



NEWS RELEASE

Insteel Industries Reports First Quarter 2026 Results

2026-01-15

MOUNT AIRY, N.C.--(BUSINESS WIRE)-- Insteel Industries Inc. (NYSE: IIIN) ("Insteel" or the "Company"), the largest manufacturer of steel wire reinforcing products for concrete construction applications in the United States, today reported financial results for its first quarter of fiscal 2026, ended December 27, 2025.

First Quarter 2026 Highlights

- Payment of special cash dividend totaling \$19.4 million, or \$1.00 per share
- Net sales of \$159.9 million
- Gross profit of \$18.1 million, or 11.3% of net sales
- Net income of \$7.6 million, or \$0.39 per share
- Net cash balance of \$15.6 million and no debt outstanding as of December 27, 2025
- Positive momentum with a strengthening outlook

First Quarter 2026 Results

Net earnings for the first quarter of fiscal 2026 increased to \$7.6 million, or \$0.39 per share, compared with \$1.1 million, or \$0.06 per share, in the prior year quarter. Prior year results included \$1.0 million in restructuring charges and acquisition-related costs, which reduced net earnings per share by \$0.04. Insteel's first quarter results were driven by stronger demand for the Company's concrete reinforcement products, which supported wider spreads between selling pricing and raw material costs.

Net sales increased 23.3% to \$159.9 million from \$129.7 million in the prior year quarter, driven by an 18.8% increase in average selling prices and a 3.8% rise in shipments. Higher average selling prices reflect pricing actions taken over the course of last year to offset increased raw material and operating costs. Shipments for the current

quarter benefited from favorable demand trends in our infrastructure and commercial construction markets, as well as incremental contributions from our prior year acquisitions. Sequentially, shipments decreased 9.7% from the fourth quarter of fiscal 2025, reflecting the usual seasonal slowdown, while average selling prices were essentially unchanged. Gross margin expanded by 400 basis points to 11.3%, from 7.3% in the prior year quarter, driven by wider spreads, higher shipment volumes and lower unit manufacturing costs.

Operating activities used \$0.7 million of cash during the quarter compared with generating \$19.0 million in the prior year quarter, primarily due to the relative change in net working capital, partially offset by higher earnings. Net working capital used \$16.6 million in the current quarter, driven by higher inventories resulting from increased international steel wire rod purchases due to limited domestic availability. In contrast, net working capital provided \$12.3 million in the prior year quarter.

Capital Allocation and Liquidity

Capital expenditures for the first quarter of fiscal 2026 decreased to \$1.5 million from \$2.7 million in the prior year quarter. Capital outlays for fiscal 2026 are expected to total up to approximately \$20.0 million, primarily focused on cost and productivity improvement initiatives as well as recurring maintenance requirements.

On December 12, 2025, Insteel paid a special cash dividend totaling \$19.4 million, or \$1.00 per share, in addition to its regular quarterly cash dividend of \$0.03 per share and ended the quarter with \$15.6 million of cash and no borrowings outstanding on its \$100.0 million revolving credit facility.

Outlook

"Despite industry statistics that would indicate softening construction activity, our markets were resilient during our first quarter and shipment volumes held up," said H.O. Woltz III, Insteel's President and CEO. "Nonresidential construction remained a key demand driver, supported by infrastructure spending and data center activity. While residential markets remain soft, we are encouraged by early signs of stabilization. As anticipated, first quarter shipments reflected the typical seasonal slowdown, and margins were impacted by the consumption of higher-cost raw material inventories."

Mr. Woltz added, "While forecasters have raised questions surrounding future construction activity, we continue to experience positive customer sentiment and expect 2026 to offer solid opportunity for Insteel. The downward trajectory of interest rates, together with contributions from our recent investments, causes us to be optimistic about our prospects. With that said, we remain concerned about the significant steel price premium in the U.S. relative to the global market, and we expect finished products markets exposed to imports to remain highly competitive. As we have stated previously, only about 10% of our revenues are directly affected by import

competition. Looking ahead, we are optimistic that Insteel is positioned for a year of strong performance."

Conference Call

Insteel will hold a conference call at 10:00 a.m. ET today to discuss its first quarter financial results. A live webcast of this call can be accessed on Insteel's website at <https://investor.insteel.com> and will be archived for replay.

