CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2021

(unaudited)

Notice to Reader:

As required by National Instrument 51-102, Part 4, subsection 4.3(3)(a), readers are advised that the Company's independent auditors have not performed a review of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in thousands of Canadian dollars)
(unaudited)

As at	Note	March 31, 2021	December 31, 2020
		$	$
Assets			
Current assets			
Cash and cash equivalents		**14,625**	12,136
Restricted cash		**500**	500
Trade and other receivables		**4,312**	3,610
Inventories	4	**15,748**	15,925
Prepaid expenses and deposits		**550**	679
		35,735	32,850
Other receivables		**39**	39
Property, plant and equipment	5	**9,872**	10,466
Intangible assets	6	**5,900**	5,822
Goodwill		**3,438**	3,481
Total assets		**54,984**	52,658
Liabilities			
Current liabilities			
Trade and other payables		**3,425**	3,633
Customer deposits		**1,253**	1,233
Provisions		**785**	956
Current lease liabilities		**386**	384
Borrowings	7	**1,208**	1,223
		7,057	7,429
Lease liabilities		**3,506**	3,644
Borrowings	7	**9,418**	6,081
Total liabilities		**19,981**	17,154
Shareholders' equity			
Share capital		**59,716**	59,712
Contributed surplus		**5,615**	5,560
Accumulated other comprehensive income		**6,727**	7,129
Accumulated deficit		**(37,055)**	(36,897)
Total shareholders' equity		**35,003**	35,504
Total liabilities and shareholders' equity		**54,984**	52,658

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

Condensed Consolidated Interim Statements of Loss and Comprehensive Earnings (Loss)

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

For the three months ended March 31		2021	2020
		$	$
Revenue		**7,374**	11,323
Cost of sales		**5,162**	8,026
Gross profit		**2,212**	3,297
General and administration		**1,567**	1,716
Sales and marketing		**346**	437
Research and development		**428**	853
Finance charges, net		**205**	233
Other (gains) losses, net	8	**(176)**	145
		2,370	3,384
Loss before income taxes		**(158)**	(87)
Income tax expense		**-**	-
Net loss		**(158)**	(87)
Other comprehensive (loss) gain			
Translation (loss) gain from foreign operations		**(402)**	3,409
Comprehensive (loss) earnings		**(560)**	3,322
Net loss per share			
Basic from net loss		**(0.01)**	(0.00)
Diluted from net loss		**(0.01)**	(0.00)

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Condensed Consolidated Interim Statements of Changes in Equity

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

	Issued capital					
	Number of shares	Share capital	Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total equity
	#	$	$	$	$	$
January 1, 2020	27,630,989	59,636	5,384	7,552	(34,722)	37,850
Net loss	-	-	-	-	(87)	(87)
Translation gain on foreign operations	-	-	-	3,409	-	3,409
Employee share-based compensation	-	-	76	-	-	76
March 31, 2020	27,630,989	59,636	5,460	10,961	(34,809)	41,248
January 1, 2021	**27,802,489**	**59,712**	**5,560**	**7,129**	**(36,897)**	**35,504**
Net loss	**-**	**-**	**-**	**-**	**(158)**	**(158)**
Translation loss on foreign operations	**-**	**-**	**-**	**(402)**	**-**	**(402)**
Employee share-based compensation	**-**	**-**	**55**	**-**	**-**	**55**
Issuance of common shares Under restricted share plan	**7,500**	**4**	**-**	**-**	**-**	**4**
March 31, 2021	**27,809,989**	**59,716**	**5,615**	**6,727**	**(37,055)**	**35,003**

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

Condensed Consolidated Interim Statements of Cash Flows

(Stated in thousands of Canadian dollars)
(unaudited)

For the three months ended March 31		2021	2020
Cash (used in) generated from		**$**	$
Operating activities			
Net loss		**(158)**	(87)
Adjustments for:			
Depreciation of property, plant and equipment		**502**	717
Amortization of intangible assets		**200**	215
Finance charges, net		**205**	233
Share-based compensation expense		**185**	6
Changes in non-cash working capital balances	9	**(1,027)**	776
Changes in restructuring and facility remediation provisions		**(56)**	(397)
Finance costs paid, net		**(197)**	(235)
Gain on disposal of property, plant and equipment		**(97)**	-
Net cash (used in) generated from operating activities		**(443)**	1,228
Investing activities			
Purchases of property, plant and equipment		**(35)**	(717)
Proceeds from sale of property, plant and equipment		**108**	-
Additions to intangible assets	6	**(351)**	(160)
Net cash used in investing activities		**(278)**	(877)
Financing activities			
Repayments of borrowings		**(316)**	(680)
Proceeds of borrowings	7	**1,269**	-
Proceeds of borrowings under US Paycheck Protection Program	7	**2,468**	-
Proceeds from issuance of common shares under restricted share plan		**4**	-
Principal elements of lease payments		**(94)**	(278)
Net cash generated from (used in) financing activities		**3,331**	(958)
Effect of exchange rate changes on cash and cash equivalents		**(121)**	833
Increase in cash and cash equivalents		**2,489**	226
Cash and cash equivalents – beginning of the period		**12,136**	8,382
Cash and cash equivalents – end of the period		**14,625**	8,608

