
Section 1: 8-K (CURRENT REPORT)

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 1, 2017

ZAGG INC

(Exact name of registrant as specified in charter)

Delaware

(State or other jurisdiction of
incorporation)

001-34528

(Commission
File Number)

20-2559624

(I.R.S. Employer
Identification No.)

910 West Legacy Center Drive, Suite 500
Midvale, Utah 84047

(Address of principal executive offices)

Registrant's telephone number, including area code: (801) 263-0699

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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.

Item 2.02 Results of Operations and Financial Condition.

On August 1, 2017, ZAGG Inc (the “Registrant”) issued a press release announcing the results of operations for the three and six months ended June 30, 2017, and made publicly available certain supplemental financial information, including commentary on results of operations from Brad Holiday, Chief Financial Officer (“CFO”). The supplemental financial information – financial tables is furnished with this report as Exhibit 99.1, the press release is furnished with this report as Exhibit 99.2, and the supplemental financial information – CFO commentary is furnished with this report as Exhibit 99.3.

The Registrant also will hold its earnings conference call on August 1, 2017. The conference call will be available to interested parties through a live audio Internet broadcast accessible at investors.ZAGG.com under the events tab. A podcast of the conference call will be archived at investors.ZAGG.com for one year.

The information contained in Item 2.02 and 9.01 of this Current Report on Form 8-K, including Exhibits 99.1, 99.2, and 99.3 shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any registration statement or other filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in any such filing.

Item 9.01 Financial Statements and Exhibits.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<u>Supplemental Financial Information – Financial Tables for the Three and Six Months Ended June 30, 2017</u>
99.2	<u>Results of Operations Press Release dated August 1, 2017</u>
99.3	<u>Supplemental Financial Information – CFO Commentary on Second Quarter 2017 Financial Results</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ZAGG Inc

Date: August 1, 2017

By: /s/ BRADLEY J. HOLIDAY

Bradley J. Holiday
Chief Financial Officer

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Section 2: EX-99.1 (SUPPLEMENTAL FINANCIAL INFORMATION - FINANCIAL TABLES FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017)

Exhibit 99.1

ZAGG INC AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS (in thousands, except par value) (Unaudited)

	<u>June 30, 2017</u>	<u>December 31, 2016</u>
ASSETS		
Current assets		
Cash and cash equivalents	\$ 14,330	\$ 11,604
Accounts receivable, net of allowances of \$784 in 2017 and \$824 in 2016	72,956	83,835
Inventories	65,376	72,769
Prepaid expenses and other current assets	3,717	3,414
Income tax receivable	1,193	2,814
Total current assets	<u>157,572</u>	<u>174,436</u>
Property and equipment , net of accumulated depreciation of \$21,856 in 2017 and \$18,371 in 2016	15,631	17,755
Goodwill	12,272	12,272
Intangible assets , net of accumulated amortization of \$60,556 in 2017 and \$55,298 in 2016	45,327	53,362
Deferred income tax assets	49,331	50,363
Other assets	1,541	2,541
Total assets	<u>\$ 281,674</u>	<u>\$ 310,729</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 62,237	\$ 85,022
Accrued liabilities	22,798	22,216
Sales returns liability	27,794	28,373
Accrued wages and wage related expenses	5,635	6,169
Deferred revenue	209	273
Line of credit	30,683	31,307
Current portion of long-term debt, net of deferred loan costs of \$65 in 2017 and 2016	6,185	10,484
Total current liabilities	<u>155,541</u>	<u>183,844</u>
Noncurrent portion of long-term debt , net of deferred loan costs of \$108 in 2017 and \$141 in 2016	10,829	9,623
Total liabilities	<u>166,370</u>	<u>193,467</u>

Stockholders' equity:

Common stock, \$0.001 par value; 100,000 shares authorized; 34,047 and 33,840 shares issued in 2017 and 2016, respectively	\$	34	\$	34
Additional paid-in capital		94,207		92,782
Accumulated other comprehensive loss		(1,270)		(2,114)
Treasury stock, 6,065 and 5,831 common shares in 2017 and 2016 respectively, at cost		(37,637)		(36,145)
Retained earnings		59,970		62,705
Total stockholders' equity		<u>115,304</u>		<u>117,262</u>
Total liabilities and stockholders' equity	\$	<u><u>281,674</u></u>	\$	<u><u>310,729</u></u>

