

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 13, 2021

VOXX INTERNATIONAL CORPORATION  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**0-28839**  
(Commission File Number)

13-1964841  
(I.R.S. Employer Identification No.)

**2351 J Lawson Blvd., Orlando, FL**  
(Address of principal executive offices)

**32824**  
(Zip Code)

**(800) 645-7750**  
(Registrant's telephone number, including area code)  
**Securities registered pursuant to Section 12(b) of the Act:**

<b>Title of each Class:</b>	<b>Trading Symbol:</b>	<b>Name of Each Exchange on which Registered</b>
Class A Common Stock \$.01 par value	VOXX	The Nasdaq Stock Market LLC

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.

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**Item 2.02 Results of Operations and Financial Condition.**

On May 13, 2021, VOXX International Corporation (“the Company”) issued a press release announcing its earnings for the quarter and year ended February 28, 2021. A copy of the release is furnished herewith as Exhibit 99.1.

**Item 8.01 Other Events.****Earnings Call:**

On May 13, 2021, the Company held a conference call to discuss its financial results for the quarter and year ended February 28, 2021. The Company has prepared a transcript of that conference call, a copy of which is annexed hereto as Exhibit 99.2.

The information furnished under Items 2.02 and 8.01, including Exhibits 99.1 and 99.2, shall not be deemed to be filed for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and will not be incorporated by reference into any registration statement filed under the Securities Act of 1933, as amended, unless specifically identified therein as being incorporated therein by reference.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Press Release, dated May 13, 2021, relating to VOXX International Corporation's earnings release for the quarter and year ended February 28, 2021 (filed herewith).</a>
99.2	<a href="#">Transcript of conference call held on May 13, 2021 at 5:00 pm (filed herewith).</a>
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

**SIGNATURES**

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

VOXX INTERNATIONAL CORPORATION (Registrant)

Date: May 18, 2021

BY: /s/ Charles M. Stoehr  
Charles M. Stoehr  
Senior Vice President and  
Chief Financial Officer

**FOR IMMEDIATE RELEASE****VOXX INTERNATIONAL CORPORATION REPORTS ITS FISCAL 2021  
FOURTH QUARTER AND YEAR-END FINANCIAL RESULTS**

- Fiscal 2021 net sales increased \$168.7 million or 42.7% year-over-year.
- Fiscal 2021 operating income of \$22.5 million increased by \$72.8 million year-over-year.
- Fiscal 2021 Adjusted EBITDA of \$46.9 million increased by \$42.1 million year-over-year.
- Company reports significant increases in net sales, gross profit, operating and net income, and both EBITDA and Adjusted EBITDA when comparing the fiscal fourth quarter periods.
- Balance sheet remains strong as cash position of \$59.4 million increased \$22.0 million year-over-year.

**ORLANDO, FL. – May 13, 2021** — VOXX International Corporation (NASDAQ: VOXX), a leading manufacturer and distributor of automotive and consumer technologies for the global markets, today announced its financial results for its Fiscal 2021 fourth quarter and year ended February 28, 2021.

Commenting on the Company’s Fiscal 2021 results, Pat Lavelle, President and Chief Executive Officer stated, “As our results demonstrate, we made significant progress this past fiscal year and believe we are at the beginning of the next phase of growth. We made two strategic acquisitions to strengthen our automotive business and have been awarded over \$400 million in new OEM awards, many of which are the result of our alliance with Amazon to bring Fire TV to the automotive markets, and other OEM awards from our acquisition of VSM. We also realigned our premium audio business, gained new retail customers and with the formation of 11 Trading Company, expanded our distribution and brand offering. Demand for EyeLock’s iris authentication solutions has picked up, and we entered into a strategic process to seek partners that could help expedite EyeLock’s growth and expand into new markets. As announced this month, this process resulted in a new distribution agreement with GalvanEyes Partners, LLC which upon shareholder approval, should substantially reduce our cash burn and EyeLock’s EBITDA loss.”

Lavelle continued, “Looking ahead and barring any major downturns in the economy or changes that could impact our customer base, we are poised for growth in Fiscal 2022 and anticipate strong bottom-line performance. In the years that follow, we believe we are in an excellent position to continue this trend due to the volume of automotive awards received and others we expect will materialize. Our premium audio offering and expanded distribution should result in new opportunities and our Biometrics segment should show improvements given awards, projects currently in the testing phase, and through our new strategic alliance with GalvanEyes Partners. Lastly, our cash position and balance sheet are strong, we have access to capital, and we continue to look for strategic transactions that can drive profitability further while enhancing shareholder value.”

**Fiscal 2021 and Fiscal 2020 Fourth Quarter Comparisons**

Net sales in the Fiscal 2021 fourth quarter ended February 28, 2021 were \$162.5 million as compared to net sales of \$101.1 million in the Fiscal 2020 fourth quarter ended February 29, 2020, an increase of \$61.4 million or 60.8%. The Company reported year-over-year increases in all reporting segments for the comparable Fiscal periods.

- Automotive Electronics segment net sales of \$52.5 million as compared to \$27.7 million, an increase of \$24.8 million or 89.7%.

- Consumer Electronics segment net sales of \$109.7 million as compared to \$73.1 million, an increase of \$36.6 million or 50.1%.
- Biometrics segment net sales of approximately \$0.1 million in both, fiscal fourth quarter periods.

## **VOXX International Corporation Reports its Fiscal 2021 Fourth Quarter and Year-end Financial Results**

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The gross margin in the Fiscal 2021 fourth quarter was 26.1% as compared to 28.2% in the Fiscal 2020 fourth quarter, a decline of 210 basis points. While gross margin declined year-over-year and was primarily driven by lower gross margin within the Consumer Electronics segment, consolidated gross profit increased by \$13.8 million or 48.5%.

- Automotive Electronics segment gross margin of 26.2% as compared to 17.7%, up 850 basis points.
- Consumer Electronics segment gross margin of 26.2% as compared to 32.2%, down 600 basis points.
- Biometrics segment gross margins were negative for both of the comparable periods.

