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

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): May 16, 2022

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

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

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

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

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

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

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

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 May 16, 2022, VOXX International Corporation (the "Company") issued a press release announcing its earnings for the quarter and year ended February 28, 2022. A copy of the release is furnished herewith as Exhibit 99.1.

Item 8.01 Other Events.

Earnings Call:

On May 17, 2022, the Company held a conference call to discuss its financial results for the quarter and year ended February 28, 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 May 16, 2022, relating to VOXX International Corporation's earnings release for the quarter and year ended February 28, 2022 (filed herewith).
99.2	Transcript of conference call held on May 17, 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, as amended, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VOXX INTERNATIONAL CORPORATION (Registrant)

Date: May 20, 2022

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

Exhibit 99.1

FOR IMMEDIATE RELEASE

VOXX International Corporation Reports its Fiscal 2022
Fourth Quarter and Year-End Financial Results

Fiscal 2022 Highlights

- Total net sales of $635.9 million, a year-over-year increase of 12.8%.
- All business segments reported year-over-year growth with Automotive Electronics up 22.4%, Consumer Electronics up 9.0% and Biometrics up 5.5%.
- Onkyo Home Entertainment acquisition completed in Q3 of Fiscal 2022; joint venture with Sharp Corporation formed; licensing and distribution agreement with Pioneer Corporation established.
- New, multi-year OEM awards received across multiple product categories.

Fiscal 2023 Updates

- New OEM programs with Ford awarded for rear-seat entertainment systems, bringing total estimated value of Ford awards to over $200 million through calendar year 2027.
- New OEM program awarded by Osh Kosh Defense in support of the U.S. Postal Service Fleet Modernization Initiative; multi-year program with initial award estimated at approximately $45.0 million.
- Company anticipates growth and bottom-line improvements in Fiscal 2023.

ORLANDO, FL. – May 16, 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 2022 fourth quarter and year ended February 28, 2022.

Commenting on the Company's results and business outlook, Pat Lavelle, President and Chief Executive Officer stated, "We experienced one of the most challenging years in our history due to global supply chain disruptions, and still delivered revenue growth of close to 13% and Adjusted EBITDA of nearly $40 million. I'm proud of the VOXX team and how they performed and especially pleased with their ongoing support of our customers. During Fiscal 2022, we acquired the Onkyo and Integra brands for consumer electronics products and formed a joint venture with Sharp Corporation, established a licensing and distribution agreement with Pioneer, added new brands at 11TC, and continued to win new, long-term Automotive OEM awards. Since year-end, we've added substantial OEM business, all of which fuels our long-term optimism. "

Lavelle continued, "Chip shortages and the ongoing impact to OEM production remains the #1 obstacle near-term. With that said, the opportunities to drive both top- and bottom-line growth throughout our business has never been stronger as we look out over the next few years. We will remain diligent in our capital allocation plans, while continuing to invest in innovation to expand market share and our reach."

Fiscal 2022 and Fiscal 2021 Fourth Quarter Comparisons

Net sales in the Fiscal 2022 fourth quarter ended February 28, 2022, were $163.9 million as compared to net sales of $162.5 million in the Fiscal 2021 fourth quarter ended February 28, 2021, an increase of $1.4 million or 0.8%.

- Automotive Electronics segment net sales in the Fiscal 2022 fourth quarter were $50.6 million as compared to $52.5 million in the comparable year-ago period, a decrease of $1.9 million or 3.7%. For the same comparable periods, OEM product sales were $15.2 million as compared to $13.7 million, and aftermarket product sales were $35.4 million as compared to $38.8 million. The Company continued to be impacted by industrywide chip and part shortages, resulting in lower aftermarket product sales and delays in OEM customer production, despite the increase in OEM product sales.

- Consumer Electronics segment net sales in the Fiscal 2022 fourth quarter were $113.1 million as compared to $109.7 million in the comparable year-ago period, an increase of $3.4 million or 3.1%. For the same comparable periods. Premium Audio product sales were $91.4 million as compared to $83.4 million, and other CE product sales were $21.7 million as compared to $26.3 million. Driving the year-over-year growth were higher sales within the 11 Trading Company subsidiary ("11TC"), which increased by $20.2 million for the comparable fourth quarter periods, partially offset by the impact of industrywide supply chain constraints and chip shortages.

- Biometrics segment net sales in both the Fiscal 2022 and Fiscal 2021 fourth quarters were $0.1 million.

The gross margin in the Fiscal 2022 fourth quarter was 26.8% as compared to 26.1% in the Fiscal 2021 fourth quarter, an increase of 70 basis points. The year-over-year improvement was primarily driven by higher margins in the Consumer Electronics segment, partially offset by lower margins in the Automotive Electronics segment. For the same comparable periods, the Company reported:

- Automotive Electronics segment gross margin of 20.1% as compared to 26.2%, a decrease of 610 basis points. The year-over-year decline was primarily related to higher supply chain costs, slower moving inventory, as well as higher costs related to new OEM rear-seat entertainment programs. The Company has worked to mitigate this impact and imposed additional price increases in the Fiscal 2022 fourth quarter to offset the higher costs in future periods.

- Consumer Electronics segment gross margin of 29.8% as compared to 26.2%, an increase of 360 basis points. The primary drivers for the year-over-year increase are higher sales within 11TC, which includes the addition of Onkyo products and other brands distributed through 11TC, as well as the positive impact from price increases that were instituted throughout Fiscal 2022.

