August 11, 2023

McCOY GLOBAL ANNOUNCES SECOND QUARTER 2023 RESULTS AND DECLARATION OF QUARTERLY DIVIDEND

Edmonton, Alberta – **McCoy Global Inc.** ("McCoy," "McCoy Global" or "the Corporation") (TSX:MCB) today announced its operational and financial results for the three months ended June 30, 2023. The Corporation also announced that its Board of Directors has declared a quarterly cash dividend of $0.01 per common share payable on October 15, 2023 to shareholders of record as of close of business on September 30, 2023. The dividend per common share is a regular dividend and is an "eligible" dividend for purposes of the Income Tax Act (Canada) and any similar provincial/territorial legislation.

Second Quarter Highlights:

- Order intake increased 44% to $16.3 million compared with $11.3 million for the second quarter of 2022, alongside a 75% increase in order backlog to $25.6 million, compared to $14.6 million for the second quarter of 2022;
- Revenue increased 26% to $16.2 million, compared to $12.9 million in 2022;
- Net earnings increased 36% to $1.4 million compared to the second quarter of 2022 of $1.1 million;
- Adjusted EBITDA[1] increased 25% to $2.9 million, or 18% of revenue, compared to $2.3 million, or 18% of revenue, in 2022;
- Maintained a strong statement of financial position, ending the quarter with $14.7 million of net cash[5] as at June 30, 2023, compared to $4.1 million as at June 30, 2022, with additional funds available under undrawn credit facilities;
- Advanced its Digital Technology Roadmap:
    - Reported one (1) commercial sale for McCoy's Flush Mount Spider (FMS) and received purchase order commitments for sale and rental of thirty-three (33) additional tools scheduled for delivery in 2023 and 2024. McCoy's FMS is a hydraulic rotary flush mounted spider that when fully connected (smartFMS™), handles casing while providing information on the state of the tool to the driller's display in real-time as well as the ability to integrate with McCoy Smart Casing Running Tool (smartCRT™).
    - The smartCRT™ was used to run its first commercial casing job in the Middle East North Africa ("MENA") region, proving the in-field application of the tool and display. McCoy's smartCRT™ is an intelligent, connected enhancement of our conventional casing running tool that offers superior safety, efficiency and simplified operating procedure, with real-time data collection and post-job analysis capabilities. This technology effectively mitigates the risk of human error, while providing actionable insights that optimize future performance.
    - Substantially completed the development of the smarTR™, with key milestones achieved. We expect further advancements toward commercialization in the coming quarters and look forward to reporting our progress. McCoy's smarTR™ is a fully automated casing running system consisting of Virtual Thread-Rep™, smartCRT™, and smartFMS™.
- Declared a quarterly cash dividend of $0.01 per common share payable on October 15, 2023, to shareholders of record as of close of business on September 30, 2023;

- Continued its share repurchase plan and purchased 88,200 common shares at a weighted average price of $1.27; these shares were cancelled prior to June 30, 2023.

"I am pleased with another strong quarterly performance reported by McCoy, which was the result of our concerted effort to deliver on our strategy globally," said Jim Rakievich, President & CEO of McCoy. "Robust market conditions in international markets, especially the MENA region, paired with new international market entrants resulted in continued strength in order intake and revenue generation for our new products and legacy capital equipment. In the US land market, we have seen tremendous interest in our FMS that offers customers a highly efficient and safe solution by automating manual rig procedures and keeping personnel out of dangerous red zone areas of rig activity. Globally, we are experiencing consistent growth in our CRT market share, and with the continued success with commercialization of McCoy's smart suite of products, as well as the substantial completion for the development of our fully automated package, smarTR™, we look forward to continuing reporting on our progress in the year ahead."

"McCoy reported net earnings of $1.4 million on $16.2 million of revenues for the second quarter of 2023. Our second quarter performance was reflective of increased production throughput to deliver on our order backlog from heightened order intake levels in the past three quarters. In the second quarter of 2023, investment in our inventory build plan resulted in elevated inventory balances at the end of the quarter. As we deliver on our order and rental fleet backlog in the second half of the year, we expect inventory balances to reverse in the fourth quarter, resulting in improved profitability and cashflow from operating activities in the fourth quarter and beyond." said Lindsay McGill, Vice President & CFO of McCoy. "As of June 30, 2023, McCoy reported net cash of $14.7 million and with additional funds available under undrawn credit facilities, McCoy is well positioned for revenue and earnings growth for the remainder of the year and beyond."

