



MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2020



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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated August 12, 2020, should be read in conjunction with the cautionary statement regarding forward-looking information and statements below, as well as the audited consolidated financial statements and notes thereto, for the years ended December 31, 2019 and 2018. The annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts in the following MD&A are in Canadian dollars unless otherwise stated. References to "McCoy," "McCoy Global," "the Corporation," "we," "us" or "our" mean McCoy Global Inc. and its subsidiaries, unless the context otherwise requires. Additional information relating to McCoy Global, including periodic quarterly and annual reports and Annual Information Forms ("AIF"), filed with Canadian securities regulatory authorities, is available on SEDAR at sedar.com and our website at mccoyglobal.com.

FORWARD-LOOKING INFORMATION AND STATEMENTS

This MD&A contains certain 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. In particular, this MD&A contains:

Forward-looking statements relating to McCoy Global's:

- business strategy;
- future development and organic growth prospects;
- impact of re-structuring plans and cost structure;
- competitive advantages; and
- merger and acquisition strategy.

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 and operating strategies of the Corporation; which 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.

Other forward-looking statements regarding the Corporation are located in the documents incorporated by reference in this MD&A and 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 considers 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 those set out below and those detailed elsewhere in this MD&A:

- oil and natural gas price fluctuations;
- domestic and foreign competition;
- technology;
- replacement or reduced use of products and services;
- international operations and international trade relations;
- global health crisis;
- global economic recession
- ability to effectively manage growth;
- business mergers and acquisitions;
- insurance sufficiency, availability and rate risk;
- supply chain;
- reliance on key persons workforce availability;
- legal compliance;
- litigation;
- breach of confidentiality;
- safety performance;
- foreign exchange;
- availability of financing;
- raising equity through the issuance of shares;
- shareholder activism;
- customers' inability to obtain credit/financing;
- material differences between actual results and management estimates and assumptions;
- impact of the United States-Mexico-Canada Agreement;
- Greenhouse Gas ("GHG") regulations;
- change in U.S. administration;
- conservation measures and technological advances;
- terrorist attack or armed conflict;
- sufficiency of internal controls;
- information security; and
- challenges by taxation authorities.

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 MD&A, including the documents incorporated by reference herein, 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 MD&A are made as of the date of this MD&A 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.

DESCRIPTION OF NON-GAAP MEASURES

Throughout this MD&A, management uses measures which do not have a standardized meaning as prescribed by IFRS and therefore are considered to be non-GAAP measures presented under IFRS.

EBITDA is non-GAAP measure 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 (recovery of) excess and obsolete inventory;
- other losses (gains), net;
- restructuring charges;
- share-based compensation; and
- impairment losses.

The Corporation reports on EBITDA and adjusted EBITDA because they are important 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 or 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. Adjusted EBITDA should not be used as an exclusive measure of cash flow since it does not account for the impact of working capital changes, capital expenditures, debt changes and other sources and uses of cash, which are disclosed in the consolidated statements of cash flows.

OUTLOOK AND FORWARD-LOOKING INFORMATION

McCoy Global reported revenues of \$10.4 million for the three months ended June 30, 2020, which was supported by backlog that was derived through late 2019 and into early 2020. In light of a \$1.1 million decline in revenue quarter over quarter, McCoy Global continued to focus on rightsizing cost structure which resulted in Adjusted EBITDA of \$1.3 million, or 13% of revenue, compared to a nominal Adjusted EBITDA loss in the second quarter of 2019. We are also very pleased to announce net earnings of \$0.8 million compared to a net loss of \$1.6 million in the second quarter of 2019.

Active rig counts continued to decline during the second quarter of 2020 with US land activity remaining particularly vulnerable to market forces at hand. McCoy's North American order intake and backlog have declined significantly since the start of the COVID-19 crisis. Fortunately, our international customers have experienced less of a decline in activity and McCoy has been able to leverage its engineering capabilities, technology offerings and strong market position for revenue sustainability.

