



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

**WEBCO INDUSTRIES, INC. REPORTS FISCAL 2023 FIRST  
QUARTER RESULTS**

SAND SPRINGS, Oklahoma, December 5, 2022 – Webco Industries, Inc. (OTC: WEBC) today reported our first quarter results for fiscal year 2023, which ended October 31, 2022.

For our first quarter of fiscal year 2023, we had a net income of \$8.4 million, or \$10.54 per diluted share, while in our first quarter of fiscal year 2022, we generated a net income of \$14.6 million, or \$17.41 per diluted share. Net sales for the first quarter of fiscal 2023 were \$188.5 million, a 12.5 percent increase from the \$167.5 million of net sales in last year’s first quarter.

In the first quarter of fiscal year 2023, we had income from operations of \$12.4 million after depreciation of \$3.2 million. The first fiscal quarter of the prior year generated income from operations of \$19.4 million after depreciation of \$3.5 million. Gross profit for the first quarter of fiscal 2023 was \$26.0 million, or 13.8 percent of net sales, compared to \$34.4 million, or 20.6 percent of net sales, for the first quarter of fiscal year 2022.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, “We experienced a good outcome in an uncertain environment caused by significant volatility in hot rolled carbon steel cost and an inflation-influenced economy. Non-steel supplies and operating costs, as well as freight services, have increased in cost. Labor costs likewise experienced increases, and labor availability has been a challenge. During the quarter we refinanced our senior credit facility, extending the maturity of the revolver and term to September 2027. We remain focused on financial strength and agility. Our total cash and available credit on our revolver was \$87.8 million at October 31, 2022.”

Selling, general and administrative expenses were \$13.6 million in the first quarter of fiscal 2023 and \$15.0 million in the first quarter of fiscal 2022. SG&A expenses in the first quarter of fiscal year 2023 reflect a decrease in costs associated with lower profitability, such as company-wide incentive compensation and variable pay programs. We experienced inflation in wages and other expenses when comparing the current and prior year first fiscal quarters.



Interest expense was \$1.5 million in the first quarter of fiscal year 2023 and \$0.6 million in the same quarter of fiscal year 2022. The change in interest expense between the periods was mostly because of higher interest rates, although debt levels have increased.

Capital expenditures incurred amounted to \$9.6 million in the first quarter of fiscal year 2023. Our capital investments were focused on improving our efficiencies, yields, quality, and capabilities.

As of October 31, 2022, we had \$12.8 million in cash, in addition to \$75.0 million of available borrowing under our \$220 million senior revolving credit facility. Availability on the revolver, which had \$117.0 million drawn at October 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 September 2027. Accounting rules require asset-based debt agreements like our revolver to be classified as a current liability, despite its fiscal year 2028 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 2023, we repurchased 1,100 shares of the company's stock. Webco purchased almost 141,000 shares over the course of the past three fiscal years. 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.*



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

	October 31,	
	2022	2021
Net sales	\$ 188,524	\$ 167,541
Cost of sales	162,533	133,097
Gross profit	25,992	34,444
Selling, general & administrative expenses	13,598	15,032
Income (loss) from operations	12,393	19,412
Interest expense	1,483	633
Pretax income (loss)	10,911	18,779
Provision for (benefit from) income taxes	2,503	4,178
Net income (loss)	\$ 8,407	\$ 14,601
Net income (loss) per share:		
Basic	\$ 11.04	\$ 18.65
Diluted	\$ 10.54	\$ 17.41
Weighted average common shares outstanding:		
Basic	762,000	783,000
Diluted	798,000	839,000

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

	October 31,	
	2022	2021
Net cash provided by (used in) operating activities	\$ (99)	\$ (40,835)
Depreciation and amortization	\$ 3,307	\$ 3,561
Cash paid for capital expenditures	\$ 7,899	\$ 5,073

Notes: Amounts may not sum due to rounding.



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

	October 31, 2022	July 31, 2022
Current assets:		
Cash	\$ 12,817	\$ 12,739
Accounts receivable, net	87,437	83,657
Inventories, net	234,678	244,311
Prepaid expenses	13,898	11,847
Total current assets	348,830	352,553
Property, plant and equipment, net	129,709	123,136
Right of use, finance leases, net	1,017	1,181
Right of use, operating leases, net	20,301	21,592
Other long-term assets	9,300	9,686
Total assets	\$ 509,158	\$ 508,148
Current liabilities:		
Accounts payable	\$ 39,198	\$ 53,255
Accrued liabilities	31,226	33,614
Current portion of long-term debt, net	116,655	114,210
Current portion of finance lease liabilities	593	611
Current portion of operating lease liabilities	4,321	4,484
Total current liabilities	191,993	206,175
Long-term debt, net of current portion	20,000	12,000
Finance lease liabilities, net of current portion	467	613
Operating lease liabilities, net of current portion	15,959	17,083
Stockholders' equity:		
Common stock	8	8
Additional paid-in capital	48,599	48,424
Retained earnings	232,133	223,846
Total stockholders' equity	280,740	272,277
Total liabilities and stockholders' equity	\$ 509,158	\$ 508,148

Notes: Amounts may not sum due to rounding.