

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 **June 30, 2022**

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:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
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 July 20, 2022, 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)

	June 30, 2022	December 31, 2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 579,021	\$ 655,616
Certificates of deposit	400,000	400,000
Accounts receivable, net	159,468	166,303
Inventories	529,085	501,833
Prepaid expenses	18,083	24,387
Accrued interest receivable	676	35
Total current assets	1,686,333	1,748,174
Property and equipment, net of depreciation	1,136	1,358
Right to use – Lease, net of amortization (NOTE 6)	9,737	28,922
Total assets	\$ 1,697,206	\$ 1,778,454
LIABILITIES and STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 39,535	\$ 71,645
Accrued wages and bonus	5,818	9,114
Accrued vacation pay	17,845	28,438
Lease liability, current (NOTE 6)	9,895	13,613
Other accrued liabilities	7,053	14,827
Total current liabilities	80,146	137,637
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	932,412	932,412
Retained earnings	679,701	703,458
Total stockholders' equity	1,617,060	1,640,817
Total liabilities and stockholders' equity	\$ 1,697,206	\$ 1,778,454

See Notes to Financial Statements.

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

	Three Months Ended June 30, 2022	Three Months Ended June 30, 2021	Six Months Ended June 30, 2022	Six Months Ended June 30, 2021
SALES - NET	\$ 416,892	\$ 457,003	\$ 889,035	\$ 881,779
COST OF SALES	<u>(191,437)</u>	<u>(213,197)</u>	<u>(401,321)</u>	<u>(393,734)</u>
GROSS PROFIT	<u>225,455</u>	<u>243,806</u>	<u>487,714</u>	<u>488,045</u>
Operating Expenses				
General and administrative	66,747	66,452	151,522	159,955
Research and development	45,856	54,249	91,633	106,949
Marketing and sales	132,242	127,419	269,401	221,634
TOTAL OPERATING EXPENSE	<u>244,845</u>	<u>248,120</u>	<u>512,556</u>	<u>488,538</u>
OPERATING INCOME (LOSS)	(19,390)	(4,314)	(24,842)	(493)
OTHER INCOME				
Gain on forgiveness of CARES Act loan	—	150,118	—	150,118
Interest income	594	566	1,085	1,427
TOTAL OTHER INCOME	<u>594</u>	<u>150,684</u>	<u>1,085</u>	<u>151,545</u>
NET INCOME (LOSS) BEFORE INCOME TAX	(18,796)	146,370	(23,757)	151,052
Benefit (provision) for income tax	—	—	—	—
NET INCOME (LOSS)	<u>\$ (18,796)</u>	<u>\$ 146,370</u>	<u>\$ (23,757)</u>	<u>\$ 151,052</u>
Basic and diluted earnings per share	<u>(\$ 0.00)</u>	<u>\$ 0.03</u>	<u>(\$ 0.00)</u>	<u>\$ 0.03</u>
Basic and diluted weighted average shares used in computing income (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 Financial Statements.

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

	Six Months Ended	
	June 30, 2022	June 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income (loss)	\$ (23,757)	\$ 151,052
Noncash items included in net loss:		
Depreciation	222	2,578
Gain on forgiveness of CARES Act loan	—	(150,118)
Changes in operating assets and liabilities:		
Accounts receivable, net	6,835	127,588
Inventories	(27,252)	139,934
Accrued interest receivable	(641)	3,845
Prepaid expenses	6,304	4,745
Accounts payable	(31,151)	5,146
Other accrued liabilities	(1,187)	64,152
NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	(70,627)	348,922
CASH FLOWS FROM INVESTING ACTIVITIES:		
Certificates of deposit redeemed	300,000	249,999
Certificates of deposit purchased	(300,000)	—
NET CASH PROVIDED FROM INVESTING ACTIVITIES	—	249,999
CASH FLOWS USED IN FINANCING ACTIVITIES:		
Principal payments on CARES Act loan payable (round 1)	(5,968)	(1,975)
Proceeds from CARES Act loan payable (rounds 1 and 2)	—	130,255
NET CASH PROVIDED (USED) IN FINANCING ACTIVITIES	(5,968)	128,280
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(76,595)	727,201
Cash and cash equivalents at beginning of period	655,616	308,110
Cash and cash equivalents at end of period	\$ 579,021	\$ 1,035,311

See Notes to Financial Statements.