Second Quarter Financial Highlights:

- Total revenue of $16.2 million, compared with $12.9 million in Q2 2022;
- Net earnings of $1.4 million, compared to $1.1 million in Q2 2022;
- Adjusted EBITDA[1] increased to $2.9 million, or 18% of revenue, compared with $2.3 million, or 18% of revenue, in 2022;
- Booked backlog[2] of $25.6 million at June 30, 2023, compared to $14.6 million in the second quarter of 2022;
- Book-to-bill ratio[3] was 1.01 for the three months ended June 30, 2023, compared with 0.88 in the second quarter of 2022.

Financial Summary

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

Gross profit as a percentage of revenue for the three and six months ended June 30, 2023, was 33% and 31% respectively, an increase of one and nil percentage points, from the comparable periods in 2022. Increased production throughput, successful supply chain management, and a shift in product mix towards CRTs, smartCRTs, and FMS with allowed us to improve product margins overall.

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

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

During the three and six months ended June 30, 2023, the Corporation further advanced its ‘Digital Technology Roadmap’ initiative by focusing its product development and support resources on accelerating market adoption of new and recently commercialized ‘smart’ portfolio products, including the smartCRT™ and McCoy’s FMS. As well, final development and test rig trials for the automated smarTR™ package were completed. The Corporation expects capital expenditures for the first suite of smart products under its ‘Digital Technology Roadmap’ initiative to have largely concluded. In the current period, product development and support expenses increased from the comparative period due to a decrease in capitalized internal product design and development hours, as well as increased headcount and travel to support customer adoption of new technologies.

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

For the three and six months ended June 30, 2023, other losses, net is comprised of foreign exchange losses offset by gains on disposal of property, plant and equipment.

Net earnings for the three months ended June 30, 2023, was $1.4 million or $0.05 per basic share, compared with net earnings of $1.1 million or $0.04 per basic share in the second quarter of 2022. Adjusted EBITDA[1] for the three months ended June 30, 2023, was $2.9 million compared with $2.3 million for the second quarter of 2022.

As at June 30, 2023, the Corporation had $14.7 million in cash and cash equivalents and no borrowings.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q2 2023	Q2 2022	% Change
Total revenue	16,248	12,863	26%
Gross profit	5,404	4,077	32%
as a percentage of revenue	33%	32%	1%
Net earnings	1,427	1,051	36%
as a percentage of revenue	9%	8%	1%
per common share – basic	0.05	0.04	25%
per common share – diluted	0.05	0.04	25%
Adjusted EBITDA[1]	2,862	2,296	25%
as a percentage of revenue	18%	18%	0%
per common share – basic	0.10	0.08	25%
per common share – diluted	0.10	0.08	25%
Total assets	72,077	59,375	21%
Total liabilities	19,574	17,395	13%
Total non-current liabilities	3,728	5,413	(31%)

Summary of Quarterly Results

($000 except per share amounts)	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021
Revenue	16,248	16,864	18,264	12,410	12,863	8,891	9,451	9,855	6,086
Net earnings	1,427	528	7,264	274	1,051	174	2,464	621	1,151
as a % of revenue	9%	3%	40%	2%	8%	2%	26%	6%	19%
per share – basic	0.05	0.02	0.26	0.01	0.04	0.01	0.09	0.02	0.04
per share – diluted	0.05	0.02	0.25	0.01	0.04	0.01	0.08	0.02	0.04
EBITDA[1]	2,639	1,954	7,319	1,149	1,943	1,146	3,504	1,550	2,077
as a % of revenue	16%	12%	40%	9%	15%	13%	37%	16%	34%
Adjusted EBITDA[1]	2,862	2,419	3,681	1,099	2,296	1,461	1,213	1,376	174
as a % of revenue	18%	14%	20%	9%	18%	16%	13%	14%	3%

Outlook and Forward-Looking Information

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

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

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

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

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

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

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

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

About McCoy Global Inc.

McCoy Global is transforming well construction using automation and machine learning to maximize wellbore integrity and collect precise connection data critical to the global energy industry. The Corporation has offices in Canada, the United States of America, and the United Arab Emirates and operates internationally in more than 50 countries through a combination of direct sales and key distributors.

Throughout McCoy's 100-year history, it has proudly called Edmonton, Alberta, Canada its corporate headquarters. 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 earnings (loss), 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 earnings (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. 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."

($000 except per share amounts and percentages)	Q2 2023	Q2 2022
Net earnings	1,427	1,051
Depreciation of property, plant and equipment	471	440
Amortization of intangible assets	418	269
Income tax expense	322	-
Finance charges, net	1	183
EBITDA	2,639	1,943
Provisions for excess and obsolete inventory	78	234
Other losses (gains), net	71	(2)
Share-based compensation	74	121
Adjusted EBITDA	2,862	2,296

[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.

[4] New product and technology offerings as products or technologies introduced to our portfolio in the past 36 months.

[5] Net cash is a non-GAAP measure defined as cash and cash equivalents, plus: restricted cash, less: borrowings.

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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