ACUMEN CAPITAL | INITIATION REPORT

MCCOY GLOBAL INC. (MCB-TSX)

SPECIAL SITUATIONS RESEARCH

12-Month Target: $4.50
Recommendation: BUY
Implied Total Return: 66.5%

COMPANY DESCRIPTION:
McCoy Global Inc. is a leading provider of equipment, technologies and solutions to Tubular Running Services (TRS) providers. The Company's products and services are used for drilling oil and gas wells on land and offshore.

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December 10, 2024

INITIATING COVERAGE – THE REAL MCCOY

We are initiating coverage on McCoy Global Inc. (MCB-TSX), a leading provider of equipment, technologies and solutions to Tubular Running Services (TRS) providers. An overview of the MCB story is provided in Figure 1 (Page 3).

MCB has focused on its innovative smarTR product suite.

MCB is in the final field trials of its innovative smarTR product suite. The field trials are expected to be completed in late-2024 or early-2025 with commercialization thereafter. Notably, customers will not be able to automate their casing tool package without paying for a subscription (gives customers the ability to access real-time data anywhere in the world). Management has highlighted that by capturing ~5% of the addressable market (conservative estimate) this could translate into ~$30M of high margin revenue.

Financials under base assumptions are expected to show strong growth.

- Revenue is forecast to increase from $33M in 2021 to $87M in 2026. This assumes an annual growth rate of 3.6% in 2024 and 10.0% in 2025 and 2026. Note, we view annual revenue as a better measure of performance due to the lumpiness of orders.
- Adj. EBITDA is forecast to increase from $3M in 2021 to $17M in 2026. Similar to Gross Profit, this reflects strong Adj. EBITDA margins approaching ~20% in 2026.
- FCF is forecast to increase from ($0M) in 2021 to $8M in 2026 driven by higher EBITDA and lower capex. Note, FCF is defined as CFO (after WC) less capex.

Adoption of the smarTR product suite…

The total market size for TRS globally is estimated at ~$2B annually. Labour costs are the largest single cost at ~$1B annually. Management has indicated that up to two-thirds of labour costs are saved when using MCB's smarTR solution that reduces the need for labour through automation. There is potential for MCB to target a total addressable market of $300-350M utilizing a revenue share model.

…provides significant upside.

We provide potential upside scenarios based on the smarTR roll-out. Under the low case scenario, incremental revenue of $6M (margin of 70%) results in an implied target of $5.50. Under the high case scenario, incremental revenue of $30M (margin of 85%) results in an implied target of $11.50. Note, timing to get to these levels is uncertain.

Shares trade at an attractive valuation.

MCB currently trades at 4.2x 2025 EV/Adj. EBITDA despite significant upside from the smarTR roll-out.

We are initiating coverage on McCoy Global Inc. (MCB-TSX) with a BUY Rating and $4.50/share Target Price.

FINANCIAL FORECASTS

McCoy Global Inc. (MCB-TSX) — ACUMEN CAPITAL

Analyst: Nick Corcoran (403.410.6840)

Capital Markets Profile				Return Profile	
Year End	Dec. 31	52-week Range	$1.85-$3.74	12-Month Target Price	$4.50
Stock Exchange	TSX	Avg. Daily Trading Vol.	207,000	Last Close	$2.75
S/O, b./f.d. (M)	27.2 / 28.9	(Last 30 Trading Days)		Recommendation	BUY
Market Cap ($M)	$79.5			Dividend/Dividend Yield	$0.08/2.9%
Net Debt ($M)	($13.5)			Implied return	75.3%
Enterprise Value ($M)	$69.3				

Income Statement ($M unless otherwise indicated)	2022	2023	2024E	2025E	2026E
Revenue	52.4M	69.7M	72.2M	79.4M	87.3M
Y/Y growth	*59.9%*	*32.9%*	*3.6%*	*10.0%*	*10.0%*
Cost of Sales	36.7M	46.9M	48.5M	52.9M	57.8M
Gross Profit	15.8M	22.8M	23.7M	26.5M	29.6M
Gross Profit (%)	*30.1%*	*32.8%*	*32.8%*	*33.3%*	*33.8%*
Adj. EBITDA	8.5M	13.1M	12.7M	15.5M	17.4M
Adj. EBITDA Margin (%)	*16.3%*	*18.8%*	*17.6%*	*19.5%*	*19.9%*
Net Income (Loss)	8.8M	6.5M	6.4M	7.7M	9.1M
EPS (f.d.)	$0.31	$0.23	$0.23	$0.27	$0.31
FCF	1.8M	2.3M	0.8M	7.0M	8.0M
FCF Yield	2.2%	2.9%	1.0%	8.8%	10.0%

Cash Flow Statement ($M)	2022	2023	2024E	2025E	2026E
Funds Flow from Operations	7.2M	11.2M	11.5M	11.9M	13.2M
ΔNWC	(4.3M)	(4.5M)	(8.9M)	(3.7M)	(4.0M)
Cash Flow from Operating Activities	2.9M	6.7M	2.6M	8.2M	9.2M
Capex	(1.1M)	(4.5M)	(1.8M)	(1.2M)	(1.2M)
Cash Flow from Investing Activities	6.9M	(4.5M)	(2.5M)	(1.2M)	(1.2M)
Cash Flow from Financing Activities	(0.3M)	(7.6M)	(2.6M)	(3.2M)	(3.2M)
Change in Cash	10.3M	(5.7M)	(2.3M)	3.8M	4.7M

Balance Sheet ($M)	2022	2023	2024E	2025E	2026E
Net Debt (Cash)	(17.0M)	(15.7M)	(13.5M)	(17.2M)	(22.0M)

Valuation Metrics	2024E	2025E	2026E
P/E	11.8x	10.3x	8.8x
P/Adj. EBITDA	6.3x	5.1x	4.6x
EV/Adj. EBITDA	5.5x	4.2x	3.4x

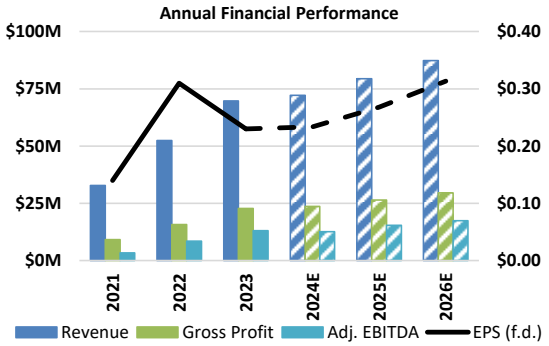
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FIGURE 1: MCCOY GLOBAL – THE STORY

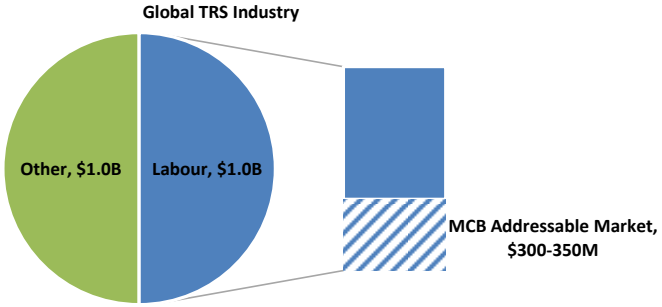
MCB has focused on its innovative smarTR product suite.



Financials are expected to show strong growth…



Adoption of the smarTR product suite…



…provides significant upside.

