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, 2024

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 2.02 Results of Operations and Financial Condition.

On July 10, 2024, VOXX International Corporation (the "Company") issued a press release announcing its earnings for the three months ended May 31, 2024. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events.

On July 11, 2024, the Company held a conference call to discuss its financial results for the three months ended May 31, 2024. 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, 2024, relating to VOXX International Corporation's earning's release for the three months ended May 31, 2024 (filed herewith).
99.2	Transcript of conference call held on July 11, 2024 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, 2024	By:	/s/ Loriann Shelton
			Loriann Shelton Senior Vice President Chief Financial Officer Chief Operating Officer

Exhibit 99.1

VOXX International Corporation Reports its Fiscal 2025 First Quarter Financial Results

Net sales declined by 18.1%, gross margins improved by 310 basis points, operating expenses declined by 16.6%; Adjusted EBITDA Loss of $2.9 million improved by $2.1 million year-over-year amidst restructuring program to streamline sales, lower costs and working capital needs and return the Company to profitability

ORLANDO, FL.— July 10, 2024 — 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 2025 first quarter ended May 31, 2024.

Commenting on the Company's first quarter results, Pat Lavelle, Chief Executive Officer stated, "During the first quarter, we took aggressive steps to improve gross margins and lower both our operating expenses and working capital needs. While our sales were down for the comparable periods, gross margins improved in our Automotive and Consumer segments, and we reduced year-over-year expenses by over 16%. The retail environment remains challenging, interest rates are high, and inflation is still a major concern. With market pressures expected to continue, we have instituted various restructuring programs to right size our business. We are equally focused on reducing our debt and freeing up capital to re-invest in VOXX. With the changes made and upcoming, we expect to return to profitability this year."

Fiscal 2025 and Fiscal 2024 First Quarter Comparisons

On March 1, 2024, the Company's majority owned subsidiary, EyeLock LLC, contributed assets, including inventory and intangible assets, to a newly formed joint venture, BioCenturion LLC, that will operate the Biometrics business moving forward. For the three months ended May 31, 2024, the Company accounted for its investment in BioCenturion as an equity method investment within our Biometrics segment (see Note 12 in the Company's Form 10-Q filed with the Securities and Exchange Commission).

Net sales in the Fiscal 2025 first quarter ended May 31, 2024, were $91.7 million as compared to $111.9 million in the Fiscal 2024 first quarter ended May 31, 2023, a decrease of $20.3 million or 18.1%.

- Automotive Electronics segment net sales in the Fiscal 2025 first quarter were $27.7 million as compared to $38.4 million in the comparable year-ago period, a decrease of $10.7 million or 27.9%. For the same comparable periods, OEM product sales were $12.8 million as compared to $20.3 million, primarily due to a decline in sales of OEM rear seat entertainment ("RSE") products, partially offset by an increase in sales of OEM remote start products. RSE sales were lower for the comparable periods primarily due to temporary halts in customer programs and volume reductions, as well as the termination of a customer program that was in place in the prior year. Aftermarket product sales were $14.8 million as compared to $18.1 million due primarily to lower aftermarket security, rear seat entertainment, and satellite radio products, among others.

- Consumer Electronics segment net sales in the Fiscal 2025 first quarter were $63.9 million as compared to $73.3 million in the comparable year-ago period, a decrease of $9.4 million or 12.8%. For the same comparable periods, premium audio product sales were $48.4 million as compared to $47.6 million, driven by higher sales domestically and driven by the successful launch of new products during the current Fiscal year period. This growth was partially offset by lower sales of premium audio products in Europe and Asia. Other consumer electronics ("CE") product sales were $15.5 million as compared to $25.7 million, primarily related to lower sales of domestic wireless accessory speakers as a large customer program did not repeat, as well as lower sales of the Company's balcony solar power products.

The gross margin in the Fiscal 2025 first quarter was 27.7% as compared to 24.6% in the Fiscal 2024 first quarter, an improvement of 310 basis points as margins improved across all business segments. When comparing the Fiscal 2025 and Fiscal 2024 first quarters, the Company reported:

- Automotive Electronics segment gross margin of 23.2% as compared to 21.0%, an increase of 220 basis points with the year-over-year improvement primarily driven by the Company's OEM manufacturing transition from Florida to Mexico, as well as improvements related to product mix.

