August 13, 2020

McCOY GLOBAL ANNOUNCES SECOND QUARTER 2020 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 June 30, 2020.

Quarterly Highlights

- Quarterly revenue of $10.4 million continues to be leveraged toward international customers as the North American market remained in a historic decline
- Reported net earnings of $0.8 million compared to a net loss of $1.6 million in the second quarter of 2019
- COVID-19 continued to negatively impact the industry as oil consumption stalled globally, however operations and customer support continued throughout the quarter though the COVID-19 crisis continued to restrict certain activities
- Exceeded cost reduction targets announced in April of 2020, for an estimated $7.2 million of annualized savings

"The continued impact of the COVID-19 pandemic remained at the forefront of the global oil & gas industry during the quarter. The rise in worldwide oil consumption that was experienced through the end of April has stalled as spikes in positive COVID-19 cases have once again stagnated economic activity. McCoy's proactive response to these new market realities continued throughout the second quarter. The achievements we made to reduce our cost structure is the full reflection of the commitment and focused efforts of our global team. Despite a sequential revenue reduction of $1.1 million as compared to the first quarter, 2020, we are very pleased to report net earnings of $0.8 million. McCoy's global footprint continues to illustrate its value as international revenues dominate so far in 2020. The North American land market will go on to bear the brunt of this unprecedented decline in global oil consumption," said Jim Rakievich President and CEO of McCoy Global. "As we look ahead into the second half of 2020 and into the first half of 2021, we expect these to be the most challenging quarters of this negative cycle. The continued lag in global oil consumption, coupled with capital spending cuts across the industry will indeed create another hurdle in the recovery.

"Now more than ever, the increased emphasis on capital discipline from our customers is driving the need for increased efficiency through innovative technologies. During the second quarter, we continued our journey to advance tubular running operations toward a digital and automated future. Our goal of introducing safer, more efficient technologies that result in not only cost savings but also improved wellbore integrity, continues as we have now launched the Virtual ThreadRep™ platform. The next phases of the project will continue to be developed throughout the remainder of 2020 and 2021.

SUITE 201, 9910 39TH AVE NW
EDMONTON AB T6E 5H8 CANADA
TEL +1.780.453.8451
FAX +1.780.453.8756
www.mccoyglobal.com

"In closing, I want to thank our extraordinary team and their incredibly supportive families for the continued attention to a safety-first approach during these trying times. We have witnessed determination, compassion, caring and creativity on a daily basis from our teams across the globe."

Operational Summary

For the three months ended June 30, 2020, McCoy Global reported:

- Revenue of $10.4 million, compared to revenue of $11.5 million in the second quarter of 2019; revenue was supported by orders received in late 2019 and into early 2020
- Cash generated from operating activities for the period ending June 30, 2020 was $0.4 million compared to cash generated in operating activities of $2.2 million in 2019
- Net earnings of $0.8 million, compared to net loss of $1.6 million in the second quarter of 2019
- Adjusted EBITDA[1] of $1.3 million, compared to Adjusted EBITDA loss of $0.1 million in the second quarter of 2019
- Customer orders of $4.1 million, compared to $13.0 million for the three months ended March 31, 2020; subsequent to June 30, 2020 order intake improved with $6.5 million of orders received to August 12, 2020
- Backlog[2] of $8.3 million, a decrease of 45% compared to $15.1 million from March 31, 2020; this is expected to set up challenging quarters ahead from a revenue and earnings standpoint
- Book-to-bill ratio[3] of 0.39, compared to 1.15 for the three months ended March 31, 2020

Financial Summary

Revenue for the three months ended June 30, 2020 was $10.4 million, a decrease of $1.1 million from the second quarter of 2019. Revenue for the three months ended June 30, 2020 was supported by backlog that was derived through late 2019 and into early 2020. The continued COVID-19 pandemic has resulted in a material reduction in capital spending by our customers. In the comparative period, revenue was impacted by $1.8 million of completed orders that did not ship due to delays in collecting payment from certain Eastern Hemisphere customers for whom credit terms were not extended.

Gross profit for the three months ended June 30, 2020 was $2.6 million, a decrease of $0.2 million, from the second quarter of 2019. Gross profit percentage for the three months ended June 30, 2020 remained consistent with the comparative period despite the $1.1 million decline in revenue. This was a direct result of committed cost reduction initiatives that were announced in both April of 2020 and the fourth quarter of 2019.

General and administration (G&A) expense for the three months ended June 30, 2020 was $1.5 million which represents a decrease of $1.0 million or 39% from the second quarter of 2019. Sequentially, G&A declined $0.3 million or 15% from the first quarter of 2020. The decrease in G&A is in direct response to the continued activity levels in the oil & gas industry as well as our initiative to become more efficient and productive for the long term.

Sales & Marketing expense for the three months ended June 30, 2020 decreased by $0.3 million or 42% for the second quarter of 2019 primarily due cost containment initiatives, as well as travel restrictions and a major tradeshow cancellation in the second quarter.

