March 10, 2023

McCOY GLOBAL ANNOUNCES FOURTH QUARTER AND YEAR END 2022 RESULTS

Edmonton, Alberta – **McCoy Global Inc.** ("McCoy," "McCoy Global" or "the Corporation") (TSX:MCB) today announced its operational and financial results for the year and three months ended December 31, 2022.

Fourth Quarter Highlights:

- Revenue increased 93% to $18.3 million, compared to $9.5 million in 2021;
- Adjusted EBITDA[1] more than doubled to $3.7 million, or 20% of revenue, compared to $1.2 million, or 13% of revenue, in 2021;
- Net earnings also more than doubled to $7.3 million compared to the fourth quarter of 2021 of $2.5 million;
- Strengthened the statement of financial position, ending the year with $17.8 million of net cash[5] as at December, 2022, compared to $7.8 million as at December 31, 2021, with additional funds available under undrawn credit facilities; and
- Advanced its Digital Technology Roadmap:
    - Delivered the first commercial sale for two (2) of its smartCRT™ followed by a second in early 2023. McCoy's smartCRT™ is an intelligent, connected enhancement of our conventional casing running tool that offers superior safety, efficiency and simplified operating procedure; and
    - Reported the first two (2) commercial sales for McCoy's FMS, and received purchase orders for an additional five (5) 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 the smartCRT™.

"McCoy's strong fourth quarter results reflect 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 and grow key strategic customer relationships. Fourth quarter revenues included shipments of Hydraulic Power Tongs, smartCRT™, and McCoy Torque Turn systems to a strategic new market entrant based in the Kingdom of Saudi Arabia. Orders such as these not only provide opportunity for future aftermarket revenues through a larger installed base, but also offer a valuable platform to showcase the advanced technology and innovation that sets McCoy apart in the most prominent markets across the Eastern Hemisphere," said Jim Rakievich, President & CEO of McCoy. "In 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. This trend benefits McCoy considerably as it creates additional capital equipment demand over and above market growth from increased drilling activity alone. 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, with the investments we have made in our digital technology roadmap, provides market leading technologies that deliver superior safety, efficiency and simplified operating procedures."

"For the fourth quarter of 2022, McCoy reported net earnings of $7.3 million on $18.3 million of revenues. Our fourth quarter performance benefitted not only from a $3.9 million gain on sale and leaseback of McCoy's facility in Cedar Park, TX, but also strong customer demand and corresponding production throughput including shipments of Hydraulic Power Tongs, smartCRT™, McCoy Torque Turn systems and related parts and accessories for a large customer order announced earlier in the year destined for the Kingdom of Saudi Arabia. Looking ahead, with continued strong customer demand, alongside a disciplined approach to our overhead structure, we expect to manifest solid operating leverage as we deliver on our $23.6 million backlog." said Lindsay McGill, Vice President & CFO of McCoy. "As of December 31, 2022, McCoy reported net cash of $17.8 million and is well positioned for revenue and earnings growth in the year ahead."

Fourth Quarter Financial Highlights:

- Total revenue of $18.3 million, compared with $9.5 million in 2021;
- Net earnings of $7.3 million, of which $3.9 million was attributable to the gain on sale and leaseback of McCoy's facility in Cedar Park, TX, compared to net earnings of $2.5 million in 2021, of which $2.4 million was attributable to amounts forgiven under the US Paycheck Protection Program (PPP);
- Adjusted EBITDA[1] increased to $3.7 million, or 20% of revenue, compared with $1.2 million, or 13% of revenue, in 2021;
- Booked backlog[2] of $23.6 million at December 31, 2022, more than double $11.7 million in the fourth quarter of 2021;
- Book-to-bill ratio[3] was 0.81 for the three months ended December 31, 2022, compared with 0.96 in the fourth quarter of 2021.

