MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2023

MCCOY GLOBAL

Q4 2023

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated March 13, 2024, 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, 2023, and 2022. 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;
- 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 disruption and increasing material costs;
- reliance on key persons and 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 and other climate change related measures;
- change in government administrations;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security and cybersecurity; 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 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 (recovery of) excess and obsolete inventory;
- other losses (gains), net;
- restructuring charges;
- share-based compensation; and
- impairment losses.

Net cash is a non-GAAP measure defined as cash and cash equivalents,

- plus: restricted cash;
- less: borrowings.

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.

The Corporation reports net cash as it is an important measure used by management to evaluate liquidity. The Corporation believes net cash assists investors in assessing McCoy Global's current liquidity on a consistent basis taking into consideration cash and cash equivalents, restricted cash, and borrowings.

Order intake is a measure of the amount of customer orders the Corporation has received, during a specified period of time, and is therefore an indicator of a base level of future revenue potential. Order intake is not a GAAP measure, and, as a result, the definition and determination of order intake will vary among other issuers. The Corporation defines an order as a customer purchase commitment that has a high certainty of being delivered and is measured on the basis of the receipt of a customer purchase order or customer confirmation of McCoy sales order.

Backlog is a measure of the amount of customer orders the Corporation has received, but has not yet recognized as revenue, 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, but have not yet been recognized as revenue, and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order.

STRATEGIC ACHIEVEMENTS

McCoy remains committed to its key strategic objectives and we are pleased to report our progress:

Earnings Performance & Cashflow Generation

Three months ended December 31, 2023

McCoy reported revenue for the three months ended December 31, 2023, of $19.7 million, an 8% increase from the comparative period (Q4 2022 - $18.3 million). The growth in revenues was driven by strong demand for the newly commercialized smart products, particularly McCoy's recently introduced Flush Mount Spider (FMS) in the North American land market.

McCoy's earnings for the fourth quarter of 2023 were $2.7 million, a decrease of $4.6 or 63% from the comparative period (Q4 2022 - $7.3 million). The comparative period benefited from a $3.9 million gain on property, plant and equipment recognized in conjunction with the sale-leaseback of McCoy's facility in Cedar Park, Texas, as well as a $1.0 million recovery of income tax expense, largely from the recovery of previously unrecognized deferred tax assets.

Adjusted EBITDA for the three months ended December 31, 2023, was $4.0 million or 20% of revenue, an increase of $0.3 million from the comparative period (Q4 2022 – adjusted EBITDA of $3.7 million, or 20% of revenue). This growth reflects McCoy's robust operating efficiency, fueled by significant revenue contributions from innovative technologies such as FMS, DWCRTs, and smartCRT™s, which generally offer higher margins compared to legacy capital equipment. Adjusted EBITDA performance for the fourth quarter of 2023 was impacted by increased revenues and production throughput, offset to a lesser extent by escalated freight costs and adjustments in workforce compensation to support revenue expansion.

Adjusted EBITDA performance supported McCoy's $4.2 million of cashflow generated from operating activities during the fourth quarter of 2023 (Q4 2022 - $4.6 million), which was subsequently used for strategic investments in the Corporation's rental fleet, principal elements of lease payments, returning capital to shareholders through McCoy's quarterly dividend and building the Corporation's net cash balance to $15.7 million.

Year ended December 31, 2023

McCoy reported annual revenue of $69.7 million, or growth of 33% from the previous year. This robust revenue growth was driven by strong demand for recently commercialized products and led to the achievement of $6.5 million in net earnings. McCoy's full-year 2023 adjusted EBITDA was $13.1 million (19% of revenue), a 54% increase from the comparative period (2022 - $8.5 million, 16% of revenue), reaching the highest level since 2014.

McCoy's strong EBITDA performance and cashflow generated from operating activities was used to return capital to shareholders and repay its senior secured credit facility. During the year ended December 31, 2023, the Corporation used $2.5 million of cash to repurchase 1.7 million shares at a weighted average price of $1.47 per share under its successfully completed Normal Course Issuer Bid, and $0.6 million was paid under the Corporation's reinstated quarterly dividend. The Corporation also made $3.4 million of strategic investments into its rental fleet, as well as, to a lesser extent, production equipment and facility upgrades.

Having reported a net cash balance of $15.7 million as at December 31, 2023 (December 31, 2022 - $17.8 million) and $11.1 million of additional funds available under undrawn credit facilities, McCoy is well positioned to take advantage of various strategic opportunities.