With respect to the direct impact of COVID-19 as it relates to our employees and their families, we are happy to report that the early efforts and discipline by our team continued into the second quarter. To date, only one of our employees has tested positive for the virus, this individual had been working remotely and has since fully recovered. Our ability to look after our customers has been challenging and has required creative solutions in these unprecedented times. McCoy's skilled technical team has found new ways to do things remotely, such as creating "virtual training" simulations for specific technologies where specialists previously travelled to customers' locations.

We want to thank every member of our extraordinary team for their continued determination to persevere under very difficult circumstances, and to each of our customers for recognizing McCoy's efforts to support them in such historic challenging times.

Unfortunately, the COVID-19 crisis remains at the forefront of the oil and gas industry as recent spikes in cases throughout the world has stagnated consumption once again. This spike has resulted in the retreat in economic activity in many parts of the world in order to slow down infections. We expect this continued economic malaise to negatively impact drilling activity over the remainder of 2020 and likely into 2021. Regionally, the decline in active drilling rigs in the North American land market has slowed in recent weeks and there is potential that the activity is nearing bottom. With that said, our expectations are for little improvement in this region throughout the remainder of 2020. Internationally, we expect drilling activity to continue to decline modestly. The activity changes will not be uniform across all international markets. We expect the Middle East and the Former Soviet Union markets to behave with more resilience.

Backlog eroded to \$8.3 million as at June 30, 2020, which was the result of a material slowdown in order intake throughout the second quarter of 2020. This is expected to set up challenging quarters ahead from a revenue and earnings standpoint. Since the beginning of the crisis, the business cost structure has been meaningfully addressed and the third quarter will represent the first full quarter impact of these measures. Subsequent to June 30, 2020, order intake improved with \$6.5 million of orders received to August 12, 2020, compared to the \$4.1 million of orders received over the full second quarter.

Turning to technology, McCoy continues to achieve key development milestones on our "Digital Technology Roadmap". We continue to experience strong customer interests in our "Virtual Thread Rep™" technology that currently allows customers to remotely monitor, and will soon allow our customers to remotely control premium connection make-ups. The digital, cloud-based platform that enables Virtual Thread Rep™ will be the foundation of our continued development as we digitize and automate the historically manual processes of tubular make up. Safety, efficiency and improved wellbore integrity will all be improved as we continue to develop and integrate the solutions as part of a complete, integrated package.

McCoy enters the back half of 2020 with a stable balance sheet. Management continues to actively pursue more favorable costs and terms for the Corporation's debt, and we are confident we can successfully conclude these negotiations with our lenders in the third quarter.

In April of 2020, the Corporation received approval and funding under its application for a US Paycheck Protection Program Loan (PPP) of \$2.7 million (US\$1.9 million). The loan bears interest at 0.98% and matures on April 16, 2022. The proceeds will be used to support payroll expenditures for the Corporation's US employees. A portion of the loan proceeds are forgivable in accordance with certain US Treasury guidelines. The Corporation estimates that, based on US Treasury Guidelines, US\$1.7 million of the loan proceeds may be forgiven if the Corporation's application for forgiveness is approved. Management continues to evaluate and apply for any for additional US and Canadian government relief programs for which the Corporation qualifies, including accessing opportunities to refinance certain of its existing facilities to extend maturity and reduce borrowing costs. During the three months ended June 30, 2020, the Corporation received \$0.2 million of government assistance under the Canadian Emergency Wage Subsidy.

In summary, for the remainder of 2020, we will be focused on:

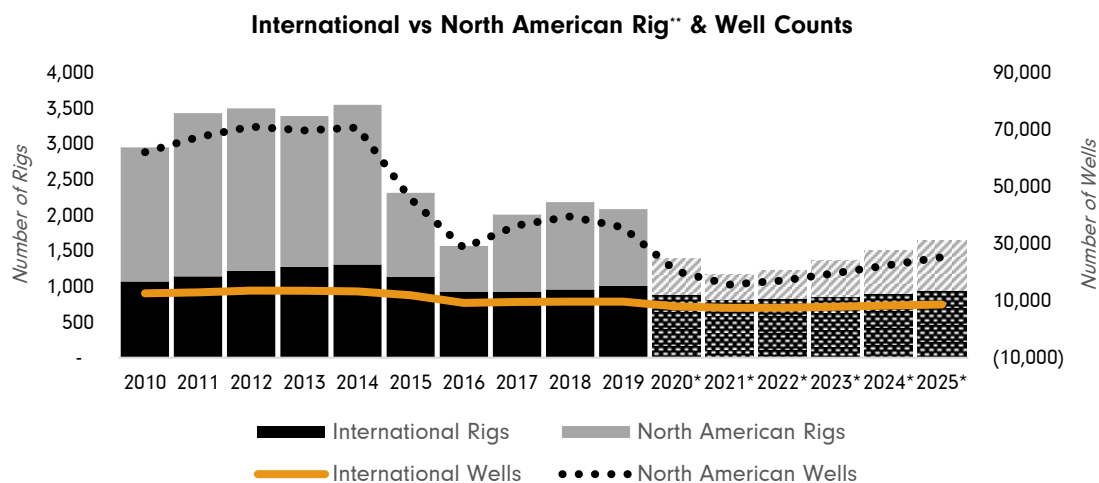
- Ensuring the health and safety of our employees, their families and all our partners throughout this COVID19 pandemic,
- Generating orders and rental opportunities in order to achieve the maximum revenues possible,
- Generating cashflow from operations through fiscal discipline and continued working capital efficiency, despite challenged market conditions ahead,
- Refinancing certain existing credit facilities to extend maturity and reduce borrowing costs,
- Growing market penetration of new and recently developed products in our portfolio, and
- Prudently investing in our technology development initiatives and key rental opportunities.

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.

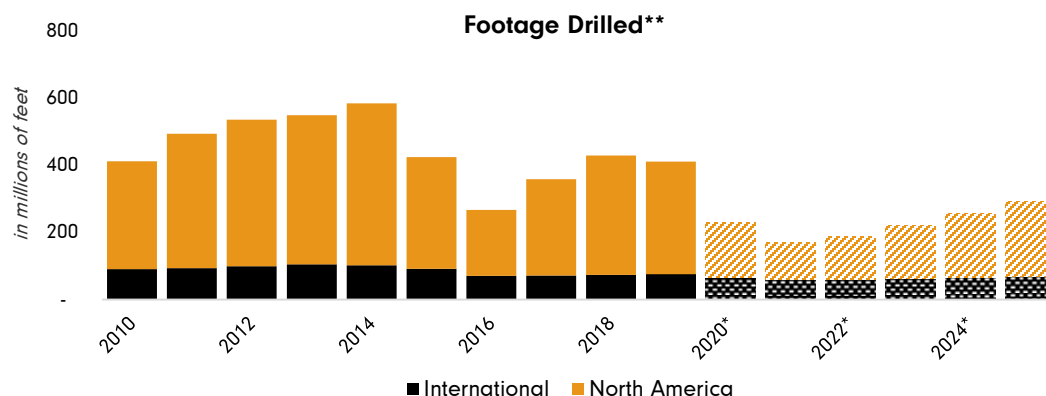
MARKET CONDITIONS

Management uses active rig counts as well as number and length of wells being drilled as data points to monitor and set expectations of the future performance of the Corporation. Generally, these metrics are leading indicators of demand for McCoy Global's products and services, although there are many factors that may impact any correlation.

A summary of historical and forecasted rig and well counts, which includes both land and offshore, obtained from Spears & Associates Drilling and Production Outlook, June 2020, is as follows:



A summary of historical and forecasted footage drilled, which includes both land and offshore, obtained from Spears & Associates Drilling and Production Outlook, June 2020, is as follows:



**Forecasted*

***Cumulative*

The demand for McCoy Global's products and services is related to drilling activity levels and customers' capital and operating budgets, which in turn are influenced by oil and natural gas prices and expectations as to future price trends. The availability of existing capital equipment adequate to serve drilling activity requirements, or lack thereof, further drives demand levels for McCoy's capital equipment products.

