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For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2022 FOURTH QUARTER AND YEAR END RESULTS

SAND SPRINGS, Oklahoma, October 3, 2022 – Webco Industries, Inc. (OTC: WEBC) today reported results for our fourth quarter for fiscal year 2022, which ended July 31, 2022.

For our fourth quarter of fiscal year 2022, we had a net income of \$8.2 million, or \$10.28 per diluted share, while in our fourth quarter of fiscal year 2021, we had net income of \$13.4 million, or \$15.41 per diluted share. Net sales for the fourth quarter of fiscal 2022 were \$172.5 million, an 18.6 percent increase from the \$145.5 million of net sales in last year's fourth quarter.

For fiscal year 2022, we generated net income of \$48.4 million, or \$59.61 per diluted share, compared to a net income of \$19.7 million, or \$22.38 per diluted share, for fiscal year 2021. Net sales for fiscal year 2022 amounted to \$704.0 million, a 50.9 percent increase from the \$466.6 million in sales for fiscal year 2021. The first two quarters of fiscal year 2021 reflect adverse impacts of the pandemic and low oil prices.

In the fourth quarter of fiscal year 2022, we had income from operations of \$11.1 million after depreciation of \$3.4 million. The fourth fiscal quarter of the prior year generated income from operations of \$17.1 million after depreciation of \$3.4 million. Gross profit for the fourth quarter of fiscal 2022 was \$21.1 million, or 12.2 percent of net sales, compared to \$28.6 million, or 19.6 percent of net sales, for the fourth quarter of fiscal year 2021.

Our income from operations for fiscal year 2022 was \$64.8 million, after depreciation expense of \$14.0 million. Income from operations in fiscal year 2021 was \$26.0 million, after depreciation expense of \$13.7 million. Gross profit for fiscal year 2022 was \$118.1 million, or 16.8 percent of net sales, compared to \$61.8 million, or 13.2 percent of net sales for 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. Domestic and world markets experienced volatility in the cost of carbon steel and stainless steel sheet coil, both of which are raw material for our tubing products. Additionally, we have experienced significant



inflation in non-steel supplies and operating costs, as well as freight services, and they continued to have availability challenges. Labor costs likewise experienced increases. Where possible, we passed on 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 \$59.0 million at July 31, 2022, which we believe to be a competitive advantage.”

Selling, general and administrative expenses were \$10.0 million in the fourth quarter of fiscal 2022 and \$11.5 million in the fourth quarter of fiscal 2021. SG&A expenses were \$53.3 million in fiscal year 2022 and \$35.8 million for fiscal year 2021. SG&A expenses 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 \$1.2 million in the fourth quarter of fiscal year 2022 and \$0.4 million in the same quarter of fiscal year 2021. Interest expense was \$3.3 million and \$1.3 million in the current and prior fiscal year, respectively. The change in interest expense between the periods is equally weighted between higher interest rates and higher debt levels due to greater working capital requirements.

Capital expenditures incurred amounted to \$8.9 million in the fourth quarter of fiscal year 2022 and was \$23.9 million for fiscal year 2022. Our capital investments were focused on improving our efficiencies, yields, quality, and capabilities.

As of July 31, 2022, we had \$12.7 million in cash, in addition to \$46.3 million of available borrowing capacity under our senior revolving credit facility. Availability on the revolver, which had \$114.3 million drawn at July 31, 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. In September 2022, we refinanced our senior credit facility, increasing our revolving credit facility from \$160 million to \$220 million, and our senior term loan to \$20 million from \$12 million. The increased capacity of our senior credit facility will help us navigate volatility in raw material cost. Our new term loan and revolver mature in September 2027. Most provisions of the senior credit facility are similar to our prior agreement. Accounting rules require asset-based debt agreements like our revolver to be classified as a current liability, despite its 2027 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 2022, we repurchased 3,400 shares of the company's stock, bringing the total in the current fiscal year to 53,500 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; fourth-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		Years Ended	
	July 31,		July 31,	
	2022	2021	2022	2021
Net sales	\$ 172,534	\$ 145,508	\$ 704,048	\$ 466,617
Cost of sales	151,438	116,946	585,904	404,814
Gross profit	21,096	28,561	118,114	61,803
Selling, general & administrative expenses	9,963	11,511	53,341	35,788
Income (loss) from operations	11,133	17,050	64,803	26,015
Interest expense	1,193	357	3,267	1,326
Pretax income (loss)	9,941	16,693	61,535	24,689
Provision for (benefit from) income taxes	1,711	3,299	13,184	4,989
Net income (loss)	\$ 8,230	\$ 13,394	\$ 48,351	\$ 19,700
Net income (loss) per share:				
Basic	\$ 10.77	\$ 16.47	\$ 62.87	\$ 24.05
Diluted	\$ 10.28	\$ 15.41	\$ 59.61	\$ 22.38
Weighted average common shares outstanding:				
Basic	764,000	813,000	769,000	819,000
Diluted	800,000	869,000	811,000	880,000

CONSOLIDATED CASH FLOW DATA
(Dollars in thousands – Unaudited)

	Three Months Ended		Years Ended	
	July 31,		July 31,	
	2022	2021	2022	2021
Net cash provided by (used in) operating activities	\$ 9,432	\$ (15,232)	\$ (15,734)	\$ 5,001
Depreciation and amortization	\$ 4,071	\$ 3,415	\$ 14,576	\$ 13,897
Cash paid for capital expenditures	\$ 6,455	\$ 5,084	\$ 21,642	\$ 15,747

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, 2022	July 31, 2021
Current assets:		
Cash	\$ 12,739	\$ 8,403
Accounts receivable	83,657	75,216
Inventories, net	244,311	149,810
Prepaid expenses	11,847	7,217
Total current assets	<u>352,553</u>	<u>240,646</u>
Property, plant and equipment, net	123,136	112,629
Right of use, finance leases, net	1,181	1,466
Right of use, operating leases, net	21,592	23,268
Other long-term assets	<u>9,686</u>	<u>7,193</u>
Total assets	<u>\$ 508,148</u>	<u>\$ 385,203</u>
Current liabilities:		
Accounts payable	\$ 53,255	\$ 34,622
Accrued liabilities	33,614	22,421
Current portion of long-term debt	114,210	58,410
Current portion of finance lease liabilities	611	567
Current portion of operating lease liabilities	4,484	4,456
Total current liabilities	<u>206,175</u>	<u>120,476</u>
Long-term debt, net of current portion	12,000	12,000
Finance lease liabilities, net of current portion	613	936
Operating lease liabilities, net of current portion	17,083	18,758
Deferred tax liabilities	-	1,887
Stockholders' equity:		
Common stock	8	8
Additional paid-in capital	48,424	50,127
Retained earnings	223,846	181,010
Total stockholders' equity	<u>272,277</u>	<u>231,146</u>
Total liabilities and stockholders' equity	<u>\$ 508,148</u>	<u>\$ 385,203</u>

Notes: Amounts may not sum due to rounding.