May 10, 2024

McCOY GLOBAL ANNOUNCES FIRST QUARTER 2024 RESULTS AND DECLARATION 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, 2024. The Corporation also announced that its Board of Directors has declared a quarterly cash dividend of $0.02 per common share payable on July 15, 2024, to shareholders of record as of close of business on June 30, 2024. 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:

- As anticipated, revenue for the quarter declined by 2.4% from the comparative period to $16.5 million, due to timing of certain customer purchase commitments;
- Net earnings increased 85% to $1.0 million compared to the first quarter of 2023 of $0.5 million on revenues of $16.5 million and $16.9 million, respectively;
- Adjusted EBITDA[1] of $2.3 million, or 14% of revenue, compared with $2.4 million, or 14% of revenue, in 2023;
- Advanced its Digital Technology Roadmap:
    - Delivered fourteen (14) of McCoy's Flush Mount Spider (FMS) during the first quarter of 2024 (Q1 2023 – 4 tools). With a growing number of tools operating in-field, operators are recognizing the benefits of McCoy's FMS, which has in turn led to more widespread adoption resulting in robust order intake. McCoy's FMS is a hydraulic rotary flush mounted spider that when fully connected (smartFMSTM), 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∑).
    - Progressed in-field trials with our partnering customer in North America for the smarTR™, McCoy's integrated casing running system. Field trials are a critical stage to full commercialization and the process continues to provide valuable data which has led to continued refinement our technology. We expect further advancements toward commercialization and look forward to reporting our progress on key milestones.
    - McCoy completed the design for an enhanced smartCRT™ that will address the new tool specifications introduced by National Oil Companies (NOCs) and major operators in certain key regions. With product prototyping scheduled for Q2 2024, McCoy's enhanced smartCRT™ will not only address the new contract requirements, but also provide an intelligent, connected enhancement to conventional casing running tool on the market today, offering superior safety, efficiency and simplified operating procedure, with real-time data collection and analysis capabilities.
- Declared a quarterly cash dividend of $0.02 per common share payable on July 15, 2024, to shareholders of record as of close of business on June 30, 2024.

"McCoy's first quarter earnings performance benefitted from the continued revenue growth of McCoy's recently introduced Flush Mount Spider (FMS) in the North American land market, in spite of declining rig count and drilling activity levels in the region," said Jim Rakievich, President & CEO of McCoy. "Looking ahead, oil and gas market fundamentals remain robust for international markets, especially in the Middle East and North Africa (MENA) region, and our base TRS product lines, including hydraulic power tongs, torque-turn systems, and aftermarket parts and consumables continue to provide consistent revenue contributions. As we advance through the commercialization phase of our 'Digital Technology Roadmap' initiative, as proven by our success with the FMS, we anticipate future revenues will rely less on the cyclical nature of drilling activity, and more on technology adoption, demand from emerging local and regional market players, and market share expansion in new geographical areas."

"For the first quarter of 2024, McCoy reported net earnings of $1.0 million, on revenues of $16.5 million, an increase of 85% from the comparative period (Q1 2023 - $0.5 million on revenues of $16.9 million). Though revenues were impacted by timing delays on certain customer purchase commitments, and greater than anticipated book-and-ship revenues that positively impacted Q4, 2023, earnings growth was achieved as a result of favourable product margins due to shifts in product mix towards McCoy's recently introduced Flush Mount Spider (FMS), as well as material cost improvements. Earnings also benefited from a reduction in finance charges with repayment of the Corporation's borrowings in the first quarter of 2023," said Lindsay McGill, Vice President & CFO of McCoy. "As at March 31, 2024, McCoy's backlog totaled $25.2 million (US$18.6 million), which will support strong revenue and earnings performance for the remainder of 2024."

First Quarter Financial Highlights:

- Total revenue of $16.5 million, compared with $16.9 million in Q1 2023;
- Net earnings of $1.0 million, compared to $0.5 million in Q1 2023;
- Adjusted EBITDA[1] of $2.3 million, or 14% of revenue, compared with $2.4 million, or 14% of revenue, in 2023;
- Booked backlog[2] of $25.2 million at March 31, 2024, compared to $26.1 million in the first quarter of 2023;
- Book-to-bill ratio[3] was 1.13 for the three months ended March 31, 2024, compared with 1.14 in the first quarter of 2023.

Financial Summary

Revenue of $16.5 million for the three months ended March 31, 2024, decreased 2% from the comparative period. As anticipated, timing delays on certain customer purchase commitments, and greater than anticipated book-and-ship revenues that positively impacted Q4, 2023 resulted in quarter-to-quarter fluctuations in revenue, negatively impacting Q1, 2024. Revenue in the first quarter of 2024 included sales for fourteen (14) of McCoy's FMS tool, demonstrating continued strong adoption of the Corporation's new technologies.

Gross profit, as a percentage of revenue for the three months March 31, 2024, was 32%, an increase of 3% compared to the comparative period in 2023. This was due to a shift in product mix towards new technologies such as the FMS with favourable product margins and away from traditional capital equipment which commands higher material cost, as well as supply chain cost containment efforts.

For the three months ended March 31, 2024, general and administrative expenses (G&A) of $2.2 million remained consistent from the comparative period and included bad debts provision of $0.3 million (2023 – $0.1 million). As a percentage of revenue, G&A was consistent with the comparative period.

