March 17, 2021

McCOY GLOBAL ANNOUNCES FOURTH QUARTER AND YEAR END 2020 RESULTS

Edmonton, Alberta – **McCoy Global Inc.** ("McCoy," "McCoy Global" or "the Corporation") (TSX:MCB) today announced its operational and financial results for the three months and year ended December 31, 2020. All amounts are stated in Canadian dollars unless otherwise noted.

2020 FINANCIAL AND OPERATIONAL HIGHLIGHTS:

- Launched McCoy's first digital product offering Virtual Thread Rep™;
- Completed detail design for McCoy's Smart Casing Running Tool (SmartCRT™) and Flush Mount Spider (SmartFMS™);
- New product and technology offerings contributed 25% of total revenue compared to 17% in 2019;
- Total revenue decreased by 28% to $38.7 million, compared to $53.4 million in 2019;
- Reported Adjusted EBITDA[1] of $3.8 million, or 10% of revenue, compared to $4.4 million, or 8% of revenue, in 2019;
- Cash flows from operating activities increased 27% to $8.8 million, compared to $6.9 million in 2019;
- Achieved backlog of $9.7 million at December 31, 2020, compared to $12.2 million in 2019;
- Reported cash, net of borrowings of $5.3 million at December 31, 2020, compared to $0.7 million at December 31, 2019;
- Depending on operational cash flows, the Board of Directors approved up to US$2.1 million of growth capital for 2021 to accelerate the Corporation's strategy towards a cloud based, fully automated Tubular Running Technology, McCoy's SmartTR™;
- Subsequent to the year end, McCoy announced the appointment of Data Science executive Mr. Cory Janssen to the Board of Directors.

"In spite of the uncertainty and challenges presented by the COVID-19 pandemic, McCoy successfully launched its first digital product, Virtual Thread Rep™, and advanced two products from design to prototype, with customer field testing expected shortly," said Jim Rakievich, President & CEO of McCoy Global. "Tubular Running Services (TRS) are prime for transformation using automation and machine learning. At the centre of McCoy's digital strategy sits a cloud-based platform that will serve as a remote support service for real-time well integrity data. McCoy expects to launch its next two 'Smart' products in 2021 with the goal of having a fully automated TRS solution, SmartTR™, by the end of 2022. We expect to enter into at least two major commercial contracts with Tier 1 customers for our 'Smart' technologies in 2021."

"Our fourth quarter performance benefited from our commitment in April 2020, immediately following the material decline in oil prices, to focus on cash flow generation and restructure our debt while continuing to invest in our 'Digital Technology Roadmap'. We delivered on these objectives which increased cash flow from operations by 55% to $6.2 million compared with 2019. In parallel, we invested $1.4 million to advance our first three 'Smart' products towards commercialization," said Lindsay McGill, Vice President & CFO of McCoy Global.

Since mid-2008, the oil & gas extraction complex has experienced an increasingly volatile pricing environment and growing public and investor pressure to reduce their 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 TRS operations globally. The Corporation has extensive experience launching new products into the markets it serves, offering the highest quality and safety standards available, and has done so for more than three decades.

Mr. Bing Deng, McCoy's Vice President, Marketing & Technology stated," We believe the TRS space is primed for transformation using automation and machine learning. The tools and processes used in TRS today are mostly 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, SmarTR™, that will operate autonomously using our cloud-based data repository and machine learning to improve effectiveness. The cloud-based platform and digital infrastructure that we developed in 2019 will enable future digital product offerings and enhancements. This cloud based, real time, remote data transmission infrastructure will integrate, digitize, and automate the historically manual processes of tubular make up through our SmartTR™. The product suite includes five 'Smart' products: Virtual Thread Rep™, McCoy's SmartCRT™, SmartFMS™, McCoy's Smart Tong, and McCoy's Smart Tailing Stabbing Arm."

"Though COVID-19 continues to make for a fragile near-term recovery, we expect drilling activity to improve modestly in the first half of 2021, with momentum building as the year progresses, particularly in the Middle East, Former Soviet Union and Offshore markets," said Jim Rakievich. "McCoy has been able to leverage its engineering capabilities, technology offerings and strong market position for revenue sustainability particularly in international and offshore regions. We are encouraged by these opportunities and through 2021 we will continue to focus on our key strategic initiatives to navigate to success despite the challenges ahead:

- Growing market penetration of new and recently developed "Smart" products in our portfolio;
- Prudently investing in our technology development initiatives and key rental opportunities;
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency, despite uncertain market conditions ahead; and
- Ensuring the health and safety of our employees, their families and all our partners throughout this COVID19 pandemic."

