



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2024

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EXPLANATORY NOTES

The following Management's Discussion and Analysis of Financial Results ("MD&A"), dated March 5, 2025, 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, 2024, and 2023 (the "Financial Statements"). The annual consolidated financial statements have been prepared in accordance with IFRS Accounting Standards ("IFRS"). 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. All references to "Management" refer to the directors and executive officers of the Corporation. 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 sedarplus.ca and our website at mccoyglobal.com. The information in this MD&A is current to March 5, 2025, unless otherwise noted.

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 in this MD&A 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;
- **the Corporation's development and commercialization of its Technology Roadmap;**
- competitive advantages;
- merger and acquisition strategy;
- payment of quarterly dividends;
- the impact of order intake and backlog on expected financial performance;
- the impact of new drilling activity, oil and gas prices, the entry or new market participants and M&A activity **on the demand for the Corporation's products;**
- potential tariffs imposed by the United States on Canadian imports;
- operational leverage; and
- capital spending for 2025.

Forward-looking statements respecting:

- the business opportunities for the Corporation that are based on the views of Management 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.

Forward-looking statements reflect the Corporation's current plans, intentions and expectations, which are based on Management's perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances. The Corporation's expectation of operating and financial performance in 2025 and beyond is based on certain assumptions. McCoy Global's plans, intentions and expectations are inherently subject to significant business, economic, competitive, and other uncertainties and contingencies regarding future events and as such, are subject to change. There is no assurance that the plans, intentions, or expectations upon which these forward-looking statements are based will occur. Forward-looking statements are subject to risks, uncertainties and assumptions, including, but not limited to, those discussed elsewhere

in this MD&A. Although Management believes that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that such expectations will prove to be correct, and such forward-looking statements included in this MD&A should not be unduly relied upon.

Forward-looking statements regarding the Corporation in this MD&A 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 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:

- domestic and foreign competition;
- technology;
- replacement or reduced use of products and services;
- international operations and international trade relations, including trade tariffs;
- oil and natural gas price fluctuations;
- supply chain disruption and increasing material costs;
- reliance on key persons and workforce availability;
- major operations disruption due to severe weather events;
- mergers and acquisitions;
- ability to effectively manage growth;
- litigation;
- legal compliance;
- insurance sufficiency, availability, and rate risk;
- breach of confidentiality;
- shareholder activism;
- safety performance;
- information security and cybersecurity;
- foreign exchange;
- challenges by taxation authorities;
- availability of financing and increasing interest rates;
- raising equity through the issuance of shares;
- **customers' inability to obtain credit/financing;**
- sufficiency of internal controls;
- material differences between actual results and Management estimates and assumptions;
- global health crisis;
- terrorist attack or armed conflict;
- change in government administrations;
- Greenhouse Gas ("GHG") regulations and other climate change related measures; and
- conservation measures and technological advances.

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 earnings (loss), 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 (gains) losses, net;
- restructuring charges;
- share-based compensation expense; 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 (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.

Net cash is a non-GAAP measure defined as cash and cash equivalents, plus: restricted cash; less: borrowings. The Corporation reports net cash as it is an important measure used by management to evaluate liquidity. The Corporation believes net cash assists investors in assessing McCoy Global's current liquidity on a consistent basis taking into consideration cash and cash equivalents, restricted cash, and borrowings.

Order intake is a measure of the amount of customer orders the Corporation has received, during a specified period of time, and is therefore an indicator of a base level of future revenue potential. Order intake is a supplementary financial measure, and, as a result, the definition and determination of order intake will vary among other issuers. The Corporation defines an order as a customer purchase commitment that has a high certainty of being delivered and is measured on the basis of the receipt of a customer purchase order or customer confirmation of McCoy sales order.

Backlog is a measure of the amount of customer orders the Corporation has received, but has not yet recognized as revenue, and is therefore an indicator of a base level of future revenue potential. Backlog is a supplementary financial

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, but have not yet been recognized as revenue, and is measured on the basis of a firm customer commitment, such as the receipt of a purchase order or customer confirmation of McCoy sales order.

smartProduct revenue is a non-GAAP measure and includes sales, rental and service revenues from those products and technologies **developed under the Corporation's technology roadmap initiative. The metric includes revenues** from flush mount spiders (FMS), casing running tools (CRTs), smartTONGs and related software and accessories. The Corporation believes smartProduct revenue is a key metric that can assist investors in assessing how McCoy Global has executed on its technology roadmap strategy.

STRATEGIC ACHIEVEMENTS

McCoy remains committed to its key strategic objectives, and we are pleased to report our progress:

Earnings Performance & Cashflow Generation

Three months ended December 31, 2024

McCoy reported revenue for the three months ended December 31, 2024, of \$25.2 million, a 28% increase from the comparative period (Q4 2023 - \$19.7 million). The growth in revenues was driven by strong demand for the newly commercialized smartProducts. As previously anticipated, the timing of contract awards, order intake and product shipments also impacted revenue on a quarter-to-quarter basis, resulting in a strong sequential increase in revenue. For the three months ended December 31, 2024, smartProduct revenue of \$12.1 million accounted for 48% of revenue (three months ended December 31, 2023 - 42%), an increase of \$3.9 million from the comparative period.

McCoy's earnings for the fourth quarter of 2024 were \$4.3 million, an increase of \$1.6 million or 59% from the comparative period (Q4 2023 - \$2.7 million).

Adjusted EBITDA for the three months ended December 31, 2024, was \$6.5 million or 26% of revenue, an increase of \$2.5 million from the comparative period (Q4 2023 - adjusted EBITDA of \$4.0 million, or 20% of revenue). This growth reflects **McCoy's robust operating efficiency**, fueled by significant revenue contributions from innovative smart technologies, which tend to generate higher margins relative to legacy capital equipment. Adjusted EBITDA performance for the fourth quarter of 2024 was impacted by increased revenues and production throughput, offset to a lesser extent, by additional headcount and adjustments in workforce compensation to support revenue expansion.

Adjusted EBITDA performance supported McCoy's \$8.0 million of cashflow generated from operating activities during the fourth quarter of 2024 (Q4 2023 - \$4.2 million), which was subsequently allocated to strategic investments in the Corporation's rental fleet, principal elements of lease payments, returning capital to shareholders through McCoy's quarterly dividend and building the Corporation's net cash balance to \$17.1 million.

Year ended December 31, 2024

McCoy reported annual revenue of \$77.5 million, or growth of 11% from the previous year. This robust revenue growth was driven by strong demand for recently commercialized smartProducts and led to the achievement of \$8.9 million in net earnings. For the year ended December 31, 2024, smartProduct revenue of \$29.8 million accounted for 38% of revenue (year ended December 31, 2023 - 35%), an increase of \$5.3 million from the comparative period. **McCoy's full-year 2024 adjusted EBITDA was \$16.2 million (21% of revenue), a 23% increase from the comparative period (2023 - \$13.1 million, 19% of revenue).**

McCoy's strong EBITDA performance and cashflow generated from operating activities was used to return capital to shareholders and strategic capital investments to support future revenue growth. During the year ended December 31, 2024, the Corporation paid out \$1.9 million under the Corporation's quarterly dividend. The Corporation also made \$2.0 million of strategic investments into its rental fleet, production equipment and facility upgrades, as well as \$1.5 million of strategic investments into the next in line projects of its Technology Roadmap as described below.

Having reported a net cash balance of \$17.1 million as at December 31, 2024 (December 31, 2023 - \$15.7 million) and \$7.9 million of additional funds available under undrawn credit facilities, McCoy is well positioned to take advantage of strategic opportunities.

Advancing our Technology Roadmap

Since January 1, 2024, we achieved key commercial and development milestones:

- McCoy reported continued strong market penetration of its Flush Mount Spiders (FMS) in the North America Land market. With a growing number of tools operating in-field, operators have increasingly recognized **the benefits of McCoy's FMS, leading to more widespread adoption. Consolidation in the North American E&P space has also become a favourable trend as safety and efficiency standards are integrated across these mergers. McCoy's FMS is a hydraulic rotary flush-mounted spider that, when fully connected (smartFMS™), handles casing while providing information on the state of the tool to the driller's display in real-time as well as the ability to integrate with McCoy Smart Casing Running Tool (smartCRT™) and McCoy's smarTR™.**
- McCoy secured a contract award totaling CAD\$4.3 million for several hydraulic smart casing running tools (smartCRT™s) destined for the Middle East market. Our unique, patented solution is a hydraulic option to our smart product suite and is designed to integrate into our smarTR™ system. This represents an important milestone on our journey towards automating tubular running operations. The expedited development and commercialization of this enhancement was a response to certain new Casing Running Tool (CRT) requirements for future contract tender awards announced by National Oil Companies (NOCs) and major **operators in certain key regions in the first quarter of 2024. McCoy's hydraulic smartCRT™ not only addresses the new contract requirements, but also offers an intelligent, connected enhancement to conventional casing running tools available today. This tool provides superior safety, efficiency and simplified operating procedures along with real-time data collection and analysis capabilities. This technology mitigates the risk of conventional, mechanical CRT technology, while providing actionable insights that optimize future performance.**
- Despite being unable to secure rig availability during Q4 2024, **McCoy's** in-field trials for smarTR™ continued in early 2025 with promising initial results. **The success of McCoy's CRT enhancement has alleviated several external hurdles, while further improving safety, efficiency and simplifying operating procedures of the smarTR™ system.** Due to the challenges securing rig availability with our current in-field partner, McCoy expanded the in-field trials to include an additional three partners in separate regions, including both US land and the Middle East. As in-field trials continue, our product development team will focus on promptly addressing challenges, if and when, they are identified. We remain confident in our ability to consistently exceed our internal key performance metrics across several in-field trials in each region. This will allow us to successfully conclude the in-field trials and shift our focus to successful product adoption and market penetration.
- McCoy secured a contract award totaling \$3.7 million for deep-water offshore integrated casing running systems destined for Latin America and accepted an additional \$1.8 million in awards for deep-water systems for separate customers in Brazil. Delivering this technology will complete the first step on a roadmap to a comprehensive smarTR™ system tailored for offshore and deep-water markets. This integrated deep-water system differs from our smarTR™ solution designed for land and shelf that is centered around CRT technology, as deep-water casing installation requires hydraulic power tongs to meet technical specifications for the well profile. The Latin America contract award also marks the first offshore commercial Software as a Service (SaaS) purchase commitment for its Virtual Thread-Rep™ **technology. McCoy's Virtual Thread-Rep™ technology enables customers to remotely monitor and control premium connection make-up. It also facilitates the autonomous evaluation and confirmation of premium connection make-up on location. Delivery of the equipment and technology is scheduled to occur in early 2025.**

Order Intake

McCoy reported \$16.8 million of order intake for the three months ended December 31, 2024, a 7% decrease over the \$18.0 million of order intake reported in the fourth quarter of 2023. Order intake decreased sequentially from the \$24.1 million reported in the third quarter of 2024. The inherent characteristics of our capital equipment product offerings as well as the rate of technology adoption, and timing of contract awards, often leads to fluctuations in order intake and revenues on a quarter-to-quarter basis. Consequently, these factors also may impact fluctuations in working capital balances due to the timing of customer shipments and billings.

While quarter-to-quarter fluctuations in order intake impacted fourth quarter backlog, our orders backlog of \$23.5 million at December 31, 2024, alongside strong subsequent order intake in the first quarter of 2025, is expected to positively support financial performance for the first half of 2025.

OUTLOOK AND FORWARD-LOOKING INFORMATION

In light of the recent trade tariff announcements between the United States and Canada, the Corporation has evaluated the potential impacts on its operations. The Corporation operates two production facilities in the US, where **all of McCoy's equipment and technologies** are currently produced. These facilities source a considerable portion of components from Canadian suppliers, to which the 25% tariff on Canadian imports would likely apply. Management expects that the impact of these tariffs will be offset to a substantial degree by the depreciating Canadian dollar. To further mitigate the potential impact of US tariffs on Canadian imports, McCoy has the ability to transition to alternative suppliers or implement other measures that limit or defer financial impact. Management continues to take proactive steps to mitigate much of the impact the trade tariffs may have and will continue to closely monitor future developments as they are announced. Overall, the tariffs are not expected to have a material impact on McCoy's financial performance, however, circumstances remain very dynamic, and this assessment may change.

Over the near and medium term, oil & gas market fundamentals are expected to remain stable for international markets, especially in the Middle East and North Africa (MENA). Increased drilling activity and the entry of new regional players alongside **National Oil Companies' (NOC) strong focus on increased safety and efficiency** will create further opportunities for our new products. Additionally, much of the increase in activity levels has been unconventional drilling, where technology and efficiency are a substantially greater focus. McCoy is well positioned to capitalize on these trends with market leading technologies and product enhancements that provide superior safety, efficiency and simplified operating procedures, as well as expert technical support with local presence and the broadest portfolio of TRS equipment on the market.

Turning to the North America land market, where rig count and drilling activity has remained subdued, the market for equipment, particularly standard, legacy products, has been stagnant to declining due to oversupply. Despite this **muted backdrop, McCoy's advanced technologies continue to generate growth in this region** due to the significantly improved safety features and ability to enhance efficiency and in many cases reduce cost. Recent consolidations in the North American E&P space have led to safety and efficiency standards being integrated across these mergers, **creating further opportunities for McCoy's new smartProduct technologies**. As field trials for our integrated smartTR™ progress towards completion, we expect 2025 to be an important year for the initial adoption of this technology in the North America land market, setting the stage for future revenue growth in 2026 and beyond.

As we progress through the commercialization stage of our 'Technology Roadmap' initiative, we expect future revenues to become less dependent on the cyclicity of drilling activity, and more driven by technology adoption, demand from new local and regional market entrants, and market share gains in new geographies.

