



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

March 31, 2024

(unaudited)

Notice to Reader:

As required by National Instrument 51-102, Part 4, subsection 4.3(3)(a), readers are advised that the Company's independent auditors have not performed a review of the March 31, 2024 condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Stated in thousands of Canadian dollars)
(unaudited)

As at	Note	March 31, 2024	December 31, 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		10,617	15,726
Trade and other receivables		14,233	10,410
Inventories	4	34,874	30,591
Prepaid expenses and deposits		910	1,022
		60,634	57,749
Deferred tax assets		1,268	1,242
Property, plant and equipment	5	9,329	9,323
Intangible assets		5,061	5,311
Goodwill		3,705	3,616
Total assets		79,997	77,241
Liabilities			
Current liabilities			
Trade and other payables		13,348	13,350
Dividends payable	6(a)	540	270
Income taxes payable		234	288
Customer deposits		5,174	4,293
Provisions		844	745
Current lease liabilities		1,105	1,104
		21,245	20,050
Lease liabilities		3,012	3,208
Total liabilities		24,257	23,258
Shareholders' equity			
Share capital		17,438	17,395
Contributed surplus		46,254	46,271
Accumulated other comprehensive income		9,965	8,669
Accumulated deficit		(17,917)	(18,352)
Total shareholders' equity		55,740	53,983
Total liabilities and shareholders' equity		79,997	77,241

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF EARNINGS AND COMPREHENSIVE INCOME

(Stated in thousands of Canadian dollars, except per share amounts)
(unaudited)

For the three months ended March 31		2024	2023
		\$	\$
Revenue	7	16,542	16,864
Cost of sales	8	11,291	12,036
Gross profit		5,251	4,828
General and administration	8	2,241	2,336
Sales and marketing	8	659	461
Product development and support	8	1,184	903
Finance (income) charges, net		(11)	355
Other losses, net		19	44
		4,092	4,099
Earnings before income taxes		1,159	729
Income tax expense (recovery)	9		
Current		179	325
Deferred		5	(124)
		184	201
Net earnings		975	528
Other comprehensive gain (loss)			
Translation gain (loss) from foreign operations		1,296	(7)
Comprehensive income		2,271	521
Net earnings per share			
Basic from net earnings		0.04	0.02
Diluted from net earnings		0.04	0.02

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Stated in thousands of Canadian dollars, except per share amounts)
(unaudited)

Note	Issued capital		Contributed surplus	Accumulated other comprehensive income	Accumulated deficit	Total equity
	Number of shares	Share capital				
	#	\$	\$	\$	\$	\$
January 1, 2023	28,391,789	60,135	5,758	9,877	(24,056)	51,714
Net earnings	-	-	-	-	528	528
Translation loss on foreign operations	-	-	-	(7)	-	(7)
Employee share-based compensation	-	-	4	-	-	4
Issuance of common shares under stock option plan	120,000	130	(52)	-	-	78
March 31, 2023	28,511,789	60,265	5,710	9,870	(23,528)	52,317
January 1, 2024	26,954,936	17,395	46,271	8,669	(18,352)	53,983
Net earnings	-	-	-	-	975	975
Translation gain on foreign operations	-	-	-	1,296	-	1,296
Issuance of common shares under stock option plan	40,000	43	(17)	-	-	26
Dividends declared	-	-	-	-	(540)	(540)
March 31, 2024	26,994,936	17,438	46,254	9,965	(17,917)	55,740

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS

(Stated in thousands of Canadian dollars)
(unaudited)

