MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated August 8, 2024, should be read in conjunction with the cautionary statement regarding forward-looking information and statements below, as well as the unaudited condensed consolidated interim financial statements for the period ending June 30, 2024, and the audited consolidated financial statements and notes thereto, for the years ended December 31, 2023, and 2022. The annual consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). 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 sedarplus.ca 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, before:

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

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

- depreciation of property, plant, and equipment;
- amortization of intangible assets;
- income tax expense (recovery);
- finance (income) 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 operating performance or 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 interim 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.

Order intake is a measure of the amount of customer orders the Corporation has received, during a specified period of time, and is therefore an indicator of a base level of future revenue potential. Order intake is not a GAAP measure, and, as a result, the definition and determination of order intake will vary among other issuers. The Corporation defines an order as a customer purchase commitment that has a high certainty of being delivered and is measured on the basis of the receipt of a customer purchase order or customer confirmation of McCoy sales order.

Backlog is a measure of the amount of customer orders the Corporation has received, but has not yet recognized as revenue, 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, but have not yet been recognized as revenue, and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order.

STRATEGIC ACHIEVEMENTS

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

Earnings Performance and Cashflow Generation

Revenue of $19.9 million for the three months ended June 30, 2024, increased 23% from the comparative period. Continued strong adoption of McCoy's FMS, as well as strong order intake and delivery of wellbore equipment positively impacted revenue in the current period.

McCoy reported net earnings of $3.1 million for the three months ended June 30, 2024, on revenues of $19.9 million, an increase of 119% from the comparative period (Q2 2023 - $1.4 million on revenues of $16.2 million). Earnings growth was achieved through favourable product margins and continued supply chain cost management, alongside increased production throughput. This was offset by increased labour costs for customer support activities. Earnings also benefited from bad debt recoveries in the quarter.

Adjusted EBITDA for the three months ended June 30, 2024, was $4.7 million or 24% of revenue (Q2 2023 - $2.9 million or 18% of revenue).

During the quarter, the Corporation invested in inventory to deliver on orders backlog, while also returning capital to shareholders through McCoy's quarterly dividend. As at June 30, 2024, the Corporation maintained a solid net cash position of $9.2 million (June 30, 2023 – $14.7 million).

Advancing our Digital Technology Roadmap

Since January 1, 2024, McCoy achieved several key commercial and product development milestones:

- McCoy delivered twenty-six (26) of McCoy's Flush Mount Spiders (FMS) during the first half of 2024 (1H 2023 – 6 tools). With a growing number of tools operating in-field, operators are recognizing the benefits of McCoy's FMS, which has in turn led to more widespread adoption. 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™).
- In the first quarter of 2024, National Oil Companies (NOCs) and major operators in certain key regions announced new Casing Running Tool (CRT) requirements for any future contract tender awards, impacting the CRT market in these regions. Having previously recognized the challenges that drove the new requirements, McCoy completed prototyping and test-rig trials for an enhanced solution that addresses these requirements in Q2 2024. While the new requirements have hampered order intake for McCoy's smartCRT™ in the short term, McCoy's enhanced smartCRT™ will not only address the new contract requirements, but also provide an intelligent, connected enhancement to conventional casing running tool on the market today, offering 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. Despite the short-term impact on order intake, we anticipate that the new requirements will provide McCoy with a competitive advantage going forward and we are very encouraged by the successful results of our recent test-rig trial.
- While in-field trials with our partnering customer for smarTR™, McCoy's land-targeted integrated casing running system, were temporarily delayed due to market conditions and CRT specification requirements, the recent successful test-rig trials of its CRT enhancement will provide the ability to continue in-field trials in Q3 2024. Field trials are a critical stage to full commercialization and the process continues to provide valuable data which has led to continued refinement our technology. We expect further advancements toward commercialization and look forward to reporting our progress in the coming quarters.
- McCoy accepted a contract award totaling $3.7 million for deep-water offshore integrated casing running systems destined for Latin America and, subsequent to June 30, 2024, accepted an additional $1.8 million in awards for

deep-water systems for separate customers in Brazil. Delivering this technology will complete the first step on a roadmap to a comprehensive smarTR™ system tailored for offshore and deep-water markets. This integrated deep-water system differs from our smarTR™ solution designed for land and shelf that is centered around CRT technology, as deep-water casing installation requires hydraulic power tongs to meet technical specifications for the well profile. The Latin America contract award also marks the first offshore commercial Software as a Service (SaaS) purchase commitment for its Virtual Thread-Rep™ technology. McCoy's Virtual Thread-Rep™ technology enables customers to remotely monitor and control premium connection make-up. It also facilitates the autonomous evaluation and confirmation of premium connection make-up on location. Delivery of the equipment and technology is expected to occur during the fourth quarter of 2024 and first quarter of 2025.