With \$23.5 million of backlog reported at December 31, 2024, and continued momentum of smartProduct technology adoption, we are confident in executing our strategic and financial objectives in 2025. However, timing delays experienced on certain customer purchase commitments, shifts in product mix, and greater than anticipated book-and-ship revenues that positively impacted Q4, 2024, may result in quarter-to-quarter fluctuations in revenues and gross margins, particularly in the first quarter, with revenues and earnings more heavily weighted toward the second half of 2025. McCoy remains confident in the continued strong market penetration of its new technologies in 2025,

and with its proven track record of operational efficiency and cashflow generation. For 2025 and beyond, we continue to focus on our key strategic initiatives to deliver value to all our stakeholders:

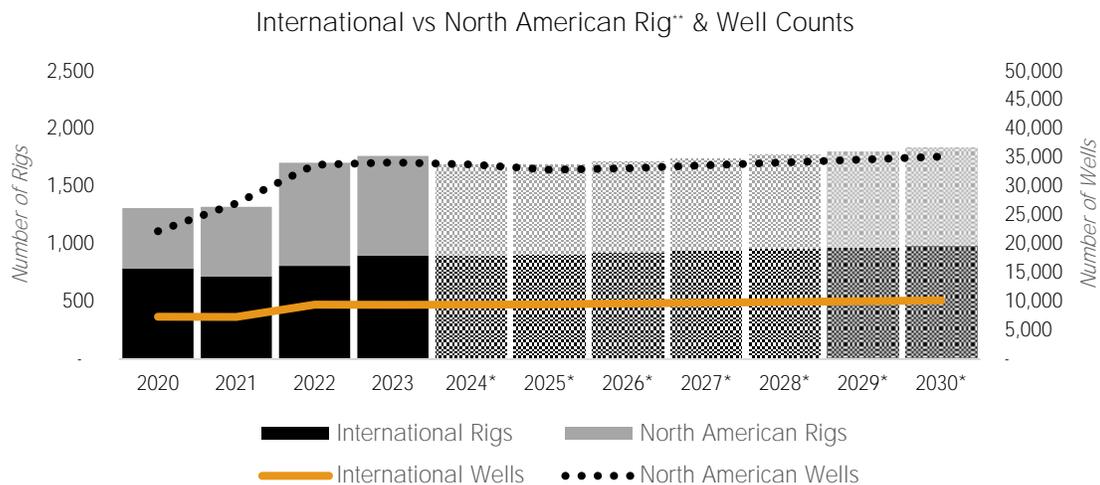
- Accelerating market adoption of new and recently developed ‘smart’ portfolio products;
- Focusing on capital allocation priorities; return excess cash to our shareholders in the form of share buy-backs and quarterly dividends.

We believe this strategy, together with our committed and agile team, McCoy’s global brand recognition, application expertise, strong balance sheet, and global footprint will further advance McCoy’s competitive position and generate strong returns on invested capital.

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, December 2024, is as follows:



*Forecasted
**Cumulative

At a macro level, 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 introduction and adoption of new products and technologies is a further driver of capital equipment demand and continues to play a more significant role as the adoption of McCoy’s new technologies accelerates.

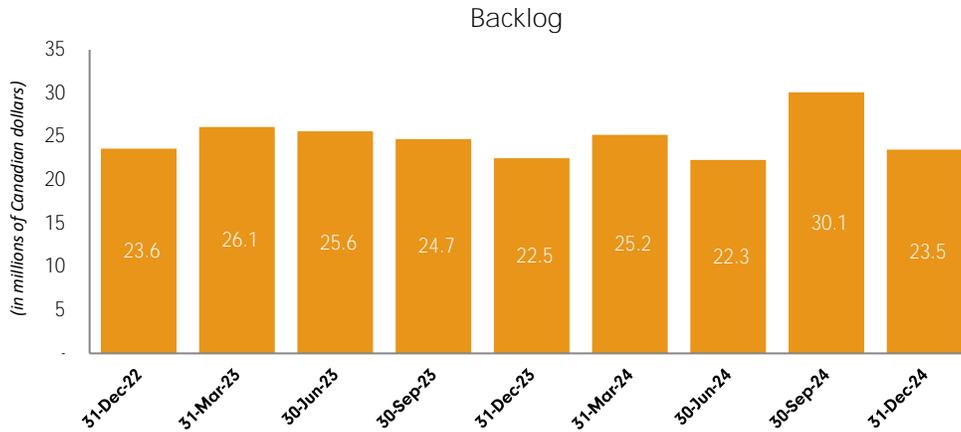
Backlog

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 a supplementary financial 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 or customer confirmation of McCoy

sales order. Though customers may default on, or cancel such commitments, purchase commitments 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 on average.

McCoy Global's backlog as at December 31, 2024, totaled \$23.5 million (US\$16.3 million), a decrease of \$6.6 million or 22% from backlog of \$30.1 million (US\$22.3 million) as at September 30, 2024. Compared to December 31, 2023, backlog increased \$1.0 million, or 4%, from \$22.5 million (US\$17.0 million).



Book-to-Bill Ratio

The book-to-bill ratio is a measure 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 a supplementary financial 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. 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. Set out below are orders received, revenue and the book-to-bill ratio:



BUSINESS VISION

Our vision is to redefine wellbore construction as the foremost global provider of innovative, automated tubular makeup technology and world class support.

McCoy Global Inc. is incorporated and domiciled in Canada and is a leading provider of technologies and equipment 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 and technologies to support tubular running operations, enhance wellbore integrity and increase safety;
- design, production and distribution of aftermarket products and services such as technical support, consumables and replacement parts that support its capital equipment sales;
- 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.**

Since mid-2008, the oil & gas extraction complex has experienced an increasingly volatile pricing environment and growing public and investor pressure to reduce its impact on the environment and improve safety. In turn, producers have been acutely focused on managing their costs and adapting their business strategy to demonstrate compliance with broader sustainability efforts.

McCoy has a reputation of innovation within tubular running services (TRS) operations globally. The Corporation has extensive experience launching new products into the markets it serves, offering high quality, technological advancements, and safety standards available, and has done so for more than three decades.

McCoy believes the TRS space is primed for transformation employing automation and advanced software solutions. Tools and processes used in TRS today are mechanical, highly repetitive, require significant labour inputs, have a high rate of personnel safety exposure, and maintain minimal well integrity data. Recognizing this opportunity, McCoy has conceptualized a **'smart' TRS system that will operate autonomously using the Corporation's cloud-based data repository and machine learning to improve effectiveness.** Our cloud-based platform and digital infrastructure that was developed in 2019, will enable future product offerings and enhancements. This cloud based, real time, remote data transmission infrastructure will support our ability to integrate, digitize, and automate the historically manual processes of tubular make up through our smarTR™ automated casing running system.

McCoy is engaged with three key customer groups:

Service Companies and Drilling Contractors - Producers are challenging contractors to reduce costs. In most cases, their largest cost is people. With several significant downturns in the last decade and increasing volatility in oil and gas activity, personnel have left the industry to the point where there is now a critical shortage of skilled and experienced labour. This lack of labour and the reality that 65% of TRS cost can be directly attributed to labour is a driving force behind the transition to an increasingly automated system. In addition to providing enhanced data, **McCoy's smarTR™** targets a reduction of up to 67% of the labour costs associated with TRS.

Producers – **McCoy's Virtual Thread Rep™** consolidates data on every connection made in a **producer's completion** program. This repository of data supports verifiable and reliable well integrity that validates Environmental Social Governance (ESG) initiatives.

Tubular Manufacturers – Threaded connection integrity is the standard that all manufacturers are measured by. Tubular connections at wellsite, which are currently made up by people, will be controlled, and torqued to factory **specifications by McCoy's 'smart' tools, leveraging autonomous machine learning. OEM's and manufacturers will** benefit from reduced operational risk with systems in place to ensure connections are made correctly and in accordance with specifications related to project parameters, reducing the environmental impact of faulty connections and leaking wells.

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

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 FOURTH QUARTER RESULTS

For the three months ended December 31 (\$000 except per share amounts)	2024	2023
Revenue	25,222	19,699
Net earnings	4,255	2,674
Per common share – basic	0.16	0.10
Per common share – diluted	0.15	0.10
Adjusted EBITDA	6,534	3,987
Per common share – basic	0.24	0.15
Per common share – diluted	0.23	0.14

EBITDA and adjusted EBITDA are calculated as follows:

For the three months ended December 31 (\$000)	2024	2023
Net earnings	4,255	2,674
Depreciation of property, plant, and equipment	653	571
Amortization of intangible assets	511	472
Income tax expense (recovery)	192	(708)
Finance income, net	(13)	(8)
EBITDA	5,598	3,001
Share-based compensation expense	956	531
Provisions for excess and obsolete inventory	80	279
Other (gains) losses, net	(100)	176
Adjusted EBITDA	6,534	3,987

REVENUE

(\$000 except percentages)	For the three months ended December 31			
	2024	2023	Change	% Change
smartProduct sale, rental and service revenue	12,134	8,225	3,909	48%
Legacy product sale, rental and service revenue	13,088	11,474	1,614	14%
Revenue	25,222	19,699	5,523	28%

Revenue for the three months ended December 31, 2024, increased by 28% compared to the same period in 2023. The growth in revenues was driven by strong demand for the newly commercialized smartProducts in the North American land market. As previously anticipated, the timing of contract awards, order intake and product shipments also impacted revenue on a quarter-to-quarter basis, resulting in a strong sequential increase in revenue. For the three months ended December 31, 2024, smartProduct revenue of \$12.1 million accounted for 48% of revenue (three months ended December 31, 2023 – 42%), an increase of \$3.9 million from the comparative period.

GROSS PROFIT

(\$000 except percentages)	For the three months ended December 31			
	2024	2023	Change	% Change
Gross profit	10,285	6,423	3,862	60%
<i>Gross profit as a % of revenue</i>	41%	<i>33%</i>	<i>8%</i>	

Gross profit for the three months ended December 31, 2024, improved by eight percentage points compared to the comparative period, largely attributed to increased production throughput, product mix weighed more heavily towards smartProducts with favourable product margins compared to legacy capital equipment, as well as supply chain cost containment measures that reduced material cost for a number of product lines. This was partially offset by additional labour costs, production overheads and freight to support increased production throughput and customer technical support.

GENERAL AND ADMINISTRATION EXPENSE (G&A)

(\$000 except percentages)	For the three months ended December 31			
	2024	2023	Change	% Change
G&A	3,651	2,451	1,200	49%
<i>G&A as a % of revenue</i>	14%	<i>12%</i>	<i>2%</i>	

For the three months ended December 31, 2024, G&A increased 49% from the comparative period in 2023 due to increased compensation attributable to the Corporation's short-term incentive plan, as well as stock-based compensation of primarily attributable to the appreciation of the Corporation's stock price on Director Performance Share Units and Director Deferred Share Units. To a lesser extent, the Corporation's investment in an AI platform for enhanced operational decision making, timing of bad debts provisions, and increased travel also contributed to the increase in G&A.

PRODUCT DEVELOPMENT AND SUPPORT

(\$000 except percentages)	For the three months ended December 31			
	2024	2023	Change	% Change
Product development and support expense	1,347	1,124	223	20%
Capitalized development expenditures	792	1	791	79100%
Product development and support expenditures	2,139	1,125	1,014	90%
<i>Product development and support expenditures as a % of revenue</i>	8%	6%	2%	

During the three months ended December 31, 2024, McCoy further advanced its 'Technology Roadmap' initiative by developing, testing, and commercializing additional 'smart' product enhancements and complementary product accessories for McCoy's smartCRT™. For the three months ended December 31, 2024, the Corporation incurred \$0.8 million of capitalized development expenditures.

For the three months ended December 31, 2023, McCoy further advanced its 'Technology Roadmap' initiative by concentrating its Product development and support efforts on increasing market adoption of newly launched 'smart' portfolio products, including the smartCRT™, and FMS, as well as identifying next-in-line projects to enhance its product offerings. The Corporation also continued field trials for the automated smarTR™ system. For the three months ended December 31, 2023, there were limited capitalized development expenditures.

In the current period, Product development and support expenses increased from the comparative period due to increased headcount for product development and support activities and intellectual property expenditures.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

(\$000 except percentages)	For the three months ended December 31			
	2024	2023	Change	% Change
Sales & marketing	953	714	239	33%
<i>Sales & marketing as a % of revenue</i>	4%	4%	-%	

Sales & Marketing increased from the comparative period as a result of increased headcount, and travel to support the Corporation's revenue growth and technology adoption, as well as increased marketing initiatives.

OTHER ITEMS

(\$000 except percentages)	For the three months ended December 31			
	2024	2023	Change	% Change
Finance income, net	(13)	(8)	(5)	63%
Other (gains) losses, net	(100)	176	(276)	(157%)

Finance income, net, includes interest income on cash and cash equivalents and interest income on long-term customer finance leases offset by finance charges imputed on leases in accordance with IFRS 16. For the three months ended December 31, 2024, finance income, net was favourable compared to the comparative period due to interest earned on customer finance leases.

For the three months ended December 31, 2024, other gains, net is comprised primarily of foreign exchange gains. For the three months ended December 31, 2023, other losses, net is comprised primarily of foreign exchange losses.

SUMMARY OF QUARTERLY RESULTS

(\$000 except per share amounts)	2024				2023			
	Dec 31	Sep 30	Jun 30	Mar 31	Dec 31	Sep 30	Jun 30	Mar 31
Revenue	25,222	15,842	19,910	16,542	19,699	16,878	16,248	16,864
Net earnings	4,255	516	3,125	975	2,674	1,900	1,427	528
Per share - Basic	0.16	0.02	0.12	0.04	0.10	0.07	0.05	0.02
Per share - Diluted	0.15	0.02	0.11	0.04	0.10	0.07	0.05	0.02
EBITDA	5,598	1,826	4,638	2,191	3,001	3,641	2,639	1,954
Adjusted EBITDA	6,534	2,668	4,728	2,273	3,987	3,856	2,862	2,419

The Corporation has achieved strong growth in revenue and Adjusted EBITDA throughout the past eight quarters, driven by strong demand for the Corporation's newly commercialized products, as well as robust operating leverage. Timing of certain customer purchase commitments resulted in quarter-to-quarter fluctuations.

