May 14, 2021

McCOY GLOBAL ANNOUNCES FIRST QUARTER 2021 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, 2021.

First Quarter Highlights:

- Completed prototyping and internal design validation, while engaging target Tier 1 customers in preparation for the commercial launch of McCoy's SmartCRT™;
- Commenced development of McCoy's Virtual ThreadRep™ 3.0 technology, which will allow the torque turn software to autonomously evaluate and confirm premium connection make-up;
- New product and technology offerings contributed 20% of total revenue compared with 18% in Q1 2020; and
- Reported sequential improvement in Adjusted EBITDA of $0.7 million or 10% of revenue, compared to $0.2 million (2% of revenue) in Q4 2020.

"The second and third waves of the pandemic have led to a slow and choppy recovery, particularly in the Eastern Hemisphere where National Oil Company projects approvals have been delayed," said Jim Rakievich, President & CEO of McCoy. "Despite these challenges, we are experiencing increasing quoting activity in the Middle East and North Africa (MENA) and the Former Soviet Union markets and we expect that activity will continue to improve as the year progresses. In parallel, in the Eastern Hemisphere we are running active field trails of our Virtual ThreadRep™ software with Tier 1 clients who operate in the region and we expect this to convert to commercial contracts upon successful completion of testing."

"Our first quarter performance was limited by several COVID related lockdowns in active jurisdictions in the Eastern Hemisphere which led to a $0.8 million reduction in cash flow from operating activities compared to 2020," said Lindsay McGill, Vice President & CFO of McCoy. "We continue to invest in our 2021 product development program for the Digital Technology Roadmap and deployed $0.4 million in the quarter to advance our digital products, currently in field trials, towards commercialization."

Financial and Operational Highlights:

- Total revenue decreased by 35% to $7.4 million, compared to $11.3 million in 2020;
- Cash flows used in operating activities was $0.4 million, compared with $1.2 million of cash flows generated from operating activities in 2020;
- Adjusted EBITDA[1] decreased to $0.7 million, or 10% of revenue, compared to $1.9 million, or 17% of revenue, in 2020;
- Achieved backlog[2] of $9.0 million at March 31, 2021, compared to $9.7 million as at December 31, 2020;

- Book-to-bill ratio[3] was 0.93 for the three months ended March 31, 2021, compared to 0.95 in Q4 2020;
- Received $1.9 million of funding under the US Paycheck Protection Program Loan;
- Anticipated capital spending for the remainder of 2021 includes up to US$1.9 million of investment in the Corporation's Digital Technology Roadmap to accelerate the Corporation's strategy toward a cloud based, Tubular Running Service solutions; and
- Subsequent to quarter-end, the Corporation announced that Mr. Alex Ryzhikov will stand for election as a director nominee at the Annual General Meeting scheduled for June 1, 2021.

Revenue for the three months ended March 31, 2021 was $7.4 million, a decrease of $4.0 million from the first quarter of 2020. Second and third rounds of lockdowns, particularly in the Eastern Hemisphere, have delayed national oil companies' project approvals which has in turn deferred our customers' capital spend. Despite the decline in revenue and significant degradation of market conditions, McCoy grew revenues from its new product and technology offerings to $1.2 million or 20% of revenue (Q1 2020 - $1.5 million or 18% of revenue). 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, 2021 was 30%, an increase of one percentage point from the first quarter of 2020. The increase was a result of continued focus on productivity improvement, favourable product mix and supply chain efficiencies. Gross profit from the comparative period was negatively impacted by an additional $0.7 million charge in 2020 recorded for excess and obsolete inventory in anticipation of challenging market conditions.

General and administration (G&A) expense for the three months ended March 31, 2021 was $1.6 million, a decrease of $0.1 million compared with the first quarter of 2020. The decrease is a result of cost reduction initiatives taken throughout 2020.

Sales & Marketing expense for the three months ended March 31, 2021 decreased by $0.1 million or 21% from the first quarter of 2020 due to restructuring initiatives that took place in April of 2020.

Research and Development (R&D) expenditures for the three months ended March 31, 2021 were $0.8 million, an overall decrease of $0.2 million from the first quarter of 2020. During the quarter, McCoy further advanced its 'Digital Technology Roadmap' initiative through the continued development of 'Smart' product offerings that will be digitally integrated into its automated tubular running system ("SmartTR™"). Capitalized development expenditures include internal product design and development hours, in addition to $0.1 million of prototype materials for McCoy's SmartCRT™.

Net loss for the three months ended March 31, 2021 was $0.2 million ($0.01 loss per basic share), compared with a net loss of $0.1 million ($nil loss per basic share) in the first quarter of 2020.