Annual Financial Highlights:

- Total revenue of $52.4 million, compared with $32.8 million in 2021;
- Net earnings of $8.8 million, of which $3.9 million was attributable to the gain on sale and leaseback of McCoy's facility in Cedar Park, TX, compared to net earnings of $4.1 million in 2021, of which $4.8 million was attributable to amounts forgiven under the US Paycheck Protection Program;
- Adjusted EBITDA[1] of $8.5 million, or 16% of revenue, compared with $3.4 million, or 10% of revenue, in 2021;

Financial Summary

Revenue of $18.3 million for the three months ended December 31, 2022 nearly doubled in comparison to 2021, driven by strong customer demand for capital equipment, especially in the Middle East Region. Revenues for the fourth quarter of 2022 included shipments of Hydraulic Power Tongs, smartCRT™, McCoy Torque Turn systems and related parts and accessories for a large customer order announced earlier in the year destined for the Kingdom of Saudi Arabia. For the year ended December 31, 2022, revenues of $52.4 million benefitted from strengthened industry fundamentals and key capital equipment orders received from new market entrants in several regions in the Middle East and North Africa. In the comparative period, revenues for the second half of 2021 improved from strengthening industry fundamentals while the first half was negatively impacted by the degradation of market conditions as a result of the COVID-19 pandemic.

Gross profit, as a percentage of revenue for the three months and year ended December 31, 2022, was 32% and 30% respectively, an increase of 6 and 2 percentage points, respectively from the comparable periods in 2021. The improvement was largely a result of increased production throughput. This was offset to some degree by a substantial shift in product mix towards capital equipment, as capital equipment typically commands higher material costs than aftermarket product lines. In addition, the impact of investments in additional headcount, wage adjustments to bring employee compensation in line with market rates, as well as material cost headwinds unfavorably impacted gross profit percentage.

For the three months and year ended December 31, 2022, general and administrative expenses (G&A) increased by $0.7 million and $0.9 million, respectively from the comparable periods in 2021. As a percentage of revenue, for the three months and year ended December 31, 2022, G&A declined from the comparative periods to 10% and 12% of revenue, respectively (2021 – 12% and 17%, respectively). G&A was impacted by the mid-year reversal of previously enacted wage rollbacks and salary freezes to bring employee compensation to market rates as well as inflationary pressure from certain of the Corporation's professional service providers. In the three months and year ended December 31, 2021, G&A benefitted from $0.2 million of recoveries for previously impaired trade accounts, versus a provision of $0.1 million taken in the three months and year ended December 31, 2022.

For the three months and year ended December 31, 2022, sales and marketing expenses increased from the comparative period as a result of increased sales and marketing activity to support a rebound in quoting and order intake with improving market conditions.

During the year ended December 31, 2022, McCoy further advanced its 'Digital Technology Roadmap' initiative with the commercialization 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 year ended December 31, 2022, capitalized development expenditures of $0.8 million (three months ended December 31, 2022 - $0.2 million) include internal product development hours and field trial support, in addition to external spend related to field trials, prototype materials, and certification costs. Product development and support expense for the year ended December 31, 2022, was also impacted by reversing previously enacted wage rollbacks and salary freezes to market rates, in addition to capitalizing fewer internal development hours.

For the three months and year ended December 31, 2022, other gains, net is comprised primarily of $4.1 million of gains on disposal of property, plant and equipment including the impact of the sale and leaseback transaction the Corporation completed in December 2022, offset by foreign exchange losses. For the three months ended December 31, 2021, other gains are comprised primarily of $2.4 million loan forgiveness of the US Paycheck Protection Program. For the year ended December 31, 2021, other gains, (net) is comprised primarily $4.8 million loan forgiveness of the US Paycheck Protection Program, government assistance payments related to the Canadian Emergency Wage and Rent Subsidies, as well as gains on the disposal of property, plant and equipment, offset by a one-time retroactive payment to employees and foreign exchange losses.

Net earnings for the three months ended December 31, 2022 was $7.3 million or $0.26 per basic share, compared with net earnings of $2.5 million or $0.09 per basic share in the fourth quarter of 2021. Net earnings for the year ended December 31, 2022 was $8.8 million or $0.31 per basic share, compared with net earnings of $4.1 million or $0.15 per basic share in 2021. Net earnings for the three months and year ended December 31, 2022 benefitted from a gain recognized in conjunction with a sale and leaseback of the Corporation's facility in Cedar Park, Texas. Net earnings for the three months and year ended December 31, 2021 was supported by amounts forgiven under the US PPP.

Adjusted EBITDA[1] for the three months ended December 31, 2022 was $3.7 million compared with $1.2 million for the fourth quarter of 2021. For the year ended December 31, 2022 Adjusted EBITDA[1] was $8.5 million compared with $3.4 million in 2021.

As at December 31, 2022 the Corporation had $22.3 million in cash and cash equivalents, of which $0.9 million was restricted under the conditions of the Corporation's credit facility.