SUMMARY OF CONSOLIDATED ANNUAL RESULTS

For the year ended December 31 (\$000 except per share amounts)	2024	2023	2022
Revenue	77,516	69,689	52,428
Net earnings	8,871	6,529	8,763
Per common share – basic	0.33	0.23	0.31
Per common share – diluted	0.32	0.23	0.31
Adjusted EBITDA	16,203	13,125	8,537
Per common share – basic	0.60	0.47	0.30
Per common share – diluted	0.59	0.46	0.30
Total assets	97,849	77,241	77,793
Total liabilities	31,654	23,258	26,079
Total non-current liabilities	2,517	3,208	6,680
Dividends declared	2,171	825	-
Per common share	0.08	0.03	-

EBITDA and adjusted EBITDA are calculated as follows:

For the year ended December 31 (\$000)	2024	2023	2022
Net earnings	8,871	6,529	8,763
Depreciation of property, plant, and equipment	2,382	1,985	1,846
Amortization of intangible assets	1,922	1,823	1,151
Income tax expense (recovery)	1,029	558	(974)
Finance charges, net	49	340	771
EBITDA	14,253	11,235	11,557
Share-based compensation expense	1,730	1,307	566
Provisions for excess and obsolete inventory	237	279	486
Other (gains) losses, net	(17)	304	(4,072)
Adjusted EBITDA	16,203	13,125	8,537

REVENUE

(\$000 except percentages)	For the year ended December 31			
	2024	2023	Change	% Change
smartProduct sale, rental and service revenue	29,788	24,506	5,282	22%
Legacy product sale, rental and service revenue	47,728	45,183	2,545	6%
Revenue	77,516	69,689	7,827	11%

For the year ended December 31, 2024, revenues increased 11% from the comparative period. This robust revenue growth was driven by strong demand for recently commercialized smartProducts and resulted in net earnings of \$8.9 million. For the year ended December 31, 2024, smartProduct revenue of \$29.8 million accounted for 38% of revenue (year ended December 31, 2023 – 35%), an increase \$5.3 million from the comparative period.

In the comparative period, revenues were positively impacted by deliveries of McCoy's new technologies including the FMS and smartCRTM, alongside market share gains for McCoy's DWCRT™.

GROSS PROFIT

(\$000 except percentages)	For the year ended December 31			
	2024	2023	Change	% Change
Gross profit	27,628	22,830	4,798	21%
<i>Gross profit as a % of revenue</i>	<i>36%</i>	<i>33%</i>	<i>3%</i>	

Gross profit improved by three percentage points from the comparative period largely due to increased production throughput, a favourable shift in product mix towards smartProduct technologies with favourable product margins compared to legacy capital equipment. Efficiencies in supply chain management led to savings in material costs, further boosting profitability. This was partially offset by additional labour costs, production overheads and freight to support increased production throughput and customer technical support.

Gross profit for the year ended December 31, 2024, was impacted by a \$0.2 million provision for excess and obsolete inventory (2023 – \$0.3 million).

GENERAL AND ADMINISTRATION EXPENSE (G&A)

(\$000 except percentages)	For the year ended December 31			
	2024	2023	Change	% Change
G&A	10,033	8,605	1,428	17%
<i>G&A as a % of revenue</i>	<i>13%</i>	<i>12%</i>	<i>1%</i>	

For the year ended December 31, 2024, G&A increased from the comparative period due to increased compensation attributable to the Corporation's short-term incentive plan, increases in headcount, as well as increases in stock-based compensation primarily attributable to the appreciation of the Corporation's stock price on Director Performance Share Units and Director Deferred Share Units. To a lesser extent, the Corporation's investment in an AI platform for enhanced operational decision making and increased travel also contributed to the increase in G&A. As a percentage of revenue, G&A increased 1% from the comparative period.

In the comparative period, G&A was impacted by increased stock-based compensation as a result of the appreciation of the Corporation's stock price on Director Performance Share Units and Director Deferred Share Units, headcount increases to support increased operational activities, and inflationary pressures on service provider pricing.

PRODUCT DEVELOPMENT AND SUPPORT

(\$000 except percentages)	For the year ended December 31			
	2024	2023	Change	% Change
Product development and support expense	4,696	4,074	622	15%
Capitalized development expenditures	1,491	93	1,398	1,503%
Product development and support expenditures	6,187	4,167	2,020	48%
<i>Product development and support expenditures as a % of revenue</i>	8%	6%	2%	

During the year ended December 31, 2024, the Corporation made significant progress on its 'Technology Roadmap' initiative by developing, testing, and commercializing additional 'smart' product enhancements and complementary product accessories for McCoy's smartCRT™ to address new contractual operating requirements in certain geographies. For the year ended December 31, 2024, the Corporation incurred \$1.5 million of capitalized development expenditures. For the year ended December 31, 2024, capitalized development expenditures include internal product development hours, prototype costs, as well as field trial costs. Product development and support expense for the year ended December 31, 2024, increased from the comparative period due to increased salaries and benefits to support new technologies and intellectual property expenditures.

For the year ended December 31, 2023, the Corporation focused Product development and support efforts to boost the market adoption of new and recently commercialized 'smart' portfolio products, including the smartCRT™, and FMS. Test rig and field trials for the automated smarTR™ system commenced in 2023. For the year ended December 31, 2023, capitalized development expenditures include internal product development hours.

SALES AND MARKETING EXPENSE (SALES & MARKETING)

(\$000 except percentages)	For the year ended December 31			
	2024	2023	Change	% Change
Sales & marketing	2,967	2,420	547	23%
<i>Sales & marketing as a % of revenue</i>	4%	3%	1%	

For the year ended December 31, 2024, Sales & Marketing increased from the comparative period due to increased salaries and benefits, travel, and marketing costs to support increased market activity. As a percentage of revenue, Sales & Marketing increased 1% from the comparative period.

For the year ended December 31, 2023, Sales & Marketing was impacted by increased headcount, travel, and commissions to support increased market activity.

OTHER ITEMS

(\$000 except percentages)	For the year ended December 31			
	2024	2023	Change	% Change
Other (gains) losses, net	(17)	304	(321)	(106%)
Finance charges, net	49	340	(291)	(86%)

For the year ended December 31, 2024, other gains, net is comprised primarily of foreign exchange gains. For the year ended December 31, 2023, other losses, net is comprised primarily of foreign exchange losses.

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, as well as interest income on long-term customer leases. For the year ended December 31, 2024, finance charges, net decreased from the comparative period due to interest earned on cash and cash equivalents.

LIQUIDITY AND CAPITAL RESOURCES

Selected cash flow and capitalization information is as follows:

For the three months ended December 31 (\$000)	2024	2023
Cash generated from operating activities	7,957	4,185
Cash used in investing activities	(1,211)	(1,638)
Cash used in financing activities	(842)	(558)

For both the three months ended December 31, 2024, and 2023, cash generated from operating activities was a result of strong adjusted EBITDA performance and improvements in working capital efficiency, offset by finance charges and income taxes paid.

During the three months ended December 31, 2024, cash used in investing activities related primarily to strategic investments in the Corporation's Technology Roadmap, investments in the Corporation's rental fleet as well as facility enhancements and machinery to support revenue growth. During the comparative period, cash used in investing activities related primarily to strategic investments in the Corporation's rental fleet.

Cash used in financing activities for the three months ended December 31, 2024, and 2023, relates to dividends paid and principal elements of lease payments.

For the year ended December 31 (\$000)	2024	2023
Cash generated from operating activities	6,508	6,741
Cash used in investing activities	(3,452)	(4,505)
Cash used in financing activities	(2,673)	(7,646)

Cash generated from operating activities for the year ended December 31, 2024, and 2023, was a result of strong EBITDA performance, offset by working capital investments, primarily in inventory to support future deliveries, as well as finance costs and income taxes paid. In the current period, cash generated from operating activities was also offset by working capital investments in trade receivables due to the timing of customer shipments.

For the year ended December 31, 2024, cash used in investing activities was primarily related to strategic investments in the Corporation's 'Technology Roadmap', investments in the Corporation's rental fleet as well as facility enhancements and machinery to support revenue growth. During the comparative period, cash used in investing activities was related to investments in the Corporation's rental fleet, as well as additions to production equipment and leasehold improvements.

For the year ended December 31, 2024, cash used in financing activities was related to \$1.9 million of dividends paid, \$1.2 million of principal elements of lease payments, offset by proceeds from the issuance of common shares under the Corporation's restricted share and stock option plans. For the year ended December 31, 2023, cash used in financing activities was related to \$4.6 million repayment of the Corporation's term loan, \$2.6 million repurchase of common shares under the Corporation's normal course issuer bid, principal elements of lease payments, and dividends paid, partially offset by a reduction in restricted cash, and proceeds from the issuance of common shares under the restricted share and stock option plans.

As at December 31 (\$000)	2024	2023
Cash and cash equivalents	17,057	15,726
Restricted cash, as per credit facilities	-	-
Borrowings	-	-
Net cash	17,057	15,726
Undrawn availability under revolving demand facility	7,914	11,053

The Corporation holds a revolving demand facility with a Canadian chartered bank. As at December 31, 2024, the amount available under the revolving demand facility was \$7.9 million, with \$nil committed to letters of credit. No amounts were drawn on the revolving demand facility during the year (2023 - \$nil). The balance available was calculated as the lesser of \$7.9 million and the total of 75% of eligible US and Canadian accounts receivables, net of customer deposits, aged less than 90 days; 75% of eligible foreign accounts receivable, net of customer deposits, aged less than 90 days to a maximum of US\$2.75 million, and 50% of raw materials and finished goods inventory, net of 30 days accounts payable to a maximum of US\$2.75 million.

McCoy remains committed to managing the business for success by generating meaningful cashflows from operations and increasing working capital efficiency. We expect our operational leverage to continue to provide a foundation for strong revenue and earnings growth as we continue to deliver on our strong order backlog.

Anticipated capital spending for 2025 includes:

- up to US\$2.8 million of strategic investment in rental equipment where meaningful returns are expected;
- up to US\$2.1 million of investments in facility expansions, as well as production facility equipment to improve production efficiencies and profitability; and
- up to US\$2.5 million of investment in the development of 'Technology Roadmap' offerings.

FINANCIAL RISK MANAGEMENT

The Corporation's activities are exposed to a variety of financial risks, each with varying degrees of significance, which could affect the Corporation's ability to achieve strategic objectives. Overall, risk management programs focus on the unpredictability of financial and economic markets and seek to minimize potential adverse effects on financial performance. The principal financial risks to which the Corporation is exposed are described in note 22 of the Financial Statements.

OTHER FINANCIAL INFORMATION

CONTRACTUAL OBLIGATIONS

The Corporation has committed to payments under leases for premises. Based on remaining contractual maturities, the undiscounted cash flows for its financial liabilities; future aggregate minimum lease payments under non-cancellable leases; and commitments to purchase inventory and operating supplies are as follows:

(000's)	Due in less than one year	Due between one and two years	Due between two and three years	Due beyond three years	Total
	\$	\$	\$	\$	\$
Trade and other payables	19,735	-	-	-	19,735
Lease liabilities	1,764	2,588	120	20	4,492
Undiscounted cash flows for financial liabilities	21,499	2,588	120	20	24,227
Purchase commitments for inventory and operating services	12,203	632	458	102	13,395
As at December 31, 2024	33,702	3,220	578	122	37,622

OUTSTANDING SHARE DATA

As at March 5, 2025, the following class of shares and equity securities potentially convertible into common shares were outstanding:

Common shares	27,179,936
Convertible equity securities:	
Stock options	1,708,068
Restricted shares	136,384

The stock options and restricted shares are exercisable into an equal number of common shares. Stock options may be exercised after they have vested. Restricted shares are converted to common shares at pre-determined vesting dates. Options with the following exercise price ranges were outstanding as at March 5, 2025:

Exercise price range	Options outstanding	Weighted average remaining contractual life
	#	Years
<\$1	525,000	4.78
\$1 to \$2	664,420	3.80
\$2 to \$3	318,648	5.05
\$3 to \$4	200,000	0.03
	1,708,068	3.89

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Corporation's consolidated financial statements requires Management to make estimates and judgments about the future that affect the application of accounting policies and the reported amount of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. If these estimates and judgments prove to be inaccurate, future net earnings (loss) may be materially impacted.

Estimates and underlying assumption are reviewed on an ongoing basis and revisions to estimates are recognized prospectively. Actual results may differ from these estimates.

The areas involving a higher degree of judgment or estimation that are significant to the consolidated financial statements are as follows:

(i) *Trade and other receivables*

The Corporation records trade and other receivables at amortized cost. Write-downs for trade and other receivables are recorded each period as required under the expected credit loss model and further **updated based on management's judgment.**

(ii) *Inventories*

The Corporation records inventories at the lower of cost and net realizable value. Write-downs for inventory are recorded each period as required and updated based on **Management's judgment.**

(iii) *Provisions*

Estimates and judgments are used in measuring and recognizing provisions and the Corporation's exposure to contingent liabilities. Judgment is necessary to determine the likelihood and estimated future outflow of resources that may be required to settle any future or existing claims, onerous contracts, or contingent obligations.

(iv) *Income tax*

The Corporation operates in several tax jurisdictions and is required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. The calculation of income taxes requires the use of judgment.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Judgment and estimation are necessary to determine the likelihood and availability of future taxable profits against which tax losses and tax credits carried forward can be used.

(v) *Impairment of non-financial assets*

Long-lived assets include property, plant and equipment, intangible assets, and goodwill. The carrying value of these assets is periodically reviewed for impairment (goodwill and intangible assets under development at least annually) or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Judgment is required in the aggregation of assets into Cash Generating Units ("CGUs").

