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 11, 2022

VOXX INTERNATIONAL CORPORATION

(Exact name of Registrant as Specified in Its Charter)

Delaware	**0-28839**	**13-1964841**
(State or Other Jurisdiction of Incorporation)	**(Commission File Number)**	**(IRS Employer Identification No.)**

2351 J. Lawson Boulevard Orlando, Florida	**32824**
(Address of Principal Executive Offices)	**(Zip Code)**

Registrant's Telephone Number, Including Area Code: (800) 645-7750

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Class A Common Stock $.01 par value	VOXX	The NASDAQ Stock Market LLC

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 2.01 Completion of Acquisition or Disposition of Assets.

On July 11, 2022, VOXX International Corporation (the "Company") issued a press release announcing its earnings for the three months ended May 31, 2022. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events.

On July 12, 2022, the Company held a conference call to discuss its financial results for the three months ended May 31, 2022. 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 11, 2022, relating to VOXX International Corporation's earning's release for the three months ended May 31, 2022 (filed herewith).
99.2	Transcript of conference call held on July 12, 2022 at 10:00 am (filed herewith).
104	Cover Page Interactive Data File (formatted as inline XBRL and contained in Exhibit 101).

SIGNATURES

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

VOXX INTERNATIONAL CORPORATION
(Registrant)

Date:	July 15, 2022	By:	/s/ Charles M. Stoehr
			Charles M. Stoehr Senior Vice President Chief Financial Officer

Exhibit 99.1

FOR IMMEDIATE RELEASE

VOXX International Corporation Reports its Fiscal 2023 First Quarter Financial Results

ORLANDO, FL. – July 11, 2022 — VOXX International Corporation (NASDAQ: VOXX), a leading manufacturer and distributor of automotive and consumer technologies for the global markets, today announced its financial results for its Fiscal 2023 first quarter ended May 31, 2022.

Commenting on the Company's results and business outlook, Pat Lavelle, President and Chief Executive Officer stated, "During the Fiscal 2023 first quarter, we continued to experience supply chain issues though the biggest impact was the lack of chips which directly impacted our automotive OEM and aftermarket business. Retailer buying also slowed in March given high inventory positions which impacted sales in our Consumer Electronics segment. While these challenges will persist, we are still poised for growth and expect to have a strong second half of the year based on new Automotive programs, increased production and sales of Onkyo products, along with expanding worldwide distribution, and a host of new products coming to market."

Lavelle continued, "As we look out over the next few years, we are very encouraged with our prospects and our optimism is driven by over $750 million in new OEM awards received over the past three years, with the majority of awards ahead of us. We also see significant expansion in our Premium Audio business as we will soon be securing the chips and parts expected to meet customer demand in the second half of the year and as we expand beyond North America and Australia to service a broader worldwide customer base. We also made significant progress in our Biometrics segment this past quarter, with new opportunities with both distribution partners and companies in the fintech, healthcare and automotive markets. Despite the near-term headwinds, we believe we are well positioned to drive significant growth and strong bottom-line performance in the years ahead."

Fiscal 2023 and Fiscal 2022 First Quarter Comparisons

Net sales in the Fiscal 2023 first quarter ended May 31, 2022, were $128.7 million as compared to net sales of $137.1 million in the Fiscal 2022 first quarter ended May 31, 2021, a decrease of $8.3 million or 6.1%.

- Automotive Electronics segment net sales in the Fiscal 2023 first quarter were $39.6 million as compared to $42.7 million in the comparable year-ago period, a decrease of $3.1 million or 7.2%. For the same comparable periods, OEM product sales were $16.7 million as compared to $14.9 million, driven by higher sales of OEM rear-seat entertainment systems, partially offset by ongoing supply chain constraints and component, part and chip shortages. Aftermarket product sales were $22.9 million as compared to $27.7 million, with the decline driven primarily by higher load-ins in the prior Fiscal year period as well as component and part shortages, partially offset by higher aftermarket accessory product sales.

- Consumer Electronics segment net sales in the Fiscal 2023 first quarter were $88.9 million as compared to $94.1 million in the comparable year-ago period, a decrease of $5.2 million or 5.5%. For the same comparable periods, Premium Audio product sales were $69.9 million as compared to $71.6 million, with the decline primarily attributable to lower sales of premium home theatre speaker systems, partially offset by an increase in sales of Onkyo products. Other CE product sales were $19.0 million as compared to $22.5 million with the decline primarily related to general softness in the accessory market following the prior year rebound in sales experienced after the COVID-19 shut-downs in Fiscal 2021. The Consumer Electronics segment was also impacted by lower purchasing by many big box retailers given high inventory levels.

- Biometrics segment net sales in the Fiscal 2023 first quarter were $0.1 million as compared to $0.2 million in the comparable year-ago period. While segment sales declined, new opportunities emerged this quarter and progress has been made on current projects undergoing testing prior to commercialization.