ELECTRONIC SYSTEMS TECHNOLOGY, INC.
DBA ESTEEM WIRELESS MODEMS

CONDENSED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)

	Common Stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
Balances, January 1, 2021	4,946,502	\$ 4,947	\$ 931,442	\$ 610,469	\$ 1,546,858
Net income (loss)	—	—	—	4,682	4,682
Balance at March 31, 2021	<u>4,946,502</u>	<u>\$ 4,947</u>	<u>\$ 931,442</u>	<u>\$ 615,151</u>	<u>\$ 1,551,540</u>
Net income (loss)	—	—	—	146,370	146,370
Balance at June 30, 2021	<u>4,946,502</u>	<u>\$ 4,947</u>	<u>\$ 931,442</u>	<u>\$ 761,521</u>	<u>\$ 1,697,910</u>
Balances, January 1, 2022	4,946,502	\$ 4,947	\$ 932,412	\$ 703,458	\$ 1,640,817
Net income (loss)	—	—	—	(4,961)	(4,961)
Balance at March 31, 2022	<u>4,946,502</u>	<u>\$ 4,947</u>	<u>\$ 932,412</u>	<u>\$ 698,497</u>	<u>\$ 1,635,856</u>
Net income (loss)	—	—	—	(18,796)	(18,796)
Balance at June 30, 2022	<u>4,946,502</u>	<u>\$ 4,947</u>	<u>\$ 932,412</u>	<u>\$ 679,701</u>	<u>\$ 1,617,060</u>

See Notes to Financial Statements.

ELECTRONIC SYSTEMS TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

NOTE 1 - BASIS OF PRESENTATION

The 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 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 financial statements contain all adjustments, consisting of only normal recurring adjustments, necessary for a fair statement of its financial position as of June 30, 2021, and its results of operations, cash flows, and changes in stockholders' equity for the three months and six months ended June 30, 2022, and 2021. The balance sheet at December 31, 2021 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, 2021.

The results of operations for the three month and six-month period ended June 30, 2022 are not necessarily indicative of the results expected for the full fiscal year or for any other fiscal period. The Company estimates that for 2022 the anticipated effective annual federal income tax rate will be 0%.

New Accounting Pronouncements

Accounting standards that have been issued by the Financial Accounting Standards Board that do not require adoption until a future date are not expected to have a material impact on the financial statements upon adoption

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:

	June 30, 2022	December 31, 2021
Parts	\$ 107,986	\$ 92,751
Work in progress	182,753	171,705
Finished goods	238,346	237,377
Total inventories	\$ 529,085	\$ 501,833

ELECTRONIC SYSTEMS TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

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 June 30, 2022 and 2021, the Company had 210,000 and 180,000 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

No stock options were issued, exercised, or expired during the six month periods ended June 30, 2022 and 2021. During the same periods, 30,000 and nil options were forfeited in 2022 and 2021 respectively. As of June 30, 2022, there were 210,000 options outstanding with a weighted average exercise price of \$0.40 per share, a weighted average remaining life of 2.9 years and no intrinsic value.

NOTE 5 – REVENUE

The Company 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 June 30, 2022 and 2021, the Company's revenue from products sales was \$409,392 and \$448,403, respectively. Revenue from site support and engineering services was \$7,500 and \$8,600 respectively, over the same periods.

During the six month periods ended June 30, 2022 and 2021, the Company's revenue from products sales was \$871,235 and \$870,079, respectively. Revenue from site support and engineering services was \$17,800 and \$11,700 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 period ended June 30, 2022 and June 30, 2021 were \$378,959 and \$432,215, respectively. Sales to foreign customers for the three month period ended June 30, 2022 and June 30, 2021 were \$37,933 and \$24,788, respectively.

Domestic sales for the six month period ended June 30, 2022 and June 30, 2021 were \$815,629 and \$794,330, respectively. Sales to foreign customers for the six month period ended June 30, 2022 and June 30, 2021 were \$73,406 and \$87,449, respectively.

For the three-month period ended June 30, 2022, sales to three customers represented more than 10% of total revenue, three customers represented more than 10% of total revenue for the same period in 2021.

ELECTRONIC SYSTEMS TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

	2022 Sales	2022 %age of Total Sales	2021 Sales	2021%age of Total Sales
Domestic customer A	\$ 54,436	13%	\$ 76,947	17%
Domestic customer B	53,880	13%	64,968	14%
Domestic customer C	49,031	12%	62,080	14%

For the six-month period ended June 30, 2022, sales to three customers represented more than 10% of total revenue, two customers represented more than 10% of total revenue for the same period in 2021.