Subsequent to December 31, 2022, McCoy fully repaid its senior credit facility of US$3.4 million bearing interest at US Prime + 4.95%.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q4 2022	Q4 2021	% Change
Total revenue	18,264	9,451	93%
Gross profit	5,845	2,442	139%
as a percentage of revenue	32%	26%	23%
Net earnings	7,264	2,464	195%
as a percentage of revenue	40%	286%	54%
per common share – basic	0.31	0.09	107%
per common share – diluted	0.31	0.08	121%
Adjusted EBITDA[1]	3,681	1,213	203%
as a percentage of revenue	20%	13%	54%
per common share – basic	0.13	0.04	225%
per common share – diluted	0.13	0.04	225%
Total assets	77,793	55,138	41%
Total liabilities	26,079	15,128	72%
Total non-current liabilities	6,680	6,741	(1%)

Selected Annual Information

($000 except per share amounts and percentages)	2022	2021	% Change
Total revenue	52,428	32,796	60%
Gross profit	15,763	9,144	72%
as a percentage of revenue	30%	28%	7%
Net earnings	8,763	4,078	115%
as a percentage of revenue	17%	12%	42%
per common share – basic	0.31	0.15	107%
per common share – diluted	0.31	0.14	121%
Adjusted EBITDA[1]	8,537	3,437	148%
as a percentage of revenue	16%	10%	60%
per common share – basic	0.30	0.12	150%
per common share – diluted	0.30	0.12	150%

Summary of Quarterly Results

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

Outlook and Forward-Looking Information

As at December 31, 2022, McCoy's backlog totaled $23.6 million (US$17.5 million), which will support strong revenue and earnings performance for the for the first half of 2023. Looking ahead, increased production throughput, as well as diligent supply chain management and discipline around overhead expenditures, are expected to further demonstrate the solid operating leverage we plan to deliver as orders and revenues.

Despite current economic uncertainty and threats of a looming recession, over the medium term, global oil & gas market fundamentals continue to be robust, particularly in international regions. Increased drilling activity levels, paired with new international market entrants will serve to further enhance commercial opportunities not only for our legacy capital equipment, but for our "smart" product offerings. 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 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 a significant investment in capital equipment to take on 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, offer market leading technologies that provide superior safety, efficiency and simplified operating procedures. One such example of our recent success in this area is the $11.3 million of orders received for Hydraulic Power Tongs, smartCRT™s and MTT systems from a strategic new market entrant based in the Kingdom of Saudi Arabia in 2022. Orders such as these not only provide opportunity for future aftermarket revenues through a larger installed base, but also offer a valuable platform to showcase the advanced technology and innovation that sets McCoy apart in the most prominent markets across the Eastern Hemisphere.

Turning to the North America land market, over the medium term, our outlook for revenue growth on our legacy capital product lines in this region is cautious. We expect drilling activity to improve modestly, however there remains a significant oversupply of capital equipment in this region. We do however, anticipate meaningful opportunities for our new smart technology offerings with the continued tightening labour market faced by many of our customers. Our smart technologies offer solutions to automate many of the manual and repetitive processes involved in casing make-up, providing increased safety, wellbore integrity, and efficiency in a highly competitive marketplace. We are confident that this will serve to accelerate adoption of our new technologies. As we enter 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;
- Continue to seek acquisition opportunities where the strategic and financial returns make sense;
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency; and
- Evaluating the requirements to reduce the Corporation's Stated Capital to meet the requirements under the Alberta Business Corporation's Act (ABCA) solvency test and allow for declaring a regular dividend. This would require shareholders' approval at the Annual General and Special Meeting.

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 (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)	Q4 2022	Q4 2021
Net earnings	7,264	2,464
Depreciation of property, plant and equipment	407	659
Amortization of intangible assets	407	199
Income tax recovery	(974)	-
Finance charges, net	215	182
EBITDA	7,319	3,504
(Recovery of) provisions for excess and obsolete inventory	(5)	46
Other gains, net	(3,810)	(2,450)

Share-based compensation	177	113
Adjusted EBITDA	3,681	1,213

($000 except per share amounts and percentages)	2022	2021
Net earnings	8,763	4,078
Depreciation of property, plant and equipment	1,846	2,167
Amortization of intangible assets	1,151	792
Income tax recovery	(974)	-
Finance charges, net	771	843
EBITDA	11,557	7,880
Provisions for (recovery of) excess and obsolete inventory	486	(230)
Other gains, net	(4,072)	(4,805)
Share-based compensation	566	592
Adjusted EBITDA[1]	8,537	3,437

[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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