The gross margin in the Fiscal 2023 first quarter was 25.8% as compared to 26.8% in the Fiscal 2022 first quarter, a decline of 100 basis points. The year-over-year decline was primarily driven by lower margins in the Automotive Electronics segment, partially offset by higher margins in the Consumer Electronics segment. For the same comparable periods, the Company reported:

- Automotive Electronics segment gross margin of 22.2% as compared to 27.0%, a decrease of 480 basis points. The year-over-year decline was primarily related to the higher cost of materials and shipping, as well as increases in tariffs included in the cost of goods sold. Additionally, certain OEM rear-seat entertainment products that began selling during the second half of Fiscal 2022 have generated lower margins than normal due to rising costs, and as negotiations remain underway to revise pricing.

- Consumer Electronics segment gross margin of 27.4% as compared to 26.6%, an increase of 80 basis points. The primary drivers for the year-over-year increase are higher sales of Onkyo products, as well as the positive impact from price increases that were instituted throughout Fiscal 2022.

- Biometrics segment gross margin of 24.3% as compared to 19.5%, an increase of 480 basis points. The increase in margin was primarily a result of tooling costs incurred during the three months ended May 31, 2021 that did not repeat in the current year.

Total operating expenses in the Fiscal 2023 first quarter were $39.9 million as compared to $37.1 million in the comparable Fiscal 2022 period, an increase of $2.9 million or 7.8%. For the same Fiscal 2023 and Fiscal 2022 first quarter periods:

- Selling expenses of $12.3 million increased by $0.8 million, primarily related to higher trade show expenses as the Company attended the Consumer Electronics Show in person in 2022 and the 2021 event was held virtually.

- General and administrative expenses of $19.1 million increased by $0.5 million. The Company incurred higher depreciation and amortization expenses, benefit and insurance expenses, and an increase in fees related to taxes and licensing, partially offset by lower professional fees and salary expenses.

- Engineering and technical support expenses of $8.4 million increased by $2.2 million, primarily due to an increase in engineering labor expenses and research and development expenses related to the Onkyo acquisition, as well as the use of outside labor for certain projects. This increase was partially offset by decreases related to projects in development during the prior year that have been completed, as well as headcount reductions in the Biometrics segment.

- Acquisition costs of $0.1 million declined by $0.5 million. The Company incurred acquisitions costs in both the Fiscal 2023 and Fiscal 2022 first quarter associated with 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.

The Company reported an operating loss in the Fiscal 2023 first quarter of $6.7 million as comparted to an operating loss of $0.4 million in the Fiscal 2022 first quarter.

Total other income/expense, net, in the Fiscal 2023 first quarter was a loss of $2.2 million as compared to other income, net of $2.6 million in the Fiscal 2022 first quarter. The year-over-year variance was primarily related to foreign currency as the Company incurred a net foreign currency loss of $2.4 million in the Fiscal 2023 first quarter as compared to a net foreign currency gain of $0.1 million in the Fiscal 2022 first quarter. Additionally, the Company recorded a charge of $1.0 million representing interest expense related to the interim arbitration award accrued during Fiscal 2022. Additionally, equity in income of equity investee declined by $1.1 million and interest and bank charges increased by $0.2 million when comparing the Fiscal 2023 and Fiscal 2022 first quarters.

Net loss attributable to VOXX International Corporation in the Fiscal 2023 first quarter was $6.5 million as compared to net income attributable to VOXX International Corporation of $2.7 million in the comparable Fiscal 2022 period. The Company reported basic and diluted net loss per share attributable to VOXX International Corporation of $0.27 in the Fiscal 2023 first quarter as compared to basic and diluted net income per common share attributable to VOXX International Corporation of $0.11, in the comparable Fiscal 2022 period.

The Company reported an Earnings Before Interest, Taxes, Depreciation and Amortization (“EBITDA”) loss in the Fiscal 2023 first quarter of $4.2 million as compared to EBITDA in the Fiscal 2022 first quarter of $6.4 million. Adjusted EBITDA in the Fiscal 2023 first quarter was a loss of $0.1 million as compared to Adjusted EBITDA in the Fiscal 2022 first quarter of $8.2 million.

<u>Seaguard Electronics LLC</u>
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 March 11, 2022, the Arbitrator fixed the schedule of the patent portion of the bifurcated arbitration, with a trial date set for October 16, 2023. The Company has put its suppliers on notice of its indemnification rights with respect to the alleged infringing products. On March 14, 2022, Seaguard filed a Petition in the United States District Court, Central District of California, Western Division, to confirm the Partial Final Award. On April 25, 2022, the Company filed its opposition to Seaguard’s Petition to Confirm and a Counter-Petition to Vacate the Partial Final Award. On May 31, 2022, the Court ordered the matter taken under submission for decision without oral hearing.

