

## The L.S. Starrett Company Announces Fiscal 2022 Results

*Fiscal 2022 net sales increased 15% and operating income improved 30% compared to fiscal 2021*

ATHOL, MA. – August 25, 2022 – The L.S. Starrett [Company \(NYSE: SCX\)](#) (“Starrett” or “the Company”) a global innovator, manufacturer and marketer of precision measuring tools, cutting tools and equipment, and high-end metrology solutions for industrial, professional, and consumer markets, today announced operating results for the fiscal year ending June 30, 2022.

*Financial results include non-GAAP financial measures. These non-GAAP measures are more fully described and are reconciled from the respective measures determined under GAAP in the section titled “Use of Non-GAAP Financial Measures” and the attached tables.*

### **Fiscal 2022 Financial Highlights**

- Net sales for fiscal 2022 of \$253.7 million increased 15.5% compared to fiscal 2021. Most areas of the business continued to exceed pre-pandemic order intake levels throughout the fiscal year, and as of June 30, 2022, backlog remained at historical high levels. Currency neutral net sales were \$251.7 million for fiscal 2022, representing an increase of 14.6% compared to the prior year.
- Gross margin for fiscal 2022 was 33.2%, compared to 33.4% in fiscal 2021. Benefits from the Company’s fiscal 2021 restructuring program had been offset in the first half of fiscal 2022 by macro and inflationary pressures, including increased supply chain costs related to the pandemic. In addition, labor shortages in North America drove significant wage increases and reduced plant utilization. In an effort to mitigate the impact of these challenges, the Company implemented price increases in the first quarter of fiscal 2022 in Brazil and the U.S. Additional price increases and surcharges on shipped orders were implemented during the third quarter. As a result of these initiatives, gross margin improved 270 basis points, from 31.8% in the first six months of fiscal 2022 to 34.5% in the last six months of the fiscal year.
- Fiscal 2022 operating income was \$21.6 million, or 8.5% of net sales, an improvement of \$5.0 million or 30% from \$16.6 million, or 7.5% of net sales, in fiscal 2021. Fiscal 2022 adjusted operating income was \$22.0 million, or 8.7% of net sales, an improvement of \$5.0 million, or 29%, from \$17.0 million, or 7.8% of net sales, in fiscal 2021.
- Fiscal 2022 diluted Earnings per Share (EPS) was \$2.00 for fiscal 2022 compared to \$2.11 for fiscal 2021. Adjusted EPS for fiscal 2022 was \$2.06, which excludes a restructuring charge of \$0.4 million. Adjusted diluted EPS for fiscal 2021 was \$1.81, which excludes a restructuring charge of \$3.7 million, a gain on the sale of a facility of \$3.2 million, and a one-time tax credit of \$2.6 million. (See Table 4)

“I am pleased the Company delivered another strong financial performance for fiscal 2022,” said Douglas A. Starrett, Chairman and Chief Executive Officer. “Today, we are better positioned than ever to leverage our strengths. We are in the business of providing application-based solutions to industry across our metrology and saw product portfolios. Starrett’s products are critical to the global supply chain. Our products help keep America and the world moving.”

*Use of Non-GAAP Financial Measures:*

The Company uses the following non-GAAP financial measures: “currency neutral net sales,” which are net sales calculated using actual exchange rates during the comparative prior year period, which the Company believes enhances the visibility of the underlying business trends excluding the impact of translation arising from foreign currency exchange rate fluctuations; “adjusted operating income,” which adjusts for restructuring costs and one-time gains on the sale of a building that are reflected in one period but not the other; and “adjusted diluted earnings per share,” which adjusts net income for any one-time tax credits or charges in addition to the same adjustments to operating income in order to show comparative operational performance between the two periods.

The Company discusses these non-GAAP financial measures because management believes they assist investors in comparing the Company’s performance across reporting periods on a consistent basis by eliminating items that the Company does not believe are indicative of its core operating performance. Such non-GAAP financial measures assist investors in understanding the ongoing operating performance of the Company by presenting financial results between periods on a more comparable basis. Such measures should be considered in addition to, and not in lieu of, the financial measures calculated and presented in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”).

References to currency neutral net sales, adjusted operating income, and adjusted earnings per share should not be considered in isolation or as a substitute for other financial measures calculated and presented in accordance with U.S. GAAP, and may not be comparable to similarly titled non-GAAP financial measures used by other companies. In evaluating these non-GAAP financial measures, investors should be aware that in the future the Company may incur expenses or be involved in transactions that are the same as or similar to some of the adjustments in this press release. The Company’s discussion of non-GAAP financial measures should not be construed to imply that its future results will be unaffected by any such adjustments. Non-GAAP financial measures have limitations as analytical tools, and investors should not consider them in isolation or as a substitute for analysis of our results as reported under U.S. GAAP.

*About The L.S. Starrett Company:*

Founded in 1880 by Laroy S. Starrett and incorporated in 1929, The L.S. Starrett Company is a leading manufacturer of high-end precision tools, cutting equipment, and metrology systems for industrial, professional and consumer markets and is engaged in the business of manufacturing over 5,000 different products for industrial, professional and consumer markets. The Company has a long history of global manufacturing experience and currently operates three major global manufacturing plants. All subsidiaries principally serve the global manufacturing industrial base with concentration in the metalworking, construction, machinery, equipment, aerospace and automotive markets. The Company offers its broad array of measuring and cutting products to the

market through multiple channels of distribution throughout the world. Starrett is a brand recognized around the world for precision, quality and innovation. For more information, please visit: <https://www.starrett.com>.