Order Intake

McCoy reported $16.7 million of order intake for the three months ended June 30, 2024, a 3% increase from the $16.3 million of order intake reported in the second quarter of 2023. Order intake decreased sequentially by 11% compared to the $18.7 million reported in the first quarter of 2024, due in part to a continued decline in drilling activity in the North America land market. Order intake in the second quarter of 2024 included a significant contract award for deep water offshore integrated casing running systems and includes SaaS subscription to its proprietary Virtual Thread-Rep™ software.

OUTLOOK AND FORWARD-LOOKING INFORMATION

Over the near and medium term, the oil and gas market in international regions, particularly the Middle East and North Africa (MENA), continues to exhibit robust fundamentals. The growth in drilling activity and the emergence of new regional players, combined with the National Oil Companies' (NOC) growing commitment to safety and efficiency improvements, and technology will open additional opportunities for our innovative products. McCoy is strategically positioned to leverage these trends, offering market leading technologies and product enhancements that address these customer priorities. Our expert technical support, coupled with a strong local presence and an extensive portfolio of Tubular Running Services (TRS) equipment, further reinforces our competitive advantage in the market.

Over the past several quarters, the deepwater offshore market has maintained rig utilization rates upwards of 90%. Looking ahead, this heightened activity, coupled with a shift from large multinational service providers to drilling contractors and local participants, is expected to lead to a notable expansion in capital expenditures, particularly in Latin America and the North Sea. McCoy is uniquely positioned in this market segment, leveraging its extensive application expertise and integrated offshore casing running technologies. This strategic advantage has historically secured McCoy a leading market share among Tubular Running Service (TRS) providers and drilling contractors who lack their own proprietary technology in the deepwater offshore segment. Additionally, McCoy's recent contract award, announced earlier this year, further underscores its strong market position.

During the second quarter of 2024, rig count and drilling activity continued its decline in the North America Land market. While McCoy continues to anticipate robust demand for our innovative FMS technology in this market, quoting activity has begun to shift from capital equipment purchases towards rental contracts due to customer capital constraints. Despite this shift, McCoy's rental equipment business has historically yielded attractive returns, and we expect our innovative FMS tool rentals to achieve equally, if not more, enticing returns. This optimism is based on the inherent performance and safety benefits of its unique design that offers a solution to the persistent labor challenges encountered by many of our customers. The tool handles casing using replaceable die carriers and provides back-up torque from first pipe joint, eliminating the need for manual backup tongs and, in some cases, enabling service companies to reduce their crew size by up to 20%. Furthermore, with a growing number of tools operating in-field, operators have begun to recognize the benefits of McCoy's FMS, and have begun to require the tools use in certain operations.

As we advance through the commercialization phase of our 'Digital Technology Roadmap' initiative, we anticipate that future revenues will rely less on the cyclical nature of drilling activity, and more driven by technology adoption, demand from emerging local and regional market players, and market share expansion in new geographical areas. However, the inherent characteristics of our capital equipment product offerings as well as the rate of technology adoption, and timing of contract awards, may lead to fluctuations in order intake and revenues on a quarter-to-quarter basis. Consequently, these factors also may impact fluctuations in working capital balances due to the timing of customer shipments and billings. As at June 30, 2024, McCoy's backlog stood at $22.3 million (US$16.3 million). While quarter-to-quarter fluctuations may impact third-quarter earnings and revenue, this backlog is expected to support financial performance for the second half and full year of 2024. Additionally, as we continue to deliver on our orders backlog throughout the latter part of 2024, we anticipate drawing down on our inventory investments to generate additional cashflows.

As we progress through 2024, we continue to focus on our key strategic initiatives to deliver value to all of 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 key strategic customers;
- Focus 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.

