UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

☒ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended February 29, 2024

or

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM**

Commission file number 0-28839

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

Delaware	
(State or other jurisdiction of incorporation or organization)	**13-1964841** (IRS Employer Identification No.)
2351 J. Lawson Boulevard, Orlando, Florida (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:

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

Securities registered pursuant to Section 12(g) of the Act:

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes ☐ No ☒

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.
Yes ☐ No ☒

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.
Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).
Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act. (check one):

Large accelerated filer ☐ Accelerated filer ☒ Non-accelerated filer ☐ Smaller reporting company ☐ 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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Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal controls over financial reporting under section 404(b) of the Sarbanes-Oxley Act (15 U.S.C. 7262(b)) by the registered public accounting firm that prepared or issued its audit report. ☒

If securities are registered pursuant to Section 12(b) of the Act, indicate by check mark whether the financial statements of the registrant included in the filing reflect the correction of an error to previously issued financial statements. ☒

Indicate by check mark whether any of those error corrections are restatements that required a recovery analysis of incentive-based compensation received by any of the registrant's executive officers during the relevant recovery period pursuant to §240.10D-1(b). ☐

Indicate by check mark whether the Registrant is a shell company (as defined in rule 12b-2 of the Act).
Yes ☐ No ☒

The aggregate market value of the common stock held by non-affiliates of the Registrant was $97,353,635 (based upon closing price on the Nasdaq Stock Market on August 31, 2023).

The number of shares outstanding of each of the registrant's classes of common stock, as of May 10, 2024 was:

Class	Outstanding

Class A common stock $.01 par value	20,281,143
Class B common stock $.01 par value	2,260,954

DOCUMENTS INCORPORATED BY REFERENCE

Part III - (Items 10, 11, 12, 13 and 14) Proxy Statement for Annual Meeting of Stockholders to be filed on or before June 10, 2024.

VOXX INTERNATIONAL CORPORATION
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CAUTIONARY STATEMENT RELATING TO THE SAFE HARBOR PROVISIONS OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Annual Report on Form 10-K, including "Management's Discussion and Analysis of Financial Condition and Results of Operations" in Item 7, and the information incorporated by reference contains "forward-looking statements" within the meaning of section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. We intend those forward-looking statements to be covered by the safe harbor provisions for forward-looking statements. All statements regarding our expected financial position and operating results, our business strategy, our financing plans, and the outcome of any contingencies are forward-looking statements. Any such forward-looking statements are based on current expectations, estimates, projections about our industry and our business, and the residual impacts of the novel coronavirus (“COVID-19”) pandemic on our results of operations. Words such as "anticipates," "expects," "intends," "plans," "believes," "seeks," "estimates," "should," "would," or variations of those words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those stated in or implied by any forward-looking statements. Factors that could cause actual results to differ materially from forward-looking statements include, but are not limited to, matters listed in Item 1A under "Risk Factors" of this Form 10-K. The Company assumes no obligation and does not intend to update these forward-looking statements.

NOTE REGARDING DOLLAR AMOUNTS AND FISCAL YEAR

In this Annual Report, all dollar amounts are expressed in thousands, except for share prices and per-share amounts.

The Company’s fiscal year ends on the last day of February.

Item 1-Business

VOXX International Corporation ("Voxx," "We," "Our," "Us," or the "Company") is a leading international manufacturer and distributor in the Automotive Electronics, Consumer Electronics, and Biometrics industries. The Company has widely diversified interests, with more than 30 global brands that it has acquired and grown throughout the years, achieving a powerful international corporate image, and creating a vehicle for each of these respective brands to emerge with its own identity. We conduct our business through nineteen wholly-owned subsidiaries: Audiovox Atlanta Corp., VOXX Electronics Corporation, VOXX Accessories Corp., Audiovox Canada Limited, Voxx Hong Kong Ltd., Voxx Consumer Electronics Hong Kong, Ltd., Audiovox International Corp., Audiovox Mexico, S. de R.L. de C.V. ("Voxx Mexico"), Code Systems, Inc., Oehlbach Kabel GmbH ("Oehlbach"), Schwaiger GmbH ("Schwaiger"), Invision Automotive Systems, Inc. ("Invision"), Premium Audio Company LLC ("PAC," which includes Klipsch Group, Inc., 11 Trading Company LLC, Premium Audio Company EMEA B.V., Premium Audio Company France S.A.R.L., Premium Audio Company Germany GmbH, and Premium Audio Company Pty Lt.), Omega Research and Development Technology LLC ("Omega"), Voxx Automotive Corp., Audiovox Websales LLC, VSM-Rostra LLC (“VSM”), VOXX DEI LLC, and VOXX DEI Canada Ltd. (collectively, with VOXX DEI LLC, “DEI”), as well as majority owned subsidiaries, EyeLock LLC ("EyeLock") and Onkyo Technology KK n/k/a Premium Audio Company Technology Center K.K. (“Onkyo”). We market our products under the Audiovox® brand name and other brand names and licensed brands, such as 808®, Acoustic Research®, Advent®, Avital®, CarLink®, Clifford®, Code-Alarm®, Crimestopper™, Directed®, Discwasher®, Energy®, Heco®, Integra®, Invision®, Jamo®, Jensen®, Klipsch®, Mac Audio®, Magnat®, myris®, Oehlbach®, Omega®, Onkyo®, Pioneer®, Prestige®, Project Nursery®, Python®, RCA®, Rosen®, Rostra®, Schwaiger®, Smart Start®, Terk®, Vehicle Safety Manufacturing®, and Viper®, as well as private labels through a large domestic and international distribution network. We also function as an OEM ("Original Equipment Manufacturer") supplier to several customers, as well as market a number of products under exclusive distribution agreements, such as SiriusXM satellite radio products.

VOXX International Corporation was incorporated in Delaware on April 10, 1987, under its former name, Audiovox Corp., as successor to a business founded in 1960 by John J. Shalam, our Chairman and controlling stockholder. Our extensive distribution network and long-standing industry relationships have allowed us to benefit from growing market opportunities and emerging niches in the electronics business.

The Company classifies its operations in the following three reportable segments: Automotive Electronics, Consumer Electronics, and Biometrics. The Automotive Electronics segment designs, manufactures, distributes, and markets rear-seat entertainment devices, automotive security products and devices, remote start systems, vehicle access systems, mobile multimedia devices, aftermarket/OE-styled radios, car-link smartphone telematics applications, driver distraction products, collision avoidance systems, automotive power accessories, power lift gates, location-based services, turn signal switches, automotive lighting products, obstacle sensing systems, cruise control systems, camera systems, USB ports, heated seats, and satellite radio products. The Consumer Electronics segment designs, manufactures, distributes and markets home theater systems, A/V receivers, premium loudspeakers, outdoor speakers, business music systems, streaming music systems, cinema speakers, architectural speakers, wireless and Bluetooth speakers, soundbars, on-ear and in-ear headphones, wired and wireless headphones and earbuds, solar powered balcony systems, DLNA (Digital Living Network Alliance) compatible devices, T.V. remote controls, karaoke products, hearing aids, personal sound amplifiers, infant/nursery products, as well as A/V connectivity, portable/home charging, reception and digital consumer products. The Biometrics segment designs, markets and distributes iris identification and biometric security related products. See Note 13 to the Company's Consolidated Financial Statements for segment and geographic area information.

We make available financial information, news releases and other information on our web site at www.voxxintl.com. There is a direct link from the web site to the Company’s Securities and Exchange Commission's ("SEC") filings, where our annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to these reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 are available free of charge as soon as reasonably practicable after we file such reports and amendments with, or furnish them to, the SEC. In addition, we have adopted a Code of Business Conduct and Ethics which is available free of charge upon request. Any such request should be directed to the attention of the Company's Human Resources Department, 180 Marcus Boulevard, Hauppauge, New York 11788, (631) 231-7750.

The Company continuously monitors the impacts of the macroeconomic environment on its business, which is currently characterized by record-high inflation, supply chain challenges, labor shortages, high interest rates, volatility in global capital markets, and growing recession risk. Such macroeconomic conditions have and could continue to adversely impact our business, for example, by reducing consumer demand for our products and leading to decreased sales. During Fiscal 2022 through 2024, the Company has experienced levels of inflation that are higher than has been experienced in recent years, resulting in part from various supply disruptions, increased shipping and transportation costs, increased commodity costs, increased labor costs within the supply chain, monetary policy actions, and other disruptions caused by the residual effects of the COVID-19 pandemic and the uncertain economic environment. The Company continues to make efforts to mitigate this impact through pricing strategies, but cannot predict how long the current inflationary environment will continue or the impact of inflationary trends on consumer behavior, or the Company's sales and profitability in the future. Commodities are often subject to availability constraints and price volatility caused by weather, supply conditions, political instability, government regulations, tariffs, energy prices, general economic conditions, and other unpredictable factors. Changes in commodity prices may also negatively impact the Company's sales and earnings if competitors react more aggressively. The Company could also experience other material impacts as a result of macroeconomic conditions, including, but not limited to, additional charges to adjust the carrying value of inventory, additional asset impairment charges, and additional adjustments to deferred tax valuation allowances.

Acquisitions

Our most recent acquisition and disposition transactions are discussed below:

On September 8, 2021, the Company's subsidiary, PAC, completed the transaction to acquire certain assets of the home audio/video business of Onkyo Home Entertainment Corporation (“OHEC”) with its partner, Sharp Corporation (“Sharp”), through a joint venture, Onkyo Technology KK n/k/a Premium Audio Company Technology Center K.K. (“Onkyo”) via an asset purchase agreement. The acquired assets consisted of intangible assets. PAC owns 77.2% of the joint venture and has 85.1% voting interest and Sharp owns 22.8% of the joint venture and has 14.9% voting interest. The total transaction consideration was $37,184, which included cash paid, assignment of notes and interest receivable, and the fair value of contingent consideration. The purpose of this acquisition was to expand the Company’s market share and product offerings within the premium audio industry. Details of the assets acquired are outlined in Note 2 "Business Acquisitions" of the Notes to the Consolidated Financial Statements.

Strategy

Our objective is to grow our business both organically and through strategic acquisitions. We anticipate we will drive the business organically by continued product development in new and emerging technologies that should increase gross margins and improve operating income. We are focused on expanding sales both domestically and internationally and broadening our customer and partner base as we bring new products to our target markets. In addition, we plan to continue to acquire synergistic companies that would allow us to leverage our overhead, penetrate new markets, and expand existing product categories. Notwithstanding the above, if the appropriate opportunity arises, the Company will explore the potential divestiture of a product line or business.

The key elements of our strategy are as follows:

Continue to build and capitalize on the VOXX family of brands. We believe the "VOXX" portfolio of brands is one of our greatest strengths and offers us significant opportunity for increased market penetration. Today, VOXX International has over 30 global brands in its portfolio, which provides the Company with the ability to bring to market products under brands that consumers know to be quality. In addition, with such a wide brand portfolio, we can manage channels and sell into multiple outlets as well as leverage relationships with distributors, retailers, aftermarket car dealers and expeditors, and global OEMs. Finally, we are open to opportunities to license some of our brands as an additional use of the brands and as a growth strategy.

Continue to maintain diversified, blue chip customer base. Voxx distributes products through a wide range of specialty and mass merchandise channels and has arrangements as a tier-1 and tier-2 auto OEM supplier. OEM products account for approximately 12% of total net sales.

Capitalize on niche product and distribution opportunities in our target markets. Throughout our history, we have used our extensive distribution and supply networks to capitalize on niche product and distribution opportunities in the automotive electronics, consumer electronics, and biometrics categories. We will continue that focus as we remain committed to innovation, developing products internally and through our outsourced technology and manufacturing partners to provide our customers with products that are in demand by consumers.

Combine new, internal manufacturing capabilities with our proven outsourced manufacturing with industry partners. VOXX International employs an outsourced manufacturing strategy that enables the Company to deliver the latest technological advances without the fixed costs associated with manufacturing, and also has manufacturing capabilities to produce select product lines, such as rear-seat entertainment systems, security related products, and high-end speakers. This blend of internal and outsourced manufacturing enables the Company to drive innovation, control product quality and speed time-to-market.

Use innovative technology generation capabilities to enable us to build a robust pipeline of new products. Voxx has invested significantly in R&D. The Company uses a mix of internal and external R&D, internal and external manufacturing, and has a number of valuable trademarks, copyrights, patents, domain names and other intellectual property. Through Voxx's focus on R&D, the Company has built a pipeline of new products across all three of its segments.

Leverage our domestic and international distribution network. VOXX International Corporation has a highly expansive distribution network. This network, which includes OEM's, car dealers, automotive manufacturers, various types of retailers and chain stores, mass merchandisers, distributors, e-commerce platforms, system integrators, communication network providers, smart grid manufacturers, banks, cinema operators, healthcare equipment manufacturers, and the U.S. military, should allow us to increase our market penetration. We intend to capitalize on new and existing distribution outlets to further grow our business across our three operating segments, both domestically and abroad.

Grow our international presence. We have an international presence through our local subsidiaries in Europe, as well as operations in Canada, Mexico, Australia, Japan, and China. We also continue to export from our domestic operations in the United States. Our strategy remains to diversify our geographic exposure, while expanding our product offerings and distribution touch points across the world.

Pursue strategic and complementary acquisitions. We continue to monitor economic and industry conditions in order to evaluate potential strategic and synergistic business acquisitions that are expected to allow us to leverage overhead, penetrate new markets, and expand our existing business distribution. Over the past several decades, the Company has employed an M&A strategy to build its brand portfolio and enhance its product offerings in higher margin product categories, while at the same time exiting lower margin and commoditized product lines, resulting in improved bottom-line performance. The Company is focused on continuing to grow organically but may pursue opportunistic acquisitions to augment our Automotive Electronic (primarily with OEM accounts), Consumer Electronic, and Biometric segments.

Maintain disciplined acquisition criteria. Virtually all of our acquisitions have been made to strengthen our product offerings, customer reach, and growth potential across our operating business segments. Our strategy remains to acquire complimentary businesses, products and/or assets in our Automotive Electronic, Consumer Electronic, and Biometric operating segments. Additionally, acquisitions should have a gross margin structure equal to or higher than our consolidated gross margins, and we will continue to look for acquisitions where we can leverage our corporate overhead and resources. Furthermore, it is important that management remains with Voxx as part of the acquisition, as their legacy expertise and knowledge of both the inner workings of their respective companies and the end-markets they serve are paramount to successfully running operations and achieving growth. We also pursue acquisitions that will be accretive for the Company and its shareholders in the initial years after such acquisitions are made.

Rapidly integrate acquired businesses. One of the more compelling factors as to why acquired businesses choose VOXX International Corporation is that we are perceived as both a financial and strategic partner. We are operators, and companies view their association with us as a positive for the future of their businesses in that we can provide resources and support that others in our sector, or in the Private Equity community, cannot. Our strategy upon acquisition, and in the years that follow, is to leverage our corporate strengths and integrate acquisitions into our operations. We provide accounting, MIS, warehouse, and logistics support, as well as a host of value-added services that enable acquired companies to lower their cost basis and improve profitability. In recent years, we have consolidated facilities in our German operations and in Indiana, where we brought our RCA® and PAC operating groups together. We have also fully integrated our Rosen, VSM, and DEI businesses into our automotive operations in Florida and Mexico.

Improve bottom-line performance and generate sustainable shareholder returns. The Company has instituted an aggressive strategy in recent years to shift its product mix to higher-margin product categories, while controlling costs and strategically investing in its infrastructure. Additionally, in recent years, the Company has focused on SKU rationalization to discontinue certain product lines and streamline the Company’s consumer electronic product lines to focus on offerings with longer life cycles, more sustainable gross margins, and better growth potential. The Company remains focused on growing its business organically, continuing to enhance its gross profit margins and leveraging its fixed overhead structure to generate sustainable returns for its stockholders.

Industry

We participate in select product categories in the automotive, consumer, and biometric markets within the electronics industry. These markets are large and diverse, encompass a broad range of products and offer the ability to specialize in niche product groups. The introduction of new products and technological advancements are the major growth drivers in these markets. Based on this, we continue to introduce new products across all segments, with an increased focus on niche product offerings.

Products

The Company currently reports sales data for the following three operating segments:

Automotive Electronic products include:

- automotive security, vehicle access, and remote start modules and systems;
- smart phone telematics applications;
- mobile multi-media infotainment products and rear-seat entertainment products, including overhead, seat-back, and headrest systems;
- rear observation and collision avoidance systems/blind spot sensors/automotive sensing and camera systems/driver distraction products;
- 360 camera applications;
- distribution of satellite radios, including plug and play models and direct connect models;
- cruise control systems;
- private label audio products;
- heated seats;
- interior lighting solutions;
- security and shock sensors;
- turn signal switches;

- puddle lamps;
- box lights;
- harnesses;
- Electric Vehicle Sound Systems ("EVSS");
- interior lighting systems; and
- logo lighting modules.

Consumer Electronic products include:

- premium loudspeakers;
- architectural speakers;
- commercial and cinema speakers;
- outdoor speakers;
- wireless and Bluetooth speakers;
- A/V receivers;
- high performance 2 channel loudspeakers;
- high performance 2 channel electronics;
- high performance party speakers;
- home theater systems;
- business music systems;
- streaming music systems;
- on-ear and in-ear headphones;
- wired and wireless headphones and ear buds;
- Bluetooth headphones and ear buds;
- soundbars;
- solar powered balcony systems;
- High-Definition Television ("HDTV") antennas;
- Wireless Fidelity ("WiFi") antennas;
- High-Definition Multimedia Interface ("HDMI") accessories;
- hearing aids and personal sound amplifiers;
- karaoke products;
- infant/nursery products;
- home electronic accessories such as cabling, power cords, and other connectivity products;
- performance enhancing electronics;
- T.V. universal remote controls;
- flat panel TV mounting systems,
- power supply systems and charging products;
- electronic equipment cleaning products;
- set-top boxes; and
- home and portable stereos.

Biometric products include:

- iris and face identification products, and
- biometric security related products.

We believe our segments have expanding market opportunities with certain levels of volatility related to domestic and international markets, new car sales, increased competition by manufacturers, private labels, technological advancements, discretionary consumer spending and general economic conditions. Further, all of our products are subject to price fluctuations, which could affect the carrying value of inventories and gross margins in the future.

Within the industry our Biometrics segment operates in, technology is developing rapidly. The COVID-19 pandemic has caused a greater interest for safe and touchless biometric systems. Widely used face readers have been rendered ineffective when using face masks and other protective facial gear, and fingerprint and palm reader secure access devices are now often seen as potentially infectious surfaces. Iris biometric algorithms read the unique texture in the colored part of the eye, creating a unique identification for access, similar to that of a fingerprint or the geometric pattern of a face. This iris-based key, however, has the benefit of not only being touchless, but is also not hindered by the obstacles encountered by face recognition devices, such as facemasks or other devices that hide facial features. Iris biometrics can operate successfully without touching or mask removal, even through protective gear such as hazmat suits, if a person’s eyes are visible.

Net sales by segment, gross profit, and total assets are as follows (Refer to Item 7 and Note 13 to the Notes to the Consolidated Financial Statements for additional information):

	Fiscal 2024	Fiscal 2023	Fiscal 2022
Automotive Electronics	$ 142,341	$ 174,811	$ 200,594
Consumer Electronics	326,618	357,758	433,925
Biometrics	531	1,046	882
Corporate/Eliminations	(579)	399	519
Total net sales	$ 468,911	$ 534,014	$ 635,920
Gross profit	$ 114,019	$ 134,299	$ 169,478
Gross margin percentage	24.3%	25.1%	26.7%
Total assets	$ 444,006	$ 519,451	$ 586,664

Patents, Trademarks/Tradenames, Licensing and Royalties

The Company regards its trademarks, copyrights, patents, domain names, and similar intellectual property as important to its operations. It relies on trademark, copyright and patent law, domain name regulations, and confidentiality or license agreements to protect its proprietary rights. The Company has registered, or applied for the registration of, a number of patents, trademarks, domain names and copyrights with U.S. and foreign governmental authorities. Additionally, the Company has filed U.S. and international patent applications covering certain of its proprietary technology. The Company renews its registrations, which vary in duration, as it deems appropriate from time to time.

The Company has licensed in the past, and expects that it may license in the future, certain of its proprietary rights to third parties. Some of the Company's products are designed to include intellectual property licensed, or otherwise obtained from third parties. While it may be necessary in the future to seek or renew licenses relating to various aspects of the Company's products, the Company believes, based upon past experience and industry practice, such licenses generally could be obtained on commercially reasonable terms; however, there is no guarantee such licenses could be obtained at all. We intend to operate in a way that does not result in willful infringement of the patents, trade secrets and other intellectual property rights of other parties. Nevertheless, there can be no assurance that a claim of infringement will not be asserted against us or that any such assertion will not result in a judgment or order requiring us to obtain a license in order to make, use, or sell our products.

License and royalty programs offered to our manufacturers, customers and other electronic suppliers are structured using a fixed amount per unit or a percentage of net sales, depending on the terms of the agreement. Current license and royalty agreements have duration periods which range from 1 to 20 years or continue in perpetuity. Certain agreements may be renewed at termination of the agreement. The Company's license and royalty income is recorded upon sale and amounted to $1,061, $1,340, and $1,716 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively.

Distribution and Marketing

We sell our products to:

- automotive and vehicle manufacturers,
- OEM Tier 1, Tier 2, and secondary OEM manufacturers,
- mass merchants,
- regional chain stores,
- distributors,
- e-commerce platforms,
- premium department stores,
- lifestyle retailers,
- specialty and internet retailers,
- power retailers,
- independent 12-volt retailers,
- new car dealers,
- system integrators,
- banks,
- cinema operators,

- sporting goods equipment retailers, and
- direct response TV.

Our business is diversified within our segments across end-markets, customers, and products. We sell our automotive electronic products to both OEM and aftermarket customers. We sell our products under OEM arrangements with domestic and/or international subsidiaries of automobile manufacturers such as Ford, Stellantis, General Motors, Toyota, Kia, Mazda, Subaru, Nissan, Mack Truck, Polaris, Bendix Commercial, Daimler Trucks North America, Textron Finance Shared Service, Wesco Distribution, ZF North America Autocar, Dieter's Metal Fabricating, Grote Industries, International Truck (PDC), P.A.I. Products and Ryco Motorsport. These arrangements require a close partnership with the customer as we develop products to meet specific requirements. OEM products accounted for approximately 12% of net sales for the year ended February 29, 2024, 14% for the year ended February 28, 2023, and 10% for the year ended February 28, 2022. Our consumer electronic and biometric products are sold through both retail and commercial channels.

Our five largest customers represented 18% of net sales for the year ended February 29, 2024, 17% for the year ended February 28, 2023, and 21% for the year ended February 28, 2022. No one customer accounted for more than 10% of the Company's net sales for the years ended February 29, 2024, February 28, 2023, or February 28, 2022. Geographically, approximately 77.4% of our revenues were derived from our domestic operations within the United States, while approximately 18.9% was derived from our operations in Europe, and less than 3.8% was derived from other regions.

We have flexible shipping policies designed to meet customer needs. In the absence of specific customer instructions, we generally ship products within 24 to 48 hours from the receipt of an order from public warehouses, as well as owned and leased facilities throughout the United States, Canada, Mexico, Australia, China, Malaysia, Hong Kong, the Netherlands, Belgium, and Germany. The Company also employs a direct ship model from our suppliers for select customers upon their request.

Product Development, Warranty and Customer Service

Our product development cycle includes:

- identifying consumer trends and potential demand,
- responding to those trends through product design and feature integration, which includes software design, electrical engineering, industrial design, and pre-production testing. In the case of OEM customers, the product development cycle may also include product validation to customer quality standards, and
- evaluating and testing new products in our own facilities to ensure compliance with our design specifications and standards.

Utilizing our company-owned and third-party facilities in North America, Europe, and Asia, we work closely with our suppliers throughout the product design, testing and development process in an effort to meet the expectations of consumer demand for technologically advanced and high-quality products. Our Auburn Hills, Michigan and Orlando, Florida facilities are both IATF 16949:2016 certified, and our Orlando, Florida facility is ISO 14001:2015 and ISO 9001:2008 certified, all of which require the monitoring of quality standards in all facets of business. The Orlando, Florida facility is also Ford Q1 certified, which is a certification awarded to Ford suppliers who demonstrate excellence beyond the ISO certifications in certain critical areas.

We provide product warranties for all our product lines, which primarily range from 30 days to five years. The Company also provides limited lifetime warranties for certain products, which limit the end-user's remedy to the repair or replacement of the defective product during its lifetime, as well as warranties for certain vehicle security products for the life of the vehicle for the original owner. To support our warranties, we have independent warranty centers in the United States and Europe. Our customer service group, along with our Company websites, provide product information, answer questions, and serve as a technical hotline for installation help for end-users and customers. We also offer the option for customers to purchase third-party extended warranties for certain products, for which we assume no liability for related repairs and services.

Suppliers

We work directly with our suppliers on industrial design, feature sets, product development, and testing in order to ensure that our products and component parts meet our design specifications.

We purchase our products and component parts from manufacturers principally located in several Pacific Rim countries, including China, Hong Kong, Indonesia, Malaysia, Thailand, Vietnam, South Korea, Taiwan, and Singapore, as well as the United States, Canada, Mexico, and Europe. In selecting our manufacturers, we consider quality, price, service, reputation, financial stability, as well as labor practices, disruptions, or shortages. In order to provide coordination and supervision of supplier performance, such as price negotiations, delivery, and quality control, we maintain buying and inspection offices in China and Hong Kong. We consider relations with our suppliers to be good and alternative sources of supply are generally available within 180 days. We have few long-term contracts with our suppliers, and we generally purchase our products under short-term purchase orders. Although we believe that alternative sources of supply are currently available, an unplanned shift to a new supplier could result in product delays and increased cost, which may have a material impact on our operations.

Competition

The electronics industry is highly competitive across all product categories, and we compete with a number of well-established companies that manufacture and sell similar products. Brand name, design, advancement of technology and features, as well as price, are the major competitive factors within the electronics industry. Our Automotive Electronic products compete against factory-supplied products, including those provided by, among others, General Motors, Ford, and Stellantis and large Tier 1's, such as Denso, Panasonic, LG, Continental, Lear, Bosch, Magna, and Forvia (Fauricia). Our Consumer Electronic products compete against major companies such as Polk, Definitive, Bose, Sonos, Sonance, Bowers and Wilkins, Sony, Phillips, Emerson Radio, GE, Belkin, and private label brands. Competitors for our Biometrics products include companies such as IRIS ID, 3M, Suprema, Iritech, Inc., IrisGuard, Crossmatch, NEC, Gemalto, Vision-Box, IDEMIA, BioID, GoVerifyID, BioConnect, and Princeton Identity.

Financial Information about Foreign and Domestic Operations

The amounts of net sales and long-lived assets attributable to foreign and domestic operations for all periods presented are set forth in Note 13 of the Notes to Consolidated Financial Statements, included herein.

Equity Investment

We have a 50% non-controlling ownership interest in ASA Electronics, LLC ("ASA") which acts as a distributor of mobile electronics specifically designed for niche markets within the automotive industry, including: RV's; buses; and commercial, heavy duty, agricultural, construction, powersport, and marine vehicles.

Human Capital

VOXX International Corporation believes the Company’s greatest asset is its employees. The Company’s emphasis on the health and safety of its employees is a key factor in maintaining its experienced workforce and attracting new talent. As of February 29, 2024, the Company employed 911 people, of which 451 were U.S. based and 460 were internationally based. 34 of our U.S. based employees were covered under collective bargaining agreements. We consider our relations with employees to be good as of February 29, 2024.

The Company’s U.S. based full-time employees are all eligible to participate in the Company’s health and welfare plans, including health, vision, dental, life, short-term disability insurance plans, long-term disability insurance plans, flexible spending plans and/or health saving plans, pet insurance, critical care plans and identity theft protection plans. Many of these plans are fully paid for by the Company, while others are cost shared between the Company and the employees or are employee-paid at a discounted rate. To encourage our employees to save for the future and their retirement, the Company offers employees a 401(k) retirement plan which has options for traditional pre-tax deferrals, as well as Roth options. The 401(k) plan also includes a discretionary Company match which encourages employees to participate and enhances the Company’s commitment to its employees and their families. Internationally based employees also receive health, welfare, and retirement plans that are statutory-based, and in some instances, employees may choose to participate in plans that supplement the statutory benefits and are funded by the employee. To further encourage employees to prioritize their health, the Company sponsors events and benefits, such as on-site flu vaccinations, health fairs, mobile preventative screenings, on-site fitness centers at certain Company locations, gym membership reimbursements, weight loss programs, and periodic health and fitness competitions, which are often aligned with fundraising campaigns. The Company encourages all employees to give back to their communities and make a social impact through activities such as hosting on-site blood donation drives, donation drives for causes including cancer and autism, local holiday toy and giving drives, as well as food drives. The Company also participates in matching gift programs for certain charities. Additionally, we provide service awards to employees, which show appreciation and recognition to longstanding employees for certain service milestones.

Although the COVID-19 pandemic has officially come to an end, we implemented significant changes in response to the global health emergency that we determined were in the best interest of our employees, as well as the communities in which we operate, and complied with government regulations, some of which have remained in place post-pandemic. This includes providing our office, support, and non-production staff the ability to work remotely from their homes. For our production staff, or for office and support staff who were unable to work remotely, we implemented several on-site safety measures, some of which have been scaled back or eliminated, but may be reinstated at any time as deemed necessary.

Item 1A-Risk Factors

We have identified certain risk factors that apply to us. Each of the following risk factors should be carefully considered, as well as all of the other information included or incorporated by reference in this Form 10-K. If any of these risks, or other risks not presently known to us or that we currently believe not to be significant, develop into actual events, then our business, financial condition, liquidity, or results of operations could be adversely affected. If that happens, the market price of our common stock would likely decline, and you may lose all or part of your investment.

Economic, Strategic and Market Risks

Major public health emergencies, including pandemic, epidemic, or outbreak of any other infectious disease, could have an adverse impact on our financial condition and results of operations and other aspects of our business.

Major public health issues have had, and in the future could have, repercussions across many sectors and areas of the global economy and financial markets, leading to significant adverse impacts on financial activity and volatility in financial markets, which could negatively impact our financial results.

For instance, the spread of COVID-19, which began during our 2020 fiscal year, created significant macroeconomic uncertainty, volatility, and disruption to the global economy. In response, many governments implemented policies intended to stop or slow the further spread of the disease and its variants, such as lockdowns, shelter-in-place, or restricted movement guidelines, and these measures remained in place for an extended period of time. These policies resulted in lower consumer and commercial activity across many markets in many geographic areas. The pandemic also adversely impacted the global supply chain, resulting in a global chip shortage, as well as other restrictions and limitations on related activities that caused significant disruption and delays, and adversely affected the flow and availability of certain products.

Any public health emergency, including the COVID-19 pandemic, or any future outbreak of other existing or new epidemic diseases, or the threat thereof, could cause us to modify our business practices (including limiting employee travel, or cancellation of physical participation in meetings and events), or take similar actions as may be required by government authorities, or that we determine are in the best interests of our employees, customers, and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by any future public health emergencies, or otherwise be satisfactory to government authorities.

The extent to which any public health emergencies in the future impact our business, financial condition, results of operation or cash flows will depend on continuously evolving factors and future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the ultimate duration and scope of the health emergency; the severity of the disease; the actions taken by governments to contain the emergency or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. One or more of our customers, distribution partners, service providers or suppliers may experience financial distress, file for bankruptcy protection, go out of business, or suffer disruptions in their business due to impacts from a future public health emergency, and as a result, our operating revenues may be impacted. The Company could also experience other material impacts, including, but not limited to, charges from potential adjustments to the carrying value of inventory, asset impairment charges, and deferred tax valuation charges.

Our businesses are highly competitive and face significant competition from Original Equipment Manufacturers (OEMs) and direct imports by our retail and commercial customers.

The markets for automotive electronics, consumer electronics, and biometric products are highly competitive across all product lines. We compete against many well-established companies, some of whom have substantially greater financial and engineering resources than we do. We compete directly with OEMs, including divisions of well-known automobile manufacturers, and in the auto security, mobile video, and accessories markets. We believe that OEMs have diversified and improved their product offerings and placed increased sales pressure on new car dealers with whom they have close business relationships to purchase OEM-supplied equipment and accessories. To the extent that OEMs succeed in their efforts, this success would have a material adverse effect on our sales of automotive entertainment and security products to new car dealers. In addition, we compete with major retailers and commercial distributors within the consumer electronic and biometric industries who may at any time choose to direct import products that we may currently supply.

A severe or prolonged economic downturn could adversely affect our customers' financial conditions, their levels of business activity, and their ability to pay trade obligations.

The Company sells its products primarily to OEM's, retailers, and to domestic and foreign distributors. The Company generally requires no collateral from its customers or cash payments in advance and credit is generally granted on a short-term basis. However, a severe or prolonged downturn in the general economy could adversely affect the retail market, which in turn would adversely impact the liquidity and cash flows of the Company's customers, including the ability of such customers to obtain credit to finance purchases of the Company's products and to pay their trade obligations. This could result in increased delinquent or uncollectible accounts for some of the Company's customers. A failure by the Company's customers to pay a significant portion of outstanding accounts receivable balances on a timely basis would adversely impact the Company's business, sales, financial condition, and results of operations. We provide estimates for uncollectible accounts based primarily on our judgment using historical losses, current economic conditions, and individual evaluations of each customer as evidence supporting the collectability of the receivables' valuations stated on our financial statements. However, our receivables valuation estimates may not be accurate and receivables due from customers reflected in our financial statements may not be collectible.

Inflation and rising commodity prices could adversely affect our business.

Our financial performance could be adversely impacted by inflation, which is subject to market conditions. If the cost of goods changes as a result of inflation, we may be unable to adjust our prices accordingly, which could adversely impact our sales or earnings. During Fiscal 2022 through 2024, we have experienced levels of inflation that are higher than we have experienced in recent years, resulting in part from various supply disruptions, increased shipping and transportation costs, increased commodity costs, increased labor costs in the supply chain, monetary policy actions, and other disruptions caused by the residual effects of the COVID-19 pandemic and the uncertain economic environment. While we have attempted to mitigate this impact to date through our pricing strategies, we are unable to predict how long the current inflationary environment will continue or the impact of inflationary trends on consumer behavior and our sales and profitability in the future. Additionally, commodities can be subject to availability constraints and price volatility caused by weather, supply conditions, political instability, government regulations, tariffs, energy prices and general economic conditions and other unpredictable factors. Changes in commodity prices could also negatively impact our sales and earnings if our competitors react more aggressively.

Sales in our businesses are dependent on new products, product development and consumer acceptance.

Our businesses depend, to a large extent, on the introduction and availability of innovative products and technologies. If we are not able to continually introduce new products that achieve consumer acceptance, our sales and profit margins may decline.

The impact of technological advancements may cause price erosion and adversely impact our profitability and inventory value.

Since we do not manufacture all of our products and do not conduct all of our own research and development, we cannot assure that we will be able to source technologically advanced products in order to remain competitive. Furthermore, the introduction or expected introduction of new products or technologies may depress sales of existing products and technologies. This may result in declining prices and inventory obsolescence. Since we maintain a substantial investment in product inventory, declining prices and inventory obsolescence could have a material adverse effect on our business and financial results.

Our estimates of excess and obsolete inventory may prove to be inaccurate, in which case the provision required for excess and obsolete inventory may be understated or overstated. Although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand or technological developments could have a significant impact on the value of our inventory and operating results.

We purchase a significant amount of our products from suppliers in Pacific Rim countries and we are subject to the economic risks associated with inherent changes in the social, political, regulatory, and economic conditions not only in these countries, but also in other countries we do business in, including our own.

We import most of our products from suppliers in the Pacific Rim. Countries in the Pacific Rim have, in the past, experienced significant social, political, geographic, and economic upheaval. Due to the large concentrations of our purchases in Pacific Rim countries, particularly China, Hong Kong, South Korea, Vietnam, Malaysia, and Taiwan, any adverse changes in the social, political, regulatory, or economic conditions in these countries may materially increase the cost of the products that we buy from our foreign suppliers or delay shipments of products, which could have a material adverse effect on our business. In addition, our dependence on foreign suppliers forces us to order products further in advance than we would if our products were manufactured domestically. This increases the risk that our products will become obsolete or face selling price reductions before we can sell our inventory.

Our business, and that of our suppliers in these countries and elsewhere, are subject to the impact of natural catastrophic events such as earthquakes, floods or power outages, political crises such as terrorism or war, and public health crises, such as disease outbreaks, epidemics, or pandemics in the U.S. and global economies. For instance, the spread of COVID-19 globally beginning during our 2020 fiscal year resulted in the disruption and shutdown of businesses. Our business relies on raw materials, components, and finished goods provided by our suppliers. If future pandemic related restrictions cause delays along our supply chain, we will likely experience a slow-down in our business as a result.

The ongoing conflicts between Russia and Ukraine, and between Israel and Hamas, have caused, and is expected to continue to cause, negative effects on geopolitical conditions and the global economy, including financial markets, inflation, and the global supply chain, which could have an adverse impact on our business, financial condition, and results of operations.

In February 2022, Russian military forces launched a full-scale military invasion of Ukraine that has resulted in an ongoing military conflict between the two countries. The length, impact, and outcome of the ongoing military conflict in Ukraine is highly unpredictable, and the conflict has caused, and is expected to continue to cause, global political, economic, and social instability; disruptions to the global economy, financial systems, international trade, and global supply chain; as well as to the transportation and energy sectors, among others.

Russia's recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and the subsequent military action against Ukraine have led to an unprecedented expansion of sanction programs imposed by the United States, the European Union, Japan, and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People’s Republic, and the so-called Luhansk People’s Republic. The situation is rapidly evolving as a result of the conflict in Ukraine, and additional sanctions may be implemented, as well as export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories.

On October 7, 2023, Hamas launched a series of attacks on civilian and military targets in Southern and Central Israel, to which the Israel Defense Forces have responded. In addition, Hezbollah has attacked military and civilian targets in Northern Israel, to which Israel has responded. How long and how severe the current conflict becomes is unknown at this time and any continued clash among Israel, Hamas, or Hezbollah, or other countries or militant groups in the region may escalate in the future into a greater regional conflict.

Any of the abovementioned factors could affect our business, financial condition, and operating results. The extent and duration of the military action, sanctions and resulting market disruptions are impossible to predict, but could be substantial. Any such disruptions may also magnify the impact of other risks described in this Form 10-K.

Changes in U.S. or foreign government administrative policies, including changes to existing trade agreements, could have a material adverse effect on us.

There have been significant changes and proposed changes in recent years to U.S. trade policies, tariffs, and treaties affecting imports. For example, the United States has imposed supplemental tariffs of up to 25% on certain imports from China, as well as increased tariffs and import restrictions on products imported from various other countries. In response, China and other countries have imposed or proposed additional tariffs on certain exports from the United States. The United States is also investigating certain trade-related practices by Vietnam that could affect U.S. imports from that country, and renegotiated the multilateral trading relationship between the United States, Canada, and Mexico, resulting in the replacement of the North American Free Trade Agreement ("NAFTA") with a new U.S.-Mexico-Canada Agreement (“USMCA”) that became effective on July 1, 2020.

