August 9, 2024

McCOY GLOBAL ANNOUNCES SECOND QUARTER 2024 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, 2024. The Corporation also announced that its Board of Directors has declared a quarterly cash dividend of $0.02 per common share payable on October 15, 2024, to shareholders of record as of close of business on September 30, 2024. 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:

- Reported revenue of $19.9 million for the quarter, an increase of 23% from the comparative period, lead by strong adoption of McCoy's FMS and delivery of wellbore equipment;
- Net earnings increased 119% to $3.1 million compared to the second quarter of 2023 of $1.4 million;
- Adjusted EBITDA[1] of $4.7 million, or 24% of revenue, compared with $2.9 million, or 18% of revenue, in 2023;
- Since January 1, 2024 advanced its Digital Technology Roadmap:
  - Delivered twenty-six (26) of McCoy's Flush Mount Spider (FMS) (H1 2023 – 6 tools). With a growing number of tools operating in-field, operators are recognizing the benefits of McCoy's FMS, which in turn has 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's Smart Casing Running Tool (smartCRT™).
  - Completed prototyping and test rig trials for an enhanced smartCRT™ that will address the new tool specifications introduced by National Oil Companies (NOCs) and major operators in certain key regions. 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.
  - 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 smartCRT™ 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.

- 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 a separate customer 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. 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.

- Declared a quarterly cash dividend of $0.02 per common share payable on October 15, 2024, to shareholders of record as of close of business on September 30, 2024.

"We have continued to advance our 'Digital Technology Roadmap' initiative on multiple fronts, first off, we are excited about the recent success of test-rig trials for our smartCRT™ enhancements. These enhancements offer a significant competitive advantage with superior safety, efficiency and simplified operating procedure, with real-time data collection and analysis capabilities, and will also allow us to continue in-field trials of our land-targeted smarTR™ system." said Jim Rakievich, President & CEO of McCoy. "Secondly, the recent receipt of several deep-water offshore contract awards marks an important milestone in our strategic plan to provide a fully automated casing running system tailored to offshore and deep-water applications for Tubular Running Service (TRS) providers and drilling contractors who lack their own proprietary technology. Finally, alongside these strategic developments, we are pleased with the continued success of our innovative FMS tool in the North America land market, and we are actively exploring opportunities for further adoption in other geographies."

"As we advance through the commercialization of our new technology offerings, 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, leads 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." said Lindsay McGill, Vice President & CFO of McCoy. "As at June 30, 2024, McCoy's backlog stood at $22.3 million. Given the non-uniform nature of our capital equipment order intake and subsequent deliveries, we expect quarter-to-quarter fluctuations to persist and, at present, anticipate a softer start and stronger finish to the second half of 2024, not unlike our experience in the first half of the year.."

Second Quarter Financial Highlights:

- Total revenue of $19.9 million, compared with $16.2 million in Q2 2023;
- Net earnings of $3.1 million, compared to $1.4 million in Q2 2023;
- Adjusted EBITDA[1] of $4.7 million, or 24% of revenue, compared with $2.9 million, or 18% of revenue, in 2023;
- Booked backlog[2] of $22.3 million at June 30, 2024, compared to $25.6 million in the second quarter of 2023;
- Book-to-bill ratio[3] was 0.84 for the three months ended June 30, 2024, compared with 1.01 in the second quarter of 2023.

Financial Summary

Revenue of $19.9 million for the three months ended June 30, 2024, increased 23% from the comparative period. For the six months ended June 30, 2024 revenue increased by 10% to $36.5 million. Revenue 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 Middle East and North Africa 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.

Gross profit, as a percentage of revenue, for the three and six months June 30, 2024, was 34% and 33% respectively, an increase of 1 and 2 percentage points from comparative periods, respectively, in 2023. This was due to an increase in production throughput, continued supply chain cost 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.

