



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

**WEBCO INDUSTRIES, INC. REPORTS FISCAL 2023 FOURTH
QUARTER AND YEAR END RESULTS**

SAND SPRINGS, Oklahoma October 4, 2023 – Webco Industries, Inc. (OTC: WEBC) today reported results for our fourth fiscal quarter and year ended July 31, 2023.

For our fourth quarter of fiscal year 2023, we had a net income of \$8.3 million, or \$10.25 per diluted share, while in our fourth quarter of fiscal year 2022, we had net income of \$8.2 million, or \$10.28 per diluted share. Net sales for the fourth quarter of fiscal 2023 were \$156.4 million, a 9.3 percent decrease from the \$172.5 million of sales in the fourth quarter of fiscal year 2022.

For fiscal year 2023, we generated a net income of \$26.6 million, or \$33.19 per diluted share, compared to a net income of \$48.4 million, or \$59.61 per diluted share, for the same period in fiscal year 2022. Net sales for the current fiscal year amounted to \$686.9 million, a 2.4 percent decrease from the \$704.0 million in sales for last year.

In the fourth quarter of fiscal year 2023, we had income from operations of \$10.5 million after depreciation of \$3.7 million. The fourth fiscal quarter of the prior year generated income from operations of \$11.1 million after depreciation of \$3.4 million. Gross profit for the fourth quarter of fiscal 2023 was \$24.5 million, or 15.8 percent of net sales, compared to \$21.1 million, or 12.2 percent of net sales, for the fourth quarter of fiscal year 2022.

Our income from operations for fiscal year 2023 was \$38.9 million, after depreciation expense of \$13.5 million. Income from operations in fiscal year 2022 was \$64.8 million, after depreciation expense of \$14.0 million. Gross profit for fiscal year 2023 was \$89.4 million, or 13.0 percent of net sales, compared to \$118.1 million, or 16.8 percent of net sales for fiscal year 2022.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, “There are many different ways the go-forward economy could turn and little consensus on which direction is the most likely. As such, we continue to focus on positioning Webco for various economic environments by maintaining a strong balance sheet and good liquidity and making compelling investments in our business. Our total cash, short-term investments and available credit on our revolver were \$89.4 million at July 31, 2023, which we believe to be a competitive advantage.”



Selling, general and administrative expenses were \$14.0 million in the fourth quarter of fiscal 2023 and \$10.0 million in the fourth quarter of fiscal 2022. SG&A expenses were \$50.5 million in fiscal year 2023 and \$53.3 million for fiscal year 2022. SG&A expenses in fiscal year 2023 reflect a decrease in costs associated with lower profitability, such as company-wide incentive compensation and variable pay programs, offset by inflation we have experienced in wages and other expenses.

Interest expense was \$1.3 million in the fourth quarter of fiscal year 2023 and \$1.2 million in the same quarter of fiscal year 2022. Interest expense was \$6.1 million and \$3.3 million in the current and prior fiscal years, respectively. Fed funds rate increases by the Federal Reserve have increased the variable rate component on our senior credit facility, causing most of the increase in interest expense.

Capital expenditures incurred amounted to \$10.8 million in the fourth quarter of fiscal year 2023 and \$34.7 million for fiscal year 2023. Included in our capital spending is ongoing construction of our F. William Weber Leadership Campus, which will house our Tech Center, Webco University and corporate headquarters. The Tech Center will be the tip of the spear leading Webco's trusted and technical brand throughout our industry and Webco University is the mechanism through which we educate and engage our trusted teammates.

As of July 31, 2023, we had \$72.0 million of available borrowing capacity under our senior revolving credit facility. Availability on the revolver, which had \$68.9 million drawn at July 31, 2023, was subject to advance rates on eligible accounts receivable and inventories. Borrowing decreased primarily due to reduced working capital levels. 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 fiscal year 2028 maturity.