During Fiscal 2022, the Company recorded an accrual for the interim arbitration award in the amount of $39,444. During the three months ended May 31, 2022, the Company accrued an additional charge of $986 representing interest due on the award when paid. At May 31, 2022, the Company has a total accrued balance of $40,431 on the accompanying Consolidated Balance Sheet related to the interim arbitration award, to be paid if confirmed and not vacated by the U.S. District Court or an appellate court. The Company made its accrual determination in accordance with reports and evaluations from its damages expert, as well as from the guidance and opinion letters received from the Company’s trial attorneys.

Balance Sheet Update

As of May 31, 2022, the Company had cash and cash equivalents of $5.7 million as compared to $27.8 million as of February 28, 2022. Total debt as of May 31, 2022 was $16.3 million as compared to $13.2 million as of February 28, 2022. The increase in total debt for the comparable periods is primarily related to $5.6 million outstanding on the Company's Domestic Credit Facility as of May 31, 2022, partially offset by the absence of debt related to the Company's Euro Asset-Based Lending Obligation for VOXX Germany. Total long-term debt, net of debt issuance costs as of May 31, 2022 was $14.9 million as compared to $9.8 million as of February 28, 2022.

Conference Call Information

The Company will be hosting its conference call and webcast on Tuesday, July 12, 2022 at 10:00 a.m. Eastern.

- To attend the webcast, participants must register online at https://edge.media-server.com/mmc/p/tesjq8k7.

- To access the call by phone, visit https://register.vevent.com/register/BIed2d9f3946264d288e913f1228733bfd and you will be provided with dial-in numbers. Participants are requested to register a day in advance or at a minimum 15 minutes before the start of the call. Those wishing to ask questions following management's remarks should use the dial-in numbers provided.

- A replay of the webcast will be available approximately two hours after the call and archived at the following link in Events and Presentations: https://investors.voxxintl.com/events-and-presentations.

Non-GAAP Measures

EBITDA and Adjusted EBITDA 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, foreign currency losses (gains), acquisition costs, certain non-routine legal and professional fees, and awards. Depreciation, amortization, stock-based compensation, and foreign currency losses (gains) are non-cash items.

We present EBITDA and Adjusted EBITDA in our Form 10-Q 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 allows for a more meaningful comparison of our results from period-to-period. These non-GAAP measures, as we define them, are not necessarily comparable to similarly entitled measures of other companies and may not be an appropriate measure for performance relative to other companies. EBITDA and Adjusted EBITDA should not be assessed in isolation from, are not intended to represent, and should not be considered to be more meaningful measures than, or alternatives to, measures of operating performance as determined in accordance with GAAP.

About VOXX International Corporation

VOXX International Corporation (NASDAQ: VOXX) has grown into a leader in Automotive Electronics and Consumer Electronics, with emerging Biometrics technology to capitalize on the increased need for advanced security. Over the past several decades, with a portfolio of approximately 35 trusted brands, VOXX has built market-leading positions in in-vehicle entertainment, automotive security, reception products, a number of premium audio market segments, and more. VOXX is a global company, with an extensive distribution network

that includes power retailers, mass merchandisers, 12-volt specialists and many of the world's leading automotive manufacturers. For additional information, please visit our website at www.voxxintl.com.

Safe Harbor Statement

Except for historical information contained herein, statements made in this release constitute forward-looking statements and thus may involve certain risks and uncertainties. All forward-looking statements made in this release are based on currently available information and the Company assumes no responsibility to update any such forward-looking statements. The following factors, among others, may cause actual results to differ materially from the results suggested in the forward-looking statements. The factors include, but are not limited to the: risk factors described in the Company's annual report on Form 10-K for the fiscal year ended February 28, 2022, 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, global supply shortages and logistics costs and delays; 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, the War in the Ukraine and any worsening of the global business and economic environment as a result. The Company assumes no obligation and does not intend to update these forward-looking statements.

Investor Relations Contact:
Glenn Wiener, GW Communications (for VOXX)
Email: gwiener@GWCco.com

