Section 1: 8-K (8-K)

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): May 8, 2018

ZAGG INC

(Exact name of registrant as specified in its charter)

Delaware	001-34528	20-2559624
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

910 West Legacy Center Way, Suite 500
Midvale, Utah 84047
(Address of principal executive offices; zip code)

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

Not applicable
(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 May 8, 2018, ZAGG Inc (the "Company") issued a press release announcing the results of operations for the three months ended March 31, 2018, and made publicly available certain supplemental financial information, including commentary on results of operations from Bradley J. 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 Company will also hold its earnings conference call on May 8, 2018. 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 URLs are included here as inactive textual references. Information contained on, or accessible through, our websites is not a part of, and is not incorporated by reference into this report.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

The following are filed as Exhibits to this Current Report on Form 8-K:

Exhibit No.	Description
99.1	Supplemental Financial Information for the Three Months Ended March 31, 2018
99.2	Results of Operations Press Release dated May 8, 2018
99.3	Supplemental Financial Information - CFO Commentary on the First Quarter 2018 Financial Results

The information contained in Item 2.02 and Item 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.

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

Dated: May 8, 2018

/s/ BRADLEY J. HOLIDAY

Bradley J. Holiday
Chief Financial Officer
(Principal financial officer)

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Section 2: EX-99.1 (EXHIBIT 99.1)

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

		March 31, 2018		December 31, 2017
ASSETS				
Current assets:				
Cash and cash equivalents	$	17,745	$	24,989

Accounts receivable, net of allowances of $474 and $734	73,894	123,220
Inventories	78,891	75,046
Prepaid expenses and other current assets	4,529	4,547
Total current assets	175,059	227,802
Property and equipment, net of accumulated depreciation of $12,979 and $12,540	12,794	13,444
Goodwill	12,272	12,272
Intangible assets, net of accumulated amortization of $69,440 and $66,639	36,443	39,244
Deferred income tax assets	24,084	24,403
Other assets	3,803	3,426
Total assets	$ 264,455	$ 320,591
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 54,798	$ 96,472
Income tax payable	2,291	2,052
Accrued liabilities	9,214	10,515
Sales returns liability	30,913	32,189
Accrued wages and wage related expenses	7,775	5,652
Deferred revenue	—	315
Line of credit	—	23,475
Current portion of long-term debt, net of deferred loan costs of $141	—	13,922
Total current liabilities	104,991	184,592
Line of credit	22,038	—
Total liabilities	127,029	184,592
Stockholders' equity:		
Common stock, $0.001 par value; 100,000 shares authorized; 34,416 and 34,104 shares issued	34	34
Additional paid-in capital	94,134	96,145
Accumulated other comprehensive loss	(59)	(348)
Treasury stock, 6,065 and 6,065 common shares at cost	(37,637)	(37,637)
Retained earnings	80,954	77,805
Total stockholders' equity	137,426	135,999
Total liabilities and stockholders' equity	$ 264,455	$ 320,591

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

	Three Months Ended	
	March 31, 2018	**March 31, 2017**
Net sales	$ 112,066	$ 92,946
Cost of sales	74,474	64,340
Gross profit	37,592	28,606
Operating expenses:		
Advertising and marketing	2,594	3,006
Selling, general and administrative	24,307	27,054
Transaction costs	—	215
Impairment of intangible asset	—	1,959
Amortization of intangible assets	2,772	3,021
Total operating expenses	29,673	35,255
Income (loss) from operations	7,919	(6,649)
Other income (expense):		
Interest expense	(500)	(490)
Other income (expense)	495	(20)
Total other expense	(5)	(510)
Income (loss) before provision for income taxes	7,914	(7,159)
Income tax (provision) benefit	(885)	1,021
Net income (loss)	$ 7,029	$ (6,138)
Earnings (loss) per share attributable to stockholders:		
Basic earnings (loss) per share	$ 0.25	$ (0.22)
Diluted earnings (loss) per share	$ 0.24	$ (0.22)

ZAGG INC AND SUBSIDIARIES
RECONCILIATION OF NON- U.S. GAAP FINANCIAL INFORMATION TO U.S. GAAP
(in thousands)
(Unaudited)

Unaudited Supplemental Data

The following information is not a financial measure under generally accepted accounting principles (GAAP). In addition, it 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.

