

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 10-Q**

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended **September 30, 2024**

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

From \_\_\_\_\_ to \_\_\_\_\_

**ELECTRONIC SYSTEMS TECHNOLOGY INC**

(Exact name of registrant as specified in its charter)

**Washington**

(State or other jurisdiction of incorporation)

**000-27793**

(Commission File Number)

**91-1238077**

(IRS Employer Identification No.)

**415 N. Roosevelt St. STE B1 Kennewick WA**

(Address of principal executive offices)

**99336**

(Zip Code)

**(509) 735-9092**

(Registrant's telephone number, including area code)

N/A

(Former name, former address & former fiscal year, if changed since last report)

Securities registered pursuant to Section 12(g) of the Act:

<b>Title of Each Class</b>	<b>Trading Symbol(s)</b>	<b>Name of Each Exchange on Which Registered</b>
Common Stock, \$0.001 par value	ELST	OTCQB

Indicate by check mark whether the registrant (1) has filed all documents and reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filings for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act:

Large Accelerated Filer

Non-Accelerated Filer

Accelerated Filer

Small Reporting Company

Emerging Growth Company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of October 29, 2024, the number of the Company's shares of Common Stock par value \$0.001, outstanding was 4,946,502.

**PART I  
FINANCIAL INFORMATION**

**Item 1. Financial Statements**

**ELECTRONIC SYSTEMS TECHNOLOGY, INC.  
CONDENSED BALANCE SHEETS  
(Unaudited)**

	<u>September 30,</u> <u>2024</u>	<u>December 31,</u> <u>2023</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 158,223	\$ 486,252
Certificates of deposit	400,000	400,000
Accounts receivable, net	59,365	52,592
Inventories	785,755	722,457
Prepaid expenses	29,679	19,278
Accrued interest receivable	1,342	1,906
<b>Total current assets</b>	<u>1,434,364</u>	<u>1,682,485</u>
Property and equipment, net of depreciation	16,450	18,255
Right to use – Lease, net of amortization	—	30,298
<b>Total assets</b>	<u>\$ 1,450,814</u>	<u>\$ 1,731,038</u>
<b>LIABILITIES and STOCKHOLDERS' EQUITY</b>		
Current liabilities		
Accounts payable	\$ 21,754	\$ 37,355
Accrued wages and bonus	1,208	4,188
Accrued vacation pay	24,072	21,243
Lease liability, current	—	30,773
Other accrued liabilities	397	10,221
<b>Total current liabilities</b>	<u>47,431</u>	<u>103,780</u>
<b>Total liabilities</b>	<u>47,431</u>	<u>103,780</u>
Stockholders' equity		
Common stock, \$0.001 par value 50,000,000 shares authorized 4,946,502 and 4,946,502 shares issued and outstanding, respectively	4,947	4,947
Additional paid-in capital	933,105	933,105
Retained earnings	465,331	689,206
<b>Total stockholders' equity</b>	<u>1,403,383</u>	<u>1,627,258</u>
<b>Total liabilities and stockholders' equity</b>	<u>\$ 1,450,814</u>	<u>\$ 1,731,038</u>

See Notes to Condensed Financial Statements.