Tables to Follow

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

	May 31, 2022 *(unaudited)*	February 28, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 5,733	$ 27,788
Accounts receivable, net	82,645	105,625
Inventory	181,187	174,922
Receivables from vendors	217	363
Prepaid expenses and other current assets	19,602	21,340
Income tax receivable	749	734
Total current assets	290,133	330,772
Investment securities	1,222	1,231
Equity investment	22,010	21,348
Property, plant and equipment, net	49,813	49,794
Operating lease, right of use asset	4,255	4,464
Goodwill	72,507	74,320
Intangible assets, net	97,541	101,450
Deferred income tax assets	39	40
Other assets	3,577	3,245
Total assets	$ 541,097	$ 586,664
Liabilities, Redeemable Equity, Redeemable Non-Controlling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 54,113	$ 76,665
Accrued expenses and other current liabilities	46,923	54,659
Income taxes payable	1,545	2,714
Accrued sales incentives	20,427	23,755
Interim arbitration award payable	40,431	39,444
Contract liabilities, current	4,218	4,373
Current portion of long-term debt	500	2,406
Total current liabilities	168,157	204,016
Long-term debt, net of debt issuance costs	14,858	9,786
Finance lease liabilities, less current portion	39	78
Operating lease liabilities, less current portion	3,067	3,298
Deferred compensation	1,222	1,231
Contingent consideration, less current portion	5,001	5,750
Deferred income tax liabilities	4,330	5,300
Other tax liabilities	913	1,083
Prepaid ownership interest in EyeLock LLC due to GalvanEyes LLC	3,692	2,451
Other long-term liabilities	3,279	3,508
Total liabilities	204,558	236,501
Commitments and contingencies		
Redeemable equity	3,450	3,550
Redeemable non-controlling interest	(227)	511
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding	—	—
Common stock:		
Class A, $.01 par value, 60,000,000 shares authorized, 24,538,184 and 24,476,847 shares issued and 21,675,966 and 21,614,629 shares outstanding at May 31, 2022 and February 28, 2022, respectively	246	245
Class B Convertible, $.01 par value, 10,000,000 shares authorized, 2,260,954 shares issued and outstanding at both May 31, 2022 and February 28, 2022	22	22
Paid-in capital	296,175	300,453
Retained earnings	120,046	126,573
Accumulated other comprehensive loss	(18,878)	(17,503)
Less: Treasury stock, at cost, 2,862,218 shares of Class A Common Stock at both May 31, 2022 and February 28, 2022	(25,138)	(25,138)
Less: Redeemable equity	(3,450)	(3,550)
Total VOXX International Corporation stockholders' equity	369,023	381,102
Non-controlling interest	(35,707)	(35,000)
Total stockholders' equity	333,316	346,102
Total liabilities, redeemable equity, redeemable non-controlling interest, and stockholders' equity	$ 541,097	$ 586,664

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,	
	2022	2021
Net sales	$ 128,732	$ 137,060
Cost of sales	95,493	100,365
Gross profit	33,239	36,695
Operating expenses:		
Selling	12,285	11,467
General and administrative	19,130	18,676
Engineering and technical support	8,389	6,232
Acquisition costs	136	676
Total operating expenses	39,940	37,051
Operating loss	(6,701)	(356)
Other (expense) income:		
Interest and bank charges	(730)	(528)
Equity in income of equity investee	1,588	2,723
Interim arbitration award	(986)	—
Other, net	(2,110)	442
Total other (expense) income, net	(2,238)	2,637
(Loss) income before income taxes	(8,939)	2,281
Income tax (benefit) expense	(1,092)	484
Net (loss) income	(7,847)	1,797
Less: net loss attributable to non-controlling interest	(1,320)	(919)
Net (loss) income attributable to VOXX International Corporation	$ (6,527)	$ 2,716
Other comprehensive (loss) income:		
Foreign currency translation adjustments	(1,494)	372
Derivatives designated for hedging	87	119
Pension plan adjustments	32	1
Other comprehensive (loss) income, net of tax	(1,375)	492
Comprehensive (loss) income attributable to VOXX International Corporation	$ (7,902)	$ 3,208
(Loss) income per share - basic: Attributable to VOXX International Corporation	$ (0.27)	$ 0.11
(Loss) income per share - diluted: Attributable to VOXX International Corporation	$ (0.27)	$ 0.11
Weighted-average common shares outstanding (basic)	24,412,462	24,266,242
Weighted-average common shares outstanding (diluted)	24,412,462	24,925,974

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

	Three months ended May 31, 2022	Three months ended May 31, 2021
Net (loss) income attributable to VOXX International Corporation	$ (6,527)	$ 2,716
Adjustments:		
Interest expense and bank charges (1)	527	372
Depreciation and amortization (1)	2,904	2,778
Income tax (benefit) expense	(1,092)	484
EBITDA	(4,188)	6,350
Stock-based compensation	126	236
Foreign currency losses (gains) (1)	2,362	(116)
Acquisition costs	136	676
Professional fees related to distribution agreement with GalvanEyes LLC	—	325
Non-routine legal fees	508	686
Interim arbitration award	986	—
Adjusted EBITDA	$ (70)	$ 8,157

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

Exhibit 99.2

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Q1 2023 VOXX International Corp Earnings Call

EVENT DATE/TIME: JULY 12, 2022 / 2:00PM GMT

CORPORATE PARTICIPANTS

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

CONFERENCE CALL PARTICIPANTS

Brian William Ruttenbur *Imperial Capital, LLC, Research Division - Research Analyst*
Victoria James -
Glenn Wiener *GW Communications LLC - Owner*

PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the VOXX International Fiscal 2023 First Quarter Results Conference Call. I would now like to hand the conference over to your speaker today, Glenn Wiener with Investor Relations.