	2022 Sales	2022 %age of Total Sales	2021 Sales	2021 %age of Total Sales
Domestic customer A	\$ 121,715	14%	\$ 133,118	15%
Domestic customer B	107,505	12%	129,798	15%
Domestic customer C	100,693	11%		

As of June 30, 2022 and 2021, the Company had a sales order backlog of \$24,857 and \$17,143, respectively.

NOTE 6 - LEASES

On September 23, 2020, the Company signed a new two-year lease for its facilities. The base lease is \$3,162 and \$3,267 per month for years one and two, respectively. There is a leasehold tax applied to the base lease at 12.84%. The Company has the right to terminate the lease with 90 days' notice. There is no renewal clause contained in the current lease. Upon signing the lease, the Company recognized a lease liability and right of use asset of \$74,005 based on the two-year payment stream discounted using an estimated incremental borrowing rate of 4.0%. At June 30, 2022, the remaining lease term is three months over which payments of \$9,737 will be paid.

ELECTRONIC SYSTEMS TECHNOLOGY, INC.
NOTES TO FINANCIAL STATEMENTS
(Unaudited)

For the three month and six-month periods ended June 30, 2022 and 2021, lease expenses of \$10,903 and \$10,862, and \$21,805 and \$21,724, respectively, are included in the following expense classifications on the statement of operations:

	For the three-month period ending June 30,					
	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Base rent pursuant to lease agreement	\$ 5,397	\$ 4,248	\$ 9,645	\$ 5,396	\$ 4,248	\$ 9,644
Variable lease costs	704	554	1,258	682	536	1,218
Total lease costs	<u>\$ 6,101</u>	<u>\$ 4,802</u>	<u>\$ 10,903</u>	<u>\$ 6,078</u>	<u>\$ 4,784</u>	<u>\$ 10,862</u>

	For the six-month period ending June 30,					
	2022			2021		
	Cost of sales	Operating expenses	Total	Cost of sales	Operating expenses	Total
Base rent pursuant to lease agreement	\$ 10,793	\$ 8,495	\$ 19,288	\$ 10,793	\$ 8,495	\$ 19,288
Variable lease costs	1,408	1,109	2,517	1,363	1,073	2,436
Total lease costs	<u>\$ 12,201</u>	<u>\$ 9,604</u>	<u>\$ 21,805</u>	<u>\$ 12,156</u>	<u>\$ 9,568</u>	<u>\$ 21,724</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 June 30, 2020. 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 \$416,892 for the second quarter of 2022 as compared to \$457,003 in the second quarter of 2021, reflecting a decrease of 8.8%. Management believes the decrease in sales revenues is due to the impact of supply chain delays to materials needed by our customers to compete projects. Year to date total revenues from sales increased to \$889,035 in 2022 as compared to \$881,779 in 2021, reflecting an increase of 0.8%. Management believes the increase in sales revenues is due the company increased inventory level and the ability to ship orders in a timely manner.

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 six month periods ended June 30, 2022 and 2021 are as follows:

	Three Months ended June 30, 2022	Three Months ended June 30, 2021	Six Months ended June 30, 2022	Six Months ended June 30, 2021
Domestic Sales	91%	95%	92%	90%
Export Sales	9%	5%	8%	10%

BACKLOG:

As of June 30, 2022, the Company had a sales order backlog of \$24,857. 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 second quarters of 2022 and 2021 were 46% and 47% of respective net sales. The cost of sales percentage decreased in the second quarter of 2022 is the result of the product mix sold during the same quarter of 2021. Cost of sales percentages for the six month periods ended June 30, 2022 and 2021 were 45.1% and 44.7%, respectively. The cost of sales percentage increase in the second quarter of 2022 is the result of the product mix sold during the same period of 2021.

OPERATING EXPENSES:

The following is a delineation of operating expenses:

	Three Months Ended			Six Month Ended		
	June 30, 2022	June 30, 2021	Increase (Decrease)	June 30, 2022	June 30, 2021	Increase (Decrease)
General and administrative	\$ 66,747	\$ 66,452	\$ 295	\$ 151,522	\$ 159,955	\$ (8,433)
Research and development	45,856	54,249	(8,393)	91,633	106,949	(15,316)
Marketing and sales	132,242	127,419	4,823	269,401	221,634	47,767
Total operating expenses	<u>\$ 244,845</u>	<u>\$ 248,120</u>	<u>\$ (3,275)</u>	<u>\$ 512,556</u>	<u>\$ 488,538</u>	<u>\$ 24,018</u>

General and administrative: For the second quarter of 2022, general and administrative expenses increased \$295 to \$66,747, due to increased wages when compared with the same quarter of 2021. For the six-month period, general and administrative expenses decreased by \$8,433 to \$151,522, due to decreased services purchased. General and administrative expense was 16.0% compared to 14.5% of sales revenue for the second quarter of 2022 and 17.0% compared to 18.1% of sales revenue for six month period ended June 30, 2022.