**ELECTRONIC SYSTEMS TECHNOLOGY, INC.**  
**CONDENSED STATEMENTS OF OPERATIONS**  
(Unaudited)

	<u>Three Months Ended September 30, 2024</u>	<u>Three Months Ended September 30, 2023</u>	<u>Nine Months Ended September 30, 2024</u>	<u>Nine Months Ended September 30, 2023</u>
<b>SALES - NET</b>	\$ 293,936	\$ 342,721	\$ 983,566	\$ 1,233,016
<b>COST OF SALES</b>	(145,429 )	(178,435 )	(461,953)	(586,631)
<b>GROSS PROFIT</b>	<u>148,507</u>	<u>164,286</u>	<u>521,613</u>	<u>646,385</u>
<b>Operating Expenses</b>				
General and administrative	59,881	55,829	211,328	202,086
Research and development	28,236	26,114	92,263	82,798
Marketing and sales	133,313	133,223	458,442	454,819
<b>TOTAL OPERATING EXPENSE</b>	<u>221,430</u>	<u>215,166</u>	<u>762,033</u>	<u>739,703</u>
<b>OPERATING LOSS</b>	(72,923 )	(50,880 )	(240,420)	(93,318)
<b>OTHER INCOME</b>				
Interest income	5,482	8,375	16,545	17,559
<b>TOTAL OTHER INCOME</b>	<u>5,482</u>	<u>8,375</u>	<u>16,545</u>	<u>17,559</u>
<b>NET LOSS BEFORE INCOME TAX</b>	(67,441 )	(42,505 )	(223,875)	(75,759)
Benefit (provision) for income tax	—	—	—	—
<b>NET LOSS</b>	<u>\$ (67,441 )</u>	<u>\$ (42,505 )</u>	<u>\$ (223,875)</u>	<u>\$ (75,759)</u>
Basic and diluted loss per share	<u>\$ (0.01 )</u>	<u>\$ (0.01 )</u>	<u>\$ (0.05)</u>	<u>\$ (0.02)</u>
Basic and diluted weighted average shares used in computing loss per share:	<u>4,946,502</u>	<u>4,946,502</u>	<u>4,946,502</u>	<u>4,946,502</u>

See Notes to Condensed Financial Statements.

**ELECTRONIC SYSTEMS TECHNOLOGY, INC.**  
**CONDENSED STATEMENTS OF CASH FLOWS**  
(Unaudited)

	Nine Months Ended	
	September 30,	September 30,
	<u>2024</u>	<u>2023</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net loss	\$ (223,875 )	\$ (75,759 )
Noncash items included in net loss:		
Depreciation and amortization	3,109	1,423
Stock based compensation	—	693
Changes in operating assets and liabilities:		
Accounts receivable, net	(6,773 )	45,216
Inventories	(63,298 )	(84,399 )
Accrued interest receivable	564	(1,466 )
Prepaid expenses	(10,401 )	10,191
Employee retention tax credit receivable	—	63,000
Accounts payable	(15,601 )	(106,414 )
Other accrued liabilities	(10,450 )	(14,040 )
<b>NET CASH USED IN OPERATING ACTIVITIES</b>	<u>(326,725 )</u>	<u>(161,555 )</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of fixed assets	(1,304 )	(19,769 )
Certificates of deposit redeemed	1,000,000	1,001,699
Certificates of deposit purchased	(1,000,000 )	(1,150,000 )
<b>NET CASH USED IN INVESTING ACTIVITIES</b>	<u>(1,304 )</u>	<u>(168,070 )</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(328,029 )	(329,625 )
Cash and cash equivalents at beginning of period	486,252	751,118
Cash and cash equivalents at end of period	<u>\$ 158,223</u>	<u>\$ 421,493</u>

See Notes to Condensed Financial Statements.