Glenn Wiener ***GW Communications LLC - Owner***

Thank you. Good morning, and welcome to VOXX International's Fiscal 2023 First Quarter Conference Call. Yesterday, we filed our Form 10-Q and issued our press release, and those documents can be found in the Investor Relations section of our website at www.voxxintl.com. An updated presentation will be posted later this week.

Today, we will have prepared remarks from Pat Lavelle, President and Chief Executive Officer; and Michael Stoehr, Senior Vice President and Chief Financial Officer. After which, we'll open up the call for questions.

I'd like to remind everyone that except for historical information contained herein, statements made on today's call and webcast that would constitute forward-looking statements are based on currently available information. The company assumes no responsibility to update any such forward-looking statements, and I'd like to point you to the risk factors associated with our business, which are detailed in our Form 10-K for the period ended February 28, 2022.

At this time, it's my pleasure to turn the call over to Pat Lavelle. Pat?

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

Thanks, Glenn, and good morning, everyone. Last quarter, I provided a lot of detail about our segments and outlook. I ended my remarks noting that we expected fiscal 2023 to be more normal in terms of our seasonality, with the second half driving profitability, and that remains the case. A slower start to the year and we believe a strong second half, even in light of slowdown in consumer purchases and car sales.

In a few minutes, Mike will provide a Q1 financial recap before we open up the call for questions. My focus today will be on business segments and some of the key growth drivers and near-term hurdles. Starting with automotive. As you know, the global scarcity of chips is hitting the car manufacturers particularly hard and it continues to impact both our OEM and the aftermarket automotive business. Our OEM customers are producing what they can but the lack of chips is leading to much lower car production, and it is estimated to be down 20% year-over-year, coming in between 13 million and 14 million new light trucks and cars. In fact, the last time car sales dropped below 14 million was in 2011.

Additionally, since a significant percentage of our aftermarket business is done with new car dealers, the shortage of inventory on their lots is also impacting our automotive aftermarket sales. We expect the chip shortages to remain well into 2023, but we are working through this and still expect growth in the segment based on projected orders from customers and new programs that are expected to launch in the balance of this year. While the shortages will persist, we are starting to see a slowdown in other industries that utilize chips like computers, laptops and crypto mining machines. And if this continues, there is the possibility of several chip manufacturers pivoting and allocating more chips to the carmakers, which could alleviate some of the near-term pressure.

Another area that has been a concern is the run-up in labor costs in the United States, which has negatively impacted OEM gross margins. Although we have mitigated some of the impact of price increases, more is needed to improve margins. And thus, we will move some of our OEM production lines to Mexico, where labor is roughly half the cost. We expect our facility to be ready in August and to be in a position to start shipping products in the start of our fiscal third quarter.

These are the hurdles within the automotive segment near term. Our longer-term outlook based on the programs we've been awarded, RFQs pending, our relationships, plus the massive pent-up demand for new cars is very strong. And that is because over the past approximately 3 years, we have been awarded $750 million in new OEM awards, most of which are in front of us over the next 5 years. We have some large RFQs still pending, which could represent another $300 million of awards or more over this same time frame.

On our year-end call in May, I talked about the new awards with Ford and with Oshkosh Defense, both of which were Q1 events. The Oshkosh award was estimated to be $45 million to start and has a potential value of over $140 million. I also spoke last quarter about other programs we were pursuing with them, and I'm pleased to announce that we will be supplying Oshkosh tilt sensors, shock sensors, in-vehicle speaker systems and an electronic vehicle sound system for their EV models.

The initial awards received now total approximately $60 million over the first 5 years of the program.

Note, however, this is a 10-year program, and this only represents the first tranche. We expect to complete validation in our fiscal fourth quarter, and we will begin realizing revenue in fiscal 2024 first quarter.

With respect to Ford, our relationship remains strong. Beyond the new awards we announced which totaled over $200 million through 2027, we continue to discuss additional programs. While nothing is official yet, we are optimistic that we're well positioned on a new RFQ we are pursuing, which could be awarded within the next 1 to 2 quarters.

As with Stellantis, as you know, we've been awarded a significant amount of business, approximately $400 million of awards running through 2026. However, we have still not fully resolved the chip challenges, which may impact some of these programs. As reported last quarter, we presented another option to them, a new board utilizing an alternative chip and today, I'm pleased to report that Stellantis has approved the design and NRE to develop this, and we will be working to validate the board. Obviously, depending on how fast we can move new price negotiations, we should be in a position to start catching up in our third quarter.

Our Automotive segment is poised for a strong growth in the coming years with approximately $400 million in awards with Stellantis, $200 million with Ford, $60 million awards with Oshkosh Defense, over $30 million in awards with Nissan, $30 million in awards at VSM with heavy-duty truck manufacturers and over $30 million in awards for accessories, security and remote starts with multiple manufacturers. These are firm awards in our pipeline between now and 2026 for the most part, and we have quotes in place with additional awards in excess of $300 million. And we are confident in our position to secure them, given our technology and the limited competition in this space. Therefore, we could be looking at over $1 billion in OEM awards over the next 5 years, and this is what's driving our optimism despite near-term supply chain issues.