A significant portion of our products are manufactured in Pacific Rim countries. Accordingly, such U.S. policy changes have made it, and may continue to make it difficult or more expensive for us to obtain certain products manufactured outside the United States, which could affect our revenue and profitability. Further tariff increases could require us to increase our prices, which could decrease customer demand for our products. Retaliatory tariff and trade measures imposed by other countries could affect our ability to export products and therefore adversely affect our revenue. Any of these factors could depress economic activity and restrict our access to suppliers or customers and could have a material adverse effect on our business, financial condition, and results of operations.

A commercial market for biometrics technology is still developing. There can be no assurance our iris-based identity authentication technology will be successful or achieve market acceptance.

A component of our strategy to grow revenue includes expansion of our iris-based identity authentication solutions into commercial markets. To date, biometrics technology has received only limited acceptance in such markets. Although the recent appearance of biometric readers on popular consumer products, such as smartphones, has increased interest in biometrics as a means of authenticating and/or identifying individuals, commercial markets for biometrics technology are still developing and evolving. Biometrics-based solutions compete with more traditional security methods including keys, cards, personal identification numbers, fingerprints, facial recognition, and security personnel. Acceptance of biometrics as an alternative to such traditional methods depends upon a number of factors, including:

- the cost, performance and reliability of our products and services and the products and services offered by our competitors;
- the continued growth in demand for biometrics solutions within the government and law enforcement markets as well as the development and growth of demand for biometric solutions in markets outside of government and law enforcement;
- customers’ perceptions regarding the benefits of biometrics solutions;
- public perceptions regarding the intrusiveness of these solutions and the manner in which organizations use the biometric information collected;
- public perceptions regarding the confidentiality of private information;
- proposed or enacted legislation related to privacy of information;
- customers’ satisfaction with biometrics solutions; and
- marketing efforts and publicity regarding biometrics solutions.

We face intense competition from other biometrics solutions providers.

A considerable number of established companies have developed or are developing and marketing software and hardware for biometrics products and applications, including facial recognition, fingerprint biometrics, and other iris authentication competitors that currently compete with, or will compete directly with, our iris-based identity authentication solutions. We believe that additional competitors will enter the biometrics market and become significant long-term competitors, and that as a result, competition will increase. Companies competing with us may introduce solutions that are competitively priced, have increased performance or functionality or incorporate technological advances we have not yet developed or implemented.

We depend on a small number of key customers for a large percentage of our sales.

The electronics industry is characterized by a number of key customers. Specifically, 18% of our sales were to five customers in Fiscal 2024, 17% in Fiscal 2023, and 21% in Fiscal 2022. The loss of one or more of these customers could have a material adverse impact on our business.

The international marketing and distribution of our products subjects us to risks associated with international operations and conditions in the global economy, including exposure to foreign currency fluctuations.

As part of our business strategy, we intend to continue to increase our sales, including our international sales, although we cannot assure you that we will be able to do so. Approximately 22.6% of our net sales currently originate in markets outside the U.S. While geographic diversity helps to reduce the Company's exposure to risk in any one country or part of the world, it also means that we are subject to the full range of risks associated with international operations, including exposure to foreign currency fluctuations. These risks could have a significant impact on our ability to sell our products on a competitive basis in international markets and may have a material adverse effect on our results of operations, cash flows and financial condition.

Deterioration in the economic conditions in the Eurozone and globally, including instability in financial markets, may pose a risk to our business. In recent years, financial markets have been affected at times by a number of global macroeconomic and political events, including large sovereign debts and fiscal deficits of several countries in Europe and in emerging market jurisdictions, high levels of non-performing loans on the balance sheets of European banks, the effect of the United Kingdom exiting the European Union in 2020, the potential effect of any other European country leaving the Eurozone, market volatility and loss of investor confidence driven by political events, and the global spread of COVID-19. Market and economic disruptions have affected, and may in the future affect, consumer confidence levels and spending, personal bankruptcy rates, levels of incurrence and default on consumer debt, and home prices, among other factors. We cannot assure you that market disruptions in Europe, including the increased cost of funding for certain governments and financial institutions, will not impact the global economy, and we cannot assure you that assistance packages will be available, or if available, will be sufficient to stabilize countries and markets in Europe or elsewhere affected by a financial crisis. To the extent uncertainty regarding the economy in Europe negatively impacts consumer confidence and consumer credit factors, our business, financial condition, and results of operations could be significantly and adversely affected.

In an effort to reduce the impact on earnings of foreign currency rate movements, we engage in a combination of cost-containment measures and selective hedging of foreign currency transactions. However, these measures may not succeed in offsetting any negative impact of foreign currency rate movements on our business and results of operations.

Substantial political and economic uncertainty in Venezuela puts our local assets at risk.

We have a subsidiary in Venezuela, whose operations have been suspended due to the economic and political climate in that country. We hold fixed assets at this subsidiary and have incurred impairments related to our long-lived assets in Venezuela in the past. These assets had no net book value as of February 29, 2024, and February 28, 2023. The Company intends to continue to hold these assets with the hope of recovering value from them in the future; however, if conditions continue to deteriorate, we may be at risk of government confiscation of these assets.

Changes in the retail industry could have a material adverse effect on our business or financial condition.

In recent years, the retail industry has experienced consolidation, store closures, bankruptcies, and other ownership changes. In the future, retailers in the United States and in foreign markets may further consolidate, undergo restructurings or reorganizations, or realign their affiliations, any of which could decrease the number of stores that carry our products. Changing shopping patterns, including the rapid expansion of online retail shopping, have adversely affected customer traffic in mall and outlet centers. We expect competition in the e-commerce market will continue to intensify. As a greater portion of consumer expenditures with retailers occurs online and through mobile commerce applications, our brick-and-mortar wholesale customers who fail to successfully integrate their physical retail stores and digital retail may experience financial difficulties, including store closures, bankruptcies, or liquidations. An increase in store closures by other retailers may lead to store vacancies and reduced foot traffic. A continuation or worsening of these trends could have a material adverse effect on our sales, results of operations, financial condition, and cash flows.

We invest, from time to time, in marketable securities and other investments as part of our investing activities. These investments fluctuate in value based on economic, operational, competitive, political, and technological factors. These investments could be subject to loss or impairment based on their performance.

The Company has incurred other-than-temporary impairments on its investments in the past, and continues to monitor investments in non-controlled corporations, as applicable, for potential future impairments. In addition, there is no guarantee that the fair values recorded for other investments will be sustained in the future.

We must comply with restrictive covenants in our debt agreements.

Our existing debt agreements contain certain covenants that limit our ability to, among other things, borrow additional money, pay dividends, dispose of assets, and acquire new businesses. These covenants also require us to maintain a specified fixed charge coverage ratio under specified circumstances. If the Company is unable to comply with these covenants, there would be a default under these debt agreements. Changes in economic or business conditions, results of operations, or other factors could cause the Company to default under its debt agreements. A default, if not waived by our lenders, could result in acceleration of our debt and possible bankruptcy, should we have debt outstanding.

We have recorded, and may record in the future, goodwill, and other intangible assets as a result of acquisitions, and changes in future business conditions could cause these investments to become impaired, requiring substantial write-downs that would reduce our operating income.

We evaluate the recoverability of recorded goodwill and other intangible asset amounts annually, or when evidence of potential impairment exists. The annual impairment test is based on several factors requiring judgment. We have experienced significant impairment charges in the current year, as well as in past years (see Note 1(k)). Additional future impairment may result from, among other things, deterioration in the performance of our business or product lines, adverse market conditions and changes in the competitive landscape, and a variety of other circumstances. The amount of any impairment is recorded as a charge to our statement of operations. We may never realize the full value of our goodwill and intangible assets, and any determination requiring the write-off of a significant portion of these assets may have an adverse effect on our financial condition and results of operations.

If our sales during the holiday season fall below our expectations, our annual results could also fall below expectations.

Seasonal consumer shopping patterns affect our business. We generally make a substantial amount of our sales and net income during September, October, and November. We expect this trend to continue. December is also a key month for us, due largely to the increase in promotional activities by our customers during the holiday season. If the economy faltered in these periods, if our customers altered the timing or frequency of their promotional activities, or if the effectiveness of these promotional activities declined, particularly around the holiday season, it could have a material adverse effect on our annual financial results.

Legal and Regulatory Risks

There is no guarantee that patent/royalty rights will be renewed, or licensing agreements will be maintained.

Certain product development and revenues are dependent on the ownership and or use of various patents, licenses, and license agreements. If the Company is not able to successfully renew or renegotiate these rights, we may suffer from a loss of product sales or royalty revenue associated with these rights or incur additional expense to pursue alternative arrangements.

We are subject to governmental regulations.

We always face the possibility of new governmental regulations which could have a substantial effect on our operations and profitability. The Dodd-Frank Wall Street Reform and Consumer Protection Act contains provisions to improve transparency and accountability concerning the supply of certain minerals, known as "conflict minerals," originating from the Democratic Republic of Congo and adjoining countries. There are costs associated with complying with these disclosure requirements, including for due diligence to determine the sources of conflict minerals used in our products and other potential changes to products, processes, or sources of supply as a consequence of such verification activities. These rules could adversely affect the sourcing, supply and pricing of materials used in our products. As there may be only a limited number of suppliers offering "conflict free" conflict minerals, we cannot be sure that we will be able to obtain necessary conflict minerals from such suppliers in sufficient quantities or at competitive prices. Also, we may face reputational challenges if we determine that certain of our products contain minerals not determined to be conflict free or if we are unable to sufficiently verify the origins for all conflict minerals used in our products through the procedures we implement.

A data privacy breach could damage our reputation and customer relationships, expose us to litigation risk and potential fines, and adversely affect our business.

We and our business partners maintain significant amounts of data electronically in locations around the world. This data relates to all aspects of our business, including current and future products and initiatives under development, and contains confidential, proprietary, non-public, and personal customer, consumer, supplier, partner, and employee data, which we collect, process, transmit, and, where appropriate, retain as part of our normal operations. We maintain systems, protocols, and processes designed to protect this data. Despite the security measures we and our partners have in place, our facilities and systems, and those of our third-party service providers and partners, are vulnerable to security breaches, cyber-attacks, acts of vandalism, computer viruses, misplaced or lost data, programming and/or human error, or other similar events. In addition, threat actors attempt to breach our security systems to gain access to our data and infrastructure through various techniques, including phishing, ransomware, and other targeted attacks. The risk of such attacks includes attempted breaches not only of our systems, but also those of our business partners, customers, clients, and suppliers. The techniques used to obtain unauthorized access are constantly changing, are becoming increasingly more sophisticated, and often are not recognized until after an exploitation of information has occurred. Therefore, we may be unable to anticipate these techniques or implement sufficient preventative measures, which may have a material adverse effect on our Company.

The Company has retained and, in the future, may retain third-party experts to assist with the containment of, and response to, security incidents and, in coordination with law enforcement, with the investigation of such incidents. The Company has incurred, and may continue to incur, costs to retain such third-party experts in connection with any such incidents. We may also find it necessary to make significant further investments to protect our information and our infrastructure. These investments, and the costs we incur in connection with security incidents, could be material.

Our computer systems are subject to penetration and our security and data protection measures may not prevent unauthorized access. Threats to our systems and our associated third parties’ systems can result from human error, fraud, or malice on the part of employees or third parties, as well as from accidental technological failure. Despite security measures, computer viruses, malware, and other “hacking” programs and devices may cause significant damage, delays or interruptions to our systems and operations, or to certain of the products we sell, resulting in damage to our reputation and brand names. The Company may suffer interruptions in its ability to manage or conduct its operations, which may adversely affect its business. The Company may need to expend additional resources in the future to continue to protect against, or to address problems caused by, any business interruptions or security breaches. Any business interruptions or data security breaches (including cybersecurity breaches resulting in private data disclosure) could result in lawsuits or regulatory proceedings, damage our reputation, or adversely impact our results of operations, cash flows, and financial condition.

We may face regulatory data protection, data security, and privacy risks in connection with our operations under, or failure to comply with, applicable data privacy laws and regulations.

Strict data privacy laws regulating the collection, transmission, storage, disclosure, and use of personal information are evolving in the United States, the European Union, the UK, Canada, and other jurisdictions in which we operate. Privacy laws, including the General Data Protection Regulations in the European Union and the UK and the California Consumer Privacy Act ("CCPA"), create new individual privacy rights and impose increased obligations on companies handling personal data. The CCPA, which became effective on January 1, 2020, grants individuals the right to access, request deletion of, and opt out of the sale of personal information and creates a private right of action for the unauthorized access and exfiltration, theft, or disclosure of certain types of personal information, including the right to seek statutory damages, among other things. In 2020, the Court of Justice for the European Union invalidated mechanisms for transferring personal information out of the European Union, leading to a wave of potential new barriers for data sharing between the European Union and other countries, including the United States. These changes in the legal and regulatory environments in the areas of customer and employee privacy, data security, and cross-border data flows could have a material adverse effect on our business, primarily through (i) the impairment of our transaction processing activities, (ii) the limitation on the types of information that we may collect, process and retain, (iii) the resulting costs of complying with such legal and regulatory requirements, and (iv) the potential monetary penalties for noncompliance. In addition, the federal privacy and security regulations issued under HIPAA require our facilities to comply with extensive requirements on the use and disclosure of protected health information, and implement and maintain administrative, physical, and technical safeguards to protect the security of such information.

A change in applicable privacy or security laws or regulations could require us to devote significant management and operational resources, and expend significant additional financial resources, to upgrade the security measures that we employ to comply with such change. Consequently, we may incur significant costs related to ensuring compliance with applicable laws regarding the protection of personal information. The potential costs of non-compliance with these laws and regulations may include significant penalties. In addition, new and existing regulations and policies may affect the use of our products and services and could have a material adverse impact on our results of operations.

Our products could infringe the intellectual property rights of others and we may be exposed to costly litigation.

The products we sell are continually changing as a result of improved technology. Although we and our suppliers attempt to avoid infringing known proprietary rights of third parties in our products, we may be subject to legal proceedings and claims for alleged infringement by us, our suppliers, or our distributors, of a third party's patents, trade secrets, trademarks, or copyrights.

Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, divert management's attention and resources, or require us to either enter into royalty or license agreements which are not advantageous to us or pay material amounts of damages. In addition, parties making these claims may be able to obtain an injunction, which could prevent us from selling our products. We may increasingly be subject to infringement claims as we expand our product offerings.

Operational Risks

A portion of our workforce is represented by labor unions. Collective bargaining agreements can increase our expenses. Labor disruptions could adversely affect our operations.

As of February 29, 2024, 34 of our full-time employees were covered by collective bargaining agreements. We cannot predict whether labor unions may be successful in organizing other portions of our workforce or what additional costs we could incur as a result.

We depend on our suppliers to provide us with adequate quantities of high-quality competitive products and/or component parts on a timely basis.

We have few long-term contracts with our suppliers. Most of our products and component parts are imported from suppliers under short-term purchase orders. Accordingly, we can give no assurance that:

- our supplier relationships will continue as presently in effect;
- our suppliers will be able to obtain the components necessary to produce high-quality, technologically advanced products for us;
- we will be able to obtain adequate alternatives to our supply sources, should they be interrupted;
- if obtained, alternatively sourced products of satisfactory quality would be delivered on a timely basis, competitively priced, comparably featured, or acceptable to our customers;
- our suppliers have sufficient financial resources to fulfill their obligations;
- our suppliers will be able to obtain raw materials and labor necessary for production;
- shipments from our suppliers will not be affected by labor disputes within the shipping and transportation industries;
- our suppliers would not be impacted by natural disasters directly or via their supply chains; and
- as it relates to products we do not manufacture, our suppliers will not become our competitors.

On occasion, our suppliers have not been able to produce the quantities of products or component parts that we desire. Our inability to manufacture and/or supply sufficient quantities of products that are in demand could reduce our profitability and have a material adverse effect on our relationships with our customers. If any of our supplier relationships were terminated or interrupted, we could experience an immediate or long-term supply shortage, which could have a material adverse effect on our business.

We have few long-term sales contracts with our customers that contain guaranteed customer purchase commitments.

Sales of many of our products are made by purchase orders and are terminable at will by either party. We do have long-term sales contracts with certain customers; however, these contracts do not require the customers to guarantee specific levels of product purchases over the term of the contracts. The unexpected loss of all or a significant portion of sales to any one of our large customers could have a material adverse effect on our performance.

Remote working arrangements could significantly increase the Company's digital and cybersecurity risks.

The COVID-19 pandemic initially caused us to modify our business practices, resulting in temporary closures and reduced operations in many of our locations, as well as the implementation of hybrid working arrangements. Although the pandemic has officially come to an end, the Company has chosen to keep hybrid working arrangements in place in certain of its locations. With this shift to remote working, and the use of virtual board and executive management meetings, cybersecurity risks are exponentially greater. Such hybrid work arrangements create an increased demand for information technology resources, and thus may increase the risk of phishing and other cybersecurity attacks as well as increase the risk of unauthorized dissemination of sensitive personal information or proprietary or confidential information about us or our customers, employees, or business partners. Despite our cybersecurity measures, we may be more susceptible to security breaches and other security incidents because we have less capability to implement, monitor, and enforce our information security and data protection policies. Techniques or software used to gain unauthorized access, and/or disable, degrade, or harm our systems may be difficult to detect for prolonged periods of time, and we may be unable to anticipate these techniques or put in place protective or preventive measures. The damage or disruption of our systems, or the theft or compromise of our technology, data, or intellectual property, may negatively impact our business, financial condition and results of operations, reputation, stock price and long-term value. Any such event may also expose us to costly remediation, litigation, and regulatory investigations or actions by state and federal authorities as well as non-US authorities, interference with the Company's operations, and damage to the Company's reputation, which could adversely affect the Company's business.

We are responsible for product warranties and defects.

Whether we outsource manufacturing or manufacture products directly for our customers, we provide warranties for all of our products, for which we have provided an estimated liability. Therefore, we are highly dependent on the quality of our suppliers' products.

If we experience an increase in warranty claims, or if our costs associated with such warranty claims increase significantly, we will begin to incur liabilities for warranty claims after the sale of our products at levels that we have not previously incurred or anticipated. In addition, an increase in the frequency of our warranty claims or amount of warranty costs may harm our reputation and could have a material adverse effect on our financial condition and results of operations.

We provide financial support to one of our subsidiaries through an intercompany loan agreement. Based on the performance of this entity, this loan may become partially or entirely uncollectible, or we may need to secure additional financing for our own operations, and we cannot be sure that additional financing will be available.

We have an intercompany loan agreement with our majority owned subsidiary, EyeLock LLC, which may continue to require additional funding beyond one year. In funding the loan to EyeLock LLC, we have less cash flow available to support our domestic operations and other activities. Should EyeLock LLC default on the loan and should the collateral be insufficient to satisfy the total outstanding balance owed to Voxx, we may not be able to recover 100% of the loan balance. In addition, if we are unable to generate sufficient cash flows in the future to support our operations and service our debt as a result of funding EyeLock LLC, we may be required to refinance all or a portion of our existing debt, as applicable, or to obtain additional financing. There can be no assurance that any refinancing will be possible or that any additional financing could be obtained on acceptable terms. The inability to service or refinance our existing debt or to obtain additional financing would have a material adverse effect on our financial position, liquidity, and results of operations. We had loans outstanding, including principal and interest of $85,902, from our majority owned subsidiary, EyeLock LLC, at February 29, 2024.

Adverse developments affecting the financial services industry, including events or concerns involving liquidity, defaults or non-performance by financial institutions or transactional counterparties, could adversely affect our business, financial condition, or results of operations.

Our cash and cash equivalents consist of demand deposits and highly liquid money market funds with original maturities of three months or less at the time of purchase. We maintain the cash and cash equivalents with major financial institutions. Some deposits with these banks exceed the Federal Deposit Insurance Corporation ("FDIC") insurance limits or similar limits in foreign jurisdictions. While we monitor daily the cash balances in the operating accounts and adjust the balances as appropriate, should events, including limited liquidity, defaults, non-performance, or other adverse developments occur with respect to the banks or other financial institutions that hold our funds, or that affect financial institutions or the financial services industry generally, or concerns or rumors about any events of these kinds or other similar risks, our liquidity may be adversely affected. For example, on March 10, 2023, the FDIC announced that Silicon Valley Bank ("SVB") had been closed by the California Department of Financial Protection and Innovation. Similarly, on March 12, 2023, Signature Bank and Silvergate Capital Corp. were each swept into receivership. Although a statement by the Department of the Treasury, the Federal Reserve and the FDIC indicated that all depositors of SVB would have access to all of their money after only one business day of closure, including funds held in uninsured deposit accounts, borrowers under credit agreements, letters of credit and certain other financial instruments with SVB, Signature Bank, or any other financial institution that is placed into receivership by the FDIC may be unable to access undrawn amounts thereunder. Although we are not a borrower or party to any such instruments with SVB, Signature Bank, or any other financial institution currently in receivership, if any of our lenders or counterparties to any such instruments were to be placed into receivership, we may be unable to access such funds.

In addition, investor concerns regarding the U.S. or international financial systems could result in less favorable commercial financing terms, including higher interest rates or costs and tighter financial and operating covenants, or systemic limitations on access to credit and liquidity sources, thereby making it more difficult for us to acquire financing on terms favorable to us in connection with a potential business combination, or at all, and could have material adverse impacts on our liquidity, our business, financial condition or results of operations, and our prospects. Our business may be adversely impacted by these developments in ways that we cannot predict at this time, there may be additional risks that we have not yet identified, and we cannot guarantee that we will be able to avoid negative consequences directly or indirectly from any failure of one or more banks or other financial institutions.

Our capital resources may not be sufficient to meet our future capital and liquidity requirements.

We believe our current funds and available credit lines would provide sufficient resources to fund our existing operations for the foreseeable future. However, we may need additional capital to operate our business if:

- market conditions change,
- our business plans or assumptions change,
- we make significant acquisitions,
- we need to make significant increases in capital expenditures or working capital,
- our restrictive covenants do not provide sufficient credit, or
- we need to continue to provide financial support to EyeLock LLC for an extended period of time.

Acquisitions and strategic investments may divert our resources and management's attention; results may fall short of expectations.

We intend to continue pursuing selected acquisitions of, and investments in, businesses, technologies, and product lines as a component of our growth strategy. Any future acquisition or investment may result in the use of significant amounts of cash, potentially dilutive issuances of equity securities, or the incurrence of debt and amortization expenses related to intangible assets. Acquisitions involve numerous risks, including:

- difficulties in the integration and assimilation of the operations, technologies, products, and personnel of an acquired business;
- diversion of management's attention from other business concerns;
- increased expenses associated with the acquisition, and
- potential loss of key employees or customers of any acquired business.

We cannot assure you that our acquisitions will be successful and will not adversely affect our business, results of operations, or financial condition.

We depend heavily on existing directors, management and key personnel and our ability to recruit and retain qualified personnel.

Our success depends on the continued efforts of our directors, executives, and senior vice presidents, many of whom have worked with VOXX International Corporation for several decades, as well as our other executive officers and key employees. We have employment contracts with most of our executive officers. The loss or interruption of the continued full-time service of certain of our executive officers and key employees could have a material adverse effect on our business. In addition, to support our continued growth, we must effectively recruit, develop, and retain additional qualified personnel both domestically and internationally. Our inability to attract and retain necessary qualified personnel could have a material adverse effect on our business.

Risks Related to the Ownership of our Common Stock

Our stock price could fluctuate significantly.

The market price of our common stock could fluctuate significantly in response to numerous factors and events, including:

- operating results being below market expectations,
- announcements of technological innovations or new products by us or our competitors,
- loss of a major customer or supplier,
- changes in, or our failure to meet, financial estimates by securities analysts,
- industry developments,
- economic and other external factors,
- general downgrading of our industry sector by securities analysts,
- acquisitions and dispositions, and
- inventory write-downs.

In addition, the securities markets have experienced significant price and volume fluctuations over the past several years that have often been unrelated to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our common stock.

John J. Shalam, our Chairman, controls a significant portion of the voting power of our common stock and can exercise control over our affairs.

Mr. Shalam beneficially owns approximately 54.5% of the combined voting power of both classes of common stock. This will allow him to elect the majority of our Board of Directors and, in general, determine the outcome of any other matter submitted to the stockholders for approval. Mr. Shalam's voting power may have the effect of delaying or preventing a change in control of the Company.

We have two classes of common stock: Class A common stock, which is traded on the NASDAQ Stock Market under the symbol VOXX, and Class B common stock, which is not publicly traded and substantially all of which is beneficially owned by Mr. Shalam. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Class A shareholders vote separately for the election/removal of the Class A directors, while both classes vote together as a single class on all other matters and as otherwise may be required by Delaware law. Since our charter permits shareholder action by written consent, Mr. Shalam may be able to take significant corporate actions without prior notice and a shareholder meeting.

We exercise our option for the "controlled company" exemption under NASDAQ rules.

The Company has exercised its right to the "controlled company" exemption under NASDAQ rules which enables us to forego certain NASDAQ requirements which include: (i) maintaining a majority of independent directors; (ii) electing a nominating committee composed solely of independent directors; (iii) ensuring the compensation of our executive officers is determined by a majority of independent directors or a compensation committee composed solely of independent directors; and (iv) selecting, or recommending for the Board's selection, director nominees, either by a majority of the independent directors or a nominating committee composed solely of independent directors. Although we do not maintain a nominating committee and do not have a majority of independent directors, the Company notes that at the present time we do maintain a compensation committee comprised solely of independent directors who approve executive compensation, and the recommendations for director nominees are governed by a majority of independent directors. However, election of the "controlled company" exemption under NASDAQ rules allows us to modify our position at any time.

General Risks

Our business could be affected by unseasonal or severe weather-related factors.

Our results of operations may be adversely affected by weather-related factors. Adverse weather conditions and extreme seasonal fluctuations may deter or prevent patrons from reaching facilities where our products are sold, or negatively affect customer demand for certain products. Although our budget assumes certain seasonal fluctuations in our revenues to ensure adequate cash flow during expected periods of lower revenues, we cannot ensure that weather-related factors will not have a material adverse effect on our operations.

Other Risks

Other risks and uncertainties include:

- additional changes in U.S. federal, state, and local law,
- our ability to implement operating cost structures that align with revenue growth,
- additional trade sanctions against or from foreign countries,
- successful integration of business acquisitions and new brands in our distribution network,
- compliance with the Sarbanes-Oxley Act, and
- compliance with complex financial accounting and tax standards, both foreign and domestic.

Item 1B-Unresolved Staff Comments

As of the filing of this annual report on Form 10-K, there were no unresolved comments from the staff of the Securities and Exchange Commission.

Item 1C-Cybersecurity

Risk Management and Strategy

Managing cybersecurity risks and securing our sensitive data and systems are a critical part of our business operations and of paramount importance to our organization. The Company has implemented and maintains multiple layers of physical, administrative, and technical security processes designed to protect our facilities from disruptions that may result from cybersecurity incidents, as well as safeguard the confidentiality of our critical systems and data residing on those systems, including employee data, customer data, and proprietary information.

Our approach consists of best practice standards, policies, and processes for identifying, assessing, managing, mitigating, and responding to material risks from cybersecurity threats. Our cybersecurity goals are to leverage industry-wide recognized standards, such as The National Institute of Standards and Technology (NIST) Cybersecurity Framework.

We have implemented best practices and established numerous controls to reduce cybersecurity risk. Some key components include:

- Leveraging third-party cybersecurity vendors to test our systems, identify previously undiscovered risks in the environment and validate existing cybersecurity controls. We maintain a process to oversee and identify risks from cybersecurity threats associated with our use of third-party vendors with access to our resources.

- Educating our users on cybersecurity prevention tactics through security awareness training and ongoing phishing testing.

- Protecting Email through multiple layers of security that cover all internal and external communication.
- Utilizing a patching and remediation process for our systems. We use a managed risk service to help detect and prioritize vulnerabilities found in the environment and track them for remediation.
- Having a data recovery plan and controls designed to protect against business interruption, including multiple backups of our critical systems.
- Deploying technical safeguards designed to protect our information systems from cybersecurity threats, including firewalls, intrusion prevention and detection systems, access controls, extended detection and response, and event monitoring.
- The company maintains a Cybersecurity Insurance Policy.

On an ongoing basis we conduct cybersecurity risk assessments, including compiling, reviewing, and acting on information garnered from internal stakeholders, known security vulnerabilities, and data from external sources. The results of these assessments are used to drive alignment on, and prioritization of, initiatives to enhance our security controls, make recommendations to improve processes, and inform a broader enterprise-level risk assessment that is presented to our Board, Audit Committee, and members of management.

We routinely assess our systems and processes for modifications in advance of evolving state privacy regulations and other applicable industry standards and regularly update our privacy and information security policies to remain current with industry practices. We are continually adapting to the ever-changing cyber risk landscape and have a team of information security professionals committed to maintaining the highest levels of systems and data security. The Company itself conducts, and has engaged external information security firms to conduct, assessments, including penetration tests, to continually improve security controls and ensure security controls. We continue to expand and grow our security team and their skillsets and make regular enhancements to our cybersecurity risk management goals.

In addition, we engage with our third-party business partners to enforce our internal cybersecurity practices. We rely on all third-party business partners to maintain appropriate security programs; however, we cannot ensure in all circumstances that their efforts will be successful. We assess third-party cybersecurity controls through a detailed cybersecurity assessment and review, and include security and privacy requirements to our contracts, where applicable. We also require that our third parties report material cybersecurity incidents to us, allowing us the ability to assess the impact of any reported incident on our operations. The Company’s incident response plans include emergency response, systems recovery, and other plans that would be enacted in the event of certain types of cybersecurity attacks.

Cybersecurity Governance

Our Board of Directors is responsible for oversight of risk management, including cybersecurity risks. The Audit Committee is updated on current cybersecurity events, metrics and other technology risks by our Vice President of Management Information Systems and Director of Infrastructure and Security on a quarterly basis, and all material risks and threats are reported immediately. The Audit Committee, in turn, provides the Board of Directors with updates regarding cybersecurity risks as it deems necessary or appropriate.

Our Internal Cybersecurity Team is comprised of the Director of IT Infrastructure and Security, Global Technical Support Manager, and includes Information Security Administrators and Team Members. This team is responsible for managing efforts to assess, detect, prevent, mitigate, and remediate cybersecurity risks, threats, and incidents. In addition, this team meets regularly with the IT leadership team to review current risks and trends, along with monitoring ongoing cybersecurity metrics.

Our cybersecurity incident response and vulnerability management programs are designed to escalate certain cybersecurity incidents to various levels of management depending on the circumstances, including our VP of Management Information Systems, Director of IT Infrastructure and Security, General Counsel, Chief Financial Officer, and Chief Executive Officer. Management works with our incident response team to help mitigate and remediate certain escalated cybersecurity incidents. In addition, our incident response and vulnerability management programs include reporting certain cybersecurity incidents to the Audit Committee and, in certain circumstances, to the Board.

For the fiscal year ended February 29, 2024, there have been no known risks from cybersecurity threats that have materially affected or are reasonably likely to materially affect our business strategy, results of operations or financial condition.

Item 2-Properties

Our Corporate headquarters is located at 2351 J. Lawson Blvd. in Orlando, Florida, which is owned by the Company, and also serves as one of the Company's manufacturing facilities for its automotive electronic business. In addition, as of February 29, 2024, the Company leased a total of 18 operating facilities, manufacturing facilities, or offices located in 4 states as well as China, Canada, Mexico, France, Germany, Australia, Japan, and Hong Kong. The leases have been classified as operating leases. Within the United States, the Company’s leased facilities are located in Georgia, New York, California, and North Carolina. The Company also owns 10 of its operating facilities or offices (including its Corporate headquarters and automotive manufacturing facility in Florida), located in New York, Indiana, Michigan, and Arkansas in the United States, as well as in Germany and Venezuela. These facilities serve as offices, warehouses, manufacturing facilities, engineering facilities, and distribution centers. Additionally, we utilize public warehouse facilities located in Virginia, Nevada, Indiana, North Carolina, Arizona, Texas, China, Belgium, Germany, Australia, and Malaysia.

Item 3-Legal Proceedings

The Company is currently, and has in the past, been a party to various routine legal proceedings incident to the ordinary course of business. If management determines, based on the underlying facts and circumstances of each matter, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued. Management does not believe that any outstanding litigation will have a material adverse effect on the Company's financial statements, individually or in the aggregate.

The products the Company sells are continually changing as a result of improved technology. As a result, although the Company and its suppliers attempt to avoid infringing known proprietary rights, the Company may be subject to legal proceedings and claims for alleged infringement by patent, trademark, or other intellectual property owners. Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, divert management’s attention and resources, or require the Company to either enter into royalty or license agreements which are not advantageous to the Company or pay material amounts of damages.

In March 2007, the Company entered into a contract with Seaguard Electronics, LLC (“Seaguard”) relating to the Company’s purchase from Seaguard of a stolen vehicle recovery product and back-end services. In August 2018, Seaguard filed a demand for arbitration against the Company with the American Arbitration Association (“AAA”) alleging claims for breach of contract and patent infringement. Seaguard originally sought damages of approximately $10,000 and on the seventh day of an eight-day fact witness portion of the arbitration in June 2021, amended its damages demand to $40,000, which was affected by the service of Claimant’s notice dated July 14, 2021.

On November 29, 2021, the Arbitrator issued an interim award (the “Interim Award”) with Seaguard prevailing on its breach of contract claim. The Company’s affirmative defenses relating to those claims, however, were denied in their entirety. Seaguard was awarded damages in the amount of $39,444 against the Company. On March 3, 2022, the Arbitrator issued a Partial Final Award on Bifurcated Issue in the amount of $39,444, plus $798 for its attorneys’ fees and costs.

On August 7, 2023, the U.S. District Court for the Central District of California entered judgment against the Company in the amount of $47,002, of which $40,242 was for damages, attorneys’ fees, and costs and $6,760 was for prejudgment interest.

On August 16, 2023, the Company filed a Notice of Appeal to the Ninth Circuit Court of Appeals.

On December 22, 2023, the Company and Seaguard entered into a Settlement Agreement and Mutual Release, with an effective date of January 10, 2024, in which the Company agreed to pay Seaguard $42,000 in full and final settlement of all judgments and claims that have been awarded or asserted or could have been asserted by Seaguard against the Company and its subsidiaries. An initial payment of $10,000 was made on December 27, 2023 and the final payment of $32,000 was made on January 10, 2024. Upon receipt of the final payment, Seaguard filed a

Satisfaction of Judgment with the court and a Dismissal of the Arbitration with the American Arbitration Association and the Company subsequently filed a Dismissal of the Appeal.

During the year ended February 28, 2022, the Company recorded a charge of $39,444 within Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive Loss related to the damages awarded to Seaguard in November 2021. During the year ended February 28, 2023, the Company accrued additional charges of $3,944 representing interest due on the award when paid, as well as certain legal fees reimbursable to Seaguard and a patent settlement. During the year ended February 29, 2024, the Company recorded a net credit of $763 to Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive Loss, representing charges for interest due on the award when paid, offset by the reversal of previous accrued charges resulting from the final settlement paid during the fourth quarter of Fiscal 2024. At February 28, 2023 the Company had a total accrued balance of $43,388 on the accompanying Consolidated Balance Sheet related to the final arbitration award. There was no remaining accrued balance at February 29, 2024.

Item 4-Mine Safety Disclosure

Not applicable.

PART II

Item 5-Market for the Registrant's Common Equity, Related Stockholder Matters, and Issuer Purchases of Equity Securities

Market Information

The Class A Common Stock of Voxx is traded on the Nasdaq Stock Market under the symbol "VOXX." The following table sets forth the low and high sale price of our Class A Common Stock, based on the last daily sale in each of the last eight fiscal quarters:

Year ended February 29, 2024	**High**	**Low**
First Quarter	$ 14.70	$ 8.26
Second Quarter	12.80	7.85
Third Quarter	11.24	7.28
Fourth Quarter	11.45	8.18
Year ended February 28, 2023	**High**	**Low**
First Quarter	$ 11.07	$ 6.16
Second Quarter	10.17	6.21
Third Quarter	11.10	6.28
Fourth Quarter	11.43	7.99

Dividends

We have not paid or declared any cash dividends on our common stock. We have retained all our earnings for use in developing our business. Future cash dividends, if any, will be paid at the discretion of our Board of Directors and will depend, among other things, upon our future operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, and such other factors as our Board of Directors may deem relevant giving consideration to any requirements or restrictions under the Company's credit agreements (see Note 7(a) to the Notes to the Consolidated Financial Statements).

Holders

There are 607 holders of record of our Class A Common Stock and 4 holders of Class B Convertible Common Stock.

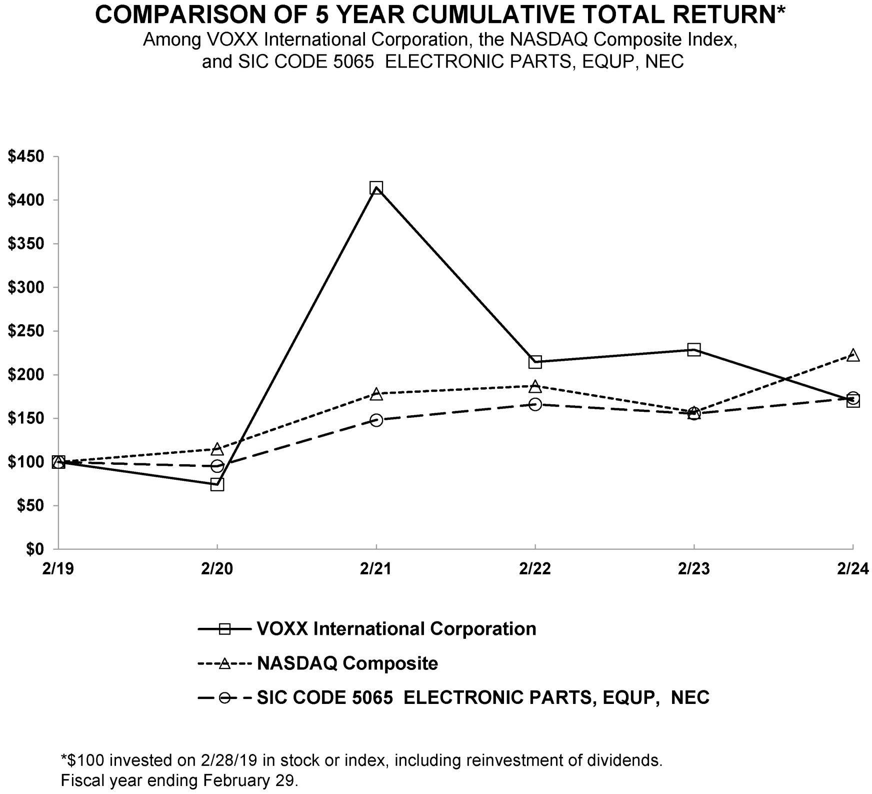
Issuer Purchases of Equity Securities

In April 2019, the Company was authorized by the Board of Directors to increase the number of Class A Common Shares available for repurchase in connection with its share repurchase program (the “Program”) to 3,000,000. During the years ended February 29, 2024, February 28, 2023, and February 28, 2022, the company purchased 916,384, 508,439, and 113,000 shares of its Class A Common Stock, respectively, for an aggregate cost of $9,288, $5,147, and $1,220, respectively. As of February 29, 2024, the cumulative total of acquired shares (net of reissuances of 11,635) pursuant to the Program was 4,287,041, with a cumulative value of $39,573. The remaining authorized share repurchase balance is 881,053 at February 29, 2024. Share repurchases made during the year ended February 29, 2024 are as follows:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
3/1/2023 - 3/31/2023	225,659	$ 11.80	225,659	1,571,778
4/1/2023 - 4/30/2023	7,182	11.95	7,182	1,564,596
5/1/2023 - 5/31/2023	138,246	9.78	138,246	1,426,350
6/1/2023 - 6/30/2023	220,365	11.14	220,365	1,205,985
8/1/2023 - 8/31/2023	47,466	8.36	47,466	1,158,519
9/1/2023 - 9/30/2023	103,511	7.80	103,511	1,055,008
10/1/2023 - 10/31/2023	112,439	7.68	112,439	942,569
11/1/2023 - 11/30/2023	650	10.03	650	941,919
1/1/2024 - 1/31/2024	41,802	8.54	41,802	900,117
2/1/2024 - 2/29/2024	19,064	8.59	19,064	881,053
Total acquired shares	916,384			

Performance Graph

The following table compares the annual percentage change in our cumulative total stockholder return on our Class A common stock during the period commencing on February 28, 2019 and ending on February 29, 2024 with the cumulative total return of the Nasdaq Stock Market (U.S.) Index and our SIC Code Index, during such period.



