May 12, 2023

McCOY GLOBAL ANNOUNCES FIRST QUARTER 2023 RESULTS AND REINSTATEMENT OF QUARTERLY DIVIDEND

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, 2023. The Corporation also announced that its Board of Directors has declared a quarterly cash dividend of $0.01 per common share payable on July 15, 2023 to shareholders of record as of close of business on June 30, 2023. The dividend per common share is a regular dividend and is an "eligible" dividend for purposes of the Income Tax Act (Canada) and any similar provincial/territorial legislation.

First Quarter Highlights:

- Order intake increased 46% to $19.3 million compared with $13.2 million for the first quarter of 2022, alongside a 66% increase in order backlog to $26.1 million, compared to $15.7 million for the first quarter of 2022;
- Revenue increased 90% to $16.9 million, compared to $8.9 million in 2022;
- Net earnings increased 203% to $0.5 million compared to the first quarter of 2022 of $0.2 million;
- Adjusted EBITDA[1] increased 66% to $2.4 million, or 14% of revenue, compared to $1.5 million, or 16% of revenue, in 2022;
- Maintained a strong statement of financial position, ending the quarter with $19.9 million of net cash[5] as at March 2023, compared to $6.8 million as at March 2022, with additional funds available under undrawn credit facilities;
- Advanced its Digital Technology Roadmap:
    - Reported four (4) commercial sales for McCoy's Flush Mount Spider (FMS) and received purchase order commitments for sale and rental of seven (7) additional tools scheduled for delivery in 2023. 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™). Subsequent to March 31, 2023, McCoy received additional purchase order commitments for sale and rental of eighteen (18) more tools scheduled for delivery in 2023.
    - Reported the second commercial sale for McCoy's smartCRT™ and received purchase order commitments for the rental of four (4) additional tools. 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;
- Reinstituted a quarterly cash dividend of $0.01 per common share payable on July 15, 2023 to shareholders of record as of close of business on June 30, 2023, a first since 2014; and
- Subsequent to March 31, increased its revolving demand facility from US$2.5 million to US$5.5 million. In addition to increasing the demand facility, the Corporation secured a commitment for a US$3.4 million term

loan, bearing interest at US Prime + 0.90%. The commitment is valid until December 31, 2023 and is subject to customary terms and conditions, including a financial covenant minimum debt service coverage ratio.

"McCoy's strong first quarter performance was the result of the continued execution of our strategy to develop and commercialize smart technologies and grow key strategic customer relationships. Market adoption of our newly commercialized FMS and smartCRT™ has steadily accelerated through 2023, with first quarter revenues including shipments of five units of McCoy's FMS and McCoy's smartCRT™, and purchase and rental commitments for an additional twenty-nine (29) FMS and smartCRT™ tools. In both international and the North American land market, we expect to see growing interest in our new technologies that deliver superior safety, efficiency and simplified operating procedures," said Jim Rakievich, President & CEO of McCoy. "Our base TRS product lines, including hydraulic power tongs, torque turn systems and aftermarket parts and consumables have increased in demand and are providing consistent revenue contributions. Targeted efforts to grow market share of McCoy's DWCRT™, McCoy's casing running tool introduced in 2019, have also resulted in successfully securing purchase commitments from five (5) new customers in two (2) new geographies. With the recent success in the commercialization of McCoy's smart suite of products, we are excited to see the return on our invested capital as we progress through 2023 and beyond."

"For the first quarter of 2023, McCoy reported net earnings of $0.5 million on $16.9 million of revenues. Our first quarter performance was driven by increased production throughput to meet continued strength in customer demand. Looking ahead, with a disciplined approach to our overhead cost structure, we expect to evidence strong operating leverage as we deliver on our $26.1 million backlog." said Lindsay McGill, Vice President & CFO of McCoy. "As of March 31, 2023, McCoy reported net cash of $19.9 million and with the announcement of the increase to our undrawn revolving demand facility from US$2.5 million to US$5.5 million in May 2023 and US$3.4 million committed term facility, McCoy is well positioned for revenue and earnings growth in the year ahead."