- Consumer Electronics segment gross margin of 29.6% as compared to 25.5%, an increase of 410 basis points. The year-over-year improvement was primarily driven by the launch of new products both domestically and internationally and fewer close-out promotion sales, with other offsetting factors.

Total operating expenses in the Fiscal 2025 first quarter were $32.5 million as compared to $39.0 million in the comparable Fiscal 2024 period, a decline of $6.5 million or 16.6%. The year-over-year improvement was driven primarily by restructuring programs and other initiatives designed to lower costs and working capital needs. When comparing the Fiscal 2025 and Fiscal 2024 first quarters, the Company reported:

- Selling expenses of $9.6 million as compared to $11.2 million. The year-over-year improvement of $1.6 million or 14.1% was primarily driven by lower website and trade show expenses, as well as lower headcount related expenses.

- General and administrative ("G&A") expenses of $16.5 million as compared to $19.4 million. The year-over-year improvement of $3.0 million or 15.3% was primarily driven by lower headcount related expenses, and a decline in legal, professional and third-party service fees, among other factors.

- Engineering and technical support expenses of $6.2 million as compared to $8.3 million. The year-over-year improvement of $2.1 million or 25.1% was primarily due to a decline in labor expense due to lower headcount, as well as lower research and development expenses.

- The Company incurred approximately $0.2 million of restructuring costs as compared to $0.1 million, with costs in both periods related to the relocation of certain OEM production operations to Mexico.

The Company reported an operating loss of $7.1 million in the Fiscal 2025 first quarter as compared to an operating loss of $11.4 million in the comparable year-ago period.

Total other expense, net, in the Fiscal 2025 first quarter increased by $2.0 million over the comparable Fiscal 2024 period. Interest and bank charges increased by $0.6 million principally due to higher borrowings on the Company's Domestic Credit Facility, as well as an increase in interest rates, and equity in income of equity investees declined by $1.3 million, principally due to lower net income at ASA as well as due to losses incurred by BioCenturion, which was not present in the prior year period. Additionally, the Company incurred a loss of $0.4 million related to the contribution of assets to the BioCenturion joint venture, representing the difference between the book value of the assets contributed and their fair values on March 1, 2024. Lastly, other net increased by $0.8 million, primarily as a result of losses in foreign currency.

Net loss attributable to VOXX International Corporation in the Fiscal 2025 first quarter was $9.3 million as compared to a net loss attributable to VOXX International Corporation of $10.7 million in the comparable Fiscal 2024 period. The Company reported a basic and diluted loss per common share attributable to VOXX International Corporation of $0.40 in the Fiscal 2025 first quarter as compared to a basic and diluted loss per common share attributable to VOXX International Corporation of $0.45, in the comparable Fiscal 2024 period.

The Company reported an Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") loss in the Fiscal 2025 first quarter of $5.2 million as compared to an EBITDA loss in the comparable Fiscal 2024 first quarter of $7.6 million. Adjusted EBITDA in the Fiscal 2025 first quarter was a loss of $2.9 million as compared to an Adjusted EBITDA loss of $4.9 million in the comparable Fiscal 2024 period.

Balance Sheet Update

As of May 31, 2024, the Company had cash and cash equivalents of $4.2 million as compared to $11.0 million as of February 29, 2024. Total debt as of May 31, 2024 was $68.6 million as compared to $73.3 million as of February 29, 2024. The decline in total debt is primarily related to a $4.4 million reduction in outstanding debt on the Company's Domestic Credit Facility as well as lower debt associated with the Company's Florida mortgage and shareholder loan payable to Sharp Corporation. Total long-term debt, net of debt issuance costs as of May 31, 2024 was $63.7 million as compared to $71.9 million as of February 29, 2024, an improvement of $8.2 million.

Conference Call Information

The Company will be hosting its conference call and webcast on Thursday, July 11, 2024 at 10:00 a.m. ET.