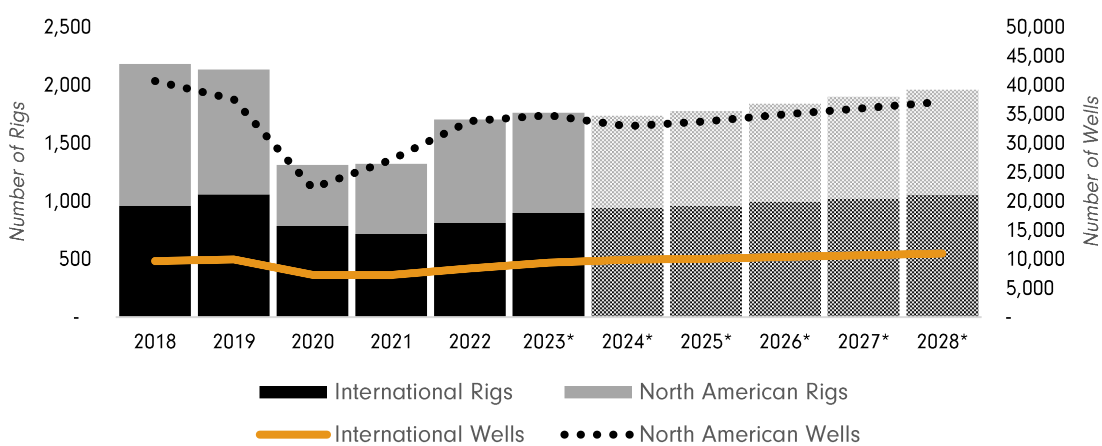
We believe this strategy, together with our committed and agile team, McCoy's global brand recognition, intimate customer knowledge and global footprint will further advance McCoy's competitive position and generate strong returns on invested capital.

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 2024, is as follows:

International vs North American Rig & Well Counts**



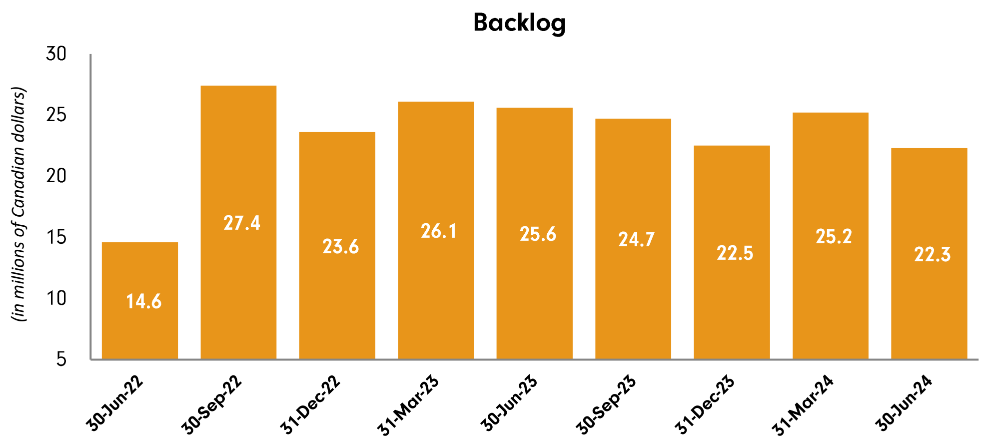
**Forecasted*
***Cumulative*

At a macro level, 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. The introduction and adoption of new products and technologies is a further driver of capital equipment demand and continues to play a more significant role as the adoption of McCoy's new technologies accelerates.

Backlog

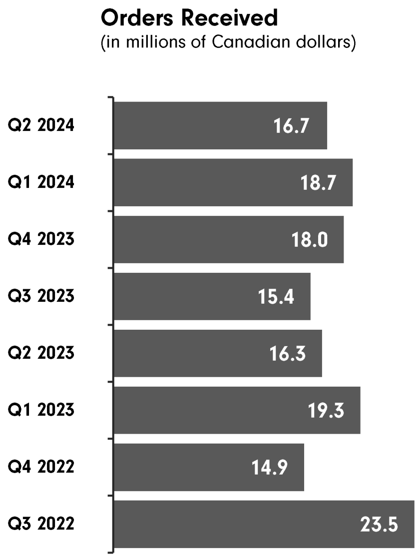
The Corporation defines backlog as orders that have a high certainty of being delivered and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments; however, such commitments may be secured by a deposit and/or 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.

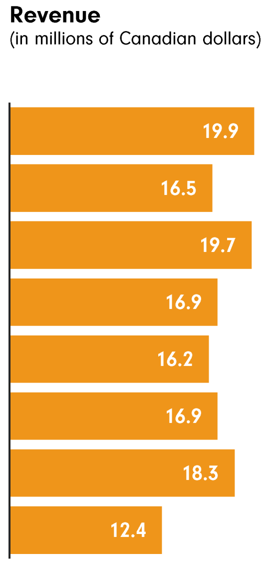
McCoy Global's backlog as at June 30, 2024, totaled $22.3 million (US$16.3 million), a decrease of $2.9 million or 12% from backlog of $25.2 million (US$18.6 million) as at March 31, 2024. Compared to June 30, 2023, backlog decreased $3.3 million, or 13%, from $25.6 million (US$19.3 million).