About Insteel

Insteel is the nation's largest manufacturer of steel wire reinforcing products for concrete construction applications. Insteel manufactures and markets prestressed concrete strand and welded wire reinforcement, including engineered structural mesh ("ESM"), concrete pipe reinforcement and standard welded wire reinforcement. Insteel's products are sold primarily to manufacturers of concrete products and concrete contractors for use, primarily, in nonresidential construction applications. Headquartered in Mount Airy, North Carolina, Insteel operates 11 manufacturing facilities located in the United States.

Cautionary Note Regarding Forward-Looking Statements

This news release contains forward-looking statements within the meaning of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. When used in this news release, the words "believes," "anticipates," "expects," "estimates," "appears," "plans," "intends," "may," "should," "could" and similar expressions are intended to identify forward-looking statements. Although we believe that our plans, intentions and expectations reflected in or suggested by such forward-looking statements are reasonable, they are subject to several risks and uncertainties, and we can provide no assurances that such plans, intentions or expectations will be implemented or achieved. Many of these risks and uncertainties are discussed in detail in our Annual Report on Form 10-K for the year ended September 27, 2025 and may be updated from time to time in our other filings with the U.S. Securities and Exchange Commission (the "SEC").

All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. All forward-looking statements speak only to the respective dates on which such statements are made, and we do not undertake any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events, except as may be required by law.

It is not possible to anticipate and list all risks and uncertainties that may affect our business, future operations or financial performance; however, they include, but are not limited to, the following: general economic and

competitive conditions in the markets in which we operate, including uncertainty over global trade policies and the financial impact of related tariffs and retaliatory tariffs; changes in the spending levels for nonresidential and residential construction and the impact on demand for our products; changes in the amount and duration of transportation funding provided by federal, state and local governments and the impact on spending for infrastructure construction and demand for our products; the cyclical nature of the steel and building material industries; credit market conditions and the relative availability of financing for us, our customers and the construction industry as a whole; the impact of rising interest rates on the cost of financing for our customers; fluctuations in the cost and availability of our primary raw material, hot-rolled carbon steel wire rod, from domestic and foreign suppliers; competitive pricing pressures and our ability to raise selling prices in order to recover increases in raw material or operating costs; changes in United States or foreign trade policy affecting imports or exports of steel wire rod or our products; unanticipated changes in customer demand, order patterns and inventory levels; the impact of fluctuations in demand and capacity utilization levels on our unit manufacturing costs; our ability to further develop the market for ESM and expand our shipments of ESM; legal, environmental, economic or regulatory developments that significantly impact our business or operating costs; unanticipated plant outages, equipment failures or labor difficulties; the impact of cybersecurity breaches and data leaks; and the "Risk Factors" discussed in our Annual Report on Form 10-K for the year ended September 27, 2025, and in other filings made by us with the SEC.

INSTEEL INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
 (In thousands except for per share data)
 (Unaudited)

| | Three Months Ended | |
|---|------------------------------|------------------------------|
| | December 27, 2025 | December 28, 2024 |
| Net sales | \$ 159,924 | \$ 129,720 |
| Cost of sales | 141,864 | 120,191 |
| Gross profit | 18,060 | 9,529 |
| Selling, general and administrative expense | 8,760 | 7,887 |
| Restructuring charges, net | 51 | 696 |
| Acquisition costs | - | 271 |
| Other income, net | (11) | (14) |
| Interest expense | 13 | 13 |
| Interest income | (370) | (786) |
| Earnings before income taxes | 9,617 | 1,462 |
| Income taxes | 2,024 | 381 |
| Net earnings | \$ 7,593 | \$ 1,081 |
| Net earnings per share: | | |
| Basic | \$ 0.39 | \$ 0.06 |
| Diluted | 0.39 | 0.06 |
| Weighted average shares outstanding: | | |
| Basic | 19,472 | 19,497 |
| Diluted | 19,551 | 19,550 |
| Cash dividends declared per share | \$ 1.03 | \$ 1.03 |

