



ZAGG Reports Second Quarter 2009 Earnings

Revenues up 236%, Company Reports \$0.05 EPS for Second Quarter

SALT LAKE CITY, Aug 13, 2009 (BUSINESS WIRE) -- ZAGG Inc. (OTCBB: ZAGG), a leading producer of mobile electronics accessories including the popular invisibleSHIELD(TM) and ZAGGaudio(TM) brands, announces successful results for the second quarter of Fiscal Year 2009, ended June 30, 2009. ZAGG highlighted a 236% increase in revenues when compared to second quarter 2008 and also reported positive fully diluted earnings per share of \$0.05 for the second quarter 2009. For the six months ended June 30, 2009, ZAGG had a 210% increase in revenues when compared to the six months ended June 30, 2008 and also reported positive fully diluted earnings per share of \$0.10 for the same period.

"We are thrilled with these results, as the second quarter is historically our slowest, so to execute another record-breaking quarter is very exciting," said Robert G. Pedersen II, President and CEO of ZAGG. "We continue to see dramatic growth in domestic and international markets. We are currently expanding our SKU count with Best Buy and the launch of another big box retailer to be announced on the conference call. Our mall kiosks are experiencing record growth in inquiries from potential owners, and from new cart openings; we currently have 67 operating locations across the country, and 78 signed agreements. ZAGG will be introducing a new product line on this call, as well as a switch in paradigm in offering new product categories over the coming months. I am confident that the invisibleSHIELD and new product launches throughout the rest of this year will keep our company on a high growth trajectory for years to come."

The Company will host an investor conference call Thursday, August 13, 2009 at 11:00 AM EDT to answer questions regarding the results from their Form 10-Q for the three and six months ended June 30, 2009. To participate in the call please dial (877) 407-0782. Interested parties may also listen via the Internet at [the event website](#) and on the Company website at: www.ZAGG.com. The call will be available for replay for 30 days by dialing (877) 660-6853 and entering account number 286 and call ID number 329368.

Financial Results

Net sales for the quarter ended June 30, 2009 were \$9,214,971, an increase of 236% compared to net sales of \$2,739,176 for the quarter ended June 30, 2008. Net sales for the six months ended June 30, 2009 were \$17,290,146, an increase of 210% compared to net sales of \$5,584,597 for the six months ended June 30, 2008.

Gross profit for the quarter ended June 30, 2009 was \$5,515,454, or 60% of sales, compared to \$2,026,962, or 74% of sales, in the quarter ended June 30, 2008. Gross profit for the six months ended June 30, 2009 was \$10,708,398, or 62% of sales, compared to \$4,094,591, or 73% of sales for the six months ended June 30, 2008. We reported net income of \$1,194,264 or \$0.05 per share for the quarter ended June 30, 2009, compared to net income of \$174,703 or \$0.01 per share for the quarter ended June 30, 2008. We reported net income of \$2,222,504 or \$0.10 per share for the six months ended June 30, 2009, compared to net income of \$60,532 or \$0.00 per share for the six months ended June 30, 2008.

For more information about ZAGG, please visit [the investor relations page on www.ZAGG.com](#). This calendar of events may be subject to change without notice.

About ZAGG Inc.:

ZAGG Inc. designs, manufactures, and distributes protective clear coverings and accessories for consumer electronic and hand-held devices, worldwide under the brand names invisibleSHIELD(TM) and ZAGGaudio(TM). ZAGG has also introduced beta testing of AppSpace.com, an online destination for the fast-growing mobile app market, combined with the networking power of social media. The invisibleSHIELD is a protective, high-tech patented film covering, designed for iPods, laptops, cell phones, digital cameras, PDAs, watch faces, GPS systems, gaming devices, and other items. The patent-pending invisibleSHIELD application of clear protective film covering a device is the first scratch protection solution of its kind on the market, and has sold millions of units. Currently, ZAGG offers over 3,000 precision pre-cut designs with a lifetime replacement warranty through online channels, big box retailers like Best Buy, resellers, college bookstores, Mac stores and mall kiosks. The company continues to increase its product lines to offer additional electronic accessories and services to its tech-savvy customer base. For more product or investor information please visit the company's web site at www.ZAGG.com.