The recoverable amounts of CGUs are determined based on the greater of fair value less cost to sell and value-in-use calculations. These calculations require the use of estimates and judgments, including an estimation of the future cash flows from the CGU or group of CGUs and judgment is required in determining the appropriate discount rate. In deriving the underlying projected cash flows, assumptions must also be made about the impact of technology adoption, future drilling activity on revenues, operating margins, and market conditions over the useful life of the assets or CGUs. Although estimates are consistent with current industry reports, internal planning and expected future operations, such estimations are subject to uncertainty and judgment.

(vi) *Leases*

Extension options are included in a number of property leases within the Corporation. In determining the lease term, Management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

The Corporation makes estimates in determining the incremental borrowing rate used to measure the lease liability for each lease contract. The incremental borrowing rate should reflect the interest that the Corporation would have to pay to borrow at a similar term with similar security.

FUTURE ACCOUNTING PRONOUNCEMENTS

The Corporation adopted the following accounting standards and amendments that were effective for annual financial statements commencing January 1, 2024. These changes did not have a material impact on the financial results of the Corporation are not expected to have a material impact in the future:

- Amendments to IAS 1 Presentation of Financial Statements: clarifying the classification of liabilities as current or non-current;
- Amendments to IFRS 16 Leases: clarifying the measurement of a lease liability by the seller in a sale and leaseback transaction; and
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements: clarifying disclosures related to supplier finance arrangements.

New standards, interpretations, or amendments that have been issued, or are not yet effective, have not been further described or early adopted, where no material impact is expected on the Corporation's financial statements.

The 'International Accounting Standards Board' (IASB) has issued the following new standards and amendments to existing standards that will be come effective in future years:

- Amendments to IAS 21 Lack of Exchangeability: providing guidance about the determination of the exchange rate and disclosure when a currency is not exchangeable;
- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments: amendments include clarifying requirements over the date of recognition and derecognition of some financial assets and liabilities; clarifying and adding further guidance on whether a financial asset meets the solely payments of principal and interest criterion; adding new disclosures for certain instruments with contractual terms that can change cash flows; and updating the disclosures for equity instruments designated at fair value through other comprehensive income; and
- Introduction to IFRS 18 Presentation and Disclosure in Financial Statements: specifying new presentation requirements for subtotals and totals within the Statement of Earnings.

These amendments are effective for annual periods beginning on or after January 1, 2025. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements. There are no other standards or amendments or interpretations to existing standards issued but not yet effective which are expected to have a material impact on the financial statements.

CONTROLS AND PROCEDURES

DISCLOSURE CONTROLS AND PROCEDURES (“DC&P”)

Disclosure controls and procedures are designed to provide reasonable assurance that all relevant information required to be disclosed by the Corporation in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported to Management, including the CEO and CFO, on a timely basis so that appropriate decisions can be made regarding public disclosure.

An evaluation of the design and operating effectiveness of our DC&P was conducted, as at December 31, 2024, by Management under the supervision of the CEO and the CFO. Based on this evaluation, the CEO and the CFO have concluded that, as at December 31, 2024, our DC&P, as defined in National Instrument 52-109, Certification of Disclosure in Issuers’ Annual and Interim Filings (NI 52-109), was effective.

INTERNAL CONTROLS OVER FINANCIAL REPORTING (“ICFR”)

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

Our ICFR includes policies and procedures that pertain to the maintenance of records that provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with IFRS, and that receipts and expenditures are being made only in accordance with authorizations of Management; pertain to the maintenance of records that in reasonable detail accurately and fairly reflect our transactions and dispositions of our assets; and are designed to provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on our annual consolidated financial statements.

Because of its inherent limitations, ICFR can provide only reasonable assurance and may not prevent or detect misstatements.

Furthermore, projections of an evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies and procedures may deteriorate.

Management, under the supervision of the CEO and CFO, has evaluated the design and operating effectiveness of our ICFR using the framework and criteria established in Internal Controls – Integrated Framework of 2013, issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this evaluation, the CEO and the CFO have concluded that as at December 31, 2024, ICFR (as defined in NI 52-109) were effective. There were no changes in our ICFR during the year ended December 31, 2024, that have materially affected, or are reasonably likely to affect, our ICFR.

RISK AND UNCERTAINTIES RELATED TO THE BUSINESS

The Corporation’s results of operations, business prospects, financial condition, cash distributions to shareholders and the trading price of the Corporation’s common shares are subject to a number of risks.

A discussion of these risks and other risks associated with investment of the Corporation’s common shares is given elsewhere in this MD&A as well as in “Risk Factors” detailed in the AIF that is incorporated by reference into this MD&A and available on SEDAR+ at www.sedarplus.ca.

OTHER INFORMATION

Additional information relating to the Corporation, including the AIF, is available on SEDAR+ at www.sedarplus.ca.



CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2024 and 2023



MANAGEMENT STATEMENT OF RESPONSIBILITY

The preparation and presentation of the accompanying consolidated financial statements of McCoy Global Inc. (the "Corporation"), which have been prepared in accordance with IFRS Accounting Standards, are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements include certain amounts that are based on the best estimates and judgments of management and in their opinion present fairly, in all material respects, the Corporation's financial position, financial performance and cash flows. **The Corporation's accounting procedures and related systems of internal controls are designed to provide reasonable assurance** that its assets are safeguarded and its financial information is reliable.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, the Corporation's external auditors. The external auditors are responsible for examining the consolidated financial statements and expressing their opinion on the fairness, in all material respects of the consolidated financial statements being prepared in accordance with IFRS Accounting Standards. The auditor's report outlines the scope of their audit examination and states their opinion.

The Board of Directors, through the Audit Committee, is responsible for overseeing management's responsibility for financial reporting and is ultimately responsible for reviewing and approving the consolidated financial statements. The Audit Committee meets regularly with management and the external auditors to satisfy itself that each group is discharging its responsibilities with respect to internal controls and financial reporting. The Audit Committee reports its findings to the Board of Directors for their consideration when approving the consolidated financial statements for issuance to the shareholders. The external auditors have full and open access to the Audit Committee, with and without the presence of management. The Audit Committee also considers, for review by the Board of Directors and approval by the shareholders, the engagement or reappointment of the external auditors.

(signed) "Jim Rakievich"

President & Chief Executive Officer

March 5, 2025

(signed) "Lindsay McGill"

Vice President & Chief Financial Officer



Independent auditor's report

To the Shareholders of McCoy Global Inc.

Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of McCoy Global Inc. and its subsidiaries (together, the Corporation) as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards.

What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2024 and 2023;
- the consolidated statements of earnings and comprehensive earnings for the years then ended;
- the consolidated statements of changes in equity for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers LLP
Stantec Tower, 10220 103rd Avenue North West, Suite 2200, Edmonton, Alberta, Canada T5J 0K4
T.: +1 780 441 6700, F.: +1 780 441 6776, Fax to mail: ca_edmonton_main_fax@pwc.com

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Key audit matter

How our audit addressed the key audit matter

Valuation of inventories

Refer to note 3 – Material accounting policies and note 5 – Inventories to the consolidated financial statements.

As at December 31, 2024, the Corporation held inventories of \$40,269,000, net of a provision for excess and obsolescence (inventory provision) of \$4,866,000. The Corporation's inventories consist of raw materials, work-in-progress, parts to be used in production, and finished goods available for sale. Finished goods available for sale consist of capital equipment and parts and accessories inventories that are available for sale to external parties.

Inventories are recorded at the lower of cost, and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. If the carrying value exceeds net realizable value, a write-down is recognized. 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 up to the maximum of the original write-down.

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. This resulted in a write-down of \$48,000. All other items in inventories are assessed for obsolescence at a distinct part level using a formulaic approach, providing for items that have not been sold or utilized in production in the 24 months previous to the consolidated statements of financial position date. This resulted in a write-down of \$35,000. Management also utilized judgment in

Our approach to addressing the matter included the following procedures, among others:

- Tested how management estimated the inventory provision, which included the following:
 - Tested the data used by management in determining the inventory provision and recalculated the mathematical accuracy of the inventory provision.
 - Evaluated the appropriateness of management's inventory provision methodology.
 - For capital equipment, evaluated on a sample basis the reasonableness of market prices for equipment and management's assessment of forecasted demand by assessing historical movements, forecasted external metrics supporting product demand and based on discussions with management, including operations personnel.
 - For all other inventories evaluated the reasonableness of:
 - the rate applied to the items that have not been sold or utilized in production for the past 24 months by considering past experience;
 - management's benchmark level of quantity movements threshold of 25% to evaluate the inventory provision recovery through qualitative evaluations and considering past experience.



assessing recoveries for inventory items that had previously been provided for and for which some quantity had subsequently been utilized or sold. For these items, management evaluated the quantity of usage or sales at the distinct part level in comparison to the quantity on hand. For parts where the quantity of units either sold or utilized in production was not greater than 25% compared to a benchmark level, these remaining quantities of the specific parts were provided for, resulting in a write-down of \$154,000.

We considered this a key audit matter due to the magnitude of the inventories, inventory provision balances and the significant judgments made by management in determining the inventory provision. This in turn led to a high degree of auditor judgment and effort in performing procedures related to the inventory provision.

- Tested the completeness of the inventory provision by:
 - Testing the parts to be used in production and finished goods available for sale inventories at year-end were recorded at the lower of cost and net realizable value by comparing a sample of inventory items to the most recent sales prices of inventories or similar items.
 - Evaluating inventory product lines for which a portion of inventory items have not been sold or utilized in production between 12 and 24 months, by considering forecasted external metrics supporting demand and the Corporation's backlog.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Robert Newton.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants

Edmonton, Alberta
March 5, 2025



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(Stated in thousands of Canadian dollars)

As at	Note	December 31, 2024	December 31, 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		17,057	15,726
Trade and other receivables	22(b)	16,420	10,410
Inventories	5	40,269	30,591
Prepaid expenses and deposits		1,516	1,022
		75,262	57,749
Other receivables	22(b)	1,237	-
Property, plant and equipment	6	10,218	9,323
Intangible assets	7	5,319	5,311
Deferred tax assets	13(a)	1,879	1,242
Goodwill		3,934	3,616
Total assets		97,849	77,241
Liabilities			
Current liabilities			
Trade and other payables	9	19,735	13,350
Dividends payable	14(d)	545	270
Income taxes payable		1,129	288
Customer deposits		5,719	4,293
Provisions	10	543	745
Current lease liabilities	12	1,466	1,104
		29,137	20,050
Lease liabilities	12	2,517	3,208
Total liabilities		31,654	23,258
Shareholders' equity	14		
Share capital		17,801	17,395
Contributed surplus		46,353	46,271
Accumulated other comprehensive income		13,693	8,669
Accumulated deficit		(11,652)	(18,352)
Total shareholders' equity		66,195	53,983
Total liabilities and shareholders' equity		97,849	77,241

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

Approved by the Board of Directors

(signed) **"Jim Rakievich"**
Director

(signed) **"Terry Freeman"**
Director

CONSOLIDATED STATEMENTS OF EARNINGS AND COMPREHENSIVE EARNINGS

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

For the years ended	Note	December 31, 2024	December 31, 2023
Revenue	16	\$ 77,516	\$ 69,689
Cost of sales	17	49,888	46,859
Gross profit		27,628	22,830
General and administration	17	10,033	8,605
Product development and support	17	4,696	4,074
Sales and marketing	17	2,967	2,420
Finance charges, net	18	49	340
Other (gains) losses, net	19	(17)	304
		17,728	15,743
Earnings before income taxes		9,900	7,087
Income tax expense (recovery)	20		
Current		1,554	745
Deferred		(525)	(187)
		1,029	558
Net earnings		8,871	6,529
Other comprehensive gain (loss)			
Translation gain (loss) of foreign operations		5,024	(1,208)
Comprehensive earnings		13,895	5,321
Earnings per share	21		
Basic from net earnings		0.33	0.23
Diluted from net earnings		0.32	0.23

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

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

	Note	Issued capital			Accumulated other comprehensive income	Accumulated deficit	Total equity
		Number of shares	Share capital	Contributed surplus			
		#	\$	\$	\$	\$	\$
Balances at January 1, 2023		28,391,789	60,135	5,758	9,877	(24,056)	51,714
Net earnings		-	-	-	-	6,529	6,529
Translation loss on foreign operations		-	-	-	(1,208)	-	(1,208)
Equity settled employee share-based compensation expense	15	-	-	33	-	-	33
Issuance of common shares upon stock option exercise	15	120,000	130	(52)	-	-	78
Issuance of common shares under restricted share plan	15	185,000	252	-	-	-	252
Reduction of stated capital	14(b)	-	(42,000)	42,000	-	-	-
Repurchase of shares	14(c)	(1,741,853)	(1,122)	(1,468)	-	-	(2,590)
Dividends declared	14(d)	-	-	-	-	(825)	(825)
Balances at December 31, 2023		26,954,936	17,395	46,271	8,669	(18,352)	53,983
Net earnings		-	-	-	-	8,871	8,871
Translation gain on foreign operations		-	-	-	5,024	-	5,024
Equity settled employee share-based compensation expense	15	-	-	100	-	-	100
Issuance of common shares upon stock option exercise	15	40,000	44	(18)	-	-	26
Issuance of common shares under restricted share plan	15	185,000	362	-	-	-	362
Dividends declared	14(d)	-	-	-	-	(2,171)	(2,171)
Balances at December 31, 2024		27,179,936	17,801	46,353	13,693	(11,652)	66,195

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Stated in thousands of Canadian dollars)

For the years ended	Note	December 31, 2024	December 31, 2023
Cash generated from (used in)		\$	\$
Operating activities			
Net earnings		8,871	6,529
Adjustments for:			
Depreciation of property, plant and equipment	6	2,382	1,985
Amortization of intangible assets	7	1,922	1,823
Income tax expense	20	1,029	558
Finance charges, net	18	49	340
Share-based compensation expense	15	1,730	1,307
Changes in non-cash working capital balances	25	(8,346)	(4,510)
Income taxes paid		(772)	(534)
Finance costs paid, net		(354)	(733)
Gain on disposal of property, plant and equipment	19	(3)	(24)
Net cash generated from operating activities		6,508	6,741
Investing activities			
Purchases of property, plant and equipment	6	(1,964)	(4,450)
Proceeds from sale of property, plant and equipment		3	38
Additions to intangible assets	7	(1,491)	(93)
Net cash used in investing activities		(3,452)	(4,505)
Financing activities			
Repayment of borrowings		-	(4,553)
Proceeds from issuance of common shares under restricted share plan	15	362	252
Proceeds from the issuance of common shares from stock options	15	26	78
Repurchase of shares	14(c)	-	(2,590)
Principal elements of lease payments	12	(1,165)	(1,124)
Dividends paid	14(d)	(1,896)	(555)
Reduction in restricted cash		-	846
Net cash used in financing activities		(2,673)	(7,646)
Effect of exchange rate changes on cash and cash equivalents		948	(333)
Increase (decrease) in cash and cash equivalents		1,331	(5,743)
Cash and cash equivalents – beginning of the year		15,726	21,469
Cash and cash equivalents – end of the year		17,057	15,726

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2024 and 2023

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

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 and technologies 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 installed 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. STATEMENT OF COMPLIANCE

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards.