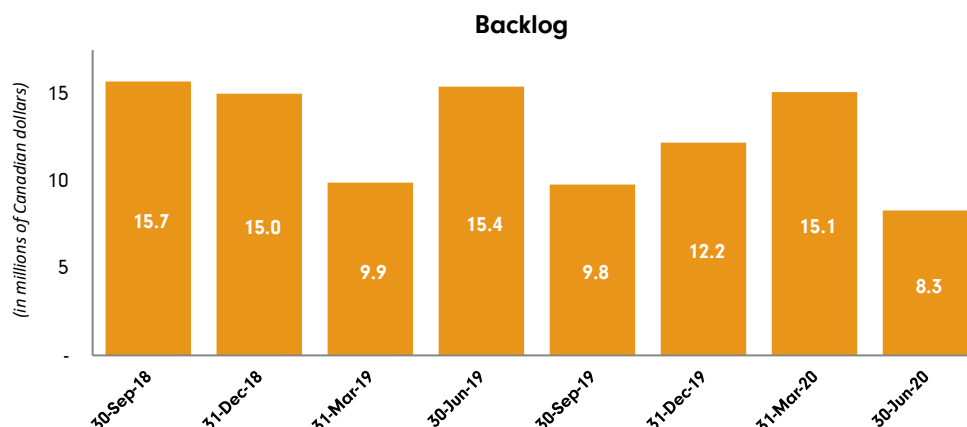
The COVID-19 pandemic has resulted in a historic drop in global demand for oil, driving the collapse of oil and gas prices and significant declines in drilling activity. E&P capital spending plans continue to be cut materially, particularly in the North American land market, and we expect our customers will follow with significantly reduced capital equipment spending for 2020 and well into 2021.

Backlog

Backlog is a measure of the amount of customer orders the Corporation has received and is therefore an indicator of a base level of future revenue potential. Backlog is not a GAAP measure and, as a result, the definition and determination of backlog will vary among other issuers reporting a backlog figure.

The Corporation 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, however 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.

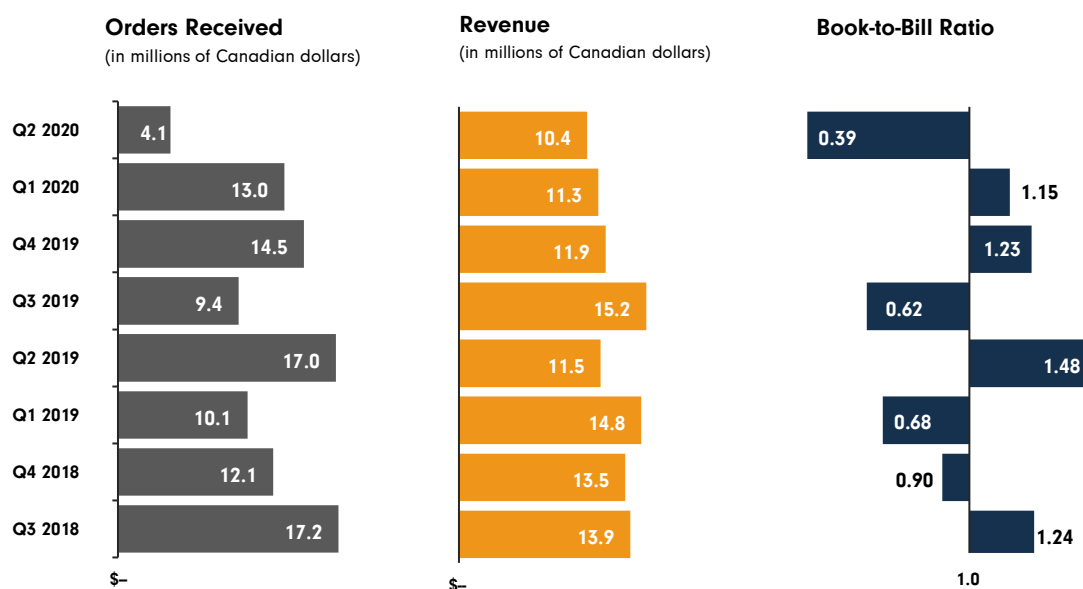
McCoy Global's backlog as at June 30, 2020 totaled \$8.3 million (US\$6.1 million), a decrease of \$6.8 million or 45% from backlog of \$15.1 million (US\$10.6 million) as at March 31, 2020. Compared to June 30, 2019 backlog decreased \$7.1 million, or 46%, from \$15.4 million (US\$11.8 million). Backlog was impacted by the decline in order intake experienced as a result of the COVID-19 pandemic. Subsequent to June 30, 2020, order intake levels have improved with \$6.5 million of orders received to August 12, 2020.



