

ELECTRO SENSORS INC
Form 10-Q
May 10, 2018

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 March 31, 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

(Do not check if a smaller reporting company)

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 May 9, 2018 was 3,395,521.

ELECTRO-SENSORS, INC.

Form 10-Q

For the Periods Ended March 31, 2018

TABLE OF CONTENTS

PART I – FINANCIAL INFORMATION

4

Item 1. Financial Statements (unaudited):

4

Balance Sheets – As of March 31, 2018 and December 31, 2017

4

Statements of Comprehensive Loss – For the Three Months ended March 31, 2018 and March 31, 2017

5

Statements of Cash Flows – For the Three Months ended March 31, 2018 and March 31, 2017

6

Notes to Financial Statements

7

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

11

Item 3. Quantitative and Qualitative Disclosures About Market Risk

15

Item 4. Controls and Procedures

15

PART II – OTHER INFORMATION

15

Item 1. Legal Proceedings

15

Item 1A. Risk Factors

15

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

15

Item 3. Defaults Upon Senior Securities

15

Item 4. Mine Safety Disclosures

15

Item 5. Other Information

15

Item 6. Exhibits

15

SIGNATURES

16

PART I. FINANCIAL INFORMATIONItem 1. Financial Statements

ELECTRO-SENSORS, INC.

BALANCE SHEETS

(in thousands except share and per share amounts)

	March 31, 2018 (unaudited)	December 31, 2017
ASSETS		
Current assets		
Cash and cash equivalents	\$ 601	\$ 963
Investments	7,750	7,756
Trade receivables, less allowance for doubtful accounts of \$11	855	902
Inventories	1,579	1,552
Other current assets	171	141
Income tax receivable	118	45
Total current assets	11,074	11,359
Deferred income tax asset, net	163	182
Intangible assets, net	741	800
Property and equipment, net	1,058	1,074
Total assets	\$ 13,036	\$ 13,415
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Contingent earn-out	\$ 0	\$ 150
Accounts payable	128	178
Accrued expenses	400	380
Total current liabilities	528	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	2,008	2,004
Retained earnings	10,143	10,352

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Accumulated other comprehensive gain (unrealized gain on available-for-sale securities, net of income tax)	18	12
Total stockholders' equity	12,508	12,707
Total liabilities and stockholders' equity	\$ 13,036	\$ 13,415
See accompanying notes to unaudited financial statements		

4

ELECTRO-SENSORS, INC.

STATEMENTS OF COMPREHENSIVE LOSS

(in thousands except share and per share amounts)

(unaudited)

	Three Months Ended March 31, 2018	2017
Net sales	\$ 1,716	\$ 1,670
Cost of goods sold	800	771
Gross profit	916	899
Operating expenses		
Selling and marketing	435	377
General and administrative	532	444
Research and development	230	221
Total operating expenses	1,197	1,042
Operating loss	(281)	(143)
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