Advancing our Digital Technology Roadmap

Since January 1, 2023, we achieved key commercial and development milestones:

- Reported thirty-nine (39) commercial sales for McCoy's Flush Mount Spider (FMS) and twenty-three (23) additional tools scheduled for delivery in early 2024. With a growing number of tools delivered in the fourth quarter and coming months, we expect the increased exposure with operators will showcase the benefits of McCoy's FMS, and in turn, further accelerate adoption in the coming quarters. McCoy's FMS is a hydraulic rotary flush mounted spider that when fully connected (smartFMS™), handles casing while providing information on the state of the tool to the driller's display in real-time as well as the ability to integrate with McCoy Smart Casing Running Tool (smartCRT™).

- Reported two (2) commercial sales for McCoy's smartCRT™ and delivered four (4) rental tools in Latin America to a large multinational customer committed to utilizing our technology. In addition, purchase order commitments were received from a new market entrant in Latin America. The smartCRT™ has successfully executed multiple commercial casing jobs in the Middle East North Africa ("MENA") region, proving the in-field application of the tool and display. We expect to continue to build upon the tool's in-field performance record in 2024 and further accelerate customer adoption. McCoy's smartCRT™ is an intelligent, connected enhancement of our conventional casing running tool that offers superior safety, efficiency and simplified operating procedure, with real-time data collection and analysis capabilities. This technology effectively mitigates the risk of human error, while providing actionable insights that optimize future performance.

- Completed the development of the smarTR™ and have since began in-field trials with our partnering customer in North America. We expect further advancements toward commercialization and look forward to reporting our progress on key milestones.

Order Intake

McCoy reported $18.0 million of order intake for the three months ended December 31, 2023, a 21% increase over the $14.9 million of order intake reported in the fourth quarter of 2022. Order intake increased sequentially from the $15.4 million reported in the third quarter of 2023, and included strong purchase commitments for McCoy's FMS, with several orders converted to revenue in the quarter due to McCoy's strategic investment in build-plan inventory.

OUTLOOK AND FORWARD-LOOKING INFORMATION

Over the short and medium term, oil & gas market fundamentals remain robust for international markets, especially in the Middle East and North Africa (MENA). Increased drilling activity and the entry of new regional players alongside National Oil Companies' (NOC) strong focus on increased safety and efficiency will create further opportunities for our new products. McCoy is well positioned to capitalize on these trends with market leading technologies and product enhancements that provide superior safety, efficiency and simplified operating procedures, as well as expert technical support with local presence and the broadest portfolio of TRS equipment on the market.

Turning to the North America land market, despite relatively flat rig count and drilling activity, McCoy anticipates continued robust order intake for our new FMS technology in 2024 due to the performance and safety advantages inherent in its unique design, along with the ongoing labour challenges faced by many of our customers.

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

From January 1 to March 13, 2024, order intake amounted to $15.6 million, on pace with Q4 2023 order intake. With $22.5 million (US$17.0 million) of backlog reported at December 31, 2023, we are confident in delivering strong revenue and earnings performance for 2024. However, timing delays experienced on certain customer purchase commitments, shifts in product mix, and greater than anticipated book-and-ship revenues that positively impacted Q4, 2023, may result in quarter-to-quarter fluctuations in revenues and gross margins, particularly in the first quarter, with revenues and earnings more heavily weighted toward the second half of 2024. McCoy remains confident in the continued strong adoption of its new technologies in 2024, and with its proven track record of operational efficiency and cashflow generation, McCoy has since doubled its quarterly dividend to $0.02 per share. For 2024 and beyond, we continue to focus on our key strategic initiatives to deliver value to all our stakeholders:

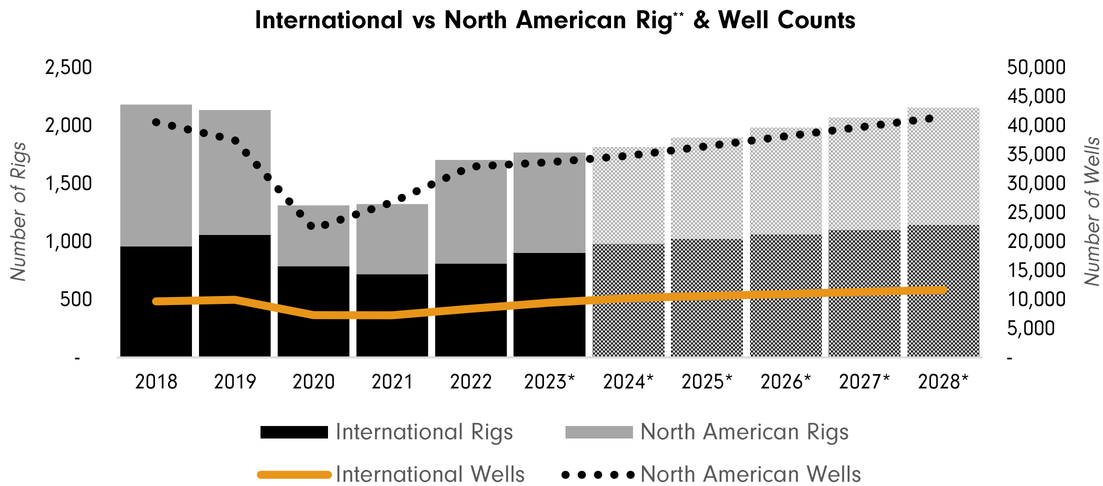
- Accelerating market adoption of new and recently developed 'smart' portfolio products;
- Taking advantage of the current market trajectory by focusing on revenue generation from new and existing customers;
- Focusing on capital allocation priorities; a) investment in growth through both organic and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

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

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, December 2023, is as follows:



**Forecasted*
***Cumulative*

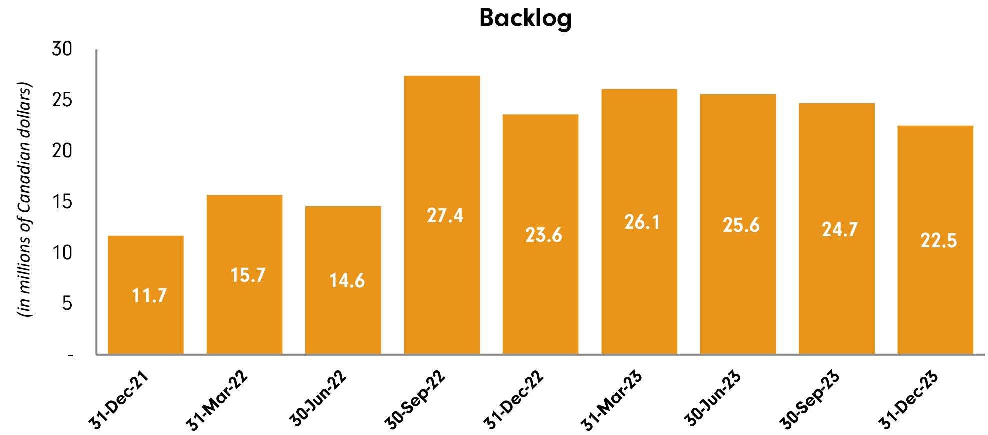
At a macro level, the demand for McCoy Global's products and services is related to drilling activity levels and customers' capital and operating budgets, which in turn are influenced by oil and natural gas prices and expectations as to future price trends. The availability of existing capital equipment adequate to serve drilling activity requirements, or lack thereof, further drives demand levels for McCoy's capital equipment products. The introduction and adoption of new products and technologies is a further driver of capital equipment demand and continues to play a more significant role as the adoption of McCoy's new technologies accelerates.

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.

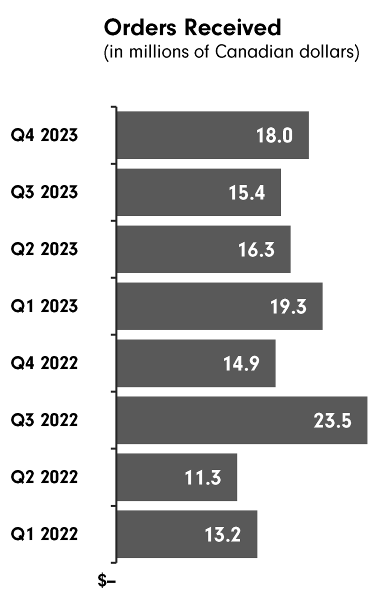
The Corporation defines backlog as orders that have a high certainty of being delivered and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Though customers may default on, or cancel such commitments, purchase commitments may be secured by a deposit and/or 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.