ZAGG INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(Unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net sales	\$ 115,227	\$ 99,833	\$ 208,173	\$ 162,266
Cost of sales	79,403	68,960	143,743	107,664
Gross profit	<u>35,824</u>	<u>30,873</u>	<u>64,430</u>	<u>54,602</u>
Operating expenses:				
Advertising and marketing	2,070	2,275	5,076	5,189
Selling, general and administrative	24,952	24,880	52,006	44,635
Transaction costs	300	305	515	2,322
Impairment of intangible asset	-	-	1,959	-
Amortization of long-lived intangibles	3,005	4,765	6,026	7,511
Total operating expenses	<u>30,327</u>	<u>32,225</u>	<u>65,582</u>	<u>59,657</u>
Income (loss) from operations	5,497	(1,352)	(1,152)	(5,055)
Other income (expense):				
Interest expense	(619)	(604)	(1,110)	(792)
Other income (expense)	67	9	48	(191)
Total other expense	<u>(552)</u>	<u>(595)</u>	<u>(1,062)</u>	<u>(983)</u>
Income (loss) before provision for income taxes	<u>4,945</u>	<u>(1,947)</u>	<u>(2,214)</u>	<u>(6,038)</u>
Income tax benefit (provision)	<u>(1,542)</u>	<u>901</u>	<u>(521)</u>	<u>1,703</u>
Net income (loss)	<u>\$ 3,403</u>	<u>\$ (1,046)</u>	<u>\$ (2,735)</u>	<u>\$ (4,335)</u>
Earnings (loss) per share:				
Basic earnings (loss) per share	<u>\$ 0.12</u>	<u>\$ (0.04)</u>	<u>\$ 0.10</u>	<u>\$ (0.16)</u>
Diluted earnings (loss) per share	<u>\$ 0.12</u>	<u>\$ (0.04)</u>	<u>\$ 0.10</u>	<u>\$ (0.16)</u>

ZAGG INC AND SUBSIDIARIES
RECONCILIATION OF NON-GAAP FINANCIAL INFORMATION TO GAAP
(Unaudited)

Unaudited Supplemental Data

The following is not a financial measure under generally accepted accounting principals (GAAP). In addition, this should not be construed as an alternative to any other measures of performance determined in accordance with GAAP, or as an indicator of our operating performance, liquidity or cash flows generated by operating, investing and financing activities as there may be significant factors or trends that it fails to address. We present this financial information because we believe that it is helpful to some investors as a measure of our operations. We caution investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare our results with our results from other reporting periods and with the results of other companies.

Adjusted EBITDA Reconciliation	Three months ended		Six months ended	
	June 30, 2017	June 30, 2016	June 30, 2017	June 30, 2016
Net loss in accordance with GAAP	\$ 3,403	\$ (1,046)	\$ (2,735)	\$ (4,335)
Adjustments:				
a. Stock based compensation expense	966	957	1,636	2,291
b. Depreciation and amortization	5,233	7,232	11,022	11,494
c. Other (income) expense	552	595	1,062	983
d. Mophie transaction costs	300	305	515	2,322
e. Mophie fair value inventory write-up related to acquisition	-	2,169	-	3,325
f. Mophie restructuring charges	23	1,062	438	1,062
g. Mophie employee retention bonus	46	200	346	200
h. Impairment of intangibles asset	-	-	1,959	-
i. Income tax benefit	1,542	(901)	521	(1,703)
Adjusted EBITDA	\$ 12,065	\$ 10,573	\$ 14,764	\$ 15,639

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Section 3: EX-99.2 (RESULTS OF OPERATIONS PRESS RELEASE DATED AUGUST 1, 2017)

Exhibit 99.2

August 1, 2017

**ZAGG Reports 2017 Second Quarter and First Half Results;
Reiterates 2017 Outlook of \$470 to \$500 million in Net Sales**

SALT LAKE CITY, August 1, 2017 (GLOBE NEWSWIRE) – ZAGG Inc (Nasdaq: ZAGG), a leading global mobile lifestyle company, today announced financial results for the second quarter and six months ending June 30, 2017.

Second Quarter Highlights (Comparisons versus second quarter 2016)

- Net sales of \$115.2 million, a 15% increase compared to \$99.8 million
- Gross margin of 31.1% compared to 30.9%
- Net income of \$3.4 million compared to a net loss of (\$1.0) million
- Adjusted EBITDA of \$12.1 million compared to \$10.6 million

Year-to-Date Highlights (Comparisons versus six months 2016)

- Net sales of \$208.2 million, a 28% increase compared to \$162.3 million
- Net loss of (\$2.7) million compared to a net loss of (\$4.3) million
- Adjusted EBITDA of \$14.8 million compared to \$15.6 million

Reiterates 2017 Full Year Outlook

- Net sales in the range of \$470 million to \$500 million

- *Adjusted EBITDA in the range of \$71 million to \$75 million*

“The strong momentum we experienced early in the year continued in the second quarter,” commented Randy Hales, President and Chief Executive Officer. “Our net sales for the first half of 2017 represent an all-time record for ZAGG Inc as well as the ZAGG and mophie business units on an individual basis. Operating performance at mophie continues to improve as a result of several initiatives implemented since the acquisition. For the first time in several years, the mophie business unit recorded positive Adjusted EBITDA during the last two months of the second quarter and we expect this trend to continue during the second half of the year.”