		Illustrative Scenario	
	2025E	*Low*	*High*
Revenue	$79.4M	$85.4M	$109.4M
Adj. EBITDA	$15.5M	$19.3M	$40.6M
Adj. EBITDA (%)	19.5%	22.6%	37.1%
Implied Target	**$4.50**	**$5.50**	**$11.50**

Source: Acumen Capital Partners, Company Reports

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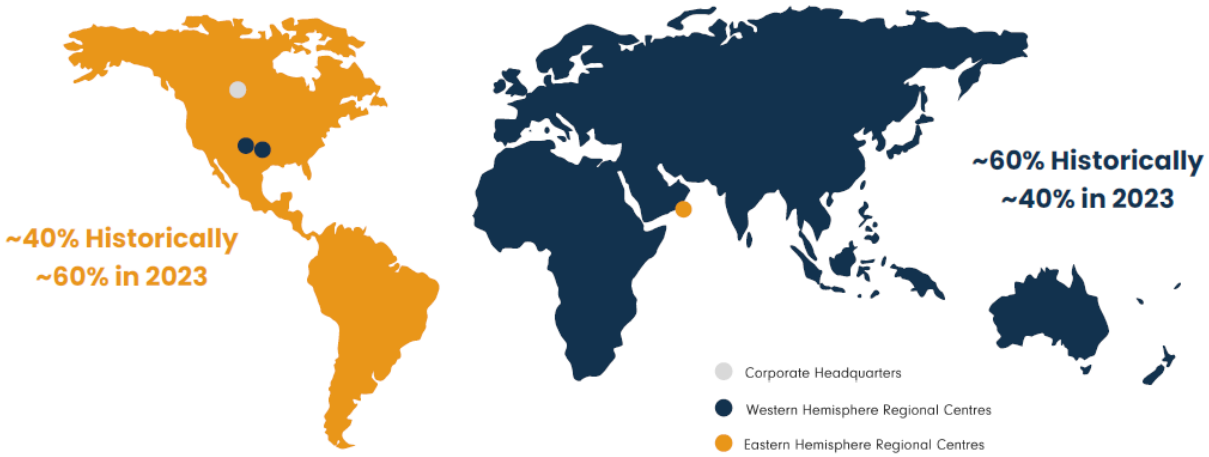
COMPANY OVERVIEW

MCB is a leading provider of equipment, technologies and solutions to Tubular Running Services (TRS) providers. The Company's products and services are used for drilling oil and gas wells on land and offshore.

Geographic Footprint

MCB has a global footprint with annual sales in over 50 countries. Notably, the Company was able to grow its business in the Western Hemisphere in 2023 despite a declining US rig count.

FIGURE 2: GEOGRAPHIC FOOTPRINT



Source: Company Presentation

Customers

MCB's customers include industry leaders in the TRS industry.

FIGURE 3: CUSTOMERS

PARKER WELLBORE | TP TÜRKİYE PETROLLERİ | Weatherford | EXPRO | DUTCH'S | AL MASAOOD | Tenaris | VAM

Source: Company Presentation

History

MCB has a long history that goes back to 1914 when the founder, Henry McCoy, opened a blacksmith shop in Edmonton, Alberta. MCB entered the TRS industry by manufacturing Farr Canada's hydraulic tongs in 1976. The Company was purchased by Terry McCoy, Dennis McCoy and George Galon and renamed the McCoy Bros. Group in 1978. Farr Canada was subsequently acquired in 1986.

FIGURE 4: MCCOY BROS. EDMONTON (1947)



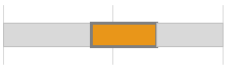
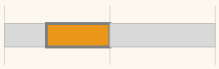
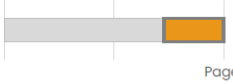
Source: Company Presentation

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Products and Services

MCB's product and services include conventional and smart tools used in TRS. Figure 5 shows MCB's product service offering split between capital equipment and technologies and aftermarket. Management has focused their efforts on moving the product and service offering from low margin products (ex. power tongs) to higher margin, connected smarTR products with a recurring revenue stream from associated services.

FIGURE 5: PRODUCT AND SERVICE OFFERING

Products & Service Offering	Overview	% of 2024 YTD Revenue	Margin Profile
Capital Equipment & Technologies			
Casing Running Tools (CRT) & Handling tools (FMS), including smart Technologies	▪ Conventional and smart tools designed to make-up, rotate, reciprocate, fill, circulate and drill while running casing with a top drive ▪ Rotary flush mounted spiders that handle casing ▪ Modular design offers largest operational range on the market with minimal inventory		
Hydraulic Power Tongs & other capital equipment	▪ Products designed to apply torque to make-up / breakout tubulars vertically ▪ World's largest offering of hydraulic power tongs; used both onshore and offshore		
Data Acquisition (Torque Turn Monitoring) and Sensors	▪ Computerized systems that monitor and analyze torque, turns and rotation speed during make-up ▪ More than 2,000 units sold globally ▪ Customized sensors for harsh environments		
Aftermarket (Repeatable/Recurring)			
Parts & accessories / Dies & Inserts	▪ OEM parts for McCoy equipment including critical spares and repair kits ▪ Lucrative business segment given large installed base of capital equipment worldwide ▪ Consumable items for a wide range of tubular handling equipment		
Service & Rental	▪ Experienced service team supports global customers through refurbishing, repair and calibration services; technical support includes equipment commissioning and training ▪ Large and diverse rental fleet including power tongs, CRTs, torque turn monitoring systems, and wireless torque subs		

Source: Company Presentation

MANAGEMENT AND BOARD

Mr. Jim Rakievich has been President and Chief Executive Officer since 2002. Mr. Rakievich is supported by Lindsay McGill, Vice President and Chief Financial Officer; Bing Deng, Chief Operating Officer; and Gareth Sonnier, Vice President, Products and Engineering.

See Appendix D and E for Management and Board biographies.

FIGURE 6: MANAGEMENT AND BOARD

Name	Position	Background
Jim Rakievich	President, Chief Executive Officer & Director	McCoy Global
Lindsay McGill	Vice President & Chief Financial Officer	McCoy Global, EPCOR, KPMG
Bing Deng	Chief Operating Officer	McCoy Global
Gareth Sonnier	Vice President, Products and Engineering	McCoy Global, Baker Hughes
Terry Freeman	Chairman	ATB Capital
Jim Rakievich	President, Chief Executive Officer & Director	McCoy Global
Alex Ryzhikov	Director	Ewing Morris, Burgundy Asset Management
Kathy Demuth	Director	ZCL Composites, Grant Thornton
Michael Buker	Director	PHX Energy
William Walker	Director	Frank's International, Nabors Drilling

Source: Company filings, Acumen Capital Partners

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TUBULAR RUNNING SERVICES

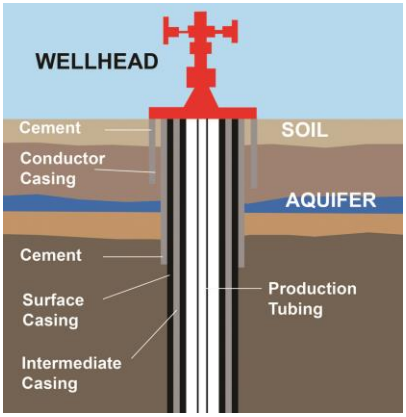
This section provides a basic overview of oil and gas well design, tubular running services, and the evolution of tubular running services driven, in part, by MCB's products and solutions.

Oil and Gas Well

An oil and gas well begins with a drilling rig creating a borehole from the surface down. The well is initially lined with a large-diameter surface casing (ex. 13 3/8 inches) to stabilize the upper sections and protect freshwater zones. As drilling progresses deeper, smaller casings are added, such as intermediate casing (ex. 9 5/8 inches) to isolate different formations and control pressure. Finally, production casing (ex. 7 inches) is installed at the target zone to protect the reservoir. The casing is cemented in place to ensure well integrity. After perforating the production zone, tubing is inserted to transport the hydrocarbons to the surface. Note, the size of the surface, intermediate, and production casing typically increases with the length of the well.