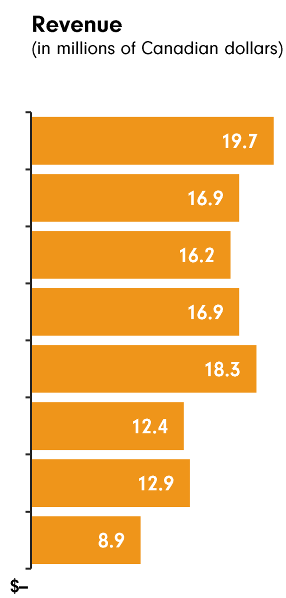
McCoy Global's backlog as at December 31, 2023, totaled $22.5 million (US$17.0 million), a decrease of $2.2 million or 9% from backlog of $24.7 million (US$18.3 million) as at September 30, 2023. Compared to December 31, 2022, backlog decreased $1.1 million, or 5%, from $23.6 million (US$17.5 million).

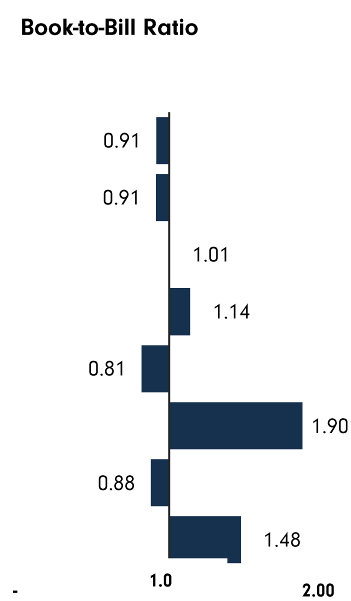


Book-to-Bill Ratio

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. 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 because of foreign exchange volatility. Set out below are orders received, revenue and the book-to-bill ratio:







BUSINESS VISION

Our vision is to redefine wellbore construction as the foremost global provider of innovative, automated tubular makeup technology and world class support.

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 increase safety;
- design, production and distribution of aftermarket products and services such as technical support, consumables and replacement parts that support its capital equipment sales;
- 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 install base and similar competitor products; and
- rental of the Corporation's equipment 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 its impact on the environment and improve safety. In turn, producers have been acutely focused on managing their costs and adapting their business strategy to demonstrate compliance with broader sustainability efforts.

McCoy has a reputation of innovation within tubular running services (TRS) operations globally. The Corporation has extensive experience launching new products into the markets it serves, offering the highest quality, technological advancements, and safety standards available, and has done so for more than three decades.

McCoy believes the TRS space is primed for transformation employing automation and advanced software solutions. 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. Our cloud-based platform and digital infrastructure that was developed in 2019, will enable future digital product offerings and enhancements. This 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 smarTR™ automated casing running system.

McCoy is engaged with three key customer groups:

Service Companies and Drilling Contractors - Producers are challenging contractors to reduce costs. In most cases, their largest cost is people. With several significant downturns in the last decade and increasing volatility in oil and gas 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 can be directly attributed to labour is a driving force behind the transition to an increasingly automated system. In addition to providing enhanced data, McCoy's smarTR™ targets a reduction of up to 67% of the labour costs associated with TRS.

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

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

McCoy's digital strategy will meet this demand. Our cloud platform is the nucleus of the Corporation's digital strategy and serves as a repository for real-time, complete well integrity data.

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)	2023	2022
Revenue	**19,699**	18,264
Net earnings	**2,674**	7,264
Per common share – basic	**0.10**	0.26
Per common share – diluted	**0.10**	0.26
Adjusted EBITDA	**3,987**	3,682
Per common share – basic	**0.15**	0.13
Per common share – diluted	**0.14**	0.13

EBITDA and adjusted EBITDA are calculated as follows:

For the three months ended December 31 ($000)	2023	2022
Net earnings	**2,674**	7,264
Depreciation of property, plant, and equipment	**571**	407
Amortization of intangible assets	**472**	407
Income tax recovery	**(708)**	(974)
Finance charges, net	**(8)**	215
EBITDA	**3,001**	7,319
Provisions (recovery) for excess and obsolete inventory	**279**	(4)
Other losses (gains), net	**176**	(3,810)
Share-based compensation	**530**	177
Adjusted EBITDA	**3,987**	3,682

REVENUE

($000 except percentages)	For the three months ended December 31			
	2023	2022	Change	% Change
Revenue	**19,699**	18,264	1,435	8%

Revenue for the three months ended December 31, 2023, increased 8% from 2022, primarily due to strong demand for the newly commercialized FMS in the North American land market. Revenue for the comparative period included shipments of Hydraulic Power Tongs, smartCRT™, McCoy Torque Turn systems and related parts and accessories for a large customer order destined for the Kingdom of Saudi Arabia.