Research and development expenditures ("R&D") for the three months ended June 30, 2020 were $0.8 million, compared to $1.6 million in the second quarter of 2019. The decline in spend is a result of deferring certain external project expenditures as part of the cash preservation measures announced in April, while advancing the development of McCoy's digital platform of technologies that will drive the technology success in the future using internal resources.

Net earnings for the three months ended June 30, 2020 was $0.8 million or $0.03 earnings per basic share, compared to net loss of $1.6 million or $0.06 loss per basic share in the second quarter of 2019.

Adjusted EBITDA[1] for the three months ended June 30, 2020 was $1.3 million, compared to a nominal $0.1 million loss for the second quarter of 2019.

As at June 30, 2020, the Corporation had $10.3 million in cash and cash equivalents, of which $0.5 million was restricted per the conditions of its credit facility.

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Selected Quarterly Information

($000 except per share amounts and percentages)	Q2 2020	Q2 2019	% Change
Total revenue	10,361	11,455	(10)
Gross profit	2,631	2,851	(8)
as a percentage of revenue	25	25	-
Net earnings (loss)	782	(1,590)	149
per common share – basic	0.03	(0.06)	150
per common share – diluted	0.03	(0.06)	150
Adjusted EBITDA[1]	1,327	(61)	2,275
per common share – basic	0.05	-	-
per common share – diluted	0.05	-	-
Total assets	63,028	57,682	9
Total liabilities	22,781	20,322	12
Total non-current liabilities	11,347	5,514	106

Summary of Quarterly Results

McCoy reported its fourth consecutive quarter of positive Adjusted EBITDA:

($000 except per share amounts)	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018
Revenue	10,361	11,323	11,875	15,222	11,455	14,840	13,543	13,899
Impairment & restructuring charges	136	-	-	-	-	-	65	15
Net (loss) earnings	782	(87)	61	1,238	(1,590)	524	931	183
Basic & diluted (loss) earnings per share	0.03	-	-	0.04	(0.06)	0.02	0.03	0.01
EBITDA	1,886	1,078	1,176	2,144	(828)	1,289	1,513	911
Adjusted EBITDA	1,327	1,919	1,487	2,213	(61)	713	776	687

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

before: depreciation of property, plant and equipment; amortization of intangible assets; income tax expense (recovery); finance charges, net; provisions for excess and obsolete inventory; other (gains) losses, net; restructuring charges; share-based compensation; and impairment losses. The Corporation reports on EBITDA and adjusted EBITDA because they are key measures used by management to evaluate performance. The Corporation believes adjusted EBITDA assists investors in assessing McCoy Global's current operating performance on a consistent basis without regard to non-cash, unusual (i.e. infrequent and not considered part of ongoing operations), or non-recurring items that can vary significantly depending on accounting methods or non-operating factors. Adjusted EBITDA is not considered an alternative to net (loss) earnings in measuring McCoy Global's performance. Adjusted EBITDA does not have a standardized meaning and is therefore not likely to be comparable to similar measures used by other issuers. For comparative purposes, in previous financial disclosures 'adjusted EBITDA' was defined as "net earnings (loss) before finance charges, net, income tax expense (recovery), depreciation, amortization, impairment losses, restructuring charges, non-cash changes in fair value related to derivative financial instruments and share-based compensation."

[2] McCoy Global defines backlog as orders that have a high certainty of being delivered and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order. Customers may default on or cancel such commitments, but may be secured by a deposit and/or require reimbursement by the customer upon default or cancellation. Backlog reflects likely future revenues; however, cancellations or reductions may occur and there can be no assurance that backlog amounts will ultimately be realized as revenue, or that the Corporation will earn a profit on backlog once fulfilled. Expected delivery dates for orders recorded in backlog historically spanned from one to six months. Under current market conditions, many customers have shifted their purchasing towards just-in-time buying.

[3] The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized and billed in a set period of time. The ratio is an indicator of customer demand and sales order processing times. The book-to-bill ratio is not a GAAP measure and therefore the definition and calculation of the ratio will vary among other issuers reporting the book-to-bill ratio. McCoy Global calculates the book-to-bill ratio as net sales orders taken in the reporting period divided by the revenues reported for the same reporting period.

About McCoy Global Inc.

McCoy Global provides technologies designed to support wellbore integrity and assist with collecting critical data for the global energy industry. The Corporation operates internationally through direct sales and distributors with operations in Canada, the United States of America and the United Arab Emirates. McCoy's corporate headquarters are located in Edmonton, Alberta, Canada. The Corporation's shares are listed on the Toronto Stock Exchange and trade under the symbol "MCB".

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.*

For further information, please contact:

Mr. Jim Rakievich	Phone: 1.780.453.8451
President & CEO	E-mail: info@mccoyglobal.com
McCoy Global Inc.	Website: www.mccoyglobal.com