

## Electro-Sensors, Inc. Announces Third Quarter 2022 Financial Results

**Minnetonka, Minnesota** (November 14, 2022) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the third quarter ended September 30, 2022.

- **Third quarter revenue of \$2,216,000, up 2.9% from prior-year period**
- **Gross margin of 52.5%**
- **Cash and investments of approximately \$9.6 million**

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

	<u>Q3 2022</u>	<u>Q3 2021</u>	<u>Change</u>
Net Sales	\$ 2,216	\$ 2,154	2.9%
Gross Margin	52.5%	55.9%	-340bps
Operating Income	\$ 119	\$ 20	495.0%
Operating Income Margin	5.4%	0.9%	450bps
Income Before Income Taxes	\$ 154	\$ 21	633.3%
Earnings Per Share (diluted)	\$ 0.04	\$ 0.00	100.0%

Net sales in the third quarter increased 2.9% to \$2,216,000 from \$2,154,000 in the prior-year quarter. For the first nine months of 2022, net sales increased 6.1% to \$6,915,000 from \$6,517,000 for the first nine months of the prior year. The increase in net sales for the quarter was primarily due to increased sales of HazardPRO wireless hazard monitoring systems. The increase for the nine month-period was primarily a result of increased domestic sales of traditional wired products for industrial automation and agricultural applications.

Gross margin for the 2022 nine-month period was 54.0%, down slightly from 54.8% in the corresponding nine months in 2021, primarily due to an increase in raw material costs across all product lines.

“Our third quarter revenue represents another solid quarter, with revenue growing 2.9% over the comparable prior-year period,” said David L. Klenk, Electro-Sensors’ president. “While the macroeconomic environment has certainly become more challenging in recent quarters, our results demonstrate continued success in providing industry-leading sensors and hazard monitoring systems to customers for a broad range of applications.”

A full analysis of results for the period ended September 30, 2022 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 Nine Months Ended September 30, 2022 and 2021 (unaudited)**  
**(in thousands except share and per share amounts)**

	<b>Three Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Sales	\$ 2,216	\$ 2,154
Cost of goods sold	1,053	950
Gross profit	<u>1,163</u>	<u>1,204</u>
Operating expenses	<u>1,044</u>	<u>1,184</u>
Operating income	119	20
Non-operating income	<u>35</u>	<u>1</u>
Income before income taxes	154	21
Provision for income taxes	<u>32</u>	<u>4</u>
Net income	<u>\$ 122</u>	<u>\$ 17</u>
Earnings per share – diluted	\$ 0.04	\$ 0.00
Average shares outstanding - diluted	3,482,996	3,439,377
	<b>Nine Months Ended September 30,</b>	
	<b>2022</b>	<b>2021</b>
Sales	\$ 6,915	\$ 6,517
Cost of goods sold	3,178	2,947
Gross profit	<u>3,737</u>	<u>3,570</u>
Operating expenses	<u>3,997</u>	<u>3,283</u>
Operating income (loss)	(260)	287
Non-operating income	<u>43</u>	<u>3</u>
Income (loss) before income taxes	(217)	290
Provision for (benefit from) income taxes	<u>(46)</u>	<u>61</u>
Net income (loss)	<u>\$ (171)</u>	<u>\$ 229</u>
Earnings (loss) per share – diluted	\$ (0.05)	\$ 0.07
Average shares outstanding - diluted	3,397,664	3,435,595

**Electro-Sensors, Inc.**  
**Balance Sheets**  
**September 30, 2022 and December 31, 2021**  
**(in thousands)**

	<b>September 30, 2022</b>	<b>December 31, 2021</b>
<b>Assets</b>	<b>(unaudited)</b>	
<b>Current Assets</b>		
Cash and investments	\$ 9,574	\$ 9,769
Trade receivables, net	1,180	1,005
Inventories	1,790	1,663
Other current assets	231	191
<b>Total current assets</b>	<b>12,775</b>	<b>12,628</b>
Deferred income tax asset, long-term	223	208
Intangible assets, net	0	38
Property and equipment, net	955	1,017
<b>Total assets</b>	<b>\$ 13,953</b>	<b>\$ 13,891</b>
 <b>Liabilities and Stockholders' Equity</b>		
<b>Current Liabilities</b>		
Current maturities of financing lease	\$ 7	\$ 6
Accounts payable and accrued expenses	893	691
<b>Total current liabilities</b>	<b>900</b>	<b>697</b>
<b>Long-term liabilities</b>		
Financing lease, net of current maturities	1	6
<b>Total long-term liabilities</b>	<b>1</b>	<b>6</b>
<b>Stockholders' equity</b>		
Common stock	340	339
Additional paid-in capital	2,075	2,041
Retained earnings	10,637	10,808
<b>Total stockholders' equity</b>	<b>13,052</b>	<b>13,188</b>
<b>Total liabilities and stockholders' equity</b>	<b>\$ 13,953</b>	<b>\$ 13,891</b>

## **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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