- To attend the webcast: https://edge.media-server.com/mmc/p/kzsk98zv
- To access by phone: https://register.vevent.com/register/BI7eae05a5e3b74b5b8b78a3235500c167

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 under "Events and Presentations" in the Investor Relations section of the Company's website at 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 attributable to VOXX International Corporation and Subsidiaries, 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, gains on the sale of certain assets, loss on contribution of assets to a joint venture, foreign currency losses, restructuring expenses, certain non-routine legal fees, and awards. Depreciation, amortization, stock-based compensation, loss on contribution of assets to a joint venture, and foreign currency losses are non-cash items.

We present EBITDA and Adjusted EBITDA in this release 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 worldwide leader in the Automotive Electronics and Consumer Electronics industries. 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 "Risk Factors" section of the Company's Annual Report on Form 10-K for the fiscal year ended February 29, 2024, and other filings made by the Company from time to time with the SEC, as such descriptions may be updated or amended in any future reports we file with the SEC. The factors described in such SEC filings include, without limitation: impacts related to the COVID-19 pandemic, global supply shortages and logistics costs and delays; global economic trends; cybersecurity risks; risks that may result from changes in the Company's business operations; operational execution by our businesses; changes in law, regulation or policy that may affect our businesses; our ability to increase margins through implementation of operational improvements, restructuring and other cost reduction methods; 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 War in the Ukraine and any worsening of the global business and economic environment as a result.

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, 2024 *(unaudited)*	February 29, 2024
Assets		
Current assets:		
Cash and cash equivalents	$ 4,160	$ 10,986
Accounts receivable, net of allowances of $2,758 and $3,041 at May 31, 2024 and February 29, 2024, respectively	64,787	71,066
Inventory	116,230	128,471
Receivables from vendors	1,190	1,192
Due from GalvanEyes LLC, current	-	1,238
Prepaid expenses and other current assets	16,759	20,820
Income tax receivable	4,273	2,095
Total current assets	207,399	235,868
Investment securities	761	828
Equity investments	23,762	21,380
Property, plant and equipment, net	44,420	45,070
Operating lease, right of use assets	3,053	2,577
Goodwill	63,283	63,931
Intangible assets, net	65,265	68,766
Due from GalvanEyes LLC, less current portion	-	1,340
Deferred income tax assets	1,461	1,452
Other assets	2,798	2,794
Total assets	$ 412,202	$ 444,006
Liabilities, Redeemable Equity, Redeemable Non-Controlling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 25,895	$ 35,076
Accrued expenses and other current liabilities	36,601	38,238
Income taxes payable	834	1,123
Accrued sales incentives	15,160	18,236
Contract liabilities, current	3,574	3,810
Current portion of long-term debt	4,162	500
Total current liabilities	86,226	96,983
Long-term debt, net of debt issuance costs	63,684	71,881
Finance lease liabilities, less current portion	559	644
Operating lease liabilities, less current portion	2,127	1,884
Deferred compensation	761	828
Deferred income tax liabilities	2,604	2,690
Other tax liabilities	706	809
Prepaid ownership interest in EyeLock LLC due to GalvanEyes LLC	-	9,817
Other long-term liabilities	2,147	2,170
Total liabilities	158,814	187,706
Commitments and contingencies		
Redeemable equity: Class A, $.01 par value; 577,581 shares at both May 31, 2024 and February 29, 2024 (Note 8)	4,110	4,110
Redeemable non-controlling interest	(3,158)	(3,203)
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding	-	-
Common stock:		
Class A, $.01 par value, 60,000,000 shares authorized, 23,990,603 and 23,985,603 shares issued and 19,639,420 and 19,698,562 shares outstanding at May 31, 2024 and February 29, 2024, respectively	240	240
Class B Convertible, $.01 par value, 10,000,000 shares authorized, 2,260,954 shares issued and outstanding at both May 31, 2024 and February 29, 2024	22	22
Paid-in capital	296,044	293,272
Retained earnings	49,003	58,272
Accumulated other comprehensive loss	(16,784)	(17,366)
Less: Treasury stock, at cost, 4,351,183 and 4,287,041 shares of Class A Common Stock at May 31, 2024 and February 29, 2024, respectively	(39,821)	(39,573)
Total VOXX International Corporation stockholders' equity	288,704	294,867
Non-controlling interest	(36,268)	(39,474)
Total stockholders' equity	252,436	255,393
Total liabilities, redeemable equity, redeemable non-controlling interest, and stockholders' equity	$ 412,202	$ 444,006

