



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

September 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 September 30, 2024 condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in thousands of Canadian dollars)
(unaudited)

As at	Note	September 30, 2024	December 31, 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		10,506	15,726
Trade and other receivables		12,520	10,410
Inventories	4	37,408	30,591
Prepaid expenses and deposits		1,720	1,022
		62,154	57,749
Deferred tax assets		1,266	1,242
Property, plant and equipment	5	9,330	9,323
Intangible assets		4,713	5,311
Goodwill		3,691	3,616
Total assets		81,154	77,241
Liabilities			
Current liabilities			
Trade and other payables		10,494	13,350
Dividends payable	6	544	270
Income taxes payable		637	288
Customer deposits		6,515	4,293
Provisions		961	745
Current lease liabilities		1,105	1,104
		20,256	20,050
Lease liabilities		2,434	3,208
Total liabilities		22,690	23,258
Shareholders' equity			
Share capital		17,801	17,395
Contributed surplus		46,301	46,271
Accumulated other comprehensive income		9,725	8,669
Accumulated deficit		(15,363)	(18,352)
Total shareholders' equity		58,464	53,983
Total liabilities and shareholders' equity		81,154	77,241

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

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE (LOSS) EARNINGS

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

		Three months ended September 30		Nine months ended September 30	
		2024	2023	2024	2023
		\$	\$	\$	\$
Revenue	7	15,842	16,878	52,294	49,990
Cost of sales	8	10,493	10,703	34,951	33,583
Gross profit		5,349	6,175	17,343	16,407
General and administration	8	2,579	1,907	6,382	6,154
Product development and support	8	1,123	1,030	3,349	2,950
Sales and marketing	8	764	590	2,014	1,706
Finance charges (income), net		38	(8)	62	348
Other losses, net		90	13	83	128
		4,594	3,532	11,890	11,286
Earnings before income taxes		755	2,643	5,453	5,121
Income tax expense (recovery)	9				
Current		115	508	837	1,395
Deferred		124	235	-	(129)
		239	743	837	1,266
Net earnings		516	1,900	4,616	3,855
Other comprehensive (loss) earnings					
Translation (loss) gain		(798)	1,102	1,056	(29)
Comprehensive (loss) earnings		(282)	3,002	5,672	3,826
Net earnings per share					
Basic		0.02	0.07	0.17	0.14
Diluted		0.02	0.07	0.17	0.13

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		-	-	-	-	3,855	3,855
Translation loss on foreign operations		-	-	-	(29)	-	(29)
Employee share-based compensation expense		-	-	12	-	-	12
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		(1,741,853)	(1,122)	(1,468)	-	-	(2,590)
Reduction of stated capital		-	(42,000)	42,000	-	-	-
Dividends	6	-	-	-	-	(556)	(556)
Balances at September 30, 2023		26,954,936	17,395	46,250	9,848	(20,757)	52,736
Balances at January 1, 2024		26,954,936	17,395	46,271	8,669	(18,352)	53,983
Net earnings		-	-	-	-	4,616	4,616
Translation gain on foreign operations		-	-	-	1,056	-	1,056
Employee share-based compensation expense		-	-	48	-	-	48
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	-	-	-	-	(1,627)	(1,627)
Balances at September 30, 2024		27,179,936	17,801	46,301	9,725	(15,363)	58,464

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 September 30		Nine months ended September 30	
		2024	2023	2024	2023
Cash generated from (used in)		\$	\$	\$	\$
Operating activities					
Net earnings		516	1,900	4,616	3,855
Adjustments for:					
Depreciation of property, plant and equipment		561	493	1,729	1,414
Amortization of intangible assets		472	513	1,411	1,351
Income tax expense	9	239	743	837	1,266
Finance charges, net		38	(8)	62	348
Share-based compensation		655	276	774	777
Gain on disposal of property, plant and equipment		-	(11)	(3)	(31)
Changes in non-cash working capital balances	10	1,065	294	(10,123)	(5,657)
Change in restructuring and facility remediation provisions		-	(7)	-	(20)
Income taxes paid		-	(75)	(509)	(171)
Finance costs paid, net		(57)	(37)	(243)	(576)
Net cash generated from (used in) operating activities		3,489	4,081	(1,449)	2,556
Investing activities					
Purchases of property, plant and equipment	5	(826)	(1,916)	(1,545)	(2,813)
Proceeds from sale of property, plant and equipment		3	11	3	38
Additions to intangible assets		(478)	(3)	(699)	(92)
Net cash used in investing activities		(1,301)	(1,908)	(2,241)	(2,867)
Financing activities					
Proceeds from issuance of common shares from stock options		-	-	26	78
Proceeds from issuance of common shares under restricted share plan		-	-	362	252
Repayments of borrowings		-	-	-	(4,553)
Repurchase of shares		-	(2,503)	-	(2,590)
Principal elements of lease payments		(262)	(279)	(866)	(836)
Funds transferred from restricted cash		-	-	-	828
Dividends paid	6	(544)	(286)	(1,353)	(286)
Net cash used in financing activities		(806)	(3,068)	(1,831)	(7,107)
Effect of exchange rate changes on cash and cash equivalents		(62)	250	301	(45)
Increase (decrease) in cash and cash equivalents		1,320	(645)	(5,220)	(7,463)
Cash and cash equivalents – beginning of the period		9,186	14,651	15,726	21,469
Cash and cash equivalents – end of the period		10,506	14,006	10,506	14,006

