MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2020

TABLE OF CONTENTS

EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated March 16, 2021, should be read in conjunction with the cautionary statement regarding forward-looking information and statements below, as well as the audited consolidated financial statements and notes thereto, for the years ended December 31, 2020 and 2019. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). 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 sedar.com 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;
- impact of restructuring plans and cost structure;
- 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;
- reliance on key persons 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;
- change in U.S. administration;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security; 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 (loss) earnings, 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 (recovery of) excess and obsolete inventory;
- other losses (gains), net;
- restructuring charges;
- share-based compensation; and
- impairment losses.

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 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 statements of cash flows.

STRATEGIC ACHIEVEMENTS

Earlier this year, we committed to several key objectives in order to successfully navigate through the unprecedented market conditions resulting from the COVID-19 pandemic. We are pleased to report our progress:

Advancing our Digital Technology Roadmap

To support a prosperous future regardless of market conditions, we committed to prudent investment in our "Digital Technology Roadmap" product development initiative. Over the course of 2020, we achieved key development milestones on McCoy's Smart Tubular Running System (SmarTR™) as planned:

- We recently completed the development of our "Virtual Thread Rep™ 2.0" technology, which allows customers to remotely monitor and control premium connection make-up. The digital, cloud-based platform that enables Virtual Thread Rep™ is the foundation of our continued development as we integrate, digitize, and automate the historically manual processes of tubular make up through our SmarTR™. This integrated system will enhance safety, efficiency and wellbore integrity for our customers while significantly reducing cost.
- We are in the final stages of product prototyping for McCoy's Smart Casing Running Tool (SmartCRT™) with field trials scheduled to begin in the second quarter of 2021. These are the final step before the product is released for commercialization, which is expected in the second half of the year. We also completed the product prototype for McCoy's Smart Flush Mount Spider (SmartFMS™) and are now in the final stages of completing internal prototype testing with field trials scheduled to begin in the second quarter of 2021.
- Our focus on commercial success of our innovations remains key to McCoy's future. In 2020, new product and technology offerings[1] contributed 25% (2019 – 17%) of total revenue. 2021 will be a pivotal year for McCoy as we gain significant traction on our recently commercialized 'Smart' product offerings, grow market adoption, and continue to build momentum on new product revenues. In recent months, we have engaged target customer groups with technical presentations on our three 'Smart' product offerings and have experience strong customer interest around these products and their value propositions.
- Looking ahead, we plan to deploy US$0.9 million of investment in the Corporation's Digital Technology Roadmap over 2021 to complete the development of the remaining components of McCoy's SmarTR™. If market conditions favourably impact our ability to generate free cash flow, we plan to deploy up to an additional US$1.2 million to accelerate the product prototyping of the final remaining components of the system, enabling commercialization of the full SmarTR™ in 2022.

Free Cash Flow Generation and Strengthening our Balance Sheet

We committed to generating cash flow from operations through fiscal discipline and continued working capital efficiency, despite challenged market conditions. For the year ended December 31, 2020, we delivered on this objective reporting Adjusted EBITDA of $3.8 million, or 10% of revenue (2019 – Adjusted EBITDA of $4.4 million, or 8% of revenue). In addition, McCoy generated $5.2 million of free cashflow[2] (2019 – use of $2.1 million), which was driven by a combination of targeted working capital reduction efforts and operational performance.

[1] McCoy defines new product and technology offerings as products or technologies introduced to our portfolio in the past 36 months.

[2] Free cashflow is defined as cashflow generated from operations, net of cash flow used in investing activities.

We achieved our refinancing objectives by extending maturities and reducing borrowing costs. We secured a new US$2.5 million revolving demand facility with a Canadian chartered bank to support working capital at a rate of Prime plus 1.35%. The Corporation also successfully refinanced its existing US$2.4 million promissory note with a US$3.4 million term facility to extend maturity and support McCoy Global's technology development program. We completed the year with a strong balance sheet, reporting cash net of borrowings of $5.3 million (2019 - $0.7 million).

Navigating the COVID-19 Pandemic

We pledged to ensure the health and safety of our employees, their families and all our partners throughout this COVID-19 pandemic. We are happy to report that the early efforts and discipline by our team continue. To date, we have not experienced any material disruptions to our production facilities or supply chain as a result of the virus. Of the very few of our employees that have tested positive for the virus, all have since fully recovered and we have not experienced any instances of transmission among employees.

We want to thank every member of our extraordinary team for their continued determination to not only persevere under these very difficult circumstances, but to also succeed. 2020 was a challenging year for us; however, our lean team has displayed incredible resilience and is fully engaged in our vision to transform our industry through our Digital Technology Roadmap strategy.