	Three Months Ended	
Adjusted EBITDA Reconciliation	**March 31, 2018**	**March 31, 2017**
Net income (loss) in accordance with U.S. GAAP	$ 7,029	$ (6,138)
Adjustments:		
a. Stock-based compensation expense	601	670
b. Depreciation and amortization	5,030	5,781
c. Impairment of intangible assets	—	1,959
d. Other income (expense)	5	510
e. mophie transaction expenses	—	215
f. mophie restructuring charges	—	414
g. mophie employee retention bonus	—	300
h. Income tax provision (benefit)	885	(1,021)
Adjusted EBITDA	$ 13,550	$ 2,690

	Years Ended	
	Actual	**Guidance***
Adjusted EBITDA Reconciliation	**December 31, 2017**	**December 31, 2018**
Net income (loss) in accordance with U.S. GAAP	$ 15,100	$ 40,200
Adjustments:		
a. Stock-based compensation expense	3,602	3,667
b. Depreciation and amortization	21,888	18,358
c. Impairment of intangible assets	1,959	—
d. Other expense	1,383	1,375
e. mophie restructuring charges	437	—
f. mophie employee retention bonus	346	—
g. Income tax provision	28,252	14,900
Adjusted EBITDA	$ 72,967	$ 78,500

*Midpoint of 2018 guidance

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Section 3: EX-99.2 (EXHIBIT 99.2)

May 8, 2018

ZAGG Reports Record First Quarter 2018 Results
Net Sales Increased 21% to $112 Million
Earnings Per Share Improved to $0.24
Company Reiterates 2018 Outlook

SALT LAKE CITY, May 8, 2018 (GLOBE NEWSWIRE) – ZAGG Inc (Nasdaq: ZAGG), a leading global mobile lifestyle company, today announced financial results for the first quarter ended March 31, 2018.

First Quarter Highlights (Comparisons versus First Quarter 2017)

- *Net sales of $112.1 million, an increase of 21% compared to $92.9 million*
- *Gross profit of 34% compared to 31%*
- *Net income of $7.0 million compared to a net loss of $6.1 million*
- *Diluted earnings per share of $0.24 compared to diluted loss per share of $0.22*
- *Adjusted EBITDA of $13.6 million compared to $2.7 million*

"We are pleased with the strength exhibited by our business early in 2018," commented Chris Ahern, Chief Executive Officer. "Our record first quarter sales performance was driven by continued growth of screen protection combined with robust demand for our expanded portfolio of wireless charging products. Both our domestic and international markets posted double digit top-line gains which fueled significant operating expense leverage and a dramatic improvement in profitability compared with a year ago. Looking ahead, I am confident that by staying true to ZAGG's four key corporate objectives of Product, Brand, Distribution and Operational Excellence, we can further leverage our strong leadership position in the mobile lifestyle category to drive sustained growth over the long-term."

First Quarter Results (*in millions, except per share amounts*)

	Three Months Ended			
	March 31, 2018		March 31, 2017	
Net sales	$	112.1	$	92.9
Gross profit	$	37.6	$	28.6
Gross profit margin		34%		31%
Net income (loss)	$	7.0	$	(6.1)
Diluted earnings (loss) per share	$	0.24	$	(0.22)
Adjusted EBITDA	$	13.6	$	2.7

Net sales increased 21% to $112.1 million compared to $92.9 million due primarily to (1) the increase in sales of our power management products, particularly accessories supporting the wireless charging ecosystem, and (2) increased sales of screen protection products in key wireless and retail accounts, particularly in international markets.

Gross profit increased to $37.6 million (34% of net sales) compared to $28.6 million (31% of net sales). The increase in gross profit margin was driven primarily by (1) the mix of screen protection products, our highest margin product category, which increased to approximately 50% of net sales compared to approximately 46% of net sales during the three months ended March 31, 2017, and (2) improved margins on mophie-branded products.

Operating expenses decreased 16% to $29.7 million (26% of net sales) compared to $35.3 million (38% of net sales). The decrease was primarily attributable to (1) a $2.0 million charge in 2017 related to the impairment of a patent that did not recur in 2018, (2) operating expense synergies related to the mophie integration, and (3) a reduction in marketing spend that ultimately shifted into later periods in 2018.

Net income increased to $7.0 million compared to a net loss of $6.1 million. Diluted earnings per share was $0.24 (on 28.7 million shares) compared to diluted loss per share of $0.22 (on 28.1 million shares).

Adjusted EBITDA was $13.6 million compared to $2.7 million.