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

Notes to the Condensed Consolidated Interim Financial Statements

For the three months ended March 31, 2021
(in thousands of Canadian dollars, except share data or unless otherwise specified)
(unaudited)

1. Nature of Operations

McCoy Global Inc. ("McCoy", "McCoy Global" or the "Corporation") is incorporated and domiciled in Canada and is a leading provider of technologies designed to support 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 globally.

The Corporation is engaged in the following:

i. design, production and distribution of capital equipment to support wellbore integrity and to support capital equipment sales through aftermarket products and services such as technical support, consumables and replacement parts;

ii. design, production and distribution of data collection technologies used in rugged applications for the global energy industry as well as in construction, marine, nuclear and aerospace;

iii. repair, maintenance and calibration of the Corporation's capital equipment and similar competitor products; and

iv. rental of the Corporation's capital equipment and technologies.

Set out below are McCoy's principal operations:

Operating Name	Country of Incorporation	Operating Region	Ownership Interest
McCoy Global Canada Corp.	Canada	Canada	100%
McCoy Global FZE	United Arab Emirates	Eastern Hemisphere	100%
McCoy Global USA, Inc.	United States	United States, Central America & Latin America	100%

McCoy and its subsidiary companies are collectively referred to herein as the "Corporation."

The address of the registered office of the Corporation is DLA Piper (Canada) LLP, Livingston Place, 1000 - 250 2nd Street SW, Calgary, Alberta. The Corporation is listed on the Toronto Stock Exchange ("TSX") under the symbol "MCB."

2. Basis of Presentation

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board, and should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2020, which have been prepared in accordance with International Financial Reporting Standards ("IFRS").

The accounting policies followed in these condensed consolidated interim financial statements are consistent with those of the previous financial year.

b) Impact of COVID-19 Pandemic

In March 2020, the World Health Organization declared the COVID-19 outbreak a pandemic. Governments worldwide, including those countries in which the Corporation operates, have enacted emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused a material disruption to businesses globally resulting in an economic slowdown and significant decreased demand for oil.

Although the duration and magnitude of the pandemic is uncertain, the current market environment may have a material adverse impact on the Corporation including, but not limited to, substantial reductions in revenue and cash flows, increased risk of nonpayment of accounts receivable and future impairments of inventory, property, plant and equipment, intangible assets and goodwill. Estimates and judgments made by management in the preparation of these financial statements are increasingly difficult and subject to a higher degree of measurement uncertainty during this volatile period. Any significant adverse changes to these factors may further impact the Corporation's operating plan and results, its liquidity and cash flows and the valuation of long-lived assets.

In response to this uncertainty, the Corporation has completed the following actions since April of 2020 to support ongoing liquidity:

- Reductions in workforce, throughout all functions of the Corporation;
- Salary and wage reductions across all levels of the organization;
- Additional reductions to general and administrative overhead expenditures, non-essential travel and other discretionary spending; and
- Utilized technology to maintain and support our customers remotely
- Applications for government assistance, including the Canadian Emergency Wage Subsidy and the US Paycheck Protection Program.

3. Fair Value of Financial Assets and Liabilities

The fair value of cash and cash equivalents, trade and other receivables and trade and other payables approximates their carrying value due to their short-term nature. The fair value of non-current other receivables approximates the carrying amount as the receivables have been recorded using the effective interest rate method using a market rate of interest. The fair value of borrowings approximates the carrying amount as the instruments carry interest rates that reflect the current market rates available to the Corporation.

4. Inventories

	March 31, 2021			December 31, 2020		
As at	Gross inventories	Provision for excess and obsolescence	Net inventories	Gross inventories	Provision for excess and obsolescence	Net inventories
	$	**$**	**$**	$		$
Raw materials	**1,285**	**(288)**	**997**	1,341	(285)	1,056
Work-in-progress	**2,022**	**-**	**2,022**	1,778	-	1,778
Parts to be used in production	**9,683**	**(3,472)**	**6,211**	10,506	(3,532)	6,974
Production inventory	**12,990**	**(3,760)**	**9,230**	13,625	(3,817)	9,808
Capital equipment available for sale	**1,889**	**(619)**	**1,270**	1,640	(627)	1,013
Parts and accessories available for sale	**7,370**	**(2,122)**	**5,248**	7,318	(2,214)	5,104
	22,249	**(6,501)**	**15,748**	22,583	(6,658)	15,925

Production inventories are purchased or produced for use in the production of finished goods. Finished goods available for sale consist of capital equipment and parts and accessories inventories that are available for sale to external parties.

