

**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 10, 2018**

INTERLINK ELECTRONICS, INC.
(Exact Name of Registrant as Specified in Charter)

Nevada
(State or Other Jurisdiction
of Incorporation)

001-37659
(Commission
File Number)

77-0056625
(IRS Employer
Identification No.)

**31248 Oak Crest Drive, Suite
110**

Westlake Village, California
(Address of Principal Executive
Offices)

91361
(Zip Code)

(805) 484-8855
(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 (*see* General Instruction A.2. below):

- 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 9, 2018, Interlink Electronics, Inc. announced its financial results for the quarter ended March 31, 2018. A copy of the press release is being furnished as Exhibit 99.1 to this Current Report on Form 8-K.

The information in this Current Report on Form 8-K and Exhibit 99.1 attached hereto is intended to be furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.**(d) Exhibits**

The following exhibits are filed as part of this Current Report on Form 8-K:

**Exhibit
Number Description**

99.1 [Press Release issued by Interlink Electronics, Inc. dated May 9, 2018.](#)

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.

Date: May 10, 2018

INTERLINK ELECTRONICS, INC.

By: /s/ David S. Burnett
David S. Burnett
Chief Financial Officer

Interlink Electronics Reports First Quarter 2018 Results

May 9, 2018 1:00 PM PST

WESTLAKE VILLAGE, CA – (Business Wire) – Interlink Electronics, Inc. (NASDAQ: LINK), a world-leading trusted advisor and technology partner in the advancing world of human-machine interface (HMI) and force-sensing technologies, today announced its financial results for the first quarter 2018. GAAP net income for the quarter was \$118 thousand or \$0.02 per share, reflecting a decrease of approximately 67% over the prior year's results.

Consolidated Financial Highlights

(Amounts in thousands except per share data and percentages)

Consolidated Financial Results	Three months ended March 31,			
	2018	2017	\$ Δ	% Δ
Net revenue	\$ 2,573	\$ 2,884	\$ (311)	(10.8)%
Gross profit	\$ 1,411	\$ 1,736	\$ (325)	(18.7)%
Gross margin	54.8 %	60.2 %		
Income from Operations	\$ 219	\$ 531	\$ (312)	(58.8)%
Net income	\$ 118	\$ 364	\$ (246)	(67.6)%
Earnings per share (basic and diluted)	\$ 0.02	\$ 0.05	\$ (0.03)	
EBITDA ¹	\$ 259	\$ 583	\$ (324)	(55.6)%
EBITDA margin ²	10.1 %	20.2 %		
TTM EBITDA ¹	\$ 1,981	\$ 2,927	\$ (946)	(32.3)%

1 See attached schedules for reconciliation to GAAP numbers.

2 EBITDA margin is EBITDA divided by net revenue.

- Revenue in the first quarter of 2018 decreased approximately 11% to \$2.6 million from \$2.9 million in the same year-ago period, primarily due to the loss of a major customer who implemented a design change to their automotive product. However, revenue increased or remained steady in all other markets.
- Along with decreased revenues, gross margin decreased to 54.8% in the first quarter of 2018 from 60.2% in the same year-ago period, primarily due to additional costs associated with the abrupt loss of the major customer in the automotive market.
- In the first quarter of 2018, net income was \$118 thousand or \$0.02 per basic and diluted share, compared to net income of \$364 thousand or \$0.05 per basic and diluted share in the same year-ago period.
- The Company generated \$259 thousand of EBITDA for the first quarter of 2018, compared with \$583 thousand in the same period in 2017. For the trailing twelve-month period ending March 31, 2018, EBITDA was \$2.0 million, down from \$2.9 million in the comparable period ending March 31, 2017.
- At March 31, 2018, the company had \$8.0 million in cash and cash equivalents, and no debt.