Mr. Hales continued, “We remain confident that we will achieve our 2017 annual guidance of net sales in a range of \$470 to \$500 million and Adjusted EBITDA of \$71 to \$75 million, which includes a positive contribution from the mophie business unit.”

Second Quarter Results

<i>(in millions, except per share amounts)</i>	June 30, 2017	June 30, 2016
Net Sales	\$ 115.2	\$ 99.8
Gross Profit (Gross Profit %)	\$ 35.8 (31%)	\$ 30.9 (31%)
Net Income (Loss)	\$ 3.4	\$ (1.0)
Earnings (Loss) per Share	\$ 0.12	\$ (0.04)
Adjusted EBITDA (margin %)	\$ 12.1 (10%)	\$ 10.6 (11%)

Second Quarter Results

Net sales for the second quarter increased by 15% to \$115.2 million, compared to \$99.8 million in 2016. The increase in sales was driven primarily by increased sales of screen protection and power management products in key wireless and retail accounts both domestically and overseas. Domestic sales increased 11% and international sales grew 56% during the second quarter.

Gross profit was \$35.8 million, or 31% of net sales, compared to \$30.9 million, or 31% of net sales in 2016.

Net income was \$3.4 million, compared to a net loss of (\$1.0) million in 2016. Earnings per share was \$0.12, on 28.2 million shares, compared to a loss per share of (\$0.04), on 28.1 million shares.

Adjusted EBITDA was \$12.1 million compared to \$10.6 million.

Year-to-Date Results

<i>(in millions, except per share amounts)</i>	June 30, 2017	June 30, 2016
Net Sales	\$ 208.2	\$ 162.3
Gross Profit (Gross Profit %)	\$ 64.4 (31%)	\$ 54.6 (34%)
Net Loss	\$ (2.7)	\$ (4.3)
Loss per Share	\$ (0.10)	\$ (0.16)
Adjusted EBITDA (margin %)	\$ 14.8 (7%)	\$ 15.6 (10%)

2017 Year-to-Date Results

Net sales for 2017 increased 28% to \$208.2 million, compared \$162.3 million in 2016. The increase in sales was primarily driven by a full six months of mophie sales in 2017 (only four months of sales were included in 2016 as the acquisition occurred on March 3, 2016), and growth in the screen protection, power management, and power case product categories.

Gross profit increased to \$64.4 million, or 31% of net sales, compared to \$54.6 million, or 34% of net sales. The decrease in gross profit margin was primarily due to (1) a full six months of mophie operations in 2017, which generate lower gross profit margins than the historical ZAGG business unit, and (2) temporarily lower gross profit margin on curved glass for the Samsung Galaxy S8, compared to historical gross margins on non-curved glass products.

Net loss was \$(2.7) million, compared to a net loss of (\$4.3) million in 2016. Loss per share was \$(0.10), on 28.0 million shares, compared to a loss per share of (\$0.16), on 27.9 million shares.

Adjusted EBITDA was \$14.8 million compared to \$15.6 million for the consolidated business in 2016.

2017 Business Outlook

The Company reiterated the following annual guidance for 2017:

- Net sales of \$470 to \$500 million
- Gross margin in the low to mid 30 percent range
- Adjusted EBITDA of \$71 to \$75 million
- Annual effective tax rate of approximately 35%

The Company is unable to provide guidance for net income (loss), and reconciliation of Adjusted EBITDA to net income (loss), as the closest corresponding U.S. GAAP measure is not available without unreasonable efforts on a forward-looking basis due to the variability and complexity with respect to charges excluded from this non-GAAP measure. In particular, these complexities include the measures and effects of stock based compensation expense that are directly impacted by unpredictable fluctuations in our share price, and our tax expense that is directly impacted by our taxable income. We expect the variability of these charges could have a significant, and potentially unpredictable, impact on our future U.S. GAAP results.

Conference Call

A conference call will be held today, August 1, 2017 at 5:00 p.m. EST to review these results. Interested parties may access via the Internet on the Company's website at: investors.zagg.com.

About Non-GAAP Financial Information

Readers are cautioned that Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, other income (expense), mophie transaction costs, mophie fair value inventory write-up related to acquisition, mophie restructuring charges, mophie employee retention bonus, and impairment of intangible asset) is not a financial measure under US generally accepted accounting principles (GAAP). In addition, this financial information should not be construed as an alternative to any other measure of performance determined in accordance with GAAP, or as an indicator of operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that it fails to address. We present Adjusted EBITDA because we believe that it is helpful to some investors as a measure of performance. We caution readers that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Accordingly, its use can make it difficult to compare current results with results from other reporting periods and with the financial results of other companies.