**ELECTRONIC SYSTEMS TECHNOLOGY, INC.**  
**CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY**  
**(Unaudited)**

	<u>Common Stock</u>		<u>Additional Paid-In</u>	<u>Retained</u>	<u>Total</u>
	<u>Shares</u>	<u>Amount</u>	<u>Capital</u>	<u>Earnings</u>	
<b>Balances, January 1, 2023</b>	4,946,502	\$ 4,947	\$ 932,412	\$ 849,989	\$ 1,787,348
Net income (loss)	—	—	—	(92,124 )	(92,124 )
<b>Balance at March 31, 2023</b>	<u>4,946,502</u>	<u>4,947</u>	<u>932,412</u>	<u>757,865</u>	<u>1,695,224</u>
Net income (loss)	—	—	—	58,870	58,870
Stock based compensation	—	—	693	—	693
<b>Balance at June 30, 2023</b>	<u>4,946,502</u>	<u>4,947</u>	<u>933,105</u>	<u>816,735</u>	<u>1,754,787</u>
Net income (loss)	—	—	—	(42,505 )	(42,505 )
<b>Balance at September 30, 2023</b>	<u>4,946,502</u>	<u>\$ 4,947</u>	<u>\$ 933,105</u>	<u>\$ 774,230</u>	<u>\$ 1,712,282</u>
<b>Balances, January 1, 2024</b>	4,946,502	\$ 4,947	\$ 933,105	\$ 689,206	\$ 1,627,258
Net income (loss)	—	—	—	(85,574 )	(85,574 )
<b>Balance at March 31, 2024</b>	<u>4,946,502</u>	<u>4,947</u>	<u>933,105</u>	<u>603,632</u>	<u>1,541,684</u>
Net income (loss)	—	—	—	(70,860 )	(70,860 )
<b>Balance at June 30, 2024</b>	<u>4,946,502</u>	<u>4,947</u>	<u>933,105</u>	<u>532,772</u>	<u>1,470,824</u>
Net income (loss)	—	—	—	(67,441 )	(67,441 )
<b>Balance at September 30, 2024</b>	<u>4,946,502</u>	<u>\$ 4,947</u>	<u>\$ 933,105</u>	<u>\$ 465,331</u>	<u>\$ 1,403,383</u>

See Notes to Condensed Financial Statements.

## NOTE 1 - BASIS OF PRESENTATION

The unaudited condensed financial statements, including notes, of Electronic Systems Technology, Inc. (the "Company") are representations of the Company's management, which is responsible for their integrity and objectivity. The accompanying unaudited condensed financial statements have been prepared by the Company in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP") for interim financial information, as well as the instructions to Form 10-Q. Accordingly, the financial statements do not include all of the information and footnotes required by U.S. GAAP for complete financial statements. In the opinion of management, the accompanying unaudited condensed financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of September 30, 2024 and its results of operations, cash flows, and changes in stockholders' equity for the three and nine months ended September 30, 2024, and 2023. The balance sheet at December 31, 2023 was derived from audited annual financial statements but does not contain all of the footnote disclosures from the annual financial statements. All amounts presented are in U.S. dollars. For further information, refer to the financial statements and footnotes thereto in the Company's Annual Report on Form 10-K for the year ended December 31, 2023.

The results of operations for the three and nine-month periods ended September 30, 2024 are not necessarily indicative of the results expected for the full fiscal year or for any other fiscal period. The Company estimates that for 2024 the anticipated effective annual federal income tax rate will be 0%.

### *New Accounting Pronouncements*

Management does not believe that any recently issued but not yet effective, accounting pronouncements, if currently adopted, would have a material effect on the Company's financial statements.

In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures, amending reportable segment disclosure requirements to include disclosure of incremental segment information on an annual and interim basis. Among the disclosure enhancements are new disclosures regarding significant segment expenses that are regularly provided to the chief operating decision-maker and included within each reported measure of segment profit or loss, as well as other segment items bridging segment revenue to each reported measure of segment profit or loss. The amendments in ASU 2023-07 are effective for fiscal years beginning after December 15, 2023, and for interim periods beginning January 1, 2025, and are applied retrospectively. Early adoption is permitted. We are currently evaluating the effect the updated standard will have on our consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU 2023-09, Income Taxes (Topic 740): Improvement to Income Tax Disclosures, amending income tax disclosure requirements for the effective tax rate reconciliation and income taxes paid. The amendments in ASU 2023-09 are effective for fiscal years beginning after December 15, 2024 and are applied prospectively. Early adoption and retrospective application of the amendments are permitted. We are currently evaluating the effect the updated standard will have on our consolidated financial statements and disclosures.