GROSS PROFIT

($000 except percentages)	For the three months ended December 31			
	2023	2022	Change	% Change
Gross profit	**6,423**	5,845	578	10%
Gross profit as a % of revenue	***33%***	*32%*	*1%*	

Gross profit for the three months ended December 31, 2023, improved by one percentage point compared to the comparative period, largely attributed to increased production throughput, as well as product mix weighed more heavily towards the FMS with favourable product margins compared to legacy capital equipment. This was partially offset by additional labour costs to support increased production throughput as increased customer technical support.

GENERAL AND ADMINISTRATION EXPENSE (G&A)

($000 except percentages)	For the three months ended December 31			
	2023	2022	Change	% Change
G&A	**2,451**	1,902	549	29%
G&A as a % of revenue	***12%***	*10%*	*2%*	

For the three months ended December 31, 2023, G&A increased 29% from the comparative period in 2022 due to increased stock-based compensation of $0.5 million (2022 - $0.2 million), mostly attributable to the appreciation of the Corporation's stock price on Director Performance Share Units and Director Share Units. To a lesser extent, inflationary pressures on service provider pricing and wages also contributed to the increase in G&A.

PRODUCT DEVELOPMENT AND SUPPORT

	For the three months ended December 31			
($000 except percentages)	2023	2022	Change	% Change
Product development and support expense	**1,124**	766	358	47%
Capitalized development expenditures	**1**	176	(175)	(99%)
Product development and support expenditures	**1,125**	942	183	19%
Product development and support expenditures as a % of revenue	**6%**	5%	1%	

During the three months ended December 31, 2023, McCoy further advanced its 'Digital Technology Roadmap' initiative by concentrating its Product development and support efforts on increasing market adoption of newly launched 'smart' portfolio products, including the smartCRT™, and FMS, as well as identifying next-in-line projects to enhance its product offerings. The Corporation continued field trials for the automated smarTR™ system, with commercialization expected in the first half of 2024. For the three months ended December 31, 2023, there were no capitalized development expenditures as the Corporation has substantially concluded capital expenditures for the first suite of smart products under its 'Digital Technology Roadmap' initiative.

For the three months ended December 31, 2022, McCoy further advanced its 'Digital Technology Roadmap' initiative with the commercialization of its smartCRT™ and continued development of 'smart' product offerings that will be digitally integrated into its automated tubular running system smartTR™. For the three months ended December 31, 2022, capitalized development expenditures included $0.2 million of external spend related to certification costs, field trials and external product design.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

	For the three months ended December 31			
($000 except percentages)	2023	2022	Change	% Change
Sales & marketing	**714**	482	232	48%
Sales & marketing as a % of revenue	***4%***	*3%*	*1%*	

Sales & Marketing increased from the comparative period as a result of increased commissions, headcount, and travel to support the Corporation's revenue growth and technology adoption.

Other items

($000 except percentages)	For the three months ended December 31 2023	2022	Change	% Change
Finance (income) charges, net	**(8)**	215	(223)	(104%)
Other losses (gains), net	**176**	(3,810)	3,986	(105%)

Finance (income) charges, net, includes borrowing costs, finance charges imputed on leases in accordance with IFRS 16, offset by interest income on cash and cash equivalents. For the three months ended December 31, 2023, finance (income), charges net was favourable compared to the comparative period due to interest earned on cash and cash equivalents, as well as full repayment of the Corporation's term loan in the first quarter of 2023.

For the three months ended December 31, 2023, other losses, net is comprised primarily of foreign exchange losses. For the three months ended December 31, 2022, other gains, net is comprised primarily of $4.1 million of gains on disposal of property, plant and equipment including the impact of the sale and leaseback transaction the Corporation completed in December 2022.

Summary of Quarterly Results

($000 except per share amounts)	2023				2022			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	19,699	16,878	16,248	16,864	18,264	12,410	12,863	8,891
Net earnings	2,674	1,900	1,427	528	7,264	274	1,051	174
Per share – Basic	0.10	0.07	0.05	0.02	0.26	0.01	0.04	0.01
Per share - Diluted	0.10	0.07	0.05	0.02	0.25	0.01	0.04	0.01
EBITDA	3,001	3,641	2,639	1,954	7,319	1,149	1,943	1,146
Adjusted EBITDA	3,987	3,856	2,862	2,419	3,682	1,099	2,296	1,461

The Corporation has largely demonstrated strong sequential revenue and Adjusted EBITDA growth throughout 2022 and 2023, driven by strong demand for recently commercialized products and strong operating leverage.