For the three and six months ended June 30, 2024, general and administrative expenses (G&A) $1.6 million and $3.8 million, respectively, a decrease from the comparative periods due to recoveries of bad debt provisions and decreases in stock-based compensation expense. As a percentage of revenue, G&A fell by 4 and 3 percentage points, respectively, in comparison to 2023.

For the three and six months ended June 30, 2024, sales and marketing expenses were $0.6 million and $1.3 million, respectively, which include increased headcount and travel for sales and customer support activities related to the commercialization of McCoy's new technologies. In the comparative periods, sales and marketing expenses include a one-time commission charge related to certain orders destined for Turkey.

With total product development and support expenditures of $1.2 million and $2.4 million during the three and six months ended June 30, 2024, respectively, the Corporation further advanced its 'Digital Technology Roadmap' initiative through continued focused on accelerating customer adoption of new technologies as well as the design and development of additional 'smart' product enhancements and complementary product accessories. For the remainder of 2024, the Corporation has committed up to US$0.6 million of capital toward the development of these enhancements and additional product offerings, including enhancements to McCoy's smartCRT™ to address new contractual operating requirements in certain geographies. In the current period, product development and support expenses increased from the comparative period due to increased headcount to support customer adoption of new technologies.

For the three and six months ended June 30, 2024, as well as the comparative period, other (gains) losses, net is comprised mainly of foreign exchange losses.

Net earnings for the three months ended June 30, 2024, was $3.1 million or $0.12 per basic share, compared with net earnings of $1.4 million or $0.05 per basic share in the second quarter of 2023. Adjusted EBITDA[1] for the three months ended June 30, 2024, was $4.7 million compared with $2.9 million for the second quarter of 2023.

As at June 30, 2024, the Corporation had $9.2 million in cash and cash equivalents.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q2 2024	Q2 2023	% Change
Total revenue	19,910	16,248	23%
Gross profit	6,743	5,404	25%
as a percentage of revenue	34%	33%	1%
Net earnings	3,125	1,427	119%
as a percentage of revenue	16%	9%	7%
per common share – basic	0.12	0.05	140%
per common share – diluted	0.11	0.05	120%
Adjusted EBITDA[1]	4,728	2,862	65%
as a percentage of revenue	24%	18%	6%
per common share – basic	0.18	0.10	80%
per common share – diluted	0.17	0.10	70%
Total assets	82,189	72,077	14%
Total liabilities	22,933	19,574	17%
Total non-current liabilities	2,758	3,728	(26%)

Summary of Quarterly Results

($000 except per share amounts)	Q2 2024	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022
Revenue	19,910	16,542	19,699	16,878	16,248	16,684	18,264	12,410	12,863
Net earnings	3,125	975	2,674	1,900	1,427	528	7,264	274	1,051
as a % of revenue	16%	6%	14%	11%	9%	4%	40%	2%	8%
per share – basic	0.12	0.04	0.10	0.07	0.05	0.02	0.26	0.01	0.04
per share – diluted	0.11	0.04	0.10	0.07	0.05	0.02	0.25	0.01	0.04
EBITDA[1]	4,638	2,191	3,001	3,641	2,639	1,954	7,319	1,149	1,943
as a % of revenue	23%	13%	15%	22%	16%	12%	40%	9%	15%
Adjusted EBITDA[1]	4,728	2,273	3,987	3,856	2,862	2,419	3,681	1,099	2,296
as a % of revenue	24%	14%	20%	23%	18%	14%	20%	9%	18%

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 deep-water 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 deep-water 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 totaled $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.

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 2024	Q2 2023
Net earnings	3,125	1,427
Depreciation of property, plant and equipment	590	471
Amortization of intangible assets	473	418
Income tax expense	415	322
Finance (income) charges, net	35	1
EBITDA	4,638	2,639
(Recovery of) provisions for excess and obsolete inventory	(25)	78
Other (gains) losses, net	(27)	71
Share-based compensation	142	74
Adjusted EBITDA	4,728	2,862

[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] 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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