Total operating expenses in the Fiscal 2021 fourth quarter were \$38.5 million as compared to \$63.5 million in the comparable Fiscal 2020 period, a decline of \$25.1 million or 39.4%. The Fiscal 2021 fourth quarter includes intangible asset impairment charges of \$1.3 million whereas the Fiscal 2020 fourth quarter includes intangible asset impairment charges of \$30.2 million. Excluding these charges, total operating expenses for the comparable fiscal fourth quarter periods increased by approximately \$3.9 million. However, the Fiscal 2021 fourth quarter included \$4.6 million of operating expenses related to the newly formed VSM and DEI subsidiaries, established in connection with the Company's acquisitions in the fourth quarter of Fiscal 2020 and the second quarter of Fiscal 2021, respectively, whereas the Fiscal 2020 fourth quarter included \$0.6 million of similar expenses.

The Company reported operating income in the Fiscal 2021 fourth quarter of \$3.9 million as compared to an operating loss of \$35.0 million in the comparable year-ago period, an increase of \$38.9 million.

Total other expenses for the Fiscal 2021 and Fiscal 2020 fourth quarter periods were \$2.1 million and \$1.0 million, respectively. The key driver for the year-over-year improvement was a \$1.3 million increase in equity in income of equity investee which relates to the Company's 50% non-controlling interest in ASA Electronics, LLC ("ASA").

Net income attributable to VOXX International Corporation in the Fiscal 2021 fourth quarter was \$9.4 million as compared to a net loss attributable to VOXX International Corporation of \$21.8 million in the comparable Fiscal 2020 period, a year-over-year improvement of \$31.2 million. On a per share basis, in the Fiscal 2021 fourth quarter the Company reported basic and diluted net income per share attributable to VOXX International Corporation of \$0.39 and \$0.38, respectively. This compares to a basic and diluted net loss per common share attributable to VOXX International Corporation of \$0.90 in the comparable period in Fiscal 2020.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") in the Fiscal 2021 fourth quarter was \$10.3 million as compared to an EBITDA loss in the Fiscal 2020 fourth quarter of \$18.4 million, a year-over-year increase of \$28.7 million. Adjusted EBITDA in the Fiscal 2021 fourth quarter was \$11.9 million as compared to Adjusted EBITDA in the Fiscal 2020 fourth quarter of \$1.6 million, a year-over-year increase of \$10.2 million.

### Fiscal 2021 and Fiscal 2020 Year-End Comparisons

Net sales in the Fiscal 2021 year ended February 28, 2021 were \$563.6 million, an increase of \$168.7 million or 42.7% as compared to \$394.9 million in the Fiscal 2020 year ended February 29, 2020. All of the Company's business segments reported year-over-year growth.

- Automotive Electronics net sales in Fiscal 2021 were \$163.9 million as compared to \$114.2 million in Fiscal 2020, an increase of \$49.7 million or 43.6%. The year-over-year growth was primarily driven by higher sales related to the Company's VSM and DEI subsidiaries. The Company also had a year-over-year increase in sales of aftermarket security and remote start products. Offsetting this growth, was the adverse impact

caused by COVID-19 which resulted in several of the Company's OEM customers shutting down their plants as well as various retail and aftermarket store closures.

## **VOXX International Corporation Reports its Fiscal 2021 Fourth Quarter and Year-end Financial Results**

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- Consumer Electronics net sales in Fiscal 2021 were \$398.3 million as compared to \$279.7 million in Fiscal 2020, an increase of \$118.6 million or 42.4%. The year-over-year growth was primarily related to higher sales of premium audio products, particularly in the premium home theater, subwoofer, and premium wireless categories, all of which achieved market share growth. Additionally, new distribution agreements through the Company's newly formed subsidiary, 11 Trading Company LLC ("11TC") positively contributed to the year-over-year increase in net sales, as did higher sales in Europe.
- Biometrics net sales in Fiscal 2021 were \$0.8 million as compared to \$0.5 million in Fiscal 2020, an increase of \$0.4 million or 81.3%. Driving the year-over-year growth were higher sales of the Company's EXT outdoor perimeter access and Nano NXT perimeter access products. Additionally, in Fiscal 2021, the Company began selling its NIXT product which can be optionally fitted with iTEMP, a product that can take an individual's temperature before allowing iris access.

Gross margin in Fiscal 2021 was 28.1% as compared to gross margin of 27.8% in Fiscal 2020, a year-over-year increase of 30 basis points. The Company's Automotive Electronics segment reported gross margin in Fiscal 2021 of 24.0% as compared to 20.3% in Fiscal 2020, an increase of 370 basis points, primarily driven by higher sales of OEM and aftermarket products related to the VSM and DEI subsidiaries, and higher sales of higher margin aftermarket remote start and security products. The Consumer Electronics segment reported gross margin in Fiscal 2021 of 29.8% as compared to 31.0% in Fiscal 2020, a decline of 120 basis points. While gross margin declined year-over-year, gross profit in this segment increased by \$32.3 million driven by new premium audio product lines brought to market as well as sales from the Company's new distribution subsidiary, 11TC. Biometrics segment margins were negative for both of the comparable fiscal year periods.

Total operating expenses in Fiscal 2021 were \$136.1 million as compared to \$160.1 million in Fiscal 2020, representing a year-over-year decline of \$24.0 million or 15.0%. Selling expenses increased by \$4.5 million; general and administrative expenses increased by \$1.2 million; and engineering and technical support expenses declined by \$0.7 million. Note, Fiscal 2021 includes approximately \$13.6 million of higher expenses related to the VSM and DEI subsidiaries. Additionally, Fiscal 2021 includes intangible asset impairment charges of \$1.3 million whereas Fiscal 2020 includes intangible asset impairment charges of \$30.2 million.

The Company reported operating income in Fiscal 2021 of \$22.5 million as compared to an operating loss of \$50.3 million, a year-over-year improvement of \$72.8 million.

Total other income in Fiscal 2021 was \$5.2 million as compared to total other income of \$9.4 million in Fiscal 2020. The year-over-year decline was primarily related to a gain on sale of real property of \$4.1 million in Fiscal 2020, partially offset by a \$2.2 million increase in equity in income of equity investee related to ASA. The remaining difference was primarily due to foreign currency.

Net income attributable to VOXX International Corporation in Fiscal 2021 was \$26.8 million as compared to a net loss attributable to VOXX International Corporation of \$26.4 million in Fiscal 2020, a year-over-year improvement of \$53.2 million. On a per share basis, in Fiscal 2021 the Company reported basic and diluted net income per share attributable to VOXX International Corporation of \$1.11 and \$1.09, respectively. This compares to a basic and diluted net loss per common share attributable to VOXX International Corporation of \$1.08 in Fiscal 2020.