First Quarter Financial Highlights:

- Total revenue of $16.9 million, compared with $8.9 million in Q1 2022;
- Net earnings of $0.5 million, compared to $0.2 million in Q1 2022;
- Adjusted EBITDA[1] increased to $2.4 million, or 14% of revenue, compared with $1.5 million, or 16% of revenue, in 2022;
- Booked backlog[2] of $26.1 million at March 31, 2023, compared to $15.7 million in the first quarter of 2022;
- Book-to-bill ratio[3] was 1.14 for the three months ended March 31, 2023, compared with 1.48 in the first quarter of 2022.

Financial Summary

Revenue of $16.9 million for the three months ended March 31, 2023 nearly doubled from the comparative period due to increased customer demand for capital equipment and related parts and accessories sales. Revenue in the first quarter of 2023 included $1.4 million of smartCRT™ and FMS sales, both newly commercialized products as a part of the Corporation's "Digital Technology Roadmap".

Gross profit, as a percentage of revenue for the three months March 31, 2023, was 29%, a decrease of one percentage point compared to the comparative period in 2022. The slight decline in gross profit percentage was due to material cost headwinds in the current supply chain challenged environment as well as a shift in product mix weighted more heavily towards capital equipment, which has typically commanded higher material cost compared to aftermarket product lines. This was largely offset by an increase in production throughput.

For the three months ended March 31, 2023, general and administrative expenses (G&A) of $2.2 million increased by $0.6 million or 41% from the comparable quarter in 2022. As a percentage of revenue, for the three months ended March 31, 2023, G&A declined from the comparative period to 13% of revenue (2022 – 18%). The Corporation continues to maintain discipline around overhead expenditures as the order book builds. G&A was impacted by headcount increases and wage adjustments to support the increase in activity, bad debts provision of $0.1 million (2022 – nominal recoveries of previously impaired trade accounts), as well as stock-based compensation expense of $0.4 million (2022 - $0.3 million).

For the three months ended March 31, 2023, sales and marketing expenses increased from the comparative period by $0.1 million to $0.5 million as a result of increased travel and headcount to support the increase in market activity. Overall, the sales and marketing expenses as a percentage of revenue decreased to 3% from 4% in the comparative quarter in 2022.

During the three months ended March 31, 2023, McCoy further advanced its 'Digital Technology Roadmap' initiative with accelerated market adoption of its smartCRT™ and smartFMS™, in addition to continued development of 'Smart' product offerings that will be digitally integrated into its automated tubular running system smartTR™. For the quarter ended March 31, 2023, capitalized development expenditures were nil (three months ended March 31, 2022 - $0.4 million). For the three months ended March 31, 2023, product develop and support expenses of $0.9 million increased from the comparative period (2022 - $0.6 million) due to a decrease in capitalized internal product design and development hours, as well as increased travel to support customer adoption of new technologies.

For the three months ended March 31, 2023, other gains, net is comprised of foreign exchange losses. In the comparative period, 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.

Net earnings for the three months ended March 31, 2023, was $0.5 million or $0.02 per basic share, compared with net earnings of $0.2 million or $0.01 per basic share in the first quarter of 2022. Adjusted EBITDA[1] for the three months ended March 31, 2023, was $2.4 million compared with $1.5 million for the first quarter of 2022.

As at March 31, 2023, the Corporation had $19.9 million in cash and cash equivalents, of which $0.9 million was restricted under the conditions of the Corporation's credit facility. In the three months ending March 31, 2023, McCoy fully repaid its senior credit facility of $4.6 million (US$3.4 million) bearing interest at US Prime + 4.95%.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q1 2023	Q1 2022	% Change
Total revenue	16,864	8,891	90%
Gross profit	4,828	2,692	79%
as a percentage of revenue	29%	30%	(1%)
Net earnings	528	174	203%
as a percentage of revenue	3%	2%	1%
per common share – basic	0.02	0.01	100%
per common share – diluted	0.02	0.01	100%
Adjusted EBITDA[1]	2,419	1,461	66%
as a percentage of revenue	14%	16%	(2%)
per common share – basic	0.08	0.05	60%
per common share – diluted	0.08	0.05	60%
Total assets	71,742	55,522	29%
Total liabilities	19,425	15,890	22%
Total non-current liabilities	4,113	5,953	(31%)