Moving on to the Consumer segment. Consumer segment sales were down in Q1, both for premium audio products and other CE and accessory lines, largely due to many of the big box retailers cutting inventory immediately after their first quarter results. As our fiscal first quarter starts in March, this had a direct impact on our Q1 results. Demand from consumer look consistent, but the big box retailers simply just cut back on buying, and we are watching this closely, and we'll adjust purchasing schedules to keep pace with consumer sentiment.

Although segment revenue came in lower year-over-year, it did surpass our internal projections for the quarter. Despite some economic pressures, there is positive momentum building. Demand for Onkyo and Pioneer products has been very strong since we completed the transaction in September of last year. Back then, we took steps to secure the longer lead items, some as much as 42 weeks out, working through the supply chain issues as best we could. Many of these items start coming in towards the end of the summer and we will be positioned in the second half of the year to ramp up production and grow revenue and support not only our North American and Australian customers, which we have been doing for the past year, but begin expanding worldwide sales of these products where interest remains high.

Near term, the addition of the Onkyo, Integra Pioneer, Pioneer Elite, TEAC and ESOTERIC electronic brands should help offset any pullback by the consumer and we expect to significantly grow our overall audio business. In addition, over the next 2 quarters, new product launches should trigger an increase in demand for Klipsch and Jamo products as we will be introducing all new models across several categories, including our new reference line, Jamo home theater systems, portable speakers, sound bars and subwoofers.

As for the Biometrics segment, while revenue was small this past quarter, there were several positive developments, which over the next several quarters should start changing the financial picture of this segment in a positive way. During our fiscal 2023 first quarter, the Miami Automall installed a complete EyeLock perimeter access program for building access, network closets, hazardous material location, garages and lots. They plan to roll out the EyeLock program to an additional 25 dealership locations that they own. We also plan to add this program to our automotive aftermarket group since we currently do business with some of the country's largest dealerships.

Additionally, we are working with a fintech company, a new relationship established in Q1, to provide both logical and physical access solutions. We are currently in contract negotiations and we'll provide further details regarding the development and the commercialization once executed.

As to the status of the health care company I've talked about for roughly in the past 2 years, the testing phase has continued to go well and we are on track for a soft launch towards the end of fiscal 2023 to get systems into the field. Since this is a completely new machine for our customer, it will be monitored to make sure all functions of the machine are working properly and then they plan a full commercial launch. I'm hopeful that before the year is out, we will be able to disclose the details both on the products and the customer we are targeting.

Another opportunity is through Marubeni Corporation, our partner since 2020, who is distributing EyeLock technology in Japan with a focus on the broader Asia Pacific market. We are currently working together with them, developing a logical access product for Pharma 4.0 in Japan and expect more opportunities with Marubeni as Japan opens up from COVID.

At this point, this sums up the activity at VOXX during the first quarter and what we are facing in terms of both headwinds and opportunities. The second quarter will be a bit light, given some of the OEM challenges and continued chip and vehicle shortages in automotive and slower purchasing by some of the big VOXX retailers as they adjust inventory positions. And of course, consumer confidence as we navigate inflation and recession worries. But as I've said, we have some positive offsetting factors and believe the third quarter, based on the inventory we have on hand or afloat, will provide us with everything we need to deliver a strong second half of the year.

At this point, I'd like to turn the call over to Michael for the financial review. Mike?

Charles Michael Stoehr ***VOXX International Corporation - Senior VP, CFO & Director***
Thanks, Pat. Good morning, everyone. I'll start with a recap of our first quarter results and then provide a balance sheet update as of quarter end, along with a few other corporate updates before we open up the call for questions. All comparisons are for the fiscal 2023 and fiscal 2022 first quarters ended May 31.

We reported total net sales of $128.7 million, down $8.3 million or 6.1%. Each of the segments reported lower sales for the reasons Pat outlined in his remarks, predominantly supply chain constraints, chip, component and parts shortages, lower vehicle production and higher inventory at some of the big box retailers, resulting in lower purchases during the quarter.

Our Automotive Electronics segment posted sales of $39.6 million, down $3.1 million or 7.2%. OEM product sales were up $1.8 million and aftermarket product sales were down $4.9 million. Our Consumer Electronics segment posted sales of $88.9 million, down $5.2 million, with premium audio product sales down $1.6 million and CE accessories sales were down $3.5 million. And Biometric segment sales were approximately $100,000 as compared to $200,000 in last year's fiscal quarter.

Consolidated gross margins were 25.8%, down 100 basis points. This was principally due to the Automotive Electronics segment as gross margins declined 480 basis points due to higher material and shipping costs, increases in tariff and lower-than-normal margins on some of our rear seat entertainment programs due to the above factors. As new programs come online and as we work through chip design and pricing with Stellantis, we expect segment margins to improve.