Figure 7 shows a completed well with various sized casing.

FIGURE 7: OIL AND GAS WELL



Source: Brass Energy

Tubular Running Services

Tubular running services involve the installation of casing in an oil and gas well. The process involves casing being raised and lowered into the wellbore utilizing a drilling rig and specialized tools to join sections of pipe (tubulars). Upon reaching the desired depth, the casing is cemented into place to isolate different formations and prevent fluid migration. TRS has historically been labour intensive with six people needed to operate a drilling rig on land.

The main tools in TRS include:

- **Power Tongs.** Hydraulically powered tools for applying precise torque during make-up and breakout of tubular connections. They prevent thread damage and ensure secure connections.
- **Back-Up Power Tongs.** Stabilize the tubular while the main power tong applies torque, ensuring a secure, stable connection.
- **Casing Running Tool (CRT).** Multifunctional tool that allows gripping, rotating, and circulating of drilling mud through the casing, helping overcome friction and cleaning the wellbore during casing runs.
- **Torque Turn Monitoring Systems.** Monitor and control torque, ensuring connections are properly tightened per specifications, preventing leaks or thread galling.
- **Stabbing Guides.** Assist in aligning and connecting tubular sections, preventing cross-threading and thread damage.

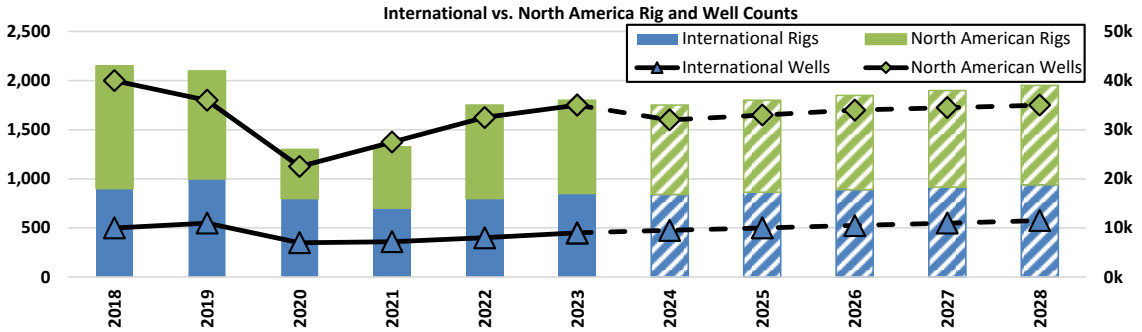
The flush mounted spider is an additional tool that holds tubulars at the rig floor while raising or lowering the casing. The advantages of flush mounted spiders are (1) they eliminate the need for one set of power tongs by gripping the lower section of casing in the wellbore, (2) lowers the position of the tubulars on the drilling rig floor, and (3) eliminates the need for traditional hand slips that place two casing hands in the "red zone" at the wellbore.

Industry Activity & Market Size

Active rig counts and the number of wells drilled are viewed as leading indicators of demand for MCB's products and services. Underlying industry demand is increased by trends to: (1) reduce cost, (2) increase efficiency, (3) increase safety, and (4) improve wellbore activity.

The total market size for TRS globally is estimated at ~$2B annually. Labour costs are the largest single cost at ~$1B annually. Management has indicated that up to two-thirds of labour costs are saved when using MCB's smarTR solution that reduces the need for labour through automation. There is potential for MCB to target a total addressable market of $300-350M utilizing a revenue share model.

FIGURE 8: INDUSTRY ACTIVITY



Source: Company filings, Acumen Capital Partners

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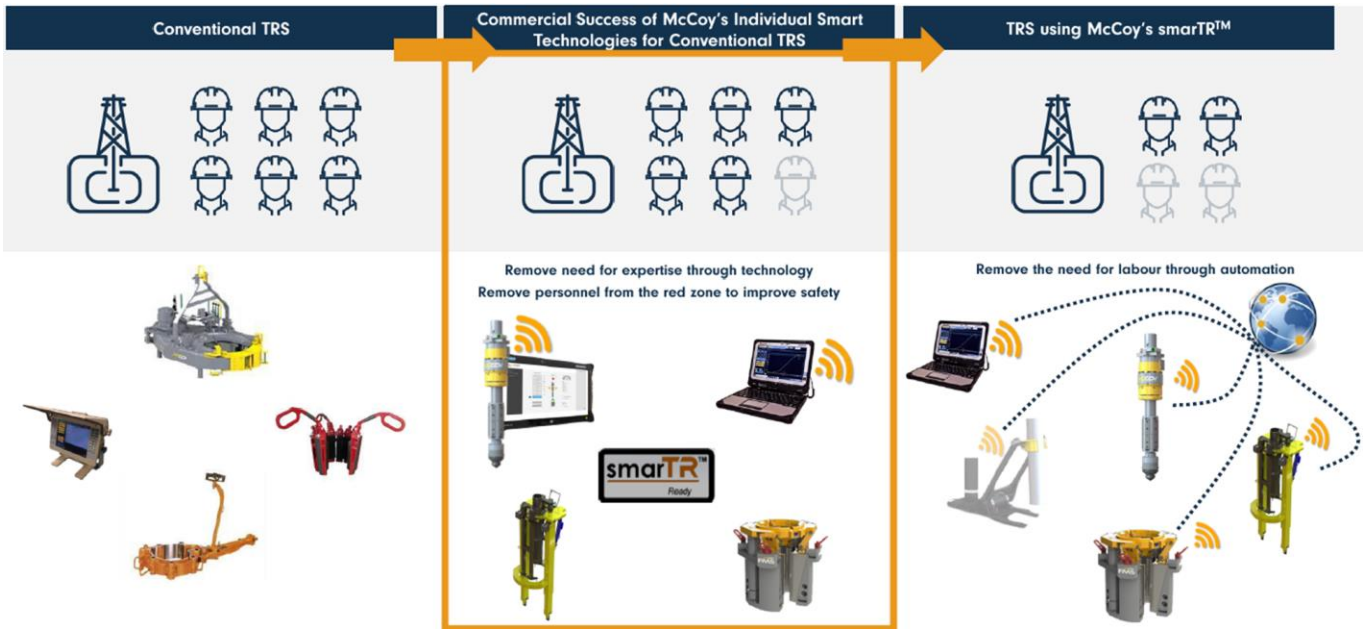
Evolution of Tubular Running Services

MCB is a leader in innovation in TRS. Figure 9 shows the evolution from conventional TRS to MCB's smarTR.

- **Conventional TRS.** Conventional TRS involves mechanical power tongs/manual tongs, torque turn monitoring systems, and hand slips. Conventional TRS typically requires six people of which four are in the "red zone".
- **Smart Technologies.** MCB's individual smart technologies used in conventional TRS include the smartCRT, Virtual Thread Rep, flush mounted spider, and accessories such as stabbing guides. The advantages of these technologies are: (1) smartCRT and Virtual Thread Rep reduce the need for expertise on site, (2) the flush mounted spider reduces the number of people in the "red zone", and (3) other Smart Technologies increase the safety, efficiency and consistency of operations.
- **smarTR.** MCB's smarTR includes smartCRT, Virtual Thread Rep, FMS, and accessories such as stabbing guides and tailing guides. MCB's smarTR reduces the number of people to two.