OUTLOOK AND FORWARD-LOOKING INFORMATION

Looking ahead, the COVID-19 crisis remains at the forefront of the oil and gas industry. While global lockdowns evolve and vaccine developments progress, near-term recovery has remained fragile as subsequent waves of COVID-19 and additional lockdowns continue to pose a significant risk to the 2021 outlook.

Internationally, we expect drilling activity to improve modestly in the first half of 2021, with momentum building as the year progresses. The pace and magnitude of recovery is expected to vary greatly by region. We expect the Middle East and North Africa (MENA) and the Former Soviet Union markets to be the first to rebound with improving market conditions We are already seeing an uptick in tendering activity in these regions and we expect that some contracts will be awarded to our customers beginning in Q2, which in turn will result in increased demand for McCoy's products._The number of active drilling rigs in the North American land market is beginning to trend upwards, though our expectations are for modest improvement in this region throughout 2021. McCoy has been able to leverage its engineering capabilities, technology offerings and strong market position for revenue sustainability particularly in international and offshore regions, and we are encouraged by the $8.9 million of order intake and strong quoting activity reported during the fourth quarter of 2020.

McCoy closed out the fourth quarter of 2020 with a backlog of $9.7 million. This level of backlog will provide visibility for the first half of 2020, however the timing of certain customer-scheduled deliveries coupled with possible delays in contract tenders may result in lumpy revenue growth for the first half of the year. We expect order intake and revenue momentum to build as we progress through 2021. With respect to our new 'Smart' product offerings, we have engaged target Tier 1 customers and expect to enter commercial contracts for our new technologies in 2021.

In summary, we will continue to focus on our key strategic initiatives to navigate to success despite the challenges ahead:

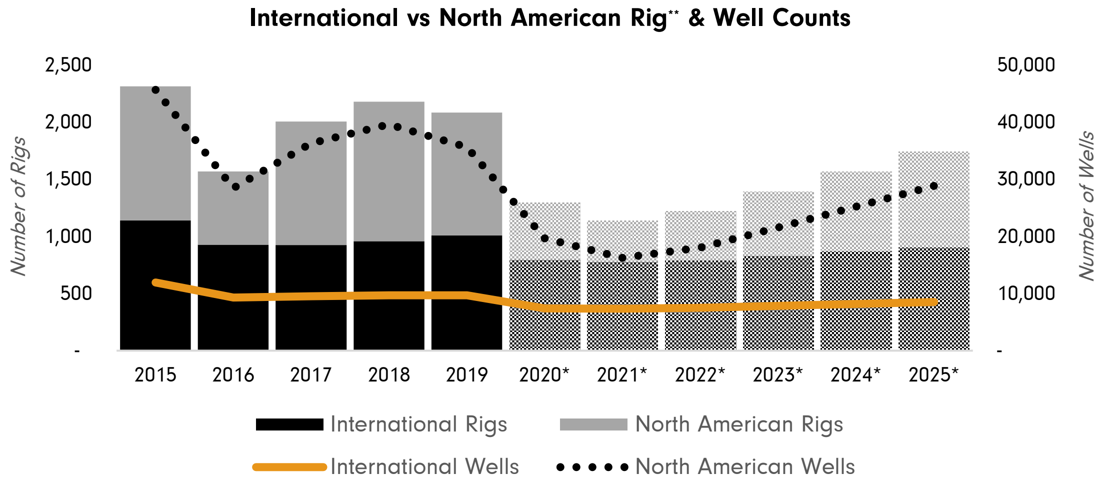
- Growing market penetration of new and recently developed 'Smart' products in our portfolio;
- Prudently investing in our technology development initiatives and key rental opportunities;
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency, despite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

We believe this strategy, together with our committed and agile team, intimate customer knowledge and global footprint will further advance the McCoy's competitive position, regardless of the market environment.

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, September 2020, is as follows:



**Forecasted*
***Cumulative*

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.

