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For Immediate Release

WEBCO INDUSTRIES, INC. REPORTS FISCAL 2025 FIRST QUARTER RESULTS

SAND SPRINGS, Oklahoma, December 2, 2024 – Webco Industries, Inc. (OTC: WEBC) today reported results for our first quarter of fiscal year 2025, which ended October 31, 2024.

For our first quarter of fiscal year 2025, we had a net loss of \$0.1 million, or a loss of \$0.13 per diluted share, while in our first quarter of fiscal year 2024, we had net income of \$5.1 million, or \$6.25 per diluted share. Net sales for the first quarter of fiscal 2025 were \$141.4 million, a 10.4 percent decrease from the \$157.8 million of sales in the first quarter of fiscal year 2024.

Dana S. Weber, Chief Executive Officer and Board Chair, stated, “The domestic manufacturing economy has been worsening over the past year. 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 \$89.0 million at October 31, 2024, which we believe to be a competitive advantage.”

In the first quarter of fiscal year 2025, we had income from operations of \$1.1 million after depreciation of \$4.7 million. The first fiscal quarter of the prior year generated income from operations of \$8.0 million after depreciation of \$3.7 million. Gross profit for the first quarter of fiscal 2025 was \$13.6 million, or 9.7 percent of net sales, compared to \$21.6 million, or 13.7 percent of net sales, for the first quarter of fiscal year 2024.

Selling, general and administrative expenses were \$12.6 million in the first quarter of fiscal 2025 and \$13.6 million in the first quarter of fiscal 2024. SG&A expenses in the first quarter of fiscal year 2025 reflect a decrease in costs related to 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 \$1.2 million in the first quarter of fiscal year 2025 and \$1.3 million in the same quarter of fiscal year 2024. Average construction-based investments decreased in fiscal year 2025 and, as a result, capitalized interest decreased \$0.2 million when compared to the



first quarter of fiscal year 2024. Capitalized interest decreases net interest expense in the consolidated statement of operations. Notwithstanding capitalized interest, the impact of increased interest rates was more than offset by lower average debt balances.

Capital expenditures incurred amounted to \$5.1 million in the first quarter of fiscal year 2025, down from \$10.1 in the first quarter of fiscal year 2024. Included in our capital spending for the first quarter of fiscal year 2024 was construction of our F. William Weber Leadership Campus, which houses our Tech Center and corporate headquarters. The Tech Center, which is the tip of the spear that leads Webco's trusted and technical brand throughout our industry, was completed in the fourth quarter of fiscal year 2024.

As of October 31, 2024, we had \$18.6 million in cash and short-term investments, in addition to \$70.4 million of available borrowing under our \$220 million senior revolving credit facility. Availability on the revolver, which had \$44.0 million drawn at October 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 2,850 shares of our stock during the first quarter of fiscal year 2025. Including the current fiscal year, Webco has purchased approximately 158,000 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 Webco 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; the 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; significant shifts in product demand away from internal combustion engine automobiles; 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 inability 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,	
	2024	2023
Net sales	\$ 141,386	\$ 157,837
Cost of sales	127,740	136,231
Gross profit	13,646	21,606
Selling, general & administrative expenses	12,564	13,629
Income (loss) from operations	1,082	7,977
Interest expense	1,151	1,293
Pretax income (loss)	(69)	6,684
Provision for (benefit from) income taxes	37	1,600
Net income (loss)	\$ (106)	\$ 5,084
Net income (loss) per share:		
Basic	\$ (0.13)	\$ 6.43
Diluted	\$ (0.13)	\$ 6.25
Weighted average common shares outstanding:		
Basic	798,000	790,000
Diluted	798,000	814,000

CASH FLOW DATA
(Dollars in thousands - Unaudited)

	Three Months Ended October 31,	
	2024	2023
Net cash provided by (used in) operating activities	\$ 13,851	\$ 18,050
Depreciation and amortization	\$ 4,694	\$ 3,696
Cash paid for capital expenditures	\$ 5,551	\$ 12,588

Notes: Amounts may not sum due to rounding.



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

	October 31, 2024	July 31, 2024
Current assets:		
Cash	\$ 2,485	\$ 1,171
U.S. Treasury Bonds	16,103	15,903
Accounts receivable	58,668	70,249
Inventories, net	174,673	169,513
Prepaid expenses	9,303	9,530
Total current assets	<u>261,233</u>	<u>266,366</u>
Property, plant and equipment, net	168,748	168,186
Right of use, finance leases, net	954	1,043
Right of use, operating leases, net	21,891	21,879
Other long-term assets	<u>15,696</u>	<u>15,611</u>
Total assets	<u>\$ 468,522</u>	<u>\$ 473,085</u>
Current liabilities:		
Accounts payable	\$ 30,230	\$ 28,109
Accrued liabilities	32,706	33,066
Current portion of long-term debt, net	43,799	49,115
Current portion of finance lease liabilities	427	429
Current portion of operating lease liabilities	5,178	5,063
Total current liabilities	<u>112,340</u>	<u>115,782</u>
Long-term debt, net of current portion	20,000	20,000
Finance lease liabilities, net of current portion	574	657
Operating lease liabilities, net of current portion	16,577	16,653
Deferred tax liability	39	886
Stockholders' equity:		
Common stock	9	9
Additional paid-in capital	54,545	54,256
Retained earnings	264,437	264,842
Total stockholders' equity	<u>318,991</u>	<u>319,107</u>
Total liabilities and stockholders' equity	<u>\$ 468,522</u>	<u>\$ 473,085</u>

Notes: Amounts may not sum due to rounding.