

ELECTRONIC SYSTEMS TECHNOLOGY INC
Form DEF 14A
May 02, 2019

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to § 240.14a-12

ELECTRONIC SYSTEMS TECHNOLOGY, INC.

(Name of Registrant as Specified in its Charter)

Not Applicable

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
 - (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:

Electronic Systems Technology, Inc.

Phone: 509-735-9092

415 N. Quay Street, Building B1, Kennewick, WA 99336

Fax: 509-783-5475

April 29, 2019

Dear Shareholder:

You are cordially invited to attend Electronic System Technology, Inc.'s Annual Meeting of Shareholders on Friday, June 7, 2019 at 9:00 a.m. Pacific time. The meeting will be held at the Company's headquarters located at 415 N. Quay St, Bldg. B1, Kennewick, Washington. The matters to be acted upon at the meeting are described in the attached Notice of Annual Meeting of Shareholders and Proxy Statement.

The Company is once again taking advantage of the Securities and Exchange Commission rules that allows us to provide proxy materials over the Internet. On or about April 29, 2019 we will begin mailing a Notice of Internet Availability of Proxy Materials to stockholders informing them that the Proxy Statement, 2018 Annual Report (when filed) and voting instructions are available online.

As more fully described in that Notice, all Stockholders may choose to access proxy materials on the Internet or may request paper copies of the proxy materials. We believe that using the Internet reduces costs, provides greater flexibility to our shareholders, and conserves resources. Subsequent to the formal meeting and its items of business at the Annual Meeting, I will review major Company developments over the past year and share with you our plans for the future. You will have an opportunity to ask questions and express your views to the management of the Company. Members of the Board of Directors will attend in person or by telephone.

Whether or not you are able to attend the Annual Meeting in person, it is important that your shares be represented. Please vote your shares using the Internet or by requesting a printed copy of the proxy materials and completing and returning by mail the proxy card you will receive in response to your request. Instructions on each of these voting methods are outlined in the enclosed Proxy Statement. Please vote as soon as possible.

I hope to see you on June 7, 2019.

YOUR VOTE IS VERY IMPORTANT. Whether or not you plan to attend the Annual Meeting of Shareholders, we urge you to vote and submit your proxy by the Internet (see below for instructions) or mail so that a quorum may be represented at the meeting. Any person giving a proxy has the power to revoke it at any time, and stockholders who are present at the meeting may withdraw their proxies and vote in person. If you hold your shares through an account with a brokerage firm, bank or other nominee, please follow the

instructions you receive from them to vote your shares.

By order of the Board of Directors,

ELECTRONIC SYSTEMS TECHNOLOGY, INC.

Michael W. Eller, President

April 29, 2019 / Approximate Date of mailing to Shareholders

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on June 7, 2019:

The Notice of Annual Meeting and Proxy Statement and Annual Report to Shareholders are available at <http://www.esteem.com/about/corporate-information.html>. Voting by the Internet is fast, convenient and your vote is immediately confirmed and posted. For registered shareholders to vote by the Internet, first read the accompanying Proxy Statement and then follow the instructions below:

VOTE BY INTERNET

- 1 . Go to www.vote.corporatestock.com.
- 2 . Follow the step-by-step instructions provided.

PLEASE DO NOT RETURN THE ENCLOSED PAPER BALLOT IF YOU ARE VOTING OVER THE INTERNET.

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NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

TO BE HELD JUNE 7, 2019

To the Shareholders of Electronic Systems Technology, Inc.:

The Annual Meeting of Shareholders of Electronic Systems Technology, Inc. (the “Company”), a Washington Corporation, will be held at the Company’s location at 415 N. Quay St, Bldg. B1, Kennewick, Washington, on June 7, 2019 at 9:00 a.m. Pacific Time for the following purposes:

1. To elect Directors.
2. To ratify DeCoria, Maichel & Teague as Independent Auditors.
3. To transact such other business as may properly come before the meeting and any postponement(s) or adjournment(s) thereof.

Only Shareholders of record, at the close of business on April 15, 2019, are entitled to notice of and to attend and to vote at the meeting. Interested parties are encouraged to visit the Company’s website at www.esteem.com for additional information. *Information on our website does not form any part of the material for solicitation of proxies.*

By order of the Board of Directors,

ELECTRONIC SYSTEMS TECHNOLOGY, INC.