These consolidated financial statements were approved by the Board of Directors on March 5, 2025.

3. MATERIAL ACCOUNTING POLICIES

The material accounting policies used in the preparation of these consolidated financial statements are described below. These policies have been consistently applied to all years presented unless otherwise stated herein.

a) BASIS OF PRESENTATION

The consolidated financial statements include the accounts of the Corporation and its wholly owned subsidiaries. Intercompany transactions and balances are eliminated on consolidation.

The consolidated financial statements have been prepared mainly under the historical cost basis. Other measurement bases used are described in the applicable notes. The consolidated financial statements are presented in Canadian dollars, rounded to the nearest thousand, except when otherwise indicated. The Corporation’s Canadian operations have a functional currency of Canadian dollars. The Corporation’s principal operations in the United States and the United Arab Emirates have a functional currency of US dollars.

Presentation of the consolidated statements of financial position differentiates between current and non-current assets and liabilities. The consolidated statements of earnings and comprehensive earnings are presented using the function classification for expenditures.

b) BASIS OF CONSOLIDATION

Subsidiaries are those entities the Corporation controls. The Corporation controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation until the date control ceases.

The acquisition method of accounting is used to account for the acquisition of subsidiaries.

c) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the Corporation's consolidated financial statements requires management to make estimates and judgments about the future that affect the application of accounting policies and the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. If these estimates and judgments prove to be inaccurate, future earnings may be materially impacted.

Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to estimates are recognized prospectively. Actual results may differ from those estimates.

The areas involving a higher degree of judgment or estimation that are significant to the consolidated financial statements are as follows:

(i) INVENTORIES

The Corporation records inventories at the lower of cost and net realizable value. Inventory write-downs, or reversals of previous write-downs, **are recorded each period as required and updated based on management's judgment.** Further information regarding this judgment is described in note 3(g) and note 5.

(ii) TRADE AND OTHER RECEIVABLES

The Corporation records trade and other receivables at amortized cost. Write-downs for trade and other receivables are recorded each period as required under the expected credit loss model and further **updated based on management's** judgment. Further information regarding judgments is described in note 22(b).

(iii) PROVISIONS

Estimates and judgments are used in measuring and recognizing provisions and the **Corporation's** exposure to contingent liabilities. Judgment is necessary to determine the likelihood and estimated future outflow of resources that may be required to settle any future or existing claims, onerous contracts or contingent obligations. Further information regarding these estimates and judgments are described in note 3(l) and note 10.

(iv) INCOME TAXES

The Corporation operates in several tax jurisdictions and is required to estimate its income taxes in each of these tax jurisdictions in preparing its consolidated financial statements. The calculation of income taxes requires the use of judgment. Further information regarding the judgment used is described in note 3(n) and note 20.

Deferred tax assets are recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Judgment and estimation are necessary to determine the likelihood and availability of future taxable profits against which tax losses and tax credits carried forward can be used. Further information regarding this judgment is described in note 3(n) and note 13.

(v) IMPAIRMENT OF NON-FINANCIAL ASSETS

Long-lived assets include property, plant and equipment, intangible assets and goodwill. The carrying value of these assets is periodically reviewed for impairment (goodwill and intangible assets under development at least annually) or whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable in accordance with the accounting policy stated in note 3(k). Judgment is required in the aggregation of assets into Cash Generating Units ("CGUs").

The recoverable amounts of CGUs are determined based on the greater of fair value less cost to sell and value-in-use calculations. These calculations require the use of estimates and judgments, including an estimation of the future cash flows from the CGU or group of CGUs and judgment is required in determining the appropriate discount rate. In deriving the underlying projected cash flows, assumptions must also be made about the impact of technology adoption, future drilling activity, operating margins and market conditions over the useful life of the assets or CGUs. Although estimates are consistent with current industry reports, internal planning and expected future operations, such estimations are subject to uncertainty and judgment. Further information regarding the estimates and judgment used is described in note 8.

(vi) LEASES

Extension options are included in a number of property leases within the Corporation. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended. Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs, which affects this assessment and that is within the control of the lessee.

The Corporation makes estimates in determining the incremental borrowing rate used to measure the lease liability for each lease contract. The incremental borrowing rate should reflect the interest that the Corporation would have to pay to borrow at a similar term with similar security.

d) TRANSLATION OF FOREIGN CURRENCY

(i) FOREIGN CURRENCY TRANSACTIONS

Monetary and non-monetary transactions denominated in foreign currencies are translated into the **entity's** functional currency at the exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the exchange rate prevailing at the reporting date. Foreign currency translation differences are recognized in earnings or loss.

(ii) FOREIGN OPERATIONS

The assets and liabilities of foreign operations, including fair value adjustments arising on acquisition, are translated into Canadian dollars at the exchange rates at the reporting date. The earnings and expenditures of foreign operations are translated into Canadian dollars each month using the monthly average foreign exchange rate applicable for that month. Currency translation differences, including those on monetary items that form part of a net investment in a foreign operation, are recognized in other comprehensive income ("**OCI**") as a translation gain or loss on foreign operations, and may be subsequently reclassified to earnings or loss on disposal of a foreign operation.

e) FINANCIAL INSTRUMENTS

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the rights to receive cash flows from the assets have expired or have been transferred and the Corporation has transferred substantially all risks and rewards of ownership. Financial liabilities are derecognized when the contractual obligation has been discharged, cancelled or expired.

At initial recognition, non-derivative financial instruments are measured at fair value and are classified as either amortized cost or fair value through profit or loss.

The Corporation has designated its non-derivative financial instruments as follows:

Financial Instrument	Measurement
Cash and cash equivalents	Amortized cost
Trade and other receivables	Amortized cost
Trade and other payables, other than cash-settled share-based compensation	Amortized cost
Trade and other payables, cash-settled share-based compensation	Fair Value
Dividends payable	Amortized cost

Financial instruments at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, these instruments are measured at amortized cost using the effective interest method less a provision for impairment.

f) CASH AND CASH EQUIVALENTS

Cash is cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. Investments normally only qualify as cash equivalent if they have a short maturity of three months or less from the date of acquisition.

g) INVENTORIES

Raw materials, work-in-progress and finished goods inventories are recorded at the lower of cost, as determined on a weighted average cost basis, and net realizable value.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of work-in-progress and finished goods and manufactured production parts inventories includes raw materials, direct labour and an estimated share of production overheads based on normal operating capacity. If the carrying value exceeds net realizable value, a write-down is recognized. 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 reversal of any amount is the original write-down, so that the new carrying amount is the lower of cost and the revised net realizable value.

Finished goods consist of parts and equipment inventories that are available for sale to external parties. Certain parts, classified as finished goods, may also be used in the production of other finished goods.

h) PROPERTY, PLANT AND EQUIPMENT

(i) RECOGNITION AND MEASUREMENT

Items of property, plant and equipment (“PP&E”) are measured at cost less accumulated depreciation and any accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bring the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located.

When parts of an item of PP&E have different useful lives, they are accounted for as separate major components of PP&E.

Gains and losses on disposals of PP&E are determined by comparing the proceeds with the carrying amount of the asset and are included as part of other gains and losses in earnings.

(ii) SUBSEQUENT COSTS

Costs incurred subsequent to an **asset being put into use are included in the asset’s carrying amount or recognized as a separate asset**, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Corporation and the cost can be measured reliably. The carrying amount of a replaced asset is derecognized when replaced. Repairs and maintenance costs are charged to earnings or loss as incurred.

(iii) DEPRECIATION

PP&E is depreciated on a straight-line basis over the period of their expected useful lives as follows:

Machinery and office equipment	3 - 15 years
Rental equipment	4 - 8 years
Computer equipment	1 - 3 years
Right-of-use (ROU) assets	Lesser of the term of related lease and asset useful life
Leasehold improvements	Lesser of the term of related lease and asset useful life

Depreciation is not recognized on assets under construction until such time that they are ready for their intended use.

i) INTANGIBLE ASSETS

(i) INTERNALLY GENERATED INTANGIBLE ASSETS

Expenditures on research are recognized as an expense as incurred.

Costs incurred on product development are capitalized as intangible assets when it is probable the development will provide economic benefits, considering its commercial and technical feasibility, the resources available for development and that costs can be measured reliably. The expenditures capitalized includes the cost of materials, direct labour and overhead costs that are directly attributable to the asset in order for it to be capable of operating in the manner intended by management. Subsequent to initial recognition, development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

The Corporation has incurred costs associated with the purchase and development of computer software. Computer software is initially recorded at cost, including directly attributable expenditures that are necessary to prepare the software for its intended use. Costs associated with maintaining computer software are recognized as an expense as incurred. Subsequent to initial recognition, software development expenditures are measured at cost less accumulated amortization and any accumulated impairment losses.

(ii) AMORTIZATION

Intangible assets with finite lives are amortized on a straight-line basis over the period of their expected useful lives as follows:

Acquired intellectual property	7 years
Internally generated intellectual property	3 - 5 years
Software and internally generated software	1 - 5 years

Amortization is not recognized on assets under development until such time that they are ready for their intended use.

j) GOODWILL

Goodwill reflects the excess of the consideration transferred, amount of non-controlling interest in the acquired entity, and the acquisition date fair value of any prior equity interest in the acquired entity over the fair value of the net identified assets acquired.

Goodwill is not amortized but is assessed for impairment at least annually or when events and circumstances indicate that the carrying value may not be recoverable as described in note 3(k).

k) IMPAIRMENT

(i) FINANCIAL ASSETS

The Corporation applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected credit loss allowance for all trade and other receivables. To measure the expected credit losses, trade and other receivables have been grouped based on shared credit risk characteristics and the days past due. The carrying amount of the asset is reduced by this amount, either directly or indirectly, through the use of an allowance account.

Impairment losses on financial assets carried at amortized cost are reversed in subsequent periods if the amount of the loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized.

(ii) NON-FINANCIAL ASSETS

The carrying values of non-financial assets, such as PP&E and intangible assets with finite useful lives, are tested for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable. If any such indication exists, the recoverable amount of the asset is determined. Goodwill and intangible assets with indefinite useful lives or under development are tested for impairment at least annually.

For impairment testing, assets are grouped together into CGUs, defined as the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets. Corporate assets are allocated to CGUs on a reasonable and consistent basis, where possible.

The recoverable amount of an asset or CGU is the greater of its fair value less costs to sell and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using an after-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the assets or CGU.

An impairment loss is recognized in earnings for the amount by which the asset's or CGU's carrying amount exceeds its recoverable amount. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Impairments of goodwill are never reversed. An impairment loss is reversed only to the extent that the **asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization**, if no impairment loss had been recognized.

l) PROVISIONS

Provisions are recognized when the Corporation has a present legal or constructive obligation as a result of past events, it is more likely than not that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. The timing or amount of the outflow may still be uncertain.

Provisions are measured at management's best estimate of the expenditure required to settle the obligation at the end of the reporting period. Each obligation is discounted to present value using the expected future cash flows at a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

m) LEASES

At inception of a contract, the Corporation assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Corporation uses the definition of a lease in IFRS 16.

- As a lessee

The Corporation recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Corporation by the end of the lease term or the cost of the right-of-use asset reflects that the Corporation will exercise a purchase option. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Corporation's incremental borrowing rate. The Corporation determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

The Corporation has elected not to recognize right-of-use assets and lease liabilities for short-term leases, including IT equipment. The Corporation recognizes the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

- As a lessor

When the Corporation acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

To classify each lease, the Corporation makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. As part of this assessment, the Corporation considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made by customers under operating leases (net of any incentives received from the lessor) are charged to earnings on a straight-line basis over the period of the lease.

Leases in which substantially all the risks and rewards of ownership have transferred to the Corporation's customers are classified as finance leases.

Each lease payment is allocated between revenue and finance income to achieve a constant rate on the finance lease balance outstanding. The corresponding rental receivables, net of finance charges, are included in other receivables on the consolidated statements of financial position. The interest element of the finance income is charged to earnings or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

n) INCOME TAXES

Income tax expense comprises current and deferred taxes. Current and deferred taxes are normally recognized in earnings or loss except to the extent that they relate to a business combination, or items recognized directly in equity or in OCI.

Current tax is the expected tax payable or receivable on the taxable income for the period, using the tax rates enacted, or substantively enacted, at the end of the reporting period and any adjustment to tax payable in respect of previous years. Current tax assets and liabilities are offset when they relate to taxes levied by the same tax authority on the same taxable entity and there is a legally enforceable right to offset the current tax assets and liabilities.