EBITDA in Fiscal 2021 was \$44.4 million as compared to an EBITDA loss in Fiscal 2020 of \$11.9 million, a year-over-year improvement of \$56.3 million. Adjusted EBITDA in Fiscal 2021 was \$46.9 million as compared to Adjusted EBITDA in Fiscal 2020 of \$4.9 million, a year-over-year improvement of \$42.1 million.

Balance Sheet Update

As of February 28, 2021, the Company had cash and cash equivalents of \$59.4 million as compared to \$37.4 million as of February 29, 2020, a year-over-year increase of \$22.0 million. This increase includes the impact of \$11.0 million paid for the acquisition of the aftermarket vehicle remote start and security systems and connected car solutions businesses from Directed LLC and Directed Electronics Canada Inc. (“DEI”). Total debt as of February 28, 2021 was \$7.1 million as compared to total debt of \$8.2 million as of February 29, 2020. The only debt outstanding as of February 28, 2021 related to the Company’s domestic mortgage in Florida. Total long-term debt as of February 28, 2021 was \$6.0 million as compared to total long-term debt of \$6.1 million as of February 29, 2020.

Conference Call Information

VOXX International Corporation will be hosting its conference call and webcast today, May 13, 2021 at 5:00 p.m. Eastern. Interested parties can participate by visiting [www.voxxintl.com](http://www.voxxintl.com) and clicking on the webcast in the Investor Relations section or via teleconference using the information below.

- **Toll-free number:** 877-303-9079 / **International number:** 970-315-0461 / **Conference ID:** 8489189

For those unable to participate, a webcast and teleconference replay will be available approximately one hour after the completion of the call.

Replay Information

- **Replay number:** 855-859-2056 / **International replay number:** 404-537-3406 / **Conference ID:** 8489189

Non-GAAP Measures

EBITDA and Adjusted EBITDA are not financial measures recognized by GAAP. EBITDA represents net income (loss), computed in accordance with GAAP, before interest expense and bank charges, taxes, and depreciation and amortization. Adjusted EBITDA represents EBITDA adjusted for stock-based compensation expense, life insurance proceeds, certain settlements, gains and losses, impairment charges, restructuring charges, and environmental remediation charges. Depreciation, amortization, stock-based compensation, and impairment charges are non-cash items.

We present EBITDA and Adjusted EBITDA in our Form 10-K because we consider them to be useful and appropriate supplemental measures of our performance. Adjusted EBITDA helps us to evaluate our performance without the effects of certain GAAP calculations that may not have a direct cash impact on our current operating performance. In addition, the exclusion of certain costs or gains relating to certain events that occurred during the periods presented allows for a more meaningful comparison of our results from period-to-period. These non-GAAP measures, as we define them, are not necessarily comparable to similarly entitled measures of other companies and may not be an appropriate measure for performance relative to other companies. EBITDA and Adjusted EBITDA should not be assessed in isolation from, are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP.

About VOXX International Corporation

VOXX International Corporation (NASDAQ: VOXX) has grown into a leader in Automotive Electronics and Consumer Electronics, with emerging Biometrics technology to capitalize on the increased need for advanced security. Over the past several decades, with a portfolio of approximately 35 trusted brands, VOXX has built market-leading positions in in-vehicle entertainment, automotive security, reception products, a number of premium audio market segments, and more. VOXX is a global company, with an extensive distribution network that includes power retailers, mass merchandisers, 12-volt specialists and many of the world’s leading automotive manufacturers. For additional information, please visit our website at [www.voxxintl.com](http://www.voxxintl.com).



**Safe Harbor Statement**

*Except for historical information contained herein, statements made in this release constitute forward-looking statements and thus may involve certain risks and uncertainties. All forward-looking statements made in this release are based on currently available information and the Company assumes no responsibility to update any such forward-looking statements. The following factors, among others, may cause actual results to differ materially from the results suggested in the forward-looking statements. The factors include, but are not limited to the: risk factors described in the Company's annual report on Form 10-K for the fiscal year ended February 28, 2021 and other filings made by the Company from time to time with the SEC. The factors described in such SEC filings include, without limitation: the impact of the COVID-19 outbreak on the Company's results of operations, the Company's ability to realize the anticipated results of its business realignment; cybersecurity risks; risks that may result from changes in the Company's business operations; our ability to keep pace with technological advances; significant competition in the automotive electronics, consumer electronics and biometrics businesses; our relationships with key suppliers and customers; quality and consumer acceptance of newly introduced products; market volatility; non-availability of product; excess inventory; price and product competition; new product introductions; foreign currency fluctuations; and restrictive debt covenants. Many of the foregoing risks and uncertainties are, and will be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result. The Company assumes no obligation and does not intend to update these forward-looking statements.*

**Investor Relations Contact:**

Glenn Wiener, GW Communications (for VOXX)

Email: [gwiener@GWCo.com](mailto:gwiener@GWCo.com)

-- Tables to Follow --

**VOXX International Corporation and Subsidiaries**  
**Consolidated Balance Sheets**  
**February 28, 2021 and February 29, 2020**  
*(In thousands, except share data)*

	<b>February 28, 2021</b>	<b>February 29, 2020</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 59,404	\$ 37,425
Accounts receivable, net	106,165	69,714
Inventory, net	130,793	99,110
Receivables from vendors	277	230
Prepaid expenses and other current assets	22,266	10,885
Income tax receivable	434	456
Total current assets	319,339	217,820
Investment securities	1,777	2,282
Equity investments	23,267	21,924
Property, plant and equipment, net	52,026	51,424
Operating lease, right of use asset	4,572	3,143
Goodwill	58,311	55,000
Intangible assets, net	90,104	88,288
Deferred income tax assets	99	52
Other assets	1,323	1,638
Total assets	\$ 550,818	\$ 441,571
<b>Liabilities and Stockholders' Equity</b>		
Current liabilities:		
Accounts payable	\$ 61,826	\$ 22,096
Accrued expenses and other current liabilities	53,392	34,046
Income taxes payable	1,587	1,523
Accrued sales incentives	25,313	12,250
Contract liabilities, current	4,178	—
Current portion of long-term debt	500	1,107
Total current liabilities	146,796	71,022
Long-term debt, net of debt issuance costs	5,962	6,099
Finance lease liabilities, less current portion	302	720
Operating lease liabilities, less current portion	3,582	2,391
Deferred compensation	1,777	2,282
Deferred income tax liabilities	6,645	3,828
Other tax liabilities	1,170	1,225
Other long-term liabilities	5,255	3,294
Total liabilities	171,489	90,861
Commitments and contingencies		
Redeemable equity	3,260	2,481
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding	—	—
Common stock:		
Class A, \$.01 par value; 60,000,000 shares authorized, 24,416,194 and 24,306,194 shares issued and 21,666,976 and 21,556,976 shares outstanding at February 28, 2021 and February 29, 2020, respectively	245	244
Class B Convertible, \$.01 par value, 10,000,000 shares authorized, 2,260,954 shares issued and outstanding	22	22
Paid-in capital	300,402	299,228
Retained earnings	148,906	122,139
Accumulated other comprehensive loss	(14,977)	(19,055)
Less: Treasury stock, at cost, 2,749,218 shares of Class A Common Stock at both February 28, 2021 and February 29, 2020	(23,918)	(23,918)
Less: Redeemable equity	(3,260)	(2,481)
Total VOXX International Corporation stockholders' equity	407,420	376,179
Non-controlling interest	(31,351)	(27,950)
Total stockholders' equity	376,069	348,229
Total liabilities and stockholders' equity	\$ 550,818	\$ 441,571