MCB is in the final field trials of smarTR. The field trials of smarTR are expected to be completed in late-2024 or early-2025 with commercialization thereafter. Notably, customers will not be able to automate their casing tool package without paying for a subscription (gives customers the ability to access real-time data anywhere in the world). Management has highlighted that by capturing ~5% of the addressable market (conservative estimate) this could translate into ~$30M of high margin revenue.

FIGURE 9: EVOLUTION OF TRS



Source: Company Presentation

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Competitors

Figure 10 shows MCB is the only company with a full suite of connected smarTR technologies and an active footprint in the Eastern Hemisphere. Competitors for individuals products and services includes Universe Machine, Eckel Manufacturing, and Volant Products.

Nabors, one of world's largest land drillers, has announced the first fully automated land rig in the Permian. It is unlikely that Nabors would license this technology to competitors as it creates a competitive moat. We believe this validates the oil and gas industries transition to automation. MCB is uniquely positioned to offer its products to TRS providers.

FIGURE 10: MCB SMARTR VS. COMPETITORS

COMPANY	HYDRAULIC POWER TONGS	CRT	DATA ACQUISITION	HANDING EQUIPMENT	smartHUB & Virtual Thread-Rep™	smarTR™ accessories	FOOT PRINT IN EASTERN HEMISPHERE
							
MCCOY GLOBAL							
Competitor A							
Competitor B							
Competitor C							
Competitor D							
Competitor E							

Source: Company filings, Acumen Capital Partners

Contract Wins

MCB has announced a number of large contract wins since 2022. These contracts are notable as they provide an installation base for the Company's smarTR once it is commercialized. Recent contract wins are listed below.

- **October 2024.** Awarded a $4.3M contract for enhanced smart casing running tools in the Middle East.
- **June 2024.** Awarded a $3.7M contract for a deep water offshore integrated casing running system.
- **April 2023.** Awarded a $4.1M contract for 17 FMS for a US service company based in West Texas.
- **July 2022.** Awarded a $11.3M contract for hydraulic power tongs, casing running tools and torque turn systems for a customer in Saudi Arabia.

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FINANCIALS

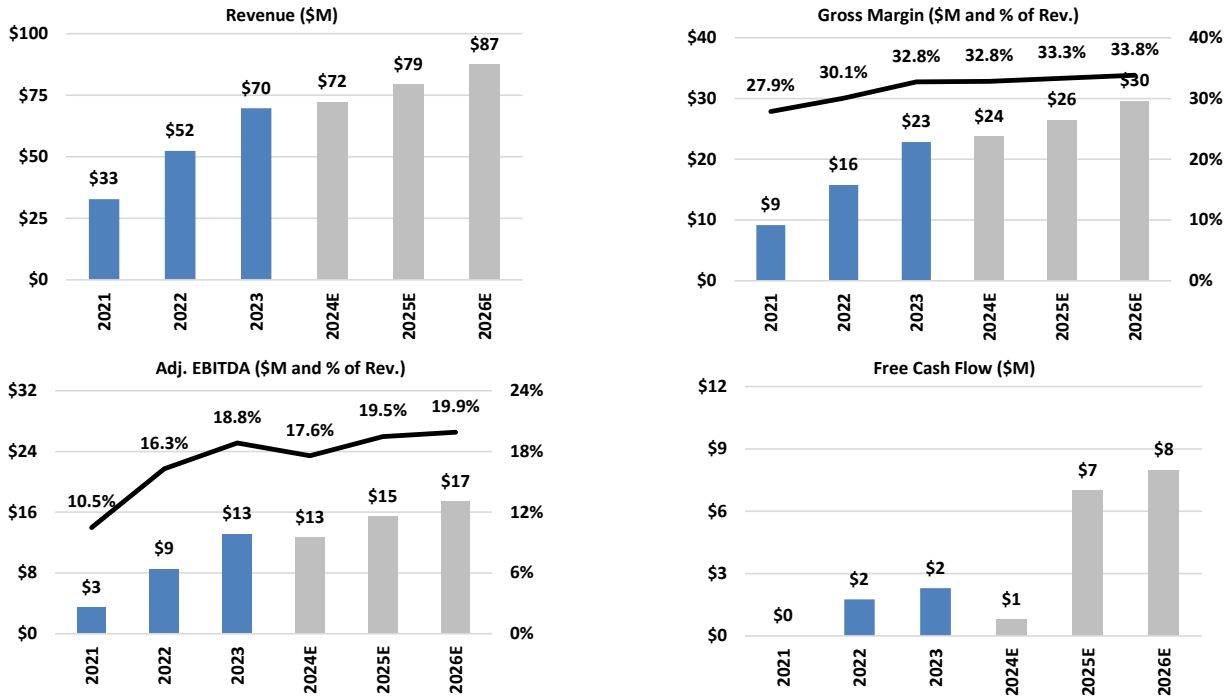
Base Assumptions

Figure 11 shows MCB's annual revenue, gross profit, Adj. EBITDA, and FCF under our base assumptions from 2021 to 2026 that conservatively assume a limited contribution from smarTR. We provide additional details below.

- **Revenue forecast.** Revenue is forecast to increase from $33M in 2021 to $87M in 2026. This assumes an annual growth rate of 3.6% in 2024 and 10.0% in 2025 and 2026. Note, we view annual revenue as a better measure of performance due to the lumpiness of orders.
- **Gross Profit forecast.** Gross Profit is forecast to increase from $9M in 2021 to $30M in 2026. This reflects strong gross margins of ~33-34% from 2024-2026.
- **Adj. EBITDA forecast.** Adj. EBITDA is forecast to increase from $3M in 2021 to $17M in 2026. Similar to Gross Profit, this reflects strong Adj. EBITDA margins approaching ~20% in 2026.
- **FCF forecast.** FCF is forecast to increase from ($0M) in 2021 to $8M in 2026 driven by higher EBITDA and lower capex. Note, FCF is defined as CFO (after WC) less capex.

Note, we include upside scenarios based on the smarTR roll-out in the Valuation section (see Page 13).

FIGURE 11: FORECASTS



Source: Company filings, Acumen Capital Partners

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Q3/24 Results

MCB recently reported Q3/24 results. The quarter was impacted by the timing of orders and largely in line with Management's guidance. Revenue, gross profit, and Adj. EBITDA were down 6%, 13%, and 31%, respectively.

FIGURE 12: Q3/24 FINANCIAL RESULTS (Y/Y COMPARISON)

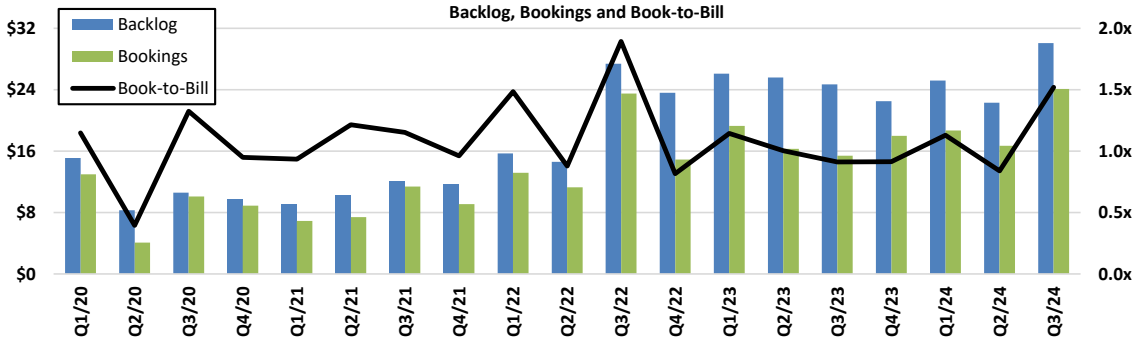
	Q3/24 Act.	*Q3/23 Act.*	*Variance*
Revenue	$15.8M	$16.9M	(6%)
Gross Profit	$5.3M	$6.2M	(13%)
Gross Profit (%)	33.8%	36.6%	(282 bps)
Adj. EBITDA	$2.7M	$3.9M	(31%)
Adj. EBITDA (%)	16.8%	22.8%	(601 bps)
Net Income	$0.5M	$1.9M	(73%)
EPS (f.d.)	$0.02	$0.07	(73%)

Source: Company filings, Acumen Capital Partners

Backlog

Figure 13 shows MCB's backlog from 2021 to 2026. MCB's backlog has shown strong growth since-mid 2022. The backlog is expected to support strong revenue and earnings performance in future quarters.