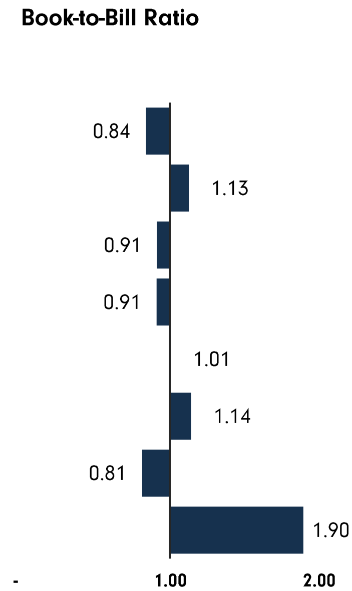


Book-to-Bill Ratio

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:


Orders Received
(in millions of Canadian dollars)
Q2 2024
Q1 2024
Q4 2023
Q3 2023
Q2 2023
Q1 2023
Q4 2022
Q3 2022
16.7
18.7
18.0
15.4
16.3
19.3
14.9
23.5


Revenue
(in millions of Canadian dollars)
19.9
16.5
19.7
16.9
16.2
16.9
18.3
12.4


Book-to-Bill Ratio
0.84
1.13
0.91
0.91
1.01
1.14
0.81
1.90
-
1.00
2.00

BUSINESS VISION

Our vision is to redefine wellbore construction as the foremost global provider of innovative, automated tubular makeup technology and world class support.

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 increase safety;
- design, production and distribution of aftermarket products and services such as technical support, consumables and replacement parts that support its capital equipment sales;
- 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.

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 advanced software solutions. 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.

McCoy is engaged with three key customer groups:

Service Companies and Drilling Contractors - Producers are challenging contractors to reduce costs. In most cases, their largest cost is people. With several significant downturns in the last decade and increasing volatility in 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 can be directly attributed to labour is a driving force behind the transition to an increasingly automated system. In addition to providing enhanced data, McCoy's smarTR™ targets a reduction of up to 67% of the labour costs associated with TRS.

Producers – McCoy's Virtual Thread Rep™ 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 people, 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)	2024	2023
Revenue	**19,910**	16,248
Net earnings	**3,125**	1,427
Per common share – basic	**0.12**	0.05
Per common share – diluted	**0.11**	0.05
As a % of revenue	***16%***	*9%*
Adjusted EBITDA	**4,728**	2,862
Per common share – basic	**0.18**	0.10
Per common share – diluted	**0.17**	0.10
As a % of revenue	***24%***	*18%*

As at and for the six months ended June 30 ($000 except per share amounts)	2024	2023
Revenue	**36,452**	33,112
Net earnings	**4,100**	1,955
Per common share – basic	**0.15**	0.07
Per common share – diluted	**0.15**	0.07
As a % of revenue	***11%***	*6%*
Adjusted EBITDA	**7,001**	5,282
Per common share – basic	**0.26**	0.19
Per common share – diluted	**0.26**	0.18
As a % of revenue	***19%***	*16%*
Total assets	**82,189**	72,077
Total liabilities	**22,933**	19,574
Total non-current liabilities	**2,758**	3,728

EBITDA and Adjusted EBITDA are calculated as follows:

	Three months ended June 30		Six months ended June 30	
($000)	**2024**	2023	**2024**	2023
Net earnings	**3,125**	1,427	**4,100**	1,955
Depreciation of property, plant, and equipment	**590**	471	**1,168**	921
Amortization of intangible assets	**473**	418	**939**	838
Income tax expense	**415**	322	**598**	523
Finance charges, net	**35**	1	**24**	356
EBITDA	**4,638**	2,639	**6,829**	4,593
Share-based compensation	**142**	74	**119**	501
(Recovery) provision for excess and obsolete inventory	**(25)**	78	**60**	73
Other (gains) losses, net	**(27)**	71	**(7)**	115
Adjusted EBITDA	**4,728**	2,862	**7,001**	5,282

REVENUE

($000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2024	2023	Change	% Change	**2024**	2023	Change	% Change
Revenue	**19,910**	16,248	3,662	23%	**36,452**	33,112	3,340	10%

Revenue for the three and six months ended June 30, 2024 showed strong improvement from the comparative periods. Revenue for the second quarter of 2024 was positively impacted by continued strong adoption of McCoy's FMS, as well as strong orders intake and delivery of traditional wellbore equipment and aftermarket parts in the MENA region. Revenue in the first half of 2024 included sales for twenty-six (26) of McCoy's FMS tool, an innovative technology commercialized in late 2022 that handles casing using replaceable die carriers and provides back-up torque from first pipe joint, removing the need for manual backup tongs.