2018 Business Outlook

The Company reiterated the following annual guidance for 2018:

- Net sales of $550 million to $570 million
- Gross profit margin as a percentage of net sales in the low to mid 30's range
- Adjusted EBITDA of $77 million to $80 million
- Diluted earnings per share of $1.30 to $1.50
- Annual effective tax rate of approximately 27%

Conference Call

A conference call will be held today, May 8, 2018, 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. The URL is included here as an inactive textual reference.

About Non-GAAP Financial Information

This press release includes Adjusted EBITDA as a non-GAAP financial measure. Readers are cautioned that Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, other income (expense), mophie transaction expenses and 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, is as there may be significant factors or trends that it fails to address. As such, it should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. 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. We have provided a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measures in the supplemental financial information attached to this press release.

Cautionary Note Regarding Forward-Looking Statements

This press release contains (and oral communications made by us may contain) ""forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "predict," "project," "target," "future," "seek," "likely," "strategy," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding our outlook for the Company and statements that estimate or project future results of operations or the performance of the Company.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, 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 our products;
c. the ability to respond quickly with appropriate products after the adoption and introduction of new mobile devices by major manufacturers like Apple, Samsung, and Google;
d. changes or delays in announced launch schedules for (or recalls or withdrawals of) new mobile devices by major manufacturers like Apple, Samsung, and Google;
e. the ability to successfully integrate new operations or acquisitions,
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. changes in tax laws and regulations.

Any forward-looking statement made by us in this press release 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 our most recent Annual Report on Form 10-K and other reports we file 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. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. The forward-looking statements contained in this press release are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

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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Section 4: EX-99.3 (EXHIBIT 99.3)

ZAGG

Supplemental Financial Information - CFO Commentary

May 8, 2018

Document reference information

The commentary in this document can be referenced in the financial information found in the press release announcing the results of operations for the three months ended March 31, 2018, including certain supplemental financial information, 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. The URLs included here are inactive textual references.

Three months ended March 31, 2018, and 2017 Summary Results
(In millions, except per share amounts)

First quarter results

	Three Months Ended			
	March 31, 2018		March 31, 2017	
Net sales	$	112.1	$	92.9
Gross profit	$	37.6	$	28.6
Gross profit margin		34%		31%
Net income (loss)	$	7.0	$	(6.1)
Diluted earnings (loss) per share	$	0.24	$	(0.22)
Adjusted EBITDA	$	13.6	$	2.7

Net sales by category

	Three Months Ended					
	March 31, 2018			March 31, 2017		
	(%)	($)		(%)	($)	
Screen Protection	50%	$	55.6	46%	$	42.8
Power Management	33%	$	36.6	17%	$	15.6

Power Cases	6%	$	7.3	24%	$	22.4
Audio	5%	$	6.3	6%	$	5.9
Keyboards	5%	$	5.2	6%	$	6.0
Other	1%	$	1.1	1%	$	0.2

Net sales by region

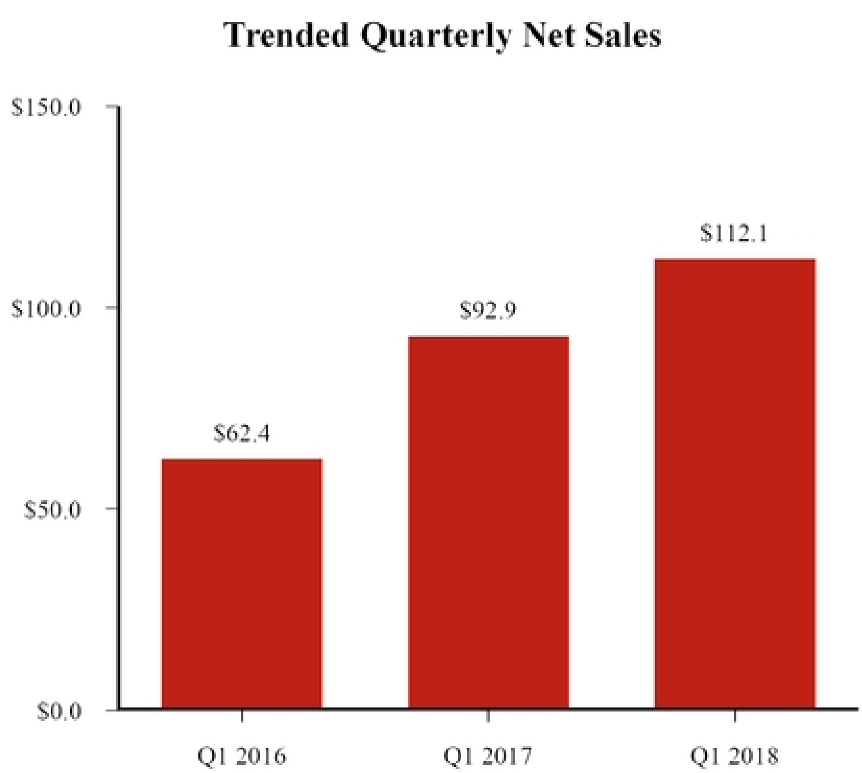
	Three Months Ended					
	March 31, 2018			March 31, 2017		
	(%)	($)		(%)	($)	
United States	82%	$	91.4	84%	$	78.4
Europe	9%	$	9.8	10%	$	9.2
Other	9%	$	10.9	6%	$	5.3