Included in cost of sales for the three months ended March 31, 2021, was a recovery for excess and obsolete inventory of $85 (three months ended March 31, 2020 – provision of $690) to adjust inventories to net realizable value. A writedown is taken if management determines that the carrying value of the inventory item(s) exceed net realizable value. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The maximum amount of any reversal is the original write-down, such that the new carrying amount is the lower of cost or the revised net realizable value.

The net realizable value of capital equipment included in inventories is assessed on an individual product basis considering current market prices for the equipment and management's assessment of forecasted demand. All other items in inventory are assessed for obsolescence at a distinct part level. The estimated net realizable value of these items is determined using a formulaic approach, providing for items that have not been sold or utilized in production in the 24 months previous to the interim consolidated statements of financial position date. Subsequent to applying the formulaic approach described above, management considered other factors relevant to the realizable value of inventory, relating to parts that have not transacted in one year as of the interim consolidated statements of financial position date and relating to product lines whose sales forecasts are expected to be more severely impacted by the current economic environment as described in note 2b.

5. Property, Plant and Equipment (PP&E)

During the three months ended March 31, 2021, the Corporation recorded $35 of additions to its production equipment (three months ended March 31, 2020 - $717 of additions to its rental fleet comprised of equipment capitalized from inventory).

PPE includes right-of-use assets of $3,444 as at March 31, 2021 (December 31, 2020 - $3,640).

6. Intangible Assets

Costs incurred on product development are capitalized as intangible assets when it is probable the development will provide economic benefits, considering its commercial and technical feasibility, the resources available for development and that costs can be measured reliably. While in development, internally generated intellectual property is not amortized until it has reached commercial production.

During the three months ended March 31, 2021, the Corporation recorded $351 of additions to intangible assets pertaining to costs incurred to develop internally generated intellectual property related to the development of several smart products that will be digitally integrated into McCoy's automated casing running system (three months ended March 31, 2020 – $160; twelve months ended December 31, 2020 – $2,221).

For the three months ended March 31, 2021, amortization of $108 pertaining to development costs for the first two products developed under the first phase of the 'Digital Technology Roadmap' was recognized in cost of sales (three months ended March 31, 2020 – $118). For the three months ended March 31, 2021, amortization of $88 pertaining to intellectual property acquired in connection with the acquisition of DrawWorks LP in the third quarter of 2019 was recognized in cost of sales (three months ended March 31, 2020 – $97). For the three months ended March 31, 2021, amortization pertaining to software and other items amounted to $4 (three months ended March 31, 2020 – $nil).

7. Borrowings

On February 11, 2021, the Corporation received $1,269 (US$1,000) of funding from the second draw available under its Senior Secured Term Loan II. The term loan bears interest at US Prime Rate plus 4.95% per annum and is repayable in eight equal quarterly instalments beginning on December 6, 2022. As at March 31, 2021, the applicable rate was 8.20%. The facility is subject to customary conditions and is secured by certain assets of the Corporation and its subsidiaries, including certain real estate in Cedar Park, Texas. Under the terms of the agreement, the Corporation is subject to a financial covenant minimum fixed charge coverage ratio of 1:1 for the year ending December 31, 2021; and 1.25:1 for years ending thereafter; where the fixed charge coverage ratio is calculated as earnings before interest, taxes, depreciation and amortization less capital expenditures over the sum of interest expense, principal payment of indebtedness and lease payments made during the period.

On March 31, 2021, the Corporation received $2,468 (US$1,963) of funding under its application for second round funding of the US Paycheck Protection Program (PPP). The loan bears interest at 1.0% and is payable in forty-four (44) equal monthly payments of US$50 thousand beginning August 31, 2022 and maturing on March 31, 2026. A portion of the loan proceeds may be forgiven in accordance with certain US Treasury guidelines. The Corporation estimates that, based on US Treasury Guidelines as applicable at March 31, 2021, the full loan proceeds may be forgiven if the Corporation's application for forgiveness is approved.

8. Other (Gains) Losses, net

	2021	2020
	$	$
Foreign exchange loss	**46**	68
Gain on disposal of PPE	**(97)**	(48)
Government assistance	**(125)**	-
Provisions related to previous business divestiture	**-**	33
Non-recurring integration costs associated with business combination	**-**	92
	(176)	145

9. Changes in Working Capital Balances

	2021	2020
Cash received from (used in) operating activities due to changes in non-cash working capital balances:	**$**	$
Trade and other receivables	**(751)**	(791)
Inventories	**124**	46
Other current assets	**-**	201
Other non-current receivables	**(19)**	(487)
Trade and other payables	**(311)**	577
Customer deposits	**36**	1,264
Provisions, excluding restructuring and facility remediation	**(106)**	(34)
	(1,027)	776