

Electro-Sensors, Inc. Announces Second Quarter 2024 Financial Results

Minnetonka, Minnesota (August 9, 2024) – 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, 2024.

- **Quarterly revenue of \$2,217,000, up 3.7% from the prior-year period**
- **Gross margin of 47.2%**
- **Cash and investments of approximately \$9.9 million**

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

	<u>Q2 2023</u>	<u>Q2 2022</u>	<u>Change</u>
Net Sales	\$ 2,217	\$ 2,137	3.7%
Gross Margin	47.2%	50.0%	-280bps
Operating Income (Loss)	\$ (107)	\$ 44	(343.2)%
Operating Income Margin	(4.8)%	2.1%	-690bps
Income (Loss) Before Income Taxes	\$ 2	\$ 138	(98.6)%
Earnings Per Share (diluted)	\$ 0.00	\$ 0.03	(100.0)%

Net sales in the second quarter increased 3.7% to \$2,217,000 from \$2,137,000 in the prior-year quarter. For the first six months of 2024, net sales increased 6.7% to \$4,461,000 from \$4,182,000 in the comparable prior-year period. Furthermore, gross margin for the 2024 six-month period was 47.7%, down from 50.0% in the corresponding six months in 2023, primarily due to increased material and labor costs across all product lines.

“During the 2024 second quarter, our sales increased 3.7% from the comparable prior-year period, primarily due to increased sales of our HazardPRO™ wireless hazard monitoring systems” said David L. Klenk, Electro-Sensors’ president. “Customers continue to value the ease of installation, flexibility, and favorable overall cost of ownership of our HazardPRO systems”

A full analysis of results for the period ended June 30, 2024 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.
Statements of Income
For the Three and Six Months Ended June 30, 2024 and 2023 (unaudited)
(in thousands except share and per share amounts)

	Three Months Ended June 30,	
	2024	2023
Sales	\$ 2,217	\$ 2,137
Cost of goods sold	<u>1,170</u>	<u>1,069</u>
Gross profit	1,047	1,068
Operating expenses	<u>1,154</u>	<u>1,024</u>
Operating income (loss)	(107)	44
Non-operating income, net	<u>109</u>	<u>94</u>
Income before income taxes	2	138
Provision for income taxes	<u>6</u>	<u>22</u>
Net income (loss)	<u>\$ (4)</u>	<u>\$ 116</u>
Earnings (loss) per share – diluted	\$ 0.00	\$ 0.03
Average shares outstanding - diluted	3,428,021	3,443,394

	Six Months Ended June 30,	
	2024	2023
Sales	\$ 4,461	\$ 4,182
Cost of goods sold	<u>2,334</u>	<u>2,092</u>
Gross profit	2,127	2,090
Operating expenses	<u>2,334</u>	<u>2,184</u>
Operating income (loss)	(207)	(94)
Non-operating income, net	<u>225</u>	<u>187</u>
Income before income taxes	18	93
Provision for income taxes	<u>11</u>	<u>21</u>
Net income	<u>\$ 7</u>	<u>\$ 72</u>
Earnings per share – diluted	\$ 0.00	\$ 0.02
Average shares outstanding - diluted	3,428,021	3,443,930

Electro-Sensors, Inc.
Balance Sheets
June 30, 2024 and December 31, 2023
(in thousands)

	June 30, 2024	December 31, 2023
Assets	(unaudited)	
Current Assets		
Cash and investments	\$ 9,944	\$ 9,926
Trade receivables, net	1,180	1,283
Inventories	1,865	1,751
Other current assets	218	179
Total current assets	13,207	13,139
Deferred income tax asset, long-term	330	355
Property and equipment, net	930	951
Total assets	\$ 14,467	\$ 14,445
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable and accrued expenses	\$ 638	\$ 690
Total current liabilities	638	690
Stockholders' equity		
Common stock	342	342
Additional paid-in capital	2,297	2,230
Retained earnings	11,190	11,183
Total stockholders' equity	13,829	13,755
Total liabilities and stockholders' equity	\$ 14,467	\$ 14,445

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. 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:

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