INSTEEL INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands)

| | (Unaudited) | | |
|---|-------------------------|-------------------------|--------------------------|
| | December 27, 2025 | December 28, 2024 | September 27, 2025 |
| Assets | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 15,589 | \$ 35,951 | \$ 38,630 |
| Accounts receivable, net | 64,601 | 49,442 | 78,719 |
| Inventories | 172,287 | 98,670 | 137,776 |
| Other current assets | 5,742 | 8,422 | 6,822 |
| Total current assets | <u>258,219</u> | <u>192,485</u> | <u>261,947</u> |
| Property, plant and equipment, net | 126,327 | 136,379 | 128,691 |
| Intangible assets, net | 16,138 | 17,998 | 16,553 |
| Goodwill | 37,755 | 35,641 | 37,755 |
| Other assets | 17,694 | 22,196 | 17,704 |
| Total assets | <u>\$ 456,133</u> | <u>\$ 404,699</u> | <u>\$ 462,650</u> |
| Liabilities and shareholders' equity | | | |
| Current liabilities: | | | |
| Accounts payable | \$ 57,299 | \$ 36,724 | \$ 48,173 |
| Accrued expenses | 14,897 | 10,360 | 17,836 |
| Total current liabilities | <u>72,196</u> | <u>47,084</u> | <u>66,009</u> |
| Other liabilities | 25,094 | 25,965 | 25,109 |
| Commitments and contingencies | | | |
| Shareholders' equity: | | | |
| Common stock | 19,396 | 19,431 | 19,420 |
| Additional paid-in capital | 89,733 | 86,919 | 89,402 |
| Retained earnings | 249,750 | 225,908 | 262,746 |
| Accumulated other comprehensive loss | (36) | (608) | (36) |
| Total shareholders' equity | <u>358,843</u> | <u>331,650</u> | <u>371,532</u> |
| Total liabilities and shareholders' equity | <u>\$ 456,133</u> | <u>\$ 404,699</u> | <u>\$ 462,650</u> |

INSTEEL INDUSTRIES INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(Unaudited)

| | Three Months Ended | |
|--|-------------------------|-------------------------|
| | December 27, 2025 | December 28, 2024 |
| Cash Flows From Operating Activities: | | |
| Net earnings | \$ 7,593 | \$ 1,081 |
| Adjustments to reconcile net earnings to net cash (used for) provided by operating activities: | | |
| Depreciation and amortization | 4,553 | 4,429 |
| Amortization of capitalized financing costs | 13 | 13 |
| Stock-based compensation expense | 441 | 345 |
| Deferred income taxes | 148 | 777 |
| Asset impairment charges | - | 273 |
| Loss on sale and disposition of property, plant and equipment | 20 | 3 |
| Increase in cash surrender value of life insurance policies over premiums paid | (249) | - |
| Net changes in assets and liabilities (net of assets and liabilities acquired): | | |
| Accounts receivable, net | 14,118 | 8,866 |
| Inventories | (34,511) | 2,640 |
| Accounts payable and accrued expenses | 3,771 | 754 |
| Other changes | 3,402 | (198) |
| Total adjustments | <u>(8,294)</u> | <u>17,902</u> |
| Net cash (used for) provided by operating activities | <u>(701)</u> | <u>18,983</u> |
| Cash Flows From Investing Activities: | | |
| Acquisition of businesses | - | (71,456) |
| Capital expenditures | (1,494) | (2,667) |
| (Increase) decrease in cash surrender value of life insurance policies | (126) | 184 |
| Proceeds from surrender of life insurance policies | 3 | - |

| | | | | |
|--|--|-----------|--|-----------|
| Net cash used for investing activities | | (1,617) | | (73,939) |
| Cash Flows From Financing Activities: | | | | |
| Proceeds from long-term debt | | 67 | | 69 |
| Principal payments on long-term debt | | (67) | | (69) |
| Cash dividends paid | | (19,978) | | (20,014) |
| Repurchases of common stock | | (745) | | (617) |
| Net cash used for financing activities | | (20,723) | | (20,631) |
| Net decrease in cash and cash equivalents | | (23,041) | | (75,587) |
| Cash and cash equivalents at beginning of period | | 38,630 | | 111,538 |
| Cash and cash equivalents at end of period | | \$ 15,589 | | \$ 35,951 |

Supplemental Disclosures of Cash Flow Information:

| | | | | |
|--|--|-------|--|-------|
| Cash paid during the period for: | | | | |
| Income taxes, net | | \$ 67 | | \$ 40 |
| Non-cash investing and financing activities: | | | | |
| Purchases of property, plant and equipment in accounts payable | | 1,849 | | 1,352 |
| Accrued liability related to holdback for business acquired | | - | | 657 |

Scot Jafroodi
 Vice President,
 Chief Financial Officer and Treasurer
 Insteel Industries Inc.
 (336) 786-2141

Source: Insteel Industries Inc.