



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

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

SAND SPRINGS, Oklahoma, May 23, 2022 – Webco Industries, Inc. (OTC: WEBC) today reported results for our third quarter for fiscal year 2022, which ended April 30, 2022.

For our third quarter of fiscal year 2022, we had a net income of \$16.0 million, or \$19.88 per diluted share, while in our third quarter of fiscal year 2021, we had net income of \$6.5 million, \$7.31 per diluted share. Net sales for the third quarter of fiscal 2022 were \$190.6 million, a 50.1 percent increase from the \$127.0 million of net sales in last year’s third quarter.

For the first nine months of fiscal year 2022, we generated a net income of \$40.1 million, or \$49.25 per diluted share, compared to a net income of \$6.3 million, or \$7.13 per diluted share, for the same period in fiscal year 2021. Net sales for the first nine months of the current year amounted to \$531.5 million, a 65.5 percent increase from the \$321.1 million in sales for the same nine-month period of last year.

In the third quarter of fiscal year 2022, we had income from operations of \$21.0 million after depreciation of \$3.5 million. The third fiscal quarter of the prior year generated income from operations of \$8.5 million after depreciation of \$3.4 million. Gross profit for the third quarter of fiscal 2022 was \$33.5 million, or 17.6 percent of net sales, compared to \$18.6 million, or 14.6 percent of net sales, for the third quarter of fiscal year 2021.

Our income from operations for the first nine months of fiscal year 2022 was \$53.7 million, after depreciation expense of \$10.5 million. Income from operations in the first nine-month period of fiscal year 2021 was \$9.0 million, after depreciation expense of \$10.3 million. Gross profit for the first nine-month period of fiscal 2022 was \$97.0 million, or 18.3 percent of net sales, compared to \$33.2 million, or 10.4 percent of net sales for the same period in fiscal year 2021.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, “Our recent results demonstrate the strength, agility and innovation of our Trusted Teammates combined with a commercial environment that provided a wide range of commercial successes. The first two quarters of fiscal year 2021 reflect adverse impacts of the pandemic and low oil prices. International events and domestic conditions have continued to produce volatility in raw material



cost and influenced its availability. 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. Where possible, we passed on the increased costs to our customers in the form of higher prices for our finished products. Our strong balance sheet and liquidity position have positioned us well to successfully navigate and gain strength through this volatile environment. We remain focused on financial strength and agility. Our total cash and available credit on our revolver were \$59.5 million at April 30, 2022, which we believe to be a competitive advantage.”

Selling, general and administrative expenses were \$12.5 million in the third quarter of fiscal 2022 and \$10.1 million in the third quarter of fiscal 2021. SG&A expenses were \$43.4 million in the first nine-month period of fiscal year 2022 and \$24.3 million for the first nine-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 \$0.8 million in the third quarter of fiscal year 2022 and \$0.3 million in the same quarter of fiscal year 2021. Interest expense was \$2.1 million and \$1.0 million in the first nine-month periods of the current and prior fiscal years, respectively. The change in interest expense between the periods was primarily because we have higher debt levels due to greater working capital requirements.

Capital expenditures incurred amounted to \$3.0 million in the third quarter of fiscal year 2022 and was \$15.0 million for the first nine months of fiscal year 2022. Our capital investments were focused on improving our efficiencies, yields, quality, and capabilities.

As of April 30, 2022, we had \$11.8 million in cash, in addition to \$47.7 million of available borrowing capacity under our \$160 million senior revolving credit facility. Availability on the revolver, which had \$111.1 million drawn at April 30, 2022, was subject to advance rates on eligible accounts receivable and inventories. Borrowing is 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 third quarter of fiscal year 2022, we repurchased 7,500 shares of the company’s stock, bringing the total thus far in the current fiscal year to 50,100 shares. Webco purchased 51,000 and 36,300 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		Nine Months Ended	
	April 30,		April 30,	
	2022	2021	2022	2021
Net sales	\$ 190,583	\$ 126,983	\$ 531,514	\$ 321,109
Cost of sales	157,051	108,390	434,466	287,868
Gross profit	33,532	18,594	97,048	33,241
Selling, general & administrative expenses	12,487	10,095	43,379	24,277
Income (loss) from operations	21,045	8,499	53,669	8,964
Interest expense	783	262	2,075	968
Pretax income (loss)	20,262	8,238	51,595	7,996
Provision for (benefit from) income taxes	4,268	1,733	11,473	1,690
Net income (loss)	\$ 15,994	\$ 6,504	\$ 40,121	\$ 6,305
Net income (loss) per share:				
Basic	\$ 20.82	\$ 7.80	\$ 52.05	\$ 7.68
Diluted	\$ 19.88	\$ 7.31	\$ 49.25	\$ 7.13
Weighted average common shares outstanding:				
Basic	768,000	834,400	770,900	821,200
Diluted	804,600	889,400	814,600	884,100

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

	Three Months Ended		Nine Months Ended	
	April 30,		April 30,	
	2022	2021	2022	2021
Net cash provided by (used in) operating activities	\$ 5,066	\$ (4,580)	\$ (25,166)	\$ 20,233
Depreciation and amortization	\$ 3,493	\$ 3,383	\$ 10,505	\$ 10,482
Cash paid for capital expenditures	\$ 2,699	\$ 1,478	\$ 15,187	\$ 10,662

Notes: Amounts may not sum due to rounding.



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

	April 30, 2022	July 31, 2021
Current assets:		
Cash	\$ 11,801	\$ 8,403
Accounts receivable	94,057	75,216
Inventories, net	225,501	149,810
Prepaid expenses	7,617	7,217
Total current assets	<u>338,975</u>	<u>240,646</u>
Property, plant and equipment, net	117,521	112,629
Right of use, finance leases, net	1,208	1,466
Right of use, operating leases, net	22,656	23,268
Other long-term assets	<u>10,562</u>	<u>7,193</u>
Total assets	<u>\$ 490,922</u>	<u>\$ 385,203</u>
Current liabilities:		
Accounts payable	\$ 40,767	\$ 34,622
Accrued liabilities	39,007	22,421
Current portion of long-term debt	110,756	58,410
Current portion of finance lease liabilities	595	567
Current portion of operating lease liabilities	4,435	4,456
Total current liabilities	<u>195,558</u>	<u>120,476</u>
Long-term debt, net of current portion	12,000	12,000
Finance lease liabilities, net of current portion	656	936
Operating lease liabilities, net of current portion	18,161	18,758
Deferred tax liabilities	-	1,887
Stockholders' equity:		
Common stock	8	8
Additional paid-in capital	48,388	50,127
Retained earnings	216,150	181,010
Total stockholders' equity	<u>264,546</u>	<u>231,146</u>
Total liabilities and stockholders' equity	<u>\$ 490,922</u>	<u>\$ 385,203</u>

Notes: Amounts may not sum due to rounding.