- Biometrics segment gross margins were negative in both the Fiscal 2022 and Fiscal 2021 fourth quarter periods, though the gross profit impact for the comparable periods was an increase of $0.2 million.

Total operating expenses in the Fiscal 2022 fourth quarter were $40.7 million as compared to $38.5 million in the comparable Fiscal 2021 period, an increase of $2.2 million. For the same Fiscal 2022 and Fiscal 2021 fourth quarter periods:

- Selling expenses of $13.3 million increased by $0.5 million, primarily related to higher salary, advertising, marketing, and travel and entertainment expenses, partially offset by a decrease in website fees related to e-commerce initiatives, and a modest decrease in commissions based on higher sales.

- General and administrative expenses of $19.3 million increased by $0.9 million. The Company incurred higher depreciation and amortization expenses and office expenses in the Fiscal 2022 fourth quarter period.

- Engineering and technical support expenses of $7.7 million increased by $1.8 million when comparing the periods ended February 28, 2022 and February 28, 2021. The year-over-year increase was primarily due to an increase in engineering labor expenses related to the Onkyo acquisition.

- Intangible asset impairment charges declined by $1.3 million, as the Company incurred an impairment charge related to one of its trademarks in the Consumer Electronics segment of $1.3 million in Fiscal 2021.

Operating income in the Fiscal 2022 fourth quarter was $3.2 million as compared to operating income of $3.9 million in the comparable Fiscal 2021 fourth quarter.

Total other income, net, in the Fiscal 2022 fourth quarter was a loss of $(0.1) million as compared to other income, net of $2.1 million in the Fiscal 2021 fourth quarter.
Net income attributable to VOXX International Corporation in the Fiscal 2022 fourth quarter was $2.8 million as compared to net income attributable to VOXX International Corporation of $9.4 million in the comparable Fiscal 2021 period. The Company reported basic and diluted net income per share attributable to VOXX International Corporation of $0.11 in the Fiscal 2022 fourth quarter as compared to basic and diluted net income per common share attributable to VOXX International Corporation of $0.39 and $0.38, respectively, in the comparable Fiscal 2021 period.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") in the Fiscal 2022 fourth quarter was $8.4 million as compared to EBITDA in the Fiscal 2021 fourth quarter of $10.3 million. Adjusted EBITDA in the Fiscal 2022 fourth quarter was $9.3 million as compared to Adjusted EBITDA in the Fiscal 2021 fourth quarter of $11.9 million.

Fiscal 2022 and Fiscal 2021 Year-End Comparisons

Net sales in the Fiscal 2022 year ended February 28, 2022, were $635.9 million as compared to net sales of $563.6 million in the Fiscal 2021 year ended February 28, 2021, an increase of $72.3 million or 12.8%.

- Automotive Electronics segment net sales in Fiscal 2022 were $200.6 million as compared to $163.9 million in the comparable year-ago period, an increase of $36.7 million or 22.4%. For the same comparable periods, OEM product sales were $65.0 million as compared to $46.2 million, an increase of $18.8 million or 40.8%, and aftermarket product sales were $135.6 million as compared to $117.7 million, an increase of $17.8 million or 15.2%. Driving the year-over-year increase were higher sales of aftermarket security products related to the Company's DEI subsidiary and higher sales of rear-seat entertainment systems due to the start of new programs with Stellantis, Ford and Nissan, which were not present in the prior year. Industrywide chip and part shortages, along with global supply chain constraints adversely impacted sales for both the Fiscal 2022 and Fiscal 2021 periods.

- Consumer Electronics segment net sales in Fiscal 2022 were $433.9 million as compared to $398.3 million in the comparable Fiscal 2021 period, an increase of $35.7 million or 9.0%. For the same comparable periods, Premium Audio product sales were $344.0 million as compared to $299.9 million, an increase of $44.1 million or 14.7%. Other Consumer Electronics product sales were $89.9 million as compared to $98.4 million, a decrease of $8.4 million or 8.6%. Driving the year-over-year increase was a $45.7 million increase in sales within the 11TC subsidiary, higher sales of wireless accessory products, and higher premium audio product and accessory sales in Europe. Industrywide chip and part shortages, along with global supply chain constraints adversely impacted sales for both the Fiscal 2022 and Fiscal 2021 periods.

- Biometrics segment net sales in Fiscal 2022 were $0.9 million as compared to $0.8 million in the comparable Fiscal 2021 period.

The gross margin in Fiscal 2022 was 26.7% as compared to 28.1% in Fiscal 2021, a decline of 140 basis points. While gross margin declined for the comparable periods, gross profit increased by $10.9 million. Supply chain constraints, price increases for parts, transportation, and warehousing, and product mix were the primary contributing factors to the decline in gross margin with the increase in gross profit related to higher sales. For the same comparable periods, the Company reported:

- Automotive Electronics segment gross margin of 23.6% as compared to 24.0%, a decline of 40 basis points. The year-over-year decline was primarily related to the increased cost of materials and shipping, higher tariffs included in cost of goods sold and lower gross margin associated with certain new OEM rear-seat entertainment programs. This was partially offset by higher margins in certain aftermarket categories and lower fulfilment sales of satellite radio products for the comparable period.

- Consumer Electronics segment gross margin of 28.0% as compared to 29.8%, a decline of 180 basis points. The year-over-year decline was primarily related to higher container costs and surcharges, partially offset by higher sales within the 11TC, among other factors.