Net earnings and EBITDA for the three months ended December 31, 2022, includes a $3.9 million of gain on the sale and lease-back of the Corporation's facility in Cedar Park, Texas.

SUMMARY OF CONSOLIDATED ANNUAL RESULTS

For the year ended December 31 ($000 except per share amounts)	2023	2022	2021
Revenue	**69,689**	52,428	32,796
Net earnings	**6,529**	8,763	4,078
Per common share – basic	**0.23**	0.31	0.15
Per common share – diluted	**0.23**	0.31	0.14
Adjusted EBITDA	**13,125**	8,537	3,437
Per common share – basic	**0.47**	0.30	0.12
Per common share – diluted	**0.46**	0.30	0.12
Total assets	**77,241**	77,793	55,138
Total liabilities	**23,258**	26,079	15,128
Total non-current liabilities	**3,208**	6,680	6,741

EBITDA and adjusted EBITDA are calculated as follows:

For the year ended December 31 ($000)	2023	2022	2021
Net earnings	**6,529**	8,763	4,078
Depreciation of property, plant, and equipment	**1,985**	1,846	2,167
Amortization of intangible assets	**1,823**	1,151	792
Income tax expense (recovery)	**558**	(974)	-
Finance charges, net	**340**	771	843
EBITDA	**11,235**	11,557	7,880
Provisions for (recovery of) excess and obsolete inventory	**279**	486	(230)
Other losses (gains), net	**304**	(4,072)	(4,805)
Share-based compensation	**1,307**	566	592
Adjusted EBITDA	**13,125**	8,537	3,437

Revenue

($000 except percentages)	2023	2022	Change	% Change
	For the year ended December 31			
Revenue	**69,689**	52,428	17,261	33%

For the year ended December 31, 2023, revenues increased substantially from the comparative period and were driven by deliveries of McCoy's new technologies including the FMS and smartCRT™, alongside ongoing gains in market share for McCoy's DWCRT™.

In the comparative period, revenues benefitted from strengthened industry fundamentals and key capital equipment orders received from new market entrants in several regions in the Middle East and North Africa. This continued to benefit the Corporation into 2023.

Gross profit

($000 except percentages)	2023	2022	Change	% Change
	For the year ended December 31			
Gross profit	**22,830**	15,763	7,067	45%
Gross profit as a % of revenue	***33%***	*30%*	*3%*	

Gross profit improved by three percentage points from the comparative period largely as a result of increased production throughput, as well as a favourable shift in product mix towards new technologies such as McCoy's FMS, DWCRT™ and smartCRT™, which offer higher profit margins compared to legacy capital equipment. Efficiencies in supply chain management led to savings in material costs, further boosting profitability. This was offset to some degree by the impact of headcount additions and increased freight and consumables spend in response to increased operational activities.

Gross profit for the year ended December 31, 2023, was impacted by a $0.3 million provision for excess and obsolete inventory (2022 – $0.5 million).

General and administration expense (G&A)

($000 except percentages)	2023	2022	Change	% Change
	For the year ended December 31			
G&A	**8,605**	6,532	2,073	32%
G&A as a % of revenue	***12%***	*12%*	*-%*	

For the year ended December 31, 2023, G&A increased from the comparative period due to increased stock-based compensation of $1.3 million (2022 - $0.6 million), attributable to the appreciation of the Corporation's stock price on Director Performance Share Units and Director Share Units. In addition, headcount increases to support increased operational activities, the impact of full-year reversal of wage rollbacks that took place in June 2022, and inflationary pressures on service provider pricing also contributed to the increase in G&A. As a percentage of revenue, G&A remained flat compared to the comparative period.

In the comparative period, G&A was impacted by the wage rollbacks and salary freezes enacted in April 2020, which were not reversed until mid-year 2022.