Deferred tax is recognized in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets and liabilities are determined on a non-discounted basis using tax rates and laws that have been enacted or substantively enacted at the consolidated statements of financial position dates and are expected to apply when the deferred tax asset or liability is settled. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered. Deferred tax assets and liabilities are presented as non-current. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to taxes levied by the same tax authority on the same taxable entity.

o) SHARE-BASED COMPENSATION

(i) EQUITY SETTLED SHARE-BASED COMPENSATION

The Corporation grants share options to certain employees, which are equity settled. Each tranche in an award is considered a separate award with its own vesting period and grant date fair value. Fair value of each tranche is measured at the date of grant using the Black-Scholes option pricing model. Compensation expense is recognized as an employee expense over **the tranche's vesting period based on the number of awards expected to vest, by increasing contributed surplus. The number of awards expected to vest is reviewed at each Statement of Financial Position date, with any impact recognized immediately.**

(ii) CASH SETTLED SHARE-BASED COMPENSATION

The Corporation grants deferred share units ("DSUs") to certain directors of the Corporation, which are cash settled. Fair value is measured at the date of grant using the share price at the date of issuance. Compensation expense is recognized over the vesting period based on the number of awards expected to vest, by increasing or decreasing liabilities. The number of awards expected to vest is reviewed at each Statement of Financial Position date, with any impact recognized immediately. The fair value of the liability is remeasured on each consolidated statement of financial position date and settlement date, with any changes in fair value recognized in earnings or loss.

The Corporation grants director performance share units ("DPSUs") to certain directors of the Corporation, which are cash settled. Fair value is measured at the date of grant and at each subsequent reporting period using a Monte Carlo share pricing simulation. Compensation expense is recognized over the vesting period based on the number of awards expected to vest, by increasing or decreasing the associated liability. The number of awards expected to vest is reviewed at each reporting period, with any impact recognized immediately. The fair value of the liability is remeasured on each consolidated statement of financial position date and settlement date, with any changes in fair value recognized in earnings or loss.

The Corporation grants restricted shares under the terms of its restricted share plan ("RSP") to certain employees of the Corporation, which are cash settled. Fair value is measured at the date of grant using the share price at the date of issuance. Compensation expense is recognized over the vesting period based on the number of awards expected to vest, by increasing or decreasing liabilities. The number of awards expected to vest is reviewed at each Statement of Financial Position date, with any impact recognized immediately. The fair value of the liability is remeasured on each consolidated statement of financial position date and settlement date, with any changes in fair value recognized in earnings or loss.

The Corporation grants performance share units (“PSUs”) under the terms of its performance share unit plan to certain employees, which are cash settled. Per the terms of the plan, the share units vest in equal annual tranches over a three-year period. On the vesting date, a performance multiplier is applied to each award dependant on achieving certain financial performance targets set by the Board of Directors for the service year to which the award pertains. Fair value is measured at the date of grant using the share price at the date of issuance and applying the relevant expected performance multiplier based on any underlying assumptions and forecasts which impacts the number of awards expected to vest. Compensation expense is recognized over the vesting period based on the number of awards expected to vest, by increasing or decreasing liabilities. The number of awards expected to vest, considering the other than market vesting condition performance condition is reviewed at each Statement of Financial Position date, with any impact recognized immediately. The fair value of the liability is remeasured on each consolidated statement of financial position date and settlement date, with any changes in fair value or forecasts and underlying assumptions that would impact the performance multiplier recognized in earnings or loss.

p) REVENUE

(i) SALE OF PRODUCTS

The Corporation’s products are sold based on purchase orders or contracts with customers that include fixed or determinable prices and do not generally include a right of return or other significant post-delivery obligations. Revenue from product sales is recognized at a point in time when a performance obligation has been satisfied by transferring control of promised goods to the customer, which is typically at the point of shipment. Revenue is recognized net of any taxes collected from customers, which are subsequently remitted to governmental authorities. Payment terms and conditions vary, but contracts generally do not include a significant financing component. Provisions for estimated warranty costs are made at the time the related revenue is recognized.

Miscellaneous charges invoiced to customers such as those for freight and crating are recorded on a net basis against the costs incurred within the cost of sales line item on the consolidated statements of earnings and comprehensive earnings as the Corporation acts in an agent role for these activities.

(ii) RENDERING OF SERVICES

Revenues from repair, maintenance and calibration services are recognized over time as the services are rendered. Rates for services are typically priced on a per man-hour or similar basis.

(iii) RENTAL

Revenues from equipment rentals are recognized when there is a written arrangement in the form of a contract or purchase order with the customer, a fixed or determinable sales price is established with the customer, performance requirements are achieved and when recovery of the consideration is probable. Equipment rental revenue is recognized as performance requirements are achieved in accordance with the terms of the relevant agreement with the customer.

4. CHANGES IN ACCOUNTING POLICIES AND FUTURE ACCOUNTING PRONOUNCEMENTS

The Corporation adopted the following accounting standards and amendments that were effective for annual financial statements commencing January 1, 2024. These changes did not have a material impact on the financial results of the Corporation are not expected to have a material impact in the future:

- Amendments to IAS 1 Presentation of Financial Statements: clarifying the classification of liabilities as current or non-current;
- Amendments to IFRS 16 Leases: clarifying the measurement of a lease liability by the seller in a sale and leaseback transaction; and
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements: clarifying disclosures related to supplier finance arrangements.

New standards, interpretations, or amendments that have been issued, or are not yet effective, have not been further described or early adopted, where no material impact is expected on the Corporation’s financial statements.

The ‘International Accounting Standards Board’ (IASB) has issued the following new standards and amendments to existing standards that will be come effective in future years:

- Amendments to IAS 21 Lack of Exchangeability: providing guidance about the determination of the exchange rate and disclosure when a currency is not exchangeable;

- Amendments to IFRS 9 and IFRS 7 Classification and Measurement of Financial Instruments: amendments include clarifying requirements over the date of recognition and derecognition of some financial assets and liabilities; clarifying and adding further guidance on whether a financial asset meets the solely payments of principal and interest criterion; adding new disclosures for certain instruments with contractual terms that can change cash flows; and updating the disclosures for equity instruments designated at fair value through other comprehensive income; and
- Introduction to IFRS 18 Presentation and Disclosure in Financial Statements: specifying new presentation requirements for subtotals and totals within the Statement of Earnings.

These amendments are effective for annual periods beginning on or after January 1, 2025. The Corporation is currently assessing the impact of these amendments on its consolidated financial statements. There are no other standards or amendments or interpretations to existing standards issued but not yet effective which are expected to have a material impact on the financial statements.

5. INVENTORIES

As at	December 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	1,704	(269)	1,435	1,812	(268)	1,544
Work-in-progress	4,269	-	4,269	3,038	(134)	2,904
Parts to be used in production	17,079	(1,737)	15,342	13,973	(2,032)	11,941
Production inventory	23,052	(2,006)	21,046	18,823	(2,434)	16,389
Capital equipment available for sale	3,836	(278)	3,558	3,075	(259)	2,816
Parts and accessories available for sale	18,247	(2,582)	15,665	13,843	(2,457)	11,386
	45,135	(4,866)	40,269	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.

Included in cost of sales for the year ended December 31, 2024, is a net write-down of \$237 (2023 - \$279). 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**. For the year ended December 31, 2024, this resulted in a write-down of \$48 (2023 - recovery of \$84).

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 previous to the consolidated statements of financial position date. This resulted in a write-down of \$35 (2023 - \$363). In addition, management also utilized judgement in assessing recoveries for inventory items that had previously been provided for and for which some quantity had subsequently been utilized or sold. For these items, management evaluated the quantity of usage or sales at the distinct part level in comparison to the total quantity on hand. For parts where the quantity of units either sold or utilized in production was not greater than 25% compared to a benchmark level, these remaining quantities of the specific part were provided for, resulting in a write-down of \$154 (2023 - \$nil).

During the year ended December 31, 2024, the Corporation disposed of \$984 of inventory that had been identified as excess and obsolete and provided for in previous years (2023 - \$510).

6. PROPERTY, PLANT AND EQUIPMENT

	Machinery, office and computer equipment	Rental equipment	Right-of-use assets - buildings	Leasehold improvements	Total
	\$	\$	\$	\$	\$
Cost					
At January 1, 2023	7,952	7,428	6,374	1,920	23,674
Additions	758	-	-	303	1,061
Transfers from inventory	-	3,389	-	-	3,389
Transfers to inventory	-	(1,037)	-	-	(1,037)
Disposals and retirements	(22)	-	-	-	(22)
Foreign exchange	(197)	(221)	(131)	(45)	(594)
At December 31, 2023	8,491	9,559	6,243	2,178	26,471
Additions	574	-	510	121	1,205
Transfers from inventory	-	1,269	-	-	1,269
Disposals and retirements	(683)	(19)	(801)	(312)	(1,815)
Foreign exchange	734	903	485	170	2,292
At December 31, 2024	9,116	11,712	6,437	2,157	29,422
Accumulated depreciation					
At January 1, 2023	7,265	4,412	2,974	1,688	16,339
Depreciation	184	857	847	97	1,985
Transfers to inventory	-	(778)	-	-	(778)
Disposals and retirements	(15)	-	-	-	(15)
Foreign exchange	(171)	(105)	(70)	(37)	(383)
At December 31, 2023	7,263	4,386	3,751	1,748	17,148
Depreciation	254	1,240	810	78	2,382
Disposals and retirements	(683)	(19)	(801)	(312)	(1,815)
Foreign exchange	608	447	302	132	1,489
December 31, 2024	7,442	6,054	4,062	1,646	19,204
Carrying amount					
At December 31, 2023	1,228	5,173	2,492	430	9,323
At December 31, 2024	1,674	5,658	2,375	511	10,218

During the year ended December 31, 2024, depreciation included in cost of sales amounted to \$2,240 (2023 - \$1,763) and depreciation in general and administration amounted to \$142 (2023 - \$222).

As at December 31, 2024, the gross cost carrying amount of fully depreciated Property, Plant and Equipment still in use was \$11,020 (2023 - \$10,421).

Additions to the rental fleet during 2024 and 2023 were comprised of equipment capitalized from inventory.

During the year ended December 31, 2023, \$1,037 of rental equipment with accumulated depreciation of \$778 was transferred back to inventory and subsequently sold, with the sale proceeds recognized in revenues (sale of products, parts and consumables) and the depreciated cost recognized in cost of sales.

7. INTANGIBLE ASSETS

	Internally generated intellectual property	Acquired intellectual property	Software and internally generated software	Total
Cost	\$	\$	\$	\$
At January 1, 2023	7,511	2,644	2,848	13,003
Additions	93	-	-	93
Foreign exchange	(179)	(61)	-	(240)
At December 31, 2023	7,425	2,583	2,848	12,856
Additions	1,371	-	120	1,491
Foreign exchange	722	226	1	949
At December 31, 2024	9,518	2,809	2,969	15,296
Accumulated amortization				
At January 1, 2023	1,782	1,227	2,819	5,828
Amortization	1,435	376	12	1,823
Foreign exchange	(72)	(34)	-	(106)
At December 31, 2023	3,145	1,569	2,831	7,545
Amortization	1,521	382	19	1,922
Foreign exchange	354	156	-	510
At December 31, 2024	5,020	2,107	2,850	9,977
Carrying amounts				
At December 31, 2023	4,280	1,014	17	5,311
At December 31, 2024	4,498	702	119	5,319

As at December 31, 2024, internally generated intellectual property that was under development and not amortized amounted to \$96 (2023 - \$21).

During the year ended December 31, 2024, amortization included in cost of sales amounted to \$1,904 (2023 - \$1,811) and amortization in general and administration amounted to \$18 (2023 - \$12).

When it is determined that the cost and accumulated amortization of assets have no remaining economic lives and are no longer in use, they are retired. As at December 31, 2024, the gross carrying amount of fully amortized intangible assets still in use was \$5,236 (2023 - \$3,032).

The remaining amortization period of the finite life intangible assets is as follows:

	2024	2023
Internally generated intellectual property	2 - 5 years	3 - 5 years
Acquired intellectual property	2 years	3 years
Software	1 - 4 years	1 - 2 years

8. IMPAIRMENT OF NON-FINANCIAL ASSETS

Goodwill and intangible assets under development are tested for impairment annually. The carrying amount of goodwill, and intangible assets under development are included in the Corporation's sole CGU and the recoverable amount of this CGU was determined based on its value in use, by discounting estimated future cash flows expected to be generated. The determination of the recoverable amount of the CGU uses projections over a three-year period based on financial budgets approved by management and reviewed by the Corporation's Board of Directors. Cash flows beyond the three-year period are extrapolated using an estimated growth rate. This evaluation was prepared as of December 31, 2024 (2023 - December 31).

Key assumptions used for the value in use calculations over the three-year financial forecast include:

	2024	2023
Average revenue growth	18.4%	18.0%
Average gross profit percentage	34.8%	34.2%
After-tax discount rate	16.9%	18.0%

Management has determined the values assigned to each of the above key assumptions as follows:

- Revenue cash flows: Estimated cash flows are based on actual and forecasted orders which are projected for future periods based on **management's expectations on new technology adoption, forecasted** North American and international rig and well counts, and past performance.
- Gross profit percentage: Based on past performance and management's expectations for the future.
- After-tax discount rate: Estimated weighted average cost of capital that reflects the specific risks relating to the Corporation and locations in which it operates.

On completion of the impairment assessment, it was determined that no impairment was to be recognized as the recoverable amount **significantly exceeded the carrying value of the Corporation's non-financial assets**. No reasonably possible change to the key assumptions on which management has based its determination of the sole CGUs recoverable amount would cause the carrying amount to exceed its recoverable amount.

