

Electro-Sensors, Inc. Announces First Quarter 2020 Financial Results

Minnetonka, Minnesota (May 11, 2020) – 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, 2020.

- **First quarter revenue of \$1,923,000, down 4.2% from prior year period**
- **Gross Margin of 52.0%**
- **Cash and investments of approximately \$8.9 million**

Unaudited; in thousands, except per share data

	<u>Q1 FY20</u>	<u>Q1 FY19</u>	<u>Change</u>
Net Sales	\$ 1,923	\$ 2,008	-4.2 %
Gross Margin	52.0 %	53.1 %	-11 bps
Operating Loss	\$ (141)	\$ (86)	64.0 %
Operating Loss Margin	(7.3)%	(4.3)%	-30.0 bps
Loss Before Income Tax Benefit	\$ (110)	\$ (40)	175.0 %
Loss Per Share (diluted)	\$ (.03)	\$ (.01)	200.0 %

Net sales for the 2020 first quarter decreased 4.2% to \$1,923,000 from \$2,008,000 in the prior-year quarter. The decrease is partially due to the impact of the COVID-19 pandemic. As the quarter progressed, sales became less predictable as many of our customers were increasingly impacted by the outbreak.

“As the COVID-19 situation developed during the quarter, we were named an essential supplier by many of our customers, particularly in various agricultural and food supply industries,” said David L. Klenk, Electro-Sensors’ president. “Now more than ever, our customers are looking for Electro-Sensors to deliver critical sales and service as they strive to keep the nation’s food supply healthy, safe, and operating efficiently.”

A full analysis of results for the period ended March 31, 2020 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.

Contact:

David L. Klenk
952-930-0100

dklenk@electro-sensors.com

Electro-Sensors, Inc.
Consolidated Statements of Income
For the Quarter Ended March 31, 2020 and 2019 (unaudited)
(in thousands except share and per share amounts)

	<u>Three Months Ended March 31</u>	
	<u>2020</u>	<u>2019</u>
Sales	\$ 1,923	\$ 2,008
Cost of goods sold	<u>924</u>	<u>941</u>
Gross profit	999	1,067
Operating expenses	<u>1,140</u>	<u>1,153</u>
Operating loss	(141)	(86)
Non-operating income	<u>31</u>	<u>46</u>
Loss before income taxes	(110)	(40)
Benefit from income taxes	<u>(19)</u>	<u>(9)</u>
Net loss	<u>\$ (91)</u>	<u>\$ (31)</u>
Loss per share – diluted	\$ (0.03)	\$ (0.01)
Average shares outstanding - diluted	3,395,521	3,395,521

Electro-Sensors, Inc.
Consolidated Balance Sheets
March 31, 2020 and December 31, 2019
(in thousands)

	March 31 2020 (unaudited)	December 31 2019
Assets		
Current Assets		
Cash and investments	\$ 8,891	\$ 8,830
Trade receivables, net	934	1,036
Inventories	1,721	1,695
Other current assets	219	159
Total current assets	11,765	11,720
Deferred income tax asset, long-term	207	203
Intangible assets, net	424	489
Property and equipment, net	1,038	1,063
Total assets	\$ 13,434	\$ 13,475
Liabilities and Stockholders' Equity		
Current Liabilities		
Current maturities of financing lease	\$ 6	\$ 5
Accounts payable and accrued expenses	609	560
Total current liabilities	615	565
Long-term liabilities		
Financing lease, net of current maturities	16	19
Total long-term liabilities	16	19
Stockholders' equity		
Common stock	339	339
Additional paid-in capital	2,033	2,030
Retained earnings	10,431	10,522
Total stockholders' equity	12,803	12,891
Total liabilities and stockholders' equity	\$ 13,434	\$ 13,475

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. Also look us up on:
LinkedIn: [linkedin.com/company/electro-sensors-inc-](https://www.linkedin.com/company/electro-sensors-inc-)
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