“I am confident that the investments we are making in our R&D and product expansion will set us for long-term growth,” stated Steven N. Bronson, CEO of Interlink Electronics, Inc. “We knew certain programs were nearing the end of their product cycle and we are aggressively pursuing replacement programs. Unfortunately, the timing of one of these end-of-life events was accelerated due to a major automotive customer making a design change. This has created a lull in our revenue cycle, and our financial performance reflects lower revenue, gross profit, net income and EBITDA. Demand in other markets continues to be strong, and we are prepared to capitalize on them. For example, our recent attainment of ISO 13485 Certification has exciting implications for sensor technology development in the medical device market.”

In December, Interlink’s Board of Directors authorized a new program for the repurchase of up to \$1 million of the Company’s outstanding common shares. This program authorization will expire in December 2018.

In January 2018, the Company repurchased 34,010 common shares under this program, at a price of \$4.75 per share.

Mr. Bronson continued, “We are also actively pursuing acquisitions that broaden our technology offerings and increase our revenues. In addition, strategic, disciplined share repurchases allow us to use multiple approaches in delivering value to our stockholders.”

About Interlink Electronics, Inc.

Interlink Electronics is a world-leading trusted advisor and technology partner in the advancing world of human-machine interface (HMI) and force-sensing technologies. Interlink Electronics has led the printed electronics industry in its commercialization of its patented Force-Sensing Resistor (FSR®) technology, which has enabled rugged and reliable HMI solutions. For over 30 years, Interlink Electronics' solutions have focused on handheld user input, menu navigation, cursor control, and other intuitive interface technologies for the world's top electronics manufacturers. Interlink Electronics has a proven track record of supplying HMI solutions for mission-critical applications in a wide range of markets, including, but not limited to, consumer electronics, automotive, industrial, and medical devices. Interlink Electronics serves a world-class customer-base from its our corporate headquarters in Westlake Village, California (greater Los Angeles area), our global research and development center in Singapore, our printed-electronics manufacturing facility in Shenzhen, China and our global distribution and logistics center in Hong Kong. We also maintain technical and sales offices in Japan and at various locations in the United States. For more information, please see our website at www.interlinkelectronics.com.

Forward Looking Statements

This release contains forward-looking statements made in reliance upon the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include, but are not limited to, the Company's views on future financial performance and are generally identified by phrases such as “thinks,” “anticipates,” “believes,” “estimates,” “expects,” “intends,” “plans,” and similar words. Forward-looking statements are not guarantees of future performance and are inherently subject to uncertainties and other factors which could cause actual results to differ materially from the forward-looking statement. These statements are based upon, among other things, assumptions made by, and information currently available to, management, including management's own knowledge and assessment of the Company's industry, R&D initiatives, competition and capital requirements. Other factors and uncertainties that could affect the Company's forward-looking statements include, among other things, the following: our success in predicting new markets and the acceptance of our new products; efficient management of our infrastructure; the pace of technological developments and industry standards evolution and their effect on our target product and market choices; the effect of outsourcing technology development; changes in the ordering patterns of our customers; a decrease in the quality and/or reliability of our products; protection of our proprietary intellectual property; competition by alternative sophisticated as well as generic products; continued availability of raw materials for our products at competitive prices; disruptions in our manufacturing facilities; risks of international sales and operations including fluctuations in exchange rates; compliance with regulatory requirements applicable to our manufacturing operations; and customer concentrations. These and other risks are more fully described in the Company's filings with the Securities and Exchange Commission, including the Company's most recently filed Quarterly Report on Form 10-Q and Annual Report on Form 10-K, which should be read in conjunction herewith for a further discussion of important factors that could cause actual results to differ materially from those in the forward-looking statements. The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Non-GAAP Financial Information

A non-GAAP financial measure is a numerical measure of a company's performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with generally accepted accounting principles, or GAAP. Non-GAAP measures are not in accordance with, nor are they a substitute for, GAAP measures. Other companies may use different non-GAAP measures and presentation of results.

