

ELECTRO SENSORS INC
Form 10-Q
November 13, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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, 2018

Or

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

For the transition period from _____ to _____

Commission File Number 000-09587

ELECTRO-SENSORS, INC.

(Exact name of registrant as specified in its charter)

Minnesota
(State or other jurisdiction of incorporation or organization)

41-0943459
(IRS Employer Identification No.)

6111 Blue Circle Drive
Minnetonka, Minnesota 55343-9108

(Address of principal executive offices)

(952) 930-0100

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 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 filing requirements 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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting 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
Smaller 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

The number of shares outstanding of the registrant's common stock, \$0.10 par value, on November 12, 2018 was 3,395,521.

ELECTRO-SENSORS, INC.

Form 10-Q

For the Periods Ended September 30, 2018

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PART I. FINANCIAL INFORMATIONItem 1. Financial Statements

ELECTRO-SENSORS, INC.

BALANCE SHEETS

(in thousands except share and per share amounts)

| | September 30, 2018 (unaudited) | December 31, 2017 |
|--|---|-------------------------|
| ASSETS | | |
| Current assets | | |
| Cash and cash equivalents | \$ 853 | \$ 963 |
| Investments | 7,749 | 7,756 |
| Trade receivables, less allowance for doubtful accounts of \$11 | 1,044 | 902 |
| Inventories | 1,604 | 1,552 |
| Other current assets | 171 | 141 |
| Income tax receivable | 17 | 45 |
| Total current assets | 11,438 | 11,359 |
| Deferred income tax asset, net | 178 | 182 |
| Intangible assets, net | 624 | 800 |
| Property and equipment, net | 1,041 | 1,074 |
| Total assets | \$ 13,281 | \$ 13,415 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities | | |
| Contingent earn-out | \$ 0 | \$ 150 |
| Accounts payable | 193 | 178 |
| Accrued expenses | 425 | 380 |
| Total current liabilities | 618 | 708 |
| Commitments and contingencies | | |
| Stockholders' equity | | |
| Common stock par value \$0.10 per share; authorized 10,000,000 shares; 3,395,521 shares issued and outstanding | 339 | 339 |
| Additional paid-in capital | 2,011 | 2,004 |
| Retained earnings | 10,287 | 10,352 |

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| | | |
|--|-----------|-----------|
| Accumulated other comprehensive gain (unrealized gain on available-for-sale securities, net of income tax) | 26 | 12 |
| Total stockholders' equity | 12,663 | 12,707 |
| Total liabilities and stockholders' equity | \$ 13,281 | \$ 13,415 |
| See accompanying notes to unaudited financial statements | | |

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ELECTRO-SENSORS, INC.

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(in thousands except share and per share amounts)

(unaudited)

| | Three Months Ended September 30, 2018 | | 2017 | | Nine Months Ended September 30, 2018 | | 2017 | |
|----------------------------|---|-------|------|-------|--|-------|------|-------|
| Net sales | \$ | 2,146 | \$ | 2,078 | \$ | 5,642 | \$ | 6,075 |
| Cost of goods sold | | 951 | | 944 | | 2,559 | | 2,718 |
| Gross profit | | 1,195 | | 1,134 | | 3,083 | | 3,357 |
| Operating expenses | | | | | | | | |
| Selling and marketing | | 406 | | 342 | | 1,242 | | 1,127 |
| General and administrative | | 414 | | 402 | | 1,370 | | 1,225 |