

## Electro-Sensors, Inc. Announces 2019 Year-End Financial Results

**Minnetonka, Minnesota** (March 25, 2020) – Electro-Sensors, Inc. (NASDAQ: ELSE), a leading global provider of machine monitoring sensors and hazard monitoring systems, today announced financial results for the year ended December 31, 2019.

- **Record annual net sales of over \$8.2 million, up 10% from prior year**
- **Net income of \$187,000, or \$0.06 per share**
- **Cash and investments of \$8.8 million**

Table in thousands, except per share data

	<u>FY19</u>	<u>FY18</u>	<u>Change</u>
Net Sales	\$ 8,258	\$ 7,495	10.2%
Gross Margin	52.9%	54.0%	-110bps
Operating Loss	\$ (31)	\$ (145)	78.6%
Operating Loss Margin	(0.4)%	(1.9)%	150bps
Income (Loss) Before Income Taxes	\$ 186	\$ (18)	1133.3%
Earnings Per Share (diluted)	\$ 0.06	\$ 0.00	100.0%

Net sales during 2019 increased 10.2% to \$8,258,000 from \$7,495,000 in the prior year. The increase was due primarily to an increase in sales of our HazardPRO™ wireless hazard monitoring systems. International markets provided approximately 12% of our 2019 net sales led by improved sales to Brazil.

“We are pleased to announce record annual revenue during 2019,” said David L. Klenk, Electro-Sensors’ president. “Our growth during the year was largely driven by sales of HazardPRO wireless hazard monitoring systems, including several repeat and multi-system orders from existing customers.”

Klenk continued, “While the COVID-19 outbreak will be an extraordinary challenge in 2020, Electro-Sensors continues to fully operate as we have been recognized as an essential supplier to companies serving the nation’s food supply.”

A full analysis of results for the year ended December 31, 2019 is available in the Company’s Form 10-K, which is available on the Company’s website at [www.electro-sensors.com](http://www.electro-sensors.com) or through the Securities and Exchange Commission’s Edgar database at [www.sec.gov](http://www.sec.gov).

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**Electro-Sensors, Inc.**  
**Statements of Income**  
**For the Years Ended December 31, 2019 and 2018**  
**(in thousands except share and per share amounts)**

	<b>Years Ended December 31,</b>	
	<b>2019</b>	<b>2018</b>
Net sales	\$ 8,258	\$ 7,495
Cost of goods sold	<u>3,892</u>	<u>3,448</u>
Gross profit	4,366	4,047
Operating expenses	<u>4,397</u>	<u>4,192</u>
Operating loss	(31)	(145)
Non-operating income, net	<u>217</u>	<u>127</u>
Income (loss) before income taxes	186	(18)
Income tax benefit	<u>(1)</u>	<u>(8)</u>
Net income (loss)	<u>\$ 187</u>	<u>\$ (10)</u>
Earnings (loss) per share – diluted	\$ 0.06	\$ 0.00
Average shares outstanding - diluted	3,398,035	3,395,521

**Electro-Sensors, Inc.**  
**Balance Sheets**  
**December 31, 2019 and 2018**  
**(in thousands)**

	<b>December 31</b>	
	<b>2019</b>	<b>2018</b>
<b>Assets</b>		
Current Assets		
Cash and investments	\$ 8,830	\$ 8,799
Trade receivables, net	1,036	896
Inventories	1,695	1,618
Other current assets	159	155
Total current assets	11,720	11,468
Deferred income tax asset	203	192
Intangible assets, net	489	565
Property and equipment, net	1,063	1,050
Total assets	\$ 13,475	\$ 13,275
<b>Liabilities and Stockholders' Equity</b>		
Current Liabilities		
Current maturity of financing lease	\$ 5	\$ 5
Accounts payable and accrued expenses	560	521
Total current liabilities	565	526
Long-term liabilities		
Financing lease, net of current maturities	19	24
Total long-term liabilities	19	24
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,030	2,019
Retained earnings	10,522	10,335
Other comprehensive gain	0	32
Total stockholders' equity	12,891	12,725
Total liabilities and stockholders' equity	\$ 13,475	\$ 13,275

## **2020 Annual Meeting of Shareholders**

Normally, our annual meeting is held the third week of April. Due to the outbreak of COVID-19, we are scheduling our annual meeting for early in the third quarter. The date and location for our Annual Meeting of Shareholders will be announced via our proxy statement to be filed late April and on our corporate website [www.electro-sensors.com](http://www.electro-sensors.com).

## **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](http://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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