Item 6-Reserved

Item 7-Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A")

This section should be read in conjunction with the "Cautionary Statements" and "Risk Factors" in Item 1A of Part I, and Item 8 of Part II, "Consolidated Financial Statements and Supplementary Data."

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations with an overview of the business, including our strategy to give the reader a summary of the goals of our business. This is followed by a discussion of the Critical Accounting Policies and Estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results. In the next section, we discuss our Results of Operations for the year ended February 29, 2024, compared to the years ended February 28, 2023 and February 28, 2022. Next, we present EBITDA and Adjusted EBITDA for the year ended February 29, 2024, compared to the years ended February 28, 2023 and February 28, 2022 in order to provide a useful and appropriate supplemental measure of our performance. We then provide an analysis of changes in our balance sheet and cash flows and discuss our financial commitments in the sections entitled "Liquidity and Capital Resources." We conclude this MD&A with a discussion of "Related Party Transactions" and "Recent Accounting Pronouncements."

Business Overview and Strategy

VOXX International Corporation is a leading international distributor, manufacturer and value-added service provider in the automotive electronics, consumer electronics and biometrics industries. We conduct our business through nineteen wholly owned subsidiaries and two majority owned subsidiaries. Voxx has a broad portfolio of brand names used to market our products as well as private labels through a large domestic and international distribution network. We also function as an OEM ("Original Equipment Manufacturer") supplier to several customers, as well as market a number of products under exclusive distribution agreements.

In recent years, we have focused our attention on acquiring synergistic businesses with the addition of several new subsidiaries. These subsidiaries have helped us to expand our core business and broaden our presence in the accessory and OEM markets. Our acquisition of a controlling interest in EyeLock Inc. and EyeLock Corporation in Fiscal 2016 allowed us to enter the growing and innovative biometrics market. The Company has also made strategic asset purchases in order to strengthen its product offerings and increase market share, such as the acquisition of certain assets and assumption of certain liabilities of Directed LLC and Directed Electronics Canada Inc. in Fiscal 2021 and Onkyo Home Entertainment Corporation in Fiscal 2022. Our intention is to continue to pursue business opportunities which will allow us to further expand our business model while leveraging overhead and exploring specialized niche markets in the electronics industry. Notwithstanding the above acquisitions, if the appropriate opportunity arises, the Company has been willing to explore the potential divestiture of a product line or business.

The Company classifies its operations in the following three reportable segments: Automotive Electronics, Consumer Electronics, and Biometrics. The characteristics of our operations that are relied on in making and reviewing business decisions within these segments include the similarities in our products, the commonality of our customers, suppliers and product developers across multiple brands, our unified marketing and distribution strategy, our centralized inventory management and logistics, and the nature of the financial information used by our Chief Operating Decision Maker ("CODM"). The CODM reviews the financial results of the Company based on the performance of the Automotive Electronics, Consumer Electronics, and Biometrics segments.

The Company's domestic and international business is subject to retail industry and consumer trends and conditions and the sales of new and used vehicles. Worldwide economic conditions impact consumer spending and if the global macroeconomic environment continues to deteriorate, this could have a negative effect on the Company's revenues and earnings. In an attempt to offset any negative market conditions, the Company continues to explore strategies and alternatives to reduce its operating expenses, such as the consolidation of facilities and IT systems, and has been introducing new products to obtain a greater market share.

Although we believe our product groups have expanding market opportunities, there are certain levels of volatility related to domestic and international markets, new car sales, increased competition by manufacturers, private labels, technological advancements, customer acceptance, discretionary consumer spending and general economic conditions. Also, all of our products are subject to price fluctuations which could affect the carrying value of inventories and gross margins in the future.

Macroeconomic Factors

General economic and political conditions such as recessions; interest rates; fuel prices; inflation; foreign currency fluctuations; international tariffs; social, political, and economic risks; international health emergencies, epidemics, or pandemics; and acts of war or terrorism (including, for example, the ongoing military conflict between Ukraine and Russia and the economic sanctions related thereto), have added uncertainty in timing of customer purchases and supply chain constraints. During Fiscal 2023 and Fiscal 2024, supply chain challenges increased the Company's material and shipping costs, resulted in shipping delays, and impacted its gross margins. The Company has implemented price increases, as well as certain supply chain improvements in response to these factors and intends to continue to focus on driving further operational improvements during Fiscal 2025. The Company continues to focus on cash flow and anticipates having sufficient resources to operate during Fiscal 2025.

Acquisitions and Dispositions

We have acquired and integrated several businesses, as well as divested certain businesses, the most recent of which are outlined in the *Acquisitions* section of Part I and presented in detail in Note 2 to the Notes to the Consolidated Financial Statements.

Critical Accounting Policies and Estimates (see Note 1 to the Consolidated Financial Statements)

General

Our consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America. The preparation of these financial statements requires us to make certain estimates, judgments, and assumptions that we believe are reasonable based upon the information available. These estimates and assumptions can be subjective and complex and may affect the reported amounts of assets, liabilities, revenues, and expenses reported in those financial statements. As a result, actual results could differ from such estimates and assumptions.

The significant accounting policies and estimates which we believe are the most critical in fully understanding and evaluating the reported consolidated financial results include the following:

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. We apply the FASB's guidance on revenue recognition, which requires us to recognize the amount of revenue and consideration that we expect to receive in exchange for goods and services transferred to our customers. To do this, the Company applies the five-step model prescribed by the FASB, which requires us to: (i) identify the contract with the customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when, or as, we satisfy a performance obligation.

We account for a contract or purchase order when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance, and collectability of consideration is probable. Revenue is recognized when control of the product passes to the customer, which is upon shipment, unless otherwise specified within the customer contract or on the purchase order as delivery and is recognized at the amount that reflects the consideration the Company expects to receive for the products sold, including various forms of discounts. When revenue is recorded, estimates of returns are made and recorded as a reduction of revenue.

Sales Incentives

Sales incentives are accounted for in accordance with ASC 606. We offer sales incentives to our customers in the form of (1) co-operative advertising allowances; (2) market development funds; (3) volume incentive rebates; and (4) other trade allowances. We accrue the cost of co-operative advertising allowances, volume incentive rebates, and market development funds at the later of when the customer purchases our products or when the sales incentive is offered to the customer. We record the provision for other trade allowances at the later of when the sales incentive is offered or when the related revenue is recognized. Except for other trade allowances, all sales incentives require the customer to purchase our products during a specified period of time. All sales incentives require customers to claim the sales incentive within a certain time period (referred to as the "claim period"). All costs associated with sales incentives are classified as a reduction of net sales.

Depending on the specific facts and circumstances, we utilize either the most likely amount or the expected value methods to estimate the effect of uncertainty on the amount of variable consideration to which we would be entitled. The most likely amount method considers the single most likely amount from a range of possible consideration amounts, while the expected value method is the sum of probability-weighted amounts in a range of possible consideration amounts. Both methods are based upon the contractual terms of the incentives and historical experience with each customer. Although we make our best estimate of sales incentive liabilities, many factors, including significant unanticipated changes in the purchasing volume and the lack of claims from customers could have a significant impact on the liability for sales incentives and reported operating results. We record estimates for cash discounts, promotional rebates, and other promotional allowances in the period the related revenue is recognized (“Customer Credits”). The provision for Customer Credits is recorded as a reduction from gross sales and reserves for Customer Credits are presented within accrued sales incentives on the Consolidated Balance Sheet.

Unearned sales incentives are volume incentive rebates where the customer did not purchase the required minimum quantities of product during the specified time. Volume incentive rebates are reversed into income in the period when the customer did not reach the required minimum purchases of product during the specified time. Unclaimed sales incentives are sales incentives earned by the customer, but the customer has not claimed payment within the claim period (period after program has ended). Unclaimed sales incentives are investigated in a timely manner after the end of the program and reversed if deemed appropriate.

Accounts Receivable

We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and current credit worthiness, as determined by a review of current credit information. We continuously monitor collections from our customers and maintain a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. While such credit losses have historically been within management's expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates that have been experienced in the past. Our five largest customer balances comprise 28% of our accounts receivable balance as of February 29, 2024. A significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectability of accounts receivable and our results of operations.

Inventory

We value our inventory at the lower of the actual cost to purchase or the net realizable value of the inventory. Net realizable value is defined as estimated selling prices, less cost of completion, disposal, and transportation. We regularly review inventory quantities on-hand and record a provision in cost of sales for excess and obsolete inventory based primarily on selling prices, indications from customers based upon current price negotiations, and purchase orders. The cost of the inventory is determined primarily on a weighted moving average basis, with a portion valued at standard cost, which approximates actual costs. Our industry is characterized by rapid technological change and frequent new product introductions that could result in an increase in the amount of obsolete inventory quantities on-hand. In addition, and as necessary, specific reserves for future known or anticipated events may be established.

Estimates of excess and obsolete inventory may prove to be inaccurate, in which case we may have understated or overstated the provision required for excess and obsolete inventory. Although we make every effort to ensure the accuracy of our forecasts of future product demand, any significant unanticipated changes in demand or technological developments could have a significant impact on the carrying value of inventory and our results of operations.

Intangible Asset Impairments

As of February 29, 2024, intangible assets totaled $68,766. Management makes estimates and assumptions in preparing the consolidated financial statements for which actual results will emerge over long periods of time. These estimates and assumptions are closely monitored by management and periodically adjusted as circumstances warrant. For instance, the expected lives of indefinite-lived intangible assets may be shortened, or an impairment recorded based upon a change in the expected use of the asset or performance of the related asset group. At the present time, management intends to continue the development, marketing, and selling of products associated with its intangible assets, and there are no known restrictions on the continuation of their use.

Approximately 20.1% of our indefinite-lived trademarks ($8,400) are at risk of impairment as of February 29, 2024. Indefinite-lived intangible assets are tested annually for impairment on the last day of the Company's fiscal year, and at any time upon occurrence of certain events or changes in circumstances that may indicate they are impaired or that they are no longer indefinite-lived. When testing indefinite-lived assets for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value is less than its carrying amount. If we elect to perform a qualitative assessment and determine that an impairment is more likely than not, we are then required to perform the quantitative impairment test; otherwise, no further analysis is required. Under the qualitative assessment, we consider various factors, including macroeconomic conditions, relevant industry and market trends, cost factors, overall financial performance, other entity-specific events, and events affecting the indefinite-lived asset that could indicate a potential change in its fair value. We also consider the specific future outlook for the indefinite-lived asset. We may also elect not to perform the qualitative assessment and instead, proceed directly to the quantitative impairment test. The Company uses an income approach, based on the relief from royalty method, to value indefinite-lived trademarks as part of its quantitative impairment test. This impairment test involves the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. The critical assumptions in the discounted cash flow model include revenues, long-term growth rates, royalty rates, and discount rates. Management exercises judgment in developing these assumptions. Certain of these assumptions are based upon industry projections, facts specific to the trademarks and consideration of our long-term view for the trademarks and the markets we operate in. If we were to experience sales declines, a significant change in operating margins which may impact estimated royalty rates, an increase in our discount rates, and/or a decrease in our projected long-term growth rates, there would be an increased risk of impairment of these indefinite-lived trademarks. In addition, we evaluate the remaining useful life of our non-amortizing intangible assets at least annually to determine whether events or circumstances continue to support an indefinite useful life. These intangible assets will then be amortized prospectively over their estimated remaining useful life and accounted for in the same manner as other intangible assets that are subject to amortization. Based upon the Company's indefinite-lived intangible asset impairment assessment, four indefinite-lived intangible assets were impaired as of February 29, 2024, totaling $14,214. As a result of discussions with customers and the Consumer Electronics Show during the fourth quarter of Fiscal 2024, the Company lowered its current and long-term sales projections and gross profit margins for certain consumer electronic tradenames, given the increased competition and price reductions, which resulted in the impairment charges. As of February 28, 2023, one indefinite-lived intangible asset was impaired by $1,300. In conjunction with the impairment identified as of February 28, 2023, we determined the useful life of this indefinite-lived intangible asset was no longer indefinite (see Note (1(k)). There were no impairments of indefinite-lived intangible assets in Fiscal 2022.

The cost of other intangible assets with definite lives and long-lived assets are amortized on an accelerated or straight-line basis over their respective lives. Management has determined that the current lives of these assets are appropriate.

Long-lived assets and certain identifiable intangibles are reviewed for impairment in accordance with ASC 360 whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of the assets is measured by a comparison of the carrying value of an asset to future undiscounted net cash flows expected to be generated by the asset. If the carrying value of these assets are not recoverable on an undiscounted basis, they are then compared to their estimated fair market value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets.

Voxx's goodwill totaled $63,931 as of February 29, 2024. Goodwill is tested for impairment as of the last day of the Company's fiscal year, and at any time upon occurrence of certain events or changes in circumstances that may indicate they are impaired. When testing goodwill for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. If we elect to perform a qualitative assessment and determine that an impairment is more likely than not, we are then required to perform the quantitative impairment test; otherwise, no further analysis is required. Under the qualitative assessment, we consider various qualitative factors, including macroeconomic conditions, relevant industry and market trends, cost factors, overall financial performance, other entity-specific events, and events affecting the reporting unit that could indicate a potential change in fair value of our reporting unit or the composition of its carrying values. We also consider the specific future outlook for the reporting unit. We also may elect not to perform the qualitative assessment and instead, proceed directly to the quantitative impairment test. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and estimation of the fair value of each reporting unit. Based on the Company's goodwill impairment assessment for Fiscal 2023, one reporting unit had an estimated fair value less than its carrying value and as a result, a non-cash goodwill impairment charge of $7,373 was recorded for the year ended February 28, 2023 (see Note 1(k)). No impairment charges were recorded related to goodwill during Fiscal 2024 or Fiscal 2022.

As of February 29, 2024, goodwill allocated to our Klipsch, Rosen, VSM, DEI, and Onkyo reporting units was 72.8% ($46,532), 1.4% ($880), 0.9% ($572), 2.5% ($1,600), and 22.4% ($14,347), respectively. The fair values of the Klipsch, DEI, and Onkyo reporting units are greater than their carrying values by approximately 14.1% ($16,205), 42.9% ($14,102), and 9.6% ($4,224), respectively, as of February 29, 2024. The quantitative assessment utilizes either an income approach, a market approach, or a combination of these approaches to determine the fair value of its reporting units. These approaches have a degree of uncertainty. The income approach employs a discounted cash flow model to value the reporting unit as part of its impairment test. This impairment test involves the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. The critical assumptions in the discounted cash flow model are revenues, operating margins, working capital and a discount rate (developed using a weighted average cost of capital analysis). Management exercises judgment in developing these assumptions. Certain of these assumptions are based upon industry projections, facts specific to the reporting unit, market participant assumptions and data, and consideration of our long-term view for the reporting unit and the markets we operate in. The market approach employs market multiples from guideline public companies operating in our industry. Estimates of fair value are derived by applying multiples based on revenue and earnings before interest, taxes, depreciation, and amortization (“EBITDA”) adjusted for size and performance metrics relative to peer companies. If the Klipsch and Onkyo reporting units were to experience sales declines, sustained pricing pressures, unfavorable operating margins, lack of new product acceptance by consumers, changes in consumer trends and preferred shopping channels, less than anticipated results for the holiday season, a change in the peer group or performance of the peer companies, an increase to the discount rate, and/or a decrease in our projected long-term growth rates used in the discounted cash flow model, there would be an increased risk of goodwill impairment for the these reporting units. If the Rosen, VSM, and DEI reporting units experienced an increase to the discount rate, sales declines, changes in consumer trends, or increases in cost factors, there would be an increased risk of goodwill impairment for these reporting units.

Warranties

We offer warranties of various lengths depending upon the specific product. Our standard warranties require us to repair or replace defective product returned by both end users and customers during such warranty period at no cost. We record an estimate for warranty related costs in cost of sales, based upon historical experience of actual warranty claims and current information on repair costs and contract terms with certain manufacturers. While warranty costs have historically been within expectations and the provisions established, we cannot guarantee that we will continue to experience the same warranty return rates or repair costs that have been experienced in the past. A significant increase in product return rates, or a significant increase in the costs to repair products, could have a material adverse impact on our operating results.

Income Taxes

We account for income taxes in accordance with the guidance issued under Statement ASC 740, "Income Taxes" (“ASC 740”) with consideration for uncertain tax positions. We record a valuation allowance to reduce our deferred tax assets to the amount of future tax benefit that is more likely than not to be realized.

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all positive and negative evidence including the results of recent operations, scheduled reversal of deferred tax liabilities, future taxable income, and tax planning strategies. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled (see Note 8). The effect on deferred tax assets and liabilities from a change in tax rates is recognized in income in the period that includes the enactment date.

The Company accounts for uncertain tax positions in accordance with the authoritative guidance issued under ASC 740, which addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. The Company provides loss contingencies for federal, state, and international tax matters relating to potential tax examination issues, planning initiatives and compliance responsibilities. The development of these reserves requires judgments about tax issues, potential outcomes, and timing, which if different, may materially impact the Company's financial condition and results of operations. The Company classifies interest and penalties associated with income taxes as a component of Income tax expense (benefit) on the Consolidated Statements of Operations and Comprehensive Loss.

Results of Operations

Included in Item 8 of this annual report on Form 10-K are the Consolidated Balance Sheets as of February 29, 2024, and February 28, 2023 and the Consolidated Statements of Operations and Comprehensive Loss, Consolidated Statements of Stockholders' Equity and Consolidated Statements of Cash Flows for the years ended February 29, 2024, February 28, 2023, and February 28, 2022. In order to provide the reader meaningful comparisons, the following analysis provides comparisons of the audited year ended February 29, 2024 with the audited year ended February 28, 2023, and the audited year ended February 28, 2023 with the audited year ended February 28, 2022. We analyze and explain the differences between periods in the specific line items of the Consolidated Statements of Operations and Comprehensive Loss.

Year Ended February 29, 2024 Compared to the Years Ended February 28, 2023 and February 28, 2022

Continuing Operations

The tables presented in this section set forth, for the periods indicated, certain Statement of Operations data for the years ended February 29, 2024 ("Fiscal 2024"), February 28, 2023 ("Fiscal 2023") and February 28, 2022 ("Fiscal 2022").

Net Sales

	Fiscal 2024	Fiscal 2023	Fiscal 2022
Automotive Electronics	$ 142,341	$ 174,811	$ 200,594
Consumer Electronics	326,618	357,758	433,925
Biometrics	531	1,046	882
Corporate/Eliminations	(579)	399	519
Total net sales	$ 468,911	$ 534,014	$ 635,920

Fiscal 2024 compared to Fiscal 2023

Automotive Electronics sales, which include both OEM and aftermarket automotive electronics, represented 30.4% of the Company's net sales for the year ended February 29, 2024, compared to 32.7% in the prior year and decreased $32,470 for the year ended February 29, 2024, as compared to the prior year. The primary driver of this decrease was the decline in sales of OEM rear seat entertainment products of approximately $17,800 for the year ended February 29, 2024, due to factors including volume reductions within existing customer programs, a temporary halt in another program due to quality issues, and the termination of one customer program, as well as the United Auto Workers strike that took place during September and October of 2023 that led to temporary work stoppages for certain customers of the Company. Sales of aftermarket security products, which includes remote start and telematic product sales, also declined approximately $13,200 for the year ended February 29, 2024. The decline was due to the continued slowing of consumer spending amid current economic concerns, as well as a mild winter weather season, which generally has a negative effect on remote start sales. This was slightly offset by sales of certain new aftermarket security products introduced during the second half of the fiscal year. Sales of aftermarket rear seat entertainment products declined approximately $2,900 for the year ended February 29, 2024 as a result of inflated vehicle pricing and high interest rates, which have resulted in lower consumer spending on vehicles and lower discretionary spending on vehicle accessories. Additionally, sales of aftermarket accessory products decreased approximately $600 for the year ended February 29, 2024 as a result of the decline in sales of Club Cars during the year, which is a large accessory customer for the Company. This has been due to lower consumer spending, as well as competition in the golf cart and small utility vehicle market. As an offset to these sales declines, sales of OEM remote start products increased approximately $1,600 for the year ended February 29, 2024 due to a new customer program that started during the fiscal year. Sales of OEM safety products also increased approximately $1,100 during the year ended February 29, 2024 due to new customer programs, price increases, and high demand for certain new products. Additionally, satellite radio product sales increased approximately $700 for the year ended February 29, 2024 following a prior year pause in purchasing by one of the Company's larger customers due to excess inventory on hand. As this customer has sold through its remaining inventory and reordered product, these sales have begun to improve. Finally, sales of collision avoidance products increased approximately $600 during the year ended February 29, 2024 due to certain vehicle models no longer including these products as part of their OEM packages, which has led to more aftermarket purchases.

Consumer Electronics sales represented 69.7% of net sales for the year ended February 29, 2024, as compared to 67.0% in the prior year and decreased $31,140 for the year ended February 29, 2024 as compared to the year ended February 28, 2023. This net decrease was a result of several factors, including the decline in domestic sales of its Onkyo and Pioneer receiver products of approximately $16,200 for the year ended February 29, 2024. During the comparable prior year, the Company experienced large increases in sales of these products as it was still fulfilling backorders and high demand for product following the COVID-19 pandemic shutdowns. During the year ended February 29, 2024, the Company has been experiencing a more normalized market for these products, as well as some additional slowing of consumer spending in response to current economic concerns. In both Europe and Asia, sales of the Company's premium audio products and receiver products decreased approximately $14,500 for the year ended February 29, 2024, due to a slower global economy and lower consumer spending, as well as due to certain product shortages and declining sales of older products. Domestic sales of the Company's premium home theater speakers and wireless speaker products decreased approximately $5,100 during the year ended February 29, 2024 due also to a slowing of the economy and a decrease in consumer spending. This was partially offset by the close-out sales on certain older discontinued products. Karaoke product sales decreased approximately $4,200 during the year ended February 29, 2024, as several customers had remaining inventory from the prior year, which resulted in a decline in current year orders of these products and poor holiday sales. The Company discontinued selling these products in the fourth quarter of the fiscal year. Additionally, sales of reception products declined approximately $2,500 for the year ended February 29, 2024 due to decreased consumer spending amid current economic concerns. Finally, the Company experienced a decrease in sales of premium mobility products, including headphones and earbuds, of approximately $2,100 for the year ended February 29, 2024, as the Company has moved away from the premium headphone business and has discontinued the sale of these products. As an offset to these declines, the Company experienced an increase in European accessory product sales of approximately $10,800 for the year ended February 29, 2024, which was driven primarily by sales of the Company's balcony solar power products that launched during the second half of the prior year. Domestic general accessory product sales also increased approximately $1,900 for the year ended February 29, 2024 primarily as a result of the launch of new hearing aid products during the second quarter of the fiscal year.

Biometrics represented 0.1% of our net sales for the year ended February 29, 2024 as compared to 0.2% in the prior year and sales decreased in the segment by $515 for the year ended February 29, 2024 as compared to the year ended February 28, 2023. This decrease was driven by sales made to certain new customers during the prior year that did not repeat in the current year.

Fiscal 2023 compared to Fiscal 2022

Automotive Electronics sales, which include both OEM and aftermarket automotive electronics, represented 32.7% of the Company's net sales for the year ended February 28, 2023, compared to 31.5% in the prior year and decreased $25,783 for the year ended February 28, 2023, as compared to the prior year. The primary driver of the sales decrease was the decline in sales of aftermarket security products of approximately $29,700, which includes aftermarket remote starts and telematic products. A milder winter, coupled with a slowing of the economy, has contributed to the decline in sales of these products for the year ended February 28, 2023, as several customers purchased large stocks of inventory in the prior year and still have excess inventory on hand, thus delaying current year purchases. Also contributing to this decline is the limited availability of vehicles due to supply chain shortages. Sales of satellite radio products have also decreased approximately $3,800 for the year ended February 28, 2023, as a result of decreased foot traffic at customer retail outlets due the slowing economy, leaving excess inventory at retail customer sites. Additionally, sales of aftermarket rear seat entertainment products declined approximately $2,700 for the year ended February 28, 2023, primarily as a result of limited vehicle availability due to ongoing supply chain shortages, as well as due to recession concerns among buyers. Finally, sales of OEM safety products decreased approximately $1,400 for the year ended February 28, 2023, as a result of the phasing out of certain older products and the delayed start of a new OEM program. As an offset to these sales decreases, the Company's OEM rear seat entertainment sales experienced an increase of approximately $8,800 during the year ended February 28, 2023, as a result of the start of new rear seat entertainment programs with Stellantis and Ford in the second half of Fiscal 2022. These sales were also positively impacted by an increased availability of chips necessary for these products after shortages experienced in the prior year. Aftermarket accessory product sales also increased approximately $900 for the year ended February 28, 2023, due to continued positive sales of new soundbars for club cars that launched during the prior year. Additionally, the Company experienced an increase in OEM remote start and security products of approximately $900 primarily as a result of the launch of new remote start kits for one of its customer's new model vehicles.

Consumer Electronics sales represented 67.0% of net sales for the year ended February 28, 2023, as compared to 68.2% in the prior year and decreased $76,167 for the year ended February 28, 2023 as compared to the year ended February 28, 2022. This net decrease was a result of several factors. The Company experienced a net decrease in domestic sales of its premium home theater, wireless, and commercial speaker products totaling approximately $72,200 during the year ended February 28, 2023, due primarily to recessionary concerns among consumers resulting in decreased spending, as well as the selling through of certain older products in preparation for the launch of new product in Fiscal 2024. The Company has also continued to experience chip shortages and temporarily paused the sale of premium soundbars in order to update the firmware in these products, which negatively affected sales for the year. In Europe, sales of both premium and non-premium speaker products and accessories have decreased approximately $21,600 for the year ended February 28, 2023, as the war in the Ukraine has negatively affected sales in the surrounding areas. Our European sales have also been negatively affected by a slowing of the economy, as well as chip shortages and a temporary pause in the sale of premium soundbars in order to update firmware. This was offset by successful sales of new balcony solar power generators launched during the second half of the year, as well as an increase in sales of the Company's Onkyo and Pioneer products following the acquisition of certain assets of the Onkyo Home Entertainment business in the third quarter of Fiscal 2022. There was also a total decrease in domestic sales of accessory products of approximately $5,200 for the year ended February 28, 2023, impacting most major accessory product lines, including hook-up, nursery, clock, remotes, and reception products. This decline was a result of a slowing of the economy and a general decrease in consumer spending due to concerns of a pending recession. Finally, the Company experienced a decrease in sales of premium mobility products, including headphones and earbuds, of approximately $2,800 for the year ended February 28, 2023, due primarily to a pause in sales of certain products during the fiscal year in preparation of a product relaunch. The segment also moved from a fulfillment model to a direct to customer model for its online platform sales of these products during the year in order to improve pricing, which resulted in a decrease in sales as a result of this transition. As an offset to these declines, the Company experienced an increase in domestic sales of Onkyo and Pioneer related products of approximately $25,100 for the year ended February 28, 2023. The Company's 11 Trading Company subsidiary began selling these products through a distribution agreement during Fiscal 2021 and during the third quarter of Fiscal 2022, the Company completed an acquisition of certain assets of the Onkyo Home Entertainment business with its joint venture partner, resulting in the establishment of the Company's Onkyo subsidiary. Sales of Onkyo and Pioneer products have increased since the acquisition, as there has been higher factory production of these products to meet customer demand and the products have begun to be sold through other of the Company's Consumer Electronic subsidiaries in addition to 11 Trading Company. Prior to the acquisition, the Onkyo Home Entertainment parent company was unable to meet customer demand due to financial difficulty. Sales of premium audio products at the Company's PAC Australia subsidiary have also increased approximately $3,600 during the year ended February 28, 2023, as this entity sells Onkyo and Pioneer products and has benefited from the Company's increased factory production since the September 2021 acquisition. The subsidiary also began selling Klipsch product during Fiscal 2022 and has had a full year of these sales for the year ended February 28, 2023, in comparison to the prior year.

Biometrics represented 0.2% of our net sales for the year ended February 28, 2023 as compared to 0.1% in the prior year and sales increased in the segment by $164 for the year ended February 28, 2023 as compared to the year ended February 28, 2022. This increase was driven by sales of product to several new customers during Fiscal 2023.

Gross Profit and Gross Margin Percentage

	Fiscal 2024	Fiscal 2023	Fiscal 2022
Automotive Electronics	$ 29,979	$ 42,399	$ 47,296
	21.1 %	24.3 %	23.6 %
Consumer Electronics	83,507	91,151	121,511
	25.6 %	25.5 %	28.0 %
Biometrics	109	358	185
	20.5 %	34.2 %	21.0 %
Corporate/Eliminations	424	391	486
	$ 114,019	$ 134,299	$ 169,478
	24.3 %	25.1 %	26.7 %

Fiscal 2024 compared to Fiscal 2023

Gross margin percentages for the Company have decreased 80 basis points for the year ended February 29, 2024, as compared to the year ended February 28, 2023.

Gross margins in the Automotive Electronics segment decreased 320 basis points for the year ended February 29, 2024. Margin decreases during the year ended February 29, 2024 were driven by the decline in sales of some of the Company's higher margin products within the segment, such as aftermarket security products and aftermarket rear seat entertainment products. Additionally, sales of the Company's satellite radio products contributed positively to sales during the year ended February 29, 2024, however these products generate low margins for the Automotive segment. The segment also incurred an inventory write-down of approximately $3,800 during the year ended February 29, 2024 related to inventory identified as either slow-moving or damaged in conjunction with the transition of the manufacturing of certain OEM product lines from Florida to Mexico during the fiscal year, which negatively impacted margins. As an offset to these negative margin impacts, the Company began its process of relocating the manufacturing of certain OEM automotive products to Mexico during the second half of Fiscal 2023. The Company has begun to realize improved margins on the sale of these products during the year ended February 29, 2024 as a result of the cost savings generated by this move. Sales of higher margin collision avoidance products and OEM security products also contributed positively to margins, as these sales increased for the year ended February 29, 2024 as compared to the prior year. Additionally, sales of the Company's OEM rear seat entertainment products, which have been generating lower than normal margins under its current programs as a result of contractual pricing with customers, coupled with higher supply chain costs, were down for the year ended February 29, 2024, which contributed positively to segment margins for the year.

Gross margins in the Consumer Electronics segment were relatively flat for the year ended February 29, 2024, increasing 10 basis points compared to the prior year. The increase in sales of the Company's new balcony solar power products and new hearing aid products during the year ended February 29, 2024 have had a positive impact on segment gross margins for the year. Additionally, although the Company experienced a decrease in sales of its premium home speaker products during the year ended February 29, 2024, improved pricing from vendors, favorable product mix, as well as fewer low price, low margin close-out sales of older product have helped to improve margins for these products worldwide as compared to prior year. As an offset to these positive margin impacts, the net decline in sales of the Company's Onkyo and Pioneer products domestically during the year ended February 29, 2024, due to decreased customer spending and market normalization after higher than expected sales in the prior year, have negatively affected margins for the segment. Further, as the Company has experienced competition in the market for these products, aggressive pricing strategies used by the Company to combat this factor, as well as sell excess stock, further drove down margins for the fiscal year.

Gross margins in the Biometrics segment declined for the year ended February 29, 2024, compared to the prior year. The decrease in margins was due primarily to higher obsolescence reserves and repair provisions during the year ended February 29, 2024.

Fiscal 2023 compared to Fiscal 2022

Gross margin percentages for the Company have decreased 160 basis points for the year ended February 28, 2023, as compared to the year ended February 28, 2022.

Gross margins in the Automotive Electronics segment increased 70 basis points for the year ended February 28, 2023. Several factors have contributed both positively and negatively to gross margins during the year ended February 28, 2023, including the increased cost of materials and shipping, as well as increases in tariffs included in cost of goods sold for such items as OEM rear seat entertainment and OEM automotive safety products, which the Company has been actively working to mitigate through a combination of sales price adjustments and other sourcing strategies, as such supply chain issues are expected to continue into Fiscal 2024. These mitigating actions have helped to stabilize margins for certain product lines within the segment during the year ended February 28, 2023 or have helped to reduce the negative impact of these supply chain issues, and the Company has seen a positive impact for the year. In addition to these mitigating strategies related to rising supply chain costs, the decrease in sales of satellite radio products for the year ended February 28, 2023, which typically generate lower margins for the Company, contributed positively to margins overall. The increase in sales of soundbars for club cars during the year ended February 28, 2023 have also contributed positively to margins for the year. Offsetting these positive margin impacts, certain new OEM rear seat entertainment products that began selling during the second half of Fiscal 2022, and that have positively contributed to sales during the year ended February 28, 2023, have generated lower margins than are normally achieved in this segment, and sales of aftermarket security products, which have higher profit margins than those typically achieved by the segment, have experienced sales declines during the year ended February 28, 2023. Both of these factors have contributed negatively to the segment's margins for the year ended February 28, 2023.

Gross margins in the Consumer Electronics segment decreased 250 basis points for the year ended February 28, 2023, compared to the prior year. Significant increases to container costs, increased cost of materials due to chip shortages, and surcharges affecting cost of sales for many of the products within the segment have caused declines in margins for the year ended February 28, 2023, which the Company has actively worked to mitigate through pricing adjustments and other sourcing strategies, and has effectively helped to stabilize margins for some products, or has helped to reduce the negative impact of these issues for others. These supply chain issues are expected to continue into Fiscal 2024. In addition, the Company saw declines in sales of certain premium home theater, wireless, and commercial speaker products, both domestically and in Europe, during the year ended February 28, 2023, due to a slowing of the economy, chip shortages, firmware issues, and the war in the Ukraine. As these products have typically generated higher margins for the segment, the decrease in sales negatively impacted margins for the year. Margins were also negatively impacted by decreases in sales of premium mobility products due to temporarily paused sales and the move to a direct to customer model for the year ended February 28, 2023. Finally, an increase in sales of lower margin discount channel customers in Europe during the year ended February 28, 2023, have contributed negatively to the overall segment margins for the period. Offsetting these negative margin impacts, sales of Onkyo and Pioneer related products, both domestically and internationally, positively impacted margins for the year ended February 28, 2023, as there have been higher sales and higher factory production of these products since the acquisition of certain assets of the Onkyo Home Entertainment business in September 2021 compared to sales under the Company's distribution agreement with Onkyo Home Entertainment Corp. prior to the acquisition. The Company also has more control over pricing and costing of the products since the acquisition, which has further improved these margins. Additionally, the decrease in sales of lower margin accessory products, including remotes, clocks, and reception and power products, have had a positive impact on the overall segment margins for the periods.

Gross margins in the Biometrics segment improved for the year ended February 28, 2023, compared to the prior year. The increase in margins for the year ended February 28, 2023, was a result of tooling costs and defective expenses incurred during the year ended February 28, 2022 that did not repeat in the current year, as well as due to the increase in sales for the year ended February 28, 2023.

Operating Expenses

	Fiscal 2024	Fiscal 2023	Fiscal 2022
Operating Expenses:			
Selling	$ 43,090	$ 46,967	$ 50,507
General and administrative	69,228	73,638	75,955
Engineering and technical support	29,392	31,464	31,540
Acquisition costs	—	(36)	3,552
Goodwill impairment charge	—	7,373	—
Intangible asset impairment charges	14,214	1,300	—
Restructuring expenses	2,136	870	—
Total Operating Expenses	$ 158,060	$ 161,576	$ 161,554

Fiscal 2024 compared to Fiscal 2023

The Company experienced an overall decrease in operating expenses of $3,516 for Fiscal 2024 as compared to Fiscal 2023.

For the year ended February 29, 2024, selling expenses decreased $3,877. The Company experienced a decline in employee salaries and related benefits and payroll taxes of approximately $1,200 due to headcount reductions and bonus reductions company wide. Advertising and website expenses also decreased approximately $1,200 for the year ended February 29, 2024, primarily as a result of lower sales, as well as certain product lines no longer being sold through online platforms. This was offset by an increase in advertising expense related to the Company's new hearing aid products launched during the second quarter of the fiscal year. Additionally, commission expenses decreased approximately $1,100 and credit card fees decreased approximately $300, both as a result of a decrease in the Company's sales for the year ended February 29, 2024.

General and administrative expenses decreased $4,410 during the year ended February 29, 2024, as compared to the prior year. Salary expense and related payroll taxes decreased approximately $1,600 for the year ended February 29, 2024 as a result of headcount reductions implemented by the Company during the second quarter of Fiscal 2024 and lower bonus accruals for the year ended February 29, 2024 as compared to the prior year, as well as due to Employee Retention Credits received during the year related to the COVID-19 pandemic shutdowns, which have offset the Company's payroll tax expense. Depreciation and amortization expense also decreased approximately $800 as a result of the prior year impairment of an intangible asset that has reduced the amortizable base of the Company's remaining amortizable assets, as well as due to certain assets of the Company that have become fully depreciated or amortized. Additionally, during the year ended February 29, 2024, the Company realized a gain of $700 on the sale of a tradename that was no longer in use. Legal and professional fees decreased approximately $500 for the year ended February 29, 2024 due primarily to a decrease in legal fees related to the Company's final arbitration with Seaguard, which was concluded and settled during the fiscal year, as well as due to the reduction in outside consulting services used by the Company as a result of cost-cutting measures and bringing certain work in-house during the current fiscal year. Insurance expense decreased approximately $500 for the year ended February 29, 2024 as a result of lower premiums for certain of the Company's policies. Additionally, taxes and licensing fees decreased approximately $400 primarily due to the streamlining and consolidation of certain licenses for redundant software and services in order to achieve savings. Finally, office expenses decreased approximately $300 during the year ended February 29, 2024 due to cost-cutting measures implemented by the Company in order to achieve savings. As an offset to these declines, the Company saw an increase in bad debt expense of approximately $400 for the year ended February 29, 2024 due to releases made in the prior year that did not repeat, and travel expense increased approximately $300 due to the continued lifting of travel restrictions world-wide that has allowed business travel to resume.