FIGURE 13: BACKLOG

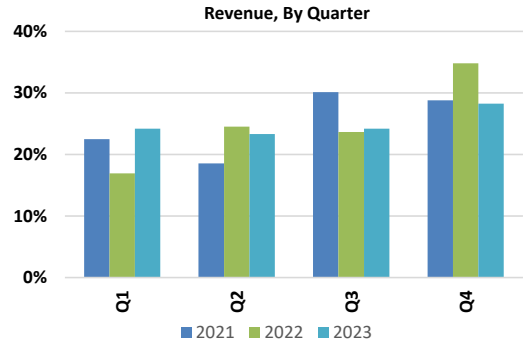


Source: Company filings, Acumen Capital Partners

Revenue, By Quarter

MCB's revenue varies based on the timing of orders.

FIGURE 14: REVENUE, BY QUARTER



Source: Company filings, Acumen Capital Partners

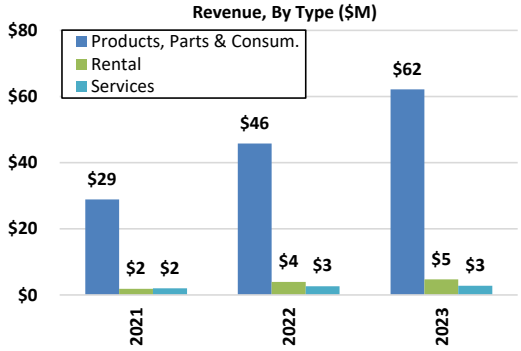
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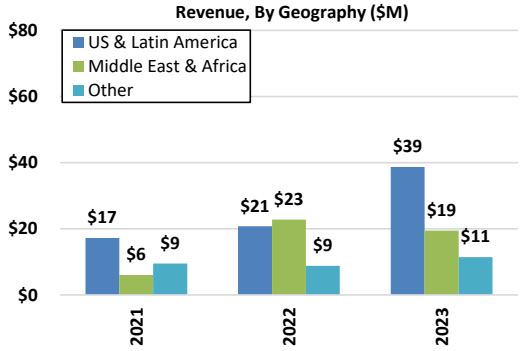
Revenue, By Type and Geography

Figure 15 shows MCB revenue by type and geography.

- **Type.** The majority of MCB's revenue is from products, parts and consumables. With the adoption of smarTR, we expect the revenue from services to grow.
- **Geography.** MCB's revenue is primarily in the US & Latin America and Middle East and Africa. Revenue to each geography is impacted by timing of orders.

FIGURE 15: REVENUE, BY TYPE AND GEOGRAPHY



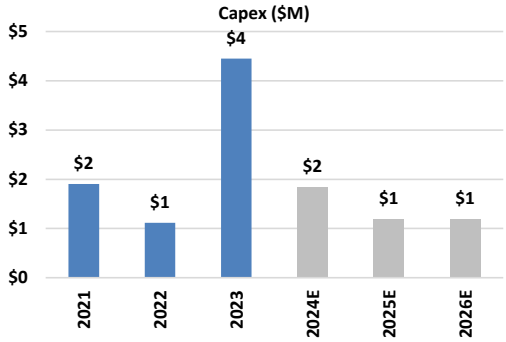


Source: Company filings, Acumen Capital Partners

Capex

MCB's capex is ~$1M per year. Note, capex peaked at $4M in 2023 due to R&D for the digital technology roadmap.

FIGURE 16: CAPEX



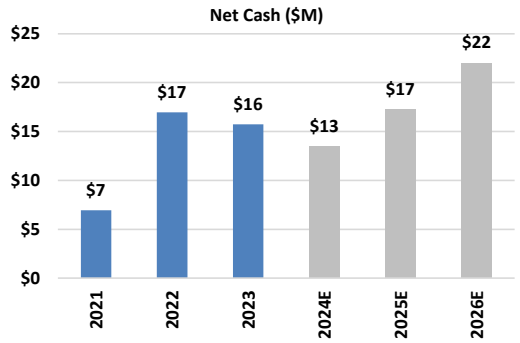
Source: Company filings, Acumen Capital Partners

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Balance Sheet

MCB's net cash position is expected to grow from $7M in 2021 to $22M in 2026. This provides flexibility to execute the Digital Product Development Roadmap and return capital to shareholders.

FIGURE 17: LEVERAGE



Source: Company filings, Acumen Capital Partners

VALUATION

Relative Valuation

For reference, we include a peer group of drillers/directional drillers and services companies. MCB currently trades at 4.2x 2025 EV/Adj. EBITDA compared to the peer group average of 4.0x. We believe MCB will continue to trade at a premium to the peer group as it demonstrates its smarTR.

FIGURE 18: VALUATION COMPARABLES

Company	Ticker	Share Price 12/9/2024	Market Cap	EV	EBITDA 2024	EBITDA 2025	P/E 2024	P/E 2025	EV/EBITDA 2024	EV/EBITDA 2025
Drillers/Directional Drillers										
ACT Energy Technologies Services*	TSX: ACX	$6.40	$240M	$324M	$103M	$125M	4.2x	3.3x	3.1x	2.6x
Ensign Energy Services	TSX: ESI	$2.85	$526M	$1,736M	$455M	$457M	158.3x	19.3x	3.8x	3.8x
Precision Drilling	TSX: PD	$85.68	$1,205M	$2,143M	$551M	$567M	9.6x	7.9x	3.9x	3.8x
PHX Energy Services	TSX: PHX	$9.40	$429M	$457M	$127M	$137M	8.1x	6.5x	3.6x	3.3x
Western Energy Services	TSX: WRG	$2.57	$87M	$196M	$44M	$46M	NA	NA	4.5x	4.3x
Services										
Black Diamond*	TSX: BDI	$9.06	$563M	$768M	$109M	$117M	21.7x	21.0x	7.0x	6.6x
Calfrac Well Services	TSX: CFW	$3.85	$330M	$508M	$206M	$235M	17.9x	10.4x	2.5x	2.2x
Enerflex*	TSX: EFX	$13.44	$1,667M	$2,557M	$411M	$423M	55.0x	18.8x	6.2x	6.1x
Ensign Energy Services	TSX: ESI	$2.85	$526M	$1,736M	$455M	$457M	158.3x	19.3x	3.8x	3.8x
Enterprise Group*	TSX: E	$1.96	$121M	$143M	$14M	$21M	9.7x	7.0x	10.3x	6.9x
Pason Systems	TSX: PSI	$14.23	$1,133M	$974M	$159M	$183M	9.3x	12.4x	6.1x	5.3x
Source Energy Services*	TSX: SHLE	$17.31	$234M	$456M	$121M	$128M	11.9x	5.5x	3.8x	3.6x
STEP Energy Services*	TSX: STEP	$5.05	$362M	$474M	$178M	$182M	7.7x	6.6x	2.7x	2.6x
Stampede Drilling*	TSX: SDI	$0.19	$39M	$57M	$19M	$21M	5.8x	4.0x	3.0x	2.8x
Trican Well Services	TSX: TCW	$4.81	$917M	$847M	$222M	$232M	9.1x	8.2x	3.8x	3.6x
Total Energy Services	TSX: TOT	$12.17	$465M	$526M	$181M	$222M	7.8x	5.7x	2.9x	2.4x
Vertex Resources*	TSXV: VTX	$0.25	$28M	$158M	$37M	$39M	115.7x	7.2x	4.2x	4.1x
Average							**38.1x**	**10.2x**	**4.4x**	**4.0x**
McCoy - Acumen Estimates	TSX: MCB	$2.75	$79M	$69M	$13M	$15M	11.8x	10.3x	5.5x	4.2x

**Acumen Estimate*

Source: Bloomberg, Acumen Capital Partners

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Target Price

We utilize a Target EV/Adj. EBITDA to arrive at our Target Price (see Figure 19). Applying a target EV/Adj. EBITDA multiple of 7.0x on our 2025 estimates, we arrive at an implied target price of $4.50.