Net sales by channel

	Three Months Ended					
	March 31, 2018			March 31, 2017		
	(%)	($)		(%)	($)	
Indirect channel	88%	$	98.7	85%	$	79.7
Website	8%	$	9.3	11%	$	9.9
Franchisees	4%	$	4.1	4%	$	3.3

<u>2018 First Quarter Results Discussion</u>
(All comparisons are 2018 consolidated versus 2017 consolidated, unless otherwise noted)

Net sales



Net sales for the three months ended March 31, 2018, were $112.1 million compared to net sales of $92.9 million for the three months ended March 31, 2017, an increase of $19.1 million, or approximately 21%. The $19.1 million increase in net sales was primarily attributable to (1) the increase in sales of our power management products, particularly accessories supporting the wireless charging ecosystem, and (2) increased sales of screen protection products in key wireless and retail accounts, particularly in international markets.

Gross profit

Gross profit for the three months ended March 31, 2018, was $37.6 million, or approximately 34% of net sales, compared to $28.6 million, or approximately 31% of net sales for the three months ended March 31, 2017. The increase in gross profit margin was driven primarily by (1) the mix of screen protection products, our highest margin product category, which increased to approximately 50% of net sales compared to approximately 46% of net sales during the three months ended March 31, 2017, and (2) improved margins on mophie-branded products.

Operating expenses

Operating expenses for the three months ended March 31, 2018, were $29.7 million, compared to operating expenses of $35.3 million for the three months ended March 31, 2017, a decrease of $5.6 million, or approximately 16%. The $5.6 million decrease was primarily attributable to (1) a $2.0 million charge in 2017 related to the impairment of a patent that did not recur in 2018, (2) operating expense synergies related to the mophie integration, and (3) a reduction in marketing spend that ultimately shifted into later periods in 2018.

Net income (loss)

As a result of the factors noted above, we reported net income of $7.0 million, or diluted earnings per share of $0.24, for the three months ended March 31, 2018, compared to a net loss of $6.1 million, or diluted loss per share of $0.22, for the three months ended March 31, 2017.

Adjusted EBITDA

Adjusted EBITDA was $13.6 million compared to $2.7 million.

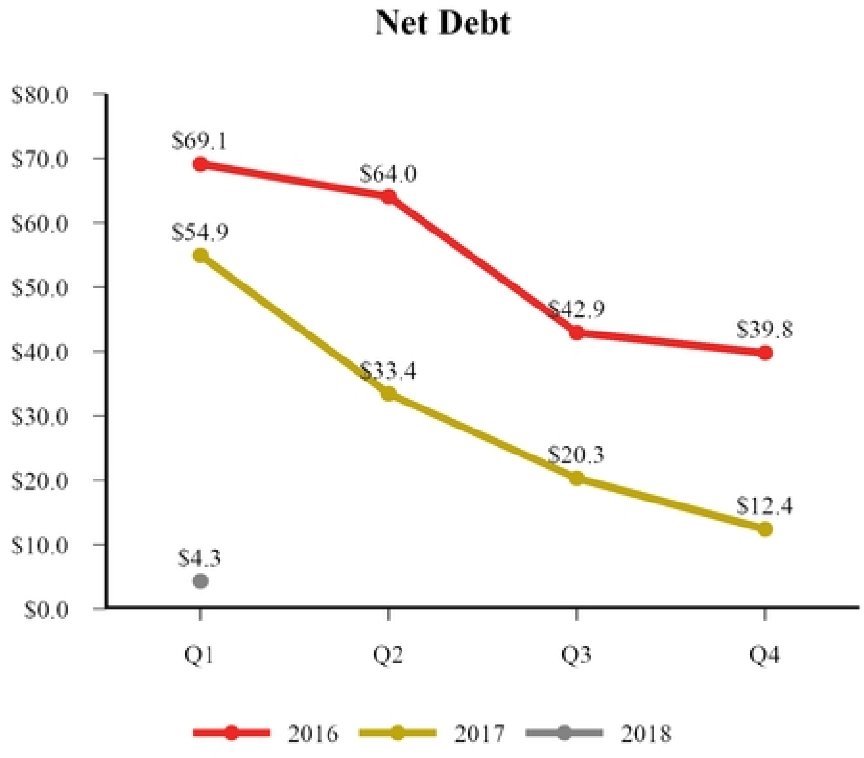
Balance Sheet Highlights (as of March 31, 2018, December 31, 2017, and March 31, 2017)