Engineering and technical support expenses decreased $2,072 for the year ended February 29, 2024, as compared to the prior year. Research and development expense decreased approximately $1,200 as a result of a reduction in the use of outside labor and the timing of the commencement and completion of projects, as well as due to customer reimbursements and cost cutting measures that have resulted in the delay of certain projects. Salary expense and related payroll taxes and benefits decreased approximately $1,100 for the year ended February 29, 2024 as a result of headcount reductions implemented by the Company during the second quarter of Fiscal 2024, as well as due to

Employee Retention Credits received during the year related to the COVID-19 pandemic shutdowns and R&D tax credits, which have offset the Company's payroll tax expense. This was offset by an increase in travel expense of approximately $200 due to an increase in international travel to vendors during the year ended February 29, 2024.

In connection with its annual impairment test performed as of the last day of the fourth quarter of Fiscal 2024, the Company determined that four of its trademarks in the Consumer Electronics segment were impaired. The impairments were the result of increased competition and reductions in projected profit margins and volumes from customers. As a result, impairment charges of $14,214 were recorded Intangible assets for the year ended February 28, 2024. For the year ended February 28, 2023, the Company determined that the goodwill of one of its reporting units, as well of one of its trademarks in the Automotive Electronics segment, was impaired. Both impairments were the result of reductions in projected volumes from OEM customers. As a result, impairment charges of $7,373 and $1,300 were recorded to Goodwill and Intangible assets, respectively, for the year ended February 28, 2023.

During the year ended February 29, 2024, restructuring costs were primarily comprised of severance expense related to Company-wide headcount reductions initiated during the second quarter of Fiscal 2024, as well as expenses related to the relocation of certain OEM production operations from Florida to Mexico. During the year ended February 28, 2023, restructuring expenses represented costs related to the relocation of certain OEM production operations from Florida to Mexico.

Fiscal 2023 compared to Fiscal 2022

The Company's operating expenses were relatively flat for Fiscal 2023 as compared to Fiscal 2022, increasing slightly by $22, primarily as a result of impairment charges incurred during the year ended February 28, 2023.

For the year ended February 28, 2023, selling expenses decreased $3,540. The Company experienced a decrease in commission expense of approximately $3,400 for the year ended February 28, 2023, as a result of a decrease in the Company's sales as compared to the year ended February 28, 2022. Salaries and related payroll taxes and benefits for sales employees also decreased approximately $800 due to headcount reductions and bonus reductions company-wide, as well as salary reductions in Europe, as the Company's German subsidiaries began a shortened work week during the third quarter of Fiscal 2023 as a cost cutting measure. Additionally, the Company experienced a decrease in credit card fees of approximately $500 for the year ended February 28, 2023, as a result of the decrease in Company sales, and web expenses decreased approximately $300 as a result of the decrease in online sales and traffic, which resulted in lower platform fees. Offsetting these decreases in selling expenses, the Company incurred higher trade show expenses of approximately $900 for the year ended February 28, 2023, as the Company returned to in person attendance at several trade shows throughout the year that it had attended either virtually or was absent from in the previous year due to the COVID-19 pandemic and related restrictions. Travel expenses for the year ended February 28, 2023 also increased approximately $500 due to the lifting of the Company’s COVID-19 related restrictions in Fiscal 2023, which has allowed salespeople to begin traveling to customer sites again, but has been offset by cost cutting measures implemented by the Company in the second half of the fiscal year.

General and administrative expenses decreased $2,317 during the year ended February 28, 2023, as compared to the prior year. The Company experienced a decrease in salary and related payroll and benefits expense of approximately $3,000 for the year ended February 28, 2023, due to a reduction in bonus accruals resulting from lower Company profitability as compared to the prior year period, as well as due to cost cutting measures. There was also a net decrease in legal and professional fees of approximately $500 for the year ended February 28, 2023, due to a decrease in certain fees incurred in the prior year related to the Company's distribution agreement with GalvanEyes LLC, offset by current year fees related to the Company's new Onkyo subsidiary established in September 2021. Additionally, there was a decrease in bad debt expense of approximately $400 as a result of greater reserve releases as compared to the prior year. As an offset to these decreases in general and administrative expense, depreciation and amortization expense increased approximately $700 for the year ended February 28, 2023, due to the amortization of intangible assets of the Company’s new Onkyo subsidiary, which was only present during the second half of Fiscal 2022. Additionally, the Company experienced an increase in insurance expense of approximately $600 for the year ended February 28, 2023, related to an overall increase in insurance policy premiums as compared to the prior year, as well as due to the addition of the Company's Onkyo subsidiary. Finally, occupancy expenses increased approximately $400 for the year ended February 28, 2023 due to expenses related to the Company's Onkyo subsidiary, as well as the return to normal operations following COVID-19 restrictions.

Engineering and technical support expenses were relatively flat for the year ended February 28, 2023, as compared to the prior year, decreasing $76. The Company experienced a net decrease in research and development expense of approximately $2,700 for the year ended February 28, 2023. This was a result of headcount reductions in the Biometric segment that took place at the end of Fiscal 2022 that have resulted in lower research and development activity for that segment for the year, higher reimbursements of R&D expense as compared to the prior year, as well as lower development expense in the Automotive Electronics segment due to the timing of the completion of certain projects and the start of others. This was offset by the Company’s product development projects related to its new Onkyo subsidiary within its Consumer Electronics segment. Offsetting these increases, the Company experienced an increase in direct labor expense, which includes salary, benefits, and payroll taxes, of approximately $2,500 for the year ended February 28, 2023, primarily as a result of additional headcount created by the September 2021 acquisition resulting in the establishment of the Company’s Onkyo subsidiary.

Acquisition costs decreased $3,588 for the year ended February 28, 2023, as compared to the prior year. During both of the years ended February 28, 2023, and February 28, 2022, acquisition costs incurred were related to consulting and due diligence fees for the asset purchase agreement signed with Onkyo Home Entertainment Corporation and the joint venture created with Sharp Corporation to complete the transaction. This transaction was completed on September 8, 2021. During the year ended February 28, 2023, the Company also released accruals related to remaining acquisition costs for this transaction, resulting in a net credit of $36.

In connection with its annual impairment test performed as of the last day of the fourth quarter of Fiscal 2023, the Company determined that the goodwill of one of its reporting units, as well of one of its trademarks in the Automotive Electronics segment, was impaired. Both impairments were the result of reductions in projected volumes from OEM customers. As a result, impairment charges of $7,373 and $1,300 were recorded to Goodwill and Intangible assets, respectively, for the year ended February 28, 2023.

Restructuring expenses totaled $870 for the year ended February 28, 2023, representing the relocation of certain OEM production operations from Florida to Mexico, which began during the second quarter of Fiscal 2023, and consisted primarily of severance expense and moving costs.

Other (Expense)Income

	Fiscal 2024	Fiscal 2023	Fiscal 2022
Interest and bank charges	$ (6,935)	$ (4,643)	$ (2,532)
Equity in income of equity investee	4,916	6,969	7,890
Final arbitration award	763	(3,944)	(39,444)
Other, net	(2,080)	(2,055)	323
Total other (expense) income	$ (3,336)	$ (3,673)	$ (33,763)

Fiscal 2024 compared to Fiscal 2023

Interest and bank charges represent interest expense and fees related to the Company's bank obligations, supply chain financing and factoring agreements, interest related to finance leases, and amortization of debt issuance costs. The increase in interest and bank charges for the year ended February 29, 2024 is primarily related to the Company's Wells Fargo Credit Facility, which had a higher outstanding balance during the year ended February 29, 2024, as compared to the prior year.

Equity in income of equity investee represents the Company's share of income from its 50% non-controlling ownership interest in ASA Electronics LLC and Subsidiaries ("ASA"). The decrease in income for the year ended February 29, 2024, as compared to the year ended February 28, 2023 is due to a decrease in ASA's net income primarily related to a decline revenue as a result of current economic conditions.

During the year ended February 28, 2022, the Company recorded a charge of $39,444 related to an unfavorable interim arbitration settlement award relating to a breach of contract claim brought against the Company by Seaguard Electronics LLC for a contractual arrangement entered in 2007 for the purchase of products and back-end services. During the year ended February 28, 2023, the Company recorded additional charges totaling of $3,944, representing interest due on the award when paid, as well as a patent settlement and certain legal fees reimbursable to Seaguard.

During the year ended February 29, 2024, the Company recorded a net credit to Other (expense) income of $763, representing charges for interest due on the award when paid, offset by the reversal of previous charges accrued as a result of the final settlement, which was paid during the fourth quarter of Fiscal 2024.

Other, net includes net foreign currency gains or losses, interest income, rental income, and other miscellaneous income and expense. Other, net, for the year ended February 29, 2024 consists primarily of net foreign currency losses totaling $3,232 as compared to net foreign currency losses totaling $3,674 for the year ended February 28, 2023. These losses have been driven by declines in the Japanese Yen, which impacted the remeasurement of the Company's Onkyo subsidiary intercompany loans and interest payable, which are not of a long-term investment nature, as well as other intercompany transactions and the settlement of a contingent consideration balance during Fiscal 2024. The total foreign currency loss attributable to these measurements for the years ended February 29, 2024 and February 28, 2023 were $2,795 and $3,267, respectively.

Fiscal 2023 compared to Fiscal 2022

Interest and bank charges represent interest expense and fees related to the Company's bank obligations, supply chain financing and factoring agreements, interest related to finance leases, and amortization of debt issuance costs. The Company borrowed funds from the Wells Fargo Credit Facility for operating purposes during the year ended February 28, 2023. This resulted in an increase in interest expense incurred as compared to the prior year in which the Company did not borrow funds from the Credit Facility. Additionally, the Company’s new Onkyo subsidiary entered into a shareholder loan payable to the Company’s joint venture partner, Sharp, during the third quarter of Fiscal 2022, for which interest expense was incurred during the entire year ended February 28, 2023. This shareholder loan was only outstanding during the second half of Fiscal 2022.

Equity in income of equity investee represents the Company's share of income from its 50% non-controlling ownership interest in ASA Electronics LLC and Subsidiaries ("ASA"). The decrease in income for the year ended February 29, 2024, as compared to the year ended February 28, 2023 is due to a decrease in ASA's revenue, gross profit, and net income primarily resulting from supply shortages and an increase in supply chain and logistics costs impacting all industries.

During the year ended February 28, 2022, the Company recorded a charge of $39,444 related to an unfavorable interim arbitration settlement award relating to a breach of contract claim brought against the Company by Seaguard Electronics LLC for a contractual arrangement entered in 2007 for the purchase of products and back-end services. During the year ended February 28, 2023, the Company recorded additional charges totaling of $3,944, which represents interest due on the award when paid, if confirmed and not vacated by the U.S. District Court or appellate court.

Other, net includes net foreign currency gains or losses, interest income, rental income, and other miscellaneous income and expense. Other, net, for the year ended February 28, 2023 consists primarily of net foreign currency losses totaling $3,674 as compared to net foreign currency losses totaling $635 for the year ended February 28, 2022. These losses were driven by declines in the Japanese Yen, which impacted the remeasurement of the Company's Onkyo subsidiary intercompany loans and interest payable, which are not of a long-term investment nature. The total foreign currency loss attributable to these remeasurements for the year ended February 28, 2023 was $3,267.

<u>*Income Tax Provision*</u>

On October 8, 2021, the Organization for Economic Co-operation and Development (“OECD”) released a statement on the OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting, which agreed to a two-pillar solution to address tax challenges of the digital economy. On December 20, 2021, the OECD released Pillar Two model rules defining a 15% global minimum tax rate for large multinational corporations (the “Pillar Two Framework”). The OECD continues to release additional guidance and countries are implementing legislation with widespread adoption of the Pillar Two Framework expected by 2024. The Company is continuing to evaluate the Pillar Two Framework and its potential impact on future periods, including any legislation enacted in the jurisdictions in which the Company operates.

In August 2022, the Inflation Reduction Act (“IRA”) and CHIPS and Science Act (“CHIPS Act”) were both enacted. This new legislation includes the implementation of a new corporate alternative minimum tax, an excise tax on stock buybacks, and tax incentives for energy and climate initiatives, among other provisions. The income tax provisions of the IRA or the CHIPS Act had limited applicability to the Company and did not have a material impact on the Company’s consolidated financial statements.

During Fiscal 2024, the Company recorded an income tax benefit of $1,785 related to federal, state, and foreign taxes. The Company's effective tax rate of 3.8% differs from the statutory rate of 21% primarily related to (i) changes in the valuation allowance; (ii) permanent differences, including the non-controlling interest; (iii) research and development credits; (iv) state and local taxes, and (v) the expiration of capital loss carryforwards. As of February 29, 2024, the Company continued to maintain a valuation allowance against certain U.S. and foreign deferred tax assets as the Company could not conclude that such assets will be realized on a more-likely-than-not basis. Any reduction in the valuation allowance could have a favorable impact on our income tax provision and net income in the period in which such determination is made.

During Fiscal 2023, the Company recorded an income tax benefit of $39 related to federal, state, and foreign taxes. The Company's effective tax rate of 0.1% differs from the statutory rate of 21% primarily related to (i) changes in the valuation allowance; (ii) permanent differences, including the non-controlling interest; (iii) research and development credits; and (iv) state and local taxes.

EBITDA and Adjusted EBITDA

EBITDA and Adjusted EBITDA are not financial measures recognized by GAAP. EBITDA represents net 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, foreign currency losses and gains, gains on the sale of certain assets, acquisition costs, certain non-recurring legal and professional fees, settlements and awards, non-recurring severance expense, restructuring expenses, and impairment charges. Depreciation, amortization, stock-based compensation, foreign currency losses (gains), and impairment charges are non-cash items.

We present EBITDA and Adjusted EBITDA in this 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.

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

	Fiscal 2024	Fiscal 2023	Fiscal 2022
Net loss attributable to VOXX International Corporation	$ (40,850)	$ (27,451)	$ (22,333)
Adjustments:			
Interest expense and bank charges (1)	6,118	3,847	1,825
Depreciation and amortization (1)	11,855	12,451	12,053
Income tax (benefit) expense (1)	(1,785)	(21)	1,626
EBITDA	(24,662)	(11,174)	(6,829)
Adjustments:			
Stock-based compensation	798	609	907
Foreign currency losses (1)	3,133	3,615	635
Acquisition costs	—	(36)	3,552
Non-routine legal fees	1,584	2,452	1,912
Final arbitration award	(763)	3,944	39,444
Severance expense (2)	863	864	-
Gain on sale of tradenames	(700)	(97)	-
Professional fees related to distribution agreement with GalvanEyes LLC	-	-	325
Restructuring expenses	2,136	870	-
Goodwill impairment charge	—	7,373	-
Intangible asset impairment charges	14,214	1,300	-
Adjusted EBITDA	$ (3,397)	$ 9,720	$ 39,946

(1) For purposes of calculating Adjusted EBITDA for the Company, interest expense and bank charges, depreciation and amortization, income tax expense (benefit), and foreign currency losses added back to Net loss attributable to VOXX International Corporation have been adjusted in order to exclude the minority interest portion of these expenses attributable to EyeLock LLC and Onkyo, as applicable.

(2) Includes severance expenses for employee terminations resulting from non-recurring events, such as the departure of Section 16(b) officers and certain other executive officers of the Company.

Liquidity and Capital Resources

Cash Flows, Commitments and Obligations

As of February 29, 2024, we had working capital of $138,885 which includes cash and cash equivalents of $10,986 compared with working capital of $131,634 at February 28, 2023, which included cash and cash equivalents of $6,134. We plan to utilize our current cash position as well as collections from accounts receivable, the cash generated from our operations, when applicable, and the income on our investments to fund the current operations of the business. However, we may utilize all or a portion of current capital resources to pursue other business opportunities, including acquisitions, or to further pay down our debt. The following table summarizes our cash flow activity for all periods presented:

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Cash (used in) provided by:			
Operating activities	$ (20,523)	$ (38,208)	$ (2,960)
Investing activities	(1,998)	(3,556)	(34,308)
Financing activities	24,700	16,409	5,285
Effect of exchange rate changes on cash	2,673	3,701	367
Net increase (decrease) in cash and cash equivalents	$ 4,852	$ (21,654)	$ (31,616)

Net cash used in/provided by operating activities:

Operating activities used cash of $20,523 for Fiscal 2024, due to the payment of the final arbitration award, the settlement of the contingent consideration obligation related to Onkyo, and decreases in accrued expenses and other liabilities and accrued sales incentives, as well as due to decreases in Company sales and losses incurred by EyeLock LLC. This was offset primarily by decreases in inventory and accounts receivable.

During Fiscal 2023, operating activities used cash of $38,208 due to the decreases in accounts payable, accrued expenses and other liabilities, and accrued sales incentives, as well as due to sales decreases and losses incurred by EyeLock LLC. This was offset primarily by the decrease in accounts receivable.

During Fiscal 2022, operating activities used cash of $2,960 due to the increase in inventory, as well as due to losses incurred by EyeLock LLC. This was offset primarily by the increase in accounts payable, accrued expenses and current liabilities (resulting from the interim arbitration award), and accrued sales incentives, as well as sales increases.

Net cash used in/provided by investing activities:

Investing activities used cash of $1,998 during Fiscal 2024, primarily due to capital additions made by the Company. This was offset by proceeds received for the sale of an intangible asset.

Investing activities used cash of $3,556 during Fiscal 2023, primarily due to capital additions made by the Company.

Investing activities used cash of $34,308 during Fiscal 2022, primarily due to the acquisition of certain assets of the home audio/video business of Onkyo Home Entertainment Corporation, as well as capital expenditures.

Net cash used in/provided by financing activities:

Financing activities provided cash of $24,700 during Fiscal 2024 due to borrowings from the Company's Credit Facility. This was offset by repayments of borrowings from the Credit Facility, the purchase of treasury shares, and repayments of finance leases and the Florida mortgage.

During Fiscal 2023, financing activities provided cash of $16,409, due to borrowings from the Credit Facility. This was offset by repayments of borrowings from the Company's Credit Facility and Euro asset-based loan in Germany, the settlement of market stock unit awards and restricted stock units awards in cash, the purchase of treasury shares, and the payment of withholding taxes on the net issuance of a stock award, as well as repayments of finance leases and the Florida mortgage.

During Fiscal 2022, financing activities provided cash of $5,285, due to proceeds received from the issuance of shares and long-term debt to the non-controlling interest of the Company’s Onkyo joint venture, as well as borrowings under the Company’s Euro asset-based loan in Germany. This was offset by repayments of bank debt and finance leases, the purchase of treasury shares, the payment of withholding taxes on the net issuance of a stock award, and the payment of deferred finance fees related to the amendment of the Credit Facility in April 2021.

The Company has a senior secured credit facility (the "Credit Facility") that provides for a revolving credit facility with committed availability of up to $165,000. The Credit Facility also includes a $50,000 sublimit for letters of credit and a $15,000 sublimit for Swing Loans. The availability under the revolving credit line within the Credit Facility is subject to a borrowing base, which is based on eligible accounts receivable, eligible inventory, certain real estate, and certain intellectual property, subject to reserves as determined by the lender, and is also limited by amounts outstanding under the Florida Mortgage (see Note 7(b)). The availability under the revolving credit line of the Credit Facility was $55,346 as of February 29, 2024.

All amounts outstanding under the Credit Facility will mature and become due on April 19, 2026; however, it is subject to acceleration upon the occurrence of an Event of Default (as defined in the Credit Agreement). The Company may prepay any amounts outstanding at any time. The commitments under the Credit Facility may be irrevocably reduced at any time, without premium or penalty, as set forth in the Credit Facility.

Generally, the Company may designate specific borrowings under the Credit Facility as either Base Rate Loans or SOFR Loans, except that Swing Loans may only be designated as Base Rate Loans. Loans under the Credit Facility designated as SOFR Loans shall bear interest at a rate equal to the then-applicable SOFR Rate plus a range of 1.75% - 2.25%. Loans under the Credit Facility designated as Base Rate Loans shall bear interest at a rate equal to the applicable margin for Base Rate Loans of 0.75% - 1.25%, as defined in the Credit Facility.

Provided that the Company is in a Compliance Period (the period commencing on that day in which Excess Availability is less than 15% of the Maximum Revolver Amount and ending on a day in which Excess Availability is equal to or greater than 15% for any consecutive 30-day period thereafter), the Credit Facility requires compliance with a financial covenant calculated as of the last day of each month, consisting of a Fixed Charge Coverage Ratio. The Credit Facility also contains covenants, subject to defined carveouts, that limit the ability of the loan parties and certain of their subsidiaries which are not loan parties to, among other things: (i) incur additional indebtedness; (ii) incur liens; (iii) merge, consolidate or dispose of a substantial portion of their business; (iv) transfer or dispose of assets; (v) change their name, organizational identification number, state or province of organization or organizational identity; (vi) make any material change in their nature of business; (vii) prepay or otherwise acquire indebtedness; (viii) cause any Change of Control; (ix) make any Restricted Junior Payment; (x) change their fiscal year or method of accounting; (xi) make advances, loans or investments; (xii) enter into or permit any transaction with an Affiliate of any Borrower or any of their Subsidiaries; (xiii) use proceeds for certain items; (xiv) issue or sell any of their stock; or (xv) consign or sell any of their inventory on certain terms. In addition, if excess availability under the Credit Facility were to fall below certain specified levels, as defined in the agreement, the lenders would have the right to assume dominion and control over the Company's cash. As of February 29, 2024, the Company was not in a Compliance Period.

The obligations under the Credit Facility are secured by a general lien on and security interest in substantially all of the assets of the borrowers and certain of the guarantors, including accounts receivable, equipment, real estate, general intangibles, and inventory. The Company has guaranteed the obligations of the borrowers under the Credit Facility.

The Company has a Euro asset-based loan facility in Germany with a credit limit of €8,000 that expires on October 31, 2024. The Company's subsidiaries Voxx German Holdings GmbH, Oehlbach Kabel GmbH, and Schwaiger GmbH are authorized to borrow funds under this facility for working capital purposes.

The Company also utilizes supply chain financing arrangements and factoring agreements from time to time as a component of its financing for working capital, which accelerates receivable collection and helps to better manage cash flow. Under these agreements, the Company has agreed from time to time to sell certain of its accounts receivable balances to banking institutions who have agreed to advance amounts equal to the net accounts receivable balances due, less a discount as set forth in the respective agreements (see Note 1(h)). The balances under these agreements are accounted for as sales of accounts receivable, as they are sold without recourse. Cash proceeds from these agreements are reflected as operating activities included in the change in accounts receivable in the Company's Consolidated Statements of Cash Flows. Fees incurred in connection with the agreements are recorded as interest expense by the Company.

As noted elsewhere in this report, we expect that certain macroeconomic factors, including recessions; interest rates; fuel prices; inflation; foreign currency fluctuations; international tariffs; social, political, and economic risks; international health emergencies, epidemics, or pandemics; and acts of war or terrorism, may have an adverse effect on our business. We have proactively taken steps to increase available cash including, but not limited to, utilizing existing supply chain financing agreements and amending our Credit Facility in February 2023 and April 2021 in order to both extend the maturity date of the facility and increase our borrowing capacity.

Material Cash Requirements

The following table summarizes our future material cash requirements from contractual or other obligations at February 29, 2024:

	Amount of Commitment Expiration per Period				
Contractual Cash Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Finance lease obligations (1)	$ 993	$ 349	$ 470	$ 174	$ —
Operating lease obligations (1)	2,666	782	921	446	517
Total contractual cash obligations	$ 3,659	$ 1,131	$ 1,391	$ 620	$ 517
Other Commitments					
Bank obligations (2)	$ 63,843	$ —	$ 63,843	$ —	$ —
Stand-by letters of credit (3)	37	37	—	—	—
Other (4)	9,428	500	5,115	—	3,813
Unconditional purchase obligations (5)	62,458	62,458	—	—	—
Total other commitments	$ 135,766	$ 62,995	$ 68,958	$ —	$ 3,813
Total Commitments	$ 139,425	$ 64,126	$ 70,349	$ 620	$ 4,330

(1) Represents total principal payments due under finance and operating lease obligations. Total current balances (included in other current liabilities) due under finance and operating leases are $349 and $782, respectively, at February 29, 2024. Total long-term balances due under finance and operating leases are $644 and $1,884, respectively at February 29, 2024.

(2) Represents amounts outstanding under the Company's domestic Credit Facility and the VOXX Germany asset-based lending facilities at February 29, 2024.

(3) We issue standby letters of credit to secure certain purchases and insurance requirements. These letters of credit are issued during the ordinary course of business through major domestic banks as requested by certain suppliers.

(4) This amount represents the outstanding balance of the mortgage for our executive offices and manufacturing facility in Florida and the shareholder loan payable to Sharp at February 29, 2024.

(5) Open purchase obligations represent inventory commitments. These obligations are not recorded in the consolidated financial statements until commitments are fulfilled and such obligations are subject to change based on negotiations with manufacturers.

We regularly review our cash funding requirements and attempt to meet those requirements through a combination of cash on hand, cash provided by operations, available borrowings under bank lines of credit and possible future public or private debt and/or equity offerings. At times, we evaluate possible acquisitions of, or investments in, businesses that are complementary to ours, which transactions may require the use of cash. We believe that our cash, other liquid assets, operating cash flows, credit arrangements, and access to equity capital markets, taken together, provides adequate resources to fund ongoing operating expenditures for the next twelve months, including the intercompany loan funding we provide to our majority owned subsidiary, EyeLock LLC. In the event that they do not, we may require additional funds in the future to support our working capital requirements, or for other purposes, and may seek to raise such additional funds through the sale of public or private equity and/or debt financings, as well as from other sources. No assurance can be given that additional financing will be available in the future or that if available, such financing will be obtainable on terms favorable when required.

Impact of Inflation and Currency Fluctuation

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we have experienced significant levels of inflation during the years ended February 29, 2024, February 28, 2023, and February 28, 2022, resulting in part from various supply chain disruptions, the global chip shortage, increased shipping and transportation costs, increased product costs, increased labor costs in the supply chain, and other disruptions caused by the COVID-19 pandemic and the uncertain economic environment. The Company has been actively working to mitigate these factors through a combination of sales price adjustments, cost controls, more efficient logistics practices, and other sourcing strategies, as such issues are expected to continue into Fiscal 2025. Inflation may also affect the borrowing needs of consumers and of the Company's customers, thereby impacting the growth rate of the Company's assets, and may affect the general level of interest rates, which can have a direct bearing on the Company. Severe increases in inflation could affect the global and U.S. economies and could have an adverse impact on our business, financial condition, and results of operations. Discussion of the impact of foreign currency fluctuations is included in Item 7A.

In accordance with the guidelines in ASC 830, Venezuela is designated as a hyper-inflationary economy. A hyper-inflationary economy designation occurs when a country has experienced cumulative inflation of approximately 100 percent or more over a 3-year period. The hyper-inflationary designation requires our local subsidiary in Venezuela to record all transactions as if they were denominated in U.S. dollars. Net currency exchange gains (losses) were not material for the years ended February 29, 2024, February 28, 2023, and February 28, 2022. All currency exchange gains and losses are included in Other (Expense) Income on the Consolidated Statements of Operations and Comprehensive Loss. The Company also has certain U. S. dollar denominated assets and liabilities in its Venezuelan subsidiary, including our U.S. dollar denominated intercompany debt, which has been subject to currency fluctuations associated with the devaluation of the Sovereign Bolivar, as well as certain long-lived assets, which are held for investment purposes. The long-lived assets had no value as of February 29, 2024.

Seasonality

We typically experience seasonality in our operations. Our consumer electronics business is significantly impacted by the holiday season, as we generally sell a substantial amount of our products during September, October, and November due to increased promotional and advertising activities during the holiday season.

Related Party Transactions

On April 29, 2021, EyeLock LLC entered into a three-year exclusive distribution agreement (“the Agreement”) with GalvanEyes Partners LLC ("GalvanEyes"), a Florida LLC, managed by Beat Kahli, a significant shareholder of Voxx. The Agreement was included in the Company’s Proxy Statement filed on June 17, 2021 and was approved by the Company’s shareholders at the Annual Meeting of Shareholders held on July 29, 2021. See Note 3 of the Notes to the Consolidated Financial Statement of this Annual Report on Form 10-K.

On March 1, 2024, EyeLock LLC entered into a joint venture agreement with GalvanEyes to form the entity BioCenturion LLC. The joint venture will operate its biometrics business. Each of the members has agreed to contribute selected assets and liabilities to the joint venture, with GalvanEyes controlling the day-to-day operations of the joint venture. All working capital needs and the funding of the joint venture shall be borne by GalvanEyes for the first two years. Beat Kahli will serve as Chairman of the Board and Chief Executive Officer of BioCenturion LLC. In conjunction with the formation of the joint venture, the distribution agreement between EyeLock LLC and GalvanEyes was terminated, and a promissory note was signed by GalvanEyes for the repayment of the remaining quarterly installments due at February 29, 2024. The balance, with an interest rate of 8%, will be paid in eight quarterly installments beginning May 31, 2024 through February 28, 2026.

From March 1, 2023 through February 29, 2024, Beat Kahli served as President of VOXX International Corporation. On March 1, 2024, he resigned as President, but continues to serve as Co-Vice Chairman of the Board of VOXX International Corporation.

Recent Accounting Pronouncements

We are required to adopt certain new accounting pronouncements. See Note 1(w) of the Notes to the Consolidated Financial Statements of this Annual Report on Form 10-K.

Item 7A-Quantitative and Qualitative Disclosures about Market Risk

The market risk inherent in our financial instruments and positions is the potential loss arising from adverse changes in marketable equity security prices, interest rates and foreign currency exchange rates.

Marketable Securities

Marketable securities at February 29, 2024, which are related to the Company's deferred compensation plan, are recorded at fair value of $828 and have exposure to price fluctuations. This risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices quoted by stock exchanges and amounts to $83 as of February 29, 2024. Actual results may differ.

Interest Rate Risk

Our earnings and cash flows are subject to fluctuations due to changes in interest rates on investments of available cash balances in money market funds and investment grade corporate and U.S. government securities. In addition, our bank loans expose us to changes in short-term interest rates since interest rates on the underlying obligations are either variable or fixed. We have variable rate indebtedness related to our Credit Facility and Euro asset-based lending facility in Germany. Our results of operations, cash flows and financial condition could be materially adversely affected by significant increases in interest rates to the extent that we have balances outstanding under these variable rate loans. At February 29, 2024, the balance outstanding on the Credit Facility was $63,843 and there was no balance outstanding related to the German asset-based lending facility (see Note 7). In connection with our Florida Mortgage, we have debt outstanding in the amount of $5,615 at February 29, 2024. Interest on the Florida Mortgage is charged at 79% of the applicable SOFR rate plus 1.87%. We have an interest rate swap for the Florida Mortgage with a notional amount of $5,615 at February 29, 2024, which locks the interest rate at 3.43% (inclusive of credit spread) through the mortgage end date of March 2026.

Foreign Exchange Risk

Voxx conducts business in various non-U.S. countries including Germany, Canada, China, Hong Kong, Mexico, Denmark, the Netherlands, France, Australia, and Japan and thus is exposed to market risk for changes in foreign currency exchange rates. As a result, we have exposure to various foreign currency exchange rate fluctuations for revenues generated by our operations outside of the U.S., which can adversely impact our net income and cash flows. A hypothetical 10% adverse change in the foreign currency rates for our international operations would have resulted in a negative impact on sales and net loss of approximately $10,600 and $2, respectively, for the year ended February 29, 2024.

While the prices we pay for products purchased from our suppliers are principally denominated in United States dollars, price negotiations depend in part on the foreign currency of foreign manufacturers, as well as market, trade, and political factors. The Company also has exposure related to transactions in which the currency collected from customers is different from the currency utilized to purchase the product sold in its foreign operations, and U. S. dollar denominated purchases in its foreign subsidiaries. One of the Company's Euro subsidiaries enters forward contracts to hedge certain U.S. dollar transactions. The Company minimizes the risk of nonperformance on the forward contracts by transacting with major financial institutions. On February 29, 2024, the Company had outstanding forward foreign currency contracts designated for hedge accounting. During the year-ended February 29, 2024, the Company entered foreign currency options that were not designated for hedge accounting and are no longer outstanding at February 29, 2024 (see Note 1(e) of the Notes to Consolidated Financial Statements). As of February 29, 2024, unrealized gains of $121 were recorded in other comprehensive income associated with these contracts. The Company did not enter into any new contracts in Fiscal 2023 and there were no foreign currency hedge contracts outstanding at February 28, 2023.

We are also subject to risk from changes in foreign currency exchange rates from the translation of financial statements of our foreign subsidiaries and for long-term intercompany loans with foreign subsidiaries. These changes result in cumulative translation adjustments, which are included in accumulated other comprehensive (loss) income. At February 29, 2024, we had translation exposure to various foreign currencies with the most significant being the Euro, Japanese Yen, Canadian Dollar, and Mexican Peso. A hypothetical 10% adverse change in the foreign currency exchange rates would result in a negative impact of $21 on Other comprehensive (loss) income for the year ended February 29, 2024.

Item 8-Consolidated Financial Statements and Supplementary Data

The information required by this item begins on the following page of this Annual Report on Form 10-K and is incorporated herein by reference.

Item 9-Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A-Controls and Procedures

Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures that are designed to ensure that information required to be disclosed in the reports that the Company files or submits under the Securities and Exchange Act is recorded, processed, summarized, and reported within the time periods specified in accordance with the SEC's rules and regulations, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required financial disclosures.

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Securities and Exchange Act Rule 13a-15. Based upon this evaluation as of February 29, 2024, the Chief Executive Officer and Chief Financial Officer concluded that the Company’s disclosure controls and procedures were deemed to be effective and adequately designed.

Management's Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as such term is defined in the Securities and Exchange Act Rules 13a-15(f) and 15d-15(f). The Company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles and includes those policies and procedures that:

- Pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company;
- Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision, and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the Company’s internal control over financial reporting as of February 29, 2024 based on the framework set forth by the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "2013 COSO Framework"). Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of February 29, 2024, based on the criteria established in the 2013 COSO Framework.

The certifications of the Company’s Chief Executive Officer and Chief Financial Officer included in Exhibits 31.1 and 31.2 to this Annual Report on Form 10-K includes, in paragraph 4 of such certifications, information concerning the Company’s disclosure controls and procedures and internal control over financial reporting. Such certifications should be read in conjunction with the information contained in this Item 9A. Controls and Procedures for a more complete understanding of the matters covered by such certifications.

The effectiveness of the Company’s internal control over financial reporting as of February 29, 2024 has been audited by Grant Thornton LLP, an independent registered public accounting firm who also audited the Company’s Consolidated Financial Statements. Grant Thornton LLP’s report on the effectiveness of the Company’s internal control over financial reporting is included below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
VOXX International Corporation

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of VOXX International Corporation (a Delaware corporation) and subsidiaries (the "Company") as of February 29, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 29, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended February 29, 2024, and our report dated May 14, 2024 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Melville, New York
May 14, 2024

Changes in Internal Control Over Financial Reporting

There were no material changes in our internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the most recently completed fiscal fourth quarter ended February 29, 2024 covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B - Other Information

Not Applicable

Item 9C – Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable

PART III

The information required by Item 10 (Directors, Executive Officers and Corporate Governance), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters), Item 13 (Certain Relationships and Related Transactions, and Director Independence) and Item 14 (Principal Accountant Fees and Services) of Form 10-K, will be included in our Proxy Statement for the Annual Meeting of Stockholders, which will be filed on or before June 10, 2024, and such information is incorporated herein by reference.

PART IV

Item 15-Exhibits and Financial Statement Schedules

(1 and 2) Financial Statements and Financial Statement Schedules. See Index to Consolidated Financial Statements attached hereto.

(3) Exhibits. A list of exhibits is included subsequent to Schedule II on page S-1.

VOXX INTERNATIONAL CORPORATION
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
VOXX International Corporation

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of VOXX International Corporation (a Delaware corporation) and subsidiaries (the “Company”) as of February 29, 2024 and February 28, 2023, the related consolidated statements of operations and comprehensive loss, stockholders’ equity, and cash flows for each of the three years in the period ended February 29, 2024, and the related notes and financial statement schedule included under Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 29, 2024 and February 28, 2023, and the results of its operations and its cash flows for each of the three years in the period ended February 29, 2024, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of February 29, 2024, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated May 14, 2024 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

Critical audit matter

The critical audit matter communicated below is a matter arising from the current period audit of the financial statements that was communicated or required to be communicated to the audit committee and that: (1) relates to accounts or disclosures that are material to the financial statements and (2) involved our especially challenging, subjective, or complex judgments. The communication of critical audit matters does not alter in any way our opinion on the financial statements, taken as a whole, and we are not, by communicating the critical audit matter below, providing a separate opinion on the critical audit matter or on the accounts or disclosures to which it relates.

Goodwill Impairment Assessment – Klipsch and Onkyo Reporting Units

As described further in Note 1 to the financial statements, goodwill is tested annually for impairment on the last day of the Company’s fiscal year, and at any time upon the occurrence of certain events or changes in circumstances. We identified the impairment assessment of the Klipsch and Onkyo reporting units as a critical audit matter.

The principal consideration for our determination that the impairment assessment of the Klipsch and Onkyo reporting units is a critical audit matter is that the determination of the reporting units’ fair value requires management to develop and use inputs and assumptions that are subjective and involve significant judgment. Such inputs and assumptions include projections of the reporting units’ future cash flows, and discount rates applied on those future cash flows.

Changes in these inputs and assumptions could materially affect the reporting units' fair value, which may result in an impairment charge. Evaluating the reasonableness of these inputs and assumptions require significant auditor judgment.

Our audit procedures related to the impairment assessment of the Klipsch and Onkyo reporting units included the following, among others:

- We tested the design and operating effectiveness of management's controls around the impairment assessment, including management's review of the inputs and assumptions used.
- We evaluated the reasonableness of the inputs and assumptions used in the projection of the reporting units' future cash flows, such as revenue growth rates, operating margins, and terminal values by comparing them to historical results, and industry and economic trends.
- With the assistance of valuation professionals with specialized skills and knowledge, we assessed the reasonableness of the discount rates and valuation approaches used in the impairment assessment.

/s/ GRANT THORNTON LLP

We have served as the Company's auditor since 2003.