Book-to-Bill Ratio

The book-to-bill ratio is a measure of the amount of net sales orders received to revenues recognized. 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.

Set out below are orders received, revenue and the book-to-bill ratio:



Orders received are those orders in a period which have been included in backlog. Orders received are typically booked in USD. For each reporting period, orders received are converted to CAD at an average foreign exchange rate for the period. As a result, orders received can fluctuate from one reporting period to another because of foreign exchange volatility.

STRATEGY AND CORE BUSINESS VISION

McCoy Global's VISION IS TO BE RECOGNIZED AS THE TRUSTED PARTNER DELIVERING SMART SOLUTIONS FOR RUGGED APPLICATIONS

McCoy Global Inc. is incorporated and domiciled in Canada and is a leading provider of equipment and technologies designed to support wellbore integrity and assist with collecting critical data for the global energy industry. McCoy Global's core products are used predominantly during the well construction phase for both land and offshore wells during both oil and gas exploration and development.

The Corporation is engaged in the following:

- design, production and distribution of capital equipment to support wellbore integrity and to support capital equipment sales through aftermarket products and services such as technical support, consumables, and replacement parts;
- design, production and distribution of data collection technologies used in rugged applications for the global energy industry as well as in construction, marine and aerospace;
- repair, maintenance, and calibration of the Corporation's capital equipment and similar competitor products; and
- rental of the Corporation's capital equipment.

Set out below are McCoy Global's principal operations:

Operating Name	Country of Incorporation	Operating Region	Ownership Interest
McCoy Global Canada Corp.	Canada	Canada	100%
McCoy Global FZE	United Arab Emirates	Eastern Hemisphere	100%
McCoy Global USA, Inc.	United States	United States, Central America & Latin America	100%

FINANCIAL RESULTS

SUMMARY OF CONSOLIDATED FINANCIAL RESULTS

For the three months ended June 30		
(\$000 except per share amounts)	2020	2019
Revenue	10,361	11,455
Net earnings (loss)	782	(1,590)
Per common share – basic	0.03	(0.06)
Per common share – diluted	0.03	(0.06)
Adjusted EBITDA	1,327	(61)
Per common share – basic	0.05	-
Per common share – diluted	0.05	-

As at and for the six months ended June 30		
(\$000 except per share amounts)	2020	2019
Revenue	21,684	26,295
Net earnings (loss)	695	(1,066)
Per common share – basic	0.03	(0.04)
Per common share – diluted	0.03	(0.04)
Adjusted EBITDA	3,249	652
Per common share – basic	0.12	0.02
Per common share – diluted	0.12	0.02
Total assets	63,028	57,682
Total liabilities	22,781	20,322
Total non-current liabilities	11,347	5,514

EBITDA and Adjusted EBITDA are calculated as follows:

(\$000)	Three months ended June 30		Six months ended June 30	
	2020	2019	2020	2019
Net earnings (loss)	782	(1,590)	695	(1,066)
Depreciation of property, plant and equipment	677	691	1,394	1,318
Amortization of intangible assets	212	-	427	4
Finance charges, net	215	71	448	205
EBITDA	1,886	(828)	2,964	461
Restructuring charges	136	-	136	-
Share-based compensation	56	46	62	129
Provisions (reversals) for excess and obsolete inventory	22	167	715	(639)
Other (gains) losses, net	(773)	554	(628)	701
Adjusted EBITDA	1,327	(61)	3,249	652

REVENUE

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2020	2019	Change	% Change	2020	2019	Change	% Change
Revenue	10,361	11,455	(1,094)	(10%)	21,684	26,295	(4,611)	(18%)

Revenue for the three and six months ended June 30, 2020 was supported by Q4 2019 and early 2020 order intake.

Revenue for the three months ended June 30, 2019 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. Revenue for the six months ended June 30, 2019 was impacted by modest strengthening of industry fundamentals, primarily driven by international and offshore growth.