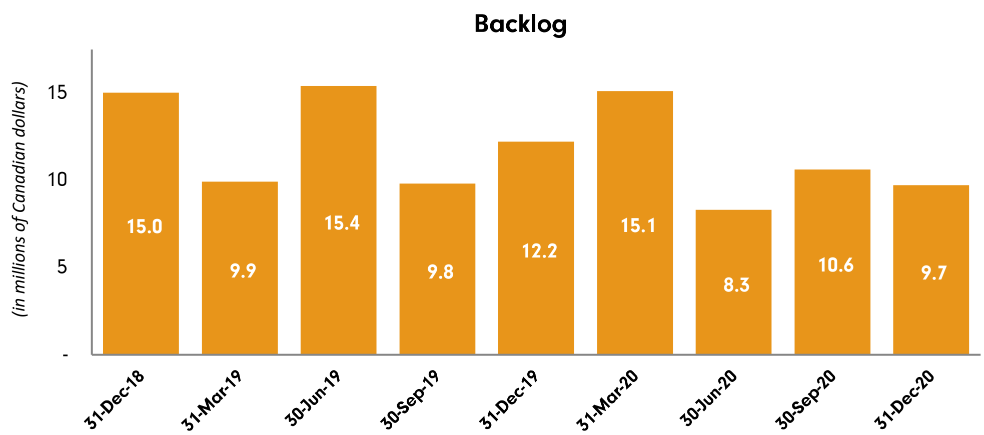
The COVID-19 pandemic has resulted in a historic drop in global demand for oil, driving the collapse of oil and gas prices and significant declines in drilling activity. In response, E&P capital spending was cut materially, particularly in the North American land market.

Backlog

Backlog is a measure of the amount of customer orders the Corporation has received 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 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 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.

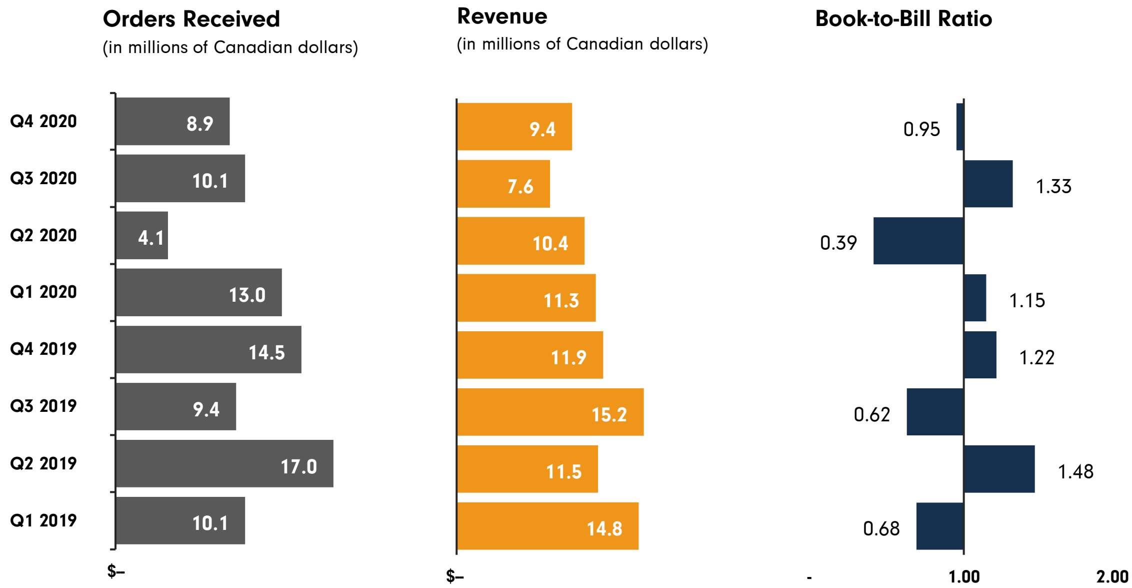
McCoy Global's backlog as at December 31, 2020 totaled $9.7 million (Q3 2020 - $10.6 million), a decrease of $0.9 million or 8% from September 30, 2020. Compared to December 31, 2019 backlog decreased $2.5 million, or 20%, from $12.2 million.



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.

Set out below are orders received, revenue and the book-to-bill ratio:



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 due to foreign exchange volatility.

Business vision

Our vision is to leverage our global reputation of unparalleled expertise and trusted partnerships to transform tubular running operations, delivering unmatched safety and efficiency while reducing environmental impact through Smart Solutions

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 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 and similar competitor products; and
- rental and subscription of the Corporation's products 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 their impact on the environment and improve safety. In turn, producers have been acutely focused on managing their costs and adapting their busines 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 and safety standards available, and has done so for more than three decades.

McCoy believes the TRS space is primed for transformation using automation and machine learning. The 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. The cloud-based platform and digital infrastructure that was developed in 2019 will enable future digital product offerings and enhancements. Our 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 SmartTR™. The product suite includes five 'Smart' products: Virtual Thread Rep™, SmartCRT™, SmartFMS™, McCoy's Smart Tong, and McCoy's Smart Tailing Stabbing Arm.

McCoy is engaged with three key customer groups:

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 under the SASB standard. In addition to providing enhanced data, remote operation can reduce up to 85% of the labour costs associated with TRS for our Producer group.

Thread Manufacturers – Threaded connection integrity is the standard that all manufacturers are measured by. Tubular connections at wellsite, which are currently made up by humans, 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.