Melville, New York
May 14, 2024

VOXX International Corporation and Subsidiaries
Consolidated Balance Sheets
February 29, 2024 and February 28, 2023
(In thousands, except share and per share data)

	February 29, 2024	February 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ 10,986	$ 6,134
Accounts receivable, net	71,066	82,753
Inventory, net	128,471	175,129
Receivables from vendors	1,192	112
Due from GalvanEyes LLC, current (Note 3)	1,238	—
Prepaid expenses and other current assets	20,820	19,817
Income tax receivable	2,095	1,076
Total current assets	235,868	285,021
Investment securities	828	1,053
Equity investments	21,380	22,018
Property, plant and equipment, net	45,070	47,044
Operating lease, right of use assets	2,577	3,632
Goodwill	63,931	65,308
Intangible assets, net	68,766	90,437
Due from GalvanEyes LLC, less current portion (Note 3)	1,340	—
Deferred income tax assets	1,452	1,218
Other assets	2,794	3,720
Total assets	$ 444,006	$ 519,451
Liabilities, Redeemable Equity, Redeemable Non-Controlling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 35,076	$ 35,099
Accrued expenses and other current liabilities	38,238	41,856
Income taxes payable	1,123	2,276
Accrued sales incentives	18,236	21,778
Contingent consideration, current (Note 2)	—	4,500
Final arbitration award payable (Note 15)	—	43,388
Contract liabilities, current	3,810	3,990
Current portion of long-term debt	500	500
Total current liabilities	96,983	153,387
Long-term debt, net of debt issuance costs	71,881	37,513
Finance lease liabilities, less current portion	644	63
Operating lease liabilities, less current portion	1,884	2,509
Deferred compensation	828	1,053
Deferred income tax liabilities	2,690	4,855
Other tax liabilities	809	966
Prepaid ownership interest in EyeLock LLC due to GalvanEyes LLC (Note 3)	9,817	7,317
Other long-term liabilities	2,170	2,947
Total liabilities	187,706	210,610
Commitments and contingencies (Note 15)		
Redeemable equity: Class A, $.01 par value; 577,581 shares at both February 29, 2024 and February 28, 2023 (Note 1(u))	4,110	4,018
Redeemable non-controlling interest (Note 2)	(3,203)	(893)
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding (Note 9)	—	—
Common stock:		
Class A, $.01 par value; 60,000,000 shares authorized, 23,985,603 and 23,960,603 shares issued and 19,698,562 and 20,589,946 shares outstanding at February 29, 2024 and February 28, 2023, respectively	240	240
Class B Convertible, $.01 par value, 10,000,000 shares authorized, 2,260,954 shares issued and outstanding	22	22
Paid-in capital	293,272	292,565
Retained earnings	58,272	99,122
Accumulated other comprehensive loss	(17,366)	(18,680)
Less: Treasury stock, at cost, 4,287,041 and 3,370,657 shares of Class A Common Stock at February 29, 2024 and February 28, 2023, respectively	(39,573)	(30,285)
Total VOXX International Corporation stockholders' equity	294,867	342,984
Non-controlling interest	(39,474)	(37,268)
Total stockholders' equity	255,393	305,716
Total liabilities, redeemable equity, redeemable non-controlling interest, and stockholders' equity	$ 444,006	$ 519,451

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Operations and Comprehensive Loss
Years Ended February 29, 2024, February 28, 2023, and February 28, 2022
(In thousands, except share and per share data)

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Net sales	$ 468,911	$ 534,014	$ 635,920
Cost of sales	354,892	399,715	466,442
Gross profit	114,019	134,299	169,478
Operating expenses:			
Selling	43,090	46,967	50,507
General and administrative	69,228	73,638	75,955
Engineering and technical support	29,392	31,464	31,540
Acquisition costs	—	(36)	3,552
Goodwill impairment charge (Note 1(k))	—	7,373	-
Intangible asset impairment charges (Note 1(k))	14,214	1,300	-
Restructuring expenses (Note 6)	2,136	870	-
Total operating expenses	158,060	161,576	161,554
Operating (loss) income	(44,041)	(27,277)	7,924
Other (expense) income:			
Interest and bank charges	(6,935)	(4,643)	(2,532)
Equity in income of equity investee	4,916	6,969	7,890
Final arbitration award (Note 15)	763	(3,944)	(39,444)
Other, net	(2,080)	(2,055)	323
Total other expense, net	(3,336)	(3,673)	(33,763)
Loss before income taxes	(47,377)	(30,950)	(25,839)
Income tax (benefit) expense	(1,785)	(39)	1,626
Net loss	$ (45,592)	$ (30,911)	$ (27,465)
Less: net loss attributable to non-controlling interest	(4,742)	(3,460)	(5,132)
Net loss attributable to VOXX International Corporation	$ (40,850)	$ (27,451)	$ (22,333)
Other comprehensive income (loss):			
Foreign currency translation adjustments	1,375	(1,876)	(3,317)
Derivatives designated for hedging, net of tax	16	309	633
Pension plan adjustments, net of tax	(77)	390	158
Other comprehensive income (loss), net of tax	1,314	(1,177)	(2,526)
Comprehensive loss attributable to VOXX International Corporation	$ (39,536)	$ (28,628)	$ (24,859)
Net loss per common share attributable to VOXX International Corporation - basic	$ (1.74)	$ (1.13)	$ (0.92)
Net loss per common share attributable to VOXX International Corporation - diluted	$ (1.74)	$ (1.13)	$ (0.92)
Weighted-average common shares outstanding (basic)	23,428,473	24,325,938	24,287,179
Weighted-average common shares outstanding (diluted)	23,428,473	24,325,938	24,287,179

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years Ended February 29, 2024, February 28, 2023, and February 28, 2022
(In thousands, except share data)

	Class A and Class B Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interests	Treasury Stock	Total Stock-holders' Equity
Balances at February 28, 2021	$ 264	$ 297,145	$ 148,906	$ (14,977)	$ (31,351)	$ (23,918)	$ 376,069
Net loss (1)	—	—	(22,333)	—	(3,649)	—	(25,982)
Other comprehensive loss, net of tax	—	—	—	(2,526)	—	—	(2,526)
Settlement of 60,693 shares of Class A Common Stock upon vesting of stock awards, net of withholding taxes	—	(856)	—	—	—	—	(856)
Repurchase of 113,000 shares of Class A Common Stock	—	—	—	—	—	(1,220)	(1,220)
Stock-based compensation expense	(1)	618	—	—	—	—	617
Balances at February 28, 2022	263	296,907	126,573	(17,503)	(35,000)	(25,138)	346,102
Net loss (1)	—	—	(27,451)	—	(2,268)	—	(29,719)
Other comprehensive loss, net of tax	—	—	—	(1,177)	—	—	(1,177)
Cash settlement of market stock units upon vesting of 80% of award	—	(4,000)	—	—	—	—	(4,000)
Settlement of 61,337 shares of Class A Common Stock upon vesting of stock awards, net of withholding taxes	1	(404)	—	—	—	—	(403)
Repurchase of 508,439 shares of Class A Common Stock	—	—	—	—	—	(5,147)	(5,147)
Reclassification of stockholders' equity to redeemable equity	—	63	—	—	—	—	63
Settlement of SERP restricted stock units	—	(81)	—	—	—	—	(81)
Stock-based compensation expense	(2)	80	—	—	—	—	78
Balances at February 28, 2023	262	292,565	99,122	(18,680)	(37,268)	(30,285)	305,716
Net loss (1)	—	—	(40,850)	—	(2,206)	—	(43,056)
Other comprehensive loss, net of tax	—	—	—	1,314	—	—	1,314
Repurchase of 916,384 shares of Class A Common Stock	—	—	—	—	—	(9,288)	(9,288)
Stock-based compensation expense	—	707	—	—	—	—	707
Balances at February 29, 2024	$ 262	$ 293,272	$ 58,272	$ (17,366)	$ (39,474)	$ (39,573)	$ 255,393

(1) Net loss excludes net loss attributable to redeemable non-controlling interest of $(1,483), $(1,191), and $(2,535) for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively (see Note 2).

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended February 29, 2024, February 28, 2023, and February 28, 2022
(Amounts in thousands)

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Cash flows from operating activities:			
Net loss	$ (45,592)	$ (30,911)	$ (27,465)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:			
Depreciation and amortization	12,444	13,130	12,398
Amortization of deferred financing costs	404	262	272
Impairment charges	14,214	8,673	-
Bad debt expense (recovery)	146	(86)	222
Reduction in the carrying amount of the right of use asset	1,377	1,508	1,383
(Gain) loss on forward contracts	-	(61)	209
Equity in income of equity investee	(4,916)	(6,969)	(7,890)
Distribution of income from equity investees	5,554	6,300	9,809
Deferred income tax benefit, net	(2,445)	(1,793)	(1,339)
(Gain) loss on disposal of property, plant and equipment	(13)	11	1
Non-cash compensation adjustment	(224)	(178)	(546)
Non-cash stock-based compensation expense	798	609	907
Gain on sale of intangible asset	(700)	-	-
Changes in operating assets and liabilities (net of assets and liabilities) acquired):			
Accounts receivable	11,765	21,482	(1,244)
Inventory	47,184	(1,928)	(45,115)
Receivables from vendors	(1,080)	248	(89)
Prepaid expenses and other	(2,721)	1,322	(1,610)
Investment securities-equity	224	178	546
Accounts payable, accrued expenses, accrued sales incentives and other current liabilities	(54,587)	(49,246)	55,719
Income taxes receivable/payable	(2,355)	(759)	872
Net cash used in operating activities	(20,523)	(38,208)	(2,960)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(2,731)	(3,557)	(3,902)
Proceeds from sale of property, plant and equipment	33	1	-
Proceeds from sale of intangible asset	700	-	-
Purchase of acquired businesses (Note 2)	-	-	(30,406)
Net cash used in investing activities	(1,998)	(3,556)	(34,308)
Cash flows from financing activities:			
Borrowings from bank obligations	195,105	202,983	3,687
Repayments on bank obligations	(160,761)	(176,257)	(2,197)
Principal payments on finance lease obligations	(354)	(287)	(407)
Deferred financing costs	(112)	(398)	(667)
Settlement of market stock unit awards	-	(4,000)	-
Withholding taxes paid on net issuance of stock award	-	(404)	(857)
Settlement payment of restricted stock units	-	(81)	-
Proceeds of the issuance of subsidiary shares to non-controlling interest	-	-	2,069
Proceeds of the issuance of long-term debt to non-controlling interest	-	-	4,877
Purchase of treasury stock	(9,178)	(5,147)	(1,220)
Net cash provided by financing activities	24,700	16,409	5,285
Effect of exchange rate changes on cash	2,673	3,701	367
Net increase (decrease) in cash and cash equivalents	4,852	(21,654)	(31,616)
Cash and cash equivalents at beginning of year	6,134	27,788	59,404
Cash and cash equivalents at end of year	$ 10,986	$ 6,134	$ 27,788
Supplemental Cash Flow Information:			
Non-cash investing and financing activities:			
Adjustments to goodwill due to measurement period adjustments, net	$ -	$ 1,051	$ (1,353)
Gross issuance of shares	-	1	1
Contingent purchase price consideration in connection with business acquisition	-	-	6,778
Recording of redeemable equity	92	(63)	290
Recording of excise tax attributable to treasury stock purchases	110	-	-
Reclassification of stockholders' equity to redeemable equity	-	531	-
Right of use assets obtained in exchange for operating lease obligations	516	1,016	1,238
Property, plant, and equipment obtained in exchange for finance lease obligations	1,081	251	-
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 1,290	$ 1,401	$ 1,383
Operating cash flows from finance leases	53	4	11
Financing cash flows from finance leases	354	287	407
Cash paid during the period for:			
Interest, excluding bank charges	$ 5,063	$ 2,813	$ 760
Income taxes (net of refunds)	2,985	2,603	1,983

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Notes to Consolidated Financial Statements
February 29, 2024
(Amounts in thousands, except share and per share data)

1) Description of Business and Summary of Significant Accounting Policies

a) *Description of Business*

VOXX International Corporation ("Voxx," "We," "Our," "Us," or the "Company") is a leading international manufacturer and distributor in the Automotive Electronics, Consumer Electronics, and Biometrics industries. The Company has widely diversified interests, with more than 30 global brands that it has acquired and grown throughout the years, achieving a powerful international corporate image, and creating a vehicle for each of these respective brands to emerge with its own identity. We conduct our business through nineteen wholly-owned subsidiaries: Audiovox Atlanta Corp., VOXX Electronics Corporation, VOXX Accessories Corp., Audiovox Canada Limited, Voxx Hong Kong Ltd., Voxx Consumer Electronics Hong Kong, Ltd., Audiovox International Corp., Audiovox Mexico, S. de R.L. de C.V. ("Voxx Mexico"), Code Systems, Inc., Oehlbach Kabel GmbH ("Oehlbach"), Schwaiger GmbH ("Schwaiger"), Invision Automotive Systems, Inc. ("Invision"), Premium Audio Company LLC ("PAC," which includes Klipsch Group, Inc., 11 Trading Company LLC, Premium Audio Company EMEA B.V., Premium Audio Company France S.A.R.L., Premium Audio Company Germany GmbH, and Premium Audio Company Pty Lt.), Omega Research and Development Technology LLC ("Omega"), Voxx Automotive Corp., Audiovox Websales LLC, VSM-Rostra LLC (“VSM”), VOXX DEI LLC, and VOXX DEI Canada Ltd. (collectively, with VOXX DEI LLC, “DEI”), as well as majority owned subsidiaries, EyeLock LLC ("EyeLock") and Onkyo Technology KK n/k/a Premium Audio Company Technology Center K.K. (“Onkyo”). We market our products under the Audiovox® brand name and other brand names and licensed brands, such as 808®, Acoustic Research®, Advent®, Avital®, CarLink®, Clifford®, Code-Alarm®, Crimestopper™, Directed®, Discwasher®, Energy®, Heco®, Integra®, Invision®, Jamo®, Jensen®, Klipsch®, Mac Audio®, Magnat®, myris®, Oehlbach®, Omega®, Onkyo®, Pioneer®, Prestige®, Project Nursery®, Python®, RCA®, Rosen®, Rostra®, Schwaiger®, Smart Start®, Terk®, Vehicle Safety Manufacturing®, and Viper®, as well as private labels through a large domestic and international distribution network. We also function as an OEM ("Original Equipment Manufacturer") supplier to several customers, as well as market a number of products under exclusive distribution agreements, such as SiriusXM satellite radio products.

The Company's fiscal year ends on the last day of February.

b) *Principles of Consolidation, Reclassifications and Accounting Principles*

The consolidated financial statements and accompanying notes include the financial statements of VOXX International Corporation and its wholly and majority-owned subsidiaries and have been prepared in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts in the prior years have been reclassified to conform to the current year presentation.

Non-controlling interests represent the equity interests in our consolidated entities that we do not wholly own. Our financial statements reflect 100% of the revenues, expenses, assets, and liabilities (after elimination of intercompany transactions), although we do not own 100% of the equity interests of these consolidated entities. The Company follows FASB ASC 810-10-45-21 to report a non-controlling interest (other than non-controlling interests subject to a put option) in the consolidated balance sheets within the equity section, separately from the Company’s retained earnings. Non-controlling interest represents the non-controlling interest holders’ proportionate shares of the equity of the Company’s majority-owned subsidiary, EyeLock. Non-controlling interest is adjusted for the non-controlling interest holders’ proportionate shares of the earnings or losses and other comprehensive (loss) income, if any, and the non-controlling interest continues to be attributed their share of losses even if that attribution results in a deficit non-controlling interest balance.

We classify securities with redemption features that are not solely within our control, such as our non-controlling interest that is subject to a put/call option, outside of permanent equity, specifically the non-controlling shareholder interest in Onkyo. This redeemable non-controlling interest, subject to put/call option, is recorded at the greater of the non-controlling interest balance determined pursuant to ASC 810-10, “Consolidation,” or the redemption value (which is based upon the greater of a specified formula) when a redemption value exists. In periods where the specific formula results in a negative amount, and thus no redemption value, no redemption adjustment is recorded. Changes in the non-controlling interest due to changes in the redemption amount are immediately recorded as equity transactions and our earnings per share calculation would be adjusted accordingly to treat any redemption adjustment similar to a dividend.

Equity investments in which the Company exercises significant influence but does not control and is not the primary beneficiary are accounted for using the equity method. The Company's share of its equity method investee's earnings or losses is included in Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive Loss. The Company eliminates its pro rata share of gross profit on sales to its equity method investee for inventory on hand at the investee at the end of the year. Investments in which the Company does not exercise significant influence over the investee, and which do not have readily determinable fair values, are accounted for under the cost method.

Revision of Previously Issued Financial Statements

During its second quarter ended August 31, 2023, the Company discovered an error in its financial statements related to third-party royalty expense that was incorrectly recorded on a wholly owned subsidiary in the quarter ended February 28, 2023. These royalty expenses should have been recorded to its OTKK subsidiary, and as a result, it was determined that the net loss attributable to the noncontrolling interest related to OTKK was understated in the Company’s Consolidated Statement of Operations and Comprehensive Loss for the year ended February 28, 2023. Prior to the fourth quarter of Fiscal 2023, the third-party royalty expense was recorded properly on the OTKK subsidiary. Based on a quantitative and qualitative analysis, the Company concluded that the adjustment was not material to any prior annual or interim periods.

We have corrected the relevant prior period of our consolidated financial statements and related footnotes for this immaterial error for comparative purposes and will also correct previously reported financial information for such immaterial error in future filings, as applicable. A summary of the corrections are as follows:

	As of February 28, 2023		
	As Previously Reported	Adjustment	As Revised
Consolidated Balance Sheets			
Redeemable non-controlling interest	$ 232	$ (1,125)	$ (893)
Retained earnings	97,997	1,125	99,122
Total VOXX International Corporation stockholders' equity	341,859	1,125	342,984
Total stockholders' equity	304,591	1,125	305,716

	For the year ended February 28, 2023		
	As Previously Reported	Adjustment	As Revised
Consolidated Statements of Comprehensive Loss			
Less: net income (loss) attributable to non-controlling interest	$ (2,335)	$ (1,125)	$ (3,460)
Net income (loss) attributable to VOXX International Corporation and Subsidiaries	(28,576)	1,125	(27,451)
Comprehensive income (loss) attributable to VOXX International Corporation and Subsidiaries	(29,753)	1,125	(28,628)
Net income (loss) per share attributable to VOXX International Corporation			
Basic	$ (1.17)	$ 0.05	$ (1.13)
Diluted	$ (1.17)	$ 0.05	$ (1.13)

c) *Use of Estimates*

The preparation of these consolidated financial statements requires the Company to make estimates and assumptions that affect reported amounts of assets, liabilities, revenue, and expenses. Such estimates include revenue recognition; accrued sales incentives; the allowance for doubtful accounts; inventory valuation; valuation of long-lived assets; valuation and impairment assessment of goodwill, trademarks, and other intangible assets; warranty reserves; stock-based compensation; recoverability of deferred tax assets; and the reserve for uncertain tax positions at the date of the consolidated financial statements. Actual results could differ from those estimates.

d) *Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits with banks and highly liquid money market funds with original maturities of three months or less when purchased. Cash and cash equivalents amounted to $10,986 and $6,134 at February 29, 2024, and February 28, 2023, respectively. The Company places its cash and cash equivalents in institutions and funds of high credit quality. As many of our balances are in excess of government insurance, we perform periodic evaluations of these institutions and funds. Cash amounts held in foreign bank accounts amounted to $716 and $129 at February 29, 2024, and February 28, 2023, respectively, none of which would be subject to United States federal income taxes if made available for use in the United States. The Tax Cuts and Jobs Act provides a 100% participation exemption on dividends received from foreign corporations after January 1, 2018, as the United States has moved away from a worldwide tax system and closer to a territorial system for earnings of foreign corporations.

e) *Fair Value Measurements and Derivatives*

The Company applies the authoritative guidance on "Fair Value Measurements," which among other things, requires enhanced disclosures about investments that are measured and reported at fair value. This guidance establishes a hierarchal disclosure framework that prioritizes and ranks the level of market price observability used in measuring investments at fair value. Market price observability is impacted by a number of factors, including the type of investment and the characteristics specific to the investment. Investments with readily available active quoted prices, or for which fair value can be measured from actively quoted prices, generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

Investments measured and reported at fair value are classified and disclosed in one of the following categories:

Level 1 - Quoted market prices in active markets for identical assets or liabilities.

Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.

Level 3 - Unobservable inputs developed using the Company's estimates and assumptions, which reflect those that market participants would use.

The following table presents assets and liabilities measured at fair value on a recurring basis at February 29, 2024:

	Total	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Assets:				
Cash and money market funds	$ 10,986	$ 10,986	$ —	$ —
Mutual funds	828	828	-	-
Derivatives designated for hedging	263	-	263	-

The following table presents assets and liabilities measured at fair value on a recurring basis at February 28, 2023:

	Total	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Assets:				
Cash and money market funds	$ 6,134	$ 6,134	$ —	$ —
Mutual funds	1,053	1,053	-	-
Derivatives designated for hedging	207	-	207	-

The carrying value of the Company's accounts receivable, short-term debt, accounts payable, accrued expenses, bank obligations and long-term debt approximates fair value because of either (i) the short-term nature of the financial instrument; (ii) the interest rate on the financial instrument being reset every quarter to reflect current market rates, or (iii) the stated or implicit interest rate approximates the current market rates or are not materially different than market rates.

Non-financial Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

Certain long-lived non-financial assets and liabilities may be required to be measured at fair value on a nonrecurring basis in certain circumstances, including when there is evidence of impairment. These non-financial assets and liabilities may include assets acquired in a business combination or property and equipment that are determined to be impaired. As of February 29, 2024, and February 28, 2023, certain non-financial assets were measured at fair value subsequent to their initial recognition. See Note 1(k) for the discussion of the impairment of certain intangible assets.

Derivative Instruments

The Company's derivative instruments consist of an interest rate swap agreement and foreign currency contracts at February 29, 2024.

The Company’s interest rate swap agreement hedges interest rate exposure related to the forecasted outstanding balance of its Florida Industrial Revenue Bonds ("the Florida Mortgage") with monthly payments due through March 2026. On May 3, 2023, VOXX HQ LLC entered into an Amended and Restated Confirmation of Swap Transaction with Wells Fargo Bank N.A. related to this interest rate swap. The swap contract was amended to reference the SOFR Rate in conjunction with an amendment to the Florida Mortgage which provided for a replacement benchmark from LIBOR to SOFR (see Note 7). The swap agreement locks the interest rate on the debt at 3.43% (inclusive of credit spread) through the maturity date of the mortgage. Interest rate swap agreements qualifying for hedge accounting are designated as cash flow hedges and valued based on a comparison of the change in fair value of the actual swap contracts designated as the hedging instruments and the change in fair value of a hypothetical swap contract (Level 2). We calculate the fair value of our interest rate swap agreement quarterly based on the quoted market price for the same or similar financial instruments. The interest rate swap is classified in the balance sheet as either an asset or a liability based on the fair value of the instrument at the end of the period.

Foreign currency contracts are utilized by our German subsidiary to hedge a portion of their U.S. Dollar company's inventory purchases when management views them to be advantageous. On February 28, 2024, the Company had outstanding foreign currency contracts qualifying for hedge accounting and that have been designated as cash flow hedges. The valuation of our foreign currency contracts is performed based on foreign exchange rates and yield curves built from observable market parameters and, where applicable, on Black Scholes or local volatility models calibrated to available volatility quotes (Level 2). As of February 29, 2024, there are open forward foreign currency contracts with notional U.S. Dollar equivalent amounts aggregating $13,800 that have been designated as cash flow hedges. The remaining maturities of all our foreign currency contracts are less than one year. During the year ended February 29, 2024, the Company also entered foreign currency options that were not designated for hedge accounting and are no longer outstanding at February 29, 2024. During Fiscal 2023, the Company did not enter into any new forward foreign currency contracts.

Financial Statement Classification

The following table discloses the fair value as of February 29, 2024 and February 28, 2023 of the Company's derivative instruments:

	Derivative Assets and Liabilities		
		Fair Value	
	Account	**February 29, 2024**	**February 28, 2023**
Derivative instruments			
Foreign currency contracts designated as cash flow hedges	Prepaid expenses and other current assets	$ 121	$ —
Interest rate swap designated as cash flow hedges	Other assets	142	207
Total derivatives		$ 263	$ 207

Cash flow hedges

It is the Company's policy to enter into derivative instrument contracts with terms that coincide with the underlying exposure being hedged. As such, the Company's derivative instruments are expected to be highly effective. For derivative instruments that are designated and qualify as a cash flow hedge, the entire change in fair value of the hedging instrument included in the assessment of the hedge ineffectiveness is recorded to other comprehensive income ("OCI"). When the amounts recorded in OCI are reclassified to earnings, they are presented in the same income statement line item as the effect of the hedged item. The change in fair value of the derivative instruments that do not qualify for hedge accounting and have not been designated as cash flow hedges are included in other (expense) income on the accompanying Unaudited Consolidated Statements of Operations and Comprehensive Loss immediately.

The current outstanding notional value of the Company's interest rate swap at February 29, 2024 is $5,615. For cash flow hedges, the effective portion of the gain or loss is reported as a component of Other comprehensive (loss) income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. No amounts were excluded from the assessment of hedge effectiveness during the respective periods. During the years ended February 29, 2024 and February 28, 2023, no contracts originally designated for hedge accounting were de-designated. The gain or loss on the Company's interest rate swap is recorded in Other comprehensive (loss) income and subsequently reclassified into Interest and bank charges in the period in which the hedged transaction affects earnings. As of February 29, 2024, no interest rate swaps originally designated for hedge accounting were terminated.

All forward foreign currency contracts entered into during Fiscal 2021 were settled as of February 28, 2022 and were designated as cash flow hedges. The net income recognized in Other comprehensive income (loss) for foreign currency contracts settled in the fourth quarter of Fiscal 2022 were recognized in Cost of sales during year ended February 28, 2023. No amounts were excluded from the assessment of hedge effectiveness during the respective periods. None of the Company's foreign currency options as of February 29, 2024 were designated as cash flow hedges.

Activity related to cash flow hedges and derivative instruments not designated as cash flow hedges recorded during the years ended February 29, 2024 and February 28, 2023 was as follows:

	February 29, 2024		February 28, 2023	
	Pretax Gain (Loss) Recognized in Other Comprehensive Income	Pretax Loss Reclassified from Accumulated Other Comprehensive Income	Pretax Gain Recognized in Other Comprehensive Income	Pretax Loss Reclassified from Accumulated Other Comprehensive Income
Cash flow hedges				
Foreign currency contracts	$ 121	$ —	$ -	$ 63
Interest rate swaps	(65)	-	395	-

f) *Investment Securities*

As of February 29, 2024 and February 28, 2023, the Company had the following investments:

	February 29, 2024
	Carrying Value
Investment Securities	
Marketable Equity Securities	
Mutual funds	$ 828
Total Marketable Equity Securities	828
Total Investment Securities	$ 828

	February 28, 2023
	Carrying Value
Investment Securities	
Marketable Equity Securities	
Mutual funds	$ 1,053
Total Marketable Equity Securities	1,053
Total Investment Securities	$ 1,053

Long-Term Investments

Equity Securities

Marketable equity securities are measured and recorded at fair value with changes in fair value recorded in the Consolidated Statements of Operations and Comprehensive Loss.

Mutual Funds

The Company's mutual funds are held in connection with its deferred compensation plan. Changes in the carrying value of these securities are offset by changes in the corresponding deferred compensation liability.

Changes in fair value of equity securities are recorded within the Consolidated Statements of Operations and Comprehensive Loss.

g) *Revenue Recognition*

The Company accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers.

Revenue from Contracts with Customers

The core principle of ASC Topic 606 is that an entity recognizes revenue to depict the transfer of promised goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. We apply the FASB's guidance on revenue recognition, which requires us to recognize the amount of revenue and consideration that we expect to receive in exchange for goods and services transferred to our customers. To do this, the Company applies the five-step model prescribed by the FASB, which requires us to: (i) identify the contract with the customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; and (v) recognize revenue when, or as, we satisfy a performance obligation.

We account for a contract or purchase order when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable. Revenue is recognized when control of the product passes to the customer, which is upon shipment, unless otherwise specified within the customer contract or on the purchase order as delivery and is recognized at the amount that reflects the consideration the Company expects to receive for the products sold, including various forms of discounts. When revenue is recorded, estimates of returns are made and recorded as a reduction of revenue. Contracts with customers are evaluated to determine if there are separate performance obligations related to timing of product shipment that will be satisfied in different accounting periods. When that is the case, revenue is deferred until each performance obligation is met. Within our Automotive Electronics segment, while the majority of the contracts we enter into with Original Equipment Manufacturers ("OEM") are long-term supply arrangements, the performance obligations are established by the enforceable contract, which is generally considered to be the purchase order. The purchase orders are of durations less than one year. As such, the Company applies the practical expedient in ASC 606-10-50-14 and does not disclose information about remaining performance obligations that have original expected durations of one year or less, for which work has not yet been performed. The Company has also elected the practical expedient in ASC 340-40-25-4, whereby the Company recognizes incremental costs of obtaining contracts as an expense when incurred if the amortization period of the assets the Company otherwise would have recognized is one year or less.

Certain taxes assessed by governmental authorities on revenue producing transactions, such as value added taxes, are excluded from revenue, and recorded on a net basis.

Performance Obligations

The Company's primary source of revenue is derived from the manufacture and distribution of automotive electronic, consumer electronic, and biometric products. Our consumer electronic products primarily consist of finished goods sold to retail and commercial customers, consisting of premium audio and other consumer electronic products. Our automotive products, some of which are manufactured by the Company, are sold both to OEM and aftermarket customers. Our biometric products, primarily consisting of finished goods, are sold to retail and commercial customers. We recognize revenue for sales to our customers when transfer of control of the related good or service has occurred. Our revenue was predominantly recognized under the point in time approach for the years ended February 29, 2024, February 28, 2023, and February 28, 2022. Certain telematic subscription revenues generated by our Automotive Electronics segment are recognized over time. Contract terms with certain of our OEM customers could result in products and services being transferred over time as a result of the customized nature of some of our products, together with contractual provisions in the customer contracts that provide us with an enforceable right to payment for performance completed to date; however, under typical terms, we do not have the right to consideration until the time of shipment from our manufacturing facilities or distribution centers, or until the time of delivery to our customers. If certain contracts in the future provide the Company with this enforceable right of payment, the timing of revenue recognition from products transferred to customers over time may be slightly accelerated compared to our right to consideration at the time of shipment or delivery.

Our typical payment terms vary based on the customer and the type of goods and services in the contract or purchase order. The period of time between invoicing and when payment is due is not significant. Amounts billed and due from our customers are classified as receivables on the Consolidated Balance Sheet. As our standard payment terms are less than one year, we have elected the practical expedient under ASC paragraph 606-10-32-18 to not assess whether a contract has a significant financing component.

Our customers take delivery of goods, and they are recognized as revenue at the time of transfer of control to the customer, which is usually at the time of shipment, unless otherwise specified in the customer contract or purchase order. This determination is based on applicable shipping terms, as well as the consideration of other indicators, including timing of when the Company has a present right to payment, when physical possession of products is transferred to customers, when the customer has the significant risks and rewards of ownership of the asset, and any provisions in contracts regarding customer acceptance.

While unit prices are generally fixed, we provide variable consideration for certain of our customers, typically in the form of promotional incentives at the time of sale. Depending on the different facts and circumstances, we utilize either the most likely amount or the expected value methods to estimate the effect of uncertainty on the amount of variable consideration to which we would be entitled. The most likely amount method considers the single most likely amount from a range of possible consideration amounts, while the expected value method is the sum of the probability-weighted amounts in a range of possible consideration amounts. Both methods are based upon the contractual terms of the incentives and historical experience with each customer. We record estimates for cash discounts, promotional rebates, and other promotional allowances in the period the related revenue is recognized ("Customer Credits"). The provision for Customer Credits is recorded as a reduction from gross sales, and reserves for Customer Credits are presented within Accrued sales incentives, as well as within Accounts receivable, net, on the Consolidated Balance Sheet. Actual Customer Credits have not differed materially from estimated amounts for each period presented. Amounts billed to customers for shipping and handling are included in net sales and costs associated with shipping and handling are included in cost of sales. We have concluded that our estimates of variable consideration are not constrained according to the definition within the standard. Additionally, the Company applies the practical expedient in ASC paragraph 606-10-25-18B and accounts for shipping and handling activities that occur after the customer has obtained control of a good as a fulfillment activity, rather than a separate performance obligation.

Under ASC Topic 606, we present a refund liability and a return asset within the Consolidated Balance Sheet. The changes in the refund liability are reported in net sales, and the changes in the return asset are reported in cost of sales in the Consolidated Statements of Operations and Comprehensive Loss. See Note 14 for return asset and refund liability balances as of February 29, 2024 and February 28, 2023.

We warrant our products against certain defects in material and workmanship, when used as designed, for periods of time which primarily range from 30 days to 3 years. We offer limited lifetime warranties on certain products, which limit the customer's remedy to the repair or replacement of the defective product or part for the original owner for the designated lifetime of the product, or for the life of the vehicle, if it is an automotive product. Beginning in Fiscal 2024, the Company also offers the option for customers to purchase third-party extended warranty contracts for certain products, that extends or enhances the technical support, parts, and labor coverage offered as part of the base warranty included with such product purchase. The Company is the agent for the third-party and the cost of the warranty contracts is netted against warranty revenue in the

Consolidated Statements of Operations and Comprehensive Loss. Revenue earned from these extended warranties was not material for the year ended February 29, 2024. The Company assumes no additional liability for repairs to products on which it has sold a warranty contract or products for which no warranty is sold, other than our warranty obligations associated with assurance-type warranties that are a guarantee of the product's intended functionality and, therefore, do not represent a distinct performance obligation within the context of the contract.

Contract Balances

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on contracts with customers. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities primarily relate to contracts where advance payments or deposits have been received, but performance obligations have not yet been met, and therefore, revenue has not been recognized. See Note 14 for contract asset and liability balances as of February 29, 2024 and February 28, 2023.

h) <u>*Accounts Receivable*</u>

The majority of the Company's accounts receivable are due from companies in the retail, mass merchant and OEM industries. Credit is extended based on an evaluation of a customer's financial condition. Accounts receivable are generally due within 30 days to 60 days and are stated at amounts due from customers, net of an allowance for credit losses. Accounts outstanding longer than the contracted payment terms are considered past due.

Accounts receivable are comprised of the following:

	February 29, 2024	**February 28, 2023**
Trade accounts receivable	$ 74,107	$ 85,268
Less:		
Allowance for credit losses	1,952	1,398
Allowance for cash discounts	1,089	1,117
	$ 71,066	$ 82,753

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customers' current credit worthiness, as determined by a review of their current credit information. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. While such credit losses have historically been within management's expectations and the provisions established, the Company cannot guarantee it will continue to experience the same credit loss rates that have been experienced in the past. The Company writes off accounts receivable balances when collection efforts have been exhausted and deemed uncollectible. Our five largest customer balances comprise 28% of our accounts receivable balance as of February 29, 2024 and one customer represents 12% of our accounts receivable balance as of February 29, 2024. A significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectability of accounts receivable and our results of operations.

Our financial instruments consist of trade receivables arising from revenue transactions in the ordinary course of business. We extend credit to customers based on pre-defined criteria and trade receivables are generally due within 30 to 60 days.

The Company has three supply chain financing agreements and factoring agreements with certain financial institutions to accelerate receivable collection and better manage cash flow. Under the agreements, the Company has agreed to sell these institutions certain of its accounts receivable balances from time to time. For those accounts receivable tendered to the banks that the banks choose to purchase, the banks have agreed to advance an amount equal to the net accounts receivable balances due, less a discount or fee as set forth in the respective agreements. The balances under these agreements are sold without recourse and are accounted for as sales of accounts receivable. Cash proceeds from these agreements are reflected as operating activities included in the change in accounts receivable in the Company's Consolidated Statements of Cash Flows. Total balances sold under the agreements, net of discounts, for the years ended February 29, 2024, February 28, 2023, and February 28, 2022 were approximately $102,700, $98,300, and $89,400, respectively. Fees incurred in connection with these agreements totaled approximately $850, $730, and $260 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively, and are recorded within Interest and bank charges in the Consolidated Statements of Operations and Comprehensive Loss. The Company has the option to suspend and resume its activity under the existing arrangements at any time.

i) *Inventory*

The Company values its inventory at the lower of cost or net realizable value ("NRV"). NRV is defined as estimated selling prices less costs of completion, disposal, and transportation. The cost of inventory is determined primarily on a weighted moving-average basis with a portion valued at standard cost, which approximates actual costs. The Company regularly reviews inventory quantities on-hand and records a provision for excess and obsolete inventory based primarily on selling prices, indications from customers based upon current price negotiations, and purchase orders. The Company's industry is characterized by rapid technological change and frequent new product introductions that could result in an increase in the amount of obsolete inventory quantities on-hand. In addition, and as necessary, specific reserves for future known or anticipated events may be established. The Company recorded inventory write-downs of $7,147, $2,811, and $2,912 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively. The increase in inventory write-downs during the year ended February 29, 2024 was related primarily to the Company's Automotive Electronics segment. Approximately $3,800 of inventory was written down to reflect a decrease in net realizable value of inventory identified as either slow-moving or damaged in conjunction with the transition of the manufacturing of certain OEM product lines from Florida to Mexico during the fiscal year.

Inventories by major category are as follows:

	February 29, 2024	February 28, 2023
Raw materials	$ 21,527	$ 28,048
Work in process	736	1,363
Finished goods	106,208	145,718
Inventory, net	$ 128,471	$ 175,129

j) *Property, Plant and Equipment*

Property, plant, and equipment are stated at cost less accumulated depreciation. Property under a finance lease is stated at the present value of minimum lease payments. Major improvements and replacements that extend service lives of the assets are capitalized. Minor replacements, and routine maintenance and repairs are charged to expense as incurred. Upon retirement or disposal of assets, the cost and related accumulated depreciation are removed from the Consolidated Balance Sheets.

A summary of property, plant and equipment, net, is as follows:

	February 29, 2024	February 28, 2023
Land	$ 7,117	$ 7,101
Buildings	45,820	44,669
Property under finance lease	3,835	2,754
Furniture and fixtures	4,679	4,600
Machinery and equipment	13,835	10,514
Construction-in-progress	1,517	748
Computer hardware and software	43,634	46,313
Automobiles	720	681
Leasehold improvements	3,004	3,008
	124,161	120,388
Less accumulated depreciation and amortization	79,091	73,344
	$ 45,070	$ 47,044

Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

Buildings and improvements	20	-	40 years
Furniture and fixtures	5	-	15 years
Machinery and equipment	5	-	15 years
Computer hardware and software	3	-	5 years
Automobiles			3 years

Leasehold improvements are depreciated over the shorter of the lease term or estimated useful life of the asset. Assets acquired under finance leases are amortized over the term of the respective lease.

Depreciation and amortization of property, plant and equipment amounted to $5,900, $6,282, and $5,890 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively. Included in depreciation and amortization expense is amortization of computer software costs of $1,352, $1,659, and $1,547 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively.

k) *Goodwill and Intangible Assets*

Goodwill and other intangible assets consist of the excess over the fair value of net assets acquired (goodwill) and other intangible assets (patents, contracts, trademarks/tradenames, developed technology and customer relationships). Values assigned to the respective assets are determined in accordance with ASC 805 "Business Combinations" ("ASC 805") and ASC 350 "Intangibles – Goodwill and Other" ("ASC 350").

Goodwill is calculated as the excess of the cost of purchased businesses over the fair value of the underlying net assets acquired. We use various valuation techniques to determine the fair value of the assets acquired, with the primary techniques being the discounted future cash flow method, relief from royalty method, and the multi-period excess earnings methods, which use significant unobservable inputs, or Level 3 inputs, as defined by the fair value hierarchy. Inputs to these valuation approaches that require significant judgment include: (i) forecasted sales, growth rates and customer attrition rates, (ii) forecasted operating margins, (iii) royalty rates and discount rates used to present value future cash flows, (iv) the amount of synergies expected from the acquisition, (v) the economic useful life of assets, and (vi) the evaluation of historical tax positions. In certain instances, historical data is limited so we base our estimates and assumptions on budgets, business plans, economic projections, anticipated future cash flows and marketplace data.