/s/ Michael W. Eller

Michael W. Eller, President

April 29, 2019 / Approximate Date of mailing to Shareholders

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING IN PERSON, PLEASE VOTE AS PROMPTLY AS POSSIBLE USING THE INTERNET OR THE DESIGNATED TOLL-FREE TELEPHONE NUMBER, OR BY REQUESTING A PRINTED COPY OF THE PROXY MATERIALS AND COMPLETING AND RETURNING BY MAIL THE PROXY CARD YOU WILL RECEIVE IN RESPONSE TO YOUR REQUEST. THIS IS IMPORTANT FOR THE PURPOSE OF ENSURING A QUORUM AT THE MEETING. ANY PERSON GIVING A PROXY HAS THE POWER TO REVOKE IT AT ANY TIME, AND SHAREHOLDERS WHO ARE PRESENT AT THE MEETING MAY WITHDRAW THEIR PROXIES AND VOTE IN PERSON. IF YOU HOLD YOUR SHARES THROUGH AN ACCOUNT WITH A BROKERAGE FIRM, BANK OR OTHER NOMINEE, PLEASE FOLLOW THE INSTRUCTIONS YOU RECEIVE FROM THEM TO VOTE YOUR SHARES.

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ELECTRONIC SYSTEMS TECHNOLOGY, INC.

415 N. Quay Street, Bldg. B1

Kennewick, Washington 99336

(509) 735-9092

PROXY STATEMENT

Relating to

ANNUAL MEETING OF SHAREHOLDERS

To be held June 7, 2019

INTRODUCTION

This Proxy Statement is being furnished by the Board of Directors of Electronic Systems Technology, Inc., a Washington corporation (the "Corporation"), to holders of shares of the Corporation's Common Stock ("Common Stock") in connection with the solicitation by the Board of Directors of proxies to be voted at the Annual Meeting of Shareholders of the Corporation to be held on Friday, June 7, 2019 at 9:00 a.m. Pacific time, and any adjournment or adjournments thereof (the "Annual Meeting") for the purposes set forth in the accompanying Notice of the Annual Meeting. The Annual Report of the Corporation for the year ending December 31, 2018 was mailed to Shareholders in conjunction with the mailing of this Proxy Statement; however, such Annual Report does not form any part of the material for solicitation of proxies.

**IMPORTANT NOTICE REGARDING INTERNET AVAILABILITY OF PROXY MATERIALS FOR THE
ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON JUNE 7, 2019**

Our Notice of Annual Meeting and Proxy Statement and Annual Report are available at:
<http://www.esteem.com/about/corporate-information.html>

OUTSTANDING CAPITAL STOCK

The record date for shareholders entitled to vote at the Annual Meeting is April 15, 2019. At the close of business on that day, there were 4,946,502 shares of our common stock, \$.001 par value, outstanding and entitled to vote at the meeting. Each share of common stock is entitled to one vote.

PURPOSES OF ANNUAL MEETING

Election of Directors

At the Annual Meeting, shareholders entitled to vote (see “Voting at Annual Meeting”) will be asked to consider and take action on the election of Michael Eller(current) as director to the Corporation's Board of Directors to serve for a three-year term. See “Election of Directors.”

Ratification of Auditors

At the Annual Meeting, Shareholders entitled to vote (see “Voting at Annual Meeting”) will be asked to consider and take action to ratify the appointment of independent auditors. See “Ratification of Auditors”.

Other Business

To transact other matters as may properly come before the annual meeting, postponement(s) or any adjournment(s) thereof. See “Other Matters”.

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VOTING AT ANNUAL MEETING

General

The close of business on the Record Date of April 15, 2019 has been fixed as the record date for determination of the Shareholders entitled to notice of, and to vote at the Annual Meeting (the "Record Date"). As of the Record Date, there were issued and outstanding 4,946,502 shares of Common Stock entitled to vote. A majority of such shares will constitute a quorum for the transaction of business at the Annual Meeting. The holders of record on the Record Date of the shares entitled to be voted at the Annual Meeting are entitled to cast one vote per share on each matter submitted to a vote at the Annual Meeting. All action proposed herein may be taken upon a favorable vote of the holders of a majority of such shares of Common Stock represented at the Annual Meeting provided a quorum is present at the meeting in person or by proxy.