FIGURE 19: VALUATION

Valuation Metric	Factor	Implied 12-Month Share Price (C$)
Target EV/Adj. EBITDA	7.0x	$4.50
Implied Target		**$4.50**

Source: Company filings, Acumen Capital Partners

smarTR Roll-Out Upside Scenario

Figure 20 shows the base 2025 assumptions and potential upside scenarios based on the smarTR roll-out. Note, timing to get to these levels is uncertain.

- **Low scenario.** Incremental revenue of $6M at a contribution margin of 70% resulting in an implied target of $5.50.
- **High scenario.** Incremental revenue of $30M at a contribution margin of 85% resulting in an implied target of $11.50.

FIGURE 20: ACUMEN ESTIMATES VS. UPSIDE SCENARIOS

		Illustrative Scenario	
	2025E	*Low*	*High*
Revenue	$79.4M	$85.4M	$109.4M
Adj. EBITDA	$15.5M	$19.3M	$40.6M
Adj. EBITDA (%)	19.5%	22.6%	37.1%
Implied Target	**$4.50**	**$5.50**	**$11.50**

Source: Company filings, Acumen Capital Partners

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RISKS

Risks to shareholders of MCB include but are not limited to:

- **Industry Activity.** MCB operates in the international oil and gas industry which can be subject to fluctuations and cyclicality. An industry slowdown may expose MCB to decreased revenue.
- **Supply Chain.** Supply chain delays, long lead times, quality issues or an inability for suppliers to meet expectations may negatively impact MCB's ability to produce goods and offer services. The risks listed above may expose MCB to an increased cost of sales or decreased revenue.
- **Cybersecurity.** MCB relies on online infrastructure to operate. If MCB's online infrastructure were to be compromised, it would negatively affect the Company's operations.
- **Technology.** MCB relies on technological advancement for their product and services offerings to remain competitive. If MCB is unable to remain competitive their revenue could decrease.
- **Credit Risk.** MCB is exposed to credit risk through cash, trade and receivables. MCB has trade receivables from customers that are exposed to the oil and gas industry. If these industries or customers experienced a downturn it may expose MCB to unpaid receivables.
- **Regulatory Environment.** MCB is subject to requirements in regard to safety, environment, operations and licensing of equipment. Sudden regulatory changes could negatively impact MCB's operations.
- **International Operations.** MCB operates through direct sales and distributors in Canada, the U.S., and the UAE. Political and regulatory changes or disputes relating to MCB's operations may impact their ability to do business.
- **Foreign Exchange.** MCB's U.S. and international operations are exposed to currencies other than the Canadian dollar. Changes in the foreign exchange rate could impact MCB's profitability.

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APPENDIX A. COMPANY HISTORY

Date	Event
1997	McCoy Bros Inc. completed the initial public offering for gross proceeds of $6.6M. The common shares were listed on the TSX under the symbol "MCB".
2006	Acquired Inotec Coatings and Hydraulics Inc. for total consideration of $16.9M ($12.6M in cash, 0.6M common shares, and 0.2M common share purchase warrants).
2007	Acquired Superior Manufacturing & Hydraulics, Inc., a manufacturer of hydraulic power tongs, for total consideration of $29.3M ($26.6M cash and 0.5M common shares). The transaction also included Precision Die Technologies LLC which manufactures dies and inserts for oil field tools such as slips, elevators and power tongs.
	Completed an equity financing for gross proceeds of $40.1M. Proceeds were expected to be used for working capital and corporate development plans.
2009	Consolidated two Edmonton truck and trailer parts and service operations; consolidated RP Manufacturing & Calibration equipment production into the tong manufacturing plant in Lafayette, LA; and reduced headcount.
	Acquired Texas Breakout II, LP (operates under name RP Manufacturing & Calibration) for total consideration of $1.1M.
2010	Simplified its structure into two segments, Energy Products & Services and Mobile Solutions.
	Entered into a licensing agreement with Vermillion River Tool & Equipment Co. to manufacture and market Verteco products in the handling tool market.
2011	Sold the operating assets of Prairie Truck Ltd., MCB's 50% joint venture interest.
	Sold Rebel Metal Fabricators to refocus the company on the energy industry.
	Acquired a Houston facility to be used for an international sales and marketing team, an engineering design group, and calibration services for Houston customers.
	Sold McCoy Parts & Service to focus on the energy industry.
2012	Completed retrofitting part of the Edmonton plant, for an assembly and test facility that will produce the torque sub and torque turn management system.
	MCB expanded the Drilling & Completions head office in Houston, Texas.
	Expanded the Broussard plant, adding 14,000 square feet of manufacturing space to the bucking unit product line to increase the number of units that can be produced.
	Secured manufacturing space for the new Rig Parts business line.
	Opened a new technical service center in Houston, Texas.
2013	Merged Precision Die Technologies, L.L.C with Superior Manufacturing & Hydraulics, Inc. and changed its name to McCoy Global USA, Inc. Farr Canada Corp. changed its name to McCoy Global Canada Corp.
	Classified Peerless Ltd. (Mobile Solutions segment) and Inotec Coatings and Hydraulics Inc. (Coatings & Hydraulics division) were placed into discontinued operations with a plan to divest the businesses.
2014	Sold Peerless Limited and Inotec Coating and Hydraulics Inc., to become a pure play of tubular products and services.
	Rebranded and changed its name to McCoy Global, from McCoy Corporation.
2015	Implemented cost reductions and reduced its workforce by 41% due to the industry downturn.
	Suspended the quarterly dividend effected Q3/15.
2016	Completed the workforce reduction of 49% of headcount (including the reductions in 2015).
	Consolidated the hydraulic power tong product line to Edmonton, Canada, resulting in the closure of its hydraulic power tong production facility in Broussard, USA.
	Closed the warehouse and service facility in Houston, USA.
	Relocated and downsized the UK and Singapore facilities.

Source: Company filings, Acumen Capital Partners

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APPENDIX A. COMPANY HISTORY CNTD.