Adjusted EBITDA[1] for the three months ended March 31, 2021 was $0.7 million compared with $1.9 million for the first quarter of 2020. Though decremental from pre-COVID earnings, Q1 2021 Adjusted EBITDA performance represents a sequential improvement from both the third and fourth quarters of 2020.

As at March 31, 2021 the Corporation had $15.1 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 2021	Q1 2020	% Change
Total revenue	7,374	11,323	(35)
Gross profit	2,212	3,297	(35)
as a percentage of revenue	30%	29%	1
Net loss	(158)	(87)	(82)
per common share – basic	(0.01)	-	-
per common share – diluted	(0.01)	-	-
Adjusted EBITDA[1]	749	1,920	(31)
per common share – basic	0.02	0.07	(65)
per common share – diluted	0.02	0.07	(65)
Total assets	54,984	65,202	(16)
Total liabilities	19,981	23,953	(17)
Total non-current liabilities	12,924	7,547	71

Summary of Quarterly Results

($000 except per share amounts)	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Revenue	7,374	9,369	7,621	10,361	11,323	11,875	15,222	11,455
Net (loss) earnings	(158)	(2,150)	(720)	782	(87)	61	1,238	(1,590)
Basic & diluted (loss) earnings per share	(0.01)	(0.08)	(0.03)	0.03	-	-	0.04	(0.06)
EBITDA[1]	749	(1,116)	312	1,886	1,078	1,176	2,144	(828)
Adjusted EBITDA[1]	673	153	365	1,327	1,919	1,487	2,213	(61)

Outlook and Forward-Looking Information

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 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 machine learning. 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 SmartTR™ autonomous casing running system. The product suite includes five 'Smart' products: Virtual ThreadRep™, SmartCRT™, SmartFMS™, McCoy's Smart Tong, and McCoy's Smart Tailing Stabbing Arm.

McCoy is engaged with three key customer groups:

Producers – McCoy's Virtual ThreadRep™ consolidates data on every connection made in a Producer's completion program. This repository of data supports verifiable and reliable well integrity that validates Environmental Social Governance (ESG) initiatives under the SASB standard. In addition to providing enhanced data, remote operation can reduce up to 85% of the labour costs associated with TRS for our Producer group.

Tubular Manufacturers – Threaded connection integrity is the standard that all manufacturers are measured by. Tubular connections at wellsite, which are currently made up by humans, will be controlled, and torqued to factory specifications by McCoy's 'Smart' tools, leveraging autonomous machine learning. OEM's and manufacturers will benefit from reduced operational risk with systems in place to ensure connections are made correctly and in accordance with specifications related to project parameters, reducing the environmental impact of faulty connections and leaking wells.

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

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

Looking ahead, the COVID-19 crisis continues to impact the oil and gas industry globally. Second and third waves of the pandemic and the consequential global lockdowns have led to a slow and choppy recovery, particularly in the Eastern Hemisphere where project approvals by national oil companies (NOC's) have been delayed. Despite these challenges, we are experiencing increasing quoting activity in the Middle East and North Africa (MENA) region and Former Soviet Union countries. We expect drilling activity will continue to improve modestly through the second quarter of 2021, with momentum building as the year progresses. McCoy has been able to leverage its engineering capabilities, technology offerings and strong market position for revenue sustainability, particularly in these international and offshore regions. Turning to the North American land market, the number of active drilling rigs are also beginning to trend upwards, though our expectations are for modest improvement throughout 2021. Although order intake declined slightly during the quarter to $6.9 million, we are encouraged by strong recent quoting activity. McCoy closed out the quarter with a backlog of $9.0 million, which will provide visibility for the second and third quarter of 2021. We expect order intake and revenue momentum to build as we progress through 2021.

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

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

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

About McCoy Global Inc.

McCoy Global is transforming well construction using automation and machine learning to maximize wellbore integrity and collect precise connection data critical to the global energy industry. The Corporation has offices in Canada, the United States of America, and the United Arab Emirates and operates internationally in more than 50 countries through a combination of direct sales and key distributors.

Throughout McCoy's 100-year history, it has proudly called Edmonton, Alberta, Canada its corporate headquarters. The Corporation's shares are listed on the Toronto Stock Exchange and trade under the symbol "MCB".

[1] EBITDA is calculated under IFRS and is reported as an additional subtotal in the Corporation's consolidated statements of cash flows. EBITDA is defined as net earnings (loss), before depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); and finance charges, net. Adjusted EBITDA is a non-GAAP measure defined as net (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.

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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