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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): July 10, 2020

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

Delaware	**0-28839**
(State or other jurisdiction of incorporation)	(Commission File Number)

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

2351 J Lawson Blvd., Orlando, FL	**32824**
(Address of principal executive offices)	(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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:
[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13c-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On July 10, 2020, the Company issued a press release announcing its earnings for the three months ended May 31, 2020. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events.

On July 13, 2020, the Company held a conference call to discuss its financial results for the three months ended May 31, 2020. The Company has prepared a transcript of that conference call, a copy of which is annexed hereto as Exhibit 99.2.

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

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits

Exhibit No.	Description
99.1	Press Release, dated July 10, 2020, relating to VOXX International Corporation's earnings release for the three months ended May 31, 2020 (filed herewith).
99.2	Transcript of conference call held on July 13, 2020 at 10:00 am (filed herewith).

SIGNATURES

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

VOXX INTERNATIONAL CORPORATION (Registrant)

Date: July 16, 2020

BY: /s/ Charles M. Stoehr

Charles M. Stoehr
Senior Vice President and
Chief Financial Officer

Exhibit 99.1

FOR IMMEDIATE RELEASE

VOXX INTERNATIONAL CORPORATION REPORTS ITS FISCAL 2021 FIRST QUARTER FINANCIAL RESULTS

ORLANDO, Fla., July 10, 2020 – VOXX International Corporation (NASDAQ: VOXX), a leading manufacturer and distributor of automotive and consumer technologies for the global markets, today announced financial results for its Fiscal 2021 first quarter ended May 31, 2020.

Commenting on the Company's results, Pat Lavelle, President and Chief Executive Officer of VOXX International Corporation stated, "Our Fiscal 2021 first quarter results were affected by the COVID-19 global pandemic, with the biggest impact on our Automotive Electronics segment as several of our OEM customers were forced to shut their plants in March, and car dealerships and retail outlets that carry our aftermarket products were closed throughout most of the quarter. The same was true for our Consumer Electronics segment as retail stores were closed, both in the U.S. and Europe. However, we did experience year-over-year sales increases in the premium mobility, premium wireless, and Bluetooth speaker categories. With the gradual re-opening of the country, we saw June sales increase over 30% year-over-year and with better gross margins. While we are projecting higher sales in July and August, we remain cautious based on the spikes in COVID cases across the country."

Mr. Lavelle continued, "With the acquisition of the majority of Directed's automotive electronics aftermarket business, for which we spent $11 million, we expect to add approximately $50 million of annualized sales and be in position to generate this back within 120-150 days based on the movement of inventory and successful A/R collections. With VSM and Directed's assets, we have strengthened our automotive offering, customer base and engineering capabilities in a meaningful way. We are also making progress in conversations with several parties with respect to EyeLock LLC with more NDA's in place, and more customer opportunities that have arisen since March. Despite the pandemic, Klipsch is poised for its best sales year ever and should see significant improvements in profitability. Thus, Fiscal 2021 should be a better year for VOXX and our shareholders."

Fiscal 2021 and Fiscal 2020 First Quarter Financial Comparisons

Net sales in the Fiscal 2021 first quarter ended May 31, 2020 were $72.0 million, a $21.5 million decline as compared to $93.5 million in the Fiscal 2020 first quarter ended May 31, 2019.

Automotive Electronics segment net sales were $17.3 million as compared to $29.6 million, a decline of $12.4 million. This was primarily driven by OEM plant closures at many of our largest OEM customers and the temporary shutdown of car dealerships and other brick-and-mortar businesses that sell our aftermarket products, offset by the addition of VSHC, which was acquired in the Fiscal 2020 fourth quarter.

Consumer Electronics segment net sales were $54.5 million as compared to $63.7 million, a decline of $9.1 million. The COVID-19 pandemic was the primary driver for the year-over-year sales decline, as well as the Company's exit from various consumer accessory product lines which were in the prior Fiscal year sales totals. Additionally, the Company experienced lower sales of premium home separate speakers, which again is tied to brick-and-mortar store closings, as well as lower sales of commercial speakers due to stay-at-home mandates across the country. Offsetting this, however, were higher sales in the premium mobility, premium wireless, and Bluetooth speaker categories.