Service Companies and Drilling Contractors - Producers are challenging contractors, across the board, to reduce costs. In most cases, their largest cost is people. With five years of decreasing O&G 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 is directly attributed to labour is a driving force behind the transition to an increasingly automated system.

McCoy's digital strategy will meet this demand. McCoy's recently developed cloud platform will sit at the center of the Corporation's digital strategy and serve as a repository for real-time, complete well integrity data. Taking advantage of its first mover status, McCoy expects to launch its next two 'Smart' products in 2021 with the goal of having a fully automated TRS by the end of 2022.

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 fourth quarter results

For the three months ended December 31 ($000 except per share amounts)	2020	2019
Revenue	**9,369**	11,875
Net (loss) earnings	**(2,150)**	61
Per common share – basic	**(0.08)**	-
Per common share – diluted	**(0.08)**	-
Adjusted EBITDA	**153**	1,487
Per common share – basic	**0.01**	0.05
Per common share – diluted	**0.01**	0.05

EBITDA and adjusted EBITDA are calculated as follows:

For the three months ended December 31 ($000)	2020	2019
Net (loss) earnings	**(2,150)**	61
Depreciation of property, plant and equipment	**501**	723
Amortization of intangible assets	**205**	150
Income tax expense	**9**	-
Finance charges, net	**319**	242
EBITDA	**(1,116)**	1,176
Provisions for excess and obsolete inventory	**751**	288
Other losses (gains), net	**294**	(12)
Share-based compensation	**182**	35
Restructuring charges	**42**	-
Adjusted EBITDA	**153**	1,487

REVENUE

	For the three months ended December 31			
($000 except percentages)	2020	2019	Change	% Change
Revenue	9,369	11,875	(2,506)	(21%)

Revenue for the three months ended December 31, 2020 was impacted by the decline in order intake experienced as a result of the COVID-19 pandemic, affecting both capital equipment and aftermarket revenues, particularly in the US land market. Though drilling activity levels have stabilized since the second quarter of 2020, a recovery to pre-COVID levels is not expected in the near term.

In the comparative period, revenue was impacted by the decline in order intake experienced in the third quarter due to challenged North American activity levels and the timing of international orders received. Capital equipment revenues from international and offshore markets tend to be more sensitive to the timing of order placement due to higher technical requirements.

GROSS PROFIT

	For the three months ended December 31			
($000 except percentages)	2020	2019	Change	% Change
Gross profit	**968**	3,943	(2,975)	(75%)
Gross profit as a % of revenue	***10%***	*33%*	*(23%)*	

Gross profit declined from the comparative period as 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 EXPENSE (G&A)

	For the three months ended December 31			
($000 except percentages)	2020	2019	Change	% Change
G&A	**1,627**	2,189	(562)	(26%)
G&A as a % of revenue	***17%***	*18%*	*(1%)*	

G&A spend declined from the comparative period and relates 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 and marketing expense (Sales & Marketing)

($000 except percentages)	For the three months ended December 31 2020	2019	Change	% Change
Sales & marketing	**307**	469	(162)	(35%)
Sales & marketing as a % of revenue	***3%***	*4%*	*(1%)*	

Sales & Marketing decreased from the comparative periods as a result of cost reduction initiatives enacted in April 2020 in addition to previously announced restructuring initiatives.

Research and development (R&D)

($000 except percentages)	For the three months ended December 31 2020	2019	Change	% Change
R&D expense	**520**	994	(474)	(48%)
Capitalized development expenditures	**1,403**	313	1,090	348%
R&D expenditures	**1,923**	1,307	616	47%
R&D expenditures as a % of revenue	**21%**	11%	10%	

During the three months ended December 31, 2020, 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™. We completed the product prototype for McCoy's SmartFMS™ and have since begun internal prototype testing with field trials scheduled to begin in early Q2. We are in the final stages of the product prototype for McCoy's SmartCRT™ with internal testing scheduled to in early Q2. During the quarter, we completed the development of our "Virtual Thread Rep™ 2.0" technology, which now allows customers to not only remotely monitor, but also remotely control premium connection make-up.

During the three months ended December 31, 2019, McCoy invested in the development of a cloud-based platform and digital infrastructure to enable future digital product offerings and enhancements and its first digital product offering the launch of "Virtual Thread Rep™ 1.0", a remote support service that enables real-time connection makeup evaluation support for Tubular Running Service customers. The digital, cloud-based platform that enables Virtual Thread Rep™ will be the foundation of our continued development as we integrate, digitize, and automate the historically manual processes of tubular make up through our integrated tubular running system. This integrated system will enhance safety, efficiency and wellbore integrity for our customers while significantly reducing cost.

