May 8, 2020

McCOY GLOBAL ANNOUNCES FIRST QUARTER 2020 RESULTS

Edmonton, Alberta – **McCoy Global Inc.** ("McCoy," "McCoy Global" or "the Corporation") (TSX:MCB) today announced its operational and financial results for the three months ended March 31, 2020.

Quarterly Highlights:

- Reported strengthened financial performance accompanied by $1.9 million of Adjusted EBITDA and $1.2 million of cashflow generated from operating activities,
- Advanced digital technology strategy by continuing to market new product offerings and progressing development of data driven technologies,
- Executed actions to respond to the COVID-19 crisis and the historic decrease in the global consumption of oil with expected annualized savings of $6.5 million,
- Reported cash balance of $9.1 million, as at March 31, 2020 as compared to a cash balance of $8.9 million as at December 31, 2019; $0.5 million of the balances were restricted under the Corporation's credit facility.

"As we navigate through the COVID-19 pandemic and the devastating impact it has had on our industry, I thank our employees for their dedication and focus during these difficult times," said Jim Rakievich President and CEO of McCoy Global. "The health and safety of our employees and their families, as well as our suppliers and customers remains paramount. Our team quickly implemented new protocols to protect health and safety while continuing to serve our customers.

"Our production facilities have remained open thanks to these efforts and this has supported McCoy's financial performance for the first quarter of 2020. McCoy Global reported revenues of $11.3 million for the three months ended March 31, 2020, alongside Adjusted EBITDA of $1.9 million, or 17% of revenue. This represents an improvement of 12 percentage points in comparison to the first quarter of 2019, despite a $3.5 million decline in revenues. The fiscal discipline and focused execution our team exhibited to achieve these results will be critical to our success as we now focus on the challenging market conditions ahead.

"The depth and extent of the impact the current market environment will have on demand for our product and service offerings is uncertain. As such, we have taken swift and measured actions to preserve cash and protect our balance sheet, including executing headcount reductions, wage cuts, reductions to capital expenditures as well as reductions to other structural overheads.

"We will continue to take the steps necessary to protect the safety and health of our employees and their families, while we remain dedicated to serving our customers. The future of our industry poses difficult challenges, but in challenge lies opportunity. Now more than ever, the increased emphasis on capital discipline from our customers is driving the need for increased efficiency through innovative technologies and we remain committed to prudently investing in the development of data driven solutions through our 'Digital Technology Roadmap' initiative. We believe this strategy, together with our dedicated and agile team, and intimate customer and application knowledge, will further advance McCoy's competitive position when the industry emerges from this unprecedented downturn."

Quarterly Operational Summary

Since January 1, 2020, McCoy Global reported:

- Enacting significant cash preservation measures in response to the historic decline in demand for oil and decline in drilling activity. The Corporation's expects an estimated $6.5 million (US$5.0 million) in annualized savings as a result of these measures,
- Advancing its technology strategy, the "Digital Technology Roadmap", by continuing to market recently launched technologies and continuing the development of its integrated casing running package,
- Revenue of $11.3 million, compared to $14.8 million in Q1 2019,
- Net loss of $0.1 million, compared to net earnings of $0.5 million in Q1 2019,
- Adjusted EBITDA[1] of $1.9 million, compared to $0.7 million in Q1 2019,
- Backlog[2] of $15.1 million at March 31, 2020, an increase of $2.9 million, or 24%, from December 31, 2019,
- Book-to-bill ratio[3] of 1.15 for the three months ended March 31, 2020, compared to 1.23 for the three months ended December 31, 2019,
- A cash balance of $9.1 million at March 31, 2020; with $1.2 million of cash flow generated from operating activities during the three months ended March 31, 2020.

Quarterly Financial Summary

Revenue for the three months ended March 31, 2020 was $11.3 million, a decrease of $3.5 million from the first quarter of 2019. Revenue for the three months ended March 31, 2020 was supported by order intake through late 2019 to early 2020, and was impacted by weaker industry fundamentals particularly in the North American land market in comparison to 2019. Revenue for the first quarter of 2020 was not materially impacted by COVID-19.