Proxies

Shares of Common Stock which are entitled to be voted at the Annual Meeting and which are represented by properly executed proxies will be voted in accordance with the instructions indicated in such proxies. If no instructions are indicated, such shares will be voted: **(1) FOR election of Michael Eller, to the Corporation's Board of Directors; (2) FOR ratification of DeCoria, Maichel & Teague P.S. as Independent Auditors; (3) Other business.**

A Shareholder who has executed and returned a proxy may revoke it at any time before it is voted at the Annual Meeting by executing and returning a proxy bearing a later date, by giving written notice of revocation to the Secretary of the Corporation, or by attending the Annual Meeting and voting in person or delivering instruction to the Corporation via email and with written confirmation. A proxy is not revoked by the death or incompetence of the maker unless, before the authority granted thereunder is exercised, written notice of such death or incompetence is received by the Corporation from the executor or administrator of the estate or from a fiduciary having control of the shares represented by such proxy.

The indication of an abstention on a proxy or the failure to vote either by proxy or in person will be treated as neither a vote "for" nor "against" the election of any Director. Each of the other matters must be approved by the affirmative vote of a majority of shares present in person or represented by proxy at the meeting and entitled to vote, assuming a quorum is present. Abstention from voting will have the practical effect of voting against these matters since it is one less vote for approval. The shares of a Shareholder whose ballot on any or all proposals is marked as "abstain" will be included in the number of shares present at the Annual Meeting for the purpose of determining the presence of a quorum.

Broker non-votes, shares held by brokers or custodians for the accounts of others as to which voting instructions have not been given, will be treated as shares that are present for determining a quorum, but will not be counted for purposes of determining the number of votes cast with respect to a proposal. If you are the beneficial owner of shares held by a broker or other custodian, you may instruct your broker how you would like your shares voted through the voting instruction form included with this Proxy Statement.

If you wish to vote the shares you own beneficially at the meeting, you must first request and obtain a “legal proxy” from your broker or other custodian. If you choose not to provide instructions or a legal proxy, your shares are referred to as “uninstructed shares.” your broker or custodian has the discretion to vote these shares on your behalf on routine matters for consideration at the meeting, in this case, item 2. Prior to January 1, 2010 brokers and custodians were allowed to vote uninstructed shares in uncontested director elections. **As of January 1, 2010, brokers and custodians can no longer vote uninstructed shares on your behalf in director elections. For your vote to be counted, you must submit your voting instruction form to your broker or custodian.**

Proposal Number	Items	Votes Required for Approval	Abstentions	<i>Uninstructed Shares</i>
1	Election of Directors	Majority of shares cast	Not counted	Not voted
2	Ratification of Independent Auditors	Majority of shares cast	Not counted	Discretionary vote

The Corporation will bear all the costs and expenses relating to the solicitation of proxies, including the costs of preparing, printing and mailing this Proxy Statement and accompanying material to shareholders. In addition to the solicitation of proxies by use of the mails, the directors, officers, and employees of the Corporation, without additional compensation, may solicit proxies personally or by telephone or telegram.

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Future Shareholder Communications through the Internet

Shareholders may elect to receive future notices of meetings, proxy materials and annual reports electronically through the Internet. The consent of Shareholders who have previously consented to electronic delivery will remain in effect until withdrawn. To consent to electronic delivery:

- Shareholders whose shares are registered in their own name, and not in “street name” through a broker or other nominee, may simply log in to <https://secure.corporatetock.com/vote.php> the Internet site maintained by Corporate Stock Transfer Inc. and follow the step-by-step instructions; and,
- Shareholders whose shares are registered in “street name” through a broker or other nominee must first vote their shares using the Internet, at: www.proxyvote.com, the Internet site maintained by Broadridge Financial Solutions, Inc. and immediately after voting, fills out the consent form that appears on-screen at the end of the Internet voting procedure.

The consent to receive Shareholder communications through the Internet may be withdrawn at any time to resume receiving Shareholder communications in printed form.

PROPOSAL 1: ELECTION OF DIRECTORS

It is intended that the proxies solicited hereby will be voted for election of the nominee for Director listed below, unless authority to do so has been withheld. If the nominee becomes unable to accept election, the Board will either reduce the Director to be elected or select a substitute nominee. If a substitute nominee is selected, proxies will be voted in favor of such nominee.