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 nine months ended September 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 November 7, 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	September 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	1,601	(263)	1,338	1,812	(268)	1,544
Work-in-progress	5,575	-	5,575	3,038	(134)	2,904
Parts to be used in production	12,448	(1,724)	14,980	13,973	(2,032)	11,941
Production inventory	19,624	(1,987)	21,893	18,823	(2,434)	16,389
Capital equipment available for sale	3,405	(265)	3,140	3,075	(259)	2,816
Parts and accessories available for sale	18,875	(2,244)	12,375	13,843	(2,457)	11,386
	41,904	(4,496)	37,408	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 nine months ended September 30, 2024, was a provision for excess and obsolete inventory of \$157 (three months ended September 30, 2024 - \$97) to adjust inventories to net realizable value. Included in cost of sales for the nine months ended September 30, 2023, was a recovery for excess and obsolete inventory of \$1 (three months ended September 30, 2023 - \$74) to adjust inventories to net realizable value.

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

During the nine months ended September 30, 2024, the Corporation recorded \$1,111 of additions to its rental fleet comprised of equipment capitalized from inventory and \$434 of additions to machinery and production equipment (nine months ended September 30, 2023 - \$2,297 of additions to its rental fleet and \$516 of additions to machinery and production equipment).

PP&E includes right-of-use assets of \$1,946 as at September 30, 2024 (December 31, 2023 - \$2,492).

6. SHAREHOLDERS' EQUITY

DIVIDENDS

During the nine months ended September 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
September 30, 2024	October 15, 2024	544	0.02

7. REVENUE

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Sale of products, parts and consumables	13,784	14,987	45,971	44,498
Rental revenue	1,327	1,275	4,228	3,348
Rendering of services	731	616	2,095	2,144
	15,842	16,878	52,294	49,990

8. EXPENSES BY NATURE

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
	\$	\$	\$	\$
Production costs to produce inventories and changes in inventories	6,068	6,912	22,376	22,679
Employee compensation and benefit expense	5,885	4,929	16,092	14,269
Facilities and other overheads	1,845	1,426	4,837	4,588
Depreciation and amortization	1,033	1,006	3,140	2,765
Write-down (recovery of) excess and obsolete inventory	97	(74)	157	(1)
Short-term lease expense	31	31	94	93
Total expenses	14,959	14,230	46,696	44,393
Allocated to:				
Cost of sales	10,493	10,703	34,951	33,583
General and administration	2,579	1,907	6,382	6,154
Product development and support	1,123	1,030	3,349	2,950
Sales and marketing	764	590	2,014	1,706
Total expenses	14,959	14,230	46,696	44,393

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 September 30		Nine months ended September 30	
	2024	2023	2024	2023
Earnings before income taxes	\$ 755	\$ 2,643	\$ 5,453	\$ 5,121
Computed income tax expense	174	608	1,254	1,178
Tax effects of:				
Jurisdictional tax rate differences	(183)	121	(334)	412
Non-(taxable) deductible items	4	2	8	8
Benefit of previously unrecognized deferred tax assets	-	(29)	(91)	(652)
Temporary differences for which no deferred tax asset was recognized	244	41	-	320
Income tax expense	239	743	837	1,266

b) INCOME TAX EXPENSE ON EARNINGS

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Current tax expense	\$ 115	\$ 508	\$ 837	\$ 1,395
Deferred tax expense (recovery):				
Origination and reversal of temporary differences	(120)	223	91	203
Benefit of previously unrecognized deferred tax assets	-	(29)	(91)	(652)
Temporary differences for which no deferred tax asset was recognized	244	41	-	320
Total deferred tax expense (recovery)	124	235	-	(129)
Income tax expense	239	743	837	1,266

10. CHANGES IN WORKING CAPITAL BALANCES

	Three months ended September 30		Nine months ended September 30	
	2024	2023	2024	2023
Cash used in operating activities due to changes in non-cash working capital balances:	\$	\$	\$	\$
Trade and other receivables	1,997	1,851	(1,909)	3,536
Inventories	(952)	(2,909)	(6,234)	(6,785)
Other current assets	459	823	(688)	(666)
Other long-term assets	-	-	-	39
Trade and other payables	(3,451)	782	(3,643)	(521)
Customer deposits	3,014	(282)	2,149	(1,232)
Provisions, excluding restructuring and facility remediation	(2)	29	202	(28)
	1,065	294	(10,123)	(5,657)