OTHER ITEMS

($000 except percentages)	For the three months ended December 31 2020	2019	Change	% Change
Finance charges, net	**319**	242	77	32%
Other losses (gains), net	**294**	(12)	306	2,550%
Restructuring charges	**42**	-	42	-%

Finance charges, net, includes borrowing costs offset by interest income on cash and cash equivalents. The three months ended December 31, 2020 includes a charge of $0.1 million related to finance costs that were previously deferred associated with its US$2.4 million promissory note that was repaid during the quarter.

Other losses (gains), net, primarily includes costs associated with foreign exchange fluctuations, non-recurring integration expenditures associated with business combinations, and gains or losses on the disposal of property, plant and equipment. For the three months ended December 31, 2020, other losses are offset by $0.1 million of government assistance payments in connection with the Canadian Emergency Wage Subsidy.

Restructuring charges recognized during the relate to restructuring initiatives announced in 2020.

SUMMARY OF QUARTERLY RESULTS

	2020				2019			
($000 except per share amounts)	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
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 and 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

SUMMARY OF CONSOLIDATED ANNUAL RESULTS

For the year ended December 31 ($000 except per share amounts)	2020	2019	2018
Revenue	**38,674**	53,392	49,076
Net (loss) earnings	**(2,175)**	233	(3,791)
Per common share – basic	**(0.08)**	0.01	(0.14)
Per common share – diluted	**(0.08)**	0.01	(0.14)
Adjusted EBITDA	**3,766**	4,352	205
Per common share – basic	**0.14**	0.16	0.01
Per common share – diluted	**0.14**	0.16	0.01
Total assets	**52,658**	59,630	59,742
Total liabilities	**17,154**	21,780	19,335
Total non-current liabilities	**9,725**	7,879	3,955

EBITDA and adjusted EBITDA are calculated as follows:

For the year ended December 31 ($000)	2020	2019	2018
Net (loss) earnings	**(2,175)**	233	(3,791)
Depreciation of property, plant and equipment	**2,473**	2,729	2,573
Amortization of intangible assets	**843**	155	585
Income tax expense	**9**	-	319
Finance charges, net	**1,010**	664	292
EBITDA	**2,160**	3,781	(22)
Provisions for (recovery of) excess and obsolete inventory	**1,786**	(506)	(1,717)
Other (gains) losses, net	**(631)**	888	(165)
Restructuring charges	**178**	-	1,004
Share-based compensation	**273**	189	203
Impairment charges	**-**	-	902
Adjusted EBITDA	**3,766**	4,352	205

REVENUE

	For the year ended December 31			
($000 except percentages)	2020	2019	Change	% Change
Revenue	**38,674**	53,392	(14,718)	(28%)

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).

In 2019, while drilling activity levels in the U.S. land market declined throughout 2019, international and offshore markets continued their gradual recovery throughout 2019 more than offsetting the decline in the Corporation's order intake from the North American market.

GROSS PROFIT

	For the year ended December 31			
($000 except percentages)	2020	2019	Change	% Change
Gross profit	**7,951**	16,328	(8,377)	(51%)
Gross profit as a % of revenue	***21%***	*31%*	*(10%)*	

Gross profit declined from the comparative period as a result of a significant decline in revenue and production through-put, offset by the impact of committed cost reductions initiatives that occurred in both April of 2020 and the fourth quarter of 2019.

Gross profit for the year ended December 31, 2020 includes a $1.8 million provision for excess and obsolete inventory (2019 – recovery of $0.5 million).

GENERAL AND ADMINISTRATION EXPENSE (G&A)

($000 except percentages)	For the year ended December 31 2020	2019	Change	% Change
G&A	**5,921**	8,938	(3,017)	(34%)
G&A as a % of revenue	***15%***	*17%*	*(2%)*	

G&A spend and G&A as a percentage of revenue declined from the comparative period resulting from cost reduction initiatives enacted in April 2020 as well as headcount reductions that took place throughout 2019. The Corporation continues to focus on driving incremental efficiencies into this area of the business.

For the year ended December 31, 2020, G&A includes a $0.3 million reversal for previously impaired trade accounts (2019 – impairment of $0.7 million).

SALES AND MARKETING EXPENSE (SALES & MARKETING)

($000 except percentages)	For the year ended December 31 2020	2019	Change	% Change
Sales & marketing	**1,415**	2,221	(806)	(36%)
Sales & marketing as a % of revenue	***4%***	*4%*	*(-%)*	

For the year ended December 31, 2020, Sales & Marketing decreased from the comparative periods as a result of cost reduction initiatives enacted in April 2020 in addition to previously announced restructuring initiatives.