	March 31, 2018	December 31, 2017	March 31, 2017
Cash and cash equivalents	$17.7	$25.0	$4.3
Accounts receivable, net of allowances	$73.9	$123.2	$60.2
Inventories	$78.9	$75.0	$75.7
Total debt outstanding	$22.0	$37.4	$59.2
Line of credit	$22.0	$23.5	$40.6
Long-term debt	$0.0	$13.9	$18.6
Net debt (Total debt less cash)	$4.3	$12.4	$54.9
DSOs	59	64	58
Inventory Turns*	6.8x	6.9x	5.7x

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

Debt

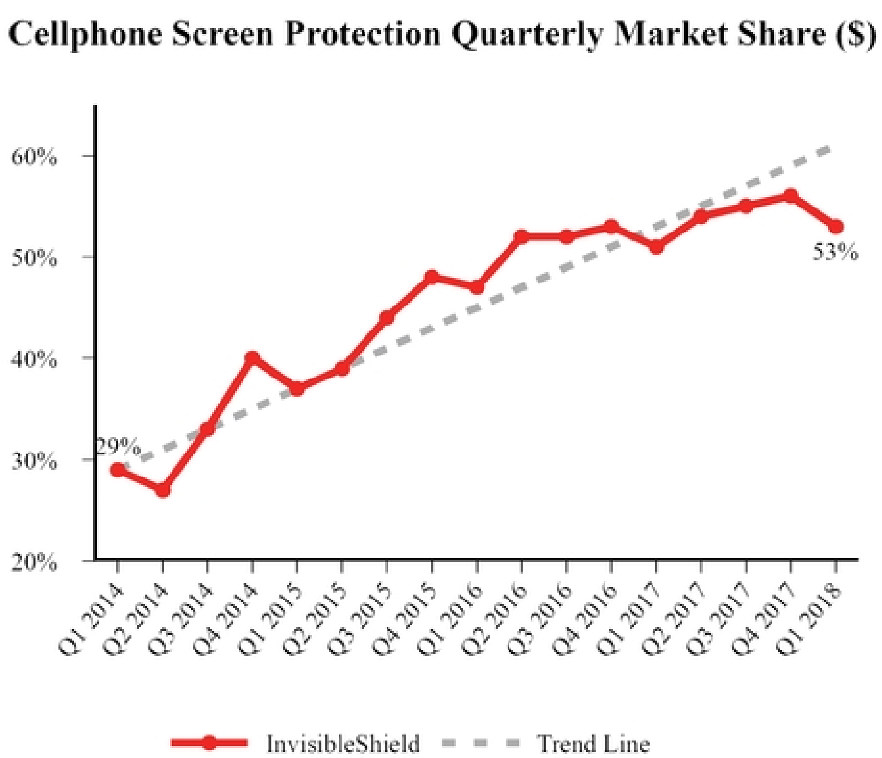
The Company has effectively managed its outstanding debt balance. At March 31, 2018, the net debt balance (total debt less cash) decreased to $4.3 million from $12.4 million at December 31, 2017.