## NOTE 2 - INVENTORIES

Inventories are stated at lower of direct cost or net realizable value with cost determined using the FIFO (first in, first out) method. Inventories consist of the following:

	September 30, 2024	December 31, 2023
Parts	\$ 102,834	\$ 118,472
Work in progress	406,658	313,597
Finished goods	276,263	290,388
Total inventories	<u>\$ 785,755</u>	<u>\$ 722,457</u>

### **NOTE 3 - EARNINGS (LOSS) PER SHARE**

Basic earnings (loss) per share excludes dilution and is computed by dividing income (loss) available to common stockholders by the weighted-average number of shares of common stock outstanding for the period. Diluted earnings (loss) per share reflects potential dilution occurring if securities or other contracts to issue common stock were exercised or converted into Common Stock or resulted in the issuance of common stock that then shared in the earnings of the Company. At September 30, 2024 and 2023, the Company had 225,000 and 225,000 outstanding stock options, respectively, that could have a dilutive effect on future periods' net income. The stock options were not included in the calculation of diluted earnings per share for either period as they were anti-dilutive.

### **NOTE 4 - STOCK OPTIONS**

As of September 30, 2024, there were 225,000 options outstanding with a weighted average exercise price of \$0.40 per share, a weighted average remaining life of 1.0 years and an intrinsic value of nil.

### **NOTE 5 – REVENUE**

The Company's product revenue includes industrial wireless products and accessories such as antennas, power supplies and cable assemblies. The Company also provides direct site support and engineering services to customers, such as repair and upgrade of its products. During the three-month periods ended September 30, 2024 and 2023, the Company's revenue from products sales was \$275,936 and \$336,621, respectively. Revenue from site support and engineering services was \$18,000 and \$6,100 respectively, over the same periods.

During the nine-month periods ended September 30, 2024 and 2023, the Company's revenue from products sales was \$947,566 and \$1,209,516, respectively. Revenue from site support and engineering services was \$36,000 and \$23,500 respectively, over the same periods.

The Company's customers, to which trade credit terms are extended, consist of United States and local governments and foreign and domestic companies. Domestic sales for the three-month periods ended September 30, 2024 and 2023 were \$247,572 and \$338,948, respectively. Sales to foreign customers for the three-month periods ended September 30, 2024 and September 30, 2023 were \$46,364 and \$3,773, respectively.

Domestic sales for the nine-month periods ended September 30, 2024 and 2023 were \$830,167 and \$1,208,539, respectively. Sales to foreign customers for the nine-month periods ended September 30, 2024 and September 30, 2023 were \$153,399 and \$24,477, respectively.

For the three-month period ended September 30, 2024, sales to two customers represented more than 10% of total revenue. Three customers represented more than 10% of total revenue for the same period in 2023.

	<u>2024 Sales</u>	<u>2024 %age of Total Sales</u>	<u>2023 Sales</u>	<u>2023 %age of Total Sales</u>
Customer A	\$ 40,771	14%	\$ 64,698	19 %
Customer B	39,518	13%	57,456	17 %
Customer C	—	— %	33,119	10 %

For the nine-month period ended September 30, 2024, sales to no one customer represented more than 10% of total revenue, one customer represented more than 10% of total revenue for the same period in 2023.

	<u>2024 Sales</u>	<u>2024 %age of Total Sales</u>	<u>2023 Sales</u>	<u>2023 %age of Total Sales</u>
Domestic customer A	\$ —	— %	\$ 262,149	21 %

As of September 30, 2024 and 2023, the Company had a sales order backlog of \$5,109 and \$124,125, respectively.