Gross profit as a percentage of revenue for the three months ended March 31, 2020 was 29%, a decrease of 2 percentage points from the fourth quarter of 2019. For the three months ended March 31, 2020 gross profit was impacted by an additional $0.7 million charge recorded for excess and obsolete inventory related to market conditions in the near term (three months ended March 31, 2019 - $0.8 million recovery). The impact of this charge was offset by committed cost reductions that occurred in the fourth quarter of 2019, continued focus on supply chain efficiencies and favourable product mix.

General and administration (G&A) expense for the three months ended March 31, 2020 was $1.7 million, a decrease of $0.2 million compared to the first quarter of 2019. The decrease is a result of further cost reduction actions that were initiated in the throughout 2019.

Sales & Marketing expense for the three months ended March 31, 2020 decreased by $0.2 million or 25% from the first quarter of 2019 due to restructuring initiatives that took place in the third quarter of 2019.

Research and Development (R&D) expenditures for the three months ended March 31, 2020 were $1.0 million, a decrease of $0.3 million from the first quarter of 2019. During the quarter, the Corporation continued to focus on developing new digital technologies to address customer challenges, however expenditures were reduced as a result of project stage and timing.

Net loss for the three months ended March 31, 2020 was $0.1 million ($nil loss per basic share), compared to net earnings of $0.95 million ($0.02 earnings per basic share) in the first quarter of 2019.

Adjusted EBITDA[1] for the three months ended March 31, 2020 was $1.9 million compared to $0.7 million for the first quarter of 2019.

As at March 31, 2020 the Corporation had $9.1 million in cash and cash equivalents, of which $0.5 million was restricted per the conditions of the Corporation's credit facility.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q1 2020	Q1 2019	% Change
Total revenue	11,323	14,840	(24%)
Gross profit	3,297	4,570	(28%)
as a percentage of revenue	29	31	(2%)
Net earnings (loss)	(87)	524	(117%)
per common share – basic	-	0.02	-
per common share – diluted	-	0.02	-
Adjusted EBITDA[1]	1,920	713	169%
per common share – basic	0.07	0.03	133%
per common share – diluted	0.07	0.03	133%
Total assets	65,202	59,780	9%
Total liabilities	23,953	19,668	22%
Total non-current liabilities	7,547	6,348	19%

Summary of Quarterly Results

($000 except per share amounts)	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018
Revenue	11,323	11,875	15,222	11,455	14,840	13,543	13,899	10,391
Impairment & restructuring charges	-	-	-	-	-	65	15	1,028
Net (loss) earnings	(87)	61	1,238	(1,590)	524	931	183	(2,954)
Basic & diluted (loss) earnings per share	-	-	0.04	(0.06)	0.02	0.03	0.01	(0.11)
EBITDA	1,078	1,176	2,144	(828)	1,289	1,513	911	(1,054)
Adjusted EBITDA	1,919	1,487	2,213	(61)	713	776	687	(772)

[1] EBITDA is calculated under IFRS and is reported as an additional subtotal in the Corporation's consolidated statements of cash flows. EBITDA is defined as net earnings (loss), before depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); and finance charges, net. Adjusted EBITDA is a non-GAAP measure defined as net (loss) earnings, before: depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); finance charges, net; provisions for excess and obsolete inventory; other (gains) losses, net; restructuring charges; share-based compensation; and impairment losses. The Corporation reports on EBITDA and adjusted EBITDA because they are key measures used by management to evaluate performance. The Corporation believes adjusted EBITDA assists investors in assessing McCoy Global's current operating performance on a consistent basis without regard to non-cash, unusual (i.e. infrequent and not considered part of ongoing operations), or non-recurring items that can vary significantly depending on accounting methods or non-operating factors. Adjusted EBITDA is not considered an alternative to net (loss) earnings in measuring McCoy Global's performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other issuers. For comparative purposes, in previous financial disclosures 'adjusted EBITDA' was defined as "net earnings (loss) before finance charges, net, income tax expense (recovery), depreciation, amortization, impairment losses, restructuring charges, non-cash changes in fair value related to derivative financial instruments and share-based compensation."