Consumer Electronics segment gross margins improved 80 basis points, and this was principally due to the higher sales of Onkyo and Pioneer products. While the Biometrics segment gross margins improved 480 basis points, the dollar impact was essentially flat for the comparable period. Total operating expenses of $39.9 million increased by $2.9 million or 7.8%. Selling expenses increased by approximately $800,000, with $700,000 related to the 2022 Consumer Electronics Show, which was held in person this past year and held virtually in the period -- prior fiscal year period.

General and administrative expenses increased by approximately $500,000 as we had a $300,000 increase in depreciation and amortization, principally as a result of the Onkyo K.K. purchase agreement, which closed September 2021. We also had a $300,000 increase in benefit expenses, higher fees related to tax and licenses of approximately $200,000 and a $200,000 increase in insurance expenses.

As an offset to these increases, Professional fees declined by approximately $600,000 due to lower legal fees incurred in the quarter. Legal fees relate to the Seaguard arbitration case and the absence of consulting fees related to the EyeLock distribution agreement with GalvanEyes in prior fiscal year period.

Lastly, Engineering and technical support expenses increased by $2.2 million, principally as a result of the Onkyo K.K. purchase agreement and outside labor for certain projects. As a result of lower sales and gross margins and higher operating expenses, we reported an operating loss of $6.7 million as compared to an operating loss of $400,000 in fiscal 2022 first quarter. As Pat mentioned, we expect to show some improvement in the second quarter and consistent with historical seasonality profitability in the second half of the year, especially with Onkyo production ramping up.

Total other income expense net was a loss of $2.2 million in fiscal 2023 first quarter as compared to total operating income net of $2.6 million in the comparable fiscal 2022 period. For the same periods, interest and bank charges were $730,000 and $528,000 and equity and income of equity investees which relates to our 50% noncontrolling ownership interest in ASA Electronics was $1.6 million compared to $2.7 million prior quarter -- prior year quarter. ASA has experienced the same headwinds as we have this quarter.

In fiscal 2023 first quarter, we recorded an additional accrued interest expense of $1 million related to the interim arbitration award, which is pending the judge's ruling. Other net, which includes a net noncash foreign currency translation loss of $2.4 million. The majority of this translation loss was mainly due to the shareholders and working capital loans in the Onkyo K.K. joint venture, which was carried in Japanese yen. The translation loss was caused by the recent collapse of the yen versus the dollar.

Net loss attributable to VOXX was $6.5 million as compared to net income attributable to VOXX of $2.7 million in comparable fiscal 2022 period. Lastly, adjusted EBITDA in fiscal 2023 first quarter was a loss of approximately $100,000 as compared to an adjusted EBITDA in fiscal 2022 first quarter of $8.2 million. This adjustment includes $3.9 million in nonoperating cash for the FX losses and interim award expense.

Moving on to the balance sheet. As of May 31, 2022, we had cash and cash equivalents of $5.7 million as compared to $27.8 million as of February 28, 2022. The principal use of cash was increased inventory purchases due to the state of transportation issues we discussed. As a result, we increased our inventory carry by an additional [6 days]. Additional cash was used for the usual paydown of accounts payable and accrued expenses from the fiscal 2022 fourth quarter.

Total debt as of May 31, 2022, was $16.3 million as compared to $13.2 million as of February 28, 2022. This increase is primarily related to the $5.6 million increase in our domestic credit facility used for inventory purchases. Partially offsetting this is the reduction in our euro asset-based lending obligations for VOXX Germany.

A quick note regarding the Seaguard litigation. As noted in our press release and Form 10-Q filing in February 2022, we recorded an accrual for the interim arbitration award in the amount of $39.4 million. During the 3 months ended May 31, 2022, we accrued an additional charge of approximately $1 million, representing interest due on the awards, which will only be paid if confirmed and not vacated by the U.S. District Court or an appellate court.

On March 14, Seaguard filed a petition to confirm the partial final award. And on April 25, we filed the opposition to their petition. On May 31, the court ordered the matter taken under submission for decision without oral hearing. We have been advised by counsel that a judge's decision could take weeks or months, at which time we will provide an update.

This concludes my remarks. Operator, we are now ready to open the call for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question is from Brian Ruttenbur with Imperial Capital.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst***

A couple of quick questions. I believe you said in your comments that second quarter is going to be slightly better than first quarter. Is that what I heard? Just want to make sure that I heard the comments correctly.

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

Yes. Brian, normally, again, going back to the seasonality of our business, second quarter normally improves over first. The one caveat is whether or not the OEM manufacturers are able to continue to take the inventory that they projected for the quarter. That's something when we get their releases, it would indicate what they're going to be able to build based on what chips they have to build cars. So that's the only caveat for the quarter.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst***

Okay. So in the automotive, you expect to see some improvement sequentially. How about the consumer division? Do you expect to see some sequential improvement from first quarter?