**VOXX International Corporation and Subsidiaries**  
**Consolidated Statements of Operations and Comprehensive Income (Loss)**  
**Years Ended February 28, 2021, February 29, 2020 and February 28, 2019**  
*(In thousands, except share and per share data)*

	Year Ended February 28, 2021	Year Ended February 29, 2020	Year Ended February 28, 2019
Net sales	\$ 563,605	\$ 394,889	\$ 446,816
Cost of sales	405,058	285,113	325,399
Gross profit	<u>158,547</u>	<u>109,776</u>	<u>121,417</u>
Operating expenses:			
Selling	43,786	39,319	41,731
General and administrative	70,085	68,928	66,935
Engineering and technical support	20,897	21,602	24,387
Intangible asset impairment charges	1,300	30,230	25,789
Restructuring expense	—	—	4,588
Total operating expenses	<u>136,068</u>	<u>160,079</u>	<u>163,430</u>
Operating income (loss)	<u>22,479</u>	<u>(50,303)</u>	<u>(42,013)</u>
Other (expense) income:			
Interest and bank charges	(2,979)	(2,975)	(3,788)
Equity in income of equity investee	7,350	5,174	6,618
Gain on sale of real property	—	4,057	—
Impairment of Venezuela investment properties	—	—	(3,473)
Impairment of notes receivable	—	—	(16,509)
Investment gain (loss)	42	775	(530)
Other, net	746	2,332	732
Total other income (expense), net	<u>5,159</u>	<u>9,363</u>	<u>(16,950)</u>
Income (loss) before income taxes	27,638	(40,940)	(58,963)
Income tax expense (benefit)	4,272	882	(6,131)
Net income (loss)	<u>\$ 23,366</u>	<u>\$ (41,822)</u>	<u>\$ (52,832)</u>
Less: net loss attributable to non-controlling interest	<u>(3,401)</u>	<u>(15,379)</u>	<u>(6,741)</u>
Net income (loss) attributable to VOXX International Corporation	<u>\$ 26,767</u>	<u>\$ (26,443)</u>	<u>\$ (46,091)</u>
Other comprehensive income (loss):			
Foreign currency translation adjustments	4,365	(1,517)	(3,195)
Derivatives designated for hedging, net of tax	(305)	(505)	461
Pension plan adjustments, net of tax	18	(89)	(12)
Unrealized holding gain on available-for-sale investment securities arising during the period, net of tax	-	-	24
Other comprehensive income (loss), net of tax	<u>4,078</u>	<u>(2,111)</u>	<u>(2,722)</u>
Comprehensive income (loss) attributable to VOXX International Corporation	<u>\$ 30,845</u>	<u>\$ (28,554)</u>	<u>\$ (48,813)</u>
Net income (loss) per common share attributable to VOXX International Corporation - basic	<u>\$ 1.11</u>	<u>\$ (1.08)</u>	<u>\$ (1.89)</u>
Net income (loss) per common share attributable to VOXX International Corporation - diluted	<u>\$ 1.09</u>	<u>\$ (1.08)</u>	<u>\$ (1.89)</u>
Weighted-average common shares outstanding (basic)	<u>24,201,221</u>	<u>24,394,663</u>	<u>24,355,791</u>
Weighted-average common shares outstanding (diluted)	<u>24,650,106</u>	<u>24,394,663</u>	<u>24,355,791</u>

**VOXX International Corporation and Subsidiaries**  
**Consolidated Statements of Operations and Comprehensive (Loss) Income**  
**Three Months Ended February 28, 2021, February 29, 2020 and February 28, 2019**  
*(In thousands, except share and per share data)*

	<b>Three Months Ended February 28, 2021</b>	<b>Three Months Ended February 29, 2020</b>	<b>Three Months Ended February 28, 2019</b>
		101,077	
Net sales	\$ 162,521	\$	\$ 107,457
Cost of sales	120,153	72,543	83,703
Gross profit	42,368	28,534	23,754
Operating expenses:			
Selling	12,810	10,574	10,465
General and administrative	18,417	17,032	17,303
Engineering and technical support	5,955	5,701	6,038
Intangible asset impairment charges	1,300	30,230	15,975
Restructuring expense	-	-	4,588
Total operating expenses	38,482	63,537	54,369
Operating income (loss)	3,886	(35,003)	(30,615)
Other (expense) income:			
Interest and bank charges	(699)	(782)	(890)
Equity in income of equity investee	2,844	1,502	1,472
Impairment of notes receivable	-	-	(16,509)
Investment loss	-	-	(530)
Other, net	(7)	322	(553)
Total other income (expense), net	2,138	1,042	(17,010)
Income (loss) from before income taxes	6,024	(33,961)	(47,625)
Income tax benefit	(2,452)	(308)	(9,278)
Net income (loss)	\$ 8,476	\$ (33,653)	\$ (38,347)
Less: net loss attributable to non-controlling interest	(972)	(11,858)	(1,787)
Net income (loss) attributable to VOXX International Corporation	\$ 9,448	\$ (21,795)	\$ (36,560)
Other comprehensive income (loss):			
Foreign currency translation adjustments	757	(196)	138
Derivatives designated for hedging, net of tax	209	(234)	(81)
Pension Plan adjustments, net of tax	103	(114)	(69)
Other comprehensive income (loss), net of tax	1,069	(544)	(12)
Comprehensive income (loss) attributable to VOXX International Corporation	\$ 10,517	\$ (22,339)	\$ (36,572)
Net income (loss) per common share attributable to VOXX International Corporation - basic	\$ 0.39	\$ (0.90)	\$ (1.50)
Net income (loss) per common share attributable to VOXX International Corporation - diluted	\$ 0.38	\$ (0.90)	\$ (1.50)
Weighted-average common shares outstanding (basic)	24,206,248	24,141,506	24,355,791
Weighted-average common shares outstanding (diluted)	24,993,408	24,141,506	24,355,791