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

	Three months ended May 31,	
	2024	**2023**
Net sales	$ 91,661	$ 111,926
Cost of sales	66,252	84,346
Gross profit	25,409	27,580
Operating expenses:		
Selling	9,590	11,166
General and administrative	16,457	19,427
Engineering and technical support	6,244	8,337
Restructuring expenses	231	59
Total operating expenses	32,522	38,989
Operating loss	(7,113)	(11,409)
Other (expense) income:		
Interest and bank charges	(2,138)	(1,546)
Equity in income of equity investees	351	1,616
Final arbitration award	-	(986)
Other, net	(1,871)	(701)
Total other expense, net	(3,658)	(1,617)
Loss before income taxes	(10,771)	(13,026)
Income tax benefit	(594)	(1,321)
Net loss	(10,177)	(11,705)
Less: net loss attributable to non-controlling interest	(908)	(967)
Net loss attributable to VOXX International Corporation and Subsidiaries	$ (9,269)	$ (10,738)
Other comprehensive income (loss):		
Foreign currency translation adjustments	595	238
Derivatives designated for hedging	(13)	(60)
Pension plan adjustments	-	(1)
Other comprehensive income, net of tax	582	177
Comprehensive loss attributable to VOXX International Corporation and Subsidiaries	$ (8,687)	$ (10,561)
Loss per share - basic: Attributable to VOXX International Corporation and Subsidiaries	$ (0.40)	$ (0.45)
Loss per share - diluted: Attributable to VOXX International Corporation and Subsidiaries	$ (0.40)	$ (0.45)
Weighted-average common shares outstanding (basic)	23,139,876	23,795,718
Weighted-average common shares outstanding (diluted)	23,139,876	23,795,718

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

	Three months ended May 31, 2024	Three months ended May 31, 2023
Net loss attributable to VOXX International Corporation and Subsidiaries	$ (9,269)	$ (10,738)
Adjustments:		
Interest expense and bank charges (1)	1,923	1,346
Depreciation and amortization (1)	2,728	3,101
Income tax benefit	(594)	(1,321)
EBITDA	(5,212)	(7,612)
Stock-based compensation	146	258
Gain on sale of tradename	-	(450)
Loss on contribution of assets to joint venture (1)	252	-
Foreign currency losses (1)	1,849	962
Restructuring expenses	231	59
Non-routine legal fees	(123)	853
Final arbitration award	-	986
Adjusted EBITDA	$ (2,857)	$ (4,944)

(1) For purposes of calculating Adjusted EBITDA for the Company, interest expense and bank charges, depreciation and amortization, losses on the contribution of assets to a joint venture, as well as foreign currency losses have been adjusted in order to exclude the non-controlling interest portion of these expenses attributable to EyeLock LLC and Onkyo Technology KK, as appropriate.

EXHIBIT 99.2

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Q1 2025 VOXX INTERNATIONAL CORP EARNINGS CALL

EVENT DATE/TIME: July 11, 2024 / 2:00PM UTC

An LSEG Business

CORPORATE PARTICIPANTS

- **Glenn Wiener** *GW Communications - Investor Relations*
- **Patrick Lavelle** *VOXX International Corp - President And CEO, Voxx International Corp*
- **Loriann Shelton** *VOXX International Corp - SVP, Chief Financial Officer & Chief Operating Officer*

CONFERENCE CALL PARTICIPANTS

- **Operator**

PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to the VOXX International fiscal 2025 first quarter results conference call. (Operator Instructions) Please be advised that today's conference is being recorded.

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

Glenn Wiener *GW Communications - Investor Relations*

Thanks, Shannon, and sorry for jumping the gun there. Good morning, and welcome to VOXX International's Fiscal 2025 first quarter results conference call. Yesterday, we filed our Form 10-Q and issued our press release, both documents of which can be found in the Investor Relations section of our website at www.voxxintl.com, and we intend to update our investor presentation and post that to the web later next week. Speaking from management today will be Pat Lavelle, Chief Executive Officer; and Loriann Shelton, our Chief Financial Officer and Chief Operating Officer. Following their prepared remarks, we will open up the call for questions.

