

**THE L. S. STARRETT COMPANY**  
Athol, Massachusetts

May 16, 2022

To the Stockholders:

Presented below are the comparative operating figures for the Company for the periods ended in March 2022 and March 2021.

Our company turned in a strong third quarter with business continuing the healthy trends exhibited over the prior two quarters. Sales in the quarter increased \$5.5 million or 10%, to \$60.5 million in comparison to sales of \$54.9 million in our third quarter last year.

Demand remained strong across our metrology and saw portfolios, with both our domestic and international markets contributing to our success. Any dampening effects, as it relates to persistent supply chain problems, commodity and wage inflation, were in large part offset by price increases.

Operating income in the quarter increased \$1.5 million or 39% to \$5.4 million when compared to operating income of \$3.9 million in the comparative period.

Net income in the quarter was \$4.3 million or \$0.57 per share or a 39% increase compared to \$0.41 per share in the March quarter last year. With the stock market in turmoil, we have not seen the relative increase in our stock price that our financial performance would warrant, but over the longer term, the market should recognize that we remain undervalued.

As we head into our final quarter of this fiscal year with a high level of backlog, we expect this will backstop any moderation in demand due to inflation and allow us to have a strong finish to the year.

D. A. Starrett  
President and CEO

**SUMMARY OF CONSOLIDATED RESULTS**

(in thousands of dollars except share data)

	Three Months Ended March		Nine Months Ended March	
	Fiscal 2022	Fiscal 2021	Fiscal 2022	Fiscal 2021
Net sales	\$ 60,479	\$ 54,944	\$ 183,311	\$ 158,408
Cost of goods sold	39,459	36,795	123,197	107,082
Gross margin	21,020	18,149	60,114	51,326
Restructuring charges	658	788	658	1,518
Gain on sale of building	-	-	-	(3,204)
Selling, general and administrative expenses	14,988	13,511	45,750	41,126
Operating income	5,374	3,850	13,706	11,886
Other income, net	684	663	249	236
Income before income taxes	6,058	4,513	13,955	12,122
Income tax expense	1,774	1,496	3,911	1,132
Net income	<u>\$ 4,284</u>	<u>\$ 3,017</u>	<u>\$ 10,044</u>	<u>\$ 10,990</u>
Basic income per share	\$ 0.59	\$ 0.42	\$ 1.39	\$ 1.56
Diluted income per share	\$ 0.57	\$ 0.41	\$ 1.34	\$ 1.50

The above figures are in part estimates and are subject to audit and year-end adjustments. Except for historical information contained herein, the matters discussed may involve forward-looking statements subject to risks and uncertainties that could cause actual results to differ materially, including statements concerning future financial performance, economic and political conditions, currency fluctuations and foreign operations.