**Reconciliation of GAAP Net Income Attributable to VOXX International Corporation to EBITDA and Adjusted EBITDA**

	<b>Fiscal 2021</b>	<b>Fiscal 2020</b>	<b>Fiscal 2019</b>
Net income (loss) attributable to VOXX International Corporation	\$ 26,767	\$ (26,443)	\$ (46,091)
Adjustments:			
Interest expense and bank charges (1)	2,404	2,476	2,223
Depreciation and amortization (1)	10,907	11,175	11,112
Income tax expense (benefit)	4,272	882	(6,131)
EBITDA	<u>44,350</u>	<u>(11,910)</u>	<u>(38,887)</u>
Adjustments:			
Stock-based compensation	1,749	2,282	551
Life insurance proceeds	(420)	(1,000)	—
Gain on sale of real property	—	(4,057)	—
Settlement of Hirschmann working capital	—	804	—
Impairment of investment properties in Venezuela	—	—	3,473
Impairment of notes receivable	—	—	16,509
Investment (gain) loss	(42)	(775)	530
Environmental remediation charges	—	—	454
Restructuring charges	—	—	4,588
Intangible asset impairment charges (1)	1,300	19,543	25,789
Adjusted EBITDA	<u>\$ 46,937</u>	<u>\$ 4,887</u>	<u>\$ 13,007</u>

- (1) For purposes of calculating Adjusted EBITDA for the Company, interest expense, bank charges, depreciation and amortization, and intangible asset impairment charges added back to net income (loss) have been adjusted in order to exclude the minority interest portion of these expenses attributable to EyeLock LLC.

**Reconciliation of GAAP Net Income Attributable to VOXX International Corporation to EBITDA, Adjusted EBITDA and Diluted Adjusted EBITDA per Common Share**

	<b>Three Months Ended February 28, 2021</b>	<b>Three Months Ended February 29, 2020</b>	<b>Three Months Ended February 28, 2019</b>
Net income (loss) attributable to VOXX International Corporation	\$ 9,448	\$ (21,795)	\$ (36,560)
Adjustments:			
Interest expense and bank charges (1)	497	649	464
Depreciation and amortization (1)	2,779	3,074	3,226
Income tax benefit	<u>(2,452)</u>	<u>(308)</u>	<u>(9,278)</u>
EBITDA	10,272	(18,380)	(42,148)
Adjustments:			
Stock-based compensation	295	466	158
Impairment of notes receivable	-	-	16,509
Investment loss	-	-	530
Environmental remediation charges	-	-	454
Restructuring charges	-	-	4,588
Intangible asset impairment charges (1)	<u>1,300</u>	<u>19,543</u>	<u>15,975</u>
Adjusted EBITDA	<u>\$ 11,867</u>	<u>\$ 1,629</u>	<u>\$ (3,934)</u>

(1) For purposes of calculating Adjusted EBITDA for the Company, interest expense, bank charges, depreciation and amortization expense, and intangible asset impairment charges added back to net income (loss) have been adjusted in order to exclude the minority interest portion of these expenses attributable to EyeLock LLC.

REFINITIV STREETEVENETS

# EDITED TRANSCRIPT

Q4 2021 VOXX International Corp Earnings Call

EVENT DATE/TIME: MAY 13, 2021 / 9:00PM GMT

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**CORPORATE PARTICIPANTS** Charles Michael Stoehr VOXX International Corporation - Senior VP, CFO & Director Patrick M. Lavelle VOXX

International Corporation - President, CEO & Director **CONFERENCE CALL PARTICIPANTS** - Glenn Wiener GW Communications LLC -

Owner - **PRESENTATION Operator** Good day, and thank you for standing by. Welcome to the VOXX International's Fiscal 2021 Conference Call.

(Operator Instructions) And please be advised that today's conference is being recorded. I would now like to hand the conference over to your speaker today, Glenn Wiener, Investor Relations. Please go ahead.

**Glenn**

**Wiener GW Communications LLC - Owner** Thank you, Laurie. Good afternoon, and welcome to VOXX International's Fiscal 2021 Fourth Quarter and Year-end Conference Call. Our Form 10-K was filed with the SEC. Our press release announcing results was issued as well just after market close. And both documents can be found on the IR section of our website, as can our updated investor presentation, which is in the Events and Presentations section. Speaking from management today will be Pat Lavelle, President and Chief Executive Officer; and Michael Stoehr, Senior Vice President and Chief Financial Officer. Both will have prepared remarks, and we'll open up the call for questions. Our Chairman and founder, John Shalam, is also with us, and he is available for questions as well. Our call is being webcast live over the Internet, and a replay will be available approximately 1 hour after the completion of this call. I'd like to remind everyone that except for historical information contained herein, statements made on today's call and webcast that would constitute forward-looking statements are based on currently available information. The company assumes no responsibility to update any such forward-looking statements and I'd like to point you to the risk factors associated with our business, which are detailed in our Form 10-K for the period ended February 28, 2021. Now in the past, we've issued our results after market close and held our conference call and webcast the following morning. However, as tomorrow is Friday, we wanted to avoid that. And mainly because, as you saw from the documents published, VOXX' momentum has continued, and the company improved both its quarterly and annual top and bottom-line results significantly on a year-over-year basis, with continued growth expected. But I'll save that for Pat's remarks. I'd also like to add that VOXX

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will be presenting at the Stifel 2021 Virtual Cross Sector Insight Conference. It's a virtual event, and VOXX will be hosting one-on-one meetings all day with a live presentation from Pat Lavelle on June 9 at 2:40 p.m. Eastern. The presentation will be webcast on the VOXX International website in the IR section, again under Events and Presentations. And for those who want to meet with management, you can request a meeting by contacting your Stifel sales rep or if you reach out to my office, I'll put you in touch. There are some other conferences we intend to present at in the second half of the year. And we will provide further details as they are confirmed. And with that, at this time, it's my pleasure to turn the call over to

