



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

For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2024 FIRST QUARTER RESULTS

SAND SPRINGS, Oklahoma, November 28, 2023 – Webco Industries, Inc. (OTC: WEBC) today reported results for our first quarter of fiscal year 2024, which ended October 31, 2023.

For our first quarter of fiscal year 2024, we had a net income of \$5.1 million, or \$6.25 per diluted share, while in our first quarter of fiscal year 2023, we had net income of \$8.4 million, or \$10.54 per diluted share. Net sales for the first quarter of fiscal 2024 were \$157.8 million, a 16.3 percent decrease from the \$188.5 million of sales in the first quarter of fiscal year 2023.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, “There are so many factors affecting the global and industrial economies today that it is hard to know how they will affect any given market, let alone the broader go-forward economy. There is little consensus on what we should expect in the near term. As such, we continue to focus on positioning Webco for various economic environments and opportunities 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 \$102.7 million at October 31, 2023, which we believe to be a competitive advantage.”

In the first quarter of fiscal year 2024, we had income from operations of \$8.0 million after depreciation of \$3.7 million. The first fiscal quarter of the prior year generated income from operations of \$12.4 million after depreciation of \$3.2 million. Gross profit for the first quarter of fiscal 2024 was \$21.6 million, or 13.7 percent of net sales, compared to \$26.0 million, or 13.8 percent of net sales, for the first quarter of fiscal year 2023.

Selling, general and administrative expenses were \$13.6 million in the first quarter of fiscal 2024 and \$13.6 million in the first quarter of fiscal 2023. SG&A expenses 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 first quarter of fiscal year 2024 and \$1.5 million in the same quarter of fiscal year 2023. The impact of increases in the variable rate component on



our senior credit facility resulting from Fed funds rate increases by the Federal Reserve have been offset by a significant reduction in average debt balances.

Capital expenditures incurred amounted to \$10.1 million in the first quarter of fiscal year 2024. 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 October 31, 2023, we had \$21.8 million in cash and short-term investments, in addition to \$80.9 million of available borrowing under our \$220 million senior revolving credit facility. Availability on the revolver, which had \$63.2 million drawn at October 31, 2023, was subject to advance rates on eligible accounts receivable and inventories. 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 our outstanding common stock in private or open market transactions. In September 2023, the Company's Board of Directors 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 first quarter of fiscal year 2024. The number of shares repurchased in the prior fiscal year totaled approximately 4,000 shares. Webco purchased over 144,000 shares over the course of the four 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.

Risk Factors and Forward-looking statements: Certain statements in this release, including, but not limited to, those preceded by or predicated upon the words "anticipates," "appears," "believes," "estimates," "expects," "forever," "hopes," "intends," "plans," "projects,"



“pursue,” “should,” “will,” “wishes,” 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. No assurance is provided that current results are indicative of those that will be realized in the future.

- TABLES FOLLOW -



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

	Three Months Ended October 31,	
	2023	2022
Net sales	\$ 157,837	\$ 188,524
Cost of sales	136,231	162,533
Gross profit	21,606	25,992
Selling, general & administrative expenses	13,629	13,598
Income (loss) from operations	7,977	12,393
Interest expense	1,293	1,483
Pretax income (loss)	6,684	10,911
Provision for (benefit from) income taxes	1,600	2,503
Net income (loss)	\$ 5,084	\$ 8,407
Net income (loss) per share:		
Basic	\$ 6.43	\$ 11.04
Diluted	\$ 6.25	\$ 10.54
Weighted average common shares outstanding:		
Basic	790,000	762,000
Diluted	814,000	798,000

CASH FLOW DATA
(Dollars in thousands - Unaudited)

	Three Months Ended October 31,	
	2023	2022
Net cash provided by (used in) operating activities	\$ 18,050	\$ (99)
Depreciation and amortization	\$ 3,696	\$ 3,307
Cash paid for capital expenditures	\$ 12,588	\$ 7,899

Notes: Amounts may not sum due to rounding.



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

	October 31, 2023	July 31, 2023
Current assets:		
Cash	\$ 6,973	\$ 6,208
Certificates of deposit	500	1,000
U.S. Treasury Bonds	14,312	14,858
Accounts receivable	73,614	68,478
Inventories, net	193,426	207,976
Prepaid expenses	4,055	2,628
Total current assets	<u>292,880</u>	<u>301,148</u>
Property, plant and equipment, net	151,234	144,717
Right of use, finance leases, net	1,235	1,196
Right of use, operating leases, net	23,323	23,210
Other long-term assets	<u>13,524</u>	<u>13,405</u>
Total assets	<u>\$ 482,197</u>	<u>\$ 483,676</u>
Current liabilities:		
Accounts payable	\$ 29,438	\$ 33,463
Accrued liabilities	37,610	34,846
Current portion of long-term debt	62,932	68,554
Current portion of finance lease liabilities	424	407
Current portion of operating lease liabilities	5,069	4,785
Total current liabilities	<u>135,473</u>	<u>142,055</u>
Long-term debt, net of current portion	20,000	20,000
Finance lease liabilities, net of current portion	840	814
Operating lease liabilities, net of current portion	18,142	18,330
Stockholders' equity:		
Common stock	8	8
Additional paid-in capital	52,739	52,559
Retained earnings	254,994	249,910
Total stockholders' equity	<u>307,741</u>	<u>302,478</u>
Total liabilities and stockholders' equity	<u>\$ 482,197</u>	<u>\$ 483,676</u>

Notes: Amounts may not sum due to rounding.