

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

Minnetonka, Minnesota (August 2, 2022) – 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, 2022.

- **Record quarterly revenue of \$2,564,000**
- **Gross margin of 54.9%**
- **Cash and investments of approximately \$9.5 million**

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

	<u>Q2 2022</u>	<u>Q2 2021</u>	<u>Change</u>
Net Sales	\$ 2,564	\$ 2,462	4.1%
Gross Margin	54.9%	55.9%	-100bps
Operating Income (Loss)	\$ (365)	\$ 271	(234.7)%
Operating Income Margin	(14.3)%	11.0%	-2530bps
Income (Loss) Before Income Taxes	\$ (358)	\$ 271	(232.1)%
Earnings Per Share (diluted)	\$ (.08)	\$.06	(233.3)%

Net sales in the second quarter increased 4.1% to \$2,564,000 from \$2,462,000 in the prior-year quarter. For the first six months of 2022, net sales increased 7.7% to \$4,669,000 from \$4,363,000 for the first six months of the prior year. Furthermore, gross margin for the 2022 six-month period was 54.8%, up from 54.2% in the corresponding six months in 2021, primarily due to improved factory utilization.

“During the second quarter, we achieved record quarterly revenue, driven by broad-based strength in agricultural applications, including commodity refining and biofuels,” said David L. Klenk, Electro-Sensors’ president. “Furthermore, we are excited to have announced during the quarter that we have entered into a definitive agreement to merge with Mobile X Global, Inc.”

A full analysis of results for the period ended June 30, 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.
Statements of Income
For the Three and Six Months Ended June 30, 2022 and 2021 (unaudited)
(in thousands except share and per share amounts)

	Three Months Ended June 30,	
	2022	2021
Sales	\$ 2,564	\$ 2,462
Cost of goods sold	1,156	1,086
Gross profit	<u>1,408</u>	<u>1,376</u>
Operating expenses	<u>1,773</u>	<u>1,105</u>
Operating income (loss)	(365)	271
Non-operating income	<u>7</u>	<u>0</u>
Income (loss) before income taxes	(358)	271
Provision for (benefit from) income taxes	<u>(74)</u>	<u>57</u>
Net income (loss)	<u>\$ (284)</u>	<u>\$ 214</u>
Earnings (loss) per share – diluted	\$ (0.08)	\$ 0.06
Average shares outstanding - diluted	3,395,521	3,413,444

	Six Months Ended June 30,	
	2022	2021
Sales	\$ 4,699	\$ 4,363
Cost of goods sold	2,125	1,997
Gross profit	<u>2,574</u>	<u>2,366</u>
Operating expenses	<u>2,953</u>	<u>2,099</u>
Operating income (loss)	(379)	267
Non-operating income	<u>8</u>	<u>2</u>
Income (loss) before income taxes	(371)	269
Provision for (benefit from) income taxes	<u>(78)</u>	<u>57</u>
Net income (loss)	<u>\$ (293)</u>	<u>\$ 212</u>
Earnings (loss) per share – diluted	\$ (0.09)	\$ 0.06
Average shares outstanding - diluted	3,395,521	3,433,609

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

	June 30, 2022	December 31, 2021
Assets	(unaudited)	
Current Assets		
Cash and investments	\$ 9,481	\$ 9,769
Trade receivables, net	1,323	1,005
Inventories	1,720	1,663
Other current assets	252	191
Total current assets	12,776	12,628
Deferred income tax asset, long-term	226	208
Intangible assets, net	13	38
Property and equipment, net	981	1,017
Total assets	\$ 13,996	\$ 13,891
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of financing lease	\$ 6	\$ 6
Accounts payable and accrued expenses	1,088	691
Total current liabilities	1,094	697
Long-term liabilities		
Financing lease, net of current maturities	3	6
Total long-term liabilities	3	6
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,043	2,041
Retained earnings	10,515	10,808
Other comprehensive gain	2	0
Total stockholders' equity	12,899	13,188
Total liabilities and stockholders' equity	\$ 13,996	\$ 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-)

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