<u>Market Share Information</u>

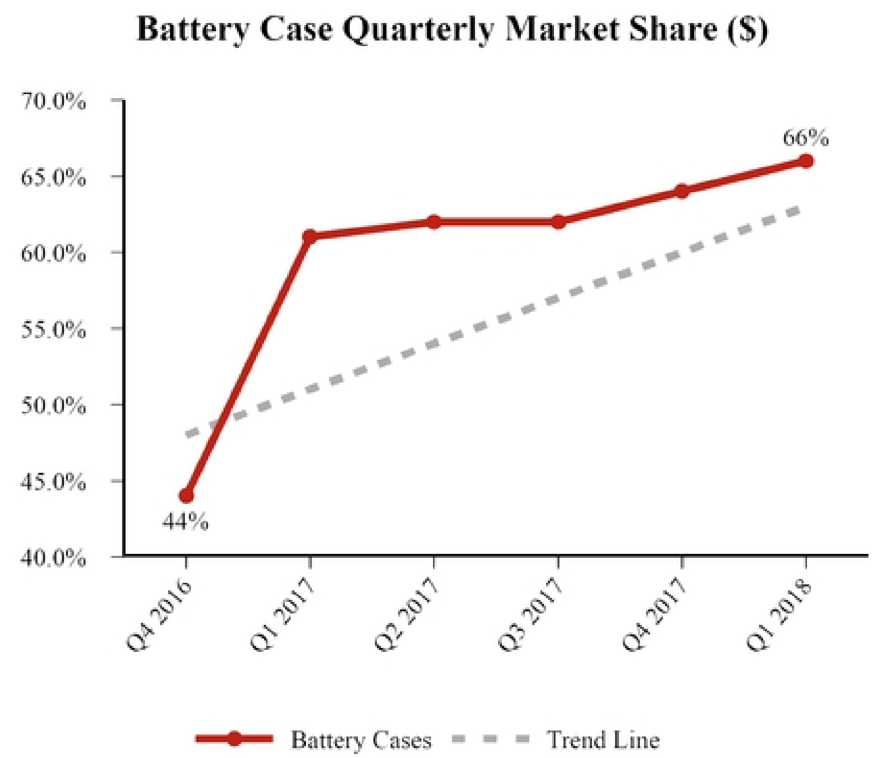
Screen Protection

The Company continues to see strong and consistent growth in cellphone screen protection market share. From the first quarter of 2014 to the first quarter of 2018, InvisibleShield cellphone screen protection quarterly dollar market share has increased from 29% to a record 53%.

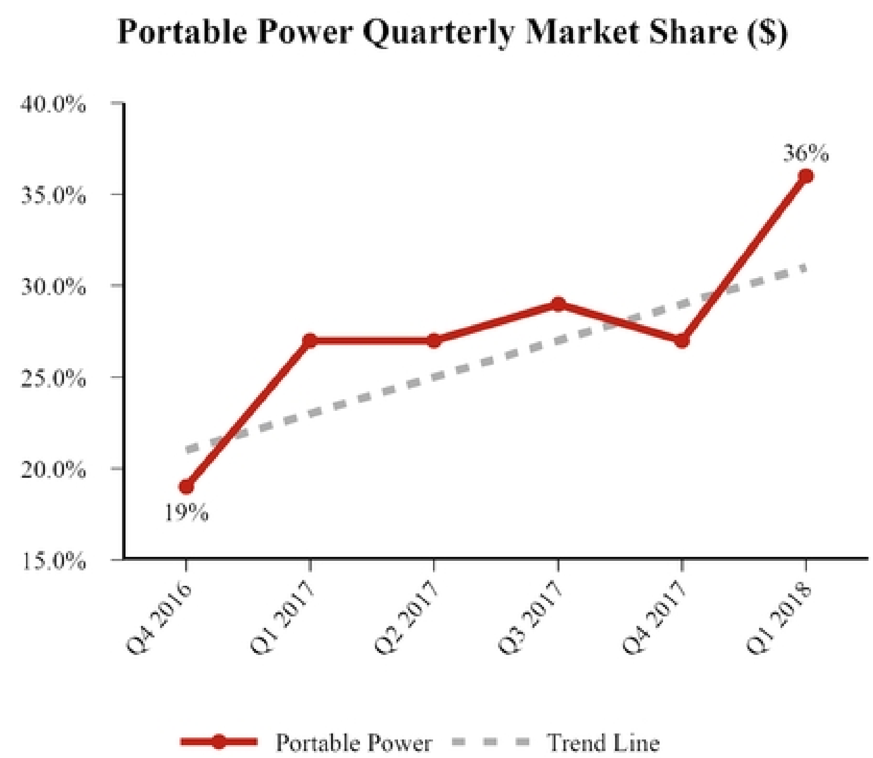


Battery Cases & Power Management

Since the fourth quarter of 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. Quarterly battery case dollar market share increased from 44% to a record 66% from fourth quarter 2016 to first quarter 2018.