Safe Harbor Statement

In addition to the historical information contained in this press release, this release contains (and oral communications made by ZAGG may contain) statements that relate to future events and expectations and, as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, outlook, assumptions, or future events or performance, often, but not always, through the use of words or phrases such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “targets,” or similar expressions, are not statements of historical facts and may be forward-looking. Readers are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements. In addition to any assumptions and other factors and matters referred to specifically in connection with such forward-looking statements, factors that could cause actual results or outcomes to differ materially from those contained in forward-looking statements include the following: (a) the ability to design, produce, and distribute the creative product solutions required to retain existing customers and to attract new customers; (b) building and maintaining marketing and distribution functions sufficient to gain meaningful international market share for ZAGG’s products; (c) the ability to respond quickly with appropriate products after the adoption and introduction of new mobile devices by major manufacturers like Samsung and Apple; (d) changes or delays in announced launch schedules for new mobile devices by major manufacturers like Samsung and Apple; (e) the ability to successfully integrate new operations or acquisitions, including mophie inc., (f) the impact of inconsistent quality or reliability of new product offerings; (g) the impact of lower profit margins in certain new and existing product categories; (h) the impacts of changes in economic conditions, including on customer demand; (i) managing inventory in light of constantly shifting consumer demand; (j) the failure of information systems or technology solutions or the failure to secure information system data, failure to comply with privacy laws, security breaches, or the effect on the company from cyber-attacks, terrorist incidents, or the threat of terrorist incidents; and (k) adoption of or changes in accounting policies, principles, or estimates. Any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Readers should also review the risks and uncertainties listed in ZAGG’s most recent Annual Report on Form 10-K and other reports the company files with the U.S. Securities and Exchange Commission, including (but not limited to) Item 1A - “Risk Factors” in the Form 10-K and Management’s Discussion and Analysis of Financial Condition and Results of Operations and the risks described therein from time to time. ZAGG disclaims any obligation to update publicly any forward-looking information, whether in response to new information, future events, or otherwise, except as required by applicable law.

About ZAGG Inc

ZAGG Inc (NASDAQ:ZAGG) is a global leader in accessories and technologies that empower mobile lifestyles. The Company has an award-winning product portfolio that includes screen protection, mobile keyboards, power management solutions, social tech, and personal audio sold under the ZAGG®, mophie®, InvisibleShield®, and IFROGZ® brands. ZAGG has operations in the United States, Ireland, and China. ZAGG products are available worldwide, and can be found at leading retailers including Best Buy, Verizon, AT&T, Sprint, Walmart, Target, Walgreens and Amazon.com. For more information, please visit the company's websites at www.zagg.com and www.mophie.com and follow us on [Facebook](#), [Twitter](#) and [Instagram](#).

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CONTACT:

Investor
Relations:
ICR Inc.
Brendon Frey
203-682-8216
brendon.frey@icrinc.com

Company:
ZAGG Inc
Jeff DuBois
801-506-7336
jeff.dubois@ZAGG.com

Media:
The Brand Amp
Katie Kotarak
949-438-1078
katie@thebrandamp.com

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Section 4: EX-99.3 (SUPPLEMENTAL FINANCIAL INFORMATION - CFO COMMENTARY ON SECOND QUARTER 2017 FINANCIAL RESULTS)

Exhibit 99.3



Supplemental Financial Information – CFO Commentary

August 1, 2017

Document reference information

The commentary in this document can be referenced in the financial information found in the earnings release issued earlier today. The release can be found at investors.ZAGG.com, or in the Form 8-K furnished to the Securities and Exchange Commission website at sec.gov.

Second Quarter Summary Results

(Second quarter 2017 versus same period in the prior year. In millions, except per share amounts.)

	Second Quarter 2017			Second Quarter 2016		
	ZAGG	mophie	Consolidated	ZAGG	mophie	Consolidated
Net Sales	\$ 74.2	\$ 41.0	\$ 115.2	\$ 67.8	\$ 32.0	\$ 99.8
Gross Margin	\$ 27.8	\$ 8.0	\$ 35.8	\$ 26.6	\$ 4.3	\$ 30.9
Gross Margin %	37%	20%	31%	39%	13%	31%
Net Income (Loss)			\$ 3.4			\$ (1.0)
Earnings (Loss) per Share			\$ 0.12			\$ (0.04)

Adjusted EBITDA

\$ 12.1

\$ 10.6

Sales by Category

	Second Quarter			
	2017	% Total	2016	% Total
Screen Protection	\$ 59.0	51%	\$ 47.7	48%
Power Cases	\$ 21.5	19%	\$ 22.7	23%
Power Management	\$ 19.9	17%	\$ 11.9	12%
Audio	\$ 7.7	7%	\$ 6.2	6%
Keyboards	\$ 5.9	5%	\$ 10.0	10%
Other	\$ 1.2	1%	\$ 1.3	1%

