

## Electro-Sensors, Inc. Announces Second Quarter 2021 Financial Results

**Minnetonka, Minnesota** (August 12, 2021) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the second quarter ended June 30, 2021.

- **Record quarterly revenue of \$2,462,000**
- **Gross margin of 55.9%**
- **Cash and investments of approximately \$9.6 million**

Selected Financial Information (unaudited; in thousands, except per share data)

	<u>Q2 2021</u>	<u>Q2 2020</u>	<u>Change</u>
Net Sales	\$ 2,462	\$ 2,092	17.7%
Gross Margin	55.9%	52.5%	340bps
Operating Income	\$ 271	\$ 19	1326.3%
Operating Income Margin	11.0%	0.9%	1010bps
Income Before Income Taxes	\$ 271	\$ 19	1326.3%
Earnings Per Share (diluted)	\$ .06	\$ .01	500.0%

Net sales in the second quarter increased 17.7% to \$2,462,000 from \$2,092,000 in the prior-year quarter. For the first six months of 2021, net sales increased 8.7% to \$4,363,000 from \$4,015,000 for the first six months of the prior year. Furthermore, gross margin for the quarter was 55.9%, up from 52.5% in the corresponding quarter in 2020, driven by a favorable product mix.

“We are pleased to report record revenue for the 2021 second quarter,” said David L. Klenk, Electro-Sensors’ president. “Our second quarter results were favorably impacted by orders for industrial automation applications, an area that continues to be important to our growth strategy.”

A full analysis of results for the period ended June 30, 2021 is available in the Company’s Form 10-Q, which is available on the Company’s website at [www.electro-sensors.com](http://www.electro-sensors.com) or through the Securities and Exchange Commission’s Edgar database at [www.sec.gov](http://www.sec.gov).

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**Electro-Sensors, Inc.**  
**Statements of Income**  
**For the Three and Six Months Ended June 30, 2021 and 2020 (unaudited)**  
**(in thousands except share and per share amounts)**

	<b>Three Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Sales	\$ 2,462	\$ 2,092
Cost of goods sold	1,086	994
Gross profit	<u>1,376</u>	<u>1,098</u>
Operating expenses	<u>1,105</u>	<u>1,079</u>
Operating income	271	19
Non-operating income	<u>0</u>	<u>0</u>
Income before income taxes	271	19
Provision for income taxes	<u>57</u>	<u>1</u>
Net income	<u>\$ 214</u>	<u>\$ 18</u>
Earnings per share – diluted	\$ 0.06	\$ 0.01
Average shares outstanding - diluted	3,413,444	3,395,521

	<b>Six Months Ended June 30,</b>	
	<b>2021</b>	<b>2020</b>
Sales	\$ 4,363	\$ 4,015
Cost of goods sold	1,997	1,918
Gross profit	<u>2,366</u>	<u>2,097</u>
Operating expenses	<u>2,099</u>	<u>2,219</u>
Operating income (loss)	267	(122)
Non-operating income	<u>2</u>	<u>31</u>
Income (loss) before income taxes	269	(91)
Provision for (benefit from) income taxes	<u>57</u>	<u>(18)</u>
Net income (loss)	<u>\$ 212</u>	<u>\$ (73)</u>
Earnings (loss) per share – diluted	\$ 0.06	\$ (0.02)
Average shares outstanding - diluted	3,433,609	3,395,521

**Electro-Sensors, Inc.**  
**Balance Sheets**  
**June 30, 2021 and December 31, 2020**  
**(in thousands)**

	<b>June 30, 2020</b>	<b>December 31, 2020</b>
<b>Assets</b>	<b>(unaudited)</b>	
<b>Current Assets</b>		
Cash and investments	\$ 9,581	\$ 9,131
Trade receivables, net	1,412	957
Inventories	1,525	1,572
Other current assets	176	196
Total current assets	12,694	11,856
Deferred income tax asset, long-term	274	246
Intangible assets, net	98	228
Property and equipment, net	952	989
Total assets	\$ 14,018	\$ 13,319
<b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Current maturities of financing lease	\$ 6	\$ 6
Accounts payable and accrued expenses	1,015	527
Total current liabilities	1,021	533
<b>Long-term liabilities</b>		
Financing lease, net of current maturities	9	12
Total long-term liabilities	9	12
<b>Stockholders' equity</b>		
Common stock	339	339
Additional paid-in capital	2,039	2,036
Retained earnings	10,610	10,398
Other comprehensive gain	0	1
Total stockholders' equity	12,988	12,774
Total liabilities and stockholders' equity	\$ 14,018	\$ 13,319

## **About Electro-Sensors**

Electro-Sensors, Inc. is an industry leading designer and manufacturer of rugged and reliable machine monitoring sensors and wireless/wired hazard monitoring systems applied across multiple industries and applications. These products improve processes by protecting people, safeguarding systems, reducing downtime, and preventing waste. Most standard products ship within one to two days and have an industry-leading 5-year warranty. Electro-Sensors is proud to be an ISO9001:2015 quality certified company and is committed to providing excellent customer service and technical support. Founded in 1968 and located in Minnetonka, Minnesota, Electro-Sensors provides its loyal customers with reliable products that improve safety and help plants operate with greater efficiency, productivity and control.

## **Cautionary Statement Regarding Forward Looking Statements**

This press release may include statements about possible or anticipated future financial performance, business activities, plans, or opportunities. These forward-looking statements may include the words “will,” “should,” “believes,” “expects,” “anticipates,” “intends” or similar expressions. For these forward-looking statements, the Company claims the protection of the safe harbor for forward-looking statements contained in federal securities laws. Forward-looking statements reflect the company’s current views with respect to future events and financial performance and include any statement that does not directly relate to a current or historical fact. These forward-looking statements are subject to a number of factors, risks and uncertainties, including those disclosed in our periodic filings with the SEC that could cause actual performance, activities, plans, or opportunities after the date the statements are made to differ significantly from those indicated in the forward-looking statements.

For more information please visit our website at: [www.electro-sensors.com](http://www.electro-sensors.com). Also look us up on:

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