Summary of Quarterly Results

($000 except per share amounts)	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Revenue	16,864	18,264	12,410	12,863	8,891	9,451	9,855	6,086	7,374
Net earnings (loss)	528	7,264	274	1,051	174	2,464	621	1,151	(158)
as a % of revenue	3%	40%	2%	8%	2%	26%	6%	19%	(2%)
per share – basic	0.02	0.26	0.01	0.04	0.01	0.09	0.02	0.04	(0.01)
per share – diluted	0.02	0.25	0.01	0.04	0.01	0.08	0.02	0.04	(0.01)
EBITDA[1]	1,954	7,319	1,149	1,943	1,146	3,504	1,550	2,077	749
as a % of revenue	12%	40%	9%	15%	13%	37%	16%	34%	10%
Adjusted EBITDA[1]	2,419	3,681	1,099	2,296	1,461	1,213	1,376	174	673
as a % of revenue	14%	20%	9%	18%	16%	13%	14%	3%	9%

Outlook and Forward-Looking Information

As at March 31, 2023, McCoy's backlog totaled $26.1 million (US$19.3 million), which will support strong revenue and earnings performance for the remainder of 2023. Looking ahead, increased production throughput, as well as diligent supply chain management and disciplined overhead expenditures, are expected to further demonstrate solid operating leverage as orders and revenues sustain at the levels seen in the past three quarters.

Despite current economic uncertainty and threats of a recession, over the short to medium term, global oil & gas market fundamentals continue to be positive, particularly in international regions. Increased drilling activity levels, paired with new international market entrants will serve to further enhance commercial opportunities for new products, as well as for our legacy capital equipment. With respect to international markets, we continue to see a growing trend of drilling contractors, new local and regional market entrants, and in some cases national oil companies, entering the Tubular Running Services (TRS) space, taking market share from large multinational service companies. This trend benefits McCoy considerably as it creates additional capital equipment demand over and above market growth from increased drilling activity alone, as these new entrants require significant capital investment in capital equipment to execute tubular running service contracts. McCoy is aptly positioned to respond to this demand with its strong brand of product quality and responsive, local customer support. Among its competitors, McCoy offers the broadest portfolio of TRS equipment and now offers market leading technologies that provide superior safety, efficiency and simplified operating procedures.

The global CRT market continues to grow as customers experience the advantages of running casing with the CRT versus conventional power tongs, in the form of time and cost savings, risk reduction, and improved safety. This is another area of opportunity for McCoy with its DWCRT™ tool introduced in 2019. In the first quarter of 2023, McCoy received orders from five new customers and two new geographies for the DWCRT™. Looking ahead, we expect continued growth in orders intake and revenue generation from this product line as more and more markets adopt this technology as the preferred method to run casing.

Turning to the North America land market, despite flat active drilling activity driven by low natural gas prices as well as economic uncertainties, we anticipate meaningful opportunities for our new offerings with the continued tightening labour market faced by many of our customers. This was seen in the recent $4.1 million of orders received for McCoy's FMS in April 2023. Commercialized in 2022, the FMS technology provides casing running service providers with performance and safety advantages inherent with its unique design features. We expect to see continued success with this patented technology for the remainder of 2023 and beyond. However, the outlook for revenue growth for our traditional capital product lines in this region is cautious with potential softness in drilling activity and a lingering oversupply of capital equipment remaining.

As we progress through 2023, we continue to focus on our key strategic initiatives to deliver value to all of 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 key strategic customers;

- Continuing to seek and evaluate acquisition opportunities where the strategic fit and returns on invested capital are acceptable;
- Generating cashflow from operations through fiscal discipline and working capital efficiency; and
- Return excess cash to our shareholders in the form of share buybacks and quarterly dividends.

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 and generate strong returns on invested capital.

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 earnings (loss), 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 earnings (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. 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 2023	Q1 2022
Net earnings	528	174
Depreciation of property, plant and equipment	450	596
Amortization of intangible assets	420	200
Finance charges, net	355	176
EBITDA	1,954	1,146
(Recovery of) provisions for excess and obsolete inventory	(6)	262
Other losses (gains), net	44	(201)
Share-based compensation	427	254
Adjusted EBITDA	2,419	1,461

[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.

[5] Net cash is a non-GAAP measure defined as cash and cash equivalents, plus: restricted cash, less: borrowings.

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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