Pat. Patrick

**M. Lavelle VOXX International Corporation - President, CEO & Director** Thank you, Glenn, and good afternoon, everyone. The momentum that we built throughout the fiscal year carried into our fourth quarter. And we are expecting continued growth and strong profitability and cash flow in fiscal 2022. Mike will provide more of the financial details, but I do want to call out some of the highlights, which will provide more color around my business segment commentary. When comparing our fiscal fourth quarter, net sales were up over 60%. Gross profit, while down on a percentage basis due primarily to the new premium audio distribution agreements we set up, was up \$13.8 million. Operating income of \$3.9 million marked a \$38.9 million improvement, and Adjusted EBITDA of \$11.9 million was up \$10.2 million for the quarter. Comparing our fiscal 2021 versus fiscal 2020 results, net sales grew by 42.7%. Operating income of \$22.5 million, increased \$72.8 million over last year. Adjusted EBITDA of \$46.9 million grew by \$42.1 million. And we ended fiscal '21 with close to \$60 million in cash and cash equivalents and only \$7.1 million of debt related to our Florida mortgage. Our balance sheet is strong. And with our cash position, anticipated cash from operations and access to capital through our credit facilities, we believe we're in excellent financial position. And this is key, especially now as there are many companies with strong brands, products and distribution that may not be in the best financial position to support their business. We are going to be very diligent in our use of cash, and we'll continue to evaluate strategic transactions that can improve our business and enhance stockholder value. No doubt this was a challenging year for most companies given the global environment and the impact of COVID, but we persevered. And I have to say I am very proud of the VOXX team, especially how they adapted and continued to support our customers. The steps we took over the past 2 years to reposition and realign VOXX has worked and resulted in strong top-line growth and significant improvements across the board on the bottom-line. We secured new retail customers, set up new subsidiaries and added powerful brands. We made 2 strategic acquisitions, one of which made us the clear-cut market leader in remote start and

security products, and the other added new lines sold to OEMs, including the heavy-duty truck market. We entered into an alliance with Amazon to bring Fire TV to the vehicle and secured long-term awards with Ford and Stellantis. We launched a number of new high-end premium audio products while expanding our distribution. And this year, we expect to add more. And lastly, we entered into a number of new alliances to bring EyeLock's products to market. We were officially awarded a large multi-year healthcare contract with a major health care hardware supplier. We are now in the process of integrating EyeLock's technology into their new product lineup. We have several projects underway that are in the testing phase. And as announced last week, we reached an agreement with GalvanEyes Partners, a new LLC set up by Beat Kahli, our largest shareholder. Consider our results and add COVID to the mix, many big box retailers, specialty stores and aftermarket dealers were closed and are operating with fewer shifts and carrying less products in-store. The biggest impact of COVID was on the automotive side, with multiple plant closures, delaying vehicle production and future launches. GM, Ford, Stellantis, Subaru for example, all VOXX customers, were forced to close plants during 2021. However, we were fortunate in that many of our consumer product lines and especially our premium audio products were in higher demand, as they are considered to be stay-at-home products. As we all know, people are working from home and still are, even with the gradual return we are seeing now. I'm often asked if the growth experienced in fiscal 2021 is sustainable. Our projections are for growth over the full year, but we also know it will be choppy in the quarters due to the chipset, parts, and container shortages. We're not alone here. It's an issue most companies are facing right now. We are almost through our first quarter, and our growth has continued, but these issues could impact growth in Q2 with container shortages or port delays pushing some sales out of the quarter or losing a turn here or there. However, we have seen this coming for months and extended our lead times, purchased long-lead parts sometimes out a year or more...and we scheduled shipments earlier, so that we can ensure we have the inventory to hit our third quarter projections, which are the most impactful in terms of our annual results. But why we are so optimistic is about the next few years. And I'll turn now to the segments to highlight why. In Automotive: On my last conference call, I noted that VOXX Automotive had received over \$400 million in new awards with approximately \$330 million of incremental business. The majority was for our new rear-seat entertainment system EVOLVE with Amazon's Fire TV built-in. We secured large multi-year contracts with Stellantis and Ford, which will begin this summer and fall, respectively. Other OEM contracts we were awarded were for remote start and security products and through VSM for a variety of products with new awards with Volvo, Polaris and Subaru. This past quarter and in the early part of

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our fiscal 2022 first quarter, VSM was awarded new programs with Navistar and MekraLang, typically, 7-year contracts, adding approximately \$10 million of new awards in the heavy-duty truck market and for school buses. Additionally, for EVOLVE, we are in discussions with a number of other OEMs, and it is our belief that we will have new awards in fiscal '22, which would positively impact results once programs begin. Our strong automotive segment results were certainly boosted by the acquisitions of VSM and Directed, which helped offset lower OEM volume due to COVID and the plant shutdowns that I just referenced. With the new programs coming online in our fiscal second and third quarter, along with a full year of DEI's results, the automotive segment is poised for growth, and we believe, will double within the next 2 to 3 years when we compare it against fiscal 2020. This segment has the potential to grow even more in the following years. Our core Automotive business is strong. Our customer roster is expanding, and we are selling into new markets with new product lines. We are continuously looking at potential tuck-in acquisitions that could strengthen our offerings, our customer base and reach, which has always been a key part of our strategy. The chip shortage will be a factor near-term. It is impacting the entire industry and many of our OEM customers. With that said, we have been told by Stellantis and Ford that their launch plans are relatively on schedule, though volumes may be a little lower due to part shortages but will ramp up thereafter. We are in discussions regarding adding new vehicles, which if successful, should more than offset any impact due to shortages over the life of the programs. In Consumer Electronics, the group had an exciting year marked by the establishment of the Premium Audio company, led by the Klipsch management team and the formation of 11TC. We launched several new products, which were well received by our customers and consumers. We expanded our retail distribution and through 11 TC, added distribution of the Onkyo, Pioneer, Pioneer Elite, and Integra brands. As we announced last week, we are pursuing the acquisition of Onkyo Home Entertainment brands with Sharp as our partner. We had modest sales in fiscal 2021, and our outlook in fiscal 2022 is based on the successful resolution of this transaction. The final agreement will be presented to the Onkyo shareholders on June 25. It's our hope that we can finalize the agreement and then work to expand the business significantly. This business did over \$200 million in sales just 2 years ago, and we believe with our Premium Audio company management team and existing infrastructure, we can rebuild worldwide sales over the next few years. On our third quarter call, I said that we expected to see Premium Audio product sales grow by over \$100 million and we finished the year with sales up by almost \$130 million. The big retail quarter for us, as many of you know, is Q3, as that is the big holiday selling season. And prior to the holidays, we will be launching a number of new products in the home theater, sound bar and headphone categories, all with target launch dates between June and August. Coming to market in June will be our Cinema 800 and 1200 sound bars with Dolby Atmos. Customers are