- Biometrics segment gross margins of 21.0% as compared to negative gross margin of 22.8%. In the Fiscal 2021 period, the Company incurred higher tooling and effective repair costs, as well as inventory obsolescence charges for certain products.

Total operating expenses in Fiscal 2022 were $161.6 million as compared to $136.1 million in Fiscal 2021, an increase of $25.5 million. The year-over-year increase is primary related to the addition of Onkyo expenses, and additional headcount at the Onkyo, Australia PAC and DEI subsidiaries. The increase was also due to higher acquisition costs incurred in Fiscal 2022, partially offset by lower intangible asset impairment charges which occurred in Fiscal 2021 but were not present in Fiscal 2022. For the same Fiscal 2022 and Fiscal 2021 periods:

- Selling expenses of $50.5 million increased by $6.7 million, primarily as a result of higher salary and payroll expenses related to higher headcount, the absence of COVID-19 related furloughs that were present in Fiscal 2021, and higher advertising and web fees, among other factors, partially offset by lower trade show expenses.

- General and administrative expenses of $76.0 increased by $6.2 million, primarily due to a $3.1 million increase in professional fees, higher office and occupancy expenses due to costs related to the new Onkyo subsidiary, a full year of DEI subsidiary expenses, and higher depreciation and amortization expenses, among other factors. This was partially offset by lower salary and related payroll expenses.

- Engineering and technical support expenses of $31.5 million increased by $10.6 million, primarily due to an increase in direct labor and related payroll tax expense as a result of additional headcount related to the Onkyo and DEI subsidiaries, higher reimbursement of engineering labor expense in the prior year, and an increase in research and development expense in support of new programs and products.

- Acquisition costs of $3.6 million increased by $3.3 million, primarily due to consulting and due diligence fees for the asset purchase agreement signed with Onkyo Home Entertainment Corporation and the joint venture created with Sharp Corporation. In the prior Fiscal 2021 period, acquisition costs incurred related to the Company's VSHC and DEI acquisitions, completed in January 2020 and July 2020, respectively.

- Intangible asset impairment charges declined by $1.3 million, as the Company incurred an impairment charge related to one of its trademarks in the Consumer Electronics segment of $1.3 million in Fiscal 2021.

Operating income in Fiscal 2022 was $7.9 million as compared to operating income of $22.5 million in Fiscal 2021.

Total other income, net, in Fiscal 2022 was a loss of $(33.8) million as compared to total other income, net, of $5.2 million in Fiscal 2021. Driving the year-over-year increase was a $39.4 million expense associated with the Seaguard Electronics LLC arbitration. Additionally, interest and bank charges declined by $0.4 million and equity in income of equity investees increased by $0.5 million, partially offset by a $0.4 million decline in other, net for the comparable Fiscal 2022 and Fiscal 2021 periods.

Net loss attributable to VOXX International Corporation in Fiscal 2022 was $(22.3) million as compared to net income attributable to VOXX International Corporation of $26.8 million in the comparable Fiscal 2021 period. The Company reported basic and diluted net loss per share attributable to VOXX International Corporation of $(0.92) in Fiscal 2022 as compared to basic and diluted net income per common share attributable to VOXX International Corporation of $1.11 and $1.09, respectively, in the comparable Fiscal 2021 period.

Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") in Fiscal 2022 was a loss of $(6.8) million as compared to EBITDA in Fiscal 2021 of $44.4 million. Adjusted EBITDA in Fiscal 2022 was $39.3 million as compared to Adjusted EBITDA of $47.2 million in Fiscal 2021.

Seaguard Electronics LLC

On March 3, 2022, the Arbitrator issued a Partial Final Award on Bifurcated Issue in in favor of Seaguard Electronics LLC 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 the Petition and a Counter-Petition to Vacate the Partial Final Award. A hearing on the Petition and Counter-Petition is presently scheduled for June 3, 2022.

At February 28, 2022, the Company has recorded a charge of $39,444 within Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income. No accrual or reserve was included in the Company's issued financial statements prior to the quarter ended November 30, 2021, based on an assessment that an award of damages in the arbitration proceeding would not be material and that the amount as determined by the Arbitrator's award was not probable. 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 February 28, 2022, the Company had cash and cash equivalents of $27.8 million as compared to $59.4 million as of February 28, 2021. Total debt as of February 28, 2022, was $13.2 million as compared to $7.1 million as of February 28, 2021. The increase in total debt is related to a loan agreement with the shareholders of the joint venture, in conjunction with the Onkyo acquisition. The loan balance represents the portion of the loan payable to Sharp Corporation, Premium Audio Company's joint venture partner. The increase in total debt is also related to a Euro asset-based lending credit facility associated with VOXX Germany. Total long-term debt, net of debt issuance costs as of February 28, 2022 was $9.8 million as compared to $6.0 million as of February 28, 2021.

Conference Call Information

VOXX International Corporation will be hosting its conference call and webcast on Tuesday, May 17, 2022 at 10:00 a.m. Eastern. Interested parties can participate by visiting www.voxxintl.com and clicking on the webcast in the Investor Relations section or via teleconference using the information below.

- **Toll-free number:** 877-303-9079 / **International number:** 970-315-0461 / **Conference ID:** 4898372

A webcast and teleconference replay will be available approximately one hour after the completion of the call.