The Board of Directors is divided into three classes, with the terms of office of each class ending in successive years. The terms of current directors of Class III expire with the 2020 Annual Meeting, terms of current directors of Class I expire with the 2021 Annual Meeting, and the terms of current director in Class II expire with the 2019 Annual Meeting.

Nominees

The nominees for Class II Directors whose term, if elected, will expire in 2022 and certain additional information with respect to the nominee is as follows:

Nominee Name, Position with the Corporation, Principal Occupation(s), Other Directorships, Age, and Ownership:

CLASS II - Three Year Term Expiring 2022

MICHAEL W. ELLER. Mr. Eller is the President and Principal Accounting Officer. During the last five years Mr. Eller has been a full-time employee of the Company. Previous experience includes Macys Logistics and Operations where he was employed as the Vice President of Operations and Director of Finance. Mr. Eller does not serve as a director for any other company registered under the Securities Exchange Act.

Age: 58

Shares Beneficially Owned: 35,000

Percent of Class: 0.7

A Director Since: 2016

PROPOSAL 2: RATIFICATION OF INDEPENDENT AUDITORS

DeCoria, Maichel & Teague P.S. Independent Certified Public Accountants (“DM-T”), have been selected by the Board of Directors as the Independent Auditors for the Company for the fiscal year ending December 31, 2019. Shareholder ratification of the selection of DM-T as the Company’s Independent Auditors is not required by the Bylaws or otherwise. However, Management is submitting the selection of DM-T to the Shareholders for ratification as a matter of corporate practice. If the Shareholders fail to ratify the selection, Management will reconsider whether or not to retain that firm. Even if the selection is ratified, Management in its discretion may direct the appointment of a different independent accounting firm at any time during the year if the Audit Committee determines that such a change would be in the best interests of the Company and its Shareholders.

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This firm is experienced in the field of accounting and is well qualified to act in the capacity of auditors. DM-T will not be represented at the annual meeting, but questions from shareholders will be subsequently presented to the auditors for response.

The following table presents fees billed to the Company relating to the audit of the Financial Statements at December 31, 2018 and December 31, 2017, as provided by DM-T. We expect that DM-T will serve as our auditors for fiscal year 2019.

Year Ended	December 31, 2018	December 31, 2017
Audit fees (1)	\$38,000	\$38,000
Audit-related fees (2)	-	-
Tax fees (3)	2,700	2,700
All other fees (4)	1,150	-
Total Fees	\$41,850	\$40,700

The Company's Board of Directors reviewed the audit services rendered by DM-T and concluded that such services were compatible with maintaining the auditors' independence. All audit, non-audit, tax services, and other services performed by the independent accountants are pre-approved by the Board of Directors to assure that such services do not impair the auditors' independence from the Company. The Company does not use DM-T for financial information system design and implementation. We do not engage DM-T to provide compliance outsourcing services.

(1) Audit fees consist of fees billed for professional services provided in connection with the audit of the Company's financial statements and reviews of our quarterly financial statements.

(2) Audit-related fees consist of assurance and related services that include, but are not limited to, internal control reviews, attest services not required by statute or regulation and consultation concerning financial accounting and reporting standards.

(3) Tax fees consist of the aggregate fees billed for professional services for tax compliance, tax advice, and tax planning. These services include preparation of federal income tax returns.

(4) All other fees consist of fees billed for review of amended 2016 and 2017 10K's.

Our Audit Committee reviewed the audit and tax services rendered by DeCoria Maichel & Teague and concluded that such services were compatible with maintaining the auditors' independence. All audit, non-audit, tax services, and other services performed by our independent accountants are pre-approved by our Audit Committee to assure that such services do not impair the auditors' independence from us. We do not use DeCoria Maichel & Teague for financial information system design and implementation. These services, which include designing or implementing a system that aggregates source data underlying the financial statements or generates information that is significant to our financial statements, are provided internally. We do not engage DeCoria Maichel & Teague to provide compliance outsourcing services.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE "FOR" PROPOSAL 2

OTHER MATTERS

As of the date of this Proxy Statement, the Board of Directors is not aware of any matters that will be presented for action at the Annual Meeting other than those described above. Should other business properly be brought before the Annual Meeting, it is intended that the accompanying Proxy will be voted thereon in the discretion of the persons named as proxies.