The guidance in ASC 350, including management's business intent for its use; ongoing market demand for products relevant to the category and their ability to generate future cash flows; legal, regulatory, or contractual provisions on its use or subsequent renewal, as applicable; and the cost to maintain or renew the rights to the assets, are considered in determining the useful life of all intangible assets. If the Company determines that there are no legal, regulatory, contractual, competitive, economic, or other factors which limit the useful life of the asset, an indefinite life will be assigned and evaluated for impairment as indicated below. Goodwill and other intangible assets that have an indefinite useful life are not amortized. Intangible assets that have a definite useful life are amortized on either an accelerated or a straight-line basis over their estimated useful lives.

ASC 350 requires that goodwill and intangible assets with indefinite useful lives be tested for impairment at least annually or more frequently if an event occurs or circumstances change that could more likely than not reduce the fair value of a reporting unit or indefinite-lived intangible asset below its carrying value. Intangible assets with estimable useful lives are required to be amortized over their respective estimated useful lives and reviewed for impairment if indicators of impairment exist. To determine the fair value of goodwill and intangible assets, there are many assumptions and estimates used that directly impact the results of the testing. Management has the ability to influence the outcome and ultimate results based on the assumptions and estimates chosen. If a significant change in these assumptions and/or estimates occurs, the Company could experience impairment charges, in addition to those noted below, in future periods.

Goodwill and indefinite-lived intangible assets are tested annually for impairment on the last day of the Company's fiscal year, and at any time upon occurrence of certain events or changes in circumstances. When testing goodwill and/or indefinite-lived intangible assets for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit or indefinite-lived intangible asset is less than its carrying amount. If we elect to perform a qualitative assessment and determine that an impairment is more likely than not, we are then required to perform a quantitative impairment test; otherwise, no further analysis is required. Under the qualitative assessment, we consider various factors, including macroeconomic conditions, relevant industry and market trends, cost factors, overall financial performance, other entity-specific events, and events affecting the reporting unit or indefinite-lived intangible asset that could indicate a potential change in fair value of our indefinite-lived intangible asset or reporting unit or the composition of its carrying values. We also consider the specific future outlook for the reporting unit or indefinite-lived intangible asset. We also may elect not to perform the qualitative assessment and instead, proceed directly to the quantitative impairment test. Goodwill is considered impaired if the carrying value of the reporting unit's goodwill exceeds its estimated fair value. Intangible assets with indefinite lives are considered impaired if the carrying value exceeds the estimated fair value.

The Company tested its indefinite-lived intangible assets as of February 29, 2024, as part of its annual impairment testing and concluded that the fair values of four indefinite-lived assets in the Consumer Electronics segment were less than the amounts recorded, and accordingly, recorded a non-cash impairment charge totaling $14,214 in the fourth quarter of the fiscal year ended February 29, 2024. As a result of discussions with customers and the Consumer Electronics Show during the fourth quarter of Fiscal 2024, the Company lowered its current and long-term sales projections and gross profit margins for certain consumer electronic tradenames, given the increased competition and price reductions, which resulted in the impairment charges. The impairment test on the remaining indefinite-lived assets concluded that none of these indefinite-lived assets were impaired for the year ended February 29, 2024. To perform these quantitative impairment analyses, the respective fair values were estimated using a relief-from-royalty method, applying royalty rates ranging from 1.00% to 4.0% for the trademarks after reviewing comparable market rates, the profitability of the products associated with relative intangible assets, and other qualitative factors. We determined that risk-adjusted discount rates ranging from 12.6% to 35.0% were appropriately developed using a weighted average cost of capital analysis. The long-term growth rates ranged from 1.0% to 2.5%.

At February 28, 2023, the fair value of one indefinite-lived asset in the Automotive Electronics segment was determined to be impaired in the amount of $1,300. This impairment was the result of reductions in projected volumes from OEM customers. There were no indefinite-lived asset impairments in the fiscal year ended February 28, 2022.

As a result of the Fiscal 2024 and Fiscal 2023 indefinite-lived intangible asset impairments, the Company evaluated the related long-lived assets at the lowest level for which there are separately identifiable cash flows. No impairments of related long-lived assets were noted for the fiscal years ended February 29, 2024 and February 28, 2023.

As of February 28, 2023, as a result of reductions in projected volumes from OEM customers related to the impaired tradename, the Company determined the useful life of the tradename was no longer indefinite. Beginning in the first quarter of Fiscal 2024, the Company began to amortize this tradename over its estimated useful life. Management determined that the current lives of its remaining indefinite and long-lived assets are appropriate.

Approximately 20.1% ($8,400) of the carrying value of the Company's remaining indefinite lived trademarks are at risk of impairment and sensitive to changes and assumptions as of February 29, 2024. There can be no assurance that our estimates and assumptions made for purposes of impairment testing as of February 29, 2024, will prove to be accurate predictions of the future. Reduced demand for our existing product offerings, reductions of product placement at our customers, less than anticipated results, lack of acceptance of our new products, elimination of SKUs, the inability to successfully develop our brands, or unfavorable changes in assumptions used in the discounted cash flow model such as discount rates, royalty rates or projected long-term growth rates, could result in additional impairment charges in the future.

During the year ended February 29, 2024, Voxx's reporting units that carried goodwill were Rosen, VSM, DEI, Klipsch, and Onkyo. The Company has three operating segments based upon its products and internal organizational structure (see Note 13). These operating segments are the Automotive Electronics, Consumer Electronics, and Biometrics segments. The Rosen, VSM, and DEI reporting units are located within the Automotive Electronics segment and the Klipsch and Onkyo reporting units are located within the Consumer Electronics segment.

As a result of the Company's annual impairment test for goodwill as of February 28, 2023 the Company concluded that the fair value of the Invision reporting unit was less than its carrying value, and accordingly recorded a non-cash goodwill impairment charge of $7,373 in the fourth quarter of Fiscal 2023. This impairment was the result of reductions in projected volumes from OEM customers. As a result of this impairment the Company no longer has any goodwill attributable to the Invision reporting unit. The annual impairment test on the remaining goodwill reporting units concluded that their fair values were in excess of their carrying values, with no further goodwill impairment indicated as of February 28, 2023. No goodwill impairment charges were recorded during the years ended February 29, 2024 and February 28, 2022. The quantitative assessment utilizes either an income approach, a market approach, or a combination of these approaches to determine the fair value of its reporting units. The discount rates (developed using a weighted average cost of capital analysis) used in the goodwill quantitative tests for the year ended February 29, 2024 ranged from 14.7% to 25.0%. The goodwill balances of Klipsch, Rosen, VSM, DEI, and Onkyo at February 29, 2024 are $46,532, $880, $572, $1,600, and $14,347, respectively.

Goodwill

The change in the carrying value of goodwill is as follows:

	February 29, 2024	February 28, 2023	February 28, 2022
Beginning of period	$ 65,308	$ 74,320	$ 58,311
Goodwill acquired (see Note 2)	—	—	18,160
Adjustments to goodwill acquired, net (see Note 2)	—	1,051	(1,353)
Impairment charge	—	(7,373)	—
Foreign currency translation	(1,377)	(2,690)	(798)
End of period	$ 63,931	$ 65,308	$ 74,320
Gross carrying value	$ 103,467	$ 104,844	$ 106,483
Accumulated impairment charges	(39,536)	(39,536)	(32,163)
Net carrying value	$ 63,931	$ 65,308	$ 74,320

	February 29, 2024	February 28, 2023	February 28, 2022
Automotive Electronics			
Beginning of period	$ 3,052	$ 10,425	$ 11,778
Adjustments to goodwill acquired, net	—	—	(1,353)
Impairment charge	—	(7,373)	—
End of period	$ 3,052	$ 3,052	$ 10,425
Gross carrying value	$ 10,425	$ 10,425	$ 10,425
Accumulated impairment charge	(7,373)	(7,373)	—
Net carrying value	$ 3,052	$ 3,052	$ 10,425
Consumer Electronics			
Beginning of period	$ 62,256	$ 63,895	$ 46,533
Goodwill acquired (see Note 2)	-	-	18,160
Adjustments to goodwill acquired (see Note 2)	-	1,051	-
Foreign currency translation	(1,377)	(2,690)	(798)
End of period	$ 60,879	$ 62,256	$ 63,895
Gross carrying value	$ 93,042	$ 94,419	$ 96,058
Accumulated impairment charge	(32,163)	(32,163)	(32,163)
Net carrying value	$ 60,879	$ 62,256	$ 63,895
Total goodwill, net	$ 63,931	$ 65,308	$ 74,320

Note: The Company's Biometrics segment did not carry a balance for goodwill at February 29, 2024, February 28, 2023, or February 28, 2022.

Intangible Assets

At February 29, 2024 and February 28, 2023, intangible assets consisted of the following:

	February 29, 2024		
	Gross Carrying Value	Accumulated Amortization	Total Net Book Value
Finite-lived intangible assets:			
Customer relationships (4-15.5 years)	$ 53,915	$ 46,037	$ 7,878
Trademarks/Tradenames (10-15 years)	20,323	5,031	15,292
Developed technology (7-8 years)	18,970	15,743	3,227
Patents (4-13 years)	6,736	6,128	608
License	1,400	1,400	-
Contracts	1,556	1,556	-
Total finite-lived intangible assets	$ 102,900	$ 75,895	27,005
Indefinite-lived intangible assets			
Trademarks			41,761
Total intangible assets, net			$ 68,766

	February 28, 2023		
	Gross Carrying Value	Accumulated Amortization	Total Net Book Value
Finite-lived intangible assets:			
Customer relationships (4-15.5 years)	$ 53,790	$ 42,786	$ 11,004
Trademarks/Tradenames (10-15 years)	21,205	3,360	17,845
Developed technology (7-8 years)	19,434	14,645	4,789
Patents (4-13 years)	6,736	5,845	891
License	1,400	1,400	-
Contracts	1,556	1,556	-
Total finite-lived intangible assets	$ 104,121	$ 69,592	34,529
Indefinite-lived intangible assets			
Trademarks			55,908
Total intangible assets, net			$ 90,437

The Company expenses the renewal costs of patents as incurred. The weighted-average period before the renewal of our patents is approximately 3 years.

Amortization expense for intangible assets amounted to $6,544, $6,848, and $6,508 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively. At February 29, 2024, the estimated aggregate amortization expense for all amortizable intangibles for each of the succeeding five fiscal years is as follows:

Fiscal Year	Amount
2025	$ 5,813
2026	5,713
2027	3,480
2028	3,007
2029	2,899

l) *Sales Incentives*

The Company offers sales incentives to its customers in the form of (1) co-operative advertising allowances; (2) market development funds; (3) volume incentive rebates; and (4) other trade allowances. The Company accounts for sales incentives in accordance with ASC 606 "Revenue from Contracts with Customers" ("ASC 606"). These sales incentives represent variable consideration provided to customers. Depending on the specific facts and circumstances, we utilize either the most likely amount or expected value methods to estimate the effect of uncertainty on the amount of variable consideration to which we would be entitled. The most likely amount method considers the single most likely amount from a range of possible consideration amounts, while the expected value method is the sum of the probability-weighted amounts in a range of possible consideration amounts. Both methods are based upon the contractual terms of the incentives and historical experience with each customer. Except for other trade allowances, all sales incentives require the customer to purchase the Company's products during a specified period of time. All sales incentives require customers to claim the sales incentive within a certain time period (referred to as the "claim period") and claims are settled either by the customer claiming a deduction against an outstanding account receivable or by the customer requesting a cash payout. All costs associated with sales incentives are classified as a reduction of net sales. The following is a summary of the various sales incentive programs:

Co-operative advertising allowances are offered to customers as reimbursement towards their costs for print or media advertising in which the Company's product is featured on its own or in conjunction with other companies' products. The amount offered is either a fixed amount or is based upon a fixed percentage of sales revenue or a fixed amount per unit sold to the customer during a specified time period.

Market development funds are offered to customers in connection with new product launches or entrance into new markets. The amount offered for new product launches is based upon a fixed amount or based upon a percentage of sales revenue or a fixed amount per unit sold to the customer during a specified time period.

Volume incentive rebates offered to customers require minimum quantities of product to be purchased during a specified period of time. The amount offered is either based upon a fixed percentage of sales revenue to the customer or a fixed amount per unit sold to the customer. The Company makes an estimate of the ultimate amount of the rebate their customers will earn based upon past history with the customers and other facts and circumstances. The Company has the ability to estimate these volume incentive rebates, as the period of time for a particular rebate to be claimed is relatively short. Any changes in the estimated amount of volume incentive rebates are recognized immediately using a cumulative catch-up adjustment. The Company accrues the cost of co-operative advertising allowances, volume incentive rebates and market development funds at the later of when the customer purchases our products or when the sales incentive is offered to the customer.

Unearned sales incentives are volume incentive rebates where the customer did not purchase the required minimum quantities of product during the specified time. Volume incentive rebates are reversed into income in the period when the customer did not reach the required minimum purchases of product during the specified time. Unclaimed sales incentives are sales incentives earned by the customer, but the customer has not claimed payment within the claim period (period after program has ended). Unclaimed sales incentives are investigated in a timely manner after the end of the program and reversed if deemed appropriate. The Company believes the reversal of earned but unclaimed sales incentives upon the expiration of the claim period is a systematic, rational, consistent, and conservative method of reversing unclaimed sales incentives.

Other trade allowances are additional sales incentives the Company provides to customers subsequent to the related revenue being recognized. The Company records the provision for these additional sales incentives at the later of when the sales incentive is offered or when the related revenue is recognized. Such additional sales incentives are based upon a fixed percentage of the selling price to the customer, a fixed amount per unit, or a lump-sum amount.

Although the Company makes its best estimate of its sales incentive liability, many factors, including significant unanticipated changes in the purchasing volume of its customers and the lack of claims made by customers, could have a significant impact on the sales incentives liability and reported operating results.

A summary of the activity with respect to accrued sales incentives is provided below:

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Accrued sales incentives, opening balance	$ 21,778	$ 23,755	$ 25,313
Accruals	44,519	50,056	58,490
Payments and credits	(47,635)	(51,894)	(59,644)
Reversals for unearned sales incentives	(426)	(139)	(404)
Accrued sales incentives, ending balance	$ 18,236	$ 21,778	$ 23,755

The majority of the reversals of previously established sales incentive liabilities pertain to sales recorded in prior periods.

m) *Advertising*

Excluding co-operative advertising as discussed in Note 1(l) above, the Company expensed the cost of advertising, as incurred, of $6,729, $5,448, and $5,376 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively.

n) *Research and Development*

Expenditures for research and development are charged to expense as incurred. Such expenditures amounted to $8,176, $9,419, and $12,115 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively, and are included within Engineering and Technical Support expenses on the Consolidated Statements of Operations and Comprehensive Loss. These expenses are presented net of customer reimbursement of $317, $936, and $58 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively. Reimbursements from OEM customers for development services are reflected as a reduction of research and development expense because the performance of contract development services is not central to the Company's operations. The increases in customer reimbursements for the year ended February 28, 2023 were a result of higher reimbursements from certain OEM customers in the Automotive Electronics segment, as well as a reimbursement from one customer in the Biometrics segment.

o) *Product Warranties and Product Repair Costs*

The Company generally warranties its products against certain manufacturing and other defects. This warranty does not provide a service beyond assuring that the products comply with agreed-upon specifications and is not sold separately. The Company provides warranties for all of its products ranging primarily from 30 days to 3 years. The Company also provides limited lifetime warranties for certain products, which limit the end user's remedy to the repair or replacement of the defective product during its lifetime, as well as for certain vehicle security products for the life of the vehicle for the original owner. Warranty expenses are accrued at the time the related revenue is recognized, based on the Company's estimated cost to repair, or replace expected product returns for warranty matters. This liability is based primarily on historical experiences of actual warranty claims as well as current information on repair costs and contract terms with certain manufacturers. The warranty liability of $4,965 and $5,845 is recorded in Accrued expenses and other current liabilities in the accompanying Consolidated Balance Sheets as of February 29, 2024 and February 28, 2023, respectively. In addition, the Company records a reserve for product repair or replacement costs which is based upon the quantities of defective inventory on hand and an estimate of the cost to repair such defective inventory. The reserve for product repair costs of $1,628 and $914 is recorded as a reduction to inventory in the accompanying Consolidated Balance Sheets as of February 29, 2024 and February 28, 2023, respectively. Warranty claims and product repair costs expense for the years ended February 29, 2024, February 28, 2023 and February 28, 2022 were $4,197, $6,525, and $4,583, respectively. Beginning in Fiscal 2024, the Company began offering the option for customers to purchase third-party extended warranty contracts for certain products, that extends or enhances the technical support, parts, and labor coverage offered as part of the base warranty included with such product purchase. The Company is the agent for the third-party and assumes no liability for repairs or products for which it has sold an extended warranty contract.

Changes in the Company's accrued product warranties and product repair costs are as follows:

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Beginning balance	$ 6,759	$ 5,622	$ 5,290
Liabilities adjusted during acquisitions	-	-	(352)
Accrual for warranties issued during the year and repair cost	4,197	6,525	4,583
Warranty claims settled during the year	(4,363)	(5,388)	(3,899)
Ending balance	$ 6,593	$ 6,759	$ 5,622

p) *Foreign Currency*

Assets and liabilities of subsidiaries located outside the United States whose cash flows are primarily in local currencies have been translated at rates of exchange at the end of the period or historical exchange rates, as appropriate in accordance with ASC 830, "Foreign Currency Matters" ("ASC 830"). Revenues and expenses have been translated at the weighted-average rates of exchange in effect during the period. Gains and losses resulting from translation are recorded in the cumulative foreign currency translation account in Accumulated other comprehensive loss. For the years ended February 29, 2024, February 28, 2023 and February 28, 2022, the Company recorded total net foreign currency transaction (losses) gains in the amount of $(3,232), $(3,674) and $(635), respectively. Foreign currency losses for the years ended February 29, 2024 and February 28, 2023 were primarily driven by declines in the Japanese Yen, which impacted the remeasurement of the Company's Onkyo subsidiary intercompany loans and interest payable, which are not of a long-term investment nature, as well as other intercompany transactions and the settlement of the contingent consideration payable to OHEC during Fiscal 2024 (see Note 2).

q) *Income Taxes*

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying values of existing assets and liabilities and their respective tax basis and operating loss and tax credit carryforwards. In evaluating our ability to recover our deferred tax assets within the jurisdiction from which they arise, we consider all positive and negative evidence including the results of recent operations, scheduled reversal of deferred tax liabilities, future taxable income, and tax planning strategies. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled (see Note 8). The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company made a policy election to treat the income tax with respect to GILTI as a period expense when incurred.

Uncertain Tax Positions

The Company adopted guidance included in ASC 740 as it relates to uncertain tax positions. The guidance addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under ASC 740, the Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities based on the technical merits of the position. The tax benefits recognized in the financial statements from such position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon ultimate settlement. ASC 740 also provides guidance on derecognition, classification, interest and penalties, accounting in interim periods and disclosure requirements.

Tax interest and penalties

The Company classifies interest and penalties associated with income taxes as a component of Income tax expense (benefit) on the Consolidated Statements of Operations and Comprehensive Loss.

r) *Net Loss Per Common Share*

Basic net loss per common share attributable to VOXX International Corporation is calculated by dividing net loss attributable to Voxx, adjusted to reflect changes in the redemption value of redeemable non-controlling interest, by the weighted-average number of common shares outstanding during the period. Diluted net loss per common share reflects the potential dilution that would occur if common stock equivalent securities or other contracts to issue common stock were exercised or converted into common stock. No redemption value adjustment was made to the redeemable non-controlling interest for the years ended February 29, 2024, February 28, 2023, or February 28, 2022.

A reconciliation between the denominator of basic and diluted net loss per common share is as follows:

	Year Ended February 29, 2024	**Year Ended February 28, 2023**	**Year Ended February 28, 2022**
Weighted-average common shares outstanding (basic)	23,428,473	24,325,938	24,287,179
Effect of dilutive securities:			
Restricted stock units, market stock units, and stock grants	-	-	-
Weighted-average common and potential common shares outstanding (diluted)	23,428,473	24,325,938	24,287,179

Restricted stock units, market stock units, and stock grants totaling 308,958, 378,454 and 737,513 for the years ended February 29, 2024, February 28, 2023 and February 28, 2022, respectively, were not included in the net loss per common share calculation because the settlement price of the restricted stock units, market stock units, and stock grants was greater than the average market price of the Company's common stock during these periods, or because the inclusion of these components would have been anti-dilutive.

s) *Other (Expense) Income*

Other (expense) income is comprised of the following:

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Foreign currency loss, net	$ (3,232)	$ (3,674)	$ (635)
Interest income	158	36	72
Rental income	937	911	678
Miscellaneous	57	672	208
Total other, net	$ (2,080)	$ (2,055)	$ 323

Foreign currency losses included within Foreign currency loss, net, for the years ended February 29, 2024 and February 28, 2023 were primarily driven by declines in the Japanese Yen, which impacted the re-measurement of the Company's Onkyo subsidiary intercompany loans and interest payable, which are not of a long-term investment nature, as well as other intercompany transactions and the settlement of the contingent consideration payable to OHEC during Fiscal 2024 (see Note 2). The total foreign currency loss attributable to these re-measurements for the years ended February 29, 2024 and February 28, 2023 was $2,795 and $3,267, respectively.

t) *Accounting for the Impairment of Long-Lived Assets*

Long-lived assets and certain identifiable intangible assets are reviewed for impairment in accordance with ASC 360 whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be not recoverable, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. See Note 1(k) for discussion of the impairment of goodwill and intangible assets in connection with the Company's annual impairment testing for the years ended February 29, 2024 and February 28, 2023. There were no impairments of definite-lived intangible assets or long-lived assets recorded in accordance with ASC 360 during the years ended February 29, 2024, February 28, 2023 and February 28, 2022.

u) *Accounting for Stock-Based Compensation*

The Company has a stock-based compensation plan under which employees and non-employee directors may be granted incentive stock options ("ISO's") and non-qualified stock options ("NQSO's") to purchase shares of Class A common stock. Under the plan, the exercise price of the ISO's granted to a ten percent stockholder must equal 110% of the fair market value of the Company's Class A common stock on the date of grant. The exercise price of all other options and Stock Appreciation Right ("SAR") awards may not be less than 100% of the fair market value of the Company's Class A common stock on the date of grant. If an option or SAR is granted pursuant to an assumption of, or substitution for, another option or SAR pursuant to a Corporate Transaction, and in a manner consistent with Section 409A of the Internal Revenue Code (the "Code"), the exercise or strike price may be less than 100% of the fair market value on the date of grant. The plan permits for options to be exercised at various intervals as determined by the Board of Directors. However, the maximum expiration period is ten years from date of grant. The vesting requirements are determined by the Board of Directors at the time of grant. Exercised options are issued from authorized Class A common stock. As of February 29, 2024, approximately 1,759,000 shares were available for future grants under the terms of these plans.

Options are measured at the fair value of the award at the date of grant and are recognized as an expense over the requisite service period. Compensation expense related to stock-based awards with vesting terms are amortized using the straight-line attribution method. There were no stock options granted during the years ended February 29, 2024, February 28, 2023, or February 28, 2022. During the years ended February 29, 2024, February 28, 2023, and February 28, 2022 there were no stock-based compensation costs or professional fees recorded by the Company and the Company had no unrecognized compensation costs at February 29, 2024 related to stock options and warrants.

Restricted stock awards are granted pursuant to the Company’s 2012 Equity Incentive Plan (the “2012 Plan”). A restricted stock award is an award of common stock that is subject to certain restrictions during a specified period. Restricted stock awards are independent of option grants and are subject to forfeiture if employment terminates for a reason other than death, disability, or retirement prior to the release of the restrictions. Shares under restricted stock grants are not issued to the grantees before they vest. The Company’s Omnibus Equity Incentive Plan was established in 2014 (the “2014 Plan”). Pursuant to the 2014 Plan, Restricted Stock Units (“RSU’s”) may be awarded by the Company to any individual who is employed by, provides services to, or serves as a director of, the Company or its affiliates. RSU’s are granted based on certain performance criteria and vest on the later of three years from the date of grant, or the grantee reaching the age of 65 years. The shares will also vest upon termination of the grantee's employment by the Company without cause, provided that the grantee, at the time of termination, has been employed by the Company for at least 10 years, or as a result of the sale of all of the issued and outstanding stock, or all, or substantially all, of the assets of the subsidiary of which the grantee serves as CEO and/or President. When vested shares are issued to the grantee, the awards will be settled in shares or in cash, at the Company's sole option. The grantees cannot transfer the rights to receive shares before the restricted shares vest. There are no market conditions inherent in the award, only an employee performance requirement, and the service requirement that the respective employee continues employment with the Company through the vesting date. The Company expenses the cost of the RSU’s on a straight-line basis over the requisite service period of each employee. During the years ended February 29, 2024, February 28, 2023, and February 28, 2022, an additional 18,116, 46,556, and 48,527 RSU’s were granted under the 2014 Plan, respectively. The fair market value of the RSU’s, $9.89, $8.28, and 13.59 for Fiscal 2024, Fiscal 2023, and Fiscal 2022, respectively, were determined based on the mean of the high and low price of the Company's common stock on the grant dates.

Grant of Shares to Chief Executive Officer

On July 8, 2019, the Board of Directors approved a five-year Employment Agreement (the "Employment Agreement"), effective March 1, 2019, by and between the Company and Patrick M. Lavelle, the Company's Chief Executive Officer. Under the terms of the Employment Agreement, in addition to a $1,000 yearly salary and a cash bonus based on the Company's Adjusted EBITDA, Mr. Lavelle was granted the right to receive certain stock-based compensation as discussed below:

- An initial stock grant of 200,000 fully vested shares of Class A Common Stock issued in July 2019 under the 2012 Plan.

- Additional stock grants of 100,000 shares of Class A Common Stock were issued on each of March 1, 2020, March 1, 2021, and March 1, 2022 under the 2012 Plan. Compensation expense of $157 was recognized during the year ended February 28, 2022, based upon the grant fair value of $4.15 per share using the graded vesting attribution method. For the years ended February 29, 2024 and February 28, 2023, there was no remaining compensation expense recognized related to these awards. On March 1, 2022, the final 100,000 of these stock grants vested, resulting in 61,337 shares of Class A Common Stock being issued to Mr. Lavelle and 38,663 shares being withheld for taxes.

- Grant of market stock units ("MSU's") up to a maximum value of $5,000, based upon the achievement of a 90-calendar day average stock price of no less than $5.49 over the performance period ending on the third and fifth anniversary of the effective date of the Employment Agreement. The value of the MSU award would increase based upon predetermined targeted 90-calendar day average stock prices with a maximum of $5,000 if the 90-calendar day average high stock price equals or exceeds $15.00. The average stock price was calculated based on the highest average closing price of one share of our Class A common stock, as reported on the NASDAQ Stock Market during any 90-calendar day period prior to each measurement date. The number of shares to be issued under the 2012 Plan related to the MSUs based upon achievement of the maximum award value of $5,000, and if issued at $15.00 per share, was estimated at 333,333 shares. The award may be settled in shares or in cash upon mutual agreement between the Company and Mr. Lavelle. Actual results may differ based upon when the high average stock price is achieved and settled. The Company used a Monte Carlo simulation to calculate the fair value of the award on the grant date. A Monte Carlo simulation requires the use of various assumptions, including the stock price volatility and risk-free interest rate as of the valuation date. We recognized stock-based compensation expense of $91, $91, and $241 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively, related to these MSU's using the graded vesting attribution method over the performance period. On March 1, 2022, 80% of this MSU award vested and was settled in cash, resulting in a payment made to Mr. Lavelle in the amount of $4,000 during the year ended February 28, 2023. As of February 29, 2024, 20% of the MSU's remained outstanding. On March 1, 2024, the remaining 20% of the MSU's vested and will be settled in cash during the first quarter of Fiscal 2025.

On September 28, 2023, the term of Mr. Lavelle's Employment Agreement was extended for one year through February 28, 2025 under which his annual salary will be $750 and he will receive a $250 cash equivalent share grant to be awarded in quarterly increments calculated on the fair market value of the Company's Class A Common Stock on each of June 30, 2024, September 30, 2024, December 31, 2024, and March 31, 2025. We recognized stock-based compensation expense of $99 during the year ended February 29, 2024 related to this stock grant, which has been recorded using the graded vesting attribution method.

All stock grants under the Employment Agreement are subject to a hold requirement as specified in the Employment Agreement. The Employment Agreement gave Mr. Lavelle, the right to require the Company to redeem his shares if a specific contingent change in control event occurs. The contingent event under which Mr. Lavelle could exercise his right to redemption includes a change of control transaction wherein the Shalam Group would become a 40% or less holder of the total combined voting power of all outstanding voting securities of the Company. Accordingly, the stock awards issued in connection with the Employment Agreement are presented as redeemable equity on the consolidated balance sheet at grant-date fair value. Shares previously held by Mr. Lavelle under the 2014 Plan and those personally purchased by Mr. Lavelle have been reclassified from permanent equity to redeemable equity. As the contingent events that would allow Mr. Lavelle to redeem the shares are not probable at this time, remeasurement of the amounts in redeemable equity have not been recorded. The Employment Agreement contains certain restrictive and non-solicitation covenants.

A rollforward of redeemable equity related to stock awards and shares held by Mr. Lavelle for the years ended February 29, 2024, February 28, 2023, and February 28, 2022 is as follows:

	Redeemable Equity
Balance at February 28, 2021	$ 3,260
Stock based compensation expense	290
Balance at February 28, 2022	3,550
Reclassification of stockholders' equity to redeemable equity	(63)
Stock based compensation expense	531
Balance at February 28, 2023	4,018
Stock based compensation expense	92
Balance at February 29, 2024	$ 4,110

Grant of Shares to President

On February 6, 2023, Voxx appointed Beat Kahli, a significant shareholder of Voxx, President of the Company for one year. The Company entered into an employment agreement with Mr. Kahli effective February 6, 2023 with a term ending on February 29, 2024. Under the terms of the employment agreement, in addition to a $300 yearly salary, Mr. Kahli was granted the right to receive stock-based compensation in the form of a stock grant of 20,000 shares of the Company's Class A Common Stock to be issued on each of June 30, 2023, September 30, 2023, December 31, 2023 and March 31, 2024. We recognized stock-based compensation expense of $201 during the year ended February 29, 2024 related to this stock grant. The grant fair value of these shares was $10.66 per share and compensation expense is recorded using the graded vesting attribution method. Mr. Kahli's employment agreement expired on February 29, 2024. He remains Co-vice Chairman of the Company's Board of Directors.

Grant of Shares to Chief Operating Officer

On July 8, 2019, the Board of Directors approved a five-year Employment Agreement, effective March 1, 2019, by and between the Company and Loriann Shelton, the Company’s Chief Operating Officer. On September 28, 2023, the term of the agreement was extended for one year through February 28, 2025 under which Ms. Shelton will receive, in addition to her annual salary, a $100 cash equivalent share grant to be awarded in quarterly increments calculated on the fair market value of the Company's Class A Common Stock on each of June 30, 2024, September 30, 2024, December 31, 2024, and March 31, 2025. We recognized stock-based compensation expense of $40 during the year ended February 29, 2024 related to this stock grant, which has been recorded using the graded vesting attribution method. Ms. Shelton was also appointed Chief Financial Officer of the Company effective March 1, 2024 in accordance with her amended employment agreement.

The following table presents a summary of the activity related to the 2014 Plan and stock grants under executive employment agreements for the years ended February 29, 2024, February 28, 2023, and February 28, 2022:

	Number of shares	Weighted Average Grant Date Fair Value
Unvested share balance at February 28, 2021	603,724	$ 5.18
Granted	48,527	13.59
Vested	(197,891)	5.76
Vested and settled	(100,000)	4.15
Forfeited	—	—
Unvested share balance at February 28, 2022	354,360	$ 6.30
Granted	66,556	9.00
Vested	(33,930)	6.10
Vested and settled	(100,000)	4.15
Forfeited	—	—
Unvested share balance at February 28, 2023	286,986	$ 7.70
Granted	18,116	9.89
Vested	(113,790)	7.00
Vested and settled	(15,000)	10.66
Forfeited	—	—
Unvested share balance at February 29, 2024	176,312	$ 8.93

At February 29, 2024, there were 605,295 shares of vested and unissued shares under the 2014 Plan with a weighted average fair value of $6.23. During the year ended February 28, 2023, vested RSU awards for a former employee of the Company, totaling 8,634 award units, were settled in cash in the amount of $81. During the years ended February 29, 2024 and February 28, 2022, no RSU awards were settled in cash.

During the years ended February 29, 2024, February 28, 2023 and February 28, 2022 the Company recorded $798, $609, and $907, respectively, in stock-based compensation related to the 2014 Plan, MSU's and stock grants. As of February 29, 2024, unrecognized stock-based compensation expense related to unvested RSU's and stock grants was approximately $865 and will be recognized over the requisite service period of each employee.

v) *Accumulated Other Comprehensive Loss*

	Foreign Currency Translation (Losses) Gains	Pension plan adjustments, net of tax	Derivatives designated in a hedging relationship, net of tax	Total
Balance at February 28, 2021	$ (13,374)	$ (869)	$ (734)	$ (14,977)
Other comprehensive (loss) income before reclassifications	(3,317)	158	485	(2,674)
Reclassified from accumulated other comprehensive loss	-	-	148	148
Net current-period other comprehensive (loss) income	(3,317)	158	633	(2,526)
Balance at February 28, 2022	$ (16,691)	$ (711)	$ (101)	$ (17,503)
Other comprehensive (loss) income before reclassifications	(1,876)	390	352	(1,134)
Reclassified from accumulated other comprehensive loss	-	-	(43)	(43)
Net current-period other comprehensive (loss) income	(1,876)	390	309	(1,177)
Balance at February 28, 2023	$ (18,567)	$ (321)	$ 208	$ (18,680)
Other comprehensive income (loss) before reclassifications	1,375	(77)	16	1,314
Reclassified from accumulated other comprehensive loss	-	-	-	-
Net current-period other comprehensive income (loss)	1,375	(77)	16	1,314
Balance at February 29, 2024	$ (17,192)	$ (398)	$ 224	$ (17,366)

During the years ended February 29, 2024, February 28, 2023 and February 28, 2022, the Company recorded other comprehensive (loss) income, net of associated tax impact of $35, $171 and $(40), respectively, related to pension plan adjustments, and $(39), $20 and $(101), respectively, related to derivatives designated in a hedging relationship.

The other comprehensive (loss) income before reclassification for foreign currency translation of $1,375, $(1,876), and $(3,317), respectively, includes the remeasurement of intercompany transactions of a long term investment nature of $207, $1,639 and $320, respectively, with certain subsidiaries whose functional currency is not the U.S. dollar, and $1,168, $(3,515) and $(3,637), respectively, from translating the financial statements of the Company's non-U.S. dollar functional currency subsidiaries into our reporting currency, which is the U.S. dollar. Intercompany loans and transactions that are of a long-term investment nature are remeasured and resulting gains and losses shall be reported in the same manner as translation adjustments. Within foreign currency translation (losses) gains in Other comprehensive (loss) income for the years ended February 29, 2024, February 28, 2023 and February 28, 2022, the Company recorded total (losses) gains of $659, $(1,660), and $(2,728), respectively, related to the Euro; $111, $(193), and $(245), respectively, related to the Canadian Dollar; $32, $57 and $25, respectively, for the Mexican Peso, as well as $89, $92 and $(120), respectively, for various other currencies. For the years ended February 29, 2024 and February 28, 2023, Other comprehensive (loss) income also included foreign currency (losses) gains of $484 and $(173) from the Japanese Yen, generated by the Company’s Onkyo subsidiary, which was established in September 2021 and was not present in all previous fiscal years presented. These adjustments were caused by the strengthening/(weakening) of the U.S. Dollar against the Euro, Canadian Dollar, Mexican Peso, and the Japanese Yen between -7% and 10% in Fiscal 2024, -10% and 19% in Fiscal 2023, and -2% and 8% in Fiscal 2022.

w) *New Accounting Pronouncements*

In March 2020 and January 2021, the FASB issued ASU No. 2020-04, “Reference Rate Reform (Topic 848): Facilitation of the Effects of Reference Rate Reform on Financial Reporting” and ASU No. 2021-01, “Reference Rate Reform: Scope,” respectively. Together, these ASU’s provide optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform. ASU 2020-04 provides, among other things, guidance that modifications of contracts within the scope of Topic 470, Debt, should be accounted for by prospectively adjusting the effective interest rate; modifications of contracts within the scope of Topic 840, Leases, should be accounted for as a continuation of the existing contract; and, changes in the critical terms of hedging relationships caused by reference rate reform should not result in the de-designation of the instrument, provided certain criteria are met. ASU 2021-01 clarifies the scope and application of ASU 2020-04 and among other things, permits entities to elect certain optional expedients and exceptions when accounting for derivative contracts and certain hedging relationships affected by changes in the interest rates used for discounting cash flows. These optional expedients and exceptions are effective as of March 12, 2020 through December 31, 2024. The Company's Credit Facility with Wells Fargo transitioned to SOFR in conjunction with the amendment executed in February 2023 with no impact to the Company's consolidated financial statements (see Note 7). On May 1, 2023, VOXX HQ LLC, a wholly owned subsidiary of the Company, consented to a First Amendment to the Indenture of Trust relating to the Florida Industrial Revenue Bonds for the purpose of transitioning from a LIBOR based interest rate to a SOFR based interest rate (see Note 7). Effective May 3, 2023, VOXX HQ LLC entered into an Amended and Restated Confirmation of Swap Transaction with Wells Fargo Bank N.A. related to the interest rate swap that hedges the Company's interest rate exposure on the Florida Industrial Revenue Bonds. The swap contract was amended to reference SOFR, as well as set a new fixed rate equal to 3.43%.

In June 2022, the FASB issued ASU No. 2022-03, "Fair Value Measurements (Topic 820): Fair Value Measurement of Equity Securities Subject to Contractual Sale Restrictions," which clarifies and amends the guidance of measuring the fair value of equity securities subject to contractual restrictions that prohibit the sale of the equity securities. The guidance will be effective for fiscal years beginning after December 15, 2023 and interim periods within those fiscal years. We do not expect the adoption to have a material impact on our consolidated financial statements.

In March 2023, the FASB issued ASU No. 2023-01, "Leases (Topic 842): Common Control Arrangements." The amendment clarifies the accounting for leasehold improvements associated with common control leases, by requiring that leasehold improvements associated with common control leases be amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset through a lease. Additionally, leasehold improvements associated with common control leases should be accounted for as a transfer between entities under common control through an adjustment to equity if, and when, the lessee no longer controls the use of the underlying asset. The guidance will be effective for annual and interim periods beginning after December 15, 2023. We do not expect the adoption to have a material impact on our consolidated financial statements.

In March 2023, the FASB issued ASU No. 2023-02, "Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investment Tax Credit Structures Using the Proportional Amortization Method." The amendments in this update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. This guidance will be effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company is currently evaluating the impact this update may have on its consolidated financial statements.