Sales by Region/Channel

	Second Quarter		
	2017	2016	% Growth
Domestic	\$ 100.2	\$ 90.2	11%
International	\$ 15.0	\$ 9.6	56%
Retail	\$ 103.0	\$ 87.2	18%
Online	\$ 8.5	\$ 8.8	(3%)
Franchise & Kiosks	\$ 3.7	\$ 3.8	(3%)



2017 Second Quarter Results Discussion

(All comparisons are 2017 consolidated versus 2016 consolidated, unless otherwise noted)

Net sales



Net sales increased 15% to \$115.2 million, compared to \$99.8 million due primarily to increased sales of screen protection and power management products in key wireless and retail accounts, particularly in international markets.

Gross profit/margin

Gross profit increased to \$35.8 million or 31%, compared to \$30.9 million or 31%. Typically, the Company experiences higher gross profit margin in periods when the mix of screen protection products increases. Although the mix of screen protection products increased during the second quarter of 2017 to 51% of sales compared to 48% of sales in 2016, sales of curved glass for the Samsung Galaxy S8 occurred at temporarily lower gross margins than our historical glass products, resulting in lower margins than we would otherwise see in periods of increased mix of screen protection sales. The margin impact from sales of curved glass was offset by improved mophie gross profit margins which increased year-over-year driven primarily by amortization expense from the acquisition-related fair value inventory write-up in 2016, which did not recur in 2017.

Operating expense/margin

Operating expense decreased 6% to \$30.3 million compared to \$32.2 million and with the increase in sales, overall leverage improved to 26% of sales compared to 32% last year. The decrease in operating expense was primarily attributable to the following:

- synergies realized from cost reduction initiatives,
- a reduction in advertising and marketing spend, and
- an overall reduction in amortization expense related to intangible assets.

Net income (loss)

Net income was \$3.4 million compared to net loss of \$(1.0) million. Earnings per share was \$0.12 (on 28.2 million shares) compared to loss per share of \$(0.04) (on 28.1 million shares)

Adjusted EBITDA

Consolidated Adjusted EBITDA was \$12.1 million compared to \$10.6 million.



2017 Year-to-Date Summary Results

(First six months 2017 versus same period in the prior year. In millions, except per share amounts.)

	Year-to-Date 2017			Year-to-Date 2016		
	ZAGG	mophie	Consolidated	ZAGG	mophie	Consolidated
Net Sales	\$ 131.4	\$ 76.8	\$ 208.2	\$ 122.6	\$ 39.7	\$ 162.3
Gross Margin	\$ 52.1	\$ 12.3	\$ 64.4	\$ 49.5	\$ 5.1	\$ 54.6
Gross Margin %	40%	16%	31%	40%	13%	34%
Net Loss			\$ (2.7)			\$ (4.3)
Diluted Loss per Share			\$ (0.10)			\$ (0.16)
Adjusted EBITDA			\$ 14.8			\$ 15.6

Sales by Category

	Year-to-Date			
	2017	% Total	2016	% Total
Screen Protection	\$ 101.7	49%	\$ 88.4	54%
Power Cases	\$ 43.9	21%	\$ 27.8	17%
Power Management	\$ 35.6	17%	\$ 15.3	10%
Audio	\$ 13.6	6%	\$ 11.2	7%
Keyboards	\$ 11.9	6%	\$ 17.5	11%
Other	\$ 1.5	1%	\$ 2.1	1%

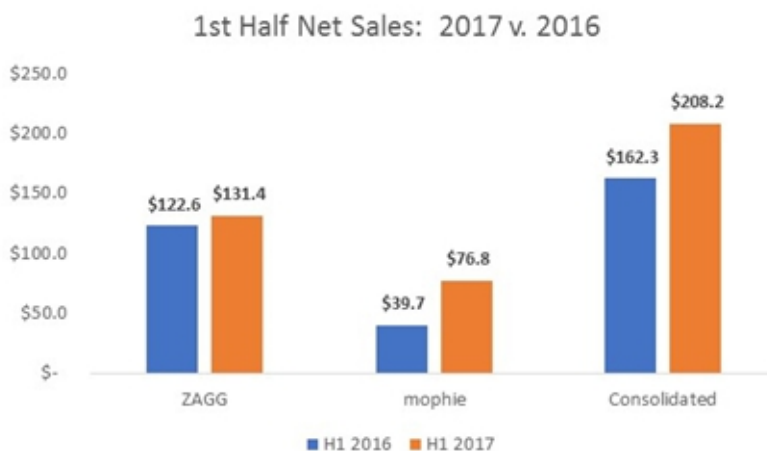
Sales by Region/Channel

	Year-to-Date		
	2017	2016	% Growth
Domestic	\$ 178.7	\$ 145.1	23%
International	\$ 29.5	\$ 17.2	72%
Retail	\$ 182.6	\$ 140.3	30%
Online	\$ 18.5	\$ 14.5	28%
Franchise & Kiosks	\$ 7.1	\$ 7.5	(5)%