Revenue for the three and six months ended June 30, 2023 was also positively impacted by 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™.

GROSS PROFIT

($000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2024	2023	Change	% Change	**2024**	2023	Change	% Change
Gross profit	**6,743**	5,404	1,339	25%	**11,994**	10,232	1,762	17%
Gross profit %	***34%***	*33%*	*1%*		***33%***	*31%*	*2%*	

Gross profit as a percentage of revenue for the three and six months ended June 30, 2024, was 34% and 33%, an increase of one and two percentage points, respectively from the comparable periods in 2023. This was due to an increase in production throughput, continued supply chain management, as well as a shift in product mix towards new technologies such as the FMS with favourable product margins, offset by additional headcount for new product support, training and commissioning.

GENERAL AND ADMINISTRATION EXPENSE (G&A)

($000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2024	2023	Change	% Change	**2024**	2023	Change	% Change
G&A	**1,562**	1,911	(349)	(18%)	**3,803**	4,247	(444)	(10%)
G&A as a % of revenue	***8%***	*12%*	*(4%)*		***10%***	*13%*	*(3%)*	

For the three and six months ended June 30, 2024, G&A decreased from the comparative periods due to bad debts recovery of $0.1 million for the six months ended June 30, 2023 (2023 – provision of $0.2 million), as well as decrease in stock-based compensation expense. As a percentage of revenue, G&A fell 2% and 1% respectively, with the comparative periods.

G&A in the comparative period was impacted by headcount increases to support the increase in market activity, as well as bad debts provision.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

($000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2024	2023	Change	% Change	**2024**	2023	Change	% Change
Sales and Marketing	**591**	656	(65)	(10%)	**1,250**	1,116	134	12%
Sales and Marketing as a % of revenue	***3%***	*4%*	*(1%)*		***3%***	*3%*	*-%*	

For the three months ended June 30, 2024, Sales & Marketing expenses decreased from the comparative period as the prior period included a one-time commission charge to a distributor for certain orders destined for Turkey.

For the six months ended June 30, 2024, Sales & Marketing expenses increased from the comparative period due to increased headcount and travel for sales and customer support activities. As a percentage of revenue, Sales & Marketing decreased 1% and remained the same respectively, with the comparative periods.

PRODUCT DEVELOPMENT AND SUPPORT

($000 except percentages)	For the three months ended June 30				For the six months ended June 30			
	2024	2023	Change	% Change	**2024**	2023	Change	% Change
Product development and support expense	**1,042**	1,017	25	2%	**2,226**	1,920	306	16%
Capitalized development expenditures	**133**	89	44	49%	**221**	89	132	148%
Total product development and support expenditures	**1,175**	1,106	69	6%	**2,447**	2,009	438	22%
Total product development and support expenditures as a % of revenue	***6%***	*7%*	*(1%)*		***7%***	*6%*	*1%*	

During the three and six months ended June 30, 2024, the Corporation further advanced its 'Digital Technology Roadmap' initiative through the design and development of additional 'smart' product enhancements and complementary product accessories including enhancements to McCoy's smartCRT™ to address new contractual operating requirements in certain geographies. For the remainder of 2024, the Corporation has committed US$0.6 million of capital toward the development of these enhancements and additional product offerings. In the current period, Product development and support expenses increased from the comparative period due to increased headcount and travel for development and product support activities.

OTHER ITEMS

($000 except percentages)	For the 3 months ended June 30 2024	2023	Change	% Change	For the 6 months ended June 30 2024	2023	Change	% Change
Finance charges, net	**35**	1	34	3400%	**24**	356	(332)	(93%)
Other (gains) losses, net	**(27)**	71	(98)	(138%)	**(7)**	115	(122)	(106%)

For the three months ended June 30, 2024, as well as the comparative period, other (gains) losses, net is comprised of foreign exchange gains. For the six months ended June 30, 2024, as well as the comparative period, other (gains) losses, net also includes gains on disposal of property, plant, and equipment.