For the three months ended March 31, 2024, sales and marketing expenses increased from the comparative period by $0.2 million due to increased headcount for sales and customer support activities, as well as increased marketing expenses to promote the Corporation's newly developed products.

During the three months ended March 31, 2024, the Corporation further advanced its 'Digital Technology Roadmap' initiative through continued focused on accelerating customer adoption of new technologies as well as the design and development of additional 'smart' product enhancements and complementary product accessories. For the remainder of 2024, the Corporation has committed US$0.7 million of capital toward the development of these enhancements and additional product offerings, including enhancements to McCoy's smartCRT™ to address new contractual operating requirements in certain geographies. In the current period, Product development and support expenses increased from the comparative period due to increased headcount to support customer adoption of new technologies.

For the three months ended March 31, 2024, as well as the comparative period, other losses, net is comprised of foreign exchange losses.

Net earnings for the three months ended March 31, 2024, was $1.0 million or $0.04 per basic share, compared with net earnings of $0.5 million or $0.02 per basic share in the first quarter of 2023. Adjusted EBITDA[1] for the three months ended March 31, 2024, was $2.3 million compared with $2.4 million for the first quarter of 2023.

As at March 31, 2024, the Corporation had $10.6 million in cash and cash equivalents.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q1 2024	Q1 2023	% Change
Total revenue	16,542	16,864	(2%)
Gross profit	5,251	4,828	9%
as a percentage of revenue	32%	29%	3%
Net earnings	975	528	85%
as a percentage of revenue	6%	3%	3%
per common share – basic	0.04	0.02	100%
per common share – diluted	0.04	0.02	100%
Adjusted EBITDA[1]	2,273	2,419	(6%)
as a percentage of revenue	14%	14%	-%
per common share – basic	0.08	0.08	-%
per common share – diluted	0.08	0.08	-%
Total assets	79,997	71,742	12%
Total liabilities	24,257	19,425	25%
Total non-current liabilities	3,012	4,113	(27%)

Summary of Quarterly Results

($000 except per share amounts)	Q1 2024	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Revenue	16,542	19,699	16,878	16,248	16,864	18,264	12,410	12,863	8,891
Net earnings	975	2,674	1,900	1,427	528	7,264	274	1,051	174
as a % of revenue	6%	14%	11%	9%	3%	40%	2%	8%	2%
per share – basic	0.04	0.10	0.07	0.05	0.02	0.26	0.01	0.04	0.01

per share – diluted	0.04	0.10	0.07	0.05	0.02	0.25	0.01	0.04	0.01
EBITDA[1]	2,191	3,001	3,641	2,639	1,954	7,319	1,149	1,943	1,146
as a % of revenue	13%	15%	22%	16%	12%	40%	9%	15%	13%
Adjusted EBITDA[1]	2,273	3,987	3,856	2,862	2,419	3,681	1,099	2,296	1,461
as a % of revenue	14%	20%	23%	18%	14%	20%	9%	18%	16%

Outlook and Forward-Looking Information

Over the near and medium term, the oil and gas market in international regions, particularly the MENA region, continues to exhibit robust fundamentals. The growth in drilling activity and the emergence of new regional players, combined with the NOC's growing commitment to safety and efficiency improvements, and technology, will open additional opportunities for our innovative products. McCoy is strategically positioned to leverage these trends, offering market leading technologies and product enhancements that address these customer priorities. Our expert technical support, coupled with a strong local presence and an extensive portfolio of Tubular Running Services (TRS) equipment, further reinforces our competitive advantage in the market.

In the North American land market, despite relatively flat to declining rig count and drilling activity, McCoy anticipates continued robust demand for our innovative FMS technology in 2024. This optimism stems from the inherent performance and safety benefits of its unique design that offers a solution to the persistent labor challenges encountered by many of our customers. Furthermore, with a growing number of tools operating in-field, operators have begun to recognize the benefits of McCoy's FMS, and have begun to require the tools use in certain operations.

As we advance through the commercialization phase of our 'Digital Technology Roadmap' initiative, we anticipate that future revenues will rely less on the cyclical nature of drilling activity, and more driven by technology adoption, demand from emerging local and regional market players, and market share expansion in new geographical areas. However, the inherent characteristics of our capital equipment product offerings as well as the rate of technology adoption, and timing of contract awards, may lead to fluctuations in order intake and revenues on a quarter-to-quarter basis. Consequently, these factors also may impact fluctuations in working capital balances due to the timing of customer shipments and billings, as observed in the first quarter of 2024. As at March 31, 2024, McCoy's backlog totaled $25.2 million (US$18.6 million), which will support strong revenue and earnings performance for the remainder of 2024.

As we progress through 2024, 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;
- Focus 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, 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 2024	Q1 2023
Net earnings	975	528
Depreciation of property, plant and equipment	578	450
Amortization of intangible assets	466	420
Income tax expense	184	201
Finance (income) charges, net	(11)	355
EBITDA	2,192	1,954
Provisions for (recovery of) excess and obsolete inventory	85	(6)
Other losses, net	19	44
Share-based compensation	(23)	427
Adjusted EBITDA	2,273	2,419

[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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