Before I get started, 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, and 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, 2024.

Lastly, it's my pleasure to announce that the company will be holding its Annual Meeting of Stockholders on July 23, 2024, at 10:00 AM Eastern. Our proxy has been sent to all shareholders of record and our form DEF-4A can be found online in the Investor Relations section of our website. This will be a virtual meeting, and shareholders can attend by visiting www.virtualshareholdermeeting.com/voxx2024, where they'll be able to listen to the meeting live, submit questions and vote online.

At this time, it's my pleasure to now turn the call over to Pat. Thank you.

Patrick Lavelle *VOXX International Corp - President And CEO, Voxx International Corp*

Thank you, Glenn, and good morning, everyone. It's been only two months since we reported our year-end results, and from a market perspective, not much has changed. The retail environment remains challenging, interest rates remain elevated, and inflation is still a major concern.

On our prior call, we cautioned that sales would be under pressure based on what we were seeing at retail and given the state of the automotive market. Automotive manufacturers are still under pressure, inventory is building and layoffs at certain plants have begun. The transition to EVs is only adding to the challenges faced by carmakers.

During the first quarter, we took aggressive steps to improve margins and lower both our operating expenses and working capital needs. As you saw from our Q1 report, margins were up 310 basis points, and expenses were cut significantly, down over 16% year-over-year with more improvements expected in the coming quarters. While we lost money both on an operating income and adjusted EBITDA basis, losses were lower year-over-year, reflecting the deliberate actions we are taking. Based on our current sales projections, we expect to bring VOXX back to profitability this fiscal year.

VOXX is in another transition. And consistent with past experience, we believe we will emerge from this turbulent period as a stronger company with better investor returns. In addition to market issues holding back top line growth, we too are uncomfortable with our current debt level and our depressed share price, which is sitting near 52-week lows. Be assured we have the same concerns as our investors.

VOXX has been around for over 60 years. We have seen just about everything, and we have always persevered. This time will be no different. Just look back at our last restructuring in fiscal 2019 and 2020. This was followed by 2 of our better years of profitability and cash flow which propelled our stock to trade over $20 per share. Over the past 2 years, however, we've seen a myriad of global challenges causing us to miss revenue projections as our customers struggle with ever-changing demand. This has been one of our biggest challenges, managing and operating our business based on customer projections, with volumes that shift quickly or don't materialize. To counteract this challenge, we are adjusting and taking action to right size our business based on what we believe sales volumes will be near term while maintaining operating leverage to capture increases in sales and market share without significantly rescaling overhead.

Our focus is clear. We want to remain in markets and categories where we have stability profitability and growth potential, categories that generate positive margins and consistent returns. Thus, we have already begun a process to redirect capital to programs that help us achieve these goals.

Additionally, during Q1, we engaged Accordion, a leading management consulting company to assist us in evaluating avenues to support our restructuring and profitability initiatives. Building on what we have already done and have planned, we're getting an outside perspective on other optimization programs we could implement this year. We want to ensure that we maintain the ability to scale quickly, especially as market conditions improve. And our new ERP conversion to Oracle Fusion, which kicked off in June is a big part of our transition. It's a long-term project estimated to be 18 months to completion. That should result in significantly greater efficiencies, better automation, data and technology tools and ultimately, savings in overheads.

We also plan to lower our debt and free up capital to reinvest in the company. Under the VOXX umbrella, we have over 35 trusted brands, several businesses and operating groups and various product categories within the automotive and consumer electronics industries. Some of the categories are in growth mode, while others are less profitable with slow to no growth. As part of our restructuring, we are again looking at every product and SKU, every customer program and determining our true cost to serve, meaning all costs that go into supporting each sale both internal and external. We plan to generate capital efficiencies by either improving or eliminating programs that do not meet profitability criteria while making changes to our structure.

In our Automotive segment, we're nearing completion of the move of our OEM production to Mexico. We've already realized some of the improvement, but we're still carrying 2 facilities. The transition is scheduled for completion by the end of the second quarter, which will then allow us to significantly reduce our physical footprint in Florida to house only our engineering, quality and admin OEM groups and a small warranty center. There will be further synergies and savings. We're in the process of exiting our RSE program with Stellantis, which I discussed last quarter. We're moving out inventory now and expect this transition to be complete over the next few quarters.