In July 2023, the FASB issued ASU No. 2023-03, "Presentation of Financial Statements (Topic 205), Income Statement - Reporting Comprehensive Income (Topic 220), Distinguishing Liabilities from Equity (Topic 480), Equity (Topic 505), and Compensation - Stock Compensation (Topic

718): Amendments to SEC Paragraphs Pursuant to SEC Staff Accounting Bulletin No. 120, SEC Staff Announcement at the March 24, 2022 EITF Meeting, and Staff Accounting Bulletin Topic 6.B, Accounting Series Release 280 - General Revision of Regulations S-X: Income or Loss Applicable to Common Stock." The updates in ASU No. 2023-03 are reflected in the Accounting Standard Codification upon issuance and are effective immediately. The adoption of this ASU did not have a material impact on the Company's consolidated financial statements and related disclosures.

In August 2023, the FASB issued ASU No. 2023-05, "Business Combinations - Joint Venture Formations (Subtopic 805-60): Recognition and Initial Measurement." The update provides guidance requiring a joint venture to initially measure all contributions received upon its formation at fair value, largely consistent with ASC 805, Business Combinations. The guidance is intended to reduce diversity in practice and provide users of joint venture financial statements with more decision-useful information. ASC 2023-05 should be applied prospectively and is effective for all newly formed joint venture entities with a formation date on or after January 1, 2025. Early adoption is permitted, and joint ventures formed prior to the adoption date may elect to apply the new guidance retrospectively back to their original formation date. The Company is currently evaluating the impact this update may have on its consolidated financial statements.

In October 2023, the FASB issued ASU No. 2023-06, "Disclosure Improvements." The new guidance clarifies or improves disclosure and presentation requirements on a variety of topics in the codification. The amendments will align the requirements in the FASB Accounting Standard Codification with the SEC’s regulations. The amendments are effective prospectively on the date each individual amendment is effectively removed from Regulation S-X or Regulation S-K. The Company is in the process of evaluating the impact the adoption of this ASU will have on the financial statements and related disclosures, which is not expected to be material.

In November 2023, the FASB issued ASU No. 2023-07, "Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures." The new guidance is intended to improve reportable segment disclosure requirements primarily through enhanced disclosures about significant segment expenses. The amendment is effective retrospectively for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024. The Company is in the process of evaluating the impact that the adoption ASU No. 2023-07 will have to the financial statements and related disclosures.

In December 2023, the FASB issued ASU No. 2023-09, "Income Taxes (Topic 740): Improvements to Income Tax Disclosures." The new guidance is intended to enhance the transparency and decision usefulness of income tax disclosures. The amendments in the ASU address investor requests for enhanced income tax information primarily through changes to the rate reconciliation and income taxes paid information. The amendment is effective retrospectively for fiscal years beginning after December 15, 2024, on a prospective basis, with early adoption permitted. The Company is in the process of evaluating the impact that the adoption of ASU No. 2023-09 will have to the financial statements and related disclosures.

In March 2024, the Securities and Exchange Commission ("SEC") issued Final Rule No. 33-11275, "The Enhancement and Standardization of Climate-Related Disclosures for Investors." The rule requires registrants to provide climate related disclosures in their annual reports, including, but not limited to, material Scope 1 and Scope 2 GHG emissions (for large accelerated filers and accelerated filers); governance and oversight of material climate-related risks; the material impact of climate risks on the registrant’s strategy, business model, and outlook; risk management processes for material climate-related risks; and material climate targets and goals. Based on our current accelerated filer status, certain elements of the rule are effective for our fiscal year ending February 28, 2027, with the remaining disclosure requirements effective for our fiscal years ending February 29, 2028 and February 28, 2029. We will evaluate the SEC rule to determine its impact on our future financial reporting requirements and related disclosures.

In March 2024, the FASB issued ASU No. 2024-02, "Codification Improvements - Amendments to Remove References to the Concepts Statements." ASU No. 2024-02 has been issued to clarify guidance, simplify wording or structure of guidance, and other minor improvements. The amendment is effective for fiscal years beginning after December 15, 2024. Early adoption is permitted. ASU 2024-02 can be applied prospectively or retrospectively. The Company intends to adopt the amendment on a prospective basis beginning in Fiscal 2025. The adoption of ASU 2024-02 is not expected to have a material effect on the Company's financial statements and related disclosures.

2) <u>Acquisitions</u>

<u>Onkyo</u>

On April 29, 2021, the Company's subsidiary, PAC, signed a Letter of Intent to acquire certain assets of the home audio/video business of Onkyo Home Entertainment Corporation ("OHEC"), along with Sharp Corporation ("Sharp") as PAC's partner. On May 26, 2021, PAC and Sharp signed an asset purchase agreement ("APA") to jointly acquire the home audio/video business of OHEC through a joint venture entity. The APA was approved by OHEC's shareholders at its ordinary general meeting of shareholders on June 25, 2021 and on June 28, 2021, the Company announced that PAC had entered into a joint venture with Sharp in order to execute the transaction. PAC owns 77.2% of the joint venture and has 85.1% voting interest and Sharp owns 22.8% of the joint venture and has 14.9% voting interest. On September 8, 2021, the newly formed joint venture, Onkyo Technology KK ("Onkyo"), completed the transaction to acquire certain assets of the home audio/video business of OHEC. The acquired assets consisted of intangible assets.

The joint venture agreement between PAC and Sharp also contains a put/call option, whereby Sharp has the right to put its interest in the joint venture back to Voxx and Voxx has the right to call Sharp's ownership interest in the joint venture at any time after the approval of Onkyo's annual financial statements for the year ending February 28, 2025 at a purchase price equal to the higher of (a) the assets of Onkyo minus the liabilities of Onkyo, or (b) five times the EBITDA of Onkyo, in either case (a) or (b), less any amounts distributed to Sharp at any time (provided all shareholder loans are repaid) multiplied by the percentage of votes attached to such shares and other interests, free from all encumbrances, and with the benefit of all rights attaching to them as at the date of the relevant notice.

The following summarizes the allocation of the purchase price based upon the fair value of the assets acquired at the date of acquisition:

	September 8, 2021	Measurement Period Adjustments	September 8, 2021 (as adjusted)
Purchase price:			
Cash paid	$ 21,989	$ -	$ 21,989
Assignment of notes and interest receivable	8,417	-	8,417
Fair value of contingent consideration	6,710	1,119	7,829
Total transaction consideration	$ 37,116	$ 1,119	$ 38,235
Allocation:			
Intangible assets	$ 26,929	$ (7,905)	$ 19,024
Goodwill	10,187	9,024	19,211
Total assets acquired	$ 37,116	$ 1,119	38,235

During Fiscal 2022 and during the third quarter of Fiscal 2023, the Company recorded a cumulative net measurement period adjustment that increased goodwill by $9,024. The measurement period adjustment would have resulted in a decrease in amortization expense related to tradenames and technology in the third quarter of Fiscal 2022 and was not significant. The Company made the measurement period adjustment to reflect facts and circumstances that existed as of the acquisition date and did not result from intervening events subsequent to such date. The assets acquired include tradenames, technology, and goodwill. The amounts assigned to goodwill and intangible assets for the acquisition were as follows:

	September 8, 2021 (as adjusted)	Amortization Period (Years)
Goodwill	$ 19,211	N/A
Tradenames	12,468	10
Technology	6,556	5
	$ 38,235	

The fair values of the intangible assets and contingent consideration were determined with the assistance of a third-party valuation expert. Goodwill was determined as the excess of the purchase price over the fair value of the assets acquired, including identifiable intangible assets, all of which is deductible for tax purposes. Goodwill represents workforce and expected cash flow generation for the Onkyo business that does not qualify for separate recognition as intangible assets.

The original terms of the contingent consideration payable to OHEC were based upon the calculation of 2% of the total price of certain future product purchases, as defined in the APA, by PAC. Such payments were due to OHEC in perpetuity. The fair value of the contingent consideration was determined using an income approach, by estimating potential payments based on projections of future inventory purchases multiplied by the 2% payment and discounting them back to their present values using a weighted average cost of capital. A second discount rate was applied to account for the Company's credit risk to arrive at the present value of the payments. As there was no set term and the payments were intended to be made in perpetuity, a one-stage Gordon Growth Model was used to account for expected payments made beyond the last year of projections.

On May 13, 2022, OHEC filed for bankruptcy protection in Japan. The filing did not include the assets previously purchased by Onkyo on September 8, 2021. On February 10, 2023, the contingent consideration obligation was settled with the bankruptcy trustee of OHEC for $6,000, which resulted in a gain of $443. This settlement relieved Onkyo from the future payments of 2% of the total purchase price of certain future product purchases that were to be made in perpetuity. The $6,000 settlement amount was paid in installments of $1,500, $2,500, and $2,000. The first installment of $1,500 was made in February 2023. The remaining installments, totaling $4,500, were made during Fiscal 2024 after the completion of the obligation of the bankruptcy trustee of OHEC under the settlement agreement.

The following table provides a rollforward of the Company's contingent consideration balance for the year ended February 29, 2024:

Balance at February 28, 2023	$ 4,500
Payments	(4,500)
Balance at February 29, 2024	$ -

The Company has consolidated the financial results of Onkyo since the acquisition date for financial reporting purposes. The non-controlling interest has been classified as redeemable non-controlling interest outside of equity on the accompanying Consolidated Balance Sheets as the exercise of the put/call option is not within the Company's control. The carrying value of the redeemable non-controlling interest of Onkyo cannot be less than the redemption amount, which is the amount the put/call option would be settled for if exercised. Based upon the terms of the put/call option, the option remains exercisable in the event there is no redemption price, or if the redemption price is a negative amount, as determined by the redemption formula. In periods where the specific formula results in a negative amount, and thus no redemption value exists, no amounts would be paid to or received from the counterparty upon the exercise of the option. Adjustments to reconcile the carrying value to the redemption amount are recorded immediately to retained earnings and included in earnings per share. No adjustment was made to the carrying amount of the redeemable non-controlling interest as the excess of the redemption amount over the carrying amount was minimal, or a negative amount on February 29, 2024 and February 28, 2023. In the event the formulaic redemption price is positive and greater than the carrying amount of the redeemable noncontrolling interest balance, an adjustment to the carrying amount of the non-controlling interest would be recorded.

The following table provides the rollforward of the redeemable non-controlling interest for the year ended February 29, 2024:

	Redeemable Non-controlling Interest
Balance at February 28, 2021	$ -
Initial investment by Sharp	2,069
Net loss attributable to non-controlling interest	(1,483)
Foreign currency translation	(75)
Balance at February 28, 2022	511
Net loss attributable to non-controlling interest	(1,191)
Comprehensive loss attributable to non-controlling interest	(125)
Foreign currency translation	(88)
Balance at February 28, 2023	(893)
Net loss attributable to non-controlling interest	(2,535)
Comprehensive loss attributable to non-controlling interest	143
Foreign currency translation	82
Balance at February 29, 2024	$ (3,203)

The purpose of this acquisition was to expand the Company's market share and product offerings within the premium audio industry. The joint venture owns the Onkyo and Integra brands and has the licensing rights to the Pioneer brands. The Company markets and sells a variety of products under the Onkyo, Integra, and Pioneer brands through the Company's subsidiary, 11 Trading Company. Onkyo's results of operations are included in the consolidated financial statements of Voxx in our Consumer Electronics segment from September 8, 2021. Onkyo's sales eliminate in consolidation. Prior to the acquisition, PAC operated under a distribution agreement with OHEC through its 11TC subsidiary, selling Onkyo and Pioneer products to Voxx customers. No additional customer contracts were acquired in conjunction with the acquisition and 11TC continues to sell these products to the same pre-acquisition customer base.

Historical financial statements for Onkyo prior to the acquisition were not available and it is impracticable for the Company to determine the impact the acquisition would have had on the Company's revenue or net loss had it been included in the consolidated results of the Company for the full year ended February 28, 2022.

3) Variable Interest Entities

A variable interest entity ("VIE") is an entity that either (i) has insufficient equity to permit the entity to finance its activities without additional subordinated financial support, or (ii) has equity investors who lack the characteristics of a controlling financial interest. Under ASC 810 "Consolidation," an entity that holds a variable interest in a VIE and meets certain requirements would be considered to be the primary beneficiary of the VIE and required to consolidate the VIE in its consolidated financial statements. In order to be considered the primary beneficiary of a VIE, an entity must hold a variable interest in the VIE and have both:

- the power to direct the activities that most significantly impact the economic performance of the VIE; and
- the right to receive benefits from, or the obligation to absorb losses of, the VIE that could be potentially significant to the VIE.

Effective September 1, 2015, Voxx acquired a majority voting interest in substantially all of the assets and certain specified liabilities of EyeLock, Inc. and EyeLock Corporation, a market leader of iris-based identity authentication solutions, through a newly formed entity, EyeLock LLC. The Company has issued EyeLock LLC a promissory note for the purposes of repaying protective advances and funding working capital requirements of the company. On August 25, 2022, this promissory note was amended and restated to allow EyeLock LLC to borrow up to maximum of $71,200. Through March 1, 2019, interest on the outstanding principal of the loan accrued at 10%. From March 1, 2019 forward, interest accrues at 2.5%. The amended and restated promissory note is due on February 28, 2025. The outstanding principal balance of this promissory note is convertible at the sole option of Voxx into units of EyeLock LLC. If Voxx chooses not to convert into equity, the outstanding loan principal of the amended and restated promissory note will be repaid at a multiple of 1.50 based on the repayment date. The agreement includes customary events of default and is collateralized by all of the property of EyeLock LLC.

We have determined that we hold a variable interest in EyeLock LLC as a result of:

- our majority voting interest and ownership of substantially all of the assets and certain liabilities of the entity; and
- the loan agreement with EyeLock LLC, which has a total outstanding principal balance of $69,377 as of February 29, 2024.

We concluded that we became the primary beneficiary of EyeLock LLC on September 1, 2015 in conjunction with the acquisition. This was the first date that we had the power to direct the activities of EyeLock LLC that most significantly impact the economic performance of the entity because we acquired a majority interest in substantially all of the assets and certain liabilities of EyeLock Inc. and EyeLock Corporation on this date, as well as obtained a majority voting interest as a result of this transaction. Although we are considered to have control over EyeLock LLC under ASC 810, as a result of our majority ownership interest, the assets of EyeLock LLC can only be used to satisfy the obligations of EyeLock LLC. As a result of our majority ownership interest in the entity and our primary beneficiary conclusion, we consolidated EyeLock LLC in our consolidated financial statements beginning on September 1, 2015.

On April 29, 2021, EyeLock LLC entered into a three-year exclusive distribution agreement (the “Agreement”) with GalvanEyes Partners LLC (“GalvanEyes”), a Florida LLC managed by Beat Kahli, a significant shareholder of Voxx. The Agreement provides that GalvanEyes would become the exclusive distributor of EyeLock products in the European Union, Switzerland, Puerto Rico, Malaysia, and Singapore, with the exception of any existing customer relationships. GalvanEyes was also granted exclusive distribution rights in the United States for the residential real estate market and specific U.S. Government agencies, and non-exclusive distribution rights in all other territories and verticals with the Company’s consent. The Agreement also includes a put/call arrangement, whereby GalvanEyes has the right to put the exclusivity back to EyeLock after the initial two-year period for a 20.0% interest in EyeLock. In turn, EyeLock has the ability to call the exclusivity during the term of the Agreement, based on the occurrence of certain events, which would result in a 20.0% equity interest given to GalvanEyes. Under the Agreement, in addition to paying for any products purchased, GalvanEyes agreed to pay EyeLock $10,000 in the form of an annual fee, over a two-year period, of up to $5,000 per year, with payments on a quarterly basis beginning on September 1, 2021. Any gross profit generated on the sale of EyeLock LLC products by GalvanEyes will be deducted from the annual fee. The value of the put/call arrangement was not significant at February 29, 2024 or February 28, 2023. The quarterly installment payments owed by GalvanEyes, totaling $2,500 for the quarters ended May 31, 2023 and August 31, 2023, remain unpaid and are currently past due. Interest has been accrued on the outstanding balance at a rate of 8% through February 29, 2024. The past due payments, plus accrued interest, are recorded as receivables due from GalvanEyes at February 29, 2024 on the accompanying Consolidated Balance Sheet. The Company has also recorded a corresponding liability within Other long-term liabilities on the accompanying Consolidated Balance Sheets, representing a prepayment made by GalvanEyes of a 20% interest in EyeLock upon exercise of the put option. The balance of this liability at February 29, 2024 and February 28, 2023 was $9,817 and $7,317, respectively, which includes the balance receivable at February 29, 2024, as well as previous payments received since September 1, 2021.

On March 1, 2024, EyeLock LLC entered into a joint venture agreement with GalvanEyes to engage in a newly formed entity, BioCenturion LLC, to operate its biometrics business. EyeLock and GalvanEyes have each agreed to contribute selected assets and liabilities to the joint venture, with GalvanEyes controlling the day-to-day operations of the joint venture. All working capital needs and the funding of losses of the joint venture shall be borne by GalvanEyes for the first two years. Beat Kahli will serve as Chairman of the Board and Chief Executive Officer of BioCenturion LLC. In conjunction with the formation of the joint venture, the distribution agreement between EyeLock LLC and GalvanEyes was terminated, and a promissory note was signed by GalvanEyes for the repayment of the remaining quarterly installments due at February 29, 2024. The balance will be paid in eight quarterly installments beginning May 31, 2024 and ending on February 28, 2026 with interest accruing at a rate of 8%.

Assets and Liabilities of EyeLock LLC

The following table sets forth the carrying values of assets and liabilities of EyeLock LLC that were included on our Consolidated Balance Sheets as of February 29, 2024 and February 28, 2023:

	February 29, 2024	February 28, 2023
Assets		
Current assets:		
Cash and cash equivalents	$ -	$ 158
Accounts receivable, net	64	520
Inventory, net	1,839	1,836
Due from GalvanEyes LLC, current	1,238	-
Prepaid expenses and other current assets	58	93
Total current assets	3,199	2,607
Property, plant and equipment, net	4	9
Intangible assets, net	1,514	1,786
Due from GalvanEyes LLC, less current portion	1,340	
Other assets	5	8
Total assets	$ 6,062	$ 4,410
Liabilities and Partners' Deficit		
Current liabilities:		
Accounts payable	$ 759	$ 864
Interest payable to VOXX	16,525	14,803
Accrued expenses and other current liabilities	287	296
Due to VOXX	69,377	66,175
Total current liabilities	86,948	82,138
Prepaid ownership interest due to GalvanEyes LLC	9,817	7,317
Other long-term liabilities	1,200	1,200
Total liabilities	97,965	90,655
Commitments and contingencies		
Partners' deficit:		
Capital	41,416	41,416
Retained losses	(133,319)	(127,661)
Total partners' deficit	(91,903)	(86,245)
Total liabilities and partners' deficit	$ 6,062	$ 4,410

The assets of EyeLock LLC can only be used to satisfy the obligations of EyeLock LLC.

Revenue and Expenses of EyeLock LLC

The following table sets forth the revenue and expenses of EyeLock LLC that were included in our Consolidated Statements of Operations and Comprehensive Loss for the years ended February 29, 2024, February 28, 2023, and February 28, 2022:

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Net sales	$ 531	$ 1,046	$ 882
Cost of sales	422	688	694
Gross profit	109	358	188
Operating expenses:			
Selling	410	575	653
General and administrative	1,638	1,509	1,410
Engineering and technical support	2,034	2,355	5,817
Restructuring expenses (Note 6)	27	-	-
Total operating expenses	4,109	4,439	7,880
Operating loss	(4,000)	(4,081)	(7,692)
Other (expense) income:			
Interest and bank charges	(1,736)	(1,720)	(1,662)
Other, net	78	(15)	—
Total other expense, net	(1,658)	(1,735)	(1,662)
Loss before income taxes	(5,658)	(5,816)	(9,354)
Income tax expense	—	—	—
Net loss	$ (5,658)	$ (5,816)	$ (9,354)

4) Receivables from Vendors

The Company has recorded receivables from vendors in the amount of $1,192 and $112 as of February 29, 2024 and February 28, 2023, respectively. Receivables from vendors primarily represent prepayments on product shipments and product reimbursements. At February 29, 2024, the balance in Receivables from Vendors includes a balance due from one of the Company's vendors related to defective product that the vendor has agreed to reimburse the Company for. The balance is expected to be collected during Fiscal 2025.

5) Equity Investment

The Company has a 50% non-controlling ownership interest in ASA Electronics, LLC and Subsidiary ("ASA"), which acts as a distributor of mobile electronics specifically designed for niche markets within the Automotive industry, including RV's; buses; and commercial, heavy duty, agricultural, construction, powersport, and marine vehicles. ASC 810 requires the Company to evaluate non-consolidated entities periodically, and as circumstances change, to determine if an implied controlling interest exists. During Fiscal 2024, the Company evaluated this equity investment and concluded that ASA is not a variable interest entity. ASA's fiscal year end is November 30, 2023; however, the results of ASA as of and for the twelve months ended February 29, 2024 have been recorded in the consolidated financial statements.

The following presents summary financial information of ASA. Such summary financial information has been provided herein based upon the individual significance of ASA to the consolidated financial information of the Company.

	February 29, 2024	February 28, 2023
Current assets	$ 43,790	$ 48,391
Non-current assets	7,579	6,525
Liabilities	8,609	10,880
Members' equity	42,760	44,036

	Twelve Months Ended February 29, 2024	Twelve Months Ended February 28, 2023	Twelve Months Ended February 28, 2022
Net sales	$ 76,939	$ 104,997	$ 114,825
Gross profit	20,326	25,671	27,517
Operating income	8,913	13,749	15,695
Net income	9,832	13,938	15,780

The Company's share of income from ASA for the years ended February 29, 2024, February 28, 2023 and February 28, 2022 was $4,916, $6,969, and $7,890, respectively. In addition, the Company received cash distributions from ASA totaling $5,554, $6,300, and $9,809 during the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively.

Undistributed earnings from equity investments amounted to $16,054 and $16,692 at February 29, 2024 and February 28, 2023, respectively.

Net sales transactions between the Company and ASA were $244, $232, and $315 for the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively. Accounts receivable balances from ASA were $24 and $49 as of February 29, 2024 and February 28, 2023, respectively.

6) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	February 29, 2024	February 28, 2023
Commissions	$ 646	$ 623
Employee compensation	9,340	15,878
Professional fees and accrued settlements	1,466	1,526
Future warranty	4,966	5,845
Refund liability	3,648	5,181
Freight and duty	5,629	7,508
Royalties, advertising and other	12,543	5,295
Total accrued expenses and other current liabilities	$ 38,238	$ 41,856

The Company records liabilities for costs associated with exit or disposal activities in the period in which the liability is incurred. Employee severance costs are accrued when the restructuring actions are probable and estimable. Costs for one-time termination benefits in which the employee is required to render service until termination in order to receive the benefits are recognized ratably over the future service period.

During the second quarter of Fiscal 2023, the Company began moving certain of its OEM production operations from Florida to Mexico and during the second quarter of Fiscal 2024, the Company implemented a cost reduction initiative in order to streamline operations, reduce costs, and align its business in response to market conditions. As a result of these initiatives, the Company incurred restructuring expenses, consisting primarily of severance payments due to global workforce reductions, of $2,136 and $870 for the years ended February 29, 2024 and February 28, 2023, respectively. For the year ended February 29, 2024, $890 of our restructuring charges were incurred by the Automotive segment, $1,071 was incurred by the Consumer Electronics segment, $27 was incurred by the Biometrics segment, and $148 was incurred by Corporate. For the year ended February 28, 2023, all restructuring charges were incurred by the Automotive segment. At February 29, 2024, $407 of these restructuring charges were not yet settled and are included in Accrued expenses and other current liabilities within Employee compensation in the above presentation. The Company expects substantially all of this liability balance to be settled during first quarter of Fiscal 2025. Additional restructuring charges related to relocation and cost reductions may be incurred during Fiscal 2025.

7) Financing Arrangements

The Company has the following financing arrangements:

	February 29, 2024	February 28, 2023
Domestic credit facility (a)	$ 63,843	$ 29,000
Florida mortgage (b)	5,615	6,115
Euro asset-based lending obligation - VOXX Germany (c)	—	—
Shareholder loan payable to Sharp (d)	3,813	4,079
Total debt	73,271	39,194
Less: current portion of long-term debt	500	500
Long-term debt before debt issuance costs	72,771	38,694
Less: debt issuance costs	890	1,181
Total long-term debt	$ 71,881	$ 37,513

a) *Domestic Bank Obligations*

The Company has a senior secured credit facility (the "Credit Facility") with Wells Fargo Bank, N.A. ("Wells Fargo"), that provides for a revolving credit facility with committed availability of up to $165,000. The Credit Facility also includes a $50,000 sublimit for letters of credit and a $15,000 sublimit for Swing Loans. The availability under the revolving credit line within the Credit Facility is subject to a borrowing base, which is based on eligible accounts receivable, eligible inventory and certain real estate, subject to reserves as determined by the lender, and is also limited by amounts outstanding under the Florida Mortgage (see Note 7(b)). The remaining availability under the revolving credit line of the Credit Facility was $55,346 as of February 29, 2024.

Any amounts outstanding under the Credit Facility will mature and become immediately due on April 19, 2026; however, the Credit Facility is subject to acceleration upon the occurrence of an Event of Default (as defined in the Credit Agreement). The Company may prepay any amounts outstanding at any time. Commitments under the Credit Facility may be irrevocably reduced at any time, without premium or penalty as set forth in the Credit Facility.

Generally, the Company may designate specific borrowings under the Credit Facility as either Base Rate Loans or SOFR Loans, except that Swing Loans may only be designated as Base Rate Loans. Loans under the Credit Facility designated as SOFR Loans shall bear interest at a rate equal to the then-applicable SOFR Rate plus a range of 1.75% - 2.25% (7.61% at February 29, 2024). Loans under the Credit Facility designated as Base Rate Loans shall bear interest at a rate equal to the applicable margin for Base Rate Loans of 0.75% - 1.25%, as defined in the agreement and shall not be lower than 1.75% (9.50% at February 29, 2024).

Provided the Company is in a Compliance Period (the period commencing on the day in which Excess Availability is less than 15% of the Maximum Revolver Amount and ending on a day in which Excess Availability is equal to or greater than 15% for any consecutive 30-day period thereafter), the Credit Facility requires compliance with a financial covenant calculated as of the last day of each month consisting of a Fixed Charge Coverage Ratio. The Credit Facility also contains covenants, subject to defined carveouts, that limit the ability of the loan parties and certain of their subsidiaries which are not loan parties to, among other things: (i) incur additional indebtedness; (ii) incur liens; (iii) merge, consolidate or dispose of a substantial portion of their business; (iv) transfer or dispose of assets; (v) change their name, organizational identification number, state or province of organization or organizational identity; (vi) make any material change in their nature of business; (vii) prepay or otherwise acquire indebtedness; (viii) cause any change of control; (ix) make any restricted junior payment, including the declaration of dividends; (x) change their fiscal year or method of accounting; (xi) make advances, loans or investments; (xii) enter into or permit any transaction with an affiliate of any borrower or any of their subsidiaries; (xiii) use proceeds for certain items; (xiv) issue or sell any of their stock; (xv) consign or sell any of their inventory on certain terms. In addition, if excess availability under the Credit Facility were to fall below certain specified levels, as defined in the Credit Facility, the lenders would have the right to assume dominion and control over the Company's cash. As of February 29, 2024, the Company was not in a Compliance Period.

The obligations under the Credit Facility are secured by a general lien on, and security interest in, substantially all of the assets of the borrowers and certain of the guarantors, including accounts receivable, equipment, real estate, general intangibles, and inventory. The Company, as parent, has guaranteed the obligations of its subsidiary borrowers under the Credit Facility.

The Company has deferred financing costs related to the Credit Facility and previous amendments and modifications of the Credit Facility. Deferred financing costs are included in Long-term debt on the accompanying Consolidated Balance Sheets as a contra-liability balance and are amortized through Interest and bank charges in the Consolidated Statements of Operations and Comprehensive Loss over the remaining term of the Credit Facility. The Company amortized $361, $231, and $241 during the years ended, February 29, 2024, February 28, 2023 and February 28, 2022, respectively. The net unamortized balance of these deferred financing costs at February 29, 2024 is $799.

Charges incurred on the unused portion of the Credit Facility and its predecessor revolving credit facility during the years ended February 29, 2024, February 28, 2023, and February 28, 2022 totaled $696, $686, and $739, respectively, and are included within Interest and Bank Charges on the Consolidated Statements of Operations and Comprehensive Loss.

b) *Florida Mortgage*

On July 6, 2015, VOXX HQ LLC, the Company’s wholly owned subsidiary, closed on a $9,995 industrial development revenue tax exempt bond under a loan agreement in favor of the Orange County Industrial Development Authority (the “Authority”) to finance the construction of the Company's manufacturing facility and executive offices in Lake Nona, Florida (the “Construction Loan”). Wells Fargo Bank, N.A. ("Wells Fargo") was the purchaser of the bond and U.S. Bank National Association is the trustee under an Indenture of Trust with the Authority. Voxx borrowed the proceeds of the bond purchase from the Authority during construction as a revolving loan, which converted to a permanent mortgage upon completion of the facility in January 2016 (the "Florida Mortgage"). The Company makes principal and interest payments to Wells Fargo, which began March 1, 2016 and will continue through March of 2026. On May 1, 2023, VOXX HQ LLC consented to a First Amendment and Supplement to the Indenture of Trust relating to the Florida Industrial Revenue Bonds, and which provided for a replacement benchmark from LIBOR to SOFR, including a modification to the interest rate to 79% of the applicable SOFR Rate plus 1.87% (6.07% at February 29, 2024). The Florida Mortgage is secured by a first mortgage on the property, a collateral assignment of leases and rents and a guaranty by the Company. The Company is in compliance with the financial covenants of the Florida Mortgage, which are as defined in the Company’s Credit Facility with Wells Fargo dated April 26, 2016 and amended in April 2021 and February 2023.

The Company incurred debt financing costs totaling approximately $332 as a result of obtaining the Florida Mortgage, as well as $40 related to the May 2023 amendment, which are recorded as deferred financing costs and included in Long-term debt as a contra-liability balance on the accompanying Consolidated Balance Sheets and are being amortized through Interest and bank charges in the Consolidated Statements of Operations and Comprehensive Loss over the ten-year term of the Florida Mortgage. The Company amortized $43 of these costs during the year ended February 29, 2024 and $31 during both of the years ended February 28, 2023 and February 28, 2022, respectively. The net unamortized balance of these deferred financing costs at February 29, 2024 is $91.

On July 20, 2015, the Company entered into an interest rate swap agreement in order to hedge interest rate exposure related to the Florida Mortgage, which was amended on May 3, 2023 in conjunction with the amendment to the Florida Mortgage. The swap contract was amended to reference the SOFR Rate, as well as set a fixed rate equal to 3.43% (see Note 1(e)).

c) *Euro Asset-Based Lending Obligation – VOXX Germany*

Foreign bank obligations include a Euro Asset-Based Lending ("ABL") credit facility, which has a credit limit of €8,000, for the Company's subsidiary, VOXX Germany, which expires on October 31, 2024. The rate of interest for the ABL is the three-month Euribor plus 3.55% (7.49% at February 29, 2024).

d) *Shareholder Loan Payable to Sharp*

In conjunction with the capitalization and funding of the Company’s Onkyo joint venture with its partner Sharp, which was created in order to execute the acquisition of certain assets of the home audio/video business of OHEC on September 8, 2021 (see Note 2), Onkyo entered into a loan agreement with the shareholders of the joint venture, PAC and Sharp. The loan balance outstanding at February 29, 2024 represents the portion of the loan payable to Sharp. The loan balance due to PAC eliminates in consolidation. All amounts outstanding under the loan will mature and become payable ten years from the execution date of the acquisition, which is September 8, 2031. The loan may be prepaid subject the approval of the board of directors of the joint venture and must be repaid if either the put or call option is exercised in accordance with the joint venture agreement. The rate of interest for the shareholder loan is 2.5% and the loan is secured by a second priority lien on and secured interest in all assets of Onkyo.

The following is a maturity table for debt and bank obligations outstanding at February 29, 2024 for each of the following fiscal years:

2025	$ 500
2026	500
2027	68,458
2028	-
2029	-
Thereafter	3,813
Total	$ 73,271

The weighted-average interest rate on short-term debt was 3.48% for both Fiscal 2024 and Fiscal 2023. Interest expense related to the Company's financing arrangements for the years ended February 29, 2024, February 28, 2023 and February 28, 2022 was $4,373, $2,299, and $550, respectively, of which $3,070 and $1,507 was related to the Credit Facility for the years ended February 29, 2024 and February 28, 2023. For the year ended February 28, 2022, none of the Company's interest expense was related to the Credit Facility, as there was no outstanding balance during Fiscal 2022.

8) Income Taxes

The components of income (loss) before the provision (benefit) for income taxes are as follows:

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Domestic Operations	$ (36,128)	$ (33,501)	$ (26,665)
Foreign Operations	(11,249)	2,551	826
	$ (47,377)	$ (30,950)	$ (25,839)

The provision (benefit) for income taxes is comprised of the following:

	Year Ended February 29, 2024	Year Ended February 28, 2023	Year Ended February 28, 2022
Current provision (benefit)			
Federal	$ (231)	$ 254	$ 20
State	72	242	804
Foreign	811	1,248	2,148
Total current provision	$ 652	$ 1,744	$ 2,972
Deferred (benefit) provision			
Federal	$ (721)	$ (394)	$ (2,300)
State	(520)	(271)	1,010
Foreign	(1,196)	(1,118)	(56)
Total deferred (benefit) provision	$ (2,437)	$ (1,783)	$ (1,346)
Total (benefit) provision			
Federal	$ (952)	$ (140)	$ (2,280)
State	(448)	(29)	1,814
Foreign	(385)	130	2,092
Total (benefit) provision	$ (1,785)	$ (39)	$ 1,626

The effective tax rate before income taxes varies from the current statutory U.S. federal income tax rate as follows:

	Year Ended February 29, 2024		Year Ended February 28, 2023		Year Ended February 28, 2022	
Tax benefit at Federal statutory rates	$ (9,949)	21.0%	$ (6,499)	21.0%	$ (5,426)	21.0%
State income taxes, net of Federal benefit	(692)	1.5	(711)	2.3	(282)	1.1
Change in valuation allowance	6,589	(13.9)	5,785	(18.7)	7,214	(28.0)
Change in tax reserves	(183)	0.4	(173)	0.5	(227)	0.9
Non-controlling interest	463	(1.0)	476	(1.5)	766	(3.0)
U.S. effects of foreign operations	-	—	379	(1.2)	(2,135)	8.3
Permanent differences and other	195	(0.4)	794	(2.6)	581	(2.2)
Capital loss carryforward expiration	3,464	(7.3)	-	-	-	-
Foreign rate differential	(879)	1.9	402	(1.3)	787	(3.1)
Change in tax rate	(255)	0.5	39	(0.1)	105	(0.4)
Research & development credits	(538)	1.1	(531)	1.7	243	(0.9)
Effective tax rate	$ (1,785)	3.8%	$ (39)	0.1%	$ 1,626	(6.3)%

Permanent differences and other include nondeductible expenses, Section 162(m) limitation on executive compensation, and other adjustments.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying values of assets and liabilities for financial reporting and tax purposes. Significant components of the Company's deferred tax assets and liabilities are as follows:

	February 29, 2024	February 28, 2023
Deferred tax assets:		
Accounts receivable	$ -	$ 192
Inventory	3,732	4,196
Property, plant and equipment	3,092	2,467
IRC Section 174 - Capitalized R&D	5,171	3,735
Interim arbitration award	-	10,453
Operating lease	675	811
Accruals and reserves	3,018	6,097
Deferred compensation	205	268
Warranty reserves	1,198	1,465
Unrealized gains and losses	1,337	4,877
Partnership investments	3,904	3,262
163(j) interest limitation	1,786	-
Net operating losses	22,881	5,270
Foreign tax credits	2,111	1,739
Other tax credits	6,334	5,344
Deferred tax assets before valuation allowance	55,444	50,176
Less: valuation allowance	(41,845)	(35,421)
Total deferred tax assets	13,599	14,755
Deferred tax liabilities:		
Intangible assets	(12,858)	(16,035)
Prepaid expenses	(1,295)	(1,513)
Operating lease	(652)	(798)
Deferred financing fees	(32)	(46)
Total deferred tax liabilities	(14,837)	(18,392)
Net deferred tax liability	$ (1,238)	$ (3,637)

In assessing the realizability of deferred tax assets, management considers whether it is more-likely-than-not that some portion or all of the deferred tax assets will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income in those periods in which temporary differences become deductible and/or net operating loss carryforwards can be utilized. We consider the level of historical taxable income, scheduled reversal of temporary differences, tax planning strategies, and projected future taxable income in determining whether a valuation allowance is warranted. Significant weight is given to positive and negative evidence that is objectively verifiable.

The Company evaluates the realizability of deferred tax assets on a jurisdictional basis at each reporting date. Accounting for income taxes requires that a valuation allowance be established when it is more likely than not that all or a portion of the deferred tax assets will not be realized. In circumstances where there is sufficient negative evidence indicating that the deferred tax assets are not more likely than not realizable, we establish a valuation allowance. In addition, the Company maintains a valuation allowance against deferred tax assets in certain foreign jurisdictions. The Company's valuation allowance increased by $6,424 during the year ended February 29, 2024. Any further increase or reduction in the valuation allowance could have a favorable or unfavorable impact on our income tax provision and net income in the period in which such determination is made.

Notwithstanding the U.S. taxation of the deemed repatriated foreign earnings as a result of the one-time transition tax during Fiscal 2018, the Company intends to continue to invest these earnings indefinitely outside the U.S. If these future earnings are repatriated to the U.S., or if the Company determines that such earnings will be remitted in the foreseeable future, the Company may be required to accrue U.S. deferred taxes (if any) and applicable withholding taxes. It is not practicable to estimate the tax impact of the reversal of the outside basis difference, or the repatriation of cash due to the complexity of its hypothetical calculation.

As of February 29, 2024, the Company has foreign tax credits of $1,424 which expire in tax years 2027 through 2032. The Company has federal research and development tax credits of $5,083 which expire in tax years 2035 through 2043. The Company has a federal net operating loss carryforward of $48,061 that can be carried forward indefinitely and can only offset 80% of taxable income. The Company has various foreign net operating loss carryforwards, state net operating loss carryforwards, and state tax credits that expire in various years and amounts through tax year 2043.

