

Electro-Sensors, Inc. Announces First Quarter 2022 Financial Results

Minnetonka, Minnesota (May 13, 2022) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the first quarter ended March 31, 2022.

- **First quarter revenue of \$2,135,000, up 12.3% from prior year-period**
- **Gross Margin of 54.6%**
- **Cash and investments of approximately \$9.7 million**

Unaudited; in thousands, except per share data

	<u>Q1 FY22</u>	<u>Q1 FY21</u>	<u>Change</u>
Net Sales	\$ 2,135	\$ 1,901	12.3 %
Gross Margin	54.6 %	52.1 %	250 bps
Operating Loss	\$ (14)	\$ (4)	-250.0 %
Operating Loss Margin	(0.7)%	(0.2)%	-50.0 bps
Loss Before Income Tax Benefit	\$ (13)	\$ (2)	-550.0 %
Loss Per Share (diluted)	\$ 0.00	\$ 0.00	0.0 %

Net sales for the 2022 first quarter increased 12.3% to \$2,135,000 from \$1,901,000 in the prior-year quarter. The increase in sales was primarily a result of increased domestic sales for industrial automation and agricultural applications.

“We are pleased to report our largest first quarter revenue in the company’s history,” said David L. Klenk, Electro-Sensors’ president. “Additionally, I’m proud of our team for maintaining a strong gross margin in the face of significant challenges in the global supply chain. While the acquisition of components and materials used in building our products is a daily challenge, we have a great team that is relentlessly focused on meeting our customer requirements.”

A full analysis of results for the period ended March 31, 2022 is available in the Company’s Form 10-Q, 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.
Consolidated Statements of Income
For the Quarter Ended March 31, 2022 and 2021 (unaudited)
(in thousands except share and per share amounts)

	<u>Three Months Ended March 31</u>	
	<u>2022</u>	<u>2021</u>
Sales	\$ 2,135	\$ 1,901
Cost of goods sold	<u>969</u>	<u>911</u>
Gross profit	1,166	990
Operating expenses	<u>1,180</u>	<u>994</u>
Operating loss	(14)	(4)
Non-operating income	<u>1</u>	<u>2</u>
Loss before income taxes	(13)	(2)
Benefit from income taxes	<u>(4)</u>	<u>0</u>
Net loss	<u>\$ (9)</u>	<u>\$ (2)</u>
Loss per share – diluted	\$ 0.00	\$ 0.00
Average shares outstanding - diluted	3,395,521	3,395,521

Electro-Sensors, Inc.
Consolidated Balance Sheets
March 31, 2022 and December 31, 2021
(in thousands)

	March 31 2022 (unaudited)	December 31 2021
Assets		
Current Assets		
Cash and investments	\$ 9,660	\$ 9,769
Trade receivables, net	1,155	1,005
Inventories	1,758	1,663
Other current assets	211	191
Total current assets	12,784	12,628
Deferred income tax asset, long-term	214	208
Intangible assets, net	25	38
Property and equipment, net	993	1,017
Total assets	\$ 14,016	\$ 13,891
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of financing lease	\$ 6	\$ 6
Accounts payable and accrued expenses	825	691
Total current liabilities	831	697
Long-term liabilities		
Financing lease, net of current maturities	5	6
Total long-term liabilities	5	6
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,042	2,041
Retained earnings	10,799	10,808
Total stockholders' equity	13,180	13,188
Total liabilities and stockholders' equity	\$ 14,016	\$ 13,891

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
Facebook: facebook.com/ElectroSensors