



FOR: **WEBCO INDUSTRIES, INC.**
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For Immediate Release

**WEBCO INDUSTRIES, INC. REPORTS FISCAL 2021 FOURTH
QUARTER AND YEAR END RESULTS**

SAND SPRINGS, Oklahoma, September 23, 2021 – Webco Industries, Inc. (OTC: WEBC) today reported our fourth quarter and year-end results for fiscal year 2021, which ended July 31, 2021.

For our fourth quarter of fiscal year 2021, we had a net income of \$13.4 million, or \$15.41 per diluted share, while in our fourth quarter of fiscal year 2020, we generated a net loss of \$1.1 million, or a loss of \$1.35 per diluted share. Net sales for the fourth quarter of fiscal 2021 were \$145.5 million, a 63.3 percent increase from the \$89.1 million of net sales in last year's fourth quarter.

For fiscal year 2021, we generated net income of \$19.7 million, or \$22.38 per diluted share, compared to net income of \$4.2 million, or \$4.74 per diluted share, for the same period in fiscal year 2020. Net sales for the current fiscal year amounted to \$466.6 million, an 8.8 percent increase from the \$428.8 million in sales for the prior fiscal year.

In the fourth quarter of fiscal year 2021, we had income from operations of \$17.1 million after depreciation of \$3.4 million. The fourth fiscal quarter of the prior year generated a loss from operations of \$1.9 million after depreciation of \$3.5 million. Gross profit for the fourth quarter of fiscal 2021 was \$28.6 million, or 19.6 percent of net sales, compared to \$2.8 million, or 3.2 percent of net sales, for the fourth quarter of fiscal year 2020.

Our income from operations for fiscal year 2021 was \$26.0 million, after depreciation expense of \$13.7 million. Income from operations in fiscal year 2020 was \$6.8 million, after depreciation expense of \$13.8 million. Gross profit for fiscal 2021 was \$61.8 million, or 13.2 percent of net sales, compared to \$38.0 million, or 8.9 percent of net sales for the same period in fiscal year 2020.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, "Over the course of fiscal year 2021, the cost of our raw materials increased substantially, and its availability became very limited. Where possible, we increased our sales prices in response to raw material cost increases. In addition, non-steel supplies and operating costs, as well as freight services, have increased in



cost and decreased in availability. The business environment of the current fiscal quarter compares favorably to the challenges we faced in our fourth quarter of fiscal year 2020, during which the pandemic was affecting almost all lines of business and crude oil prices remained low. Our strong balance sheet and liquidity position have positioned us well to successfully navigate and gain strength since the onset of those unforeseen global events. We remain focused on financial strength and flexibility. Our total cash and available credit on our revolver is \$70.7 million, which we believe to be a competitive advantage.”

Selling, general and administrative expenses were \$11.5 million in the fourth quarter of fiscal 2021 and \$4.7 million in the fourth quarter of fiscal 2020. SG&A expenses in the fourth quarter of fiscal year 2021 reflect an increase in costs associated with increased profitability, such as company-wide incentive compensation and variable pay programs. In addition, insurance proceeds from the May 2019 Oklahoma flood were collected in the fourth quarter of fiscal 2020, which reduced SG&A expenses for that period by \$1.1 million. SG&A expenses were \$35.8 million in fiscal year 2021 and \$31.1 million for fiscal year 2020. Increases in costs associated with higher levels of profitability also increased SG&A expenses for fiscal year 2021.

Interest expense was \$0.4 million in the fourth quarters of both fiscal years 2021 and 2020. Interest expense was \$1.3 million in the current fiscal year and \$2.9 million in the prior fiscal year. The change in interest expense between the periods is mostly because of lower debt levels.

Capital expenditures incurred amounted to \$6.6 million in the fourth quarter of fiscal year 2021 and \$16.8 million for fiscal year 2021. Our capital investments were largely focused on improving our efficiencies, yields, quality, and capabilities.

As of July 31, 2021, we had \$8.4 million in cash, in addition to \$62.3 million of available borrowing under our \$160 million senior revolving credit facility. Availability on the revolver, which had \$59.1 million drawn at July 31, 2021, is subject to advance rates on eligible accounts receivable and inventories. Our term and revolver, due to a June 2021 refinancing, mature in June 2025. Accounting rules require asset-based debt agreements like our revolver to be classified as a current liability, despite its June 2025 maturity.

Webco’s stock repurchase program authorizes the purchase of up to \$20 million of our outstanding common stock, in private or open market transactions. During the fourth quarter of fiscal year 2021, we repurchased 51,000 shares of the company’s stock, the only shares purchased during the fiscal year. The repurchase plan may be extended, suspended, or discontinued at any time, without notice, at the Board’s discretion.



Webco's mission is to continuously build on our strengths as we create a vibrant company for the ages. We leverage on our core values of trust and teamwork, continuously building strength, agility, and innovation. We focus on practices that support our brand, such that we are 100% engaged every day to build a forever kind of company for our Trusted Teammates, customers, business partners, investors, and community. We provide high-quality carbon steel, stainless steel and other metal specialty tubing products designed to industry and customer specifications. We have five tube production facilities in Oklahoma and Pennsylvania and eight value-added facilities in Oklahoma, Illinois, Michigan, Pennsylvania, and Texas, serving customers globally.