Replay Information

- **Replay number:** 855-859-2056 / **International replay number:** 404-537-3406 / **Conference ID:** 4898372

Non-GAAP Measures
EBITDA and Adjusted EBITDA are not financial measures recognized by GAAP. EBITDA represents net (loss) income, computed in accordance with GAAP, before interest expense and bank charges, taxes, and depreciation and amortization. Adjusted EBITDA represents EBITDA adjusted for stock-based compensation expense, life insurance proceeds, certain non-recurring legal and professional fees, settlements and awards, non-recurring gains, acquisition costs, and impairment charges. Depreciation, amortization, stock-based compensation, and impairment charges are non-cash items.

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

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
February 28, 2022 and February 28, 2021
(In thousands, except share data)

	February 28, 2022	February 28, 2021
Assets		
Current assets:		
Cash and cash equivalents	$ 27,788	$ 59,404
Accounts receivable, net	105,625	106,165
Inventory, net	174,922	130,793
Receivables from vendors	363	277
Prepaid expenses and other current assets	21,340	22,266
Income tax receivable	734	434
Total current assets	330,772	319,339
Investment securities	1,231	1,777
Equity investments	21,348	23,267
Property, plant and equipment, net	49,794	52,026
Operating lease, right of use asset	4,464	4,572
Goodwill	74,320	58,311
Intangible assets, net	101,450	90,104
Deferred income tax assets	40	99
Other assets	3,245	1,323
Total assets	$ 586,664	$ 550,818
Liabilities, Redeemable Equity, Redeemable Non-Controlling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 76,665	$ 61,826
Accrued expenses and other current liabilities	54,659	53,392
Income taxes payable	2,714	1,587
Accrued sales incentives	23,755	25,313
Interim arbitration award payable	39,444	—
Contract liabilities, current	4,373	4,178
Current portion of long-term debt	2,406	500
Total current liabilities	204,016	146,796
Long-term debt, net of debt issuance costs	9,786	5,962
Finance lease liabilities, less current portion	78	302
Operating lease liabilities, less current portion	3,298	3,582
Deferred compensation	1,231	1,777
Contingent consideration, less current portion	5,750	—
Deferred income tax liabilities	5,300	6,645
Other tax liabilities	1,083	1,170
Other long-term liabilities	5,959	5,255
Total liabilities	236,501	171,489
Commitments and contingencies (Note 15)		
Redeemable equity (Note 1(u))	3,550	3,260
Redeemable non-controlling interest (Note 2)	511	-
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding (Note 9)	—	—
Common stock:		
Class A, $.01 par value; 60,000,000 shares authorized, 24,476,847and 24,416,194 shares issued and 21,614,629 and 21,666,976 shares outstanding at February 28, 2022 and February 28, 2021, respectively	245	245
Class B Convertible, $.01 par value, 10,000,000 shares authorized, 2,260,954 shares issued and outstanding	22	22
Paid-in capital	300,453	300,402
Retained earnings	126,573	148,906
Accumulated other comprehensive loss	(17,503)	(14,977)
Less: Treasury stock, at cost, 2,862,218 and 2,749,218 shares of Class A Common Stock at February 28, 2022 and February 28, 2021, respectively	(25,138)	(23,918)
Less: Redeemable equity	(3,550)	(3,260)
Total VOXX International Corporation stockholders' equity	381,102	407,420
Non-controlling interest	(35,000)	(31,351)
Total stockholders' equity	346,102	376,069
Total liabilities, redeemable equity, redeemable non-controlling interest, and stockholders' equity	$ 586,664	$ 550,818

VOXX International Corporation and Subsidiaries
Consolidated Statements of Operations and Comprehensive (Loss) Income
Years Ended February 28, 2022, February 28, 2021, and February 29, 2020
(In thousands, except share and per share data)

	Year Ended February 28, 2022	Year Ended February 28, 2021	Year Ended February 29, 2020
Net sales	$ 635,920	$ 563,605	$ 394,889
Cost of sales	466,442	405,058	285,113
Gross profit	169,478	158,547	109,776
Operating expenses:			
Selling	50,507	43,786	39,319
General and administrative	75,955	69,798	68,873
Engineering and technical support	31,540	20,897	21,602
Acquisition costs	3,552	287	55
Intangible asset impairment charges (Note 1(k))	—	1,300	30,230
Total operating expenses	161,554	136,068	160,079
Operating income (loss)	7,924	22,479	(50,303)
Other (expense) income:			
Interest and bank charges	(2,532)	(2,979)	(2,975)
Equity in income of equity investee	7,890	7,350	5,174
Interim arbitration award (Note 15)	(39,444)	—	—
Gain on sale of real property (Note 11)	—	—	4,057
Investment gain (Note 1(f))	—	42	775
Other, net	323	746	2,332
Total other (expense) income, net	(33,763)	5,159	9,363
(Loss) income before income taxes	(25,839)	27,638	(40,940)
Income tax expense	1,626	4,272	882
Net (loss) income	$ (27,465)	$ 23,366	$ (41,822)
Less: net loss attributable to non-controlling interest	(5,132)	(3,401)	(15,379)
Net (loss) income attributable to VOXX International Corporation	$ (22,333)	$ 26,767	$ (26,443)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(3,317)	4,365	(1,517)
Derivatives designated for hedging, net of tax	633	(305)	(505)
Pension plan adjustments, net of tax	158	18	(89)
Other comprehensive (loss) income, net of tax	(2,526)	4,078	(2,111)
Comprehensive (loss) income attributable to VOXX International Corporation	$ (24,859)	$ 30,845	$ (28,554)
Net (loss) income per common share attributable to VOXX International Corporation - basic	$ (0.92)	$ 1.11	$ (1.08)
Net (loss) income per common share attributable to VOXX International Corporation - diluted	$ (0.92)	$ 1.09	$ (1.08)
Weighted-average common shares outstanding (basic)	24,287,179	24,201,221	24,394,663
Weighted-average common shares outstanding (diluted)	24,287,179	24,650,106	24,394,663

