

Electro-Sensors, Inc. Announces 2021 Year-End Financial Results

Minnetonka, Minnesota (March 31, 2022) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the year ended December 31, 2021.

- **Record net sales of \$8.6 million, up 12.9% over prior year**
- **Gross Margin of 54.3%**
- **Cash and investments of \$9.8 million**

Table in thousands, except per share data

	<u>FY21</u>	<u>FY20</u>	<u>Change</u>
Net Sales	\$ 8,607	\$ 7,621	12.9%
Gross Margin	54.3%	51.6%	270bps
Operating Income (Loss)	\$ 441	\$ (204)	316.2%
Operating Income (Loss) Margin	5.0%	(2.7)%	770bps
Income (Loss) Before Income Taxes	\$ 459	\$ (172)	366.9%
Earnings Per Share (diluted)	\$ 0.12	\$ (0.04)	400.0%

Net sales during 2021 increased 12.9% to \$8,607,000 from \$7,621,000 in the prior year. Net sales increased primarily due to domestic orders in agricultural and industrial automation applications.

“We are pleased to report we achieved record annual revenue during 2021,” said David L. Klenk, Electro-Sensors’ president. “Growth during the year was driven by customers moving forward with capacity expansions and facility modernizations.”

Klenk continued, “Following a very difficult period brought on by the COVID-19 pandemic, business conditions are steadily improving, and we are excited to once again be able to travel and meet face to face with our customers.”

A full analysis of results for the year ended December 31, 2021 is available in the Company’s Form 10-K, which is available on the Company’s website at www.electro-sensors.com or through the Securities and Exchange Commission’s Edgar database at www.sec.gov.

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Electro-Sensors, Inc.
Statements of Income
For the Years Ended December 31, 2021 and 2020
(in thousands except share and per share amounts)

	Years Ended December 31,	
	2021	2020
Net sales	\$ 8,607	\$ 7,621
Cost of goods sold	<u>3,930</u>	<u>3,691</u>
Gross profit	4,677	3,930
Operating expenses	<u>4,236</u>	<u>4,134</u>
Operating income (loss)	441	(204)
Non-operating income, net	<u>18</u>	<u>32</u>
Income (loss) before income taxes	459	(172)
Income tax expense (benefit)	<u>49</u>	<u>(48)</u>
Net income (loss)	<u>\$ 410</u>	<u>\$ (124)</u>
Earnings (loss) per share – diluted	\$ 0.12	\$ (0.04)
Average shares outstanding - diluted	3,444,939	3,395,521

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

	December 31	
	2021	2020
Assets		
Current Assets		
Cash and investments	\$ 9,769	\$ 9,131
Trade receivables, net	1,005	957
Inventories	1,663	1,572
Other current assets	191	196
Total current assets	12,628	11,856
Deferred income tax asset	208	246
Intangible assets, net	38	228
Property and equipment, net	1,017	989
Total assets	\$ 13,891	\$ 13,319
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturity of financing lease	\$ 6	\$ 6
Accounts payable and accrued expenses	691	527
Total current liabilities	697	533
Long-term liabilities		
Financing lease, net of current maturities	6	12
Total long-term liabilities	6	12
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,041	2,036
Retained earnings	10,808	10,398
Other comprehensive gain	0	1
Total stockholders' equity	13,188	12,774
Total liabilities and stockholders' equity	\$ 13,891	\$ 13,319

2022 Annual Meeting of Shareholders

Our Annual Meeting will be held via live webcast on April 20, 2022 at 2:00 PM Central Time at www.virtualshareholdermeeting.com/ELSE2022. Please retain a copy of the 16 digit Control Number that is printed on your proxy card as you will need it to enter the Annual Meeting as a verified shareholder. Shareholders will be able to ask questions and vote in this virtual meeting as if they were attending an in-person meeting.

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. Also look us up on:

LinkedIn: [linkedin.com/company/electro-sensors-inc-](https://www.linkedin.com/company/electro-sensors-inc-)

Twitter: twitter.com/ESIsensors

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