FOURTH QUARTER FINANCIAL HIGHLIGHTS:

- Total revenue decreased by 21% to $9.4 million, compared to $11.9 million in 2019;
- Adjusted EBITDA decreased to $0.1 million, compared to $1.5 million in 2019;
- Cash flows from operating activities increased 55% to $6.6 million, compared to $4.2 million in 2019;
- Book-to-bill ratio was 0.95 for the three months ended December 31, 2020, compared to 1.22 in Q4 2019.

Quarterly Financial Summary

Revenue for the three months ended December 31, 2020 declined by 21% from the comparative period to $9.4 million. Order intake through to the fourth quarter of 2020 was impacted by the COVID-19 pandemic, which led to decreased demand for both capital equipment and aftermarket products, particularly in the US land market. Drilling activity levels have stabilized, and we expect drilling activity to improve modestly in the first half of 2021, with momentum building as the year progresses.

Gross profit as a percentage of revenue for the three months ended December 31, 2020 was 10%, a decrease of 23 percentage points from the fourth quarter of 2019. This was a result of unfavourable product mix, particularly due to the shipment of a large capital equipment order from aged inventory. Gross profit for three months ended December 31, 2020 was also impacted by a $0.8 million expense for excess and obsolete inventory provisions (2019 – $0.3 million). These items were offset by the favourable impact of cost reduction initiatives.

General and administration (G&A) expense for the three months ended December 31, 2020 was $1.6 million, a 26% decrease of $0.6 million compared to the fourth quarter of 2019. This was largely attributable to cost reduction initiatives enacted in April 2020, offset by certain one-time project expenses. The Corporation continues to focus on driving incremental efficiencies into this area of the business.

Sales & Marketing expense for the three months ended December 31, 2019 decreased by $0.2 million or 35% from the fourth quarter of 2019 as a result of cost reduction initiatives.

Research and Development (R&D) expenditures for the three months ended December 31, 2020 were $1.9 million, an increase of $0.6 million from the fourth quarter of 2019. During the quarter, McCoy further advanced its 'Digital Technology Roadmap' initiative through the development of three 'Smart" product offerings that will be digitally integrated into an automated tubular running system. Capitalized development expenditures include $0.9 million of external costs for product prototypes for McCoy's SmartCRT™ and SmartFMS™. McCoy completed the product prototype for its SmartFMS™ and have since begun internal prototype testing with field trials scheduled to begin in early Q2. McCoy is in the final stages of the product prototype for its SmartCRT™ with internal testing scheduled to begin in early Q2. During the quarter, McCoy completed the development of its "Virtual Thread Rep™ 2.0" technology, which now allows customers to not only remotely monitor, but also remotely control premium connection make-up.

Net loss for the three months ended December 31, 2020 was $2.2 million ($0.08 loss per basic share), compared to net earnings of $0.1 million ($nil earnings per basic share) in the fourth quarter of 2019.

Adjusted EBITDA[1] for the three months ended December 31, 2020 was $0.2 million compared to $1.5 million for the fourth quarter of 2019.

As at December 31, 2020 the Corporation had $12.1 million in cash and cash equivalents, of which $0.5 million was restricted per the conditions of the Corporation's credit facility.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q4 2020	Q4 2019	% Change
Total revenue	9,369	11,875	(21)
Gross profit	968	3,943	(75)
as a percentage of revenue	10%	33%	(70)
Net (loss) earnings	(2,150)	61	(3,625)
per common share – basic	(0.08)	-	n/a
per common share – diluted	(0.08)	-	n/a
Adjusted EBITDA[1]	153	1,487	(90)
per common share – basic	0.01	0.05	(80)
per common share – diluted	0.01	0.05	(80)
Total assets	52,658	59,630	(12)
Total liabilities	17,154	21,780	(21)
Total non-current liabilities	9,725	7,879	23

Summary of Quarterly Results

($000 except per share amounts)	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019
Revenue	9,369	7,621	10,361	11,323	11,875	15,222	11,455	14,840
Net (loss) earnings	(2,150)	(720)	782	(87)	61	1,238	(1,590)	524
Basic & diluted (loss) earnings per share	(0.08)	(0.03)	0.03	-	-	0.04	(0.06)	0.02
EBITDA	(1,116)	312	1,886	1,078	1,176	2,144	(828)	1,289
Adjusted EBITDA	153	365	1,327	1,919	1,487	2,213	(61)	713

Annual Financial Summary

Revenue for the year ended December 31, 2020 was $38.7 million, a decrease of $14.8 million, or 28% from 2019. While revenues for the first half of 2020 were supported by strong order intake in late 2019 and early 2020, capital equipment and aftermarket revenues were largely impacted by the COVID-19 pandemic, particularly in the US land market. Despite the decline in revenue and significant degradation of market conditions, McCoy grew revenues from its new product and technology offerings to $9.6 million or 25% of revenue (2019 - $9.1 million or 17% of revenue).