Date	Event
2017	Acquired the assets of 3PS, Inc., a wholly owned subsidiary of Pason System Inc., for US$6.1M. 3PS designs and engineers customized sensors and related systems for a variety of applications in oil and gas and other industries.
2018	Consolidated its Eastern Hemisphere operations at its location in the United Arab Emirates.
2019	Launched a cloud-based platform and digital infrastructure to enable digital product offerings and enhancements. Acquired the technology company, DrawWorks LP, for US$6.0M. Commercialized McCoy Torque Turn technology (MTT) monitoring and control software.
2020	MCB implemented workforce, wage, capital expenditures and expenses reductions. Invested in a Digital Technology Roadmap' product development initiative in the Smart Tubular Running System.
2021	Formed a Special Committee to review, consider, seek out, and evaluate strategic alternatives available to MCB to enhance shareholder value, including a potential sale or a variety of potential joint venture and partnership agreements. Upon conclusion the committee engaged a financial advisor for analysis. Continued to invest in the Smart Tubular Running System.
2022	Formed a Strategy and Capital Allocation Committee. Closed a sale-leaseback transaction of its Cedar Park, Texas production and service facility for proceeds of US$6.7 million. Following the sale, MCB entered into a 5-year initial term lease agreement for the facility, with a 5-year renewal option. Continued to invest in the Smart Tubular Running System.
2023	Reinstated quarterly dividend of $0.01/share. Completed the development of the Smart Tubular Running System.
2024	Increased quarterly dividend to $0.02/share.

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APPENDIX B. HISTORICAL STOCK PERFORMANCE



Source: Bloomberg, Acumen Capital Partners

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APPENDIX C. MANAGEMENT PROFILE

Name	Prior Experience	Share Ownership
Jim Rakievich President & Chief Executive Officer	Jim Rakievich has been the President & CEO of McCoy Global since 2002. Prior to this, he was Chief Operating Officer (2001-2002) and Vice President of Service (1999-2001). Mr. Rakievich attended the J.L. Kellogg Executive Development program at Northwestern University in 2001 and received a Corporate Directors (ICD.D) designation from the University of Toronto Rotman School of Management in 2009.	963,168 *Options: 499,662* *Other: 22,624*
Lindsay McGill Vice President & Chief Financial Officer	Lindsay McGill has been the Vice President and Chief Finance Officer since 2018. Prior to McCoy, Ms. McGill was Senior Manager of Taxation at EPCOR (2017-2018). Ms. McGill holds a Chartered Professional Accountant designation, a Master of Professional Accounting from University of Saskatchewan, and a Bachelor of Commerce from University of Alberta.	81,567 *Options: 234,662* *Other: 13,575*
Bing Deng Chief Operating Officer	Bing Deng joined McCoy in 2002 and assumed the role of Chief Operating Officer in 2024. Prior to this, he was Vice President of Technology and Marketing from 2020-2023. Mr. Deng holds a Bachelor of Science degree in Computer Engineering from the University of Alberta.	138,102 *Options: 409,662* *Other: 13,575*
Gareth Sonnier Vice President, Products and Engineering	Gareth Sonnier has been the Vice President of Products and Engineering since 2024. Prior to this, he was the Director of Engineering and Technology (2012-2024). Mr. Sonnier holds a degree in Industrial Design from the University of Louisiana.	1,619 *Options: 184,662* *Other: 7,919*

Source: Company filings, SEDI, Acumen Capital Partners

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APPENDIX D. BOARD OF DIRECTORS PROFILE

Name	Prior Experience	Share Ownership
Terry Freeman Chairman	Terry Freeman has been the Chairman of McCoy Global since 2021. Mr. Freeman is head of Investments at ATB Capital, a private equity firm investing in Alberta-based businesses. Mr. Freeman holds a Bachelor of Commerce from the University of Alberta and is a fellow of CPA Alberta.	0 *Options: 0* *Other: 117,036*
Jim Rakievich President, Chief Executive Officer & Director	Jim Rakievich has been the President & CEO of McCoy Global since 2002. Prior to this, he was Chief Operating Officer from 2001-2002 and Vice President of Service from 1999-2001. Mr. Rakievich attended the J.L. Kellogg Executive Development program at Northwestern University in 2001 and received a Corporate Directors (ICD.D) designation from the University of Toronto Rotman School of Management in 2009.	963,168 *Options: 499,662* *Other: 22,624*
Alex Ryzhikov Director	Alex Ryzhikov has over 10 years of experience. Mr. Ryzhikov was formerly a Director at Apteryx Imaging (2019-2020) and a Partner at Ewing Morris & Co. Investment Partners (2014-2020). Mr. Ryzhikov holds a Bachelor of Science from McGill University and a Bachelor of Commerce from Concordia University	12,154 *Options: 0* *Other: 256,922*
Kathy Demuth Director	Kathy Demuth has over 25 years of experience. Ms. Demuth was previously the Chief Financial Officer of ZCL Composites (2009-2019) and a Senior Manager at Grant Thorton (1991-2008). Ms. Demuth holds a Chartered Professional Accountant designation, a Bachelor of Commerce from the University of Alberta and a Masters of Professional Accounting from the University of Saskatchewan.	8,838 *Options: 0* *Other: 61,179*
Michael Buker Director	Michael Buker has over 25 years of experience. Mr. Buker is currently the President of PHX Energy Services. Mr. Buker attended the ICD-Rotman Directors Education Program and has obtained the ICD.D designation from the Institute of Corporate Directors.	22,000 *Options: 0* *Other: 89,718*
William Walker Director	William Walker has over 35 years of experience within the energy industry. Mr. Walker served as Executive Vice President to Frank's International N.V., a global oilfield services company and at Nabors Industries Ltd. Mr. Walker studied engineering at Aberdeen Technical College.	0 *Options: 0* *Other: 115,622*

Source: Company filings, SEDI, Acumen Capital Partners

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APPENDIX E. INCOME STATEMENT

McCoy Global Inc.	2022	2023	Q1/24	Q2/24	Q3/24	Q4/24E	2024E	2025E	2026E
Revenue	**52.4**	**69.7**	**16.5**	**19.9**	**15.8**	**19.9**	**72.2**	**79.4**	**87.3**
Cost of Sales	**36.7**	**46.9**	**11.3**	**13.2**	**10.5**	**13.5**	**48.5**	**52.9**	**57.8**
Gross Profit	**15.8**	**22.8**	**5.3**	**6.7**	**5.3**	**6.4**	**23.7**	**26.5**	**29.6**
Gross Profit (%)	**30.1%**	**32.8%**	**31.7%**	**33.9%**	**33.8%**	**32.0%**	**32.8%**	**33.3%**	**33.8%**
General & Admin.	6.5	8.6	2.2	1.6	2.6	2.2	8.6	7.6	8.0
Product development & support	3.0	4.1	1.2	1.0	1.1	0.9	4.2	4.8	5.2
Sales & marketing	1.8	2.4	0.7	0.6	0.8	0.6	2.6	2.8	3.1
Finance charges, net	0.8	0.3	(0.0)	0.0	0.0	0.0	0.1	0.0	0.0
Other	(4.1)	0.3	0.0	(0.0)	0.1	0.0	0.1	0.0	0.0
Total Other Costs	**8.0**	**15.7**	**4.1**	**3.2**	**4.6**	**3.7**	**15.6**	**15.1**	**16.3**
Adj. EBITDA	**8.5**	**13.1**	**2.3**	**4.7**	**2.7**	**3.7**	**12.7**	**15.5**	**17.4**
Adj. EBITDA Margin (%)	**16.3%**	**18.8%**	**13.7%**	**23.7%**	**16.8%**	**18.6%**	**17.6%**	**19.5%**	**19.9%**
Income Before Income Taxes	**7.8**	**7.1**	**1.2**	**3.5**	**0.8**	**2.7**	**8.1**	**11.3**	**13.3**
Income Taxes	(1.0)	0.6	0.18	0.4	0.2	0.8	1.7	3.6	4.2
Income Taxes (%)	-12.5%	7.9%	15.9%	11.7%	31.7%	31.7%	20.7%	31.7%	31.7%
Net Income (Loss)	**8.8**	**6.5**	**1.0**	**3.1**	**0.5**	**1.8**	**6.4**	**7.7**	**9.1**
EPS, basic	**0.31**	**0.23**	**0.04**	**0.12**	**0.02**	**0.07**	**0.24**	**0.28**	**0.33**
EPS, diluted	**0.31**	**0.23**	**0.04**	**0.11**	**0.02**	**0.06**	**0.23**	**0.27**	**0.31**