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Members of Board of Directors Continuing In Office

CLASS III - Three Year Term Expiring 2020

T.L. KIRCHNER: Mr. Kirchner is founder, past President (until July 31, 2015) and a Director of the Corporation. Mr. Kirchner does not serve as a director for any other company registered under the Securities Exchange Act.

Age: 69

Shares Beneficially Owned: 403,488

Percent of Class: 8.2

A Director Since: 1985

VERN D. KORNELSEN: Mr. Kornelsen is the General Partner of EDCO Partners LLLP. Mr. Kornelsen formerly practiced as a certified public accountant in Denver, Colorado for many years and is a financial consultant to several early stage companies. He was a director of Valleylab for 10 years, and led an investor group that provided a portion of its initial funding. Mr. Kornelsen has been a director and participated in the capitalizing of a number of early stage companies, and is currently a director and audit-committee member of a publicly-held company, Encision Inc. of Boulder, Colorado. He is also the Chairman, Secretary, Director, and CFO of Lifeloc Technologies, Inc., a publicly-held company located in Wheat Ridge, Colorado. Mr. Kornelsen currently serves as the Company's Secretary.

Age: 86

Shares Beneficially Owned: 1,553,500

Percent of Class: 31.4

A Director Since: 2014

CLASS I - Three Year Term Expiring 2021

THOMAS J. SCHAEFER: Mr. Schaefer was elected as a director at the June 1, 2018 annual meeting. Mr. Schaefer is the President of Phoenix Digital Corporation, a privately held company based in Scottsdale, AZ that provides redundant mission critical networking technology for industrial automation systems. Prior to working at PDC, Mr. Schaefer spent 30 years at Rockwell Automation. His last assignment was the Global Industry Manager for Rockwell's Water Industry focus. During Mr. Schaefer's tenure at Rockwell he held various positions that included P&L responsibility for the Service business unit, Sales and Marketing for Software/MES, and Sales and Application responsibility for the Drive Systems/Power Products group. Mr. Schaefer is a 1982 graduate with a BSEE from the Milwaukee School of Engineering.

Age: 58

Shares Beneficially Owned: -

Percent of Class: -

A Director Since: 2018

DONALD E. SIECKE. Mr. Siecke was elected as a director at the June 1, 2018 annual meeting. Mr. Siecke practiced as a certified public accountant in the state of Colorado from 1963 to 1976. He has been president of Kelmore Development Corp., a real estate development company, since 1981, and serves as a director of Redstone Bank, a Colorado bank of which he was a founding director. He is a director of several privately held companies, metropolitan districts, and charitable organizations. He received a BS degree in business administration from the University of Denver in 1961, having majored in accounting. In determining Mr. Siecke's qualifications to serve on our board of directors, the board considered, among other things, his experience and expertise in finance, accounting and management.

Age: 79

Shares Beneficially Owned: (1)

Percent of Class: -

A Director Since: 2018

(1) Mr. Siecke does not own any shares directly. However, EDCO Partners LLLC, of which Mr. Siecke is a limited partner, holds 498,916 shares on his behalf.

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Security Ownership of Certain Beneficial Owners and Management

The following table sets forth, as of April 15, 2019, the amount and percentage of the Common Stock of the Company, which according to information supplied to the Company, is beneficially owned by each person who, to the best knowledge of the Company, is the beneficial owner (as defined below) of more than five (5%) of the outstanding common stock.

Title of Class	Name & Address Of Beneficial Owner (1)	Amount & Nature of Beneficial Ownership	Percent of Class
Common	EDCO Partners LLLP 4605 S Denice Drive Englewood CO 80111	1,553,500	31.4%
Common	T.L. Kirchner 415 N. Quay St. Kennewick WA 99336	403,488	8.2%
Common	Zeff Capital, LP 1601 Broadway, 12 th Floor New York NY 10019	602,181	12.2%

(1) Under Rule 13d-3, issued by the Securities and Exchange Commission, a person is, in general, deemed to "Beneficially own" any shares if such person directly or indirectly, through any contract, arrangement, understanding, relationship or otherwise, has or shares (a) voting power, which includes the power to vote or to direct the voting of those shares and/or (b) investment power, which included the power to dispose, or to direct the disposition of those securities. The foregoing table gives effect to shares deemed beneficially owned under Rule 13d-3 based on the information supplied to the Company. To the knowledge of the Company, the persons named in the table have sole voting power and investment power with respect to all shares of Common Stock beneficially owned by them.