9. TRADE AND OTHER PAYABLES

	Note	2024	2023
		\$	\$
Trade payables		11,475	8,556
Accrued liabilities and other payables		5,409	3,211
Cash settled share-based compensation - DPSU	15(b)	1,020	431
Cash settled share-based compensation - DSU	15(b)	1,308	815
Cash settled share-based compensation - RSP	15(b)	187	337
Cash settled share-based compensation - PSU	15(b)	336	-
		19,735	13,350

10. PROVISIONS

	2024	2023
	\$	\$
Warranty provision at January 1	745	493
Provisions made during the year	555	555
Change in estimate	(546)	363
Provisions utilized during the year	(279)	(648)
Foreign exchange	68	(18)
Warranty provision at December 31	543	745

The warranty provision relates to the expected cost of meeting warranty obligations. Judgment related to the provisions is based on estimates of the warranty required for newly developed products versus established products, historical data and other known information for products sold on or before the reporting date.

11. BORROWINGS

As at December 31, 2022, the Corporation had US\$3,400 outstanding under a Senior Secured Term Loan II. During the year ended December 31, 2023, the Corporation repaid the full balance of \$4,553 (US\$3,400) outstanding under the term loan at its option.

Prepayment penalties amounted to \$122, calculated as 90 days' interest on the principal amount being prepaid. Remaining deferred financing charges at the time of repayment of \$64 were fully amortized into income along with the prepayment penalty under finance charges, net on the consolidated statement of earnings and comprehensive earnings.

The Corporation holds a revolving demand facility with a Canadian chartered bank. As at December 31, 2024, the amount available under the revolving demand facility was \$7,914, with \$nil committed to letters of credit (December 31, 2023 - \$7,274, with \$nil committed to letters of credit). No amounts were drawn on the revolving demand facility during the year (2023 - \$nil). The balance available was calculated as the lessor of \$7,914; and the total of 75% of eligible US and Canadian accounts receivables, net of customer deposits, aged less than 90 days; 75% of eligible foreign accounts receivable, net of customer deposits, aged less than 90 days to a maximum of \$3,957 (US\$2.75 million), and 50% of raw materials and finished goods inventory, net of 30 days accounts payable to a maximum of \$3,957 (US\$2.75 million).

12. LEASE LIABILITIES

The Corporation recognizes lease liabilities in relation to contractual lease payments, measured at the present value of the remaining lease payments, discounted using the Corporation's incremental borrowing rate.

	Note	2024	2023
		\$	\$
Lease liability as at January 1		4,312	5,541
Finance charges on lease liabilities	18	354	443
Additions to lease liabilities		510	-
Principal elements of lease payments		(1,165)	(1,124)
Payment of finance charges on lease liabilities		(354)	(443)
Foreign exchange		326	(105)
Lease liability as at December 31		3,983	4,312
Current		1,466	1,104
Non-current		2,517	3,208

13. DEFERRED TAXES

a) RECOGNIZED DEFERRED TAX ASSETS AND LIABILITIES

The income tax effects of temporary differences that give rise to significant portions of the deferred tax assets and liabilities are presented below:

	2024			2023		
	Assets	Liabilities	Net	Assets	Liabilities	Net
	\$	\$	\$	\$	\$	\$
PP&E	-	(1,081)	(1,081)	-	(1,032)	(1,032)
Intangible assets	-	(620)	(620)	-	(805)	(805)
Inventories	1,865	-	1,865	1,367	-	1,367
Lease liabilities	767	-	767	884	-	884
Provisions	114	-	114	156	-	156
Interest carry forwards	834	-	834	645	-	645
Carry forward tax losses	-	-	-	27	-	27
Deferred tax assets	3,580	(1,701)	1,879	3,079	(1,837)	1,242
Set off of deferred tax liabilities	(1,701)	1,701	-	(1,837)	1,837	-
Net deferred tax assets	1,879	-	1,879	1,242	-	1,242

With respect to deferred tax assets and liabilities presented above, \$1,288 of the deferred tax assets (2023 - \$842) are expected to reverse within the next twelve months.

Estimates and judgments are used in evaluating the recognition of deferred tax assets. Judgment and estimation are necessary to determine the likelihood and availability of future taxable profits against which tax losses and tax credits carried forward can be used. Furthermore, the Corporation operates in several tax jurisdictions and is required to estimate its income taxes in each of these tax jurisdictions.

The determination of the future taxable profits against which tax losses and tax credits carried forward can be utilized uses projections over a three-year period based on financial budgets approved by management and reviewed by the Corporation's Board of Directors, consistent with those described in note (8).

In addition to the key assumptions described in note (8), key assumptions used in order to estimate future taxable profits in each of the tax jurisdictions the Corporation operates, include:

- Product-line revenue mix: Based on management's expectations on new technology adoption, forecasted North American and international rig and well counts, and past performance.
- Geographic revenue mix: Based on management's expectations on new technology adoption, forecasted North American and international rig and well counts, and past performance.

No reasonably possible change to the key assumptions would have a material impact on the determination of the deferred tax asset.

b) UNRECOGNIZED DEFERRED TAX ASSETS

Deferred tax assets have not been recognized in respect of the following items:

	2024	2023
	\$	\$
Deductible temporary differences	1,864	2,463
Tax losses	2,014	2,568
	3,878	5,031

Based on management's current estimates of future taxable earnings for the applicable tax jurisdiction, the recoverability of these items is indeterminable and as such, deferred tax assets have not been recognized in respect of these amounts.

c) TAX LOSSES CARRIED FORWARD

Unrecognized deferred tax assets derived from tax losses expire as follows:

	2024		2023	
	Gross amount	Tax effect	Gross amount	Tax effect
	\$	\$	\$	\$
2036	-	-	2,830	651
2037	2,496	575	2,286	526
2038	266	61	266	61
2039	2,417	556	2,417	556
2040	1,929	444	1,777	409
2041	753	173	753	173
2042	889	205	831	192
	8,750	2,014	11,160	2,568

Deferred tax assets have not been recognized in respect of capital losses of \$24,340 (2023 - \$24,527) as it is not probable that future taxable capital gains will be available against which the Corporation can utilize the benefits of these losses. These losses do not expire.



14. SHAREHOLDERS' EQUITY

a) SHARE CAPITAL

AUTHORIZED

- (i) Unlimited number of common, voting shares
- (ii) Unlimited number of preferred, non-voting shares

b) STATED CAPITAL

During the year ended December 31, 2023, following shareholders' approval at the Corporation's Annual General and Special meeting, the Corporation reduced its stated capital by \$42,000. Accordingly, contributed surplus increased by the corresponding amount.

c) REPURCHASE OF COMMON SHARES

On August 18, 2023, the Corporation announced a nominal course issuer bid ("NCIB"). The Corporation was entitled to purchase, for cancellation, up to a maximum of 1,605,053 common shares, equal to ten percent of the public float of 16,050,532 common shares as at August 15, 2023. The Corporation is also limited under the NCIB to purchasing no more than 4,192 common shares on any given day, subject to the block purchase exemption under the TSX rules. During the year ended December 31, 2023, the Corporation purchased 1,741,853 common shares pursuant to its "NCIBs" at a weighted average price of \$1.47 per share for total consideration of \$2,590. The shares were cancelled prior to December 31, 2023.

On August 20, 2024, the Corporation renewed the NCIB. The Corporation is entitled to purchase, for cancellation, up to a maximum of 1,594,179 common shares, equal to ten percent of the public float of 15,941,790 common shares as at August 20, 2024. The Corporation is also limited under the NCIB to purchasing no more than 11,526 common shares on any given day, subject to the block purchase exemption under the TSX rules. The period of the NCIB will extend from August 22, 2024 to August 21, 2025, or an earlier date should the Corporation complete its purchases.

During the year ended December 31, 2024, the Corporation did not repurchase any common shares pursuant to its NCIBs.

d) DIVIDENDS

During the year ended December 31, 2023, the Corporation reinstated a quarterly cash dividend.

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	539	0.02
June 30, 2024	July 15, 2024	543	0.02
September 30, 2024	October 15, 2024	544	0.02
December 31, 2024	January 15, 2025	545	0.02

15. SHARE-BASED COMPENSATION

a) EQUITY SETTLED SHARE-BASED COMPENSATION

The Corporation's share option plan for employees is administered by the Human Resources, Compensation & Governance Committee, which is a subcommittee of the Board of Directors. The Human Resources, Compensation & Governance Committee designates eligible participants to be included under the plan and designates the number of options and share price of the options, subject to applicable securities laws and stock exchange regulations.

The aggregate number of common shares issuable under the plan can be no greater than 10% of the common shares issued and outstanding from time to time on a non-diluted basis when combined with shares issued under the restricted share plan as described below. In addition, no more than 5% of outstanding shares may be reserved for options granted to any one person and



no more than 10% of outstanding shares may be reserved for options granted to insiders. The maximum term of options granted under the plan is ten years. Per the terms of the plan, the options vest evenly over no less than a five-year vesting period. The exercise price of options is determined by the Board of Directors, but cannot be lower than the market price of shares on the last trading day preceding the grant date.

The following reflects activity under the employee share option plan:

	2024		2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
	#	\$	#	\$
Outstanding, January 1	1,435,000	1.59	1,555,000	1.52
Granted	330,510	1.98	-	-
Forfeited	(17,442)	1.97	-	-
Exercised	(40,000)	0.65	(120,000)	0.65
Outstanding, December 31	1,708,068	1.69	1,435,000	1.59
Exercisable, December 31	1,393,000	1.62	1,296,000	1.70

The following weighted-average assumptions were used in the Black-Scholes calculations for the share options during the years ended 31:

	2024
Share price	\$1.98
Exercise price	\$1.98
Expected volatility	63.5%
Risk-free interest rate	4.5%
Annual dividend rate	4.0%
Expected life of options in years	10.0

Options with the following exercise price ranges were outstanding as at December 31:

Exercise price range	2024		2023	
	Options outstanding	Weighted average remaining contractual life	Options outstanding	Weighted average remaining contractual life
	#	years	#	Years
< \$1	525,000	4.95	565,000	5.95
\$1 to \$2	664,420	3.98	490,000	3.05
\$2 to \$3	318,648	5.23	180,000	3.02
\$3 to \$4	200,000	0.21	200,000	1.21
	1,708,068	4.07	1,435,000	3.93

b) CASH SETTLED SHARE-BASED COMPENSATION

DEFERRED SHARE UNITS (DSU)

The Corporation has a DSU plan for Directors of the Corporation who are designated as participants by the Human Resources, Compensation & Governance Committee. **The DSU plan has two components: an "appointment grant" and a "continuous grant."** The appointment grant is provided to each newly appointed Director. The appointment grant fully vests on the third anniversary

of the grant date. The continuous grant provides for an annual issue of DSUs to eligible Directors. One-third of the continuous grant vests annually on the anniversary of the grant date. The DSUs can only be exercised on exiting from the Board of Directors.

On exiting from the Board of Directors, the DSUs are redeemed for cash based on the market price of any vested DSUs at the time of exit. The liability relating to the units accumulated under this plan has been included in trade and other payables on the consolidated statements of financial position as disclosed in note 9.

	2024	2023
	#	#
Outstanding, as at January 1	481,248	586,878
Granted	13,110	20,490
Forfeited	-	(122,214)
Exercised	-	(3,906)
Outstanding, as at December 31	494,358	481,248
Vested, as at December 31	405,456	226,422

DIRECTOR PERFORMANCE SHARE UNITS (DPSU)

The Corporation has a DPSU plan for Directors of the Corporation who are designated as participants by the Human Resources, Compensation & Governance Committee. The outstanding DPSUs vest, as defined by IFRS Accounting Standards, in equal annual tranches over a three-year total vesting period and fully vest on December 30, 2025.

The following reflects activity under the DPSU plan:

	2024	2023
	#	#
Outstanding, as at January 1	160,000	160,000
Granted	-	-
Exercised	-	-
Outstanding, as at December 31	160,000	160,000

As at December 31, 2024, 106,667 DPSU awards are fully vested (2023 - 53,333).

On December 30, 2025, a payout multiplier is applied to each award, dependent on the preceding 20-day volume weighted average share price of the Corporation's common shares on the vesting date:

20-day volume weighted average share price on December 31, 2025	Payout multiplier applied	Potential cash settlement of outstanding DPSU's
Less than or equal to \$2.00 per share	0x	-
\$2.01 to \$3.00 per share	2x	\$643 to \$960
\$3.01 to \$4.00 per share	3x	\$1,445 to \$1,920
\$4.01 or greater per share	4x	\$2,566 or greater

The liability relating to the units accumulated under this plan, is valued using a Monte Carlo Share Price simulation, accreted over the awards vesting period, and is included in trade and other payables on the consolidated statements of financial position as disclosed in note 9.

RESTRICTED SHARE PLAN (RSP)

The Corporation has an RSP for employees of the Corporation who are designated as participants by the Human Resources, Compensation & Governance Committee. The aggregate number of common shares issuable under the plan can be no greater than 10% of the common shares issued and outstanding from time to time on a non-diluted basis when combined with shares issued under the share option plan. In addition, no more than 5% of outstanding shares may be reserved for any one person and no more than 10% of outstanding shares may be reserved for insiders. Per the terms of the plan as amended in 2021, the shares

vest in equal annual tranches over no less than a three-year total vesting period, however the term of the vesting cannot be longer than ten years.

Upon vesting, the restricted shares are redeemed for cash based on the market price of any vested restricted shares at the time of vesting. The liability relating to the shares accumulated under this plan has been included in trade and other payables on the consolidated statements of financial position as disclosed in note 9.

	2024	2023
	#	#
Outstanding, as at January 1	185,000	370,000
Granted	146,158	-
Forfeited	(9,774)	-
Redeemed or exercised	(185,000)	(185,000)
Outstanding, as at December 31	136,384	185,000
Vested, as at December 31	-	-

	2024	2023
	#	#
Less than 1 year	45,461	185,000
1 to 2 years	45,461	-
2 to 3 years	45,462	-
	136,384	185,000

Restricted shares outstanding under the restricted share plan as at December 31, 2024 vest evenly over three year from the grant date. During the year ended December 31, 2024, the Corporation issued 185,000 shares from treasury (2023 - 185,000) to generate cash proceeds for the purpose of redeeming restricted shares redeemed or exercised. Restricted shares outstanding under the restricted share plan as at December 31, 2023 vested evenly over one year from the grant date.