VOXX International Corporation and Subsidiaries
Consolidated Statements of Operations and Comprehensive (Loss) Income
Three Months Ended February 28, 2022, February 28, 2021 and February 29, 2020
(In thousands, except share and per share data)

	Three Months Ended February 28, 2022	Three Months Ended February 28, 2021	Three Months Ended February 29, 2020
Net sales	$ 163,880	$ 162,521	$ 101,077
Cost of sales	119,987	120,153	72,543
Gross profit	43,893	42,368	28,534
Operating expenses:			
Selling	13,338	12,810	10,574
General and administrative	19,346	18,417	17,032
Engineering and technical support	7,716	5,955	5,701
Acquisition costs	273	-	-
Intangible asset impairment charges	-	1,300	30,230
Total operating expenses	40,673	38,482	63,537
Operating income (loss)	3,220	3,886	(35,003)
Other (expense) income:			
Interest and bank charges	(692)	(699)	(782)
Equity in income of equity investee	926	2,844	1,502
Other, net	(352)	(7)	322
Total other (expense) income, net	(118)	2,138	1,042
Income (loss) from before income taxes	3,102	6,024	(33,961)
Income tax expense (benefit)	2,000	(2,452)	(308)
Net income (loss)	$ 1,102	$ 8,476	$ (33,653)
Less: net loss attributable to non-controlling interest	(1,659)	(972)	(11,858)
Net income (loss) attributable to VOXX International Corporation	$ 2,761	$ 9,448	$ (21,795)
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(520)	757	(196)
Derivatives designated for hedging, net of tax	167	209	(234)
Pension Plan adjustments, net of tax	99	103	(114)
Other comprehensive (loss) income, net of tax	(254)	1,069	(544)
Comprehensive income (loss) attributable to VOXX International Corporation	$ 2,507	$ 10,517	$ (22,339)
Net income (loss) per common share attributable to VOXX International Corporation - basic	$ 0.11	$ 0.39	$ (0.90)
Net income (loss) per common share attributable to VOXX International Corporation - diluted	$ 0.11	$ 0.38	$ (0.90)
Weighted-average common shares outstanding (basic)	24,311,912	24,206,248	24,141,506
Weighted-average common shares outstanding (diluted)	25,044,833	24,993,408	24,141,506

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

	Fiscal 2022	Fiscal 2021	Fiscal 2020
Net (loss) income attributable to VOXX International Corporation	$ (22,333)	$ 26,767	$ (26,443)
Adjustments:			
Interest expense and bank charges (1)	1,825	2,404	2,476
Depreciation and amortization (1)	12,053	10,907	11,175
Income tax expense	1,626	4,272	882
EBITDA	(6,829)	44,350	(11,910)
Adjustments:			
Stock-based compensation	907	1,749	2,282
Life insurance proceeds	—	(420)	(1,000)
Gain on sale of real property	—	—	(4,057)
Settlement of Hirschmann working capital	—	—	804
Investment gain	—	(42)	(775)
Acquisition costs	3,552	287	55
Non-routine legal fees	1,912	—	—
Interim arbitration award	39,444	—	—
Professional fees related to distribution agreement with GalvanEyes LLC	325	—	—
Intangible asset impairment charges (1)	—	1,300	19,543
Adjusted EBITDA	$ 39,311	$ 47,224	$ 4,942

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

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

	Three Months Ended February 28, 2022	Three Months Ended February 28, 2021	Three Months Ended February 29, 2020
Net income (loss) attributable to VOXX International Corporation	$ 2,761	$ 9,448	$ (21,795)
Adjustments:			
Interest expense and bank charges (1)	468	497	649
Depreciation and amortization (1)	3,162	2,779	3,074
Income tax expense (benefit)	2,000	(2,452)	(308)
EBITDA	8,391	10,272	(18,380)
Adjustments:			
Stock-based compensation	213	295	466
Acquisition costs	273	-	-
Non-routine legal fees	443	-	-
Intangible asset impairment charges (1)	-	1,300	19,543
Adjusted EBITDA	$ 9,320	$ 11,867	$ 1,629

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

REFINITIV STREETEVENTS

EDITED TRANSCRIPT

Q4 2022 VOXX International Corp Earnings Call

EVENT DATE/TIME: MAY 17, 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*

Thomas Ferris Forte *D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*

Alex Albertini *Axebrook Capital -* **Glenn Wiener** *GW Communications LLC - Owner*

PRESENTATION

Operator

Good day and thank you for standing by and welcome to the VOXX International Fiscal 2022 Fourth Quarter Results Conference Call. (Operator Instructions) Please be advised that today's conference is being recorded.I will now like to hand the conference over to speaker today, Glenn Wiener, please go ahead.