Finance charges, net, primarily includes finance charges imputed on operating leases in accordance with IFRS 16 offset by interest income on cash and cash equivalents. In the comparative period, finance charges, net also includes prepayment penalties and recognition of the remaining amortized finance charges associated with early repayment of the Corporation's term loan.

SUMMARY OF QUARTERLY RESULTS

	2024		2023				2022	
($000 except per share amounts)	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	**19,910**	16,542	19,699	16,878	16,248	16,684	18,264	12,410
Net earnings	**3,125**	975	2,674	1,900	1,427	528	7,264	274
Per share – Basic	**0.12**	0.04	0.10	0.07	0.05	0.02	0.26	0.01
Per share – Diluted	**0.11**	0.04	0.10	0.07	0.05	0.02	0.25	0.01
EBITDA	**4,638**	2,191	3,001	3,641	2,639	1,954	7,319	1,149
Adjusted EBITDA	**4,728**	2,273	3,987	3,856	2,862	2,419	3,682	1,099

The Corporation has achieved significant growth in revenue and Adjusted EBITDA throughout the past eight quarters, driven by strong demand for recently commercialized products, as well as robust operating leverage. Timing of certain customer purchase commitments resulted in quarter-to-quarter fluctuations.

Net earnings and EBITDA for the three months ended December 31, 2022, includes a $3.9 million of gain on the sale and lease-back of the Corporation's facility in Cedar Park, Texas.

LIQUIDITY AND CASH FLOW

Selected cash flow information is as follows:

($000)	For the 3 months ended June 30		For the 6 months ended June 30	
	2024	2023	**2024**	2023
Cash used in operating activities	**(542)**	(4,406)	**(4,938)**	(1,525)
Cash used in investing activities	**(493)**	(488)	**(940)**	(959)
Cash (used in) generated from financing activities	**(485)**	720	**(1,025)**	(4,039)
Debt to equity ratio	**0.39 to 1**	0.37 to 1	**0.39 to 1**	0.37 to 1

Cash used in operating activities for the three and six months ended June 30, 2024 and the comparative periods was related 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.

Cash used in investing activities for the three and six months ended June 30, 2024, was related to strategic investments in the Corporation's production equipment, as well as investment in McCoy's 'Digital Technology Roadmap'. During the six months ended June 30, 2024, the Corporation also made strategic investments in the Corporation's rental equipment fleet. For the three and six months ended June 30, 2023, cash used in investing activities was related 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.

Cash used in financing activities for the three and six months ended June 30, 2024, was primarily related to dividends paid and principal elements of lease payments, offset by proceeds from the issuance of common shares under the Corporation's restricted share plan and stock options. Cash generated from financing activities for the three months ended June 30, 2023, was related 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.

As at ($000)	**June 30, 2024**	December 31, 2023
Cash and cash equivalents	**9,186**	15,726
Borrowings	**-**	-
Net cash	**9,186**	15,726
Undrawn availability under revolving demand facility and term loan	**12,181**	11,053

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.

Anticipated capital spending for the remainder of 2024 includes:

- strategic investment in rental equipment where meaningful returns are expected;
- investments in production facility equipment; and
- up to US$0.6 million of investment in Corporation's Digital Technology Roadmap, primarily related to design, and prototyping costs.

OUTSTANDING SHARE DATA

As at August 8, 2024, the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	27,179,936
Convertible equity securities:	
Stock options	1,725,510
Restricted shares	146,158

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 8, 2024:

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	years
<$1	525,000	5.25
$1 to $2	681,862	4.52
$2 to $3	318,648	5.62
$3 to $4	200,000	0.61
	1,725,510	4.52

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

Management has evaluated whether there were changes in our Internal Controls over Financial Reporting ("ICFR") during the six-month period ended June 30, 2024, 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, 2023, is available on SEDAR at www.sedarplus.ca.

Other Interim MD&A Requirements

There have been no significant changes to the following items from those described in our 2023 MD&A and Consolidated Annual Financial Statements. Please refer to the page numbers listed below from McCoy Global's 2023 MD&A and Consolidated Annual Financial Statements:

- Financial risk management and financial instruments – pages 35-37 Consolidated Annual Financial Statements;
- Capital management – page 37 Consolidated Annual Financial Statements;
- Contractual obligations – page 20 MD&A;
- Related party transactions – page 38 Consolidated Annual Financial Statements;
- Critical accounting estimates and judgements – pages 14-15 Consolidated Annual Financial Statements; and
- Risks and uncertainties – pages 24 MD&A.