PRODUCT DEVELOPMENT AND SUPPORT

($000 except percentages)	For the year ended December 31 2023	2022	Change	% Change
Product development and support expense	**4,074**	2,960	1,114	38%
Capitalized development expenditures	**93**	782	(689)	(88%)
Product development and support expenditures	**4,167**	3,742	425	11%
Product development and support expenditures as a % of revenue	***6%***	*7%*	*(1%)*	

During the year ended December 31, 2023, the Corporation made significant progress on its 'Digital Technology Roadmap' initiative by focusing Product development and support efforts to boost the market adoption of new and recently commercialized 'smart' portfolio products, including the smartCRT™, and FMS. Field trials for the automated smarTR™ system commenced in Q3 and continued into Q4. For the year ended December 31, 2023, capitalized development expenditures include internal product development hours. The Corporation has substantially concluded capital expenditures for the first suite of smart products under its 'Digital Technology Roadmap' initiative. Product development and support expense for the year ended December 31, 2023, increased from the comparative period due to a decrease in capitalized internal product design and development hours, as well as increased headcount and travel to support customer adoption of new technologies.

For the year ended December 31, 2022, capitalized development expenditures include internal product development hours and field trial support, in addition to $0.6 million of external spend related to field trials, prototype materials, and certification costs. Product development and support expense for the year ended December 31, 2022, was also impacted by reversing previously enacted wage rollbacks and salary freezes to market rates, in addition to capitalizing fewer internal development hours.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

($000 except percentages)	For the year ended December 31 2023	2022	Change	% Change
Sales & marketing	**2,420**	1,783	637	36%
Sales & marketing as a % of revenue	***3%***	*3%*	*0%*	

For the year ended December 31, 2023, Sales & Marketing increased from the comparative period due to increased headcount, travel, and commissions to support increased market activity. As a percentage of revenue, Sales & Marketing remained consistent with the comparative period.

For the year ended December 31, 2022, Sales & Marketing was impacted by the wage rollbacks and salary freezes enacted in April 2020, which were not reversed until mid-year 2022.

OTHER ITEMS

($000 except percentages)	For the year ended December 31 2023	2022	Change	% Change
Other losses (gains), net	**304**	(4,072)	4,376	(107%)
Finance charges, net	**340**	771	(431)	(56%)

For the year ended December 31, 2023, other losses, net is comprised primarily of foreign exchange losses.

For the year ended December 31, 2022, other gains, net is comprised primarily of $4.1 million of gains on disposal of property, plant and equipment including the impact of the sale and leaseback transaction the Corporation completed in December 2022.

Finance charges, net, includes borrowing costs, finance charges imputed on leases in accordance with IFRS 16, offset by interest income on cash and cash equivalents. For the year ended December 31, 2023, finance charges, net decreased from the comparative period due to full repayment of the Corporation's term loan in the first quarter of 2023, as well as interest earned on cash and cash equivalents. This was partially offset by prepayment penalties and recognition of the remaining amortized finance charges associated with early repayment of the Corporation's term loan.

LIQUIDITY AND CAPITAL RESOURCES

Selected cash flow and capitalization information is as follows:

For the three months ended December 31 ($000)	**2023**	2022
Cash generated from operating activities	**4,185**	4,591
Cash (used in) generated from investing activities	**(1,638)**	8,153
Cash used in financing activities	**(558)**	(200)

For both the three months ended December 31, 2023, and 2022, cash generated from operating activities was a result of strong adjusted EBITDA performance and working capital efficiency, offset by finance charges paid. In the three months ended December 31, 2023, cash generated from operating activities was also impacted by income taxes paid.

During the current period, cash used in investing activities related primarily to strategic investments in the Corporation's rental fleet. During the comparative period, cash generated from investing activities related primarily to net proceeds of $8.5 million from a sale and leaseback arrangement that closed in December of 2022.

Cash used in financing activities for the three months ended December 31, 2023, relates to dividends paid and principal elements of lease payments. Cash used in financing activities for the three months ended December 31, 2022, relates to principal elements of lease payments.

For the year ended December 31 ($000)	2023	2022
Cash generated from operating activities	**6,741**	2,871
Cash (used in) generated from investing activities	**(4,505)**	6,912
Cash used in financing activities	**(7,646)**	(308)

Cash generated from operating activities for the year ended December 31, 2023, was a result of strong EBITDA performance, offset by working capital investments, primarily in inventory to support 2024 deliveries, as well as finance costs and income taxes paid. In the comparative period, cash generated from operating activities was the result of strong EBITDA performance, offset by working capital investments, primarily in trade receivables due to the timing of customer shipments and inventory to support order backlog, and finance costs paid.