2017 Year-to-Date Results Discussion

(All comparisons are 2017 consolidated versus 2016 consolidated, unless otherwise noted)

Net sales





Net sales increased 28% to \$208.2 million, compared to \$162.3 million due primarily to increased sales of screen protection, power cases, and power management products in key wireless and retail accounts. Sales growth outside the United States was particularly strong at \$29.5 million compared to \$17.2 million in the prior year, an increase of 72%.

It should be noted that first half 2016 sales include only four months of mophie sales as the acquisition occurred on March 3, 2016. Prior to the acquisition in 2016, mophie recorded sales of \$17.3 million, which if added to the first half 2016 sales total of \$162.3 million, the Company would still have realized an increase in sales over 2016 of \$28.6 million or 16%.

Gross profit/margin

Gross profit increased to \$64.4 million or 31%, compared to \$54.6 million or 34%. The decrease in gross profit margin was primarily due to (1) a full six months of mophie operations in 2017, which generate lower gross profit margins than the ZAGG business unit and (2) temporarily lower gross profit margin on curved glass for the Samsung Galaxy S8, compared to historical gross margins on non-curved glass products. These items were offset by amortization expense from the acquisition-related fair value inventory write-up in 2016, which did not recur in 2017.

Operating expense/margin

Operating expense increased to \$65.6 million compared to \$59.7 million, and with the increase in sales, overall leverage improved to 32% of sales compared to 37% last year. The increase in operating expense was primarily attributable to the following:

- the inclusion of two months of mophie operating expenses,
- a non-cash charge of \$2.0 million associated with the impairment of a patent, and
- increased legal and travel expense.

These increases were partially offset by the following reductions in operating expense:

- synergies realized from cost reduction initiatives,
- a reduction in transaction-related costs,
- a reduction in advertising and marketing spend, and
- an overall reduction in amortization expense related to intangible assets.

Net loss

Net loss was \$(2.7) million compared to net loss of \$(4.3) million. Loss per share was \$(0.10) (on 28.0 million shares) compared to loss per share of \$(0.16) (on 27.9 million shares)

Adjusted EBITDA

Consolidated Adjusted EBITDA was \$14.8 million compared to \$15.6 million.

Balance Sheet Highlights (as of June 30, 2017)

(All balance sheet comparisons are versus December 31, 2016, unless noted.)

<i>(In millions, excluding DSOs and Inventory turns.)</i>	June 30, 2017	December 31, 2016	June 30, 2016
Cash and Cash Equivalents	\$ 14.3	\$ 11.6	\$ 6.2
Account Receivables	\$ 73.0	\$ 83.8	\$ 53.2
Inventory	\$ 65.4	\$ 72.8	\$ 83.8
Total Debt	\$ 47.7	\$ 51.6	\$ 75.3
Line of Credit	\$ 30.7	\$ 31.3	\$ 50.5
Term Loan	\$ 17.0	\$ 20.3	\$ 24.7
DSOs	58	67	59
Inventory Turns*			
ZAGG business unit	8.8X	8.7X	7.1X
mophie business unit	4.8X	3.3X	4.5X

*Inventory turns defined as trailing 12 month sales divided by period-end inventory



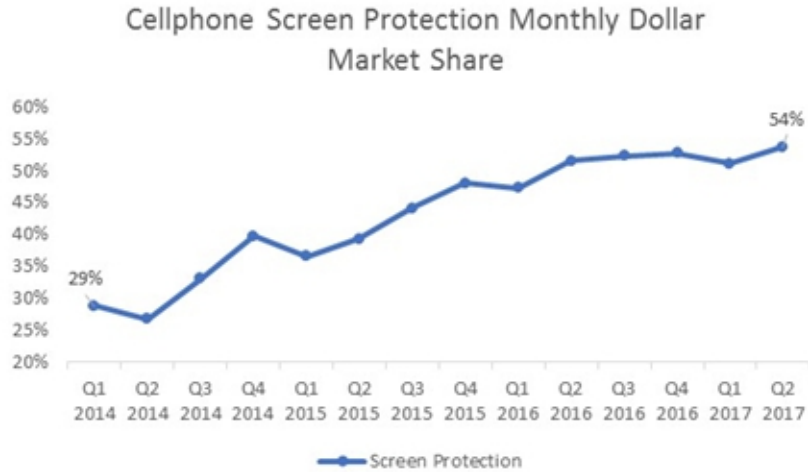
Total Debt

The Company has effectively managed its outstanding debt balance, which was reduced from \$75.3 million in June 2016 to the quarter-end balance of \$47.7 million.