We have a new RSE program with Ford, a new lighting system program with Nissan and Volvo and the new US postal service trucks coming online this year and building thereafter. There are also several projects in the works for remote starts, turn signals, lighting, safety and more. Our OEM business will continue to face some near-term pressure, but looking ahead we have some strong business upcoming and a better margin and cost structure as anticipated.

With respect to the aftermarket, it's been a challenge for the past few years due primarily to the economy. Pressure will continue this year, though our customer inventory levels have improved, and we expect stronger remote start and alarm business as we move into our third quarter. We have a number of projects underway and here too, we are rationalizing brands and SKUs to maximize profitability.

In Automotive, fiscal 2025 is about optimizing operations and our supply chain, focusing on the categories and customers where we have stable business and growth prospects and areas where we can generate better returns. My comments from year-end are the same, both OEM and aftermarket sales will be hard-pressed, though the segment should be profitable. The key for VOXX is what we do now to enhance profits in the coming years as markets improve and the business grows.

Within our Consumer segment, starting with Premium Audio. In fiscal 2024, we retooled our sound bar offerings entered new categories and launched a number of new products last year, which reversed the slide in Premium Audio category and allowed us to expand sales. Our Klipsch Flexus sound system and the new Klipsch Music City broadcast Bluetooth speakers are doing well, and we will be introducing a new line of party speakers towards the fourth quarter.

While our sales were down in fiscal 2024 they were down less than the industry, and we gained market share. Internationally is where our business was impacted most primarily in Asia. In Q1, our Premium Audio business grew even with continued domestic retail and consumer pressure and the state of the international markets today, we anticipate we will continue to see growth this year. Now similar to our other businesses, we are looking at ways to improve both sales and margins while controlling costs. It's a balancing act because while we are certainly cutting where we can, we also continue to invest in new technology and cutting-edge projects -- products. This will not stop as it's essential to maintain the brand's loyal customers and drive growth. We are looking at all our brands, channels, customers and programs, and here too, seeing where we can improve capital management while potentially optimizing certain assets. Klipsch and Onkyo continue to anchor our offering and will be the driving brands in our Premium Audio portfolio.

In Q1, we had a dip in other CE product sales as we had a promotional program with Costco in the first quarter last year that was not planned to repeat. And we had lower sales of our solar power balcony product internationally. We expect the solar product sales to rebound in future periods as the shortfall was more timing related. This category helped drive our highest level of sales of international accessory products in fiscal 2024.

A few years ago, we downsized our (inaudible) business to focus on fewer categories and that strategy paid off. Now we're undergoing another retooling of our business, looking at our offerings and seeing where we might be able to generate better returns whether within categories we're in now, or potentially capitalizing in others where we enjoy strong customer relationships. This is not about what we sell today, but rather what is best for VOXX and its stakeholders moving forward.

And the last component of our optimization plan is debt reduction so that we can reduce interest costs and free up capital. Our total debt as of quarter end stood at approximately $69 million and stands at approximately $62 million today. Our plan is to eliminate approximately $45 million of this debt through a series of transactions that are in process now. We are currently in contract to sell our Orlando facility with the OEM manufacturing transition to Mexico nearing completion. This is expected to close in the third quarter. And we are in a number of discussions regarding divesting some of our business assets and potentially some of our brands. As these transactions are completed, net proceeds will be used to pay down the debt we incurred in connection with the Seaguard ruling. If successful, our outstanding debt will largely be related to financing inventory and receivables through our existing ABL line.

We have strong relationships with our banks, availability under our current lines. And as we bring debt down, we will free up capital to address any future market downturns while investing in our business. Over the next 2 months, we'll be working with Accordion to better assess the data compiled and map out the best path forward to optimize cash and improve our foundation. We're looking at minimum to reduce overhead by another 5% in the second half of the year. There will be some offsetting costs as we restructure but ultimately, we'll be operating with a better margin and cost structure.

At this point, I'd like to turn the call over to Loriann to cover our financials, and then we'll open up the call for questions. Lori?

