FOR: **WEBCO INDUSTRIES, INC.**
CONTACT: Mike Howard
Chief Financial Officer
(918) 241-1094
mhoward@webcotube.com

For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2022 SECOND QUARTER RESULTS

SAND SPRINGS, Oklahoma, March 7, 2022 – Webco Industries, Inc. (OTC: WEBC) today reported results for our second quarter for fiscal year 2022, which ended January 31, 2022.

For our second quarter of fiscal year 2022, we had a net income of $9.5 million, or $11.76 per diluted share, while in our second quarter of fiscal year 2021, we incurred a net loss of less than $0.1 million, $0.05 per diluted share. Net sales for the second quarter of fiscal 2022 were $173.4 million, an 83.8 percent increase from the $94.3 million of net sales in last year's second quarter.

For the first six months of fiscal year 2022, we generated a net income of $24.1 million, or $29.40 per diluted share, compared to a net loss of $0.2 million, or a loss of $0.24 per diluted share, for the same period in fiscal year 2021. Net sales for the first six months of the current year amounted to $340.9 million, a 75.6 percent increase from the $194.1 million in sales for the same six-month period of last year.

In the second quarter of fiscal year 2022, we had income from operations of $13.2 million after depreciation of $3.5 million. The second fiscal quarter of the prior year generated income from operations of $0.3 million after depreciation of $3.5 million. Gross profit for the second quarter of fiscal 2022 was $29.1 million, or 16.8 percent of net sales, compared to $7.4 million, or 7.8 percent of net sales, for the second quarter of fiscal year 2021.

Our income from operations for the first six months of fiscal year 2022 was $32.6 million, after depreciation expense of $7.0 million. Income from operations in the first six-month period of fiscal year 2021 was $0.5 million, after depreciation expense of $7.0 million. Gross profit for the first half of fiscal 2022 was $63.5 million, or 18.6 percent of net sales, compared to $14.6 million, or 7.6 percent of net sales for the same period in fiscal year 2021.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, "The comparisons between the current and prior year quarter, as well as for the six-month periods, are quite positive due to the agility and innovation of our Trusted Teammates combined with a commercial environment that provided a wide range of commercial successes. Our hot rolled carbon steel cost, which reached unprecedented highs during the first quarter of fiscal year 2022, plateaued and then later moderated and also became more available during the second quarter. Our average raw material costs increased when compared to the first quarter of fiscal year 2022. Additionally, non-steel supplies and operating costs, as well as freight services, have increased in cost and continue to have availability challenges. Labor costs likewise experienced increases, and labor availability has been a difficulty. Where possible, we passed on the increased costs to our customers in the form of higher prices for our finished products. The comparisons between the current fiscal quarter and the first half of fiscal year 2022 and the same periods in the prior year are very favorable in part because the first six months of the prior year suffered adverse consequences related to the pandemic and low oil prices. Our strong balance sheet and liquidity position have positioned us well to successfully navigate and gain strength through this volatile raw material environment. We remain focused on financial strength and agility. Our total cash and available credit on our revolver were $54.3 million at January 31, 2022, which we believe to be a competitive advantage."

Selling, general and administrative expenses were $15.9 million in the second quarter of fiscal 2022 and $7.1 million in the second quarter of fiscal 2021. SG&A expenses were $30.9 million in the first half of fiscal year 2022 and $14.2 million for the first six-month period of fiscal year 2021. SG&A expenses thus far in fiscal year 2022 reflect an increase in costs associated with increased profitability, such as company-wide incentive compensation and variable pay programs, although we have experienced inflation in wages and other expenses.

Interest expense was $0.7 million in the second quarter of fiscal year 2022 and $0.3 million in the same quarter of fiscal year 2021. Interest expense was $1.3 million and $0.7 million in the first six-month periods of the current and prior fiscal years, respectively. 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 $7.4 million in the second quarter of fiscal year 2022 and was $12.5 million for the first six months of fiscal year 2022. Our capital investments were focused on improving our efficiencies, yields, quality, and capabilities.

As of January 31, 2022, we had $10.9 million in cash, in addition to $43.4 million of available borrowing capacity under our $160 million senior revolving credit facility. Availability on the revolver, which had $113.8 million drawn at January 31, 2022, 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 second quarter of fiscal year 2022, we repurchased 19,000 shares of the company's stock, bringing the total thus far in the current fiscal year to 43,000 shares. Webco purchased 51,000 and 36,000 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; government policy or low hydrocarbon prices that stifle domestic investment in energy; 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 oil, 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; global or regional wars and conflicts; 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)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2022	2021	2022	2021
Net sales	$ 173,390	$ 94,326	$ 340,931	$ 194,126
Cost of sales	144,318	86,952	277,415	179,478
Gross profit	29,072	7,373	63,516	14,648
Selling, general & administrative expenses	15,860	7,117	30,892	14,183
Income (loss) from operations	13,212	256	32,625	465
Interest expense	659	310	1,292	707
Pretax income (loss)	12,554	(54)	31,332	(242)
Provision for (benefit from) income taxes	3,027	(11)	7,205	(43)
Net income (loss)	$ 9,526	$ (43)	$ 24,128	$ (199)
Net income (loss) per share:				
Basic	$ 12.51	$ (0.05)	$ 31.24	$ (0.24)
Diluted	$ 11.76	$ (0.05)	$ 29.40	$ (0.24)
Weighted average common shares outstanding:				
Basic	762,000	815,000	772,000	815,000
Diluted	810,000	815,000	821,000	815,000

CASH FLOW DATA
(Dollars in thousands – Unaudited)

	Three Months Ended January 31,		Six Months Ended January 31,	
	2022	2021	2022	2021
Net cash provided by (used in) operating activities	$ 10,603	$ 12,220	$ (30,232)	$ 24,813
Depreciation and amortization	$ 3,451	$ 3,519	$ 7,012	$ 7,100
Cash paid for capital expenditures	$ 7,414	$ 5,075	$ 12,487	$ 9,184

Notes: Amounts may not sum due to rounding.

WEBCO INDUSTRIES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Dollars in thousands, except par value - Unaudited)

	January 31, 2022	July 31, 2021
Current assets:		
Cash	$ 10,851	$ 8,403
Accounts Receivable	79,494	75,216
Inventories, net	232,616	149,810
Prepaid expenses	8,180	7,217
Total current assets	331,142	240,646
Property, plant and equipment, net	117,878	112,629
Right of use, finance leases, net	1,313	1,466
Right of use, operating leases, net	21,614	23,268
Other long-term assets	9,512	7,193
Total assets	$ 481,459	$ 385,203
Current liabilities:		
Accounts payable	$ 52,803	$ 34,622
Accrued liabilities	30,714	22,421
Current portion of long-term debt	113,228	58,410
Current portion of finance lease liabilities	602	567
Current portion of operating lease liabilities	4,482	4,456
Total current liabilities	201,828	120,476
Long-term debt, net of current portion	12,000	12,000
Finance lease liabilities, net of current portion	754	936
Operating lease liabilities, net of current portion	17,089	18,758
Deferred tax liabilities	-	1,887
Stockholders’ equity:		
Common stock, $0.01 par value, 12,000,000 shares authorized	8	8
Additional paid-in capital	48,526	50,127
Retained earnings	201,253	181,010
Total stockholders’ equity	249,787	231,146
Total liabilities and stockholders’ equity	$ 481,459	$ 385,203

Notes: Amounts may not sum due to rounding.