For the three and nine-month periods ended September 30, 2024 and 2023, lease expenses of \$11,616 and \$11,576 and \$34,835 and \$34,727, respectively, are included in the following expense classifications on the statement of operations:

	<u>For the three-month period ended September 30,</u>					
	<u>2024</u>			<u>2023</u>		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Base rent pursuant to lease agreement	\$ 5,751	\$ 4,526	\$ 10,277	\$ 5,751	\$ 4,526	\$ 10,277
Variable lease costs	749	590	1,339	727	572	1,299
Total lease costs	<u>\$ 6,500</u>	<u>\$ 5,116</u>	<u>\$ 11,616</u>	<u>\$ 6,478</u>	<u>\$ 5,098</u>	<u>\$ 11,576</u>

	<u>For the nine-month period ended September 30,</u>					
	<u>2024</u>			<u>2023</u>		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Base rent pursuant to lease agreement	\$ 17,252	\$ 13,578	\$ 30,830	\$ 17,252	\$ 13,578	\$ 30,830
Variable lease costs	2,241	1,764	4,005	2,181	1,716	3,897
Total lease costs	<u>\$ 19,493</u>	<u>\$ 15,342</u>	<u>\$ 34,835</u>	<u>\$ 19,433</u>	<u>\$ 15,294</u>	<u>\$ 34,727</u>



## Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

### MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

*Management's discussion and analysis is intended to be read in conjunction with the Company's unaudited financial statements and the integral notes thereto for the quarter ended September 30, 2024. The following statements may be forward looking in nature and actual results may differ materially.*

#### A. RESULTS OF OPERATIONS

REVENUES: Total revenues from sales decreased to \$293,936 for the third quarter of 2024 as compared to \$342,721 in the third quarter of 2023, reflecting a decrease of 14.2%. Management believes the decrease in sales revenues is due to the decrease in customer demand. Year to date total revenues from sales decreased to \$983,566 in 2024 as compared to \$1,233,016 in 2023, reflecting a decrease of 20.2%. Management believes the decrease in sales revenues is due to a decrease in customer demand and the increased cost associated with funding capital improvements.

The Company's revenues have historically fluctuated from quarter to quarter due to timing factors such as product shipments to customers, customer order placement, customer buying trends, and changes in the general economic environment. The procurement process regarding plant and project automation, or project development, which usually surrounds the decision to purchase ESTeem products, can be lengthy. This procurement process may involve bid activities unrelated to the ESTeem products, such as additional systems and subcontract work, as well as capital budget considerations on the part of the customer. Because of the complexity of this procurement process, forecasts with regard to the Company's revenues are difficult to predict.

A percentage breakdown of the Company's market segments of Domestic and Foreign Export sales for the three- and nine-month periods ended September 30, 2024 and 2023 are as follows:

	<u>Three Months ended September 30, 2024</u>	<u>Three Months ended September 30, 2023</u>	<u>Nine Months ended September 30, 2024</u>	<u>Nine Months ended September 30, 2023</u>
Domestic Sales	84 %	99 %	84 %	98 %
Export Sales	16 %	1 %	16 %	2 %

#### BACKLOG:

As of September 30, 2024, the Company had a sales order backlog of \$5,109. The Company's customers generally place orders on an "as needed basis". Shipment for most of the Company's products is generally made within 1 to 5 working days after receipt of customer orders, with the exception of ongoing, scheduled projects, and custom designed equipment.

#### COST OF SALES:

Cost of sales percentages for the third quarters of 2024 and 2023 were 49.5% and 52.1% of respective net sales. Cost of sales percentages for the nine-month periods ended September 30, 2024 and 2023 were 47.0% and 47.6%, respectively. The cost of sales percentage decrease for the nine-month period ended September 30, 2024 is the result of the product mix sold during the same period of 2023. The product mix varies from period to period based on customer needs.