Gross profit percentage for the year ended December 31, 2020 was 21%, a decrease of 10 percentage points from 2019. The decline is a result of a significant reduction in revenue and production through-put, offset by the impact of committed cost reductions initiatives.

G&A expense for the year ended December 31, 2020 decreased by $3.0 million, or 34%, from 2019. As a percentage of revenue, G&A expense declined by 2 percentage points year over year. This was largely attributable to cost reduction initiatives enacted in April 2020. The Corporation continues to focus on driving incremental efficiencies into this area of the business.

Sales & Marketing expense for the year ended December 31, 2020 decreased by $0.8 million, or 36%, from 2019. The reduction is a result of effective restructuring initiatives.

R&D expenditures for the year ended December 31, 2020 were $4.4 million, a decline of $1.2 million from the comparative period. McCoy further advanced its 'Digital Technology Roadmap' initiative through the development of three 'Smart' product offerings that will be digitally integrated into an automated tubular running system. Due to financial uncertainty caused by the COVID-19 pandemic, the Corporation initially reduced its planned 2020 annual capital budget of US$2.7 million by 60%. However, the Corporation successfully secured a term facility in October 2020, which allowed the Corporation to reinstate the capital spend for the procurement of product prototype materials with only modest impact to key milestones as initially planned. As such, capitalized development expenditures for the year ended December 31, 2020 include $0.9 million of external costs for product prototypes for McCoy's SmartCRT™ and SmartFMS™.

Net loss for the year was $2.1 million ($0.08 loss per basic share), compared to net earnings of $0.2 million ($0.01 earnings per basic share) in 2019.

Adjusted EBITDA[1] for the year ended December 31, 2020 was $3.8 million, compared to $4.4 million in 2019.

Selected Annual Information

($000 except per share amounts and percentages)	2020	2019	% Change
Total revenue	38,674	53,392	(28)
Gross profit	7,951	16,328	(51)
as a percentage of revenue	21%	31%	(32)
Net (loss) earnings	(2,175)	233	(1,033)
per common share – basic	(0.08)	0.01	(900)
per common share – diluted	(0.08)	0.01	(900)
Adjusted EBITDA[1]	3,766	4,352	(13)
per common share – basic	0.14	0.16	(13)
per common share – diluted	0.14	0.16	(13)

About McCoy Global Inc.

McCoy Global provides technologies designed to support wellbore integrity and assist with collecting critical data for the global energy industry. The Corporation operates internationally through direct sales and distributors with operations in Canada, the United States of America and the United Arab Emirates. McCoy's corporate headquarters are located in Edmonton, Alberta, Canada. The Corporation's shares are listed on the Toronto Stock Exchange and trade under the symbol "MCB".

[1] EBITDA is calculated under IFRS and is reported as an additional subtotal in the Corporation's consolidated statements of cash flows. EBITDA is 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 (loss) earnings, before: depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); finance charges, net; provisions for excess and obsolete inventory; other (gains) losses, net; restructuring charges; share-based compensation; and impairment losses. The Corporation reports on EBITDA and adjusted EBITDA because they are key 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 (loss) earnings 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. For comparative purposes, in previous financial disclosures 'adjusted EBITDA' was defined as "net earnings (loss) before finance charges, net, income tax expense (recovery), depreciation, amortization, impairment losses, restructuring charges, non-cash changes in fair value related to derivative financial instruments and share-based compensation."

[2] McCoy Global 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, but 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. Under current market conditions, many customers have shifted their purchasing towards just-in-time buying.

[3] The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized and billed in a set period of time. 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.

Forward-Looking Information

This News Release contains 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. This New Release contains 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 strategy and operating strategy of the Corporation 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. Forward looking statements regarding the Corporation 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 consider 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 inability to meet current and future obligations; inability to complete or effectively integrate strategic acquisitions; inability to implement the Corporation's business strategy effectively; access to capital markets; fluctuations in oil and gas prices; fluctuations in capital expenditures of the Corporation's target market; competition for, among other things, labour, capital, materials and customers; interest and currency exchange rates; technological developments; global political and economic conditions; global natural disasters or disease; and inability to attract and retain key personnel. 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 News Release 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 News Release are made as of the date of this New Release 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.*

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