Portable power dollar market share increased from 19% to 36% from fourth quarter 2016 to first quarter 2018.

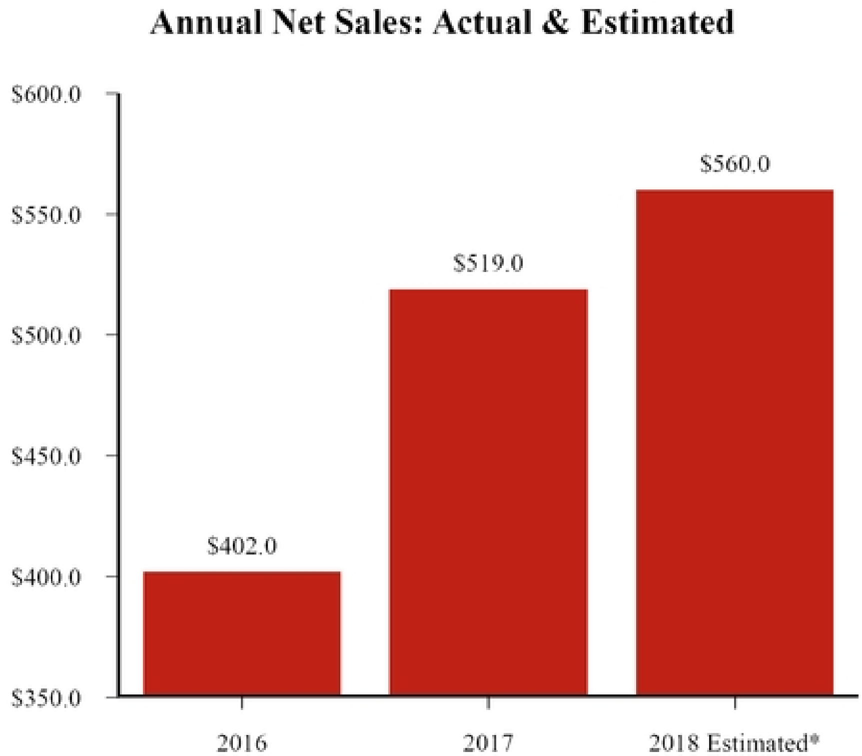


2018 Business Outlook

The Company reiterated the following annual guidance for 2018:

- Net sales of $550 million to $570 million
- Gross profit margin as a percentage of net sales in the low to mid 30's range
- Adjusted EBITDA of $77 million to $80 million

- Diluted earnings per share of $1.30 to $1.50
- Annual effective tax rate of approximately 27%



* Represents the midpoint of guidance of $550 million to $570 million

About Non-GAAP Financial Information

This Supplemental Financial Information - CFO Commentary ("CFO Commentary") includes Adjusted EBITDA as a non-GAAP financial measure. Readers are cautioned that Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization, stock-based compensation expense, other income (expense), mophie transaction expenses and 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, is as there may be significant factors or trends that it fails to address. As such, it should be read only in conjunction with our consolidated financial statements prepared in accordance with GAAP. 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. We have provided a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measures in the supplemental financial information attached to the press release to which this CFO Commentary is also attached.

Cautionary Note Regarding Forward-Looking Statements

This CFO Commentary contains (and oral communications made by us may contain) ""forward-looking statements" within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "predict," "project," "target," "future," "seek," "likely," "strategy," "may," "should," "will" and similar references to future periods. Examples of forward-looking statements include, among others, statements we make regarding our outlook for the Company and statements that estimate or project future results of operations or the performance of the Company.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Therefore, you should not rely on any of these forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, 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 our products;
c. the ability to respond quickly with appropriate products after the adoption and introduction of new mobile devices by major

manufacturers like Apple, Samsung, and Google;

d. changes or delays in announced launch schedules for (or recalls or withdrawals of) new mobile devices by major manufacturers like Apple, Samsung, and Google;
e. the ability to successfully integrate new operations or acquisitions,
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. changes in tax laws and regulations.

Any forward-looking statement made by us in this CFO Commentary 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 our most recent Annual Report on Form 10-K and other reports we file 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. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise. The forward-looking statements contained in this CFO Commentary are intended to qualify for the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended.

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