Webco's stock repurchase program authorizes the purchase of our outstanding common stock in private or open market transactions. The Company's Board of Directors recently refreshed the repurchase program with a new limit of up to \$40 million and extended the program's expiration until July 31, 2026. We did not purchase any of our stock during the fourth quarter of fiscal year 2023. The number of shares repurchased in the current fiscal year totaled almost 4,100 shares. Webco purchased over 140,000 shares over the course of the three prior 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 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 gases; volatility in oil, natural gas and power cost and availability; world-wide or national transition from hydrocarbon sources of energy that adversely impact demand for our products; 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 crises; 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; our inability or unwillingness to comply with rules required to maintain the quotation of our shares on any market place; 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		Year Ended	
	July 31,		July 31,	
	2023	2022	2023	2022
Net sales	\$ 156,439	\$ 172,534	\$ 686,916	\$ 704,048
Cost of sales	131,947	151,438	597,544	585,904
Gross profit	24,492	21,096	89,372	118,144
Selling, general & administrative expenses	14,005	9,963	50,465	53,341
Income (loss) from operations	10,487	11,133	38,907	64,803
Interest expense	1,302	1,193	6,089	3,267
Pretax income (loss)	9,186	9,941	32,818	61,535
Provision for (benefit from) income taxes	1,838	1,711	6,174	13,184
Net income (loss)	\$ 8,348	\$ 8,230	\$ 26,644	\$ 48,351
Net income (loss) per share:				
Basic	\$ 10.56	\$ 10.77	\$ 34.46	\$ 62.87
Diluted	\$ 10.25	\$ 10.28	\$ 33.19	\$ 59.61
Weighted average common shares outstanding:				
Basic	790,000	764,000	773,000	769,000
Diluted	814,000	800,000	803,000	811,000

CONSOLIDATED CASH FLOW DATA
(Dollars in thousands – Unaudited)

	Three Months Ended		Year Ended	
	July 31,		July 31,	
	2023	2022	2023	2022
Net cash provided by (used in) operating activities	\$ 23,026	\$ 9,432	\$ 82,876	\$ (15,734)
Depreciation and amortization	\$ 3,743	\$ 4,071	\$ 13,702	\$ 14,576
Cash paid for capital expenditures	\$ 7,658	\$ 6,455	\$ 31,735	\$ 21,642

Notes: Amounts may not sum due to rounding.



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

	July 31, 2023	July 31, 2022
Current assets:		
Cash	\$ 6,208	\$ 12,739
Certificates of deposit	1,000	-
U.S. Treasury Bonds	14,858	-
Accounts receivable	68,478	83,657
Inventories, net	207,976	244,311
Prepaid expenses	2,628	11,847
Total current assets	<u>301,148</u>	<u>352,553</u>
Property, plant and equipment, net	144,717	123,136
Right of use, finance leases, net	1,196	1,181
Right of use, operating leases, net	23,210	21,592
Other long-term assets	<u>13,405</u>	<u>9,686</u>
Total assets	<u>\$ 483,676</u>	<u>\$ 508,148</u>
Current liabilities:		
Accounts payable	\$ 33,463	\$ 53,255
Accrued liabilities	34,846	33,614
Current portion of long-term debt	68,554	114,210
Current portion of finance lease liabilities	407	611
Current portion of operating lease liabilities	4,785	4,484
Total current liabilities	<u>142,055</u>	<u>206,175</u>
Long-term debt, net of current portion	20,000	12,000
Finance lease liabilities, net of current portion	814	613
Operating lease liabilities, net of current portion	18,330	17,083
Deferred tax liability	-	-
Stockholders' equity:		
Common stock	8	8
Additional paid-in capital	52,559	48,424
Retained earnings	249,910	223,846
Total stockholders' equity	<u>302,477</u>	<u>272,277</u>
Total liabilities and stockholders' equity	<u>\$ 483,676</u>	<u>\$ 508,148</u>

Notes: Amounts may not sum due to rounding.