May 9, 2022

McCOY GLOBAL ANNOUNCES FIRST QUARTER 2022 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, 2022.

First Quarter Highlights:

- Order intake increased 91% to $13.2 million compared to $6.9 million for the first quarter 2021, alongside a 74% increase in order backlog to $15.7 million compared to $9.0 million for the first quarter 2021, and a level not seen since the third quarter of 2018;
- Adjusted EBITDA[1] more than doubled to $1.4 million, or 16% of revenue, compared with $0.7 million, or 9% of revenue, in 2021;
- Advanced its Digital Technology Roadmap:
  - Reported the first commercial order for McCoy's FMS, the 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 the smartCRT™.
  - Continued customer field trials for McCoy's smartCRT™, an intelligent, connected enhancement of our conventional casing running tool that offers superior safety, efficiency and simplified operating procedures. Further field trials with a Middle East based Tier 1 National Oil Company are planned to commence in the second quarter; and
  - Completed further software enhancements for our Virtual Thread-Rep™ technology (VTR) for conventional casing running applications using hydraulic power tongs. These enhancements enable the torque turn software to autonomously evaluate and confirm premium connection make-up.

"McCoy's first quarter performance continued to improve and demonstrates the strong operating leverage we expect to further harness as we deliver on our $15.7 million order backlog, a level only seen prior to 2019. The strategic priorities we executed upon in 2020 and 2021 to first optimize cost structure and second, to advance our investments in developing smart technologies, positions us to capitalize on opportunities as market activity improves" said Jim Rakievich, President & CEO of McCoy.

"Our first quarter performance demonstrated continued strength in several of our financial metrics. McCoy's continued fiscal discipline resulted in a more than doubling of Adjusted EBITDA[1] of $1.4 million or 16% of revenue for the first quarter (Q1 2021 – Adjusted EBITDA of $0.7 million, or 9% of revenue). The improvement in EBITDA margins was driven by operating leverage and was largely a result of $0.7 million of Adjusted EBITDA contributed from $1.5 million of additional revenue. Despite the many supply chain challenges faced globally, successful supply chain management allowed us to navigate cost headwinds and largely maintain product margins," said Lindsay McGill, Vice President & CFO of McCoy. "As of March 31, 2022, McCoy reported net cash of $6.8 million with an additional US$2.5 million available under an undrawn operating facility, which will well position McCoy for revenue growth in the year ahead."

First Quarter Financial Highlights:

- Total revenue of $8.9 million, compared with $7.4 million in Q1 2021;
- Adjusted EBITDA[1] increased to $1.4 million, or 16% of revenue, compared with $0.7 million, or 9% of revenue, in Q1 2021;
- Net earnings of $0.2 million, compared to net loss of $0.2 million in Q1 2021,
- Booked backlog[2] of $15.7 million at March 31, 2022, up from $9.0 million in the first quarter of 2021 and the highest levels seen since Q3 2018;
- Book-to-bill ratio[3] was 1.48 for the three months ended March 31, 2022, compared with 0.93 in the first quarter of 2021;
- During the first quarter of 2022, we experienced strong customer order intake for our McCoy Torque Turn system (MTT) as a result of the enhanced Virtual ThreadRep™ offering, which will translate to new product revenues in the coming quarters.

Financial Summary

Revenue of $8.9 million for three months ended March 31, 2022, continued to benefit from improved global drilling activity levels, particularly with respect to aftermarket, service and rental product lines. Revenue for the first quarter of 2020 of $7.4 million was impacted by the decline in order intake experienced as a result of second and third waves of the COVID-19 pandemic.

Gross profit, as a percentage of revenue for the three months March 31, 2022, was 30%, consistent with the first quarter of 2021. The benefit of additional production throughput was partially offset by additional freight and logistics costs. Despite the many supply chain challenges faced globally, successful supply chain management allowed us to navigate cost headwinds and maintain product margins.

For the three months and year ended March 31, 2022, general and administrative expenses (G&A) was consistent with the comparative period as the Corporation continues to maintain discipline around overhead expenditures, further demonstrating the solid financial operating leverage we expect to deliver as our order book builds.

Sales and marketing expenses for the first quarter of 2022 remained consistent with the comparative periods and were focused on targeted marketing initiatives related to soon-to-be commercial products under the Corporation's 'Digital Technology Roadmap', as well as maintaining our market leading customer engagement to support rebounding order activity with improvements in market conditions.

During the three months March 31, 2022, McCoy further advanced its Digital Technology Roadmap initiative through the continued development of 'smart' product offerings which will be digitally integrated into its automated tubular running system smartTR™.

For the three months ended March 31, 2022, other gains, net is comprised primarily of gains on disposal of property, plant and equipment offset by costs associated with strategic alternatives assessment and foreign exchange losses. In the comparative period, other gains, net is comprised primarily of government assistance payments related to the Canadian Emergency Wage Subsidy, gains on the disposal of property, plant and equipment offset by foreign exchange losses.

