>		<b>28,634,289</b>	<b>18,385</b>	<b>47,759</b>	<b>8,746</b>	<b>(22,387)</b>	<b>52,503</b>
Balances at January 1, 2024		26,954,936	17,395	46,271	8,669	(18,352)	53,983
Net earnings		-	-	-	-	4,100	4,100
Translation gain on foreign operations		-	-	-	1,854	-	1,854
Employee share-based compensation expense		-	-	15	-	-	15
Issuance of common shares under restricted share plan		185,000	362	-	-	-	362
Issuance of common shares upon stock option exercise		40,000	44	(18)	-	-	26
Dividends	6	-	-	-	-	(1,084)	(1,084)
<b>Balances at June 30, 2024</b>		<b>27,179,936</b>	<b>17,801</b>	<b>46,268</b>	<b>10,523</b>	<b>(15,336)</b>	<b>59,256</b>

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

## CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Stated in thousands of Canadian dollars)  
(unaudited)

	Note	Three months ended June 30		Six months ended June 30	
		2024	2023	2024	2023
<b>Cash (used in) generated from</b>		\$	\$	\$	\$
<b>Operating activities</b>					
Net earnings		3,125	1,427	4,100	1,955
Adjustments for:					
Depreciation of property, plant and equipment		590	471	1,168	921
Amortization of intangible assets		473	418	939	838
Income tax expense	9	415	322	598	523
Finance charges, net		35	1	24	356
Share-based compensation		142	74	119	501
Gain on disposal of property, plant and equipment		(3)	(20)	(3)	(20)
Changes in non-cash working capital balances	10	(4,972)	(6,949)	(11,188)	(5,951)
Change in restructuring and facility remediation provisions		-	(6)	-	(13)
Income taxes (paid) recovered		(257)	2	(509)	(96)
Finance costs paid, net		(90)	(146)	(186)	(539)
<b>Net cash used in operating activities</b>		<b>(542)</b>	<b>(4,406)</b>	<b>(4,938)</b>	<b>(1,525)</b>
<b>Investing activities</b>					
Purchases of property, plant and equipment	5	(360)	(426)	(719)	(897)
Proceeds from sale of property, plant and equipment		-	27	-	27
Additions to intangible assets	-	(133)	(89)	(221)	(89)
<b>Net cash used in investing activities</b>		<b>(493)</b>	<b>(488)</b>	<b>(940)</b>	<b>(959)</b>
<b>Financing activities</b>					
Proceeds from issuance of common shares from stock options		-	-	26	78
Proceeds from issuance of common shares under restricted share plan		362	252	362	252
Repayments of borrowings		-	-	-	(4,553)
Repurchase of shares		-	(87)	-	(87)
Principal elements of lease payments		(308)	(273)	(604)	(557)
Funds transferred from restricted cash		-	828	-	828
Dividends paid	6	(539)	-	(809)	-
<b>Net cash (used in) generated from financing activities</b>		<b>(485)</b>	<b>720</b>	<b>(1,025)</b>	<b>(4,039)</b>
Effect of exchange rate changes on cash and cash equivalents		89	(262)	363	(295)
<b>Decrease in cash and cash equivalents</b>		<b>(1,431)</b>	<b>(4,436)</b>	<b>(6,540)</b>	<b>(6,818)</b>
<b>Cash and cash equivalents – beginning of the period</b>		<b>10,617</b>	<b>19,087</b>	<b>15,726</b>	<b>21,469</b>
<b>Cash and cash equivalents – end of the period</b>		<b>9,186</b>	<b>14,651</b>	<b>9,186</b>	<b>14,651</b>

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

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three and six months ended June 30, 2024

(in thousands of Canadian dollars, except share data or unless otherwise specified)

(unaudited)

### 1. NATURE OF OPERATIONS

McCoy Global Inc. ("McCoy", "McCoy Global" or the "Corporation") is incorporated and domiciled in Canada and is a leading provider of equipment and technologies 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 and aerospace;
- repair, maintenance and calibration of the Corporation's capital equipment install base and similar competitor products; and
- rental of the Corporation's equipment and technologies.

Set out below are McCoy'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%

McCoy and its subsidiary companies are collectively referred to herein as the "Corporation".

The address of the registered office of the Corporation is Livingston Place, 1000 - 250 2nd Street SW, Calgary, Alberta. The Corporation is listed on the Toronto Stock Exchange ("TSX") under the symbol "MCB".

### 2. BASIS OF PRESENTATION

#### STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standard ("IFRS") applicable to the preparation of interim financial statements under IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards.

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those as disclosed in the consolidated annual financial statements for the year ended December 31, 2023.

The Corporation has adopted amendments to various standards effective January 1, 2024, which did not have a significant impact to these interim financial statements.

These interim financial statements were approved by the Board of Directors on August 8, 2024.

### 3. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximates their carrying value due to their short-term nature.

**4. INVENTORIES**

As at	June 30, 2024			December 31, 2023		
	Gross inventories	Provision for excess and obsolescence	Net inventories	Gross inventories	Provision for excess and obsolescence	Net inventories
	\$	\$	\$	\$	\$	\$
Raw materials	1,523	(311)	1,212	1,812	(268)	1,544
Work-in-progress	4,086	(193)	3,893	3,038	(134)	2,904
Parts to be used in production	16,225	(1,989)	14,236	13,973	(2,032)	11,941
Production inventory	21,834	(2,493)	19,341	18,823	(2,434)	16,389
Capital equipment available for sale	4,321	(269)	4,052	3,075	(259)	2,816
Parts and accessories available for sale	16,174	(2,590)	13,584	13,843	(2,457)	11,386
	42,329	(5,352)	36,977	35,741	(5,150)	30,591

Production inventories are purchased or produced for use in the production of finished goods. Finished goods available for sale consist of capital equipment and parts and accessories inventories that are available for sale to external parties. A write-down is taken if management determines that the carrying value of the inventory item(s) exceed net realizable value. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The maximum amount of any reversal is the original write-down, such that the new carrying amount is the lower of cost or the revised net realizable value. The net realizable value of capital equipment included in inventories is assessed on an individual product basis considering current market prices for the equipment and management’s assessment of forecasted demand. All other items in inventory are assessed for obsolescence at a distinct part level. The estimated net realizable value of these items is determined using a formulaic approach, providing for items that have not been sold or utilized in production in the 24 months before the condensed consolidated interim statements of financial position date.