Biometrics segment sales were $0.1 million, up year-over-year as the Company began selling its EXT outdoor perimeter access product, as well as an updated version of its Nano NXT perimeter access product.
The gross margin in the Fiscal 2021 first quarter was 27.7%, essentially flat with the prior fiscal year period. The Automotive Electronics segment experienced a 470-basis point gross margin decline (17.7% vs. 22.4%) due to lower sales volume and lower absorption as a result, partially offset by the positive contributions from the VSHC acquisition. Consumer Electronics segment gross margins improved by 90 basis points (30.9% vs. 30.0%), primarily due to increased sales of higher margin premium wireless and Bluetooth speakers, and partially offset by lower sales of other higher margin product lines due to retail store shutdowns.

Total operating expenses in the Fiscal 2021 first quarter were $27.8 million as compared to $33.1 million in the comparable Fiscal 2020 period, a decline of $5.3 million or 15.9%. The Company implemented several programs to lower both fixed and variable expenses, many of which will have a permanent positive impact on operating expenses moving forward. Selling expenses declined by $1.5 million or 15.4%; general and administrative expenses declined by $2.4 million or 13.9%; and engineering and technical support expenses declined by $1.3 million or 22.8%. Note, the Fiscal 2021 first quarter includes VSHC operating expenses and thus, the reductions in core overhead were more significant in the Company's Fiscal 2021 first quarter.

The Company reported an operating loss of $7.9 million in the Fiscal 2021 first quarter, as compared to an operating loss of $7.1 million in the comparable year-ago period. Net loss attributable to VOXX International Corporation was $8.3 million in the Fiscal 2021 first quarter, as compared to a net loss attributable to VOXX International Corporation of $1.1 million in the Fiscal 2020 first quarter. The higher net loss is attributable to lower total other income than in the comparable period, and an income tax expense of $1.8 million in the Fiscal 2021 first quarter, as compared to an income tax benefit of $2.6 million in the Fiscal 2020 first quarter. On a per share basis, the Company reported a basic and diluted loss per share attributable to VOXX International Corporation of $0.34 in the Fiscal 2021 first quarter, as compared to a basic and diluted loss per share attributable to VOXX International Corporation of $0.05 in the Fiscal 2020 first quarter.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") loss in the Fiscal 2021 first quarter was $3.4 million, as compared to an Adjusted EBITDA loss of $1.0 million in the Fiscal 2020 first quarter.

Conference Call and Webcast Information
VOXX International will be hosting its conference call on Monday, July 13, 2020 at 10:00 a.m. Eastern. Interested parties can participate by visiting www.voxxintl.com, and clicking on the webcast in the Investor Relations section or via teleconference (toll-free: 877-303-9079; international: 970-315-0461 / conference ID: 7581288). A replay will be available on the Company's website approximately one hour after the completion of the call.

Non-GAAP Measures

EBITDA, Adjusted EBITDA and Diluted Adjusted EBITDA per common share are not financial measures recognized by GAAP. EBITDA represents net (loss) income attributable to VOXX International Corporation, 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, as well as life insurance proceeds. Depreciation, amortization and stock-based compensation are non-cash items. Diluted Adjusted EBITDA per common share represents the Company's diluted earnings per common share based on Adjusted EBITDA.

We present EBITDA, Adjusted EBITDA and Diluted Adjusted EBITDA per common share in this Form 10-Q because we consider them to be useful and appropriate supplemental measures of our performance. Adjusted EBITDA and Diluted Adjusted EBITDA per common share help 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 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, Adjusted EBITDA and Diluted Adjusted EBITDA per common share should not be assessed in isolation from, are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP.

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

Safe Harbor Statement
Except for historical information contained herein, statements made in this release constitute forward-looking statements and thus may involve certain risks and uncertainties. All forward-looking statements made in this release are based on currently available information and the Company assumes no responsibility to update any such forward-looking statements. The following factors, among others, may cause actual results to differ materially from the results suggested in the forward-looking statements. The factors include, but are not limited to the: risk factors described in the Company's annual report on Form 10-K for the fiscal year ended February 29, 2020 and other filings made by the Company from time to time with the SEC. The factors described in such SEC filings include, without limitation: the impact of the COVID-19 outbreak on the Company's results of operations, the Company's ability to realize the anticipated results of its business realignment; cybersecurity risks; risks that may result from changes in the Company's business operations; our ability to keep pace with technological advances; significant competition in the automotive electronics, consumer electronics and biometrics businesses; our relationships with key suppliers and customers; quality and consumer acceptance of newly introduced products; market volatility; non-availability of product; excess inventory; price and product competition; new product introductions; foreign currency fluctuations; and restrictive debt covenants. Many of the foregoing risks and uncertainties are, and will be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result. The Company assumes no obligation and does not intend to update these forward-looking statements.