Net earnings for the three months ended March 31, 2022 was $0.2 million or $0.01 per basic share, compared with a net loss of $0.2 million or ($0.01) per basic share in the first quarter of 2021.

Adjusted EBITDA[1] for the three months ended March 31, 2022 was $1.4 million compared with $0.7 million for the first quarter of 2021.

As at March 31, 2022 the Corporation had $11.0 million in cash and cash equivalents, of which $0.8 million was restricted under the conditions of the Corporation's credit facility.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q1 2022	Q1 2021	% Change
Total revenue	8,891	7,374	21%
Gross profit	2,692	2,212	22%
as a percentage of revenue	30%	30%	-%
Net earnings (loss)	174	(158)	210%
per common share – basic	0.01	(0.01)	208%
per common share – diluted	0.01	(0.01)	208%
Adjusted EBITDA[1]	1,461	673	117%
per common share – basic	0.05	0.02	114%
per common share – diluted	0.05	0.02	111%
Total assets	55,522	54,984	1%
Total liabilities	15,889	19,981	(20%)
Total non-current liabilities	5,953	12,924	(54%)

Summary of Quarterly Results

($000 except per share amounts)	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Revenue	8,891	9,451	9,855	6,086	7,374	9,369	7,621	10,361
Net earnings (loss)	174	2,464	621	1,151	(158)	(2,150)	(720)	782
per share - basic	0.01	0.09	0.02	0.04	(0.01)	(0.08)	(0.03)	0.03
per share - diluted	0.01	0.08	0.02	0.04	(0.01)	(0.08)	(0.03)	0.03
EBITDA[1]	1,146	3,504	1,550	2,077	749	(1,116)	312	1,886
Adjusted EBITDA[1]	1,461	1,213	1,376	174	673	153	365	1,327

Update on Strategic Alternatives

In November 2021, McCoy announced the engagement of a financial advisor in connection with the Special Committee's review and analysis of strategic alternatives to bridge what the Corporation's Board of Directors saw as a gap between the Corporation's fair value and its market price. One such alternative considered was a potential sale of the business. The evaluation of this alternative did not result in an acceptable proposal, particularly in light of McCoy's strong balance sheet and improving fundamentals as evidenced by the financial and operating results outlined above. In its continuing evaluation of available strategic alternatives, the Corporation intends to pursue additional alternatives to unlock shareholder value, including the implementation of a normal course issuer bid (NCIB), subject to Toronto Stock Exchange approval.

Outlook and Forward-Looking Information

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 expertise and 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, unparalleled customer support, 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™ automated casing running system. The product suite includes five 'Smart' products: Virtual Thread-Rep™, smartCRT™, smartFMS™, McCoy's smartTong, and McCoy's smart tailing stabbing arm (smartTSA™).

McCoy is engaged with three key customer groups:

Service Companies and Drilling Contractors - Producers are challenging contractors, across the board, to reduce costs. In many 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. Personnel safety, the shortage of experienced people, and the reality that 65% of TRS cost is directly attributable to labour, is a driving force behind the transition to an increasingly automated system.

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.

McCoy reported a 91% increase in order intake to $13.2 million for the first quarter of 2022 (Q1 2021 - $6.9 million). Customer inquiries, quoting activity and order intake continued to improve in Q1 2022, particularly in the Eastern Hemisphere, resulting in a 74% increase in order backlog or $15.7 million (Q1 2021 $9.0 million). We expect this level of order backlog, coupled with continued growth in customer demand, to support strong sequential revenue and earnings growth in coming quarters.

With order backlog rebounding to levels only seen in pre-pandemic periods and a strong balance sheet, McCoy is well positioned for strong earnings growth for 2022. Increased drilling activity levels paired with new market entrants in international markets will serve to further enhance commercial opportunities for our smartCRT™. We also expect that the tightening labour market faced by our customers will serve to accelerate adoption of many of our new smart technology offerings, particularly in the US land region in both the near and long term.

As we proceed through 2022, we continue to focus on our key strategic initiatives to deliver value to all of our stakeholders:

- Growing market adoption of new and recently developed 'Smart' portfolio products;
- Prudently investing in technology development initiatives;

- Taking advantage of the current market trajectory by focussing on revenue generation while continuing to successfully mitigate supply chain and logistic challenges;
- Continuing to build our equipment rental fleet to offer flexible solutions to customers where meaningful returns are expected; and
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency.

We believe this strategy, together with our committed and agile team, McCoy's global brand recognition, intimate customer knowledge and global footprint will further advance 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."

($000 except per share amounts and percentages)	Q1 2022	Q1 2021
Net earnings (loss)	174	(158)
Depreciation of property, plant and equipment	596	502
Amortization of intangible assets	200	200
Finance charges, net	176	205
EBITDA	1,146	749
Provisions for (recovery of) excess and obsolete inventory	262	(85)
Other (gains) losses, net	(201)	(176)
Share-based compensation	254	185
Adjusted EBITDA	1,461	673

[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.

[4] New product and technology offerings as products or technologies introduced to our portfolio in the past 36 months.

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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