August 5, 2022

McCOY GLOBAL ANNOUNCES SECOND QUARTER 2022 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, 2022.

Second Quarter Highlights:

- Net earnings remained strong at $1.1 million compared to $1.2 million in 2021 (of which $2.4 million related to loan forgiveness of the Corporation's US Paycheck Protection Program borrowings), and improved by $0.9 million from $0.2 million in the first quarter of 2022;
- Adjusted EBITDA[1] improved more than tenfold to $2.3 million, or 18% of revenue, compared with $0.2 million, or 3% of revenue, in 2021. Sequentially, Adjusted EBITDA improved by $1.1 million from $1.4 million, or 16% of revenue, reported in the first quarter of 2022;
- Revenue more than doubled to $12.9 million compared with $6.1 million in 2021;
- Subsequent to June 30, 2022, McCoy received $11.3 million of orders received for Hydraulic Power Tongs, Casing Running Tools (CRT) and McCoy Torque Turn systems and related parts and accessories from a customer based in the Kingdom of Saudi Arabia, resulting in backlog of $27.4 million as at August 4, 2022, a level not experienced since Q1 2015;
- Twelfth (12th) quarter of positive Adjusted EBITDA, demonstrating solid earnings performance and operating leverage despite the unprecedented market conditions presented by the COVID-19 pandemic; and
- Advanced its Digital Technology Roadmap:
    - Successfully completed customer field trials for McCoy's smartCRT™ , an intelligent, connected enhancement of our conventional casing running tool that offers superior safety, efficiency and simplified operating procedure with a Middle East National Oil Company. With this achievement behind us, we have also accepted an order for two of the smartCRT™ tools, scheduled for delivery in the fourth quarter of 2022.
    - Reported the first two commercial sales for McCoy's FMS, the 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 second quarter financial results reflect steadily increasing customer demand and demonstrate the solid financial operating leverage we expect to deliver as our order book continues to build. With recent order intake activity, our backlog now sits at the highest levels we've seen since 2015 and we are solidly positioned to deliver on our financial results for the second half of 2022." said Jim Rakievich, President & CEO of McCoy. "Despite current economic uncertainty and commodity price volatility, increased drilling activity levels over the medium term paired with new international market entrants will serve to further enhance commercial opportunities. 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, positions us to capitalize on opportunities as market activity improves."

"Our second quarter performance demonstrated continued strength in several of our financial metrics. McCoy's continued fiscal discipline resulted in a more than tenfold increase in Adjusted EBITDA[1] of $2.3 million or 18% of revenue for the second quarter (Q2 2021 – Adjusted EBITDA of $0.2 million, or 3% of revenue). Though operating cashflows were impacted by $4.2 million investment in working capital, this was largely driven by an increase in trade receivable balances related to the large volume of customer shipments that took place near the end of the quarter. Despite the many supply chain challenges faced globally, successful supply chain management has also allowed us to not only navigate cost headwinds, but also successfully sustain inventory investment levels in conjunction with increasing order intake activity." said Lindsay McGill, Vice President & CFO of McCoy. "As of June 30, 2022, McCoy reported net cash of $4.1 million with an additional US$2.5 million available under an undrawn operating facility, which will well position McCoy for revenue growth in the year ahead."

Second Quarter Financial Highlights:

- Total revenue of $12.9 million, compared with $6.1 million in Q2 2021;
- Adjusted EBITDA[1] increased to $2.3 million, or 18% of revenue, compared with $0.2 million, or 3% of revenue, in Q2 2021;
- Net earnings of $1.1 million, compared to net earnings of $1.2 million in Q1 2021 of which $2.3 million related to forgiveness for first-round funding under the US Paycheck Protection Loan Program (PPP);
- Booked backlog[2] of $14.6 million at June 30, 2022, up from $10.2 million in the second quarter of 2021, additional order intake received subsequent to June 30, 2022 bolstered backlog levels to $27.4 million as at August 4, 2022;
- Book-to-bill ratio[3] was 0.88 for the three months ended June 30, 2022, compared with 1.21 in the second quarter of 2021;

Financial Summary

Revenue of $12.9 million for three months ended June 30, 2022, continued to benefit from improved global drilling activity levels, particularly with respect to capital equipment and related parts and accessories. Revenue for the second quarter of 2021 of $6.1 million was impacted by the decline in order intake experienced as a result of second and third waves of the COVID-19 pandemic.

Gross profit, as a percentage of revenue for the three months June 30, 2022, was 32%, a six percentage point improvement from the second quarter of 2021. Although product mix has been more heavily weighted towards capital equipment, which typically commands higher material cost and in turn lower product line margins, the unfavourable shift in product mix experienced throughout Q2 2022 was more than offset by the benefit of increased production throughput. Despite the many supply chain challenges faced globally, successful supply chain management has also allowed us to navigate cost headwinds, maintain, and in some cases improve, product margins.

For the three months June 30, 2022, general and administrative expenses (G&A) was consistent with the comparative period as the Corporation continues to maintain discipline around overhead expenditures, further demonstrating the solid financial operating leverage we expect to deliver as our order book builds.

Sales and marketing expenses for the second quarter of 2022 increased by $0.1 million from the comparative period to $0.5 million due to additional travel activity to support rebounding order intake and maintain our market leading customer engagement.

During the three months June 30, 2022, with $0.1 million of capitalized development expenditures, McCoy further advanced its Digital Technology Roadmap initiative through the continued development of 'smart' product offerings which will be digitally integrated into its automated tubular running system smartTR™.