Outstanding Equity Awards at Fiscal Year-End

The following table summarizes options outstanding to our officers and directors as of December 31, 2018:

Outstanding Equity Awards as of April 15, 2018

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options (#)	Option Exercise Price (US\$)	Option Expiration Date
Michael W. Eller President, Principal Executive Officer, Principal Accounting Officer	35,000		-0-	\$0.40	8/6/20

Stock options must be exercised within 30 days after termination of employment/board membership. During 2018, 30,000 options expired, no options were granted and no shares under option were exercised. At April 15, 2019 there were 120,000 options outstanding and exercisable.

Indebtedness of Management:

No Director or executive officer or nominee for Director, or any member of the immediate family of such has been indebted to the Corporation during the past year.

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Certain Business Relationships

There have been no unusual business relationships during the last fiscal year of the Registrant between the Registrant and affiliates as described in Item 404 (b) (1-6) of the Regulation S-K.

Directors' Stock Purchases

None

Indemnification.

The Corporation's By-Laws address indemnification of Directors and Officers. Washington Law provides that Washington corporations may include within their Articles of Incorporation provisions eliminating or limiting the personal liability of their Directors and Officers in Shareholder actions brought to obtain damages for alleged breaches of fiduciary duties, as long as the alleged acts or omissions did not involve intentional misconduct, fraud, a knowing violation of law or payment of dividends in violation of the Washington statutes. Washington law also allows Washington corporations to include in their Articles of Incorporation or Bylaws provisions to the effect that expenses of Officers and Directors incurred in defending a civil or criminal action must be paid by the Corporation as they are incurred, subject to an undertaking on behalf of the Officer or Director that he or she will repay such expenses if it is ultimately determined by a court of competent jurisdiction that such Officer or Director is not entitled to be indemnified by the Corporation because such Officer or Director did not act in good faith and in a manner reasonably believed to be in or not opposed to the best interests of the Corporation. The Corporation's Articles of Incorporation provide that a Director or Officer is not personally liable to the Corporation or its Shareholders for damages for any breach of fiduciary duty as a Director or Officer, except for liability for (i) acts or omissions which involve intentional misconduct, fraud or a knowing violation of law, or (ii) the payment of distribution in violation of Washington Business Corporation Act.

Security Ownership of Management

The following table summarizes beneficial ownership of common stock by our officers and directors as of April 15, 2019:

Name & Address of Beneficial Owner (1)	Title of Class	Amount & Nature of Beneficial Ownership	Percent of Class
T.L. Kirchner (Director)	Common	403,488	8.2%
Vern Kornelsen (Director)	Common	1,553,500	31.4%
Thomas Schaefer (Director)	Common	-0-	-0-
Don Siecke (Director)	Common	(2)	(2)
Michael W. Eller (Officer)	Common	35,000	0.7%
All Officers and Directors as a group	Common	1,991,988	40.3%

(1) The principal address of each of the individuals listed above is c/o Electronic Systems Technology, Inc., 415 N. Quay St. Bldg. B1, Kennewick WA 99336.

(2) Mr. Siecke does not own any shares directly. However, EDCO Partners LLLC, of which Mr. Siecke is a limited partner, holds 498,916 shares on his behalf which is 10.1% of the Class.

COMPENSATION DISCUSSION AND ANALYSIS/ EXECUTIVE COMPENSATION

The following discussion reflects compensation paid to Named Executive Officers (“NEOs”) during our fiscal year 2018, Please see the Summary Compensation Table and the footnotes therein, below.

General Philosophy and Objectives

In general, our objectives in structuring compensation programs for our NEOs is to attract, retain, incentivize, and reward talented executives who can contribute to our growth and success and thereby build value for our shareholders over the long term. In the past, we have focused on cash compensation in the form of base salary as the primary element of our compensation program for NEOs.

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As in past years, we do not have any executive compensation policies in place, and our Board of Directors is responsible for annually evaluating individual executive performance. Our Board of Directors reviews and approves all of our executive compensation packages, and determines the appropriate level of each compensation component for each NEO based upon available compensation data. The Board of Directors also relies on its members' business judgment and collective experience. Although it did not benchmark our executive compensation program and practices, the Board of Directors believes that our executive compensation levels have historically been at or below compensation levels for comparable executives in other companies of similar size and stage of development in similar industries and locations.