RESEARCH AND DEVELOPMENT (R&D)

($000 except percentages)	For the year ended December 31 2020	2019	Change	% Change
R&D expense	**2,224**	3,384	(1,160)	(34%)
Capitalized development expenditures	**2,204**	2,202	2	(-%)
R&D expenditures	**4,428**	5,586	(1,158)	(21%)
R&D expenditures as a % of revenue	**11%**	10%	1%	

In spite of the uncertainty and challenges presented by the COVID-19 pandemic, 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™. We completed the product prototype for McCoy's SmartFMS™ in Q4 2020 and are in the final stages of completing internal prototype testing with field trials scheduled to begin in Q2 2021. We in the final stages of product prototyping for McCoy's SmartCRT™ with field trials schedule to begin in the second quarter. We also completed the development of our "Virtual Thread Rep™ 2.0" technology during Q4 2020, which now allows customers to not only remotely monitor, but also remotely control premium connection make-up.

During the year ended December 31, 2019, McCoy invested in the development of a cloud-based platform and digital infrastructure to enable future digital product offerings and enhancements and its first digital product offering the launch of "Virtual Thread Rep™ 1.0", a remote support service that enables real-time connection makeup evaluation support for Tubular Running Service customers. The digital, cloud-based platform that enables Virtual Thread Rep™ will be the foundation of our continued development as we integrate, digitize, and automate the historically manual processes of tubular make up through our integrated tubular running system. This integrated system will enhance safety, efficiency and wellbore integrity for our customers while significantly reducing cost.

OTHER ITEMS

($000 except percentages)	For the year ended December 31 2020	2019	Change	% Change
Other (gains) losses, net	**(631)**	888	(1,519)	(171%)
Finance charges, net	**1,010**	664	346	52%
Restructuring charges	**178**	-	178	-

Other (gains) losses, net is comprised primarily of foreign exchange fluctuations and gains or losses on the disposal of property, plant and equipment. For the year ended December 31, 2020, other gains include $0.4 million of government assistance payments in connection with the Canadian Emergency Wage Subsidy and $0.3 million of proceeds that were in previously in dispute under a 2014 business divesture. For the year ended December 31, 2019, other losses include $0.6 million of additional provisions recorded for certain site remediation costs associated with a separate previous business divestiture.

Finance charges, net, includes borrowing costs offset by interest income on cash and cash equivalents. For the year ended December 31, 2020, finance charges also include a charge of $0.1 million related to finance costs that were previously deferred associated with its US$2.4 million promissory note that was repaid during the year.

Restructuring charges recognized during the year ended December 31, 2020 relate to restructuring initiatives announced in 2020 in response to the current economic environment caused by the COVID-19 pandemic.

LIQUIDITY AND CAPITAL RESOURCES

Selected cash flow and capitalization information is as follows:

For the three months ended December 31 ($000)	2020	2019
Cash generated from operating activities	**6,555**	4,222
Cash (used in) generated from investing activities	**(1,858)**	(6,103)
Cash used in financing activities	**(950)**	(450)

For the three months ended December 31, 2020 and 2019, cash generated from operating activities was a result of focused efforts on working capital efficiency and adjusted EBITDA performance, offset by finance costs paid.

In both the current and comparative period, cash used in investing activities primarily relates to investment in McCoy's 'Digital Technology Roadmap' and additions to the Corporation's rental fleet. In the comparative period, cash used in investing activities also included the strategic acquisition of DrawWorks LP.

Cash used in financing activities for the three months ended December 31, 2020 relates to repayments of existing credit facilities and principal elements of lease payments, offset by amounts drawn under the Corporation's recent secured term facility. In the comparative period, cash used in financing activities includes scheduled principal repayments of borrowings and principal elements of lease payments.

For the year ended December 31 ($000)	**2020**	2019
Cash generated from operating activities	**8,814**	6,918
Cash used in investing activities	**(3,630)**	(9,063)
Cash (used in) generated from financing activities	**(1,136)**	961

Cash generated from operating activities for the years ended December 31, 2020 and 2019, was a result of focused efforts on working capital efficiency and strong EBITDA performance, offset by finance costs paid.

During both the current and comparative periods, cash used in investing activities related to product development under McCoy's 'Digital Technology Roadmap' and strategic equipment additions to the Corporation's rental fleet, offset by proceeds from sale of certain equipment. Cash used in investing activities for the year ended December 31, 2019, included the strategic acquisition of DrawWorks LP.

