

Electro-Sensors, Inc. Announces First Quarter 2023 Financial Results

Minnetonka, Minnesota (May 12, 2023) – 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, 2023.

- **First quarter revenue of \$2,045,000, down 4.2% from prior year-period**
- **Gross Margin of 50.0%**
- **Cash and investments of approximately \$9.6 million**

Unaudited; in thousands, except per share data

	<u>Q1 FY23</u>	<u>Q1 FY22</u>	<u>Change</u>
Net Sales	\$ 2,045	\$ 2,135	(4.2)%
Gross Margin	50.0%	54.6%	(460)bps
Operating Loss	\$ (138)	\$ (14)	(885.7)%
Operating Loss Margin	(6.7)%	(0.7)%	(600.0)bps
Loss Before Income Tax Benefit	\$ (45)	\$ (13)	(246.2)%
Loss Per Share (diluted)	\$ (0.01)	\$ 0.00	(100.0)%

“During the first quarter our revenue decreased slightly to \$2,045,000 from \$2,135,000 in the prior-year period,” said David L. Klenk, Electro-Sensors’ president. “While customer activity and interest remained solid during the quarter, we achieved lower revenue primarily due to decreased domestic sales for both wired and wireless products.”

A full analysis of results for the period ended March 31, 2023 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, 2023 and 2022 (unaudited)
(in thousands except share and per share amounts)

	<u>Three Months Ended March 31</u>	
	<u>2023</u>	<u>2022</u>
Sales	\$ 2,045	\$ 2,135
Cost of goods sold	<u>1,023</u>	<u>969</u>
Gross profit	1,022	1,166
Operating expenses	<u>1,160</u>	<u>1,180</u>
Operating loss	(138)	(14)
Non-operating income	<u>93</u>	<u>1</u>
Loss before income taxes	(45)	(13)
Benefit from income taxes	<u>(1)</u>	<u>(4)</u>
Net loss	<u>\$ (44)</u>	<u>\$ (9)</u>
Loss per share – diluted	\$ (0.01)	\$ 0.00
Average shares outstanding - diluted	3,428,021	3,395,521

Electro-Sensors, Inc.
Consolidated Balance Sheets
March 31, 2023 and December 31, 2022
(in thousands)

	<u>March 31</u> <u>2023</u>	<u>December 31</u> <u>2022</u>
Assets	(unaudited)	
Current Assets		
Cash and investments	\$ 9,563	\$ 9,682
Trade receivables, net	1,372	1,161
Inventories	1,779	1,745
Other current assets	<u>215</u>	<u>225</u>
Total current assets	12,929	12,813
Deferred income tax asset, long-term	306	256
Property and equipment, net	<u>952</u>	<u>975</u>
Total assets	<u>\$ 14,187</u>	<u>\$ 14,044</u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of financing lease	\$ 4	\$ 6
Accounts payable and accrued expenses	<u>817</u>	<u>624</u>
Total current liabilities	821	630
Stockholders' equity		
Common stock	342	342
Additional paid-in capital	2,163	2,163
Retained earnings	10,864	10,908
Other comprehensive gain (loss)	<u>(3)</u>	<u>1</u>
Total stockholders' equity	<u>13,366</u>	<u>13,414</u>
Total liabilities and stockholders' equity	<u>\$ 14,187</u>	<u>\$ 14,044</u>

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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