Elements of Our Compensation Program

The three primary components of our executive compensation program are: (i) base salary, (ii) incentive compensation in the form of cash bonuses, and (iii) equity compensation.

Base salary is determined by the Board of Directors for the CEO and for the Secretary. Cash bonuses are based on profitability of the company at year end. Equity compensation is awarded by the Board of Directors.

Except as disclosed above, no other compensation in the form of stock grants, options or bonuses were given to the above Officers and Directors during the year ending December 31, 2018.

The Company does not have written employment agreements with Mr. Eller.

Compensation Risk Assessment

As required by rules adopted by the SEC, Management has made an assessment of the Company's compensation policies and practices with respect to all employees to determine whether risks arising from those policies and practices are reasonably likely to have a material adverse effect on the Company. In doing so, Management considered various features and elements of the compensation policies and practices that discourage excessive or unnecessary risk taking. As a result of the assessment, the Company has determined that its compensation policies and practices do not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation and Assessment

The Board determines the compensation for the Company's directors and officers, based on industry standards and the Company's financial situation. The Board of Directors voted for remuneration of \$375 per quarter to be paid in arrears for their acting in such capacity, effective April 1, 2018. The Board assesses, on an annual basis, the contribution of the Board as a whole and each individual Director, in order to determine whether each is functioning effectively. There are no unexercised options held by any of our outside directors. Option grants to our directors are at the discretion of the board of directors. Business travel and other business expenses supported by appropriate receipts are reimbursed. All such amounts are minor, and do not include any compensation element.

Electronic Systems Technology, Inc.

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Summary Compensation Table

Director's Compensation for the fiscal year ended December 31, 2018 is provided in the following Table:

DIRECTOR COMPENSATION							
Name (1)	Fees						
	Earned		Non-Equity			Nonqualified	
	or Paid	Stock	Option	Incentive Plan	Deferred	All Other	
	in Cash	Awards	Awards	Compensation	Compensation	Compensation	Total (\$)
	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	
Theodore Deinard (a)	\$850	\$0	\$0	\$0	\$0	\$0	\$850
T.L. Kirchner	\$1,350	\$0	\$0	\$0	\$0	\$0	\$1,350
Barry Knott (a)	\$850	\$0	\$0	\$0	\$0	\$0	\$850
Vern Kornelsen	\$1,350	\$0	\$0	\$0	\$0	\$0	\$1,350
Thomas Schaefer	\$500	\$0	\$0	\$0	\$0	\$0	\$500
Donald Siecke	\$500	\$0	\$0	\$0	\$0	\$0	\$500
Michael W. Eller	\$0	\$0	\$0	\$0	\$0	\$0	\$0

(1) Compensation information for Michael Eller, President and Principal Accounting Officer is contained in the Executive Compensation Summary Compensation Table.

(a) Mr. Deinard and Knott's service on the Board ended on June 1, 2018.

No option grants or grants of Stock Appreciation Rights were given during the fiscal years ended December 31, 2018 or December 31, 2017, respectively. There are no compensatory plans or arrangements for compensation of any Director in the event of their termination of office, resignation or retirement.

The Corporation currently does not hold any Employment Contracts or Change of Control Arrangements with any parties.

During our fiscal year ended December 31, 2018, there were no options exercised by our NEO's or Directors.

We do not currently have a Long-Term Incentive Plan ("LTIP").

There are no executive employment agreements with any officer.

Named Executive Officers ("NEOs")

The following table sets forth the names and ages of all executive officers of the Corporation as of December 31, 2018; all positions by such persons; term of office and the period during which he has served as such; and any arrangement or understanding between him and any other person(s) pursuant to which he was elected as an officer:

Name of Officer	Age	Position	Term of Office	Period of Service
Michael W. Eller	58	President/Principal Accounting Officer	At Will	9 / 7 / 1 2 - Present

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Information concerning the compensation of the Corporation's Principal Executive Officer and Principal Financial Officer, as well as any other compensated employees of the Corporation whose total compensation exceeded \$100,000 during 2018 and 2017 is provided in the following Summary Compensation Table:

SUMMARY COMPENSATION TABLE

Name and				Stock
Principal		Salary	Bonus	Awards
Position	Year	(\$)	(\$)	(1) (\$)