very bullish on these new units as our Cinema 400 and 600 series did very well, and in fact, the 400 series was named the best sound bar for under \$300 by CNET. We will also be launching our new True Wireless headphones in August. The T5 II will lead the way, and it's a high-tech headphone with sound cancellation and the first to have an integrated operating system to control content and your phone through head gestures. If you get a phone call and are listening to music, you shake your head and reject the call or nod to accept it. If you want to change a song, you can simply control that with motions...very unique features. As we announced recently, 11 TC will also carry the TEAC and ESOTERIC audio brands and will start to generate sales in the second quarter with initial distribution being in the United States. We are expecting the Consumer Electronics segments to grow in fiscal 2022. Should the transaction with Onkyo be consummated, that would boost sales, gross profit and overall profitability in the back end of our fiscal year. Our Commercial business, which dipped in fiscal '21 due to COVID should improve as well. Movie theaters are opening up, and we're starting to see an uptick in cinema sales. Hotels and restaurants are expanding capacity, and that, too, should have a gradual and positive impact. One other thing to note are the various Klipsch partnerships. We are the official speaker of Margaritaville Hotels & Resorts, Hard Rock Hotels and Casinos, the Darden Group and with Mood, which is expanding worldwide. Last year, we partnered with McLaren in Formula One, and it did very well, helping to expand Klipsch's reach into new demographics. We have a new strategic partnership with the PGA this year, which will launch in the summer. And similar to the McLaren alliance, we will come out with co-branded products, building off our T5 sport headphone and Groove music system, again, expanding reach and target audience. As for the Biometric segments, we grew in fiscal '21, but the story is about the future. We were awarded a major healthcare contract, which I talked about, have several projects in the testing phase and brought new solutions to market. The big milestone is the proposed transaction we announced with GalvanEyes Partners, a new LLC created and run by Beat Kahli. This agreement was a culmination of the process that we began roughly a year ago, where we were looking to find a strategic partner that could help move EyeLock technology into markets we didn't serve and expedite our growth plans. Beat Kahli and the team has assembled have vast networks globally that will be leveraged. GalvanEyes Partners will become the exclusive distributor of EyeLock products in the EU, Switzerland, Puerto Rico, Malaysia and Singapore, with the exception of any existing business. They also will have the exclusive distribution rights in the United States for the residential real estate market and 2 specific U.S. government agencies. They have nonexclusive rights to other territories and verticals upon our consent. As per the agreement, they will pay EyeLock \$10 million in the form of annual fee up to \$5 million and any gross profit they generate for EyeLock on their product purchases will be deducted from the annual

fee. There's a put/call arrangement, which is detailed in our announcement. Because of Mr. Kahl's ownership in VOXX, the transaction terms will be in our proxy and presented to the shareholders for approval at our annual meeting on July 29. If approved, this deal will significantly improve EyeLock's results. At this time, I'll turn the call over to Mike, and then we will open it up for Q&A. Mike?

—Charles

**Michael Stoehr VOXX International Corporation - Senior VP, CFO & Director** Thanks, Pat, and good afternoon, everyone. Fourth quarter net sales were up over 60%. And as Pat noted, all segments grew year-over-year. Automotive segment net sales grew close to 90%, with OEM up 11.6% and aftermarket product sales up over 150%, principally due to the acquisitions. Consumer segment net sales were up approximately 50%, with Premium Audio product sales up over 95% and other CE product sales down over 13%, primarily due to store closures domestically as well as in Germany, where we have a significant market presence in accessories. While the Biometric segment had a large percentage increase, the overall impact was approximately \$70,000. Consolidated gross margins were down 210 basis points, though gross profit dollars increased by \$13.8 million. This was principally due to products sold through new distribution channels and those through 11TC. While these sales carry lower gross margin, expenses were -- are also lower to support these programs, and it has had a positive impact on our bottom line. Total operating expenses declined by \$25.1 million year-over-year, though we had \$30.2 million of intangible asset impairment charges in fiscal '20 fourth quarter and \$1.3 million in the fourth quarter of fiscal '21. We also had \$600,000 of expenses related to VSM in Q4 of fiscal '20, whereas in the fiscal '21 fourth quarter, operating expenses related to both VSM and DEI were \$4.6 million, a net change of \$4 million. Essentially, core overhead was flat for the comparative periods, excluding the impairment and operating expenses added from acquisitions. In fiscal '22, make note that we will have, 1, a full year of DEI expenses; 2, a full year of more normalized employee related expenses; 3, more advertising and market expenses as trade resumes though not in the volume of prior years. And of course, more travel as the country opens up. Pat provided bottom-line highlights, so I'll move on to our annual comparisons. We reported a \$168.7 million increase in total net sales, and similar to the fourth quarter, all segments experienced gains year-over-year. The Automotive Electronics segment had net sales of close to \$164 million, up close to \$50 million or over 43%. OEM sales were down approximately \$3.5 million due to all of the plant closures Pat discussed. And aftermarket product sales increased by more than \$53 million due to the acquisitions and in spite of store closures around the country. Our Consumer Electronics segment had net sales of over \$398 million, up close to \$119 million or 42%. Similar to my fourth quarter comments, Premium Audio was up significantly, over 75%, with other CE