**OPERATING EXPENSES:**

The following is a delineation of operating expenses:

	Three Months Ended			Nine Month Ended		
	September 30, 2024	September 30, 2023	Increase (Decrease)	September 30, 2024	September 30, 2023	Increase (Decrease)
General and administrative	\$ 59,881	\$ 55,829	\$ 4,052	\$ 211,328	\$ 202,086	\$ 9,242
Research and development	28,236	26,114	2,122	92,263	82,798	9,465
Marketing and sales	133,313	133,223	90	458,442	454,819	3,623
Total operating expenses	<u>\$ 221,430</u>	<u>\$ 215,166</u>	<u>\$ 6,264</u>	<u>\$ 762,033</u>	<u>\$ 739,703</u>	<u>\$ 22,330</u>

**General and administrative:** For the third quarter of 2024, general and administrative expenses increased \$4,052 to \$59,881, due to increased professional services when compared with the same quarter of 2023. For the nine-month period ended September 30, 2024, general and administrative expenses increased by \$9,242, to \$211,328, due to increased payroll and increased professional services.

**Research and development:** Research and development expenses increased \$2,122 to \$28,236 during the third quarter of 2024 due to increased payroll when compared with the same quarter of 2023. For the nine-month period, research and development expenses increased by \$9,465 to \$92,263, due to increased payroll and prototype services purchased.

**Marketing and sales:** During the third quarter of 2024, marketing and sales expenses increased \$90 to \$133,313 when compared with the same period of 2023, due to increased travel expenses, which were partially offset by lower payroll and benefit expenses. For the nine-month period, marketing and sales expenses increased by \$3,623 to \$458,442, due to increased travel and marketing expenses which were partially offset by lower payroll and benefit expenses.

**OTHER INCOME:**

The Company earned \$5,482 in interest income during the quarter ended September 30, 2024 and \$16,545 for the nine-month period. Sources of this income were money market accounts and certificates of deposit.

**NET LOSS:**

The Company had a net loss of \$67,441 for the third quarter of 2024 compared to net loss of \$42,505 for the same quarter of 2023. For the nine-month period ended September 30, 2024, the Company recorded a net loss of \$223,875 compared with a net loss of \$75,759 for the same period of 2023. The increase in net loss during 2024 is the result of increased operating expenses and lower sales.

## **B. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES**

The Corporation's current asset to current liabilities ratio at September 30, 2024 was 30.2 compared to 16.2 at December 31, 2023. The increase in the current ratio is due to the decrease of accounts payable, short-term lease payable and increase in inventory at September 30, 2024 as compared to December 31, 2023.

At September 30, 2024, the Company had cash and cash equivalents including certificates of deposit of \$558,223 as compared to cash and cash equivalent of \$886,252 at December 31, 2023.

Cash used from operating activities increased by \$165,170 for the nine-month period ended September 30, 2024 when compared to the same period in 2023. The increase is attributable to an increase in net loss for the period being \$148,116 more than the same period in 2023. The decrease in the change in accounts receivable, accounts payable, and inventory balances accounted for a \$164,903 of the cash used versus the same period in 2023.

In management's opinion, the Company's cash and cash equivalents and other working capital at September 30, 2024 is sufficient to satisfy requirements for operations, capital expenditures, and other expenditures as may arise during 2024 and into the first nine months of 2025.

***FORWARD LOOKING STATEMENTS:*** *The above discussion may contain forward looking statements that involve a number of risks and uncertainties. In addition to the factors discussed above, among other factors that could cause actual results to differ materially are the following: competitive factors such as rival wireless architectures and price pressures; availability of third party component products at reasonable prices; inventory risks due to shifts in market demand and/or price erosion of purchased components; change in product mix, and risk factors that are listed in the Company's reports and registration statements filed with the Securities and Exchange Commission.*

### **OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no significant off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that are material to its stockholders.

#### **Item 1. Controls and Procedures**

An evaluation has been performed under the supervision and with the participation of our management, including our Chief Executive Officer and Principal Accounting Officer, of the effectiveness of the design and the operation of our "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) under the Securities Exchange Act of 1934) as of September 30, 2024. Based on that evaluation, our principal executive officer and our principal financial officer concluded that the design and operation of our disclosure controls and procedures were effective as of September 30, 2024.

