



FOR: **WEBCO INDUSTRIES, INC.**  
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Corrected Release: In the original news release, Webco Industries, Inc. Reports Fiscal 2021 First Quarter Results, issued 30-Nov-2021 by Webco Industries Inc over PR Newswire, we determined the outstanding shares reported in the Consolidated Balance Sheets was reported as 769,000 shares, instead of the correct amount of 811,000 shares. The complete, corrected release follows:

**For Immediate Release**

## **WEBCO INDUSTRIES, INC. REPORTS FISCAL 2022 FIRST QUARTER RESULTS**

SAND SPRINGS, Oklahoma, November 30, 2021 – Webco Industries, Inc. (OTC: WEBC) today reported our first quarter results for fiscal year 2022, which ended October 31, 2021.

For our first quarter of fiscal year 2022, we had a net income of \$14.6 million, or \$17.41 per diluted share, while in our first quarter of fiscal year 2021, we generated a net loss of \$0.2 million, or a loss of \$0.19 per diluted share. Net sales for the first quarter of fiscal 2022 were \$167.5 million, a 67.9 percent increase from the \$99.8 million of net sales in last year's first quarter.

In the first quarter of fiscal year 2022, we had income from operations of \$19.4 million after depreciation of \$3.5 million. The first fiscal quarter of the prior year generated income from operations of \$0.2 million after depreciation of \$3.5 million. Gross profit for the first quarter of fiscal 2022 was \$34.4 million, or 20.6 percent of net sales, compared to \$7.3 million, or 7.3 percent of net sales, for the first quarter of fiscal year 2021.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, "Despite turmoil in flat rolled steel that has increased the cost and restricted the availability of our raw materials, we have had what we believe was our best quarter in the Company's history due to the agility and innovation of our Trusted Teammates combined with a commercial environment that provided a wide range of commercial successes. The comparisons between the current fiscal quarter and the first quarter of fiscal year 2021 are very favorable in part because the prior year's quarter suffered adverse consequences related to the COVID-19 pandemic and low oil prices. Current hot rolled carbon steel cost has been at an unprecedented level, although consistently receiving timely



delivery of all forms of raw materials has been a greater concern. Where possible, we have increased our sales prices in response to the increases in steel cost. In addition, non-steel supplies and operating costs, as well as freight services, have increased in cost and decreased in availability. Labor costs likewise experienced increases, and labor availability has been a challenge. 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 agility. Our total cash and available credit on our revolver was \$58.1 million at October 31, 2021, which we believe to be a competitive advantage.”

Selling, general and administrative expenses were \$15.0 million in the first quarter of fiscal 2022 and \$7.1 million in the first quarter of fiscal 2021. SG&A expenses in the first quarter of fiscal year 2022 reflect an increase in costs associated with increased profitability, such as company-wide incentive compensation and variable pay programs.

Interest expense was \$0.6 million in the first quarter of fiscal year 2022 and \$0.4 million in the same quarter of fiscal year 2021. The change in interest expense between the periods was mostly because we have higher debt levels due to greater working capital requirements.

Capital expenditures incurred amounted to \$4.9 million in the first quarter of fiscal year 2022. Our capital investments were largely focused on improving our efficiencies, yields, quality, and capabilities.

As of October 31, 2021, we had \$8.8 million in cash, in addition to \$49.3 million of available borrowing under our \$160 million senior revolving credit facility. Availability on the revolver, which had \$104.4 million drawn at October 31, 2021, was subject to advance rates on eligible accounts receivable and inventories. Borrowings are up primarily due to increased working capital requirements associated with increased sales prices and inventory cost. Our term loan and revolver 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 first quarter of fiscal year 2022, we repurchased 23,761 shares of the company’s stock. Webco purchased 50,995 and 36,306 shares in fiscal years 2021 and 2020. 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; vaccine mandates or related governmental policy that would cause significant portions of our workforce, or that of our customers or vendors, to leave their current employment; 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 STATEMENT OF OPERATIONS**  
(Dollars in thousands, except per share data - Unaudited)

	October 31,	
	2021	2020
Net sales	\$ 167,541	\$ 99,800
Cost of sales	133,097	92,526
Gross profit	34,444	7,274
Selling, general & administrative expenses	15,032	7,066
Income (loss) from operations	19,412	209
Interest expense	633	396
Pretax income (loss)	18,779	(188)
Provision for (benefit from) income taxes	4,178	(32)
Net income (loss)	\$ 14,601	\$ (156)
Net income (loss) per share:		
Basic	\$ 18.65	\$ (0.19)
Diluted	\$ 17.41	\$ (0.19)
Weighted average common shares outstanding:		
Basic	783,000	814,000
Diluted	839,000	814,000

**CASH FLOW DATA**  
(Dollars in thousands - Unaudited)

	October 31,	
	2021	2020
Net cash provided by (used in) operating activities	\$ (40,835)	\$ 12,593
Depreciation and amortization	\$ 3,561	\$ 3,581
Cash paid for capital expenditures	\$ 5,073	\$ 4,109

Notes: Amounts may not sum due to rounding.



**WEBCO INDUSTRIES, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(Dollars in thousands, except par value - Unaudited)

	October 31, 2021	July 31, 2021
<b>Current assets:</b>		
Cash	\$ 8,824	\$ 8,403
Accounts receivable, net	83,694	75,216
Inventories, net	203,015	149,810
Prepaid expenses	8,449	7,217
Total current assets	303,982	240,646
Property, plant and equipment, net	114,205	112,629
Right of use, finance leases, net	1,464	1,466
Right of use, operating leases, net	22,129	23,268
Other long-term assets	7,209	7,193
Total assets	\$ 448,989	\$ 385,203
<b>Current liabilities:</b>		
Accounts payable	\$ 38,507	\$ 34,622
Accrued liabilities	27,505	22,421
Current portion of long-term debt, net	103,804	58,410
Current portion of finance lease liabilities	611	567
Current portion of operating lease liabilities	4,409	4,456
Total current liabilities	174,837	120,476
Long-term debt, net of current portion	12,000	12,000
Finance lease liabilities, net of current portion	894	936
Operating lease liabilities, net of current portion	17,672	18,758
Deferred tax liabilities	794	1,887
<b>Stockholders' equity:</b>		
Common stock, \$0.01 par value, 12,000,000 shares authorized, 811,000 and 834,000 outstanding respectively	8	8
Additional paid-in capital	48,946	50,127
Retained earnings	193,838	181,010
Total stockholders' equity	242,793	231,146
Total liabilities and stockholders' equity	\$ 448,989	\$ 385,203

Notes: Amounts may not sum due to rounding.