product sales down just under 10%. Biometric segment's net sales were up approximately \$400,000 year-over-year. Consolidated gross margins were 28.1%, up 30 basis points. Automotive segment gross margins increased 370 basis points. CE segment gross margins declined by 120 basis points, and the Biometric segment gross margins were negative for both periods. The VSM and DEI acquisitions positively impacted gross margins due to the mix of products sold, though lower OEM volumes for rear-seat entertainment products, again sold, (mostly due to plant closures potentially offset higher gains. Also note, sales through 11TC carry lower gross margins, but positively contributed to the year-over-year increase in gross profit dollars. Total operating expenses of \$136.1 million were down \$24 million year-over-year. They were up roughly \$4.9 million, excluding the intangible asset impairment charges with \$13.6 million or higher expenses due to the acquisitions. We had significantly lowered our overhead during the early stages of COVID, and in the second half of the year, gradually added back expenses related to headcount, furloughs and T&E. As people return to work and as some of the major shows resume operations, we anticipate higher expenses accordingly. With that in mind, we are always looking to drive efficiencies and reduce costs where we can. Within other income in fiscal '21, we reported other income of \$5.2 million compared to \$9.4 million in fiscal '20. There were some offsetting factors, but the major variance is the \$4.1 million gain we recorded related to the sale of our Pulheim facility in Germany in the prior fiscal year. ASA, our 50-50 joint venture, reported a \$2.2 million year-over-year increase, which was partially offset by foreign exchange gains and losses for the comparable periods, as noted in our Form 10-K. As Pat provided operating and net income and adjusted EBITDA comparisons, I'll move on with a few comments related to our balance sheet. We ended the fiscal year with \$59.4 million in cash, and cash equivalents up \$22 million compared to the end of fiscal '20. Note, we used cash of \$11 million this past fiscal year to fund DEI acquisitions, which closed on July 1, 2020. Note the VSM acquisition, which we had discussed was in our fourth quarter of fiscal '20 and closed on January 31, 2020. That had a cash purchase price of \$16.5 million. Our total debt position was \$7.1 million or \$8.2 million for the same periods, respectively. Our total long-term debt less debt issuance costs was \$6 million as of February 28, 2020, compared to \$6.1 million at fiscal '20 year-end. Barring acquisitions or any major shifts in our business and the world, we anticipate our cash position will increase in fiscal 2022. We have sufficient working capital, and our balance sheet remains strong. That concludes my remarks, and operator, we're ready to open up the call for

questions. QU

**AND ANSWERS Operator** (Operator Instructions) And we have a question from Matthew Chen, a private investor.

I'd like to understand the accounting treatment of the proposed or proposed accounting treatment of the proposed distribution agreement with EyeLock. How would it appear? How would it get translated into the various balance sheet items?

Patrick M.

**Lavelle VOXX International Corporation - President, CEO & Director** Let's say -- well, first it was a standalone agreement, anything that they purchased would be booked as a sale and the gross profit recorded would be recorded on EyeLock's books.

Okay. But what about the put and call agreement? How would they be reflected?

Patrick M.

**Lavelle VOXX International Corporation - President, CEO & Director** The put and call is -- first off, the puts and call, other than for a sale or an IPO or anything like that, would not happen in the first 2 years of the year agreement. I would have to ask our accounting department how they're treating the put and call on the books. There will be a valuation that is done, that will deal with that, and that will be in the details on our proxy.

Charles

**Michael Stoehr VOXX International Corporation - Senior VP, CFO & Director** The -- at this point, as Pat mentioned, the put and call and the transaction itself is going through with a fairness opinion, which we're working on this time. But as for the balance sheet, they'll probably basically stay neutral, but we're just looking at the accounting treatment as we speak, in reference to that put and call. The real impact on the balance sheet and P&Ls for that operation is the distribution agreement itself, which holds the company with a minimum of \$5 million and was considered a GP.

Right, right. I mean so that you're guaranteed at least a gross margin of \$5 million per year, at least for 2 years until the options become exercisable, I suppose?

Patrick M.

**Lavelle VOXX International Corporation - President, CEO & Director** Yes.

**Charles Michael Stoehr VOXX International Corporation - Senior VP, CFO & Director** That is correct. And as Pat mentioned, because of the strength of the team it's joining, we feel that, that's going to give us more market potential.

Okay. Understood. If there's time, I'd like to ask another question relating to the Automotive segment as well?

Charles

**Michael Stoehr VOXX International Corporation - Senior VP, CFO & Director** Sure.

I'd just like to understand, what are the types of products that are being sold by VSM to the trucking companies that you mentioned, the Navistar and [Metro Lane] or whatever?

Patrick M.

**Lavelle VOXX International Corporation - President, CEO & Director** The primary products that we sell through VSM are heavy-duty turn signals for trucks, okay, and certain lighting.

Okay. Okay. Understood. And yet another question, since I'm very interested in VOXX. What about the infotainment system? Is your supply chain affected at all by the widespread news of shortage in the auto? Or as you said, you've made agreements in advance for various parts anyway. But generally, is my understanding correct that the electronics, the chips that are used for the infotainment systems, they're typically more consumer-type chips, and they're not the automotive-type devices.

Patri

**M. Lavelle VOXX International Corporation - President, CEO & Director** No, these are -- in order to be on the OEM, these are automotive-grade chips because they have to work in an automotive environment. But we have secured enough chips to launch the product and at twice the length, this is pretty much on target as far as the launch, the first vehicle that will come out with is their new Grand Wagoneer. And we've secured enough parts for it to get us through that launch and supply additional products for the

year. Operator

(Operator Instructions) We have a question from Stephen

Janis. - I'm

a long-term shareholder. Great, I'm in Florida, and I see our products in Costco all the time, and they're giving you a lot of shelf

space. Patrick

**M. Lavelle VOXX International Corporation - President, CEO & Director** Yes, they

are. - My

question is, so for the last couple of calls, you've mentioned the medical devices with EyeLock. Is that what you referred to before? Well you finally said something about it, because you've never -- you've

mentioned it, but there's never been any information around it. So is this what we're looking forward to?

Patrick M.

**Lavelle VOXX International Corporation - President, CEO & Director** Yes. What we're looking forward there is, we have won an award that will incorporate the EyeLock technology into certain healthcare products that are supplied by a major worldwide health care provider as far as manufacture. And we -- under NDA, we cannot divulge what the product is or who it's for. But we are in the process of integrating our technology into their new lineup of products, that, for the most part, will have a limited launch in 2023 with a targeted general launch towards the end of the year. These are very sophisticated machines and they're quite expensive, designed for hospitals. So this is an award that we think not only generates revenue for us, but really validates our technology within the healthcare space.

Operat

(Operator Instructions) There are no further questions on queue. Presenters, you may continue.

Patr

**M. Lavelle VOXX International Corporation - President, CEO & Director** Okay. Well, I know this is unusual that we have our call this late. So I'm sure that everybody wants to get home. If there are no further questions, I want to thank you for your interest in VOXX, and wish you a nice evening.

Oper

And ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect.





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