[2] McCoy Global defines backlog as orders that have a high certainty of being delivered and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments, but may be secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog once fulfilled. Expected delivery dates for orders recorded in backlog historically spanned from one to six months. Under current market conditions, many customers have shifted their purchasing towards just-in-time buying.

[3] The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized and billed in a set period of time. The ratio is an indicator of customer demand and sales order processing times. The book-to-bill ratio is not a GAAP measure and therefore the definition and calculation of the ratio will vary among other issuers reporting the book-to-bill ratio. McCoy Global calculates the book-to-bill ratio as net sales orders taken in the reporting period divided by the revenues reported for the same reporting period.

About McCoy Global Inc.

McCoy Global provides technologies designed to support wellbore integrity and assist with collecting critical data for the global energy industry. The Corporation operates internationally through direct sales and distributors with operations in Canada, the United States of America and the United Arab Emirates. McCoy's corporate headquarters are located in Edmonton, Alberta, Canada. The Corporation's shares are listed on the Toronto Stock Exchange and trade under the symbol "MCB".

Forward-Looking Information

This News Release contains forward looking statements and forward looking information (collectively referred to herein as "forward looking statements") within the meaning of applicable Canadian securities laws. All statements other than statements of present or historical fact are forward looking statements. Forward looking information is often, but not always, identified by the use of words such as "could", "should", "can", "anticipate", "expect", "objective", "ongoing", "believe", "will", "may", "projected", "plan", "sustain", "continues", "strategy", "potential", "projects", "grow", "take advantage", "estimate", "well positioned" or similar words suggesting future outcomes. This New Release contains forward looking statements respecting the business opportunities for the Corporation that are based on the views of management of the Corporation and current and anticipated market conditions; and the perceived benefits of the growth strategy and operating strategy of the Corporation are based upon the financial and operating attributes of the Corporation as at the date hereof, as well as the anticipated operating and financial results. Forward looking statements regarding the Corporation are based on certain key expectations and assumptions of the Corporation concerning anticipated financial performance, business prospects, strategies, the sufficiency of budgeted capital expenditures in carrying out planned activities, the availability and cost of labour and services and the ability to obtain financing on acceptable terms, which are subject to change based on market conditions and potential timing delays. Although management of the Corporation consider these assumptions to be reasonable based on information currently available to them, they may prove to be incorrect. By their very nature, forward looking statements involve inherent risks and uncertainties (both general and specific) and risks that forward looking statements will not be achieved. Undue reliance should not be placed on forward looking statements, as a number of important factors could cause the actual results to differ materially from the beliefs, plans, objectives, expectations, anticipations, estimates and intentions expressed in the forward looking statements, including inability to meet current and future obligations; inability to complete or effectively integrate strategic acquisitions; inability to implement the Corporation's business strategy effectively; access to capital markets; fluctuations in oil and gas prices; fluctuations in capital expenditures of the Corporation's target market; competition for, among other things, labour, capital, materials and customers; interest and currency exchange rates; technological developments; global political and economic conditions; global natural disasters or disease; and inability to attract and retain key personnel. Readers are cautioned that the foregoing list is not exhaustive. The reader is further cautioned that the preparation of financial statements in accordance with IFRS requires management to make certain judgments and estimates that affect the reported amounts of assets, liabilities, revenues and expenses. These judgments and estimates may change, having either a negative or positive effect on net earnings as further information becomes available, and as the economic environment changes. The information contained in this News Release identifies additional factors that could affect the operating results and performance of the Corporation. We urge you to carefully consider those factors. The forward looking statements contained herein are expressly qualified in their entirety by this cautionary statement. The forward looking statements included in this News Release are made as of the date of this New Release and the Corporation does not undertake and is not obligated to publicly update such forward looking statements to reflect new information, subsequent events or otherwise unless so required by applicable securities laws.

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