During the current period, cash used in investing activities is primarily related to strategic investments in the Corporation's rental fleet, as well as additions to production equipment and leasehold improvements. During the year ended December 31, 2022, cash generated from investment activities was due to net proceeds of $8.5 million from a sale and leaseback arrangement that closed in December of 2022, offset by investments in the Corporation's 'Digital Technology Roadmap' and additions to the rental fleet.

For the year ended December 31, 2023, cash used in financing activities was related to $4.6 million repayment of the Corporation's term loan, $2.6 million repurchase of shares under the Corporation's normal course issuer bid, principal elements of lease payments, and dividends paid, partially offset by a reduction in restricted cash, and proceeds from the issuance of common shares under the restricted share and stock option plans. For the year ended December 31, 2022, cash used in financing activities was related to principal elements of lease payments and share repurchases offset by a reduction in restricted cash and proceeds from the issuance of share capital under the Corporation's restricted share and stock option plans.

As at December 31 ($000)	2023	2022
Cash and cash equivalents	**15,726**	**21,469**
Restricted cash, as per credit facilities	**-**	**846**
Borrowings	**-**	**(4,517)**
Net cash	**15,726**	**17,798**
Undrawn availability under revolving demand facility	**11,053**	**3,386**

McCoy remains committed to managing the business for success by generating meaningful cashflows from operations and increasing working capital efficiency. We expect our operational leverage to continue to provide a foundation for strong revenue and earnings growth as we continue to deliver on our strong order backlog.

Anticipated capital spending for 2024 includes:

- up to US$2.6 million of strategic investment in rental equipment where meaningful returns are expected;
- up to US$0.6 million of investments in production facility equipment to improve production efficiencies and profitability; and
- up to US$0.3 million of investment in the development of 'Digital Technology Roadmap' offerings.

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, 2023.

OTHER FINANCIAL INFORMATION

CONTRACTUAL OBLIGATIONS

The Corporation has committed to payments under leases for premises. 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	13,350	-	-	-	13,350
Lease liabilities	1,439	1,353	2,268	-	5,060
Undiscounted cash flows for financial liabilities	14,789	1,353	2,268	-	18,410
Purchase commitments for inventory and operating services	15,960	471	471	-	16,902
As at December 31, 2023	**30,749**	**1,824**	**2,739**	**-**	**35,312**

OUTSTANDING SHARE DATA

As at March 13, 2024, the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	26,954,936
Convertible equity securities:	
Stock options	1,435,000
Restricted shares	185,000

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 13, 2024:

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	Years
<$1	565,000	5.76
$1 to $2	490,000	2.85
$2 to $3	180,000	2.82
$3 to $4	200,000	1.01
	1,435,000	3.73

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 net earnings (loss) 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. 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 technology adoption, 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.

FUTURE ACCOUNTING PRONOUNCEMENTS

The Corporation adopted the amendments to IAS 1 Presentation of Financial Statements regarding the disclosures of material accounting policies and amendments to IAS 8 Changes in Accounting Estimates and Errors regarding the definition of accounting estimates. These amendments did not have a material impact on the financial statements.

In January 2020, the International Accounting Standards Board ("IASB") issued Classification of Liabilities as Current or Non-current (Amendments to IAS 1). The amendments clarify that the classification of liabilities as current or non-current should be based on rights that exist at the end of the reporting period. The amendments also clarify the definition of a settlement and provide situations that would be considered as a settlement of a liability. In October 2022, the IASB issued Non-current Liabilities with Covenants (Amendments to IAS 1). These further amendments clarify how to address the effects on classification and disclosure of covenants that an entity is required to comply with on or before the reporting date and covenants that an entity must comply with only after the reporting date. The amendments are effective for reporting periods beginning on or after January 1, 2024. The Corporation has not yet determined the impact that these amendments will have on its consolidated financial statements.

There are no other standards or amendments or interpretations to existing standards issued but not yet effective which are expected to have a material impact on the financial statements.

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, 2023, 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, 2023, 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, 2023, ICFR (as defined in NI 52-109) were effective. There were no changes in our ICFR during the year ended December 31, 2023, 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 disruption and increasing material costs;
- reliance on key persons and workforce availability;
- legal compliance;
- litigation;
- breach of confidentiality;
- shareholder activism;
- safety performance;
- foreign exchange;
- availability of financing and increasing interest rates;
- 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 and other climate change related measures;
- change in government administrations;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security and cybersecurity; 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, 2023, is available on SEDAR at www.sedar.com.