Forward-looking statements: Certain statements in this release, including, but not limited to, those preceded by or predicated upon the words "anticipates," "appears," "available," "believe," "can," "consider," "expects," "forever," "hopes," "intends," "plans," "projects," "pursue," "should," "wishes," "would," or similar words may constitute "forward-looking statements." Such forward-looking statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company, or industry results, to differ materially from any future results, performance or achievements expressed or implied herein. Such risks, uncertainties and factors include the factors discussed above and, among others: general economic and business conditions, including any global economic downturn; low hydrocarbon prices; competition from foreign imports, including any impacts associated with dumping or the strength of the U.S. dollar; political or social environments that are unfriendly to industrial or energy-related businesses; changes in manufacturing technology; banking environment, including availability of adequate financing; worldwide and domestic monetary policy; changes in tax rates and regulation; regulatory and permitting requirements, including, but not limited to, environmental, workforce, healthcare, safety and national security; availability and cost of adequate qualified and competent personnel; changes in import / export tariff or restrictions; volatility in raw material cost and availability for the Company, its customers and vendors; the cost and availability, including time for delivery, of parts and services necessary to maintain equipment essential to the Company's manufacturing activities; the cost and availability of manufacturing supplies, including process gasses; volatility in natural gas and power cost and availability; problems associated with product development efforts; appraised values of inventories that can impact available borrowing under the Company's credit facility; declaration of material adverse change by a lender; industry capacity; domestic competition; loss of, or reductions in, purchases by significant customers and customer work



stoppages; work stoppages by critical suppliers; labor unrest; conditions, including acts of God, that require more costly transportation of raw materials; accidents, equipment failures and insured or uninsured casualties; third-party product liability claims; flood, tornado, winter storms, and other natural disasters; customer or supplier bankruptcy; customer or supplier declarations of force majeure; customer or supplier breach of contract; insurance cost and availability; lack of insurance coverage for floods; the cost associated with providing healthcare benefits to employees; customer claims; supplier quality or delivery problems; technical and data processing capabilities; cyberattack on our information technology infrastructure; world, domestic or regional health crisis; and our ability to repurchase the Company's stock. The Company assumes no obligation to publicly update any such forward-looking statements.

- TABLES FOLLOW -



WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
(Dollars in thousands, except per share data - Unaudited)

	Three Months Ended July 31,		Year Ended July 31,	
	2021	2020	2021	2020
Net sales	\$ 145,508	\$ 89,126	\$ 466,617	\$ 428,830
Cost of sales	116,946	86,300	404,814	390,853
Gross profit	28,561	2,826	61,803	37,977
Selling, general & administrative expenses	11,511	4,682	35,788	31,150
Income (loss) from operations	17,050	(1,856)	26,015	6,827
Interest expense	357	416	1,326	2,851
Pretax income (loss)	16,693	(2,271)	24,689	3,976
Provision for (benefit from) income taxes	3,299	(1,169)	4,989	(264)
Net income (loss)	\$ 13,394	\$ (1,103)	\$ 19,700	\$ 4,240
Net income (loss) per share:				
Basic	\$ 16.47	\$ (1.35)	\$ 24.05	\$ 5.20
Diluted	\$ 15.41	\$ (1.35)	\$ 22.38	\$ 4.74
Weighted average common shares outstanding:				
Basic	813,000	814,000	819,000	816,000
Diluted	869,000	814,000	880,000	895,000

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED CASH FLOW DATA
(Dollars in thousands - Unaudited)

	Three Months Ended July 31,		Year Ended July 31,	
	2021	2020	2021	2020
Net cash from (used in) operating activities	\$ (15,232)	\$ 23,588	\$ 5,001	\$ 62,700
Depreciation and amortization	\$ 3,415	\$ 3,538	\$ 13,897	\$ 13,999
Cash paid for capital expenditures	\$ 5,084	\$ (419)	\$ 15,747	\$ 15,656

Notes: Amounts may not sum due to rounding.



WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(Dollars in thousands, except par value - Unaudited)

	July 31, 2021	July 31, 2020
Current assets:		
Cash	\$ 8,403	\$ 4,600
Accounts receivable, net	75,216	41,655
Inventories, net	149,810	135,764
Prepaid expenses	7,217	5,606
Total current assets	240,646	187,624
Property, plant and equipment, net	112,629	110,914
Right of use, finance leases, net	1,466	1,560
Right of use, operating leases, net	23,268	22,137
Other long-term assets	7,193	5,495
Total assets	\$ 385,203	\$ 327,730
Current liabilities:		
Accounts payable	\$ 34,622	\$ 14,453
Accrued liabilities	22,421	14,690
Current portion of long-term debt, net	58,410	41,468
Current portion of finance lease liabilities	567	485
Current portion of operating lease liabilities	4,456	4,835
Total current liabilities	120,476	75,931
Long-term debt, net of current portion	12,000	12,000
Finance lease liabilities, net of current portion	936	1,086
Operating lease liabilities, net of current portion	18,758	17,304
Deferred tax liabilities	1,887	4,901
Stockholders' equity:		
Common stock, \$0.01 par value, 12,000,000 shares authorized, 834,000 and 869,000 outstanding respectively	8	9
Additional paid-in capital	50,128	50,874
Retained earnings	181,010	165,624
Total stockholders' equity	231,146	216,507
Total liabilities and stockholders' equity	\$ 385,203	\$ 327,730

Notes: Amounts may not sum due to rounding.