



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

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2024 FOURTH QUARTER AND YEAR END RESULTS

SAND SPRINGS, Oklahoma, September 30, 2024 – Webco Industries, Inc. (OTC: WEBC) today reported results for our fourth fiscal quarter and year ended July 31, 2024.

For our fourth quarter of fiscal year 2024, we had a net income of \$4.3 million, or \$4.94 per diluted share, while in our fourth quarter of fiscal year 2023, we had net income of \$8.3 million, or \$10.25 per diluted share. Net sales for the fourth quarter of fiscal 2024 were \$151.4 million, a 3.2 percent decrease from the \$156.4 million of sales in the fourth quarter of fiscal year 2023.

For fiscal year 2024, we generated a net income of \$16.1 million, or \$19.24 per diluted share, compared to a net income of \$26.6 million, or \$33.19 per diluted share, in fiscal year 2023. Net sales for fiscal year 2024 amounted to \$608.4 million, an 11.4 percent decrease from the \$686.9 million in sales for last fiscal year.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, “The last few quarters have been slower than we have experienced in the past several years, which is consistent with our view of the overall domestic manufacturing economy. Further, we have certain markets that are being adversely impacted by foreign imports. 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 \$90.5 million at July 31, 2024, which we believe to be a competitive advantage.”

In the fourth quarter of fiscal year 2024, we had income from operations of \$4.3 million after depreciation of \$4.2 million. The fourth fiscal quarter of the prior year generated income from operations of \$10.5 million after depreciation of \$3.7 million. Gross profit for the fourth quarter of fiscal 2024 was \$17.6 million, or 11.6 percent of net sales, compared to \$24.5 million, or 15.7 percent of net sales, for the fourth quarter of fiscal year 2023.

Our income from operations for fiscal year 2024 was \$20.9 million, after depreciation expense of \$15.4 million. Income from operations in fiscal year 2023 was \$38.9 million, after



depreciation expense of \$13.5 million. Gross profit for fiscal 2024 was \$71.8 million, or 11.8 percent of net sales, compared to \$89.4 million, or 13.0 percent of net sales for fiscal year 2023.

Selling, general and administrative expenses were \$13.2 million in the fourth quarter of fiscal 2024 and \$14.0 million in the fourth quarter of fiscal 2023. SG&A expenses were \$50.9 million in fiscal year 2024 and \$50.5 million in fiscal year 2023. SG&A expenses in fiscal year 2024 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 \$1.0 million in the fourth quarter of fiscal year 2024 and \$1.3 million in the same quarter of fiscal year 2023. Interest expense was \$4.0 million and \$6.1 million in the current and prior fiscal years, respectively. Average construction-based investments increased in fiscal year 2024 and, as a result, capitalized interest increased \$1.1 million from fiscal year 2023. Capitalized interest in the two fiscal fourth quarter periods were equal. Capitalized interest decreases net interest expense. Notwithstanding capitalized interest, the impact of increased interest rates was more than offset by lower average debt balances.

Capital expenditures incurred amounted to \$10.6 million in the fourth quarter of fiscal year 2024 and \$39.0 million for fiscal year 2024. Included in our capital spending was the construction of our F. William Weber Leadership Campus, which houses our Tech Center and corporate headquarters. The Tech Center will be the tip of the spear leading Webco's trusted and technical brand throughout our industry.

As of July 31, 2024, we had \$17.1 million in cash and short-term investments, in addition to \$73.4 million of available borrowing under our \$220 million senior revolving credit facility. Availability on the revolver, which had \$51.1 million drawn at July 31, 2024, 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 purchased 5,900 shares of our stock during the fourth quarter of fiscal year 2024 bringing the total number of shares purchased in fiscal year 2024 to 10,300. Including the current fiscal year, Webco has purchased approximately 155,000 shares



over the course of the last five 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. Our F. William Weber Leadership Campus is in Sand Springs, Oklahoma and houses our corporate offices and our TechCenter™, providing a state-of-the-art laboratory and R & D facility to lead and develop technical solutions.

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 STATEMENT OF OPERATIONS
(Dollars in thousands, except per share data – Unaudited)

	Three Months Ended		Fiscal Year Ended	
	July 31,		July 31,	
	2024	2023	2024	2023
Net sales	\$ 151,397	\$ 156,439	\$ 608,440	\$ 686,916
Cost of sales	133,834	131,947	536,603	597,544
Gross profit	17,563	24,492	71,837	89,372
Selling, general & administrative expenses	13,225	14,005	50,898	50,465
Income (loss) from operations	4,338	10,487	20,939	38,907
Interest expense	975	1,302	4,021	6,089
Pretax income (loss)	3,363	9,186	16,918	32,818
Provision for (benefit from) income taxes	(903)	838	868	6,174
Net income (loss)	\$ 4,266	\$ 8,348	\$ 16,050	\$ 26,644
Net income (loss) per share:				
Basic	\$ 5.32	\$ 10.56	\$ 20.14	\$ 34.46
Diluted	\$ 4.94	\$ 10.25	\$ 19.24	\$ 33.19
Weighted average common shares outstanding:				
Basic	802,000	790,000	797,000	773,000
Diluted	864,000	814,000	834,000	803,000

CONSOLIDATED CASH FLOW DATA
(Dollars in thousands – Unaudited)

	Three Months Ended		Fiscal Year Ended	
	July 31,		July 31,	
	2024	2023	2024	2023
Net cash provided by (used in) operating activities	\$ 9,494	\$ 23,026	\$ 65,596	\$ 82,876
Depreciation and amortization	\$ 4,283	\$ 3,743	\$ 15,600	\$ 13,702
Cash paid for capital expenditures	\$ 11,765	\$ 7,658	\$ 43,006	\$ 31,735

Notes: Amounts may not sum due to rounding.



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

	July 31, 2024	July 31, 2023
Current assets:		
Cash	\$ 1,171	\$ 6,208
Certificates of deposit	-	1,000
U.S. Treasury Bonds	15,903	14,858
Accounts receivable	70,249	68,478
Inventories, net	169,513	207,976
Prepaid expenses	9,530	2,628
Total current assets	<u>266,366</u>	<u>301,148</u>
Property, plant and equipment, net	168,186	144,717
Right of use, finance leases, net	1,043	1,196
Right of use, operating leases, net	21,879	23,210
Other long-term assets	<u>15,611</u>	<u>13,405</u>
Total assets	<u>\$ 473,085</u>	<u>\$ 483,676</u>
Current liabilities:		
Accounts payable	\$ 28,109	\$ 33,463
Accrued liabilities	33,066	34,846
Current portion of long-term debt	49,115	68,554
Current portion of finance lease liabilities	429	407
Current portion of operating lease liabilities	5,063	4,785
Total current liabilities	<u>115,782</u>	<u>142,055</u>
Long-term debt, net of current portion	20,000	20,000
Finance lease liabilities, net of current portion	657	814
Operating lease liabilities, net of current portion	16,653	18,330
Deferred tax liability	886	-
Stockholders' equity:		
Common stock	8	8
Additional paid-in capital	54,256	52,559
Retained earnings	264,842	249,910
Total stockholders' equity	<u>319,107</u>	<u>302,478</u>
Total liabilities and stockholders' equity	<u>\$ 473,085</u>	<u>\$ 483,676</u>

Notes: Amounts may not sum due to rounding.