Investor & Media Relations Contact:
Glenn Wiener, GW Communications (for VOXX)
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Tables to Follow

VOXX International Corporation and Subsidiaries
Consolidated Balance Sheets
(In thousands, except share and per share data)

	May 31, 2020	February 29, 2020
	(unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	$ 69,039	$ 37,425
Accounts receivable, net	55,069	69,714
Inventory	105,409	99,110
Receivables from vendors	236	230
Prepaid expenses and other current assets	11,186	10,885
Income tax receivable	442	456
Total current assets	241,381	217,820
Investment securities	1,741	2,282
Equity investment	21,284	21,924
Property, plant and equipment, net	50,705	51,424
Operating lease, right of use asset	3,175	3,143
Goodwill	55,000	55,000
Intangible assets, net	87,193	88,288
Deferred income tax assets	52	52
Other assets	1,541	1,638
Total assets	$ 462,072	$ 441,571
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 32,146	$ 22,096
Accrued expenses and other current liabilities	34,552	34,046
Income taxes payable	2,190	1,523
Accrued sales incentives	9,826	12,250
Current portion of long-term debt	1,116	1,107
Total current liabilities	79,830	71,022
Long-term debt, net of debt issuance costs	26,180	6,099
Finance lease liabilities, less current portion	594	720
Operating lease liabilities, less current portion	2,340	2,391
Deferred compensation	1,741	2,282
Deferred income tax liabilities	4,477	3,828
Other tax liabilities	1,213	1,225
Other long-term liabilities	3,427	3,294
Total liabilities	119,802	90,861
Commitments and contingencies		
Redeemable equity	2,682	2,481
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding	—	—
Common stock:		
Class A, $.01 par value, 60,000,000 shares authorized, 24,406,194 and 24,306,194 shares issued and 21,656,976 and 21,556,976 shares outstanding at May 31, 2020 and February 29, 2020, respectively	245	244
Class B Convertible, $.01 par value, 10,000,000 shares authorized, 2,260,954 shares issued and outstanding at both May 31, 2020 and February 29, 2020	22	22
Paid-in capital	299,579	299,228
Retained earnings	113,867	122,139
Accumulated other comprehensive loss	(18,742)	(19,055)
Less: Treasury stock, at cost, 2,749,218 shares of Class A Common Stock at both May 31, 2020 and February 29, 2020	(23,918)	(23,918)
Less: Redeemable equity	(2,682)	(2,481)
Total VOXX International Corporation stockholders' equity	368,371	376,179
Non-controlling interest	(28,783)	(27,950)
Total stockholders' equity	339,588	348,229
Total liabilities, redeemable equity, and stockholders' equity	$ 462,072	$ 441,571

VOXX International Corporation and Subsidiaries
Unaudited Consolidated Statements of Operations and Comprehensive (Loss) Income
(In thousands, except share and per share data)

	Three months ended May 31,	
	2020	2019
Net sales	$ 71,987	$ 93,454
Cost of sales	52,012	67,445
Gross profit	19,975	26,009
Operating expenses:		
Selling	8,362	9,881
General and administrative	14,995	17,425
Engineering and technical support	4,485	5,807
Total operating expenses	27,842	33,113
Operating loss	(7,867)	(7,104)
Other (expense) income:		
Interest and bank charges	(853)	(997)
Equity in income of equity investee	862	1,440
Other, net	534	1,644
Total other income, net	543	2,087
Loss before income taxes	(7,324)	(5,017)
Income tax expense (benefit)	1,781	(2,645)
Net loss	(9,105)	(2,372)
Less: net loss attributable to non-controlling interest	(833)	(1,224)
Net loss attributable to VOXX International Corporation	$ (8,272)	$ (1,148)
Other comprehensive income (loss):		
Foreign currency translation adjustments	504	(811)
Derivatives designated for hedging	(177)	(107)
Pension plan adjustments	(14)	14
Other comprehensive income (loss), net of tax	313	(904)
Comprehensive loss attributable to VOXX International Corporation	$ (7,959)	$ (2,052)
Loss per share - basic: Attributable to VOXX International Corporation	$ (0.34)	$ (0.05)
Loss per share - diluted: Attributable to VOXX International Corporation	$ (0.34)	$ (0.05)
Weighted-average common shares outstanding (basic)	24,224,478	24,355,791
Weighted-average common shares outstanding (diluted)	24,224,478	24,355,791