GROSS PROFIT

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2020	2019	Change	% Change	2020	2019	Change	% Change
Gross profit	2,631	2,851	(220)	(8%)	5,928	7,421	(1,493)	(20%)
<i>Gross profit %</i>	25%	25%	-%		27%	28%	(1%)	

For the three and six months ended June 30, 2020, gross profit was impacted by a decrease in production throughput, offset by the impact of committed cost reductions initiatives that occurred in both April of 2020 and the fourth quarter of 2019.

Gross profit for the three months ended June 30, 2020 includes a nominal expense related to provisions for excess and obsolete inventory (2019 - \$0.2 million). Gross profit for the six months ended June 30, 2020 includes a \$0.7 million expense for excess and obsolete inventory (2019 - recovery of \$0.6 million).

GENERAL AND ADMINISTRATION EXPENSE (G&A)

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2020	2019	Change	% Change	2020	2019	Change	% Change
G&A	1,456	2,406	(950)	(39%)	3,172	4,767	(1,595)	(33%)
<i>G&A as a % of revenue</i>	14%	21%	(7%)		15%	18%	(3%)	

For the three and six months ended June 30, 2020, G&A declined by more than 30% from the comparative period. The decline in spend relates to cost reduction initiatives enacted in April 2020 as well as headcount reductions that took place throughout 2019. The Corporation continues to focus on driving incremental efficiencies into this area of the business.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2020	2019	Change	% Change	2020	2019	Change	% Change
Sales and Marketing	346	596	(250)	(42%)	783	1,208	(425)	(35%)
<i>Sales and Marketing as a % of revenue</i>	3%	5%	(2%)		4%	5%	(1%)	

For the three and six months ended June 30, 2020, Sales & Marketing decreased from the comparative periods as a result of cost reduction initiatives enacted in April 2020 in addition to previously announced restructuring initiatives.

RESEARCH AND DEVELOPMENT (R&D)

(\$000 except percentages)	For the three months ended June 30				For the six months ended June 30			
	2020	2019	Change	% Change	2020	2019	Change	% Change
R&D expense	469	814	(345)	(42%)	1,322	1,606	(284)	(18%)
Capitalized development expenditures	345	801	(456)	(57%)	505	1,330	(825)	(62%)
R&D expenditures	814	1,615	(801)	(50%)	1,827	2,936	(1,109)	(38%)
<i>R&D expenditures as a % of revenue</i>	8%	14%	(6%)		8%	11%	(3%)	

During the three months and six months ended June 30, 2020, McCoy further advanced its 'Digital Technology Roadmap' initiative through the development of a digitally integrated casing running package built on in-depth engineering expertise and customer-focus. In light of the current economic environment, the Corporation has reduced the annual US\$2.7 million capital budget that was previous approved for this initiative by 60%, primarily related to external expenditures. The Corporation will continue to deploy internal resources to advance the development of these key strategic projects and plans to introduce additional technologies to the market during the fourth quarter of 2020.

During the three and six months ended June 30, 2019, McCoy invested in the development of a cloud-based platform and digital infrastructure to enable future digital product offerings and enhancements.

OTHER ITEMS

(\$000 except percentages)	For the 3 months ended June 30				For the 6 months ended June 30			
	2020	2019	Change	% Change	2020	2019	Change	% Change
Finance charges, net	215	71	144	203%	448	205	243	119%
Other (gains) losses, net	(773)	554	(1,327)	(240%)	(628)	701	(1,329)	(190%)
Restructuring charges	136	-	136	100%	136	-	136	100%

Finance charges, net, includes borrowing costs, finance charges imputed on leases in accordance with IFRS 16, offset by interest income on cash and cash equivalents.

Other (gains) losses, net is 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. For the three and six months ended June 30, 2019, other losses include \$0.6 million of additional provisions recorded for certain site remediation costs associated with a previous business divestiture.

Restructuring charges recognized during the three months ended June 30, 2020 relate to restructuring initiatives announced in April of 2020.