Cash used in financing activities for the year ended December 31, 2020, relates to debt repayments under existing credit facilities and principle elements of lease payments, offset by proceeds received under the Corporation's application for a US Paycheck Protection Program Loan (PPP) and recently secured term facility. In 2019, Corporation entered into a bridge loan for US$2.4 million to finance the acquisition of DrawWorks LP. Cash used in financing activities for the year ended December 31, 2019 also included scheduled repayments of the Corporation's term loan, the principal portions of lease payments and the repurchase of shares.

As at December 31 ($000)	**2020**	2019
Cash and cash equivalents	**12,136**	8,382
Restricted cash, as per credit facility	**500**	500
Borrowings	**(7,304)**	(8,190)
Net cash	**5,332**	692
Undrawn availability under revolving demand facility	**3,183**	-
Undrawn availability under term facility	**1,273**	-

In 2020, McCoy secured a new US$2.5 million revolving demand facility with a Canadian chartered bank to support working capital, bearing interest at Prime Rate plus 1.35% per annum and will be secured by a general security agreement and assignment of US$0.6 million of term deposits. The facility was undrawn as at December 31, 2020.

In 2020, the Corporation also successfully refinanced its existing US$2.4 million promissory note with a US$3.4 million term facility to extend maturity and support McCoy Global's 2020 technology development program. The term facility bears interest at US Prime Rate plus 4.95% per annum and is repayable in eight equal quarterly instalments beginning on December 6, 2022. At closing, US$2.4 million was drawn against the new facility to repay in full the Corporation's USD$2.4 million promissory note that was secured by certain of its US real estate assets. As at December 31, 2020, there is US$1.0 million of undrawn availability under the facility.

In April of 2020, the Corporation received approval and funding under its application for a US Paycheck Protection Program Loan (PPP) of $2.7 million (US$2.0 million). The loan bears interest at 0.98% and matures on April 16, 2022. The Corporation estimates that, based on US Treasury Guidelines, the full balance of loan proceeds may be forgiven if the Corporation's application for forgiveness is approved. Management continues to evaluate and apply for any additional US and Canadian government relief programs for which the Corporation qualifies.

McCoy remains committed to managing the business for success in the current market environment through diligently maintaining the cost reduction actions enacted in 2020. Though market uncertainty continues to be a challenge in developing forecasts for the Corporation, generating operating cashflows and increasing working capital efficiency regardless of market conditions is a key priority for the Corporation.

Anticipated capital spending for the remainder of 2021 includes:

- US$0.9 million of investment in the Corporation's Digital Technology Roadmap, which may be increased by US$1.2 million to accelerate the completion of McCoy's Smart Tubuluar Running System, dependant on market conditions and their impact on revenue and free cash flow generation;
- strategic investment in rental equipment where meaningful returns are expected; and
- nominal investments in production facility equipment.

FINANCIAL RISK MANAGEMENT

The Corporation's activities are exposed to a variety of financial risks of varying degrees of significance, which could affect the Corporation's ability to achieve strategic objectives. Overall, risk management programs focus on the unpredictability of financial and economic markets and seek to minimize potential adverse effects on financial performance. The principal financial risks to which the Corporation is exposed are described in note 22 of the Consolidated Annual Financial Statements for the year ended December 31, 2020.

OTHER FINANCIAL INFORMATION

CONTRACTUAL OBLIGATIONS

The Corporation has committed to payments under leases for premises and equipment. Based on remaining contractual maturities, the undiscounted cash flows for its financial liabilities; future aggregate minimum lease payments under non-cancellable leases; and commitments to purchase inventory and operating supplies are as follows:

(000's)	Due in less than one year	Due between one and two years	Due between two and three years	Due beyond three years	Total
	$	$	$	$	**$**
Trade and other payables	3,633	-	-	-	**3,633**
Borrowings	1,606	3,819	1,721	1,214	**8,360**
Lease liabilities	730	869	965	2,711	**5,275**
Onerous contract provisions	190	-	-	-	**190**
Undiscounted cash flows for financial liabilities	**6,159**	**4,688**	**2,686**	**3,925**	**17,458**
Purchase commitments for inventory and operating services	2,607	480	473	-	**3,560**
As at December 31, 2020	**8,766**	**5,168**	**3,159**	**3,925**	**21,018**

OUTSTANDING SHARE DATA

As at March 16, 2021 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	27,809,989
Convertible equity securities:	
Stock options	1,670,000
Restricted shares	402,500

The stock options and restricted shares are exercisable into an equal number of common shares. Stock options may be exercised after they have vested. Restricted shares are converted to common shares at pre-determined vesting dates. Options with the following exercise price ranges were outstanding as at March 16, 2021:

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	years
<$1	735,000	8.79
$1 to $2	530,000	5.82
$2 to $3	205,000	5.85
$3 to $4	200,000	4.04
	1,670,000	6.92

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Corporation's consolidated financial statements requires management to make estimates and judgments about the future that affect the application of accounting policies and the reported amount of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. If these estimates and judgments prove to be inaccurate, future (loss) earnings may be materially impacted.