Loriann Shelton *VOXX International Corp - SVP, Chief Financial Officer & Chief Operating Officer*

Thanks, Pat, and hello, everyone. I will now provide a recap of our first quarter results with a little more color around key sales, margin and expense drivers. We reported Q1 sales of $91.7 million, which were down a little more than $20 million or approximately 18%. Our Automotive business declined by $10.7 million with $7.4 million of the decline in OEM sales and $3.3 million decline in aftermarket sales. Our OEM business was down due to lower volume in rear seat entertainment with 3 primary drivers. No revenue from the Nissan program, which ended towards the end of fiscal 2024. Lower domestic volume with Ford as our program was temporarily halted for 1 vehicle model. Third, lower revenue from Stellantis as the program is terminating.

Our OEM remote start business more than doubled, driven by our new international program with Ford and our VSM business is roughly in line with the prior year. The decline in the aftermarket was spread across multiple categories. The consumer segment sales were down $9.4 million, and this was due to non-premium audio CE products which declined by over $10 million. The biggest impacts were lower sales of wireless speakers as a large program ended as anticipated, lower international sales related to our solar balcony power products as we had new product load-ins last year.

Our premium audio business increased by $800,000 and our domestic business was up over 11% with new products driving the growth. In Asia, we continue to have softness, but overall Klipsch and the premium audio product lines are doing well. Fiscal 2025 Q1 gross margins of 27.7% or up 310 basis points. We had a 220 basis point increase in our Automotive segment and a 410 basis point increase in our Consumer segment.

Managing the supply chain over the past 2 years has been a challenge. There's a little more normalcy in the market now, which helps with forecasting, planning and operations. This helped bring down warehousing expenses considerably. We should also have more pickup from future restructuring initiatives, which are focused both on improving margins and lowering expenses. With the changes we have implemented, we lowered expenses by $6.5 million or 16.6% when comparing the Q1 period. We are constantly looking to reduce expenses and lower our overhead.

During the past quarter, we implemented worldwide headcount reductions. We brought down our trade show, web and advertising expenses, legal and professional fees declined significantly, especially with the Seaguard situation behind us and also due to the fact that we brought certain legal functions in-house and have been consolidating other functions throughout the organization. Our legal costs moving forward should normalize with lower expenses projected in the second half compared to the prior year.

Across the board, we're reducing our noncore spend and freeing up resources that can be reinvested in the company, whether in people, sales, R&D or technology, anything that could help drive efficiencies and savings and at the same time, better support our business.

As Pat discussed, our ERP upgrade kicked off June 1. It's a big project that we're excited to announce our partnership with Oracle and AST to implement Oracle Fusion. This product and the technology behind it will allow us to automate most of our back-office functions, making it easier for customers to do business with us. It will also enable us to leverage technology to perform revenue-generating tasks with better data greater visibility and leverage our experienced personnel across different areas of our business. We've taken a lot of expenses out of our business year-to-date and more will be removed.

Lastly, we lost $7.1 million on an operating basis, a $4.3 million improvement year-over-year and reported an adjusted EBITDA loss of $2.9 million, an improvement of $2.1 million. We expect to lose money in the second quarter and to be profitable in the second half on an operating income basis. To reiterate, profitable for the fiscal year. I believe Pat talked about our balance sheet plans. So rather than reiterate published numbers, let me just add a few closing remarks.

Change is not going to happen overnight. Our business is cyclical, and we constantly adjust. We are rightsizing our business based on our anticipated size this year and realigning operations to drive savings and efficiencies. We're investing in technology and in our product lines. And our model is focused on compressing overhead and driving more profitable revenue.

I'd like to thank you all today for listening in. And operator, we are now ready for questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) And I'm currently showing no questions at this time. I'd like to hand the call back over to Pat Lavelle for closing remarks.

Patrick Lavelle *VOXX International Corp - President And CEO, Voxx International Corp*

Okay. Well, thank you. Thank you all for calling in and your support. Our programs are underway and I hope to report good progress in the quarters ahead as we move further into this fiscal year. I want to thank you again for coming on and wish you a good day.

Operator

This concludes today's conference call. Thank you for your participation. You may now disconnect.

DISCLAIMER