Included in cost of sales for the six months ended June 30, 2024, was a provision for excess and obsolete inventory of \$60 (three months ended June 30, 2024 – recovery of \$25) to adjust inventories to net realizable value. Included in cost of sales for the six months ended June 30, 2023, was a recovery for excess and obsolete inventory of \$73 (three months ended June 30, 2023 – \$79) to adjust inventories to net realizable value.

**5. PROPERTY, PLANT AND EQUIPMENT (PP&E)**

During the six months ended June 30, 2024, the Corporation recorded \$363 of additions to its rental fleet comprised of equipment capitalized from inventory and \$356 of additions to machinery and production equipment (six months ended June 30, 2023 - \$530 of additions to its rental fleet and \$367 of additions to machinery and production equipment).

PP&E includes right-of-use assets of \$2,148 as at June 30, 2024 (December 31, 2023 - \$2,492).

## 6. SHAREHOLDERS' EQUITY

### DIVIDENDS

During the six months ended June 30, 2024, the Corporation declared quarterly cash dividends of \$0.02 per common share. During the year ended December 31, 2023, the Corporation reinstated a quarterly cash dividend of \$0.01 per common share.

Dividend declared	Dividend paid	Total dividend	Amount per common share
		\$	\$
June 30, 2023	July 15, 2023	286	0.01
September 30, 2023	October 15, 2023	269	0.01
December 31, 2023	January 15, 2024	270	0.01
March 31, 2024	April 15, 2024	539	0.02
June 30, 2024	July 15, 2024	544	0.02

## 7. REVENUE

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Sale of products, parts and consumables	17,807	14,262	32,187	29,511
Rental revenue	1,449	1,012	2,901	2,073
Rendering of services	654	974	1,364	1,528
	<b>19,910</b>	<b>16,248</b>	<b>36,452</b>	<b>33,112</b>

## 8. EXPENSES BY NATURE

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Production costs to produce inventories and changes in inventories	8,900	7,061	16,306	15,768
Employee compensation and benefit expense	5,072	4,557	10,207	9,340
Facilities and other overheads	1,321	1,810	2,995	3,161
Depreciation and amortization	1,063	889	2,107	1,759
(Recovery) write-down of excess and obsolete inventory	(25)	79	60	73
Short-term lease expense	31	31	62	62
<b>Total expenses</b>	<b>16,362</b>	<b>14,427</b>	<b>31,737</b>	<b>30,163</b>
<b>Allocated to:</b>				
Cost of sales	13,167	10,844	24,458	22,880
General and administration	1,562	1,911	3,803	4,247
Product development and support	1,042	1,017	2,226	1,920
Sales and marketing	591	655	1,250	1,116
<b>Total expenses</b>	<b>16,362</b>	<b>14,427</b>	<b>31,737</b>	<b>30,163</b>



## 9. INCOME TAX EXPENSE

### a) RECONCILIATION OF INCOME TAX EXPENSE

Income tax expense varies from the amounts that would be computed by applying the domestic statutory rate of 23% (2023 – 23%) to earnings before income taxes for the following reasons:

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Earnings before income taxes	3,540	1,749	4,698	2,478
Computed income tax expense	814	403	1,080	570
Tax effects of:				
Jurisdictional tax rate differences	(202)	297	(152)	291
Non-(taxable) deductible items	1	3	4	6
Benefit of previously unrecognized deferred tax assets	(198)	(468)	(334)	(623)
Temporary differences for which no deferred tax asset was recognized	-	87	-	279
<b>Income tax expense</b>	<b>415</b>	<b>322</b>	<b>598</b>	<b>523</b>

### b) INCOME TAX EXPENSE ON EARNINGS

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Current tax expense	544	562	722	887
Deferred tax expense:				
Origination and reversal of temporary differences	69	133	210	(20)
Benefit of previously unrecognized deferred tax assets	-	87	-	279
Temporary differences for which no deferred tax asset was recognized	(198)	(468)	(334)	(623)
Total deferred tax recovery	(129)	(240)	(124)	(364)
<b>Income tax expense</b>	<b>415</b>	<b>322</b>	<b>598</b>	<b>523</b>

## 10. CHANGES IN WORKING CAPITAL BALANCES

	Three months ended June 30		Six months ended June 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Cash used in operating activities due to changes in non-cash working capital balances:				
Trade and other receivables	(355)	(3,003)	(3,907)	1,685
Inventories	(1,763)	(2,411)	(5,281)	(3,877)
Other current assets	(1,297)	(1,611)	(1,147)	(1,489)
Other long-term assets	-	39	-	39
Trade and other payables	(44)	1,033	(192)	(1,302)
Customer deposits	(1,637)	(902)	(865)	(950)
Provisions, excluding restructuring and facility remediation	124	(94)	204	(57)
	(4,972)	(6,949)	(11,188)	(5,951)