SUMMARY OF QUARTERLY RESULTS

(\$000 except per share amounts)	2020		2019				2018	
	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30
Revenue	10,361	11,323	11,875	15,222	11,455	14,840	13,543	13,899
Impairment and restructuring charges	136	-	-	-	-	-	65	15
Net earnings (loss)	782	(87)	61	1,238	(1,590)	524	931	183
Basic and diluted earnings (loss) 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

LIQUIDITY AND CAPITAL RESOURCES

As at (\$000)	June 30, 2020	December 31, 2019
Cash and cash equivalents	9,775	8,382
Restricted cash, as per credit facility	500	500
Borrowings	(9,936)	(8,190)
Net cash	339	692

McCoy remains committed to managing the business for success in the current market environment through diligently maintaining the cost reduction actions enacted in April of 2020, which were estimated to result in annualized savings of \$6.5 million (US\$5.0 million). During the three months ended June 30, 2020, we successfully exceeded this cost reduction target, which we estimate will result in an additional \$0.8 million of annualized savings. Though market uncertainty continues to be a challenge in developing forecasts for the Corporation, generating operating cashflows and increasing working capital efficiency regardless of market conditions is a key priority for the Corporation.

Anticipated capital spending for the remainder of 2020 includes:

- US\$0.4 million of investment in Corporation's Digital Technology Roadmap, primarily through the use of internal resources;
- strategic investment in rental equipment where meaningful returns are expected; and
- nominal investments in production facility equipment.

:

(\$000)	For the 3 months ended June 30		For the 6 months ended June 30	
	2020	2019	2020	2019
Cash generated from operating activities	357	2,205	1,585	2,446
Cash used in investing activities	(427)	(1,698)	(1,340)	(2,401)
Cash generated from (used in) financing activities	1,788	(546)	830	(1,109)
Debt to equity ratio	0.57 to 1	0.54 to 1	0.57 to 1	0.54 to 1

Cash generated from operating activities for the three and six months ended June 30, 2020 was driven by Adjusted EBITDA, offset by the settlement of certain facility remediation provisions and finance costs paid. During the three months ended June 30, 2020, the recognition of revenue from customer deposits impacted working capital balances. In the comparative periods, cash generated from operating activities was primarily driven by increased working capital efficiency.

For the three and six months ended June 30, 2020 and 2019, the Corporation invested in McCoy's 'Digital Technology Roadmap' and strategic additions to the Corporation's rental fleet, primarily from items in inventory.

Cash generated from financing activities for the three and six months ended June 30, 2020, relates to proceeds received under the Corporation's application for a US Paycheck Protection Program Loan (PPP), offset by scheduled debt repayments under existing credit facilities and principle elements of lease payments. Cash used in financing activities for the three and six months ended June 30, 2019 was primarily from the repayment of the Corporation's borrowings, the principal portions of lease payments and the repurchase of shares.

OUTSTANDING SHARE DATA

As at August 12, 2020 the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	27,733,989
Convertible equity securities:	
Stock options	1,670,000
Restricted share plan units	498,500

The stock options and restricted share plan units are exercisable into an equal number of common shares. Stock options may be exercised after they have vested. Restricted share plan units are converted to common shares at pre-determined vesting dates.

Options with the following exercise price ranges were outstanding as at August 12, 2020:

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	years
<\$1	735,000	9.34
\$1 to \$2	530,000	6.37
\$2 to \$3	205,000	6.41
\$3 to \$4	200,000	4.60
	1,670,000	7.47

CONTROLS AND PROCEDURES

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Management has evaluated whether there were changes in our Internal Controls over Financial Reporting ("ICFR") during the six-month period ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, our ICFR. No such changes have been identified. Please see page 24 of McCoy Global's 2019 Annual Report for a discussion of internal controls over financial reporting and disclosure controls.

ICFR is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management is responsible for establishing and maintaining adequate ICFR.

OTHER INFORMATION

Additional information relating to the Corporation, including the Corporation's Annual Information Form for the year ending December 31, 2019 is available on SEDAR at www.sedar.com.

OTHER INTERIM MD&A REQUIREMENTS

There have been no significant changes in the following items from those described in our 2019 Annual Report. Please refer to the page numbers listed below from McCoy Global's 2019 Annual Report:

- Financial risk management and financial instruments – pages 66-68;
- Capital management – page 68;
- Contractual obligations – page 21;
- Related party transactions – page 69;
- Critical accounting estimates and judgements – pages 22-23; and
- Risks and uncertainties – pages 24-33.