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

(inaudible) Good morning and welcome to VOXX International's fiscal 2022 fourth quarter and year end conference call. Yesterday we filled our Form 10-K and issued our press release and documents can be found in the Investor Relations section of our website at www.voxxintl.com. An updated investor 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 will open up the call for questions. John Shalam, Chairman is with us today and available for questions and answers as well.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'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. I'd like to thank you for your continued support of VOXX and it's my pleasure to now turn the call over to Pat.

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

Thanks, Glenn, and good morning everyone. I'll start today with a few comments on year-end and fourth quarter and then focus on the upcoming year. I'm quite proud of the VOXX team and how they performed during a year full of economic turbulence and issues beyond our control that impacted our performance and that of many of our key customers. Despite this revenue was up close to 13%, all segments grew year-over-year, and we reported adjusted EBITDA of almost $40 million.During the year, we acquired the Onkyo and Integra brands and formed a JV with Sharp Corporation. We establish a new licensing and distribution agreement with Pioneer. We added international brands through distribution agreements at our 11 TC subsidiary. We had our first full-year owning Directed Electronics, where we expanded our product portfolio and extended our leadership in Automotive Security and Safety. And we continued to win new multi-year OEM awards in Automotive with 2 new awards received since fiscal year end. These positive developments have opened up new avenues for growth and I believe higher profitability in the future.Chip shortages will continue to have an impact near-term on OEM production and remains the #1 obstacle for our OEM customers. Thanks in part to our decades long relationships with many of our suppliers, we have been able to manage through many of the supply chain issues and continue to secure inventory to meet our customer's needs. We have increased our inventory carry to allow for additional lead times in procurement and shipment. This will require a higher volume of inventory but enables us to serve our customer base better and with minimal distribution.Although the overall container and chassis situation at the ports has improved, the COVID shutdowns in China are a concern. And if this continues will disrupt supply for many companies. We are watching this closely to get ahead of it. And finally, we continued to negotiate price increases with our customers in the fourth quarter, to offset higher costs and believe these actions have improved our margin structure going forward.As for fourth quarter comparisons: total revenue was up modestly, gross margins improved, and the increase in operating expenses was primarily due to the Onkyo acquisition and the establishment of Klipsch Australia. We were profitable with operating income of $3.2 million and reported adjusted EBITDA of $9.3 million. Consumer segment revenue was up 3.4 million with Premium Audio driving the growth. Gross margins improved by 360 basis points and should continue to get stronger as we ramp up production at Onkyo, resulting in higher profitability.As said, our Automotive segment continues to be impacted by component and chip shortages for vehicle production that led to all of our OEM customers missing delivery targets. Revenue was down $1.9 million and gross margins declined by 610 basis points, again, due primarily to the increased cost of components. We continue to negotiate with our customers to revise pricing to reflect higher component and shipping costs. And if not successful, we may be forced to refuse some new orders.Although these challenges will exist moving into 2023, we expect our Automotive business to grow based on all of the new awards that will launch over the next few years. Additionally, this will be the third year in a row that car manufacturers have not kept up with demand. And this to me, is an indication that even in an economic downturn, demand for new vehicles will be very high.So let me jump into the segments and staying with Automotive. During the fiscal '23 first quarter, I am pleased to announce a new multi-year award from Osh Kosh Defense, estimated to be approximately $45 million to start and with a potential value of over $140 million. VOXX automotive will be providing a newly developed camera system to Osh Kosh that will be used in the US Postal Service's new fleet of next generation delivery vehicles.The initial program will be for 50,000 vehicles and is expected to grow to 165,000 vehicles over the lifetime of the contract. Mass production is slated to begin this year in our fiscal third quarter with revenue realized over the next 4 to 5 years for the first 50,000 vehicles. We're also working on other projects related to this program. Noisemakers for their electronic vehicles, tilt sensors and in-vehicle speakers which could increase the total value, although no firm contracts are in place for these items yet.Amazon Fire Tv for Ford and Stellantis, and the EVO program with Nissan are in production. And as I stated on our last call, volumes are coming in less than expected due to lower production from the car manufacturers. As you may recall, on our fiscal 2022 third quarter call, we increased award projections for the Ford rear-seat entertainment program to $80 million and spoke of other opportunities in progress. I am happy to report those opportunities have now turned into awards. And we've revised the program up substantially, adding new vehicles while extending the program through 2027.The new programs cover various model years for the Aviator, Explorer, Navigator, and Expedition and now brings the total expected value of awards to over $200 million dollars. There are additional programs we're discussing with Ford, which we hope will lead to more awards throughout the year. Our relationship with Ford remains very strong.As for Stellantis, we've previously announced awards for approximately $400 million, covering the Pacifica, Wagoneer, Cherokee, and Dodge Ram vehicles ranging for model years 2022 through 2026.In light of all of the part shortages and delayed production, we are taking a prudent approach and expect this to be revised downward. We were recently advised by TI, Texas Instruments that our chip allocation slated for this November has been moved back to January of '23. And therefore, to combat any further delays in this program, we presented another option to Stellantis, a new board, utilizing an alternative chip.If acceptable, we expect a quick validation and would be in position to resume production in August and with minimal disruption. If everything is agreed to, we're hopeful we can catch up through the lifetime of the award as market conditions improved and based on the pent-up demand I mentioned. We should know more by next quarter. And it was just yesterday that Stellantis announced that they are rescinding some of the burdens in the contract terms for North American suppliers, and we are hopeful that the alternatives that we have proposed are decided on quickly.Additionally, truck manufacturers are producing strong numbers, and we have previously announced new programs with companies such as Daimler Truck, PACCAR, Volvo and Navistar. This bodes well for our OEM business with trucking companies as the numbers they have projected are being met, despite the fact that they are only accepting approximately 55% of the orders they are getting, according to the -- one of the most recent Wall Street Journal reports.If Stellantis approves the new board, we should see strong growth in our OEM business this year. If we can only ship the inventory on-hand through 2Q, our OEM business may be flat in the fiscal year, but will pick up thereafter.Lastly, our aftermarket business continues to grow, from $65 million in sales in fiscal 2020, nearly doubling to $118 million in fiscal 2021 and $136 million this past fiscal year. Our brands, products and distributors continue to drive this group.Moving on to Consumer. Consumer segment sales grew from $280 million in fiscal 2020 to $398 million in fiscal 2021 and this past fiscal year to $434 million, due largely to the growth in Premium Audio. Premium Audio sales have doubled over the past 3 years, coming in at $344 million this past year.Sales are coming in roughly at targets, but even here, we've experienced some challenges securing chips for sound bars and WiFi modules used in AV receivers, which hindered some of the growth in Q4. Despite the chip issues, we still grew during the year. And as soon as the chip supply loosens up, we believe we have opportunities to expand beyond plan.My view of Onkyo remains very positive, and we believe we can grow this group to over $200 million over the next 2 to 3 years. We have new Klipsch products coming to market this year with expanded distribution. We had strong growth within 11 TC and our international business performed well, both in the EMEA and APAC regions. We expanded distribution in China, Hong Kong, Taiwan, Vietnam, and Thailand, and opened our first South Korean distributor in Seoul. In Australia, we established our own direct operation and will be more competitive in this important marketplace.In fiscal '22, we launched the Klipsch Heritage speaker line, introduced the first Klipsch sound bars with Dolby Atmos technology and established the McLaren and PGA partnerships. We set up distribution for the ESOTERIC and TEAC brands sold through 11 TC and captured higher market share in target EMEA regions. The big story of course was Onkyo, which will drive growth within the consumer segment this year.Within our Biometrics segment, although sales were relatively flat for both the fourth quarter and fiscal year, we have a number of projects which are set to launch in fiscal '23. We have new projects beginning in the banking sector and in automotive and will expand within health care, as we've discussed previously. Additionally, we have new management in place. We have significantly reduced overhead, and we expect financial improvements as we move through the year.In closing, there are already hurdles lighting up for this year. The supply chain remains a concern as securing chips will continue to be challenging. As indicated, we need to modify our program with