Source: Company filings, Acumen Capital Partners

APPENDIX F. CASH FLOW STATEMENT

McCoy Global Inc.	2022	2023	Q1/24	Q2/24	Q3/24	Q4/24E	2024E	2025E	2026E
Net Income (Loss)	**8.8**	**6.5**	**1.0**	**3.1**	**0.5**	**1.8**	**6.4**	**7.7**	**9.1**
Adjustment on Non-Cash Items									
Depreciation	1.8	2.0	0.6	0.6	0.6	0.6	2.3	2.2	2.2
Amortization of Intangibles	1.2	1.8	0.5	0.5	0.5	0.5	1.9	1.9	1.9
Share Based Payments	0.6	1.3	(0.0)	0.1	0.7	0.0	0.8	0.0	0.0
Income tax expense	(1.0)	0.6	0.2	0.4	0.2	0.0	0.8	0.0	0.0
Finance costs paid, net	(0.7)	(0.7)	(0.1)	(0.1)	(0.1)	0.0	(0.2)	0.0	0.0
Finance charges, net	0.8	0.3	(0.0)	0.0	0.0	0.0	0.1	0.0	0.0
Finance costs paid, net	(0.7)	(0.7)	(0.1)	(0.1)	(0.1)	0.0	(0.2)	0.0	0.0
Gains (losses) on disposal of PP&E	(4.1)	(0.0)	0.0	(0.0)	0.0	0.0	(0.0)	0.0	0.0
Other Non-Cash Items	(0.1)	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Non-Cash Working Capital	(4.3)	(4.5)	(6.2)	(5.0)	1.1	1.2	(8.9)	(3.7)	(4.0)
Cash Flow from Operating Activities	**2.9**	**6.7**	**(4.4)**	**(0.5)**	**3.5**	**4.1**	**2.6**	**8.2**	**9.2**
Capex	(1.1)	(4.5)	(0.4)	(0.4)	(0.8)	(0.3)	(1.8)	(1.2)	(1.2)
Additions to Intangibles	(0.8)	(0.1)	(0.1)	(0.1)	(0.5)	0.0	(0.7)	0.0	0.0
Cash Flow from Investing Activities	**6.9**	**(4.5)**	**(0.4)**	**(0.5)**	**(1.3)**	**(0.3)**	**(2.5)**	**(1.2)**	**(1.2)**
Increase (Decrease) in LTD, Net	0.0	(4.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Principal elements of lease payments	(0.6)	(1.1)	(0.3)	(0.3)	(0.3)	(0.3)	(1.1)	(1.0)	(1.0)
Stock options exercised	0.2	0.3	0.0	0.4	0.0	0.0	0.4	0.0	0.0
Cash distributions paid	0.0	(0.6)	(0.3)	(0.5)	(0.5)	(0.5)	(1.9)	(2.2)	(2.2)
Other	0.1	(1.7)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash Flow from Financing Activities	**(0.3)**	**(7.6)**	**(0.5)**	**(0.5)**	**(0.8)**	**(0.8)**	**(2.6)**	**(3.2)**	**(3.2)**
FX impact on cash flow	0.9	(0.3)	0.3	0.1	(0.1)	0.0	0.3	0.0	0.0
Change in Cash	**10.3**	**(5.7)**	**(5.1)**	**(1.4)**	**1.3**	**3.0**	**(2.3)**	**3.8**	**4.7**
Cash, Beginning of Period	11.1	21.5	15.7	10.6	9.2	10.5	15.7	13.5	17.2
Cash, End of Period	21.5	15.7	10.6	9.2	10.5	13.5	13.5	17.2	22.0

Source: Company filings, Acumen Capital Partners

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APPENDIX G. BALANCE SHEET

McCoy Global Inc.	2022	2023	Q1/24	Q2/24	Q3/24	Q4/24E	2024E	2025E	2026E
Cash and Cash Equivalents	21.5	15.7	10.6	9.2	10.5	13.5	13.5	17.2	22.0
AR	13.0	10.4	14.2	14.7	12.5	15.3	15.3	16.8	18.5
Inventory	22.0	30.6	34.9	37.0	37.4	37.2	37.2	40.6	44.3
Prepaid Expenses and Deposits	1.1	1.0	0.9	2.2	1.7	1.0	1.0	1.1	1.2
Unbilled Revenue	0.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income taxes recoverable	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Assets	**58.5**	**57.7**	**60.6**	**63.1**	**62.2**	**67.0**	**67.0**	**75.8**	**86.0**
Property , Plant & Equipment	7.3	9.3	9.3	9.2	9.3	9.1	9.1	8.0	7.0
Intangible assets, net	7.2	5.3	5.1	4.8	4.7	4.2	4.2	2.4	0.5
Goodwill	3.7	3.6	3.7	3.7	3.7	3.7	3.7	3.7	3.7
Deferred tax assets	1.1	1.2	1.3	1.4	1.3	1.3	1.3	1.3	1.3
Total Assets	**77.8**	**77.2**	**80.0**	**82.2**	**81.2**	**85.2**	**85.2**	**91.1**	**98.5**
Trade and other payables	10.9	13.4	13.3	13.5	10.5	13.6	13.6	14.9	16.4
Dividends Payable	0.0	0.3	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Provisions	0.5	0.7	0.8	1.0	1.0	1.0	1.0	1.0	1.0
Income Tax Payable	0.1	0.3	0.2	0.5	0.6	0.6	0.6	0.6	0.6
Other LT Liabilities	4.6	4.3	5.2	3.6	6.5	6.5	6.5	6.5	
Total Current Liabilities	**11.4**	**14.7**	**15.0**	**15.5**	**12.6**	**15.7**	**15.7**	**17.1**	**18.5**
Long-term Debt	4.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Lease Liabilities	5.5	4.3	4.1	3.9	3.5	3.3	3.3	2.2	1.2
Other LT Liabilities	4.6	4.3	5.2	3.6	6.5	6.5	6.5	6.5	6.5
Total Liabilities	**26.1**	**23.3**	**24.3**	**22.9**	**22.7**	**25.5**	**25.5**	**25.8**	**26.2**
Share Capital	60.1	17.4	17.4	17.8	17.8	17.8	17.8	17.8	17.8
Contributed Surplus	5.8	46.3	46.3	46.3	46.3	46.3	46.3	46.3	46.3
Accumulated OCI	9.9	8.7	10.0	10.5	9.7	9.7	9.7	9.7	9.7
Retained Earnings	(24.1)	(18.4)	(17.9)	(15.3)	(15.4)	(14.1)	(14.1)	(8.5)	(1.6)
Total Equity	**51.7**	**54.0**	**55.7**	**59.3**	**58.5**	**59.7**	**59.7**	**65.3**	**72.2**
Total Liabilities and Equity	**77.8**	**77.2**	**80.0**	**82.2**	**81.2**	**85.2**	**85.2**	**91.1**	**98.5**
Net Debt (Cash)	**(17.0)**	**(15.7)**	**(10.6)**	**(9.2)**	**(10.5)**	**(13.5)**	**(13.5)**	**(17.2)**	**(22.0)**

Source: Company filings, Acumen Capital Partners

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ISSUER: MCCOY GLOBAL INC. (TSX: MCB)

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