*Forward-Looking Statements:*

This press release contains forward-looking statements concerning the Company's expectations, anticipations, intentions, beliefs or strategies regarding the future. These forward-looking statements are based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. There can be no assurance that future developments affecting the Company will be those that it has anticipated. These forward-looking statements involve a number of risks, uncertainties (some of which are beyond its control) or other assumptions that may cause actual results or performance to be materially different from those expressed or implied by these forward-looking statements, and other risks and uncertainties described in its Annual Report on Form 10-K, which was filed with the Securities and Exchange Commission on September 2, 2021 in the section entitled "Risk Factors," and in its other filings from time to time with the Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should any of its assumptions prove incorrect, actual results may vary in material respects from those projected in these forward-looking statements. The Company undertakes no obligation to publicly update any forward-looking statements.

**L.S. Starrett Company**  
**Summary of Operations**  
**Fiscal Year ending June 30, 2022**

**TABLE 1**

	Fiscal Year Ended 6/30/2022	Comparison to Fiscal Year Ended 6/30/2021		
		FYE 6/30/2021	\$ Change	% Change
(Amounts in Thousands, except income per share)				
Net Sales	\$ 253,701	\$ 219,644	+34,057	15.5%
Gross Margin	84,246	73,342	10,904	14.9%
<i>as % of Net Sales</i>	<i>33.2%</i>	<i>33.4%</i>		
Selling, general, and administrative expenses	62,260	56,316	+5,944	10.6%
<i>as % of Net Sales</i>	<i>24.5%</i>	<i>25.6%</i>		
Restructuring Charges	432	3,664	(3,232)	-88.2%
Gain on sale of building	-	(3,204)	3,204	-100.0%
Operating income	21,554	16,566	+4,988	30.1%
<i>as % of Net Sales</i>	<i>8.5%</i>	<i>7.5%</i>		
Other (loss) income, net	(35)	860	(895)	-104.1%
Income before income taxes	21,519	17,426	+4,093	23.5%
Income tax expense	6,641	1,893	+4,748	250.8%
Net Income	\$ 14,878	\$ 15,533	(655)	-4.2%
Basic net income per share	\$ 2.06	\$ 2.20	\$ (0.14)	-6.4%
Diluted net income per share	\$ 2.00	\$ 2.11	\$ (0.11)	-5.2%

**L.S. Starrett Company**  
**Consolidated, Condensed Balance Sheet**  
**June 30, 2022**

**TABLE 2**

ASSETS	6/30/2022	6/30/2021
Cash	\$	14,523
Accounts receivable		42,961
Inventories, net		66,900
Prepaid expenses and other current assets		8,669
Total current assets		133,053
Property, plant and equipment, net		37,116
Other Long-Term Assets		29,385
Total assets	\$	199,554
LIABILITIES AND STOCKHOLDERS' EQUITY	6/30/2022	6/30/2021
Notes payable and current maturities of long-term debt		6,548
Accounts payable		14,624
Other Current Liabilities		20,008
Total current liabilities		41,180
Other Long Term Liabilities		7,102
Long-term debt, net of current portion		24,905
Postretirement benefit and pension obligations		23,938
Total Liabilities		97,125
Stockholders' Equity	102,429	83,535
Total Liabilities and Stockholders' Equity	\$	199,554

**L.S. Starrett Company**  
**Adjusted Operating Income Reconciliation**  
**Fiscal Year ending June 30, 2022**

TABLE 3

(Amounts in Thousands)	Fiscal Year Ended 6/30/2022	Comparison to Fiscal Year Ended 06/30/2021		
		FYE 6/30/2021	\$ Change	% Change
Operating income, as reported	\$ 21,554	\$ 16,566	+4,988	30.1%
Restructuring charges	432	3,664	(3,232)	-88.2%
Gain on sale of building	-	(3,204)	3,204	-
Adjusted operating income	\$ 21,986	\$ 17,026	+4,960	29.1%
<i>as % of Net Sales</i>	<i>8.7%</i>	<i>7.8%</i>		<i>+90 bp</i>

**L.S. Starrett Company**  
**Adjusted Net Income and EPS Reconciliations**  
**Fiscal Year ending June 30, 2022**

TABLE 4

(Amounts in Thousands)	Fiscal Year Ended 6/30/2022	Comparison to Fiscal Year Ended 6/30/2021		
		FYE 6/30/2021	\$ Change	% Change
Net Income, as reported	\$ 14,878	\$ 15,533	(655)	-4.2%
<b>Diluted earnings per share</b>	<b>\$ 2.00</b>	<b>\$ 2.11</b>	<b>\$ (0.11)</b>	<b>-5.1%</b>
Restructuring charges	432	3,664	(3,232)	-88.2%
Gain on sale of building	-	(3,204)	3,204	0.0%
GILTI Tax Credit	-	(2,622)	2,622	-
Adjusted net income	\$ 15,310	\$ 13,371	+1,939	14.5%
<b>Adjusted diluted earnings per share</b>	<b>\$ 2.06</b>	<b>\$ 1.81</b>	<b>\$ 0.24</b>	<b>13.4%</b>
<i>Diluted Shares outstanding</i>	<i>7,437</i>	<i>7,367</i>		

**L.S. Starrett Company**  
**Currency Neutral Net Sales Reconciliation**  
**Fiscal Year ending June 30, 2022**

TABLE 5

(Amounts in Thousands)	Fiscal Year Ended 6/30/2022	Comparison to Fiscal Year Ended 6/30/2021		
		FYE 6/30/2021	\$ Change	% Change
Net Sales, as reported	253,701	219,644	+34,057	15.51%
<i>Currency Impact</i>	(2,014)	-	(2,014)	-0.92%
FY22 Currency Neutral Net Sales	\$ 251,687	\$ 219,644	+32,043	14.59%

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