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

Yes, we do. It would normally improve over the second quarter over the first. Normally, the first quarter is the weakest quarter of the year. When we go back to a more seasonal business model, which we believe now that a lot of the pandemic impacts that we've had are really behind us from how it change the quarters, we're seeing as first quarter is normally our weakest, builds in the second and then builds strong into the third and then fourth quarter is normally better than the first and second.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst***
Okay. And then in terms of gross margins, automotive was obviously weak in the first quarter, you expect to see a sequential improvement also, right?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***
Well, the thing is that in some areas, we're still negotiating price increases. But as we move some of the production out of the U.S., we expect that we'll be able to improve margins somewhat and get back to some historical level of margins within the OEM space.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst***
Okay. And then in terms of foreign currency, that was a big hit in the first quarter. Was that a onetime event? Do you expect more foreign currency losses like you experienced, I think it was $2.2 million roughly in the first quarter?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***
It's really coming from the strength of the dollar, the yen was probably around JPY 105, JPY 110 sometime this year. Last -- this year, it's now sitting at JPY 136. So we had to mark-to-market the credit facility that we had given to our own operation. And then the euro, which is essentially at parity for the first time since -- in 20 years, that's going to give us lower profitability as we convert euro into dollars in our European operation.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst***
Okay. And then -- yes. And then last quick question. In terms of shipping container costs, pre-pandemic, you were a couple of thousand dollars a container. I think that you went to as high in the 20-plus thousand per container or may be higher. Where are you now? And what do you see in terms of shipping costs on a per container basis?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***
Now depending on where it's going, East Coast, West Coast, it can range from anywhere from $11,000 to $16,000, $17,000 for a container. It is still high when we compare to what the historical pricing was. But it doesn't appear as if it's going to be jumping up into the 20,000 range. As we see the consumer pullback and as we see lower sales in the United States, I think that you're seeing that across the board with the Fed making their changes, it will destroy some demand, and that should moderate any increases that we see as we move into the Christmas holiday

season.

The other thing I've -- we -- because of the issues, we brought a lot of product in early to make sure that we had it. So between what we have in inventory and what we have afloat that is due to arrive just prior to the holiday season, we feel pretty comfortable we have everything that we need, hopefully in the barn, for Christmas.

Operator
Next question is from Victoria James with D.A. Davidson.

Victoria James -
I've got two questions. I will ask them one (inaudible) updated thoughts on how inflation is impacting your business and to what extent prices increases are mitigated from that impact.

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***
All right. So I can hardly hear you, but you're saying that the pricing -- you're asking whether the price increases that we've introduced over the past year, has that mitigated some of these issues? Operator, could you have her ask the question? I can barely hear her.

Operator
Yes, Victoria, please if you can get closer to your microphone, your volume was kind of low.

Victoria James -
Yes. Sorry about that. Yes, I was asking, can you give your updated thoughts on how inflation is impacting your business and to what extent price increases are mitigating that impact?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***
Well, we -- obviously, when you look at some of our business, which would be the more promotional items and things like that. When the consumer is facing fuel, food and increased home prices, we see a slowdown at that level. We are seeing it now. A lot of the big box retailers had seen it. And the price increases that we've had has helped increase and improve the margin structure and offset a lot of the higher cost of bringing products in. But they're not mitigating any volume drop due to the consumer pulling back.

At this particular point, we have not seen any strong pullback from, let's say, the luxury market where a lot of our premium audio products are sold. And that remains to be seen. If the Fed continues to tighten and the market -- the stock market continues to go down, the wealth effect would affect the luxury market at some point. But we haven't seen that in any major way at this point.

Victoria James -

And then if I may ask another question. My second question is, given persistent challenges, how should we think about the role of China in your supply chain as well as your ability to diversify out of China in the future?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***
Well, since the tariff was put in place by the former administration, we have moved a lot of our manufacturing out of China into either back into Malaysia or Taiwan or into Vietnam and some into Mexico. So we're trying to mitigate that as much as possible. However, when you really look at the situation, a lot of the raw material no matter where we're producing the product and doing the finished goods, a lot of the raw material is still coming out of China. We are cognizant of the situation. We are trying to move as much as we can so that we have a good balance within our manufacturing capability across the world in locations that have the capability of doing the type of manufacturing we need.

Operator
And I'm not showing any further questions in the queue, sir.

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***
Okay. I want to thank you for joining us this morning and the interest that you have in VOXX. I know it's -- there's a lot of headwinds facing the entire economy here in the United States and across the world. But be rest assured that we are doing everything that we can to mitigate some of these.

And as I indicated, based on the pipeline that we're looking at going forward, the increased business with the OEMs as they get past some of their problems, and the addition of the new electronic lines that we have within the premium audio, we think we can go a long way in offsetting weakness and still generate good growth in this fiscal year. So thank you, and enjoy the rest of the day.

Operator
Thank you. And this concludes today's conference. Thank you for participating, and you may now disconnect.