Stellantis. We also have the Seaguard arbitration ruling, which is now in U.S. District Court in California with the judge expected to rule on our motion to vacate or modify the award on June 3. And of course, there is inflation that is impacting the consumer.However, we have momentum and opportunities for expansion across all of our segments. I'm confident in our ability to generate both top and bottom line growth this year and moving forward. The awards received, the acquisitions we have made and some of the programs we have in place or are pursuing should ensure this. Higher volumes at Onkyo, increased automotive aftermarket sales, higher OEM business and a strong pipeline for EyeLock are key factors that should drive our success.Our margin should improve based on the steps we have taken this past year, providing cost stabilize. We expect fiscal '23 to be more normal in terms of our seasonality, lower in the first half and significantly stronger in the second half, which should drive profitability. Thank you.And at this time, I'll 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 make a few comments with respect to our fourth quarter and year-end comparisons and then move to the balance sheet before we open up the call for questions.Starting with revenue. Fourth quarter revenue increased by approximately $1.4 million with the CE segment up $3.4 million and the Automotive segment down $1.9 million. Within Consumer, Premium Audio's product sales grew by $8 million and other CE product sales declined by $4.6 million. While the segment grew, we were impacted by the supply chain and chip shortages and last year, we had more holiday promotions. Additionally, the decision was made to hold back the launch of Reference and Referenc Premier speaker lines in the fiscal 2023 first quarter.During the year-over-year sales increase was driving the year-over-year sales increase was approximately $20 million of higher sales to 11 TC, which includes the Onkyo acquisition and revised distribution and license agreement with Pioneer and higher sales in Germany.Within Automotive, OEM product sales were up $1.5 million, and aftermarket product sales declined by $3.4 million. The new rear-seat entertainment programs with Ford, Stellantis and Nissan, helped drive OEM. Though as Pat noted, volumes were lower than forecasted due to the supply chain shortages, which also impacted our aftermarket business. Driving OEM was also higher volumes with the OEMs producing trucks.Comparing the annual periods, we reported sales increase of $72.3 million or 12.8%. The Automotive segment was up 22.4%, with OEM product sales up over 40% and aftermarket product sales up over 15%. OEM rear-seat entertainment sales grew by $13.3 million as a result of the new programs. We also had a $4.9 million increase in the sales of OEM automotive safety electronics.The CE segment was up 9%, with Premium Audio product sales up close to 15% and other CE product sales down 8.6%. The big driver of growth was our 11 TC subsidiary with sales growth of approximately $45.7 million year-over-year.Moving to gross margins. For the fourth quarter, we reported consolidated gross margins of 26.8%, an increase of 70 basis points. Automotive segment gross margins were down 610 basis points and were adversely impacted by higher supply chain costs and additional costs related to the new OEM programs. CE segment gross margins improved by 360 basis points, due primarily to higher sales to 11TC.For the annual comparisons, consolidated gross margins declined by 140 basis points, but gross profit increased by $10.9 million. Automotive segment gross margins declined by 40 basis points and CE segment gross margins declined by 180 basis points.Net operating expenses. For the fourth quarter, operating expenses increased by $2.2 million. We incurred higher engineering and technical support expenses of $1.7 million related primarily to the Onkyo acquisition and a $900,000 increase in general and administrative expenses, which were driven by higher depreciation and amortization expenses and office expenses. Selling expenses increased by approximately $500,000. Also in last year's fiscal fourth quarter, we incurred a $1.3 million intangible asset impairment charge related to a trademark in our CE segment.In fiscal '22 versus fiscal '21, operating expenses increased by $25.5 million. We had higher headcount and related salary and payroll expenses, higher advertising and web fees, higher office and occupancy costs related to the new Onkyo subsidiary and a full year of DEI subsidiary expenses and higher depreciation and amortization. The bigger drivers of the increase were higher engineering and technical support expenses of $10.6 million and which were primarily related to direct labor and related expenses related to headcount and higher R&D expenses in support of some new OEM programs and new products.Lastly, we incurred acquisition costs of $3.6 million, up $3.3 million year-over-year. This relates to the Onkyo transaction and the joint venture established with Sharp. As an offset, we incurred -- also incurred $1.3 million in tangible asset impairment charges in fiscal 2021, which I just covered.With respect to total other income expense, the $2.3 million decline for the fourth quarter comparison primarily results to lower income at our 50-50 joint venture, ASA, reported as equity and income of equity investees.For the annual comparisons, this increased by approximately $500,000. Staying with the annual comparisons, you'll see the $39.4 million expenses labeled interim arbitration award. This relates to the Seaguard arbitration, which Pat spoke about earlier. No cash has been paid yet, but it is recorded as an expense on our income statement.Lastly, we reported adjusted EBITDA of $9.3 million in fiscal 2022 fourth quarter compared to $11.9