Market Share Information

Screen Protection

The Company continues to see strong and consistent growth in cellphone screen protection market share. From the first quarter of 2014 to the second quarter of 2017, InvisibleShield cellphone screen protection quarterly dollar market share has increased from 29% to 54%¹.



Battery Cases & Power Management

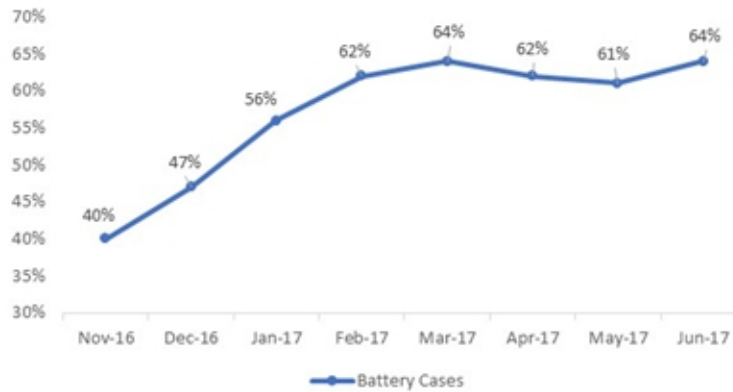
Since November 2016, mophie branded battery cases and portable power packs have experienced significant growth in dollar market share due to a combination of (1) new and innovative product launches and (2) an unconstrained mophie supply chain. Monthly battery case dollar market share increased from 40% to 64%² from November 2016 to June 2017.

¹ Source: The NPD Group, U.S. Retail Tracking Service, Cell Phone Device Protection, January 2014 through June 2017.

² Source: The NPD Group, U.S. Retail Tracking Service, Charging Case, November 2016 through June 2017.

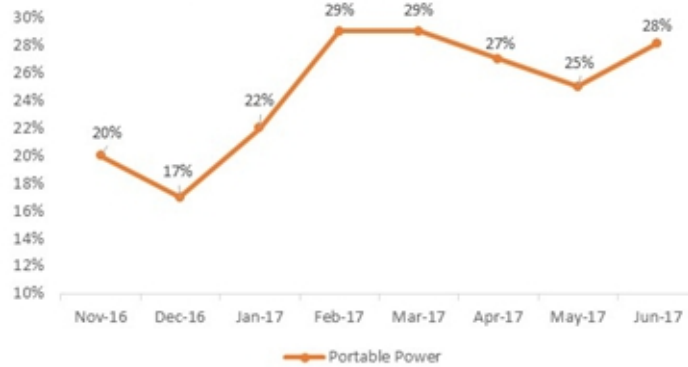


Battery Case Monthly Dollar Market Share



Monthly portable power dollar market share increased from 20% to 28%³ from November 2016 to June 2017.

Portable Power Monthly Dollar Market Share



2017 Business Outlook

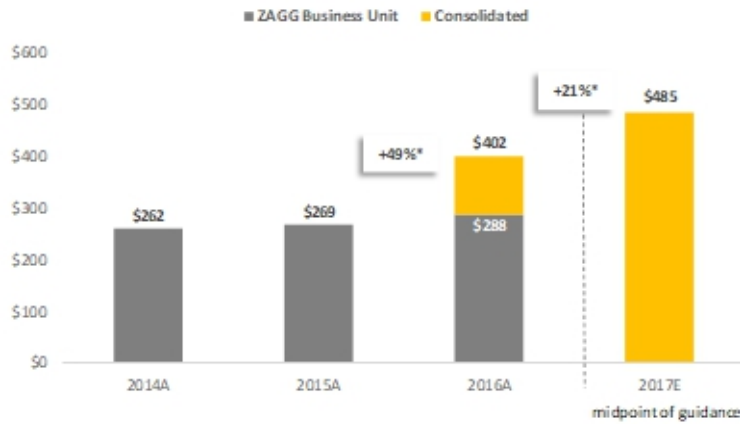
The Company reiterated annual guidance for 2017 as follows:

- Net sales of \$470 - \$500 million
- Gross profit margin as a percentage of net sales in a range of low to mid 30's
- Adjusted EBITDA of \$71 - \$75 million
- Annual effective tax rate of approximately 35%

³ Source: The NPD Group, U.S. Retail Tracking Service, Mobile Power, Charger Type: Portable Power Packs, November 2016 through June 2017.

