August 6, 2021

McCOY GLOBAL ANNOUNCES SECOND QUARTER 2021 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, 2021.

Second Quarter Highlights:

- Field trials for McCoy's SmartCRT™ resulted in continued customization and enhancements in preparation for commercial launch in Q3;
- Field trials for our Virtual ThreadRep ™ 2.0 progressed with 5 customers. This virtual technology allows customers to remotely monitor and control premium connection make-up;
- Commenced development of McCoy's Virtual ThreadRep™ 3.0; which will allow the torque turn software to autonomously evaluate and confirm premium connection make-up;
- New product and technology offerings[4] contributed 18% of total revenue compared with 16% in Q2 2020;
- Subsequent to the quarter, on August 5, 2021, McCoy strengthened its Board of Directors with the addition of Oil & Gas veteran Mike Buker, President of PHX Energy Services Corp. (TSX:PHX).

"Following a slower start to 2021 for the global oil and gas industry, we continue to see trends for a prolonged upcycle starting in the back half of the year as leading indicators and global bookings begin to show greater strength," said Jim Rakievich, President & CEO of McCoy. "In the second quarter we experienced a significant lift in orders for our consumable products, which is a leading indicator of wellsite activity, and subsequent to the quarter, order intake levels further improved with $3.9 million of orders received to August 5, 2021 including orders for a Smart Tong package destined for offshore Brazil. In parallel, we continue to invest in our automated future and have several trials set with North American customers operating in the Permian basin starting in August."

"Our second quarter performance was impacted by delays in receipt of $2.0 million customer advance payments which prevented our ability to book the revenue in our second quarter. The funds were received in early July and will contribute to our third quarter performance," said Lindsay McGill, Vice President & CFO of McCoy. "McCoy received $2.4 million in forgiveness from first-round funding under the US Paycheck Protection Loan Program and continues to maintain a solid balance sheet and a strong net cash position. This offers us great financial flexibility as we continue to fund our 2021 product development program for the Digital Technology Roadmap. We deployed $0.8 million in the first six months of 2021 to advance our digital products, currently in field trials, toward commercialization."

Financial Highlights:

- Total revenue decreased by 41% to $6.1 million, compared to $10.4 million in 2020; due to $2.0 million of delayed advance payments from customers that restricted shipment and delayed revenue recognition to the third quarter;

- Adjusted EBITDA[1] decreased to $0.2 million, or 3% of revenue, compared with $1.3 million, or 13% of revenue, in 2020;
- Achieved backlog[2] of $10.2 million at June 30, 2021, compared with $8.3 million in 2020;
- Book-to-bill ratio[3] was 1.22 for the three months ended June 30, 2021, compared with 0.39 in 2020;
- Received $2.3 million forgiveness for first-round funding under the US Paycheck Protection Loan Program (PPP); and
- Anticipated capital spend for the remainder of 2021 includes up to US$1.3 million of investment in the Corporation's Digital Technology Roadmap to accelerate the transition toward a cloud-based, Tubular Running Service solution.

On August 5, 2021, McCoy added Oil & Gas industry veteran Michael Buker to the board of directors. Mr. Buker is the current President of PHX Energy Services Corp. ("PHX"), a publicly traded company on the TSX. In his current role he is responsible for managing all facets of the business from its US head office in Houston, Texas. Mr. Buker's accomplishments thus far at PHX include being instrumental in building the company to be the industry leading technology and service provider it is today, and guiding teams in the development and commercialization of premium technologies that deliver significant competitive advantages that optimize drilling operations, increase drilling efficiency and decrease drilling days. Prior to becoming President, Mr. Buker held a various senior management positions spanning sales & marketing, operations management, and international business development, which included extensive field experience. Mr. Buker has completed the ICD-Rotman Directors Education Program and has obtained the ICD.D designation from the Institute of Corporate Directors. Mr. Buker has more than 15 years' experience serving on various public and private boards.

Revenue for the three and six months ended June 30, 2021 continued to be impacted by the depressed order intake experienced as a result of the COVID-19 pandemic. Second and third rounds of lockdowns, particularly in the Eastern Hemisphere, have delayed NOC's project approvals, which has in turn deferred our customers' capital spend. Furthermore, revenue for the three months ended June 30, 2021 was also impacted by $2.0 million of shipments held as a result of delays in collection of customer advance payments. Payments for these orders were received in early July 2021 with revenues recognized in Q3 2021.

Revenue for the three and six months ended June 30, 2020 was supported by Q4 2019 and early 2020 order intake and was not materially impacted by the COVID-19 pandemic.

Despite the decline in revenue and significant degradation of market conditions, McCoy grew revenues from its new product and technology offerings to $1.1 million or 18% of revenue (Q2 2020 - $1.7 million or 16% of revenue).

Gross profit as a percentage of revenue for the three and six months ended June 30, 2021 was 26% and 28% respectively, an increase of one percentage point from the comparable periods in 2020. The increase was largely a result of favourable product mix, with a modest uptick in aftermarket revenues as the impacts of the COVID-19 pandemic lessened, economies began to reopen and drilling activity improved particularly in the North America Land market. Continued focus on productivity improvement and supply chain efficiencies also contributed to the improvement in gross profit percentage. Gross profit for the six months ended June 30, 2021 includes a $0.2 million recovery for excess and obsolete inventory (2020 – expense of $0.7 million).

For the three months ended June 30, 2021, G&A increased by 4% from the comparative period, due to a $0.3 million increase in cash-settled share-based compensation expense resulting from an increase in the Corporation’s share price, which was offset by the benefit of cost reduction initiatives. For the six months ended June 30, 2021, G&A decreased by 3% from the comparative period due to cost reduction initiatives enacted in April 2020, as well as continued focus on reduction of overhead spend. This was offset by an increase in share-based compensation expense.

For the three months ended June 30, 2021, Sales & Marketing increased from the comparative periods as a result of targeted marketing initiatives related to soon-to-be commercial products under the Corporation’s ‘Digital Technology Roadmap’ initiative. For the six months ended June 30, 2021, Sales & Marketing decreased from the comparative period due to cost reduction initiatives enacted in April 2020 which was partially offset by increased marketing efforts.

During the three and six months ended June 30, 2021, McCoy further advanced its ‘Digital Technology Roadmap’ initiative through the continued development of ‘Smart’ product offerings that will be digitally integrated into its automated tubular running system SmartTR™. For the six months ended June 30, 2021, total capitalized development expenditures of $0.8 million include internal product design and development hours, in addition to $0.3 million (three months ended June 30, 2021 - $0.2 million) of prototype materials and field trial expenses for McCoy’s SmartCRT™. For 2021, the Corporation has committed up to US$2.1 million of growth capital to accelerate its ‘Digital Technology Roadmap’ initiative by integrating these product offerings into SmartTR™, McCoy’s fully automated casing running system. During the three and six months ended June 30, 2020, capitalized development expenditures pertained to detail design work completed for McCoy’s new Smart product offerings, including the SmartCRT™ and Virtual Thread Rep™.

For the three and six months ended June 30, 2021, other gains, net is comprised primarily of $2.4 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. In the comparative period, other losses, net was comprised primarily of foreign exchange fluctuations and gains or losses on the disposal of property, plant and equipment. For the three and six months ended June 30, 2020, other gains include $0.2 million of government assistance payments in connection with the Canadian Emergency Wage Subsidy.

Net earnings for the three months ended June 30, 2021 was $1.2 million ($0.04 per basic share), compared with net earnings of $0.8 million ($0.03 per basic share) in the second quarter of 2020.

Adjusted EBITDA[1] for the three months ended June 30, 2021 was $0.2 million compared with $1.3 million for the second quarter of 2020. As at June 30, 2021 the Corporation had $10.9 million in cash and cash equivalents, of which $1.3 million was restricted per the conditions of the Corporation’s credit facility.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q2 2021	Q2 2020	% Change
Total revenue	6,086	10,361	(41%)
Gross profit	1,566	2,631	(40%)
as a percentage of revenue	26%	25%	1%
Net earnings	1,151	782	47%
per common share – basic	0.04	0.03	19%
per common share – diluted	0.03	0.03	14%
Adjusted EBITDA[1]	174	1,327	(87%)
per common share – basic	0.01	0.05	(87%)
per common share – diluted	0.01	0.05	(87%)
Total assets	53,505	63,028	(15%)
Total liabilities	17,802	22,781	(22%)
Total non-current liabilities	9,872	11,347	(13%)

Summary of Quarterly Results

($000 except per share amounts)	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019
Revenue	6,086	7,374	9,369	7,621	10,361	11,323	11,875	15,222
Net earnings (loss)	1,151	(158)	(2,150)	(720)	782	(87)	61	1,238
Basic & diluted (loss) earnings per share	0.04	(0.01)	(0.08)	(0.03)	0.03	-	-	0.04
EBITDA[1]	2,077	749	(1,116)	312	1,886	1,078	1,176	2,144
Adjusted EBITDA[1]	174	673	153	365	1,327	1,919	1,487	2,213

Outlook and Forward-Looking Information

Since mid-2008, 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 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, 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. Nimbus™, 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™ autonomous casing running system. The product suite includes five 'Smart' products: Virtual ThreadRep™, SmartCRT™, SmartFMS™, McCoy's Smart Tong, and McCoy's Smart Tailing Stabbing Arm.

McCoy is engaged with three key customer groups:

Service Companies and Drilling Contractors - Producers are challenging contractors, across the board, to reduce costs. In most 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. This lack of labour 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 ThreadRep™ 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 under the SASB standard. 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 humans, 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 incidence and potential environmental impact of faulty connections and leaking wells.

McCoy's digital strategy will help meet this demand. The Nimbus™ cloud platform is the nucleus of the Corporation's digital strategy and serves as a repository for real-time, complete well integrity data. Taking advantage of its first mover status, McCoy expects to launch its next two 'Smart' products in 2021 with the goal of having a fully automated TRS by the end of 2022.

The COVID-19 crisis continued to impact the oil and gas industry globally throughout the first half of 2021. Second and third waves of the pandemic and the consequential global lockdowns have led to a slow and choppy recovery, particularly in the Eastern Hemisphere where project approvals by national oil companies (NOC's) have been delayed. As we look ahead to the second half of 2021, we see continued signs of global economic recovery that are expected to drive improving levels of drilling activity. Although new variant strains of the COVID-19 virus may further pose a threat to a steady recovery, we expect customer spending and activity levels to gain momentum through the remainder of the year as the macro environment improves.

Looking further into 2022, the activity levels in the oil and gas industry are expected to improve as global economies stabilize and grow. With the most complete tubular running suite of products and strong balance sheet, McCoy is well positioned to respond to an improving market. Further, we expect commercial opportunities with our new Smart technology offering to accelerate in a more robust market.

McCoy reported order intake of $7.4 million for the second quarter of 2021, a modest sequential increase of $0.5 million compared to the first quarter. While bookings showed little improvement for the quarter, subsequent to June 30, 2021, order intake levels further improved with $3.9 million of orders received to August 5, 2021. McCoy has been able to leverage its engineering capabilities, technology offerings and strong market position for revenue sustainability, particularly in these international and offshore regions.

In summary, we will continue to focus on our key strategic initiatives to navigate to success:

- Growing market adoption of new and recently developed 'Smart' portfolio products;
- Prudently investing in technology development initiatives and certain key rental opportunities;
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency, despite uncertain market conditions ahead; and
- Ensuring the health and safety of our employees, their families and our partners throughout the COVID19 pandemic.

We believe this strategy, together with our committed and agile team, intimate customer knowledge and global footprint will further advance the 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."

[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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