Research and development: Research and development expenses decreased \$8,393 to \$45,856 during the second quarter of 2022 due to decreased payroll expenses when compared with the same quarter of 2021. For the six-month period, research and development expenses decreased by \$15,316 to \$91,633, due to decreased payroll expenses. Research and development expense was 11.0% compared to 11.9% of sales revenue for the second quarter of 2022 and 10.3% compared to 12.1% of sales revenue for six month period ending June 30, 2022.

Marketing and sales: During the second quarter of 2022, marketing and sales expenses increased \$4,823 to \$132,242 when compared with the same period of 2021, due to increased benefits expenses and travel. For the six-month period, marketing and sales expenses increased by \$47,767 to \$269,401, due to increased payroll. Marketing and sales expense was 31.7% compared to 27.9% of sales revenue for the second quarter of 2022 and 30.3% compared to 25.1% of sales revenue for six month period ended June 30, 2022.

OTHER INCOME:

The Company earned \$594 in interest income during the quarter ended June 30, 2022 and \$1,085 for the six-month period. Sources of this income were money market accounts and certificates of deposit. In 2021, the Company recognized a gain on forgiveness of debt in the amount of \$150,118 for the first CARES Act loan (PPP round 1).

NET LOSS:

The Company had a net loss of 18,796 for the second quarter of 2022 compared to a net income of \$146,370 for the same quarter of 2021. For the six-month period ended June 30, 2022, the Company recorded a net loss of \$23,757 compared with net income of \$151,052 for the same period of 2021. The decrease in net income during 2022 is the result of increased operating expenses and no CARES Act forgiveness.

B. FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Corporation's current asset to current liabilities ratio at June 30, 2022 was 21.0 compared to 12.7 at December 31, 2021. The increase in current ratio is due to the decrease of accounts payable and short-term leases payable at June 30, 2022 as compared to December 31, 2021.

At June 30, 2022, the Company had cash and cash equivalents of \$579,021 as compared to cash and cash equivalent of \$655,616 at December 31, 2021.

Cash provided from operating activities decreased by \$419,549 for the six-month period ended June 30, 2022 when compared to the same period in 2021. The decrease is attributable to a decrease in net income for the period being \$174,809 less than the same period in 2021. The reduction in the change in accounts receivable and inventory balances contributed \$120,753 and \$167,186 respectively.

In management's opinion, the Company's cash and cash equivalents and other working capital at June 30, 2022 is sufficient to satisfy requirements for operations, capital expenditures, and other expenditures as may arise during 2022 and into the first half of 2023.

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 4. 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 June 30, 2022. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have determined that there was a material weakness affecting our internal control over financial reporting and, as a result of that weakness, our disclosure controls and procedures were not effective as of June 30, 2022.

The material weakness is as follows:

We did not maintain effective controls to ensure appropriate segregation of duties as the same officer and employee was responsible for the initiating and recording of transactions, thereby creating segregation of duties weaknesses. Due to the (1) significance of segregation of duties to the preparation of reliable financial statements; (2) the significance of potential misstatement that could have resulted due to the deficient controls; and, (3) the absence of sufficient other mitigating controls; we determined that this control deficiency resulted in more than a remote likelihood that a material misstatement or lack of disclosure within the annual or interim financial statements will not be prevented or detected.

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

None.

Item 6. Exhibits

EXHIBIT NUMBER	DESCRIPTION
31.1	Section 302 Certification, CEO
31.2	Section 302 Certification, CFO
32.1	Section 906 Certification, CEO
32.2	Section 906 Certification, CFO
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.

Date: August 9, 2022

By: /s/ Daniel M. Tolley

Name: Daniel M. Tolley

Title: President

(Principal Executive Officer)

Date: August 9, 2022

By: /s/ Michael W. Eller

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: August 9, 2022

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: August 9, 2022

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, 2022, 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: August 9, 2022

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.

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, 2022,¹ 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: August 9, 2022

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.