For the three months ended March 31		2024	2023
Cash (used in) generated from		\$	\$
Operating activities			
Net earnings		975	528
Adjustments for:			
Depreciation of property, plant and equipment		578	450
Amortization of intangible assets		466	420
Income tax expense	9	184	201
Finance (income) charges, net		(11)	355
Share-based compensation (recovery) expense		(23)	427
Changes in non-cash working capital balances	10	(6,216)	991
Income taxes paid		(253)	(98)
Finance costs paid, net		(96)	(393)
Net cash (used in) generated from operating activities		(4,396)	2,881
Investing activities			
Purchases of property, plant and equipment	5	(359)	(471)
Additions to intangible assets		(88)	-
Net cash used in investing activities		(447)	(471)
Financing activities			
Repayments of borrowings		-	(4,553)
Proceeds from issuance of common shares under stock option plan		26	78
Principal elements of lease payments		(296)	(284)
Dividends paid	6(a)	(270)	-
Net cash used in financing activities		(540)	(4,759)
Effect of exchange rate changes on cash and cash equivalents		274	(33)
Decrease in cash and cash equivalents		(5,109)	(2,382)
Cash and cash equivalents – beginning of the period		15,726	21,469
Cash and cash equivalents – end of the period		10,617	19,087

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the three months ended March 31, 2024

(in thousands of Canadian dollars, except share data or unless otherwise specified)

(unaudited)

1. NATURE OF OPERATIONS

McCoy Global Inc. ("McCoy", "McCoy Global" or the "Corporation") is incorporated and domiciled in Canada and is a leading provider of equipment and technologies designed to support tubular running operations, enhance 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 tubular running operations, enhance 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 install base and similar competitor products; and
- rental of the Corporation's equipment and technologies.

Set out below are McCoy'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%

McCoy and its subsidiary companies are collectively referred to herein as the "Corporation".

The address of the registered office of the Corporation is Livingston Place, 1000 - 250 2nd Street SW, Calgary, Alberta. The Corporation is listed on the Toronto Stock Exchange ("TSX") under the symbol "MCB".

2. BASIS OF PRESENTATION

STATEMENT OF COMPLIANCE

These condensed consolidated interim financial statements have been prepared in accordance with IFRS Accounting Standard ("IFRS") applicable to the preparation of interim financial statements under IAS 34, *Interim Financial Reporting*, and should be read in conjunction with the Corporation's annual financial statements for the year ended December 31, 2023, which have been prepared in accordance with IFRS Accounting Standards.

The significant accounting policies used in the preparation of these condensed consolidated interim financial statements are consistent with those as disclosed in the consolidated annual financial statements for the year ended December 31, 2023.

The Corporation has adopted amendments to various standards effective January 1, 2024, which did not have a significant impact to these interim financial statements.

These interim financial statements were approved by the Board of Directors on May 9, 2024.

3. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables, and dividends payable approximates their carrying value due to their short-term nature.

4. INVENTORIES

As at	March 31, 2024			December 31, 2023		
	Gross inventories	Provision for excess and obsolescence	Net inventories	Gross inventories	Provision for excess and obsolescence	Net inventories
	\$	\$	\$	\$	\$	\$
Raw materials	1,653	(306)	1,347	1,812	(268)	1,544
Work-in-progress	3,893	(137)	3,756	3,038	(134)	2,904
Parts to be used in production	17,099	(2,061)	15,038	13,973	(2,032)	11,941
Production inventory	22,645	(2,504)	20,141	18,823	(2,434)	16,389
Capital equipment available for sale	3,252	(266)	2,986	3,075	(259)	2,816
Parts and accessories available for sale	14,332	(2,585)	11,747	13,843	(2,457)	11,386
	40,229	(5,355)	34,874	35,741	(5,150)	30,591

Production inventories are purchased or produced for use in the production of finished goods. Finished goods available for sale consist of capital equipment and parts and accessories inventories that are available for sale to external parties. A write-down is taken if management determines that the carrying value of the inventory item(s) exceed net realizable value. When the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed. The maximum amount of any reversal is the original write-down, such that the new carrying amount is the lower of cost or the revised net realizable value. The net realizable value of capital equipment included in inventories is assessed on an individual product basis considering current market prices for the equipment and management's assessment of forecasted demand. All other items in inventory are assessed for obsolescence at a distinct part level. The estimated net realizable value of these items is determined using a formulaic approach, providing for items that have not been sold or utilized in production in the 24 months before the condensed consolidated interim statements of financial position date.