Safe Harbor Statement:

This release contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended and such forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. "Forward-looking statements" describe future expectations, plans, results, or strategies and are generally preceded by words such as "may," "future," "plan" or "planned," "will" or "should," "expected," "anticipates," "draft," "eventually" or "projected." You 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, including the risks that actual results may differ materially from those projected in the forward-looking statements as a result of various factors, and other risks identified in filings made by the company with the Securities and Exchange Commission.

ZAGG INCORPORATED AND SUBSIDIARY
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	June 30, 2009	December 31, 2008
ASSETS		
Current assets		
Cash	\$ 3,334,158	\$ 1,065,652
Accounts receivable, net	5,088,329	3,593,887
Inventories	4,179,258	1,913,297
Prepaid expenses and other current assets	1,270,241	676,077
Notes receivable	513,000	513,000
Deferred income tax assets	-	81,663
Total current assets	14,384,986	7,843,576
Property and equipment, net	689,069	549,370
Deferred income tax assets	-	4,937
Deposits and other assets	9,688	9,688
Intangible assets, net	78,017	47,344
Total assets	\$ 15,161,760	\$ 8,454,915
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Notes payable	\$ 10,199	\$ 20,223
Accounts payable	2,317,626	1,626,390
Accrued liabilities	137,396	212,754
Accrued wages and wage related expenses	129,784	121,112
Deferred revenue	214,052	366,590
Deferred income tax liability	1,243,165	-
Sales returns liability	544,563	291,119
Total current liabilities	4,596,785	2,638,188
Total liabilities	4,596,785	2,638,188
Stockholders' equity		
Common stock, \$0.001 par value; 50,000,000 shares authorized; 21,141,112 and 19,163,995 shares issued and outstanding, respectively	21,142	19,165
Warrants to purchase common stock	425,666	739,338
Additional paid-in capital	6,743,220	3,808,280
Cumulative translation adjustment	(203,781)	(106,630)
Retained earnings	3,578,728	1,356,574
Total stockholders' equity	10,564,975	5,816,727
Total liabilities and stockholders' equity	\$ 15,161,760	\$ 8,454,915

ZAGG INCORPORATED AND SUBSIDIARY
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended		Three Months Ended		Six Months Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008	June 30, 2008	June 30, 2008
Net sales	\$ 9,214,971	\$ 2,739,176	\$ 17,290,146	\$ 5,584,597	\$ 17,290,146	\$ 5,584,597	\$ 17,290,146	\$ 5,584,597
Cost of sales	3,699,517	712,214	6,581,748	1,490,006	6,581,748	1,490,006	6,581,748	1,490,006

Gross profit	5,515,454	2,026,962	10,708,398	4,094,591
Operating expenses:				
Advertising and marketing	1,393,194	484,728	2,846,248	1,274,792
Selling, general and administrative	2,259,150	1,343,778	4,395,148	2,849,199
Total operating expenses	3,652,344	1,828,506	7,241,396	4,123,991
Income (loss) from operations	1,863,110	198,456	3,467,002	(29,400)
Other income (expense):				
Interest expense	(178)	(972)	(2,620)	(2,674)
Interest and other income	50,226	81,149	92,274	129,536
Total other income	50,048	80,177	89,654	126,862
Income before provision for income taxes	1,913,158	278,633	3,556,656	97,462
Income tax provision	(718,894)	(103,930)	(1,334,152)	(36,930)
Net income	\$ 1,194,264	\$ 174,703	\$ 2,222,504	\$ 60,532
Basic net income per common share	\$ 0.06	\$ 0.01	\$ 0.11	\$ 0.00
Diluted net income per common share	\$ 0.05	\$ 0.01	\$ 0.10	\$ 0.00
Weighted average number of shares outstanding - basic	20,062,839	18,884,105	20,391,870	18,884,050
Weighted average number of shares outstanding - diluted	22,614,394	18,936,055	22,383,552	18,976,547

SOURCE: ZAGG Inc.

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