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

	Three months ended May 31, 2020	Three months ended May 31, 2019
Net loss attributable to VOXX International Corporation	$ (8,272)	$ (1,148)
Adjustments:		
Interest expense and bank charges (1)	715	878
Depreciation and amortization (1)	2,509	2,761
Income tax expense (benefit)	1,781	(2,645)
EBITDA	(3,267)	(154)
Stock-based compensation	351	159
Life insurance proceeds	(444)	(1,000)
Adjusted EBITDA	$ (3,360)	$ (995)
Diluted loss per common share attributable to VOXX International Corporation	$ (0.34)	$ (0.05)
Diluted Adjusted EBITDA per common share attributable to VOXX International Corporation	$ (0.14)	$ (0.04)

(1) For purposes of calculating Adjusted EBITDA for the Company, interest expense and bank charges, as well as depreciation and amortization, have been adjusted in order to exclude the non-controlling interest portion of these expenses attributable to EyeLock LLC.

Exhibit 99.2

VOXX (2021 Q1 Results)
July 13, 2020

Corporate Speakers:

- Glenn Wiener; GW Communications LLC; Owner
- Pat Lavelle; VOXX International Corporation; President & CEO
- Michael Stoehr; VOXX International Corporation; SVP & CFO
- John Shalam; VOXX International Corporation; Chairman & Founder

Participants:

- Beat Kahli; Kahli Holding AG; Co-Owner
- Thomas Kahn; Kahn Brothers Advisors LLC; Chairman, President & Chief Compliance Officer

PRESENTATION

Operator^ Ladies and gentlemen, thank you for standing by. Welcome to VOXX International's first quarter conference call.

(Operator Instructions)

Please be advised that today's call is being recorded.

(Operator Instructions)

I would now like to hand the call over to Glenn Wiener, Investor Relations. Please go ahead.

Glenn Wiener^ Thank you, Michelle. Good morning. Welcome to VOXX International's Fiscal 2021 First Quarter Conference Call.

Our Form 10-Q was filed with the SEC, and we issued our press release after market close on Friday, July 7. Both documents can be found on the IR section of our website.

Our call today is being webcast live over the Internet, and a replay will be available approximately 1 hour after the completion of this call.

Speaking from management today will be Pat Lavelle, President and Chief Executive Officer; and Michael Stoehr, Senior Vice President and Chief Financial Officer. Both will have prepared remarks, and we will then open up the call for questions. Our Chairman and Founder, John Shalam, is also available for questions.

I would like to remind everyone that except for historical information contained herein, statements made on today's call and webcast that would constitute forward-looking statements are based on currently available information.

The company assumes no responsibility to update any such forward-looking statements. I would like to point you to the risk factors associated with our business, which are detailed in our Form 10-K for the period ended February 29, 2020.

I will now turn the call over to Pat Lavelle. Pat?

Pat Lavelle^ Thank you, Glenn. Good morning, everyone.

As I indicated on our year-end call a few weeks ago, the first quarter of fiscal '21 would be slow given the impact of COVID-19, and indeed, it was. The March through May time period was the height of COVID shutdown, and although sales for the quarter were better than first anticipated, they were still off considerably. Consolidated sales were down $21.5 million from the same period last year.

We were impacted on the Automotive side by the closure of all domestic OEM manufacturers, idling our production facilities in Orlando and New Jersey. Our aftermarket sales were hit by the closure of the majority of new car dealers and automotive 12-volt retailers across the country. In fact, April was reported to be the worst month for car sales in over 30 years.

On our Consumer side, we were equally impacted by the closure of most retailers, and all movie theaters, which forced us to shut down our Klipsch production facility in Arkansas, where we produce commercial speakers for large venues. The only bright spot were some of the large brick-and-mortar retailers that sold food and remained open. We saw increases at retailers such as Walmart, Costco and others. Online activity picked up as well, but this was mostly offset by Amazon focusing on essentials for a large part of the quarter.

As I said on my last call, cognizant of a looming nationwide shutdown, we moved quickly in the first quarter to slash overhead, furloughing over 20% of our workforce; reducing salaries 10% to 25% across the remaining workers; eliminating all travel, trade shows; cut back on advertising and all outside third-party expenses; pausing our stock repurchase program; and generally preserving cash until we could determine the length and the severity of this pandemic.