million in the comparable fiscal 2021 period. And adjusted EBITDA for fiscal 2022 came in at $39.3 million as compared to $47.2 million in fiscal 2021. You can find the reconciliation of net income attributable to VOXX to EBITDA and adjusted EBITDA in both our press release and Form 10-K.Moving to the balance sheet. We ended the year with $27.8 million in cash and cash equivalents as compared to $21.2 million as of November 30, 2021, and $59.4 million as of February 28, 2021. As Pat indicated earlier, we are using cash due to inventory purchases based on increased lead times and securing inventory for our customers' anticipated needs during the year.We expect to use our cash and depending on the outcome of the Seaguard arbitration, utilize our bank facilities throughout the first half of 2023 to fund operations. As we are returning to more historical seasonal patterns, cash and sales should ramp up in the second half of the year accordingly.Our total debt position was $13.2 million as of February 28, 2022, compared to $13.1 million as of November 30, 2021, and $7.1 million as of February 28, 2021. Our total debt consists of $6.6 million for our Florida mortgage, $1.9 million for our Euro ABL for VOXX Germany and $4.7 million related to the shareholder loan payable to Sharp as part of the joint venture capital structure.The latter two, our German ABL and shareholder loan were not present in prior year ago period. Total long-term debt issuance costs stood at $9.8 million as of fiscal '22 compared to $6 million for fiscal '21 comparable period.This concludes my remarks, and operator, we are ready to open up the call for any questions.

QU
AND ANSWERS **Operator**(Operator Instructions) Our first question come from the line of Tom Forte from D.A. Davidson.

Tho
Ferris Forte ***D.A. Davidson & Co., Research Division - MD & Senior Research Analyst***So I have 3 questions. I'll go one at a time. So the first question I have is, can you talk about your efforts to mitigate inflation beyond increasing prices?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director***Yes. Well, obviously, we talked about price increases that we've had. But we've also moved production in some categories outside of China to get away from some of the tariffs that should lower cost for us. We've also within -- not only with Stellantis, but within the entire group within Consumer or the Automotive side, have been redesigning boards throughout the year to get to chips that either we can procure or get to pricing of chips that are lower.So a host of different things have been going on to mitigate the cost increases that we've seen. We don't expect to see that much of an increase over last year for container shipments but we are starting off the year at a much higher point than we started off last year for container cost and freight in. We are dealing with surcharges on outbound freight and inbound as well. But we believe that we're doing everything that we can to mitigate the increases and not -- and avoid further increasing prices.

Thomas Ferris Forte ***D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*** Excellent. And for the second (inaudible) question is, can you talk about consumer demand across product categories, Automotive, Consumer electronics. It sounds like what you're describing is that demand is still very strong across all your product lines, but I just wanted to hear that from you.

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director*** Yes. Well, we have strong demand. Again, we're -- in many cases, I'll say Consumer first, we're still ramping up production of Onkyo, and we believe that we're not meeting demand at this particular point. And once we're able to start bringing up production, we will be expanding our distribution because there are many markets now that are essentially on hold. So we see strong demand there.And then certainly, the demand for new cars is very, very high, and it really depends on a loosening up of the chip situation with the car manufacturers. I may've mention that even in an economic downturn, they have not met demand and the