Included in cost of sales for the three months ended March 31, 2024, was a provision for excess and obsolete inventory of \$85 (three months ended March 31, 2023 - recovery of \$6) to adjust inventories to net realizable value.

5. PROPERTY, PLANT AND EQUIPMENT (PP&E)

During the three months ended March 31, 2024, the Corporation recorded \$264 of additions to its rental fleet comprised of equipment capitalized from inventory and \$95 of additions to machinery and production equipment (three months ended March 31, 2023 - \$405 of additions to its rental fleet and \$66 of additions to machinery and production equipment). Additions to the rental fleet during 2024 and 2023 are comprised of equipment capitalized from inventory.

PP&E includes right-of-use assets of \$2,339 as at March 31, 2024 (December 31, 2023 - \$2,492).

6. SHAREHOLDERS' EQUITY

a) DIVIDENDS

During the three months ended March 31, 2024, the Corporation increased its quarterly cash dividend to \$0.02 per common share. During the year ended December 31, 2023, the Corporation reinstated a quarterly cash dividend of \$0.01 per common share.

Dividend declared	Dividend paid	Total dividend	Amount per common share
		\$	\$
June 30, 2023	July 15, 2023	286	0.01
September 30, 2023	October 15, 2023	269	0.01
December 31, 2023	January 15, 2024	270	0.01
March 31, 2024	April 15, 2024	540	0.02

7. REVENUE

	Three months ended March 31	
	2024	2023
	\$	\$
Sale of products, parts and consumables	14,380	15,249
Rental revenue	1,452	1,061
Rendering of services	710	554
	16,542	16,864

8. EXPENSES BY NATURE

	Three months ended March 31	
	2024	2023
	\$	\$
Production costs to produce inventories and changes in inventories	7,406	8,707
Employee compensation and benefit expense	5,135	4,783
Facilities and other overheads	1,674	1,351
Depreciation and amortization	1,044	870
Write-down (recovery) of excess and obsolete inventory	85	(6)
Short-term lease expense	31	31
Total expenses	15,375	15,736
Allocated to:		
Cost of sales	11,291	12,036
General and administration	2,241	2,336
Product development and support	1,184	903
Sales and marketing	659	461
Total expenses	15,375	15,736

9. INCOME TAX EXPENSE

a) RECONCILIATION OF INCOME TAX EXPENSE

Income tax expense varies from the amounts that would be computed by applying the domestic statutory rate of 23% (2023 – 23%) to earnings before income taxes for the following reasons:

	Three months ended March 31	
	2024	2023
	\$	\$
Earnings before income taxes	1,159	729
Computed income tax expense	266	168
Tax effects of:		
Jurisdictional tax rate differences	51	1
Non-deductible items	3	3
Benefit of previously unrecognized deferred tax assets	(157)	(163)
Temporary differences for which no deferred tax asset was recognized	6	192
Other items	15	-
Income tax expense	184	201

b) INCOME TAX EXPENSE ON EARNINGS

	Three months ended March 31	
	2024	2023
	\$	\$
Current tax expense	179	325
Deferred tax expense:		
Origination and reversal of temporary differences	156	(153)
Benefit of previously unrecognized deferred tax assets	(157)	(163)
Temporary differences for which no deferred tax asset was recognized	6	192
Total deferred tax expense (recovery)	5	(124)
Income tax expense	184	201

10. CHANGES IN WORKING CAPITAL BALANCES

	Three months ended March 31	
	2024	2023
Cash (used in) generated from operating activities due to changes in non-cash working capital balances:	\$	\$
Trade and other receivables	(3,553)	4,688
Inventories	(3,517)	(1,466)
Prepaid expenses and deposits	130	123
Trade and other payables	(128)	(2,336)
Customer deposits	772	(48)
Provisions	80	30
	(6,216)	991