We reduced our core overhead by nearly $7 million in the quarter, which was partially offset by the VSM acquisition, which began operations in February. Overall, we were able to achieve a $5.3 million reduction for the quarter in operating expenses. We drew down $20 million from our revolver due to initial concerns about possible liquidity problems in the banking system and to support business based on inventory purchases moving into the third quarter. as we are expecting an improvement.

Our operating loss came in at $7.9 million, which was better than we projected. However, the impact from this pandemic is far from over, but we remain cautiously optimistic. In June, the first month of our second quarter, we saw a rebound with sales up 30% year-over-year. Although a good portion is due to some pent-up demand, we saw things ease as the country slowly opened.

Sales of Consumer Accessory and Premium Audio products, both domestically and internationally were up as were Automotive aftermarket and fulfillment sales. And we expect additional contributions from the VSM and DEI acquisitions as we move forward. Our OEM sales were down as expected, but came in higher than forecasted. On a consolidated basis, we anticipate higher sales in July and August.

As to the Automotive segment, we expect gradual improvement for the balance of the year within our OEM and aftermarket groups. As well, we should see improvement at ASA, our 50% owned joint venture, who, too, was hit hard in the first quarter, but remained profitable. We are seeing an uptick in RV production, which bodes well for them going forward.

Our VSM acquisition is on target to have 100% of production move to our Florida facility with their synergies we anticipated will be realized, and we expect to have this completed by the end of August. By moving into Florida, we eliminate 2 facilities in New Jersey, employee costs, improved manufacturing efficiencies and removed G&A expenses. There are several million dollars of savings we expect to realize over the next year.

Last week, we announced the acquisition of majority of Directed Electronics' aftermarket business. We acquired the number 1 competitor of ours within the remote start and security space, powerful brands, a long-standing and loyal customer base and a talented engineering group. We also added their connected car solutions business in the transaction, strengthening our own telematics offering.

Let me highlight the positives of this transaction. The cash payment was only $11 million, and in return we received inventory valued at $9.1 million net of reserves; accounts receivables of approximately $4.9 million net of reserves; all intellectual property; computer and software systems; and engineering, testing and validation equipment. For the release and Form 8-K, we also assumed certain liabilities. With the brands we acquired, plus our own, we are the unquestioned market leader in the remote start and security categories with a stronger telematic product line and an expanded distribution network.

We expect to add approximately $50 million in annualized sales, again barring any further deterioration in the economy due to COVID. But we expect the acquisition to be accretive this fiscal year. And with the sale of inventory and AR collections, we believe we will be able to generate the cash purchase price within the next 2 quarters. And on 1 final note, the bulk of the liabilities assumed were to Nutek Corporation, a longtime standing vendor to VOXX, who agreed to exchange payment for 25% of the newly-created subsidiary.

To be clear, even with the additional business, the fiscal '21 will still be challenging for the Automotive segment due to the market environment and lower car sales as a result. But we are not in this business for 1 year. The investments we have made in technology, the addition of content into the vehicle, the alliances we have established, such as the most recent one with Amazon for Fire TV, will begin to play out next year as we deliver on the new awards that we announced last quarter.

We are also making investments in VSM now to improve their processes and to grow their business and expand in categories VOXX has not been in. The combination with VSM and with DEI enhances our technology, our engineering and product offerings. The synergies, particularly in engineering, we believe, will lead to new products for OEMs as well and should enable us to grow and enhance profitability over the next few years within the Automotive group.

Our Consumer segment posted a $9.1 million decline in net sales due to the reasons I addressed earlier, pretty much all COVID-related and brick-and-mortar retail closures. Despite this, the segment was essentially breakeven on a pretax income basis and in a more normalized environment, should be our highest profit generator this year, especially with the new programs and products that will be launched in the latter part of the second quarter and into the third. Klipsch branded products are doing very well. And in spite of the COVID impact, Klipsch is poised to post their highest sales and profitability in their history this year.

With respect to the Biometrics segment, sales were up, but they were small. I talked about the partnership with CMITech last quarter and earlier this month. We formed another partnership with Integral Technology Solutions, a company now focused on integrating iris biometric solutions for life sciences. Another partnership EyeLock has formed that will soon be announced is the Marubeni -- is with Marubeni to distribute EyeLock's technology in the Japanese market and throughout Asia. Marubeni has the right to deliver EyeLock's NXT and EXT offerings to their partners, covering a diverse set of industries, including automotive, financial and construction. We are also working with them to develop embedded solutions.