PERFORMANCE SHARE UNITS (PSU)

During the year ended December 31, 2024 the Corporation, through the Board of Directors, initiated a PSU plan for employees of the Corporation who are designated as participants by the Human Resources, Compensation & Governance Committee. Per the terms of the plan, the share units vest in equal tranches over a three-year vesting period. On the vesting date, a performance multiplier is applied to each award, dependent on achieving certain financial performance targets set by the Board of Directors for the service year to which the award pertains to.

Upon vesting, the performance share units are redeemed for cash based on the market price of any vested PSUs at the time of vesting, adjusted by the relevant performer multiplier. The liability relating to the shares accumulated under this plan has been included in trade and other payables on the consolidated statements of financial position as disclosed in note 9.

	2024	2023
	#	#
Outstanding, as at January 1	-	-
Granted	196,915	-
Forfeited	(9,950)	-
Redeemed or exercised	-	-
Outstanding, as at December 31	186,965	-
Vested, as at December 31	-	-

On vesting, a payout multiplier is applied to each award, dependent on the achievement of certain financial targets by the Corporation:

Achievement of financial targets	Payout multiplier applied
Below 85%	0%
85%	50%
100%	100%
125%	200%

c) SHARE-BASED COMPENSATION EXPENSE

	2024	2023
	\$	\$
Equity settled share-based compensation	100	33
Cash settled share-based compensation - DSU	493	492
Cash settled share-based compensation - DPSU	589	431
Cash settled share-based compensation - RSP	212	351
Cash settled share-based compensation - PSU	336	-
	1,730	1,307

Share-based compensation expense has been included in general and administration expense in the consolidated statements of earnings and comprehensive earnings.

16. REVENUE

	2024	2023
	\$	\$
Sale of products, parts and consumables	69,435	62,151
Rental revenue	5,440	4,737
Rendering of services	2,641	2,801
Total revenue	77,516	69,689
smartProduct sale, rental and service revenue	29,788	24,506
Legacy product sale, rental and service revenue	47,728	45,183
Total revenue	77,516	69,689

smartProduct revenue includes revenue from those products and technologies developed under the Corporation's technology roadmap initiative. The metric includes revenues from flush mount spiders (FMS), casing running tools (CRTs), smartTONGs and related software and accessories.

17. EXPENSES BY NATURE

	2024	2023
	\$	\$
Production costs to produce inventories and changes in inventories	32,758	31,555
Employee compensation and benefit expense, inclusive of share-based compensation expense	23,354	19,795
Facilities and other overheads	6,805	6,397
Depreciation and amortization	4,304	3,808
Write-down of excess and obsolete inventory	237	279
Short-term lease expense	126	124
Total expenses	67,584	61,958
Allocated to:		
Cost of sales	49,888	46,859
General and administration	10,033	8,605
Product development and support	4,696	4,074
Sales and marketing	2,967	2,420
Total expenses	67,584	61,958

18. FINANCE CHARGES, NET

	2024	2023
	\$	\$
Interest on borrowings and other	31	236
Finance charges on lease liabilities	354	443
Amortization of deferred charges	-	64
Finance income	(336)	(403)
	49	340

19. OTHER (GAINS) LOSSES, NET

	2024	2023
	\$	\$
Foreign exchange (gain) loss	(19)	284
Gain on disposal of PP&E	(3)	(24)
Other	5	44
	(17)	304

20. 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 loss before income taxes for the following reasons:

	2024	2023
	\$	\$
Earnings before income taxes	9,900	7,087
Computed income tax expense	2,277	1,630
Tax effects of:		
Jurisdictional tax rate differences	(494)	(190)
Non-deductible (taxable) items, net	2	(166)
Benefit of previously unrecognized deferred tax assets	(634)	(877)
Temporary differences for which no deferred tax was recognized	-	197
Change in substantively enacted rates	(100)	-
Other items	(22)	(36)
Income tax expense	1,029	558

b) INCOME TAX EXPENSE ON EARNINGS

	2024	2023
	\$	\$
Current tax expense	1,554	745
Deferred tax recovery:		
Origination and reversal of temporary differences	209	493
Benefit of previously unrecognized deferred tax assets	(634)	(877)
Temporary differences for which no deferred tax was recognized	-	197
Change in substantively enacted rates	(100)	-
Total deferred tax recovery	(525)	(187)
Income tax expense	1,029	558

21. EARNINGS PER SHARE

	2024			2023		
	Net earnings	Weighted average shares	Per share amount	Net earnings	Weighted average shares	Per share amount
	\$	#	\$	\$	#	\$
Basic earnings per share						
Earnings available to common shareholders	8,871	27,097,873	0.33	6,529	28,094,823	0.23
Dilutive effect of options and restricted shares		549,372			475,965	
Diluted earnings per share						
Earnings available to common shareholders	8,871	27,647,246	0.32	6,529	28,570,788	0.23

22. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

a) FAIR VALUES OF FINANCIAL ASSETS AND LIABILITIES

The fair value of cash and cash equivalents, trade and other receivables, trade and other payables, dividends payable and current provisions approximates their carrying value due to their short-term nature. The fair value of non-current other receivables approximates the carrying amount as the receivables have been recorded using the effective interest rate method using a market rate of interest. The fair value of borrowings approximates the carrying amount as the instruments carry interest rates that reflect the current market rates available to the Corporation.

b) FINANCIAL RISK MANAGEMENT

The Corporation's activities are exposed to a variety of financial risks of varying degrees of significance, which could affect the Corporation's ability to achieve strategic objectives. Overall, risk management programs focus on the unpredictability of financial and economic markets and seek to minimize potential adverse effects on financial performance. Risk management is carried out by financial management in conjunction with overall corporate governance. The principal financial risks to which the Corporation is exposed are described below:

(i) MARKET RISK

Market risk is the risk changes in market prices, such as foreign exchange rates and interest rates, will affect the Corporation's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing return. The Corporation may use derivatives to manage certain market risks.

- Foreign currency risk

The Corporation is exposed to foreign currency risk to the extent that there is a mismatch between the currencies in which revenues, purchases and monetary assets and liabilities are denominated and the respective functional currency of the Corporation's subsidiaries. Foreign currency risk is primarily with the US dollar. The Corporation may use forward exchange contracts to manage foreign currency risk.

The Corporation recognized a foreign currency exchange gain of \$19 in other (gains) losses, net (2023 - loss of \$284). Based on the Corporation's US dollar denominated monetary assets and liabilities, at December 31, 2024, the Corporation estimates that a ten-cent change in the value of the US dollar would increase or decrease net earnings by \$333 (2023 - \$71).

- Interest rate risk

Interest rate risk is the risk the value or future cash flows of a financial instrument will fluctuate as a result of changes in market interest rates. In 2024 and 2023, the Corporation was primarily exposed to interest rate risk on cash and cash equivalents and borrowings. The Corporation estimates that a change of 100 basis points in interest rates as at December 31, 2024 would have increased or decreased net earnings for the year ended December 31, 2024 by \$171 (2023 - \$157), arising from interest income incurred on cash and cash equivalents.

(ii) CREDIT RISK

The credit risk associated with cash and cash equivalents is minimized by ensuring these financial assets are held primarily with Canadian chartered banks and Schedule I US financial institutions.

Trade receivables include balances due from customers primarily operating in the oil and gas industry. The Corporation manages credit risk by assessing the creditworthiness of its customers before providing products or services and monitoring customer credit and balances on an ongoing basis. In some instances, the Corporation will take additional measures to reduce credit risk including obtaining letters of credit or prepayments from customers.

As at December 31, 2024, the Corporation had three customers that individually accounted for more than 10% of trade receivables, and together accounted for \$6,674 (44%) of total trade receivables (2023 - one customer accounted for \$930 (11%)).

As at December 31, trade receivables were classified as follows:

	2024	2023
	\$	\$
Fully performing	9,815	7,884
Past due but not impaired	4,999	2,484
Indications of impairment	434	305
Trade receivables	15,248	10,673

The Corporation applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The loss provision is based on the timing of the groups along with individual assessments on balances outstanding.

The credit quality of fully performing receivables is determined based on credit evaluations and management's past experience with the customers. Past due but not impaired trade receivables relate to a number of independent customers for whom there is no recent history of default. Trade receivables with indications of possible impairment primarily relate to receivables that may not be collectible. Management has applied judgment after taking into account the expected credit loss model to determine impairment provisions of \$434 (2023 - \$305) are sufficient to cover credit risk.

The aging analysis of trade receivables as at December 31 is as follows:

	2024	2023
	\$	\$
0 to 30 days	7,220	5,614
31 to 60 days	2,326	2,198
61 to 120 days	4,430	1,758
Over 121 days	1,272	1,103
Trade receivables	15,248	10,673
Loss allowance	(434)	(305)
Trade receivables, net of loss allowance	14,814	10,368
Other receivables, current	1,606	42
Trade and other receivables, current	16,420	10,410
Other receivables, non-current	1,237	-
Total trade and other receivables	17,657	10,410

The movement in the Corporation's loss allowance for trade receivables for the years ended December 31, is as follows:

	2024	2023
	\$	\$
Provisions for impairment, as at January 1	(305)	(140)
Allowance, net recognized	(101)	(173)
Amounts written off	-	1
Change in estimate	3	-
Foreign exchange	(31)	7
Provisions for impairment	(434)	(305)

(iii) LIQUIDITY RISK

Liquidity risk is the risk the Corporation will not be able to meet its obligations with financial liabilities as they come due. The Corporation manages working capital and operational cash flows to maintain sufficient cash and cash equivalents to meet financial obligations. Based on the remaining contractual maturities, the undiscounted cash flows for the Corporation's financial liabilities, including interest payments in effect at December 31, are as follows:

	Due in less than one year	Due between one and two years	Due between two and three years	Due beyond three years	Total
Trade and other payables	\$ 19,735	\$ -	\$ -	\$ -	\$ 19,735
Lease liabilities	1,764	2,588	120	20	4,492
Undiscounted cash flows for financial liabilities	21,499	2,588	120	20	24,227
Purchase commitments for inventory and operating services	12,203	632	458	102	13,395
As at December 31, 2024	33,702	3,220	578	122	37,622
Trade and other payables	\$ 13,350	\$ -	\$ -	\$ -	\$ 13,350
Lease liabilities	1,439	1,353	2,268	-	5,060
Undiscounted cash flows for financial liabilities	14,789	1,353	2,268	-	18,410
Purchase commitments for inventory and operating services	15,960	471	471	-	16,902
As at December 31, 2023	30,749	1,824	2,739	-	35,312

c) CAPITAL MANAGEMENT

The Corporation's objectives when managing capital are to safeguard its assets and continue as a going concern while, at the same time, maximizing the growth of the business and return to shareholders. The Corporation views its capital as the combination of borrowings as well as shareholders' equity as follows:

	2024	2023
Shareholders' equity	\$ 66,195	\$ 53,983
Total capital	66,195	53,983

The Corporation sets the amount of capital in proportion to risk and makes adjustments to the capital structure in light of changes in economic conditions and the risk characteristics of underlying assets. In order to maintain or adjust the capital structure, the Corporation may issue or repay borrowings, issue or repurchase shares, pay dividends or undertake other activities as deemed appropriate under the specific circumstances.

23. RELATED PARTY TRANSACTIONS

KEY MANAGEMENT PERSONNEL

Key management personnel includes the Directors and senior corporate officers of the Corporation who are primarily responsible for **planning, directing and controlling the Corporation's business activities.**

Compensation awarded to senior corporate officers for employee services for the years ended December 31 is as follows:

	2024	2023
	\$	\$
Salaries and other short-term employee benefits	2,564	1,474
Share-based payments	290	286
	2,854	1,760
Number of senior corporate officers	4	3

Other short-term employee benefits disclosed above includes \$1,245 (2023 - \$346) of bonuses payable under a short-term incentive scheme which were unpaid as at year end and are included in trade and other payables.

Compensation awarded to independent Directors for services for the years ended December 31 is as follows:

	2024	2023
	\$	\$
Retainers, fees and other short-term employee benefits	373	353
Share-based payments	1,082	923
	1,455	1,276
Number of independent directors	5	5

24. SEGMENT INFORMATION

GEOGRAPHIC INFORMATION

The Corporation's operations, as described in note 1, are viewed as a single operating segment by the Corporation's Executives for the purpose of resource allocation and assessing performance.

	2024		2023	
	Revenue	PP&E, Intangible assets & Goodwill	Revenue	PP&E, Intangible assets & Goodwill
	\$	\$	\$	\$
United States & Latin America	39,480	15,961	38,741	14,808
Middle East & Africa	19,968	3,068	19,479	3,325
Europe	7,370	-	4,321	-
Asia Pacific	5,617	-	4,746	-
Canada	5,081	442	2,402	117
	77,516	19,471	69,689	18,250

Revenue is attributed to a geographical region based on the location of the customer invoiced, which may not necessarily reflect the product's final destination.

During the year ended December 31, 2024, one customer accounted for 11% of the Corporation's total revenue (year ended December 31, 2023 - no customer accounted for greater than 10% of the Corporation's total revenue).

25. CHANGES IN WORKING CAPITAL BALANCES

	2024	2023
Cash used in operating activities due to changes in non-cash working capital balances:	\$	\$
Trade and other receivables	(4,853)	2,308
Inventories	(6,653)	(9,013)
Prepaid expenses and deposits	(409)	99
Other receivables	(1,179)	39
Trade and other payables	4,004	1,962
Customer deposits	998	(174)
Provisions	(254)	269
	(8,346)	(4,510)