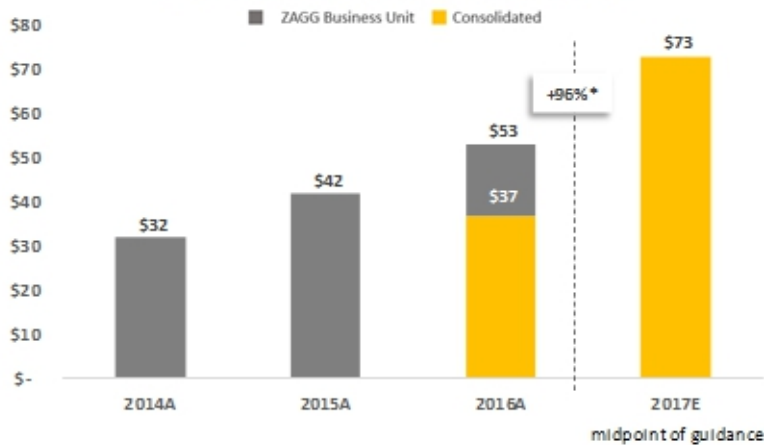


Annual Net Sales - Guidance vs. Historical



*Growth on consolidated

Annual Adjusted EBITDA - Guidance vs. Historical



*Growth on consolidated

Non-GAAP Financial Disclosure

ZAGG regularly discloses Adjusted EBITDA, a non-GAAP metric, in its financial releases. Readers should refer to the non-GAAP financial disclosures at the end of this document for information on the limitations of non-GAAP financial measures. An explanation of ZAGG’s use of this non-GAAP financial measure and the reconciliation between GAAP and non-GAAP measures required by SEC Regulation G is included in ZAGG’s press release today, which can be found at investors.ZAGG.com.

Readers are cautioned that Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, other income (expense), mophie transaction costs, mophie fair value inventory write-up related to acquisition, mophie restructuring charges, mophie employee retention bonus, and impairment of intangible asset) is not a financial measure under US generally accepted accounting principles (GAAP). In addition, this financial information should not be construed as an alternative to any other measure of performance determined in accordance with GAAP, or as an indicator of operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that it fails to address. We present Adjusted EBITDA because we believe that it is helpful to some investors as a measure of performance. We caution readers that non-GAAP financial information, by its nature, departs from traditional accounting conventions. Accordingly, its use can make it difficult to compare current results with results from other reporting periods and with the financial results of other companies.



Safe Harbor Statement

In addition to the historical information contained in this press release, this release contains (and oral communications made by ZAGG may contain) statements that relate to future events and expectations and, as such, constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, outlook, assumptions, or future events or performance, often, but not always, through the use of words or phrases such as “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” “predicts,” “projects,” “targets,” or similar expressions, are not statements of historical facts and may be forward-looking. Readers are cautioned that such statements are subject to a multitude of risks and uncertainties that could cause future circumstances, events, or results to differ materially from those projected in the forward-looking statements. In addition to any assumptions and other factors and matters referred to specifically in connection with such forward-looking statements, factors that could cause actual results or outcomes to differ materially from those contained in forward-looking statements include the following: (a) the ability to design, produce, and distribute the creative product solutions required to retain existing customers and to attract new customers; (b) building and maintaining marketing and distribution functions sufficient to gain meaningful international market share for ZAGG’s products; (c) the ability to respond quickly with appropriate products after the adoption and introduction of new mobile devices by major manufacturers like Samsung and Apple; (d) changes or delays in announced launch schedules for (or recalls or withdrawals of) new mobile devices by major manufacturers like Samsung and Apple; (e) the ability to successfully integrate new operations or acquisitions, specifically including mophie inc., (f) the impact of inconsistent quality or reliability of new product offerings; (g) the impact of lower profit margins in certain new and existing product categories, including certain mophie products; (h) the impacts of changes in economic conditions, including on customer demand; (i) managing inventory in light of constantly shifting consumer demand; (j) the failure of information systems or technology solutions or the failure to secure information system data, failure to comply with privacy laws, security breaches, or the effect on the company from cyber-attacks, terrorist incidents, or the threat of terrorist incidents; (k) adoption of or changes in accounting policies, principles, or estimates; and (l) the resolution of the dispute over the acquisition date value of the mophie net working capital accounts with the former mophie shareholders. Any forward-looking statement speaks only as of the date on which such statement is made. New factors emerge from time to time and it is not possible for management to predict all such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement. Readers should also review the risks and uncertainties listed in ZAGG’s most recent Annual Report on Form 10-K and other reports the company files with the U.S. Securities and Exchange Commission, including (but not limited to) Item 1A - “Risk Factors” in the Form 10-K and Management’s Discussion and Analysis of Financial Condition and Results of Operations and the risks described therein from time to time. ZAGG disclaims any obligation to update publicly any forward-looking information, whether in response to new information, future events, or otherwise, except as required by applicable law.