As to EyeLock's progress, we expect to hear the results of the final test within the health care space this quarter. And based on the volume anticipated with this program, it would be very impactful for EyeLock. Other projects I've discussed previously on my calls are ongoing, and we expect and hope to report further progress within the next few months.

As for the strategic process, our investment banker Imperial Capital has entered into a number of MDAs with companies, some very large, who are interested in EyeLock's technology, especially in light of the barriers companies are facing with fingerprint and facial biometrics. We will be exploring a number of different scenarios, looking for the best option to bring EyeLock's technology to the forefront while maximizing value for our shareholders. Due to the spike in COVID cases in certain parts of the country and travel restriction policies that remain in place, we will adjust our original timing to reflect this.

At this point, I'll turn the call over to Mike to review our financials. Michael?

Michael Stoehr^ Thanks, Pat. Good morning, everyone. I'll start with some details around our Q1 results and then shift to the balance sheet before we open up the call for questions. Total net sales were down $21.5 million, with the Automotive segment down $12.4 million, the Consumer Electronics segment down $9.1 million, and the Biometrics segment up approximately $100,000.

Within the Automotive Electronics segment, OEM sales were down $5.3 million and aftermarket product sales were down $7 million. VSM, acquired in the fourth quarter of fiscal 2020, added approximately $5 million in net sales during the fiscal 2021 first quarter. Within the Consumer Electronics segment, Premium Audio product sales were down $2.2 million and other CE product sales were down $7 million. Pat already discussed the drivers for both.

We reported gross margins of 27.7% compared to 27.8%, essentially flat year-over-year. Automotive Electronics segment margins were down 470 basis points due to product mix and lower volume, which resulted in lower overhead absorption, partially offset by higher margins associated with the VSM acquisition. Consumer Electronics segment margins were up 90 basis points, primarily due to higher sales of premium wireless and Bluetooth speakers and lower fulfillment sales of activity bands.

Within the Biometrics segment, in last year's fiscal first quarter, we had a release of inventory reserves, leading to significantly higher gross margins on small sales, whereas in this year's first quarter, margins were negative due to products produced for testing and validation.

Total operating expenses declined by $5.3 million, and as Pat noted earlier, before operating expenses associated with VSM, our core overhead was down approximately $7 million year-over-year or approximately 21%. We instituted aggressive cost control measures in Q1 and will continue to do the same until we see the market improvements.

Total other income for the first quarter was approximately $500,000 compared to $2.1 million in Q1 of fiscal 2020, a $1.5 million difference. ASA's income, which is reported as equity and income of equity investee, was down $600,000 due to the impact of COVID, similar to the rest of our business. And other net declined by $1.1 million due to a $1 million pickup on a life insurance policy in last year's first quarter and a $400,000 pickup in Q1 of this year, a lower interest rates related to our short-term money market investments year-over-year.

For the 3 months ended May 31, 2020, we had an income tax provision of $1.8 million, which includes a discrete income tax provision of $4.3 million related to an increase in valuation allowances as a result of the technical correction to our NOLs as provided in the CARES Act. This compares to an income tax benefit of $2.6 million for the 3 months ended May 31, 2019. The effective tax rate for fiscal 2021 and fiscal 2020 first quarters were an income tax provision of 24.3% and an income tax benefit of 52.7%, respectively.

We reported an operating loss of $7.9 million versus an operating loss of $7.1 million for the comparable first quarter periods. Net loss attributable to VOXX was $8.3 million compared to a net loss attributable to VOXX of $1.1 million for the same periods, and we reported an adjusted EBITDA loss of $3.4 million compared to an adjusted EBITDA loss of $1 million for the fiscal 2021 and fiscal 2020 first quarters, respectively.

As noted in our Form 10-Q, we ended the quarter with $69 million in cash compared to $37.4 million as of February 29, 2020. A portion of that cash increase is the $20 million defensive draw we made in April. As Pat mentioned, we are anticipating stronger and third quarter sales and also want to ensure to have sufficient availability to fund working capital needs. We are maintaining a defensive position with our balance sheet, given the increases in COVID cases after the gradual reopenings.