In addition to financial results presented in accordance with GAAP, this press release presents EBITDA and EBITDA margin, each of which is a non-GAAP measure. EBITDA is determined by taking net income and adding interest, income taxes, depreciation and amortization, and EBITDA margin is determined by dividing EBITDA by net revenue. Interlink believes that these non-GAAP measure, viewed in addition to and not in lieu of net income and gross margin, provide useful information to investors by providing more focused measures of operating results. These metrics are an integral part of Interlink's internal reporting to evaluate its operations and the performance of senior management. A reconciliation of EBITDA to net income, the most comparable GAAP measure, is available in the accompanying financial tables below. The non-GAAP measures presented herein may not be comparable to similarly titled measures presented by other companies.

Contact:

Interlink Electronics, Inc.
IR@iefsr.com
Steven N. Bronson, CEO
805-623-4184

APPENDIX

Consolidated Financial Information and Reconciliations: First Quarter 2018

INTERLINK ELECTRONICS, INC.
Condensed Consolidated Balance Sheets
(unaudited)

	March 31, 2018	December 31, 2017
	(in thousands, except par value)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 7,965	\$ 7,772
Restricted Cash	5	5
Accounts receivable, net	1,396	1,374
Inventories	1,068	1,195
Prepaid expenses and other current assets	278	338
Total current assets	<u>10,712</u>	<u>10,684</u>
Property, plant and equipment, net	639	525
Intangibles, net	84	69
Deferred income taxes	425	493
Other assets	60	59
Total assets	<u>\$ 11,920</u>	<u>\$ 11,830</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 363	\$ 255
Accrued liabilities	302	345
Accrued income taxes	57	103
Total current liabilities	<u>722</u>	<u>703</u>
Total liabilities	<u>722</u>	<u>703</u>
Commitments and contingencies	—	—
Stockholders' equity		
Preferred stock, \$0.01 par value: 1,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.001 par value: 30,000 shares authorized, 7,342 and 7,328 shares issued and outstanding at December 31, 2017 and December 31, 2016, respectively	7	7
Additional paid-in-capital	60,395	60,527
Accumulated other comprehensive income	126	41
Accumulated deficit	<u>(49,330)</u>	<u>(49,448)</u>
Total stockholders' equity	<u>11,198</u>	<u>11,127</u>
Total liabilities and stockholders' equity	<u>\$ 11,920</u>	<u>\$ 11,830</u>

INTERLINK ELECTRONICS, INC.
Condensed Consolidated Statements of Income and Comprehensive Income
(unaudited)

	<u>Three months ended March 31,</u>	
	<u>2018</u>	<u>2017</u>
	<u>(in thousands, except per share data)</u>	
Revenue, net	\$ 2,573	\$ 2,884
Cost of revenue	1,162	1,148
Gross profit	<u>1,411</u>	<u>1,736</u>
Operating expenses:		
Engineering, research and development	224	178
Selling, general and administrative	968	1,027
Total operating expenses	<u>1,192</u>	<u>1,205</u>
Income from operations	219	531
Other income (expense):		
Other income (expense), net	(46)	19
Income from continuing operations before income tax expense	173	550
Income tax expense	55	186
Net income	<u>\$ 118</u>	<u>\$ 364</u>
Earnings per share: basic and diluted	<u>\$ 0.02</u>	<u>\$ 0.05</u>
Weighted average common shares outstanding - basic	<u>7,328</u>	<u>7,328</u>
Weighted average common shares outstanding - diluted	<u>7,416</u>	<u>7,412</u>

INTERLINK ELECTRONICS, INC.
Reconciliation of Consolidated Net Income to Consolidated EBITDA
(unaudited)

	<u>Three months ended</u>		<u>Twelve months ended March</u>	
	<u>March 31,</u>		<u>31,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
	<u>(in thousands)</u>		<u>(in thousands)</u>	
Net income	\$ 118	\$ 364	\$ 1,014	\$ 2,651
Adjustments to arrive at earnings before interest, income taxes, depreciation and amortization (EBITDA):				
Interest expense (income), net	—	—	(3)	(1)
Income tax expense	55	186	743	154
Depreciation and amortization expense	86	33	227	123
EBITDA	<u>\$ 259</u>	<u>\$ 583</u>	<u>\$ 1,981</u>	<u>\$ 2,927</u>