

Electro-Sensors, Inc. Announces Third Quarter 2021 Financial Results

Minnetonka, Minnesota (November 5, 2021) – 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, 2021.

- **Revenue of \$2,154,000, up 13.4% from prior-year period**
- **Gross margin of 55.9%**
- **Cash and investments of approximately \$9.7 million**

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

	<u>Q3 2021</u>	<u>Q3 2020</u>	<u>Change</u>
Net Sales	\$ 2,154	\$ 1,899	13.4%
Gross Margin	55.9%	52.2%	370bps
Operating Income (Loss)	\$ 20	\$ (54)	137.0%
Operating Income (Loss) Margin	0.9%	-2.9%	380bps
Income (Loss) Before Income Taxes	\$ 21	\$ (54)	138.9%
Earnings (Loss) Per Share (diluted)	\$ 0.01	\$ (0.01)	200.0%

Net sales in the third quarter increased 13.4% to \$2,154,000 from \$1,899,000 in the prior-year quarter. For the first nine months of 2021, net sales increased 10.2% to \$6,517,000 from \$5,914,000 in the similar prior year period. Furthermore, gross margin for the quarter was 55.9%, up from 52.2% in the corresponding quarter in 2020, driven by improved factory utilization resulting from higher levels of manufacturing and sales.

“We are pleased to announce our largest third quarter revenue in the Company’s history,” said David L. Klenk, Electro-Sensors’ president. “The increase during the quarter was largely driven by increased sales to customers in the agricultural industry.”

A full analysis of results for the period ended September 30, 2021 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 Nine Months Ended September 30, 2021 and 2020 (unaudited)
(in thousands except share and per share amounts)

	Three Months Ended September 30,	
	2021	2020
Sales	\$ 2,154	\$ 1,899
Cost of goods sold	950	907
Gross profit	<u>1,204</u>	<u>992</u>
Operating expenses	<u>1,184</u>	<u>1,046</u>
Operating income (loss)	20	(54)
Non-operating income	<u>1</u>	<u>0</u>
Income (loss) before income taxes	21	(54)
Provision for (benefit of) income taxes	<u>4</u>	<u>(8)</u>
Net income (loss)	<u>\$ 17</u>	<u>\$ (46)</u>
Earnings (loss) per share – diluted	\$ 0.01	\$ (0.01)
Average shares outstanding - diluted	3,439,377	3,395,521

	Nine Months Ended September 30,	
	2021	2020
Sales	\$ 6,517	\$ 5,914
Cost of goods sold	2,947	2,825
Gross profit	<u>3,570</u>	<u>3,089</u>
Operating expenses	<u>3,283</u>	<u>3,265</u>
Operating income (loss)	287	(176)
Non-operating income	<u>3</u>	<u>31</u>
Income (loss) before income taxes	290	(145)
Provision for (benefit from) income taxes	<u>61</u>	<u>(26)</u>
Net income (loss)	<u>\$ 229</u>	<u>\$ (119)</u>
Earnings (loss) per share – diluted	\$ 0.07	\$ (0.04)
Average shares outstanding - diluted	3,435,595	3,395,521

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

	September 30, 2021	December 31, 2020
Assets	(unaudited)	
Current Assets		
Cash and investments	\$ 9,661	\$ 9,131
Trade receivables, net	1,325	957
Inventories	1,477	1,572
Other current assets	207	196
Total current assets	12,670	11,856
Deferred income tax asset, long-term	270	246
Intangible assets, net	50	228
Property and equipment, net	919	989
Total assets	\$ 13,909	\$ 13,319
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of financing lease	\$ 6	\$ 6
Accounts payable and accrued expenses	889	527
Total current liabilities	895	533
Long-term liabilities		
Financing lease, net of current maturities	8	12
Total long-term liabilities	8	12
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,040	2,036
Retained earnings	10,627	10,398
Other comprehensive gain	0	1
Total stockholders' equity	13,006	12,774
Total liabilities and stockholders' equity	\$ 13,909	\$ 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. Also look us up on:

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