Our total debt as of May 31 was $28.1 million, with $20 million associated with our domestic credit facility, $7.5 million related to our Florida mortgage and $600,000 related to our Euro ABL for Magnat. This compared to the total debt as of February 29, 2020, of $8.2 million. And we had nothing outstanding on the domestic credit facility at that time. Note the debt position is up due to the drawer-anticipated inventory purchases leading into the Quarter 3.

Our balance sheet remains strong. We are managing expenses, inventory and buying programs and taking a conservative approach in our capital allocation strategies.

This concludes my remarks, and we will now open up the call for questions.

Pat Lavelle^ Thank you, Mike.

QUESTIONS AND ANSWERS

Operator^ (Operator Instructions)

Our first question comes from Beat Kahli of Kahli Holding.

Beat Kahli^ Normally, if I see a loss in a quarter, it's not time to congratulate, et cetera. But over this weekend since you published your 10-Q on Friday evening, was looking through it carefully, every page back and forth. And honestly, as an entrepreneur for 30 years, I have to tell you, you did well through this terrible quarter, March, April, May where almost everything was shut down around the globe.

Honestly, I was holding my breath when I saw the publication and needless to say, a loss is never good for all of us, but considered what was happening in the world, consider what's happening in your industry particularly the Automotive, but as well the Consumer segment, I have to tell you, you reacted quickly and can't always complain in this regards.

I'm pleased that you did what you did to keep the company where it is. I'm pleased with the balance sheet. So thank you for your reaction to COVID-19. That doesn't obviously mean we're out of the hot water. But I'm more and more confident that we are starting VOXX more and more on a daily basis with our entire team that here is a company who has gone through 6 decades of ups and downs. Again, thank you to the management for getting us through this really, really rough time, and I'm optimistic that if you can do those 3 months, things can only get better.

To one of my questions, I mean, in a changing world, probably first question, we are seeing around the globe in all our businesses potential insolvency cases. Have you done health checks on your supplier distribution partners? Or do you expect any key suppliers, distributors, retailers which you have to face solvency issues?

Pat Lavelle^ Beat, thank you. At this particular point, we believe we have reserve for any questionable bad debt based on what we had seen within our customer base. And at this point, we do not see any problems within any of the vendor base. We have, as you know, due to the tariff situation over the past 2 years, moved some of our manufacturing out of China into Vietnam back into Taiwan and some other areas that may have created some stress on some of our vendors but we believe that they are solid. And in many cases, we are operating in the new countries.

Beat Kahli^ Got it. Watching Klipsch, and it looks like that the e-commerce -- seem to have really worked well for you in Klipsch. And when you're looking at the Automotive segment, do you still see brick-and-mortar as the main sales channel? Or are you also taking steps towards adding more e-commerce options?

Pat Lavelle^ Absolutely. The e-commerce impact that we had this year was primarily Amazon, which focused on -- for the better part of the quarter, focused on essentials only and were not really delivering on speakers or some of the other things that we carry. However, we had a strong uptick in our own online sales and with customers who are primarily an online operation. We believe that is going to continue because they've had a very successful quarter through COVID because of their online deliveries, and we believe that there's no reason why that should change.

Beat Kahli^ That's great. I mean, I also noted in that, obviously, very important after $60 million plus spent that on EyeLock, first, sales are occurring. Interesting partnerships may occur. I mean, it's always good to go into the sales mode after many, many years of investing. In general, how do you expect your retail distribution channels to change going forward? Not only COVID-19, but in general. And you answered a few. I mean, you have a general comment how the distribution channels going forward will change for you?

Pat Lavelle^ Well, I think when you've got to look at each segment separately. In the Automotive, I don't see a major shift. Only from the standpoint of the installation, complexity of the product, it is probably going to stay similar to where it is today with the types of products that we sell. Certainly, consumer products will move more online wherever they can, but we still have a certain portion of our business with integrators and with large venues that require installation, which will again keep that segment of the market active in the integrator and installation market.

On the Biometric side, we -- the portion of the sales that we have today are primarily perimeter access products that we sell-through all security integrators because it's really the security integrators back end that we tie into. So if you have a Lenel system in your corporation, we're working with them to have them install our product.

On the other side of our business, which is what I've referred to in the past as the most explosive side of the Biometric business, is the embedded solution where we can embed our software, our technology on to someone else's products who may have very, very large sales of those products. And that's the area that we're focusing on.