The design of any system of controls is based in part upon certain assumptions about the likelihood of future events, and there can be no assurance that any design will succeed in achieving its stated goals under all potential future conditions, regardless of how remote. However, management believes that our system of disclosure controls and procedures are designed to provide a reasonable level of assurance that the objectives of the system will be met.

#### **Changes in Internal Control Over Financial Reporting**

There have not been any changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act) during the most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## PART II—OTHER INFORMATION

### Item 1. Legal Proceedings

None.

### Item 2. Unregistered Sales of Securities

None.

### Item 3. Defaults Upon Senior Securities

None.

### Item 4. Mine Safety Disclosures

Not Applicable

### Item 5. Other Information

During the quarter ended September 30, 2024, no director or officer of the Company adopted or terminated a contract, instruction or written plan for the purchase or sale of securities of the Company intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) and/or a non-Rule 10b5-1 trading arrangement.

**Item 6. Exhibits**

EXHIBIT NUMBER	DESCRIPTION
31.1	<a href="#">Section 302 Certification, CEO</a>
31.2	<a href="#">Section 302 Certification, CFO</a>
32.1	<a href="#">Section 906 Certification, CEO</a>
32.2	<a href="#">Section 906 Certification, CFO</a>
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document

## SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ELECTRONIC SYSTEMS TECHNOLOGY, INC.

By: /s/ Daniel M. Tolley

Date: October 29, 2024

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Name: Daniel M. Tolley  
Title: President  
(Principal Executive Officer)

By: /s/ Michael W. Eller

Date: October 29, 2024

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Name: Michael W. Eller  
Title: Vice President Administration  
(Principal Accounting Officer)

## CERTIFICATION

I, Daniel M. Tolley, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Electronic Systems Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Daniel M. Tolley

Daniel M. Tolley

President

(Chief Executive Officer)

Date: October 29, 2024

A signed original of this written statement has been provided to the registrant and will be retained by the registrant to be furnished to the Securities and Exchange Commission or its staff upon request.

## CERTIFICATION

I, Michael Eller, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Electronic Systems Technology, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report.
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects, the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report.
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (fourth quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ Michael Eller

Michael Eller

Vice President Administration

Principal Accounting Officer

Date: October 29, 2024

A signed original of this written statement has been provided to the registrant and will be retained by the registrant to be furnished to the Securities and Exchange Commission or its staff upon request.



**CERTIFICATION**

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. 1350)

In connection with the quarterly report of Electronic Systems Technology Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2024, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Daniel M. Tolley, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Daniel M. Tolley

Daniel M. Tolley

President

(Chief Executive Officer)

Date: October 29, 2024

This certification is being furnished to the Securities and Exchange Commission as an exhibit to the Quarterly Report and shall not be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended; and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

A signed original of this written statement has been provided to the Registrant and will be retained by the Registrant to be furnished to the Securities and Exchange Commission or its staff upon request.

**Exhibit 32.2 – CFO Certification**

**CERTIFICATION**

PURSUANT TO SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002  
(18 U.S.C. 1350)

In connection with the quarterly report of Electronic Systems Technology Inc. (the "Company") on Form 10-Q for the quarter ended June 30, 2024,<sup>1</sup> as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael Eller, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Michael Eller

Michael Eller

Vice President Administration/CFO

(Principal Accounting Officer)

Date: October 29, 2024

This certification is being furnished to the Securities and Exchange Commission as an exhibit to the Quarterly Report and shall not be deemed filed by the Company for purposes of §18 of the Securities Exchange Act of 1934, as amended.; and is not to be incorporated by reference into any filing of the Company, whether made before or after the date hereof, regardless of any general incorporation language in such filing.

A signed original of this written statement has been provided to the Registrant and will be retained by the Registrant to be furnished to the Securities and Exchange Commission or its staff upon request.