A reconciliation of the beginning and ending amount of unrecognized tax benefits, excluding interest and penalties, is as follows:

Balance at February 28, 2021	$	6,860
Additions based on tax positions taken in the current and prior years		140
Settlements		—
Decreases based on tax positions taken in the prior years		(563)
Other		(172)
Balance at February 28, 2022	$	6,265
Additions based on tax positions taken in the current and prior years		114
Settlements		—
Decreases based on tax positions taken in the prior years		(484)
Other		89
Balance at February 28, 2023	$	5,984
Additions based on tax positions taken in the current and prior years		452
Settlements		—
Decreases based on tax positions taken in prior years		(995)
Other		184
Balance at February 29, 2024	$	5,625

Of the amounts reflected in the table above at February 29, 2024, $5,625, if recognized, would reduce our effective tax rate. If recognized, $4,958 of the unrecognized tax benefits are likely to attract a full valuation allowance, thereby offsetting the favorable impact to the effective tax rate. Our unrecognized tax benefit non-current consolidated balance sheet liability, including interest and penalties, is $809. The Company records accrued interest and penalties related to income tax matters in the provision for income taxes in the accompanying Consolidated Statements of Operations and Comprehensive Loss. For the years ended February 29, 2024, February 28, 2023 and February 28, 2022, interest and penalties on unrecognized tax benefits were $(52), $(5) and $(28), respectively. The balance as of February 29, 2024 and February 28, 2023 was $142 and $194, respectively. It is reasonably possible that unrecognized tax benefits will decrease by approximately $400 within the next 12 months.

The Company, or one of its subsidiaries, files its tax returns in the U.S. and certain state and foreign income tax jurisdictions with varying statutes of limitations. The earliest years' tax returns filed by the Company that are still subject to examination by the tax authorities in the major jurisdictions are as follows:

Jurisdiction	Tax Year
U.S.	2019
Netherlands	2018
Germany	2019

9) Capital Structure

The Company's capital structure is as follows:

Security	Par Value	Shares Authorized February 29, 2024	Shares Authorized February 28, 2023	Shares Outstanding February 29, 2024	Shares Outstanding February 28, 2023	Voting Rights per Share	Liquidation Rights
Preferred Stock	$ 50.00	50,000	50,000	—	—	—	$50 per share
Series Preferred Stock	$ 0.01	1,500,000	1,500,000	—	—	—	
Class A Common Stock	$ 0.01	60,000,000	60,000,000	19,698,562	20,589,946	one	Ratably with Class B
Class B Common Stock	$ 0.01	10,000,000	10,000,000	2,260,954	2,260,954	ten	Ratably with Class A

The holders of Class A and Class B common stock are entitled to receive cash or property dividends declared by the Board of Directors. The Board of Directors can declare cash dividends for Class A common stock, subject to the Company's loan covenants (see Note 7), in amounts equal to or greater than the cash dividends for Class B common stock. Dividends other than cash must be declared equally for both classes. Each share of Class B common stock may, at any time, be converted into one share of Class A common stock. The Company's Class A common shares outstanding are presented net of 577,581 shares subject to possible redemption at both February 29, 2024 and February 28, 2023 (see Note 1(u)).

Stock held in treasury by the Company is accounted for using the cost method, which treats stock held in treasury as a reduction to total stockholders' equity and amounted to 4,287,041 and 3,370,657 shares at February 29, 2024 and February 28, 2023, respectively. The cost basis for subsequent sales of treasury shares is determined using an average cost method. In Fiscal 2020, the Company was authorized by the Board of Directors to increase the number of Class A Common Stock available for repurchase in the open market to 3,000,000. During the years ended February 29, 2024, February 28, 2023, and February 28, 2022, the Company repurchased 916,384, 508,439, and 113,000 shares of Class A Common Stock, respectively, for an aggregate cost of $9,288, $5,147, and $1,220, respectively. As of February 29, 2024, 881,053 shares of the Company's Class A common stock are authorized to be repurchased in the open market.

10) Other Stock and Retirement Plans

a) *Supplemental Executive Retirement Plan*

Subject to certain performance criteria, service requirements and age restrictions, employees who participate in the SERP will receive restricted stock awards pursuant to the 2014 Plan. The restricted stock awards vest on the later of three years from the date of grant, or the grantee reaching the age of 65 years (see Note 1(u)).

As of February 29, 2024, approximately 1,759,000 shares of the Company's Class A common stock are reserved for issuance under the Company's Restricted and Stock Option Plans.

b) *401(k) Plans*

The VOXX International Corporation 401(k) plan is for all eligible domestic employees. The Company matches a portion of the participant's contributions after three months of service under a predetermined formula based on the participant's contribution level. Shares of the Company's Common Stock are not an investment option in the 401(k) plan and the Company does not use such shares to match participants' contributions. During the years ended February 29, 2024, February 28, 2023, and February 28, 2022, the Company contributed, net of forfeitures, $750, $685, and $689 to the 401(k) Plan.

c) *Deferred Compensation Plan*

A Deferred Compensation Plan (the “Plan”) was adopted by the Company in 1999 for Vice Presidents and above. The Plan was intended to provide certain executives with supplemental retirement benefits as well as to permit the deferral of more of their compensation than they are permitted to defer under the Profit Sharing and 401(k) Plans. The Plan was not intended to be a qualified plan under the provisions of the Internal Revenue Code. All compensation deferred under the Plan has been held by the Company in an investment trust which is considered an asset of the Company.

The investments, which amounted to $828 and $1,053 at February 29, 2024 and February 28, 2023, respectively, are classified as long-term marketable equity securities and are included in Investment securities on the accompanying Consolidated Balance Sheets and a corresponding liability is recorded in Deferred compensation, which is classified as a non-current liability. Unrealized gains and losses on the marketable securities and corresponding deferred compensation liability net to zero in the accompanying Consolidated Statements of Operations and Comprehensive Loss. The Plan was terminated on May 1, 2023. Payments of the remaining balance will be made to the participating employees in two installments on June 1, 2024 and March 1, 2025.

11) Lease Obligations

The Company accounts for operating and finance leases in accordance with ASC Topic 842, Leases. We determine whether an arrangement is a lease at inception. This determination generally depends on whether the arrangement conveys the right to control the use of an identified fixed asset explicitly or implicitly for a period of time in exchange for consideration. Control of an underlying asset is conveyed if we obtain the rights to direct the use of, and to obtain substantially all of the economic benefit from, the use of the underlying asset. Some of our leases include both lease and non-lease components which are accounted for as a single lease component, as we elected the practical expedient in ASC 842-10-15-37. Some of our operating lease agreements include variable lease costs, including taxes, common area maintenance, or increases in rental costs related to inflation. Such variable payments, other than those dependent upon a market index or rate, are expensed when the obligation for those payments is incurred. Lease expense is recorded in operating expenses in the Consolidated Statements of Operations and Comprehensive Loss. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less which do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise are considered short term leases and are not recorded on the balance sheet. The Company had no short-term leases during the year ended February 29, 2024.

Right-of-use assets and lease liabilities are recognized at each lease’s commencement date based on the present value of its lease payments over its respective lease term. When a borrowing rate is not explicitly available for a lease, our incremental borrowing rate is used based on information available at the lease’s commencement date to determine the present value of its lease payments. Operating lease payments are recognized on a straight-line basis over the lease term.

We have operating leases for office equipment, as well as offices, warehouses, and other facilities used for our operations. We also have finance leases comprised primarily of computer hardware and machinery and equipment. Our leases have remaining lease terms of less than 1 year to 7 years, some of which include renewal options. We consider these renewal options in determining the lease term used to establish our right-of-use assets and lease liabilities when it is determined that it is reasonably certain that the renewal option will be exercised.

Refer to the Consolidated Statements of Cash Flows for supplemental cash flow information related to leases.

The components of lease cost for the year ended February 29, 2024 were as follows:

	February 29, 2024	February 28, 2023	February 28, 2022
Operating lease cost (a) (c)	$ 1,377	$ 1,508	$ 1,383
Finance lease cost:			
Amortization of right of use assets (a)	372	283	403
Interest on lease liabilities (b)	53	4	11
Total finance lease cost	$ 425	$ 287	$ 414

(a) Recorded within Selling, general, and administrative; Engineering and technical support; and Cost of sales on the Consolidated Statements of Operations and Comprehensive Loss.

(b) Recorded within Interest and bank charges on the Consolidated Statements of Operations and Comprehensive Loss.

(c) Includes immaterial amounts related to variable rent expense.

Supplemental balance sheet information related to leases is as follows:

	February 29, 2024	February 28, 2023
Operating Leases		
Operating lease, right of use assets	$ 2,577	$ 3,632
Total operating lease right of use assets	$ 2,577	$ 3,632
Accrued expenses and other current liabilities	$ 782	$ 1,173
Operating lease liabilities, less current portion	1,884	2,509
Total operating lease liabilities	$ 2,666	$ 3,682
Finance Leases		
Property, plant and equipment, gross	$ 3,835	$ 2,754
Accumulated depreciation	(2,863)	(2,491)
Total finance lease right of use assets	$ 972	$ 263
Accrued expenses and other current liabilities	$ 349	$ 203
Finance lease liabilities, less current portion	644	63
Total finance lease liabilities	$ 993	$ 266
Weighted Average Remaining Lease Term		
Operating leases	4.9 years	5.0 years
Finance leases	3.1 years	1.2 years
Weighted Average Discount Rate		
Operating leases	4.12 %	3.83 %
Finance leases	8.45 %	3.51 %

At February 29, 2024, maturities of lease liabilities for each of the succeeding years were as follows:

	Operating Leases	Finance Leases
2025	$ 851	$ 435
2026	608	364
2027	401	194
2028	246	122
2029	241	71
Thereafter	549	-
Total lease payments	2,896	1,186
Less imputed interest	230	193
Total	$ 2,666	$ 993

As of February 29, 2024, the Company has not entered into any lease agreements that have not yet commenced.

The Company owns and occupies buildings as part of its operations. Certain space within these buildings may, from time to time, be leased to third parties from which the Company earns rental income as lessor. This leased space is recorded within property, plant and equipment and was not material to the Company's Consolidated Balance Sheets at February 29, 2024. Rental income earned by the Company for the years ended February 29, 2024, February 28, 2023, and February 28, 2022 was $937, $911, and $678, respectively, which is recorded within Other income (expense).

12) Financial Instruments

a) *Off-Balance Sheet Risk*

Commercial letters of credit are issued by the Company during the ordinary course of business through major domestic banks as requested by certain suppliers. The Company also issues standby letters of credit principally to secure certain bank obligations and insurance policies. The Company had no open commercial letters of credit at February 29, 2024. Standby letters of credit amounted to $37 at February 29, 2024. The terms of these letters of credit are all less than one year. No material loss is anticipated due to nonperformance by the counter parties to these agreements. The fair value of the standby letters of credit is estimated to be the same as the contract values based on the short-term nature of the fee arrangements with the issuing banks.

At February 29, 2024, the Company had unconditional purchase obligations for inventory commitments of $62,458. These obligations are not recorded in the consolidated financial statements until commitments are fulfilled and such obligations are subject to change based on negotiations with manufacturers.

b) *Concentrations of Credit Risk*

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables. The Company's customers are located principally in the United States, Canada, Europe, and Asia Pacific and consist of, among others, distributors, mass merchandisers, warehouse clubs, major automobile manufacturers, and independent retailers. The Company generally grants credit based upon analyses of customers' financial conditions and previously established buying and payment patterns. For certain customers, the Company establishes collateral rights in accounts receivable and inventory and obtains personal guarantees from certain customers based upon management's credit evaluation. Certain customers in Europe and Latin America have credit insurance equaling their credit limits.

At February 29, 2024 and February 28, 2023, the Company's five largest customer balances accounted for approximately 28% and 20% of accounts receivable, respectively, and at February 29, 2024, one customer represented 12% of the Company's accounts receivable balance. The Company's five largest customers represented 18%, 17%, and 21% of net sales during the years ended February 29, 2024, February 28, 2023, and February 28, 2022, respectively. No single customer accounted for more than 10% of net sales during the years ended February 29, 2024, February 28, 2023, or February 28, 2022.

A portion of the Company's customer base may be susceptible to downturns in the retail economy, particularly in the consumer electronics industry. Additionally, customers specializing in certain automotive sound, security and accessory products may be impacted by fluctuations in automotive sales.

13) Financial and Product Information About Foreign and Domestic Operations

Segments

The Company classifies its operations in the following three reportable segments: Automotive Electronics, Consumer Electronics, and Biometrics.

Our Automotive Electronics segment designs, manufactures, distributes and markets automotive security, vehicle access, and remote start modules and systems; smart phone telematics applications; mobile multi-media infotainment products and rear-seat entertainment products, including overhead, seat-back, and headrest systems; rear observation and collision avoidance systems/blind spot sensors/automotive sensing and camera systems/driver distraction products; 360 camera applications; distribution of satellite radios, including plug and play models and direct connect models; cruise control systems; private label audio products; heated seats; interior lighting solutions; security and shock sensors; turn signal switches; puddle lamps; box lights; harnesses; Electric Vehicle Sound Systems ("EVSS"); interior lighting systems; and logo lighting modules.

Our Consumer Electronics segment designs, manufactures, distributes and markets premium loudspeakers; architectural speakers; commercial and cinema speakers; outdoor speakers; wireless and Bluetooth speakers; A/V receivers; high performance 2 channel loudspeakers; high performance 2 channel electronics; high performance party speakers; home theater systems; business music systems; streaming music systems; on-ear and in-ear headphones; wired and wireless headphones and ear buds; Bluetooth headphones and ear buds; soundbars; solar powered balcony systems; High-Definition Television ("HDTV") antennas; Wireless Fidelity ("WiFi") antennas; High-Definition Multimedia Interface ("HDMI") accessories; hearing aids and personal sound amplifiers; karaoke products; infant/nursery products; home electronic accessories such as cabling, power cords, and other connectivity products; performance enhancing electronics; T.V. universal remote controls; flat panel TV mounting systems; power supply systems and charging products; electronic equipment cleaning products; set-top boxes; and home and portable stereos.

Our Biometrics segment designs, markets and distributes iris identification and biometric security related products.

Each operating segment is individually reviewed and evaluated by our Chief Operating Decision Maker (CODM), who allocates resources and assesses performance of each segment individually. The Company's Chief Executive Officer has been identified as the CODM. The CODM evaluates performance and allocates resources based upon a number of factors, the primary profit measure being income before income taxes of each segment. Certain costs and royalty income are not allocated to the segments and are reported as Corporate/Eliminations. Costs not allocated to the segments include professional fees, public relations costs, acquisition costs and costs associated with executive and corporate management departments, including salaries, benefits, depreciation, rent and insurance.

The segments share many common resources, infrastructures, and assets in the normal course of business. Thus, the Company does not report assets or capital expenditures by segment to the CODM.

The accounting principles applied at the consolidated financial statement level are generally the same as those applied at the operating segment level and intersegment sales are not material. The segments are allocated interest expense, based upon a pre-determined formula, which utilizes a percentage of each operating segment's intercompany balance, and is offset in Corporate/Eliminations.

Segment data for each of the Company's segments are presented below:

	Automotive Electronics	Consumer Electronics	Biometrics	Corporate/ Eliminations	Total
Fiscal Year Ended February 29, 2024					
Net sales	$ 142,341	$ 326,618	$ 531	$ (579)	$ 468,911
Equity in income of equity investees	4,916	—	—	—	4,916
Interest expense and bank charges	1,884	7,790	1,736	(4,475)	6,935
Depreciation and amortization expense	3,240	5,868	280	3,056	12,444
Loss before income taxes (a) (b) (c)	(6,008)	(19,332)	(5,658)	(16,379)	(47,377)
Fiscal Year Ended February 28, 2023					
Net sales	$ 174,811	$ 357,758	$ 1,046	$ 399	$ 534,014
Equity in income of equity investees	6,969	—	—	—	6,969
Interest expense and bank charges	1,917	8,033	1,720	(7,027)	4,643
Depreciation and amortization expense	3,245	6,534	287	3,064	13,130
Loss before income taxes (a) (b) (c)	(3,236)	(1,101)	(5,816)	(20,797)	(30,950)
Fiscal Year Ended February 28, 2022					
Net sales	$ 200,594	$ 433,925	$ 882	$ 519	$ 635,920
Equity in income of equity investees	7,890	—	—	—	7,890
Interest expense and bank charges	1,510	7,827	1,662	(8,467)	2,532
Depreciation and amortization expense	3,049	4,957	297	4,095	12,398
Income (loss) before income taxes (a)	8,471	28,645	(9,354)	(53,601)	(25,839)

(a) Included within Income (loss) before income taxes within Corporate/Eliminations for the year ended February 28, 2022 is a charge of $39,444 recorded for an arbitration award unfavorable to the Company (see Note 15). Included within Loss before income taxes on Corporate/Eliminations for the year ended February 28, 2023 are charges of $3,944, representing interest expense, as well as charges for legal fee reimbursements and a settlement for a patent arbitration related to the final arbitration award. Included within Loss before income taxes on Corporate/Eliminations for the year ended February 28, 2024 is a net credit recorded of $763, representing interest expense related to the final arbitration award, offset by the reversal of previous accrued charges as a result of the final settlement of the arbitration award, which was paid during the fourth quarter of Fiscal 2024.

(b) Included within Loss before income taxes within the Consumer Electronics segment for the year ended February 29, 2024 are intangible asset impairment charges totaling $14,214. Included within Loss before income taxes within the Automotive Electronics segment for the year ended February 28, 2023 is a goodwill impairment charge of $7,373 and an intangible asset impairment charge of $1,300 (see Note 1(k)).

(c) Included within Loss before income taxes within Corporate/Eliminations for the years ended February 29, 2024 and February 28, 2023 are foreign currency losses of $2,795 and $3,267, respectively, attributable to the Company's Onkyo subsidiary related to intercompany transactions and financial statement translation adjustments.

Geographic net sales information in the table below is based on the location of the selling entity. Long-lived assets, consisting of fixed assets, are reported below based on the location of the asset.

	United States	Europe	Other	Total
Fiscal Year Ended February 29, 2024				
Net sales	$ 362,749	$ 88,563	$ 17,599	$ 468,911
Long-lived assets	40,693	3,172	1,205	45,070
Fiscal Year Ended February 28, 2023				
Net sales	$ 421,296	$ 79,677	$ 33,041	$ 534,014
Long-lived assets	41,925	3,164	1,955	47,044
Fiscal Year Ended February 28, 2022				
Net sales	$ 506,226	$ 97,396	$ 32,298	$ 635,920
Long-lived assets	44,751	3,422	1,621	49,794

14) Revenue from Contracts with Customers

The Company operates in three reportable segments: Automotive Electronics, Consumer Electronics, and Biometrics. ASC Topic 606 requires further disaggregation of an entity's revenue. In the following table, the Company's net sales are disaggregated by segments and product type for the years ended February 29, 2024, February 28, 2023, and February 28, 2022.

	Year Ended February 29, 2024	Year Ended February 29, 2023	Year Ended February 29, 2022
Automotive Electronics Segment			
OEM Products	$ 58,273	$ 72,979	$ 65,017
Aftermarket Products	84,068	101,832	135,577
Total Automotive Electronics Segment	142,341	174,811	200,594
Consumer Electronics Segment			
Premium Audio Products	237,921	274,544	343,991
Other Consumer Electronic Products	88,697	83,214	89,934
Total Consumer Electronics Segment	326,618	357,758	433,925
Biometrics Segment			
Biometric Products	531	1,046	882
Total Biometrics Segment	531	1,046	882
Corporate/Eliminations	(579)	399	519
Total Net Sales	$ 468,911	$ 534,014	$ 635,920

As of February 29, 2024 and February 28, 2023, the balance of the Company's return asset was $1,683 and $2,513, respectively, and the balance of the refund liability was $3,648 and $5,181, respectively, which are presented within Prepaid expenses and other current assets and Accrued expenses and other current liabilities, respectively, on the Consolidated Balance Sheets.

The Company had current and non-current contract liability balances totaling $4,419 at February 29, 2024 related to telematic subscription services. The following table provides a reconciliation of the Company's contract liabilities as of February 29, 2024:

Balance at February 28, 2023	$	4,818
Subscription payments received		6,559
Revenue recognized		(6,958)
Balance at February 29, 2024	$	4,419

Contract liabilities totaling $3,990 at February 28, 2023 were recognized during the year ended February 29, 2024. $3,810 of the total contract liability balance at February 29, 2024 will be recognized during the next twelve months. The Company had no contract asset balances at February 29, 2024 or February 28, 2023.

15) Contingencies

The Company is currently, and has in the past, been a party to various routine legal proceedings incident to the ordinary course of business. If management determines, based on the underlying facts and circumstances of each matter, that it is probable a loss will result from a litigation contingency and the amount of the loss can be reasonably estimated, the estimated loss is accrued.

The products the Company sells are continually changing as a result of improved technology. As a result, although the Company and its suppliers attempt to avoid infringing known proprietary rights, the Company may be subject to legal proceedings and claims for alleged infringement by patent, trademark, or other intellectual property owners. Any claims relating to the infringement of third-party proprietary rights, even if not meritorious, could result in costly litigation, divert management's attention and resources, or require the Company to either enter into royalty or license agreements which are not advantageous to the Company or pay material amounts of damages.

In March 2007, the Company entered into a contract with Seaguard Electronics, LLC ("Seaguard") relating to the Company's purchase from Seaguard of a stolen vehicle recovery product and back-end services. In August 2018, Seaguard filed a demand for arbitration against the Company with the American Arbitration Association ("AAA") alleging claims for breach of contract and patent infringement. Seaguard originally sought damages of approximately $10,000 and on the seventh day of an eight-day fact witness portion of the arbitration in June 2021, amended its damages demand to $40,000, which was affected by the service of Claimant's notice dated July 14, 2021.

On November 29, 2021, the Arbitrator issued an interim award (the "Interim Award") with Seaguard prevailing on its breach of contract claim. The Company's affirmative defenses relating to those claims, however, were denied in their entirety. Seaguard was awarded damages in the amount of $39,444 against the Company. On March 3, 2022, the Arbitrator issued a Partial Final Award on Bifurcated Issue in the amount of $39,444, plus $798 for its attorneys' fees and costs.

On August 7, 2023, the U.S. District Court for the Central District of California entered judgment against the Company in the amount of $47,002, of which $40,242 was for damages, attorneys' fees, and costs and $6,760 was for prejudgment interest.

On August 16, 2023, the Company filed a Notice of Appeal to the Ninth Circuit Court of Appeals.

On December 22, 2023, the Company and Seaguard entered into a Settlement Agreement and Mutual Release, with an effective date of January 10, 2024, in which the Company agreed to pay Seaguard $42,000 in full and final settlement of all judgments and claims that have been awarded or asserted or could have been asserted by Seaguard against the Company and its subsidiaries. An initial payment of $10,000 was made on December 27, 2023 and the final payment of $32,000 was made on January 10, 2024. Upon receipt of the final payment, Seaguard filed a Satisfaction of Judgment with the court and a Dismissal of the Arbitration with the American Arbitration Association. The Company filed a Dismissal of the Appeal after the filing of the Satisfaction of Judgment.

During the year ended February 28, 2022, the Company recorded a charge of $39,444 within Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income related to the damages awarded to Seaguard in November 2021. During the year ended February 28, 2023, the Company accrued additional charges of $3,944 representing interest due on the award when paid, as well as certain legal fees reimbursable to Seaguard and a patent settlement. During the year ended February 29, 2024, the Company recorded a net credit of $763 to Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income, representing charges for interest due on the award when paid, offset by the reversal of previous accrued charges resulting from the final settlement paid during the fourth quarter of Fiscal 2024. At February 28, 2023 the Company had a total accrued balance of $43,388 on the accompanying Consolidated Balance Sheet related to the final arbitration award. There was no remaining accrued balance at February 29, 2024.

16) Subsequent Events

On March 7, 2024, the Company announced that its majority owned subsidiary, EyeLock LLC, entered into a joint venture agreement with GalvanEyes Partners LLC, effective March 1, 2024, to form BioCenturion LLC. The joint venture will operate its biometrics business. Each of the members has agreed to contribute selected assets and liabilities to the joint venture, with GalvanEyes controlling the day-to-day operations of the joint venture. All working capital needs and funding of the joint venture shall be borne by GalvanEyes for the first two years. Beat Kahli, who previously served as President of Voxx and as CEO of GalvanEyes, and who current serves as Vice-chairman of Voxx's Board of Directors, will serve as Chairman of the Board and Chief Executive Officer of BioCenturion LLC.

SCHEDULE II

VOXX INTERNATIONAL CORPORATION AND SUBSIDIARIES
Valuation and Qualifying Accounts
Years ended February 29, 2024, February 28, 2023, and February 28, 2022
(In thousands)

Column A	Column B	Column C	Column D		Column E
Description	Balance at Beginning of Year	Gross Amount Charged to Costs and Expenses	Reversals of Previously Established Accruals	Deductions (a)	Balance at End of Year
Year ended February 29, 2024					
Allowance for credit losses	$ 1,398	$ 625	$ —	$ 71	$ 1,952
Cash discount allowances	1,117	5,575	—	5,603	1,089
Refund reserve	5,181	19,816	—	21,349	3,648
Year ended February 28, 2023					
Allowance for credit losses	$ 2,182	$ (717)	$ —	$ 67	$ 1,398
Cash discount allowances	1,108	5,218	—	5,209	1,117
Refund reserve	5,469	22,659	—	22,947	5,181
Year ended February 28, 2022					
Allowance for credit losses	$ 1,593	$ 863	$ —	$ 274	$ 2,182
Cash discount allowances	1,104	6,320	—	6,316	1,108
Refund reserve	5,145	9,571	—	9,247	5,469

(a) For the allowance for credit losses and cash discount allowances, deductions represent currency effects, chargebacks and payments made or credits issued to customers.

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company as filed with the Delaware Secretary of State on April 17, 2000 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended November 30, 2000)
3.2	Certificate of Ownership and Merger (incorporated by reference to the Company's Form 8-K filed on December 6, 2011)
3.3	Amended and Restated Bylaws of the Company (incorporated by reference to the Company's Form 8-K filed on December 6, 2011)
21	Subsidiaries of the Registrant (filed herewith)
23	Consent of Grant Thornton LLP (filed herewith)
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act of 1934 (filed herewith)
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act of 1934 (filed herewith)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
97.1	VOXX International Corporation Policy for the Recovery of Erroneously Awarded Compensation, Effective October 5, 2023
101	The following materials from VOXX International Corporation's Annual Report on Form 10-K for the period ended February 29, 2024, formatted in Inline eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii), the Consolidated Statements of Operations and Comprehensive (Loss) Income, (iii) the Consolidated Statements of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.
104	The cover page from VOXX International Corporation’s Annual Report on Form 10-K for the period ended February 29, 2024 has been formatted in Inline XBRL.

All other schedules are omitted because the required information is shown in the financial statements or notes thereto or because they are not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 of 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

VOXX INTERNATIONAL CORPORATION

May 14, 2024 By: /s/ Patrick M. Lavelle

Patrick M. Lavelle,

Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
/s/ Patrick M. Lavelle Patrick M. Lavelle	Chief Executive Officer (Principal Executive Officer) and Director	May 14, 2024
/s/ Loriann Shelton Loriann Shelton	Senior Vice President, Chief Operating Officer, and Chief Financial Officer (Principal Financial and Accounting Officer)	May 14, 2024
/s/ John J. Shalam John J. Shalam	Chairman of the Board of Directors	May 14, 2024
/s/ John Adamovich, Jr. John Adamovich, Jr.	Director	May 14, 2024
/s/ Denise Gibson Denise Gibson	Director	May 14, 2024
/s/ Steven Downing Steven Downing	Director	May 14, 2024
/s/ Ari Shalam Ari Shalam	Co-Vice Chairman of the Board of Directors	May 14, 2024
/s/ Beat Kahli Beat Kahli	Co-Vice Chairman of the Board of Directors	May 14, 2024

Exhibit 21

SUBSIDIARIES OF REGISTRANT

Subsidiaries	Jurisdiction of Incorporation
VOXX Accessories Corp.	Delaware
VOXX Electronics Corp.	Delaware
Audiovox German Holdings GmbH	Germany
EyeLock LLC	Delaware
Premium Audio Company LLC	Delaware
Voxx Automotive Corporation	Delaware

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated May 14, 2024, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of VOXX International Corporation on Form 10-K for the year ended February 29, 2024. We consent to the incorporation by reference of said reports in the Registration Statements of VOXX International Corporation on Forms S-3 (File No. 333-187427 and File No. 333-91455) and on Form S-8 (File No. 333-184365).

/s/ GRANT THORNTON LLP
Melville, New York
May 14, 2024

Exhibit 31.1

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Patrick M. Lavelle, certify that:

1. I have reviewed this annual report on Form 10-K of VOXX International Corporation (the “Company”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

May 14, 2024

/s/Patrick M. Lavelle

Patrick M. Lavelle

Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO RULE 13a-14(a) AND RULE 15d-14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

I, Loriann Shelton, certify that:

1. I have reviewed this annual report on Form 10-K of VOXX International Corporation (the "Company");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Designed such internal controls over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

May 14, 2024

/s/ Loriann Shelton

Loriann Shelton

Senior Vice President,
Chief Operating Officer, and
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of VOXX International Corporation (the “Company”) on Form 10-K for the period ended February 29, 2024 (the “Report”) as filed with the Securities and Exchange Commission on the date hereof, I, Patrick M. Lavelle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 14, 2024

/s/ Patrick M. Lavelle

Patrick M. Lavelle

*A signed original of this written statement required by Section 906 has been provided to VOXX International Corporation and will be retained by VOXX International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of VOXX International Corporation (the "Company") on Form 10-K for the period ended February 29, 2024 (the "Report") as filed with the Securities and Exchange Commission on the date hereof, I, Loriann Shelton, Senior Vice President, Chief Operating Officer, and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

May 14, 2024

/s/ Loriann Shelton

Loriann Shelton

*A signed original of this written statement required by Section 906 has been provided to VOXX International Corporation and will be retained by VOXX International Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (subsections (a) and (b) of Section 1350, Chapter 63 of Title 18, United States Code) and is not being filed as part of the Form 10-K or as a separate disclosure document

Exhibit 97.1

VOXX INTERNATIONAL CORPORATION
POLICY FOR THE
RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

A. OVERVIEW

In accordance with the applicable rules of The Nasdaq Stock Market (the "Nasdaq Rules") and Section 10D and Rule 10D-1 of the Securities Exchange Act of 1934, as amended (the Exchange Act") ("Rule 10D-1"), the Board of Directors (the "Board") of VOXX INTERNATIONAL CORPORATION (the "Company") has adopted this Policy (the "Policy") to provide for the recovery of erroneously awarded Incentive-based Compensation from Executive Officers in the event of an Accounting Restatement. References herein to the Company shall also include all of its consolidated subsidiaries. All capitalized terms used and not otherwise defined herein shall have the meanings set forth in Section H, below.

B. ADMINISTRATION

This Policy will be administered by the Compensation Committee, if composed entirely of independent directors, or in the absence of such a committee, a majority of independent directors serving on the Board, (the "Committee"). The Committee is authorized to interpret and construe this Policy and to make all determinations necessary, appropriate, or advisable for the administration of this Policy. Any determinations made by the Committee will be final and binding on all affected individuals.

C. RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

(1) In the event of an Accounting Restatement, the Company will reasonably promptly recover the Erroneously Awarded Compensation Received in accordance with Nasdaq Rules and Rule 10D-1 as follows:

(a) After an Accounting Restatement, the Committee shall determine the amount of any Erroneously Awarded Compensation Received by each Executive Officer and shall promptly notify each Executive Officer with a written notice containing the amount of any Erroneously Awarded Compensation and a demand for repayment or return of such compensation, as applicable.

(b) For Incentive-based Compensation based on (or derived from) the Company's stock price or total shareholder return, where the amount of Erroneously Awarded Compensation is not subject to mathematical recalculation directly from the information in the applicable Accounting Restatement:

i. The amount to be repaid or returned shall be determined by the Committee based on a reasonable estimate of the effect of the Accounting Restatement on the Company's stock price or total shareholder return upon which the Incentive-based Compensation was Received; and

ii. The Company shall maintain documentation of the determination of such reasonable estimate and provide the relevant documentation as required to the Nasdaq.

(c) The Committee shall have discretion to determine the appropriate means of recovering Erroneously Awarded Compensation based on the particular facts and circumstances. Notwithstanding the foregoing, except as set forth in Section C (2) below, in no event may the Company accept an amount that is less than the amount of Erroneously Awarded Compensation in satisfaction of an Executive Officer's obligations hereunder.

(d) To the extent that the Executive Officer has already reimbursed the Company for any Erroneously Awarded Compensation Received under any duplicative recovery obligations established by the Company or applicable law, it shall be appropriate for any such reimbursed amount to be credited to the amount of Erroneously Awarded Compensation that is subject to recovery under this Policy.

(e) To the extent that an Executive Officer fails to repay all Erroneously Awarded Compensation to the Company when due, the Company shall take all actions reasonable and appropriate to recover such Erroneously Awarded Compensation from the applicable Executive Officer. The applicable Executive Officer shall be required to reimburse the Company for any and all expenses reasonably incurred (including legal fees) by the Company in recovering such Erroneously Awarded Compensation in accordance with the immediately preceding sentence.

(2) Notwithstanding anything herein to the contrary, the Company shall not be required to take the actions contemplated by Section C (1) above if the Committee determines that recovery would be impracticable and any of the following two conditions are met:

(a) The Committee has determined that the direct expenses paid to a third party to assist in enforcing the Policy would exceed the amount to be recovered. Before making this determination, the Company must make a reasonable attempt to recover the Erroneously Awarded Compensation, documented such attempt(s) and provided such documentation to the Nasdaq; or

(b) Recovery would likely cause an otherwise tax-qualified retirement plan, under which benefits are broadly available to employees of the Company, to fail to meet the requirements of Section 401(a)(13) or Section 411(a) of the Internal Revenue Code of 1986, as amended, and regulations thereunder.

D. DISCLOSURE REQUIREMENTS

The Company shall file all disclosures with respect to this Policy required by applicable U.S. Securities and Exchange Commission ("SEC") filings and rules.

E. PROHIBITION OF INDEMNIFICATION

The Company shall not be permitted to insure or indemnify any Executive Officer against (i) the loss of any Erroneously Awarded Compensation that is repaid, returned or recovered pursuant to the terms of this Policy, or (ii) any claims relating to the Company's enforcement of its rights under this Policy. Further, the Company shall not enter into any agreement that exempts any Incentive-based Compensation that is granted, paid or awarded to an Executive Officer from the application of this Policy or that waives the Company's right to recovery of any Erroneously Awarded Compensation, and this Policy shall supersede any such agreement (whether entered into before, on or after the Effective Date of this Policy).

F. AMENDMENT; TERMINATION

The Committee may amend this Policy from time to time in its discretion and shall amend this Policy as it deems necessary. Notwithstanding anything in this Section F to the contrary, no amendment or termination of this Policy shall be effective if such amendment or termination would (after taking into account any actions taken by the Company contemporaneously with such amendment or termination) cause the Company to violate any federal securities laws, SEC rule or Nasdaq rule.

G. OTHER RECOVERY RIGHTS

This Policy shall be binding and enforceable against all Executive Officers and, to the extent required by applicable law or guidance from the SEC or Nasdaq, their beneficiaries, heirs, executors, administrators or other legal representatives. The Committee intends that this Policy will be applied to the fullest extent required by applicable law. Any employment agreement, equity award agreement, compensatory plan or any other agreement or arrangement with an Executive Officer shall be deemed to include, as a condition to the grant of any benefit thereunder, an agreement by the Executive Officer to abide by the terms of this Policy. Any right of recovery under this Policy is in addition to, and not in lieu of, any other remedies or rights of recovery that may be available to the Company under applicable law, regulation or rule or pursuant to the terms of any policy of the Company or any provision in any employment agreement, equity award agreement, compensatory plan, agreement or other arrangement.

H. DEFINITIONS

For purposes of this Policy, the following capitalized terms shall have the meanings set forth below.

(1) "Accounting Restatement" means an accounting restatement due to the material noncompliance of the Company with any financial reporting requirement under the securities laws, including any required accounting restatement to correct an error in previously issued financial statements that is material to the previously issued financial statements (a "Big R" restatement), or that would result in a material misstatement if the error were corrected in the current period or left uncorrected in the current period (a "little r" restatement).

(2) "Clawback Eligible Incentive Compensation" means all Incentive-based Compensation Received by an Executive Officer (i) on or after the effective date of the applicable Nasdaq rules, (ii) after beginning service as an Executive Officer, (iii) who served as an Executive Officer at any time during the applicable performance period relating to any Incentive-based Compensation (whether or

not such Executive Officer is serving at the time the Erroneously Awarded Compensation is required to be repaid to the Company), (iv) while the Company has a class of securities listed on a national securities exchange or a national securities association, and (v) during the applicable Clawback Period (as defined below).

(3) "Clawback Period" means, with respect to any Accounting Restatement, the three completed fiscal years of the Company immediately preceding the Restatement Date (as defined below), and if the Company changes its fiscal year, any transition period of less than nine months within or immediately following those three completed fiscal years.

(4) "Erroneously Awarded Compensation" means, with respect to each Executive Officer in connection with an Accounting Restatement, the amount of Clawback Eligible Incentive Compensation that exceeds the amount of Incentive-based Compensation that otherwise would have been Received had it been determined based on the restated amounts, computed without regard to any taxes paid.

(5) "Executive Officer" means each individual who is currently or was previously designated as an "officer" of the Company as defined in Rule 16a-1(f) under the Exchange Act. For the avoidance of doubt, the identification of an executive officer for purposes of this Policy shall include each executive officer who is or was identified pursuant to Item 401(b) of Regulation S-K or Item 6.A of Form 20-F, as applicable, as well as the principal financial officer and principal accounting officer (or, if there is no principal accounting officer, the controller).

(6) "Financial Reporting Measures" means measures that are determined and presented in accordance with the accounting principles used in preparing the Company's financial statements, and all other measures that are derived wholly or in part from such measures. Stock price and total shareholder return (and any measures that are derived wholly or in part from stock price or total shareholder return) shall, for purposes of this Policy, be considered Financial Reporting Measures. For the avoidance of doubt, a Financial Reporting Measure need not be presented in the Company's financial statements or included in a filing with the SEC to constitute a Financial Reporting Measure.

(7) "Incentive-based Compensation" means any compensation that is granted, earned or vested based wholly or in part upon the attainment of a Financial Reporting Measure.

(8) "Nasdaq" means The NASDAQ Stock Market.

(9) "Received" means, with respect to any Incentive-based Compensation, actual or deemed receipt, and Incentive-based Compensation shall be deemed received in the Company's fiscal period during which the Financial Reporting Measure specified in the Incentive-based Compensation award is attained, even if the payment or grant of the Incentive-based Compensation to the Executive Officer occurs after the end of that period.

(10) "Restatement Date" means the earlier to occur of (i) the date the Board, a committee of the Board or the officers of the Company authorized to take such action if Board action is not required, concludes, or reasonably should have concluded, that the Company is required to prepare

an Accounting Restatement, or (ii) the date a court, regulator or other legally authorized body directs the Company to prepare an Accounting Restatement.

Effective as of October 5, 2023

Exhibit A

ATTESTATION AND ACKNOWLEDGEMENT OF POLICY FOR THE RECOVERY OF ERRONEOUSLY AWARDED COMPENSATION

By my signature below, I acknowledge and agree that:

I have received and read the attached Policy for the Recovery of Erroneously Awarded Compensation (this “Policy”).

I hereby agree to abide by all of the terms of this Policy both during and after my employment with the Company, including, without limitation, by promptly repaying or returning any Erroneously Awarded Compensation to the Company as determined in accordance with this Policy.

Signature:_________________________

Printed Name:______________________

Date:______________________________