Certainly our NXT and EXT and our new CMITech product that will be introduced earlier in the third quarter, I think you'll see continued growth there only from the fact that the barriers, as I've indicated on facial and fingerprint, continue to grow. So I think EyeLock is a beneficiary of that. But as you look into the more sophisticated systems that either require dual modalities to open up the system, iris is, in our estimation, definitely going to be a part of those modalities.

Beat Kahli^ No. I will hang in there. I mean, more and more, we are watching this company. You survived the last 6 years, you will survive the next 6 years. And we'll be your loyal shareholder going to the future, accumulating where possible. I think you're doing a good job through COVID-19. And obviously, the jury is out in the future. So good luck.

Pat Lavelle^ Thank you. Have a good day.

John Shalam^ Beat. This is John Shalam. Appreciate your remarks, and I want to thank you for your support. Thank you.

Operator^ Our next question comes from Thomas Kahn of Kahn Brothers.

Thomas Kahn^ Pat, I see that you paid $11 million cash for this Directed company. You said you're going to get your money back in 4 to 5 months?

Pat Lavelle^ Yes.

Thomas Kahn^ Selling 25% of it -- that's against $3 million. So if you have $8 million cash in it, can we expect you to get that $8 million cash back by December 31?

Pat Lavelle^ Yes. But Tom, when you look at the situation, the way it's structured, there was no multiple of earnings. There's no blue sky paid. We essentially picked up about

$4.9 million of receivable, and we picked up $9.1 million of inventory. The inventory should go out over the next 2 quarters. And the first part of the receivables should be received over the first 60 days.

So that's where we believe that the initial purchase price will be recovered quickly. Because the inventory net of reserves is $9.1 million, and we expect to be able to move the bulk of that inventory over the next 2 quarters. So -- but let me finish. Going forward, obviously, there's going to be working capital required to continue the business and continue the sales, but that's really no different than us buying inventory to make sales of, let's say, VOXX. And that's the way we're looking at it.

Thomas Kahn^ Being that said, why would the seller sell this business to you at such an advantageous arrangement, whereby you get all your money back by year-end?

Pat Lavelle^ They were phased. First off, they were owned by a private equity company. The fund had closed, okay? And they had been trying to sell this company for a number of years. We have been in contact with them for a number of years. And when COVID hit, that kind of put it to the point where they were not going to support it any further. And based on that, we were able to negotiate what we perceive as to be very, very good terms.

Thomas Kahn^ Well, it sounds to me like should this all come about, if I talk to you in January, you're going to tell me, we got all our money back, and we own the business.

Pat Lavelle^ Yes. That's our anticipation. We own the business. One of the large receivables, as I indicated, was to Nutek. So instead of laying out the cash that was owned to Nutek and you have to remember, we have a long-standing relation with [Charles Chan], the owner of Nutek. I've known him for over 40 years. And there was a strong trust there. And therefore, the amount of monies that were owed to him, he decided to put into the company.

Thomas Kahn^ Okay. Well, I'm just saying that normally, if I would invest in a business, which entails some degree of risk, and I put $11 million cash into it, I would expect to earn $1.1 million on it, 10%. That would be a reasonable kind of return. If you get there, that would be great. But as I say, I'm from Missouri.

Pat Lavelle^ Yes. I get that. And -- but we're very confident that when we look at the structure that was there -- in our release, we had indicated we've taken, I think, 64 people. The company had, pre-COVID, over 200, and I think, 20 people that were required to run the company. Post-COVID, they had cut down to 139.

And the employees that we took were primarily engineering, which enhances our own engineering capability, but with the fact that VOXX has the basic infrastructure in place. And this is a business that is very, very close to what we do in a certain segment of our Automotive business. That is where we believe we can generate a very good return, given

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the margin structure of the company that we required, okay -- that we acquired and the amount of overhead that is necessary to move it forward.

Thomas Kahn^ Okay. I'll put it in my diary for 2021, January 15 then we can talk about it.

Pat Lavelle^ All right, Tom. That's a deal.

Operator^ There are no further questions at this time.

Pat Lavelle^ Well, okay. Once again, I'd like to thank you for taking some time to come on the call this morning. Obviously, we are in unprecedented times. We are concerned with the fact that the COVID continues to rise in certain areas. That may create some uncertainty, but also we're hoping that with the work that is being done on a vaccine, that we're going to be able to live within the constraints of COVID and still do business. Thank you. Stay safe, and have a good day.

Operator^ Ladies and gentlemen, this concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.

Pat Lavelle^ Bye-bye.

Operator^ Bye-bye.