Estimates and underlying assumption are reviewed on an ongoing basis and revisions to estimates are recognized prospectively. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or estimation that are significant to the consolidated financial statements are as follows:

(i) *Trade and other receivables*

The Corporation records trade and other receivables at amortized cost. Write-downs for trade and other receivables are recorded each period as required under the expected credit loss model and further updated based on management's judgment.

(ii) *Inventories*

The Corporation records inventories at the lower of cost and net realizable value. Write-downs for inventory are recorded each period as required and updated based on management's judgment.

(iii) *Provisions*

Estimates and judgments are used in measuring and recognizing provisions and the Corporation's exposure to contingent liabilities and onerous contracts. Judgment is necessary to determine the likelihood and estimated future outflow of resources that may be required to settle any future or existing claims, onerous contracts or contingent obligations.

(iv) *Income tax*

The Corporation operates in several tax jurisdictions and is required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. The calculation of income taxes requires the use of judgment.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Judgment and estimation are necessary to determine the likelihood and availability of future taxable profits against which tax losses and tax credits carried forward can be used.

(v) *Impairment of non-financial assets*

Long-lived assets include property, plant and equipment, intangible assets and goodwill. The carrying value of these assets is periodically reviewed for impairment (goodwill at least annually) or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Judgment is required in the aggregation of assets into Cash Generating Units ("CGUs").

The recoverable amounts of CGUs are determined based on the greater of fair value less cost to sell and value-in-use calculations. These calculations require the use of estimates and judgments, including an estimation of the future cash flows from the CGU or group of CGUs and judgment is required in determining the appropriate discount rate. In deriving the underlying projected cash flows, assumptions must also be made about the impact of future drilling activity on revenues, operating margins and market conditions over the useful life of the assets or CGUs. Although estimates are consistent with current industry reports, internal planning and expected future operations, such estimations are subject to uncertainty and judgment.

(vi) *Leases*

Extension options are included in a number of property leases within the Corporation. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Corporation makes estimates in determining the incremental borrowing rate used to measure the lease liability for each lease contract. The incremental borrowing rate should reflect the interest that the Corporation would have to pay to borrow at a similar term with similar security.

(vii) *Business combinations*

The Corporation applies judgement on the recognition and measurement of assets acquired and liabilities assumed, and estimates are used to calculate and measure such adjustments. In measuring the fair value of the acquiree's assets and liabilities, management uses estimates about future cash flows and discount rates. Any measurement changes after initial recognition would affect the measurement of goodwill.

FUTURE ACCOUNTING PRONOUNCEMENTS

From time to time, the IASB and the International Financial Reporting Interpretations Committee ("IFRIC") issue a number of new standards, amendments to standards and interpretations that are effective for future reporting periods. There are no standards that are not yet effective that would be expected to have a material impact on the Corporation in the current or future reporting periods at this time.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES ("DC&P")

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information is gathered and reported to management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

An evaluation of the design and operating effectiveness of our DC&P was conducted, as at December 31, 2020, by management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that, as at December 31, 2020, our DC&P, as defined in National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings (NI 52-109), was effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING ("ICFR")

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.

Our ICFR includes policies and procedures that pertain to the maintenance of records that provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of management and directors; pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets; and are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our annual consolidated financial statements.

Because of its inherent limitations, ICFR can provide only reasonable assurance and may not prevent or detect misstatements.

Furthermore, projections of an evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management, under the supervision of the CEO and CFO, has evaluated the design and operating effectiveness of our ICFR using the framework and criteria established in Internal Controls – Integrated Framework of 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2020, ICFR (as defined in NI 52-109) were effective. There were no changes in our ICFR during the year ended December 31, 2020 that have materially affected, or are reasonably likely to affect, our ICFR.

RISK AND UNCERTAINTIES RELATED TO THE BUSINESS

The Corporation's results of operations, business prospects, financial condition, cash distributions to shareholders and the trading price of the Corporation's shares are subject to a number of risks. These risk factors include:

- 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;
- reliance on key persons 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;
- change in U.S. administration;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security; and
- challenges by taxation authorities.

A discussion of these risks and other risks associated with investment of the Corporation's shares is given elsewhere in this MD&A as well as in "Risk Factors" detailed in the Corporation's Annual Information Form ("AIF") that is available on SEDAR at www.sedar.com.

OTHER INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year end December 31, 2020 is available on SEDAR at www.sedar.com.