For the three months ended June 30, 2022, other gains, net was nominal. In the comparative period, other gains, net of $2.1 million was comprised primarily of US $2.0 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 June 30, 2022 was $1.1 million or $0.04 per basic share, compared with net earnings of $1.2 million, which included $2.3 million related to forgiveness for first-round funding under the US Paycheck Protection Loan Program (PPP), or $0.04 per basic share in the second quarter of 2021.

Adjusted EBITDA[1] for the three months ended June 30, 2022 was $2.3 million compared with $0.2 million for the second quarter of 2021.

As at June 30, 2022 the Corporation had $8.4 million in cash and cash equivalents, of which $0.8 million was restricted under the conditions of the Corporation's credit facility.

Selected Quarterly Information

($000 except per share amounts and percentages)	Q2 2022	Q2 2021	% Change
Total revenue	12,863	6,086	111%
Gross profit	4,077	1,566	160%
as a percentage of revenue	32%	26%	6%
Net earnings	1,051	1,151	(9%)
per common share – basic	0.04	0.04	8%
per common share – diluted	0.04	0.03	42%
Adjusted EBITDA[1]	2,296	174	1,220%
per common share – basic	0.08	0.01	712%
per common share – diluted	0.08	0.01	700%
Total assets	59,375	53,505	11%
Total liabilities	17,395	17,802	(2%)
Total non-current liabilities	5,413	9,872	(45%)

Summary of Quarterly Results

The second quarter of 2022 represents McCoy's twelfth (12th) consecutive quarter of positive Adjusted EBITDA performance and demonstrates the Corporation's solid earnings performance and operating leverage despite the unprecedented market conditions presented by the COVID-19 pandemic.

($000 except per share amounts)	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Revenue	12,863	8,891	9,451	9,855	6,086	7,374	9,369	7,621
Net earnings (loss)	1,051	174	2,464	621	1,151	(158)	(2,150)	(720)
per share – basic	0.04	0.01	0.09	0.02	0.04	(0.01)	(0.08)	(0.03)
per share – diluted	0.04	0.01	0.08	0.02	0.04	(0.01)	(0.08)	(0.03)
EBITDA[1]	1,943	1,146	3,504	1,550	2,077	749	(1,116)	312
Adjusted EBITDA[1]	2,296	1,461	1,213	1,376	174	673	153	365

Outlook and Forward-Looking Information

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 expertise and 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, unparalleled customer support, 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. 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™ automated casing running system. The product suite includes five 'Smart' products: Virtual Thread-Rep™, smartCRT™, smartFMS™, McCoy's smartTong, and McCoy's smart tailing stabbing arm (smartTSA™).

McCoy is engaged with three key customer groups:

Service Companies and Drilling Contractors - Producers are challenging contractors, across the board, to reduce costs. In many 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. Personnel safety, the shortage of experienced people, 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 Thread Rep™ 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. 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 people, 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 environmental impact of faulty connections and leaking wells.

McCoy's digital strategy will meet this demand. Our cloud platform is the nucleus of the Corporation's digital strategy and serves as a repository for real-time, complete well integrity data.

Including the $11.3 million of orders received for Hydraulic Power Tongs, Casing Running Tools (CRT) and MTT systems and related parts and accessories from a customer based in the Kingdom of Saudi Arabia in July, as at August 4, 2022, McCoy's backlog totals $27.4 million (US$23.1 million). McCoy's order book has not been at this level since the first quarter of 2015, and this magnitude of backlog will support strong revenue and earnings performance for the second half of 2022 and into 2023.

Although we expect the shift in product mix from these capital equipment orders to compress gross margin to some degree, as our capital equipment product lines typically command higher material costs in comparison to aftermarket products, this is expected to be partially offset by the benefit of increased production throughput against our fixed production overheads.

Despite current economic uncertainty and commodity price volatility, over the medium term, market fundamentals continue to be robust. Increased drilling activity levels paired with new international market entrants will serve to further enhance commercial opportunities for our smartCRT™. We also expect that the tightening labour market faced by our customers will serve to accelerate adoption of many of our new smart technology offerings, particularly in the US land region in both the near and long term.

As 2022 progresses, we continue to focus on our key strategic initiatives to deliver value to all of our stakeholders:

- Growing market adoption of new and recently developed 'smart' portfolio products;
- Taking advantage of the current market trajectory by focusing on revenue generation while continuing to successfully mitigate supply chain and logistic challenges;
- Continuing to build our equipment rental fleet to offer flexible solutions to customers where meaningful returns are expected;
- Prudently investing in technology development initiatives; and
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency.

Subsequent to June 30, 2022, the Corporation committed to pursuing a sale and leaseback arrangement for its real estate located in Cedar Park, Texas currently held at net book value of $3.4 million. Proceeds from a potential sale transaction are expected to be used to repay the Corporation's US$3.4 million term loan bearing interest at US Prime plus 4.95% in addition to funding current working capital increases and providing financial flexibility for future strategic growth.

In its continuing evaluation of opportunities to unlock shareholder value, the Corporation also intends to pursue the implementation of a normal course issuer bid (NCIB), subject to Toronto Stock Exchange approval.

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, 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."

($000 except per share amounts and percentages)	Q2 2022	Q2 2021
Net earnings	1,051	1151
Depreciation of property, plant and equipment	440	490
Amortization of intangible assets	269	194
Finance charges, net	183	242
EBITDA	1,943	2,077
Provisions for (recovery of) excess and obsolete inventory	234	(112)
Other gains, net	(2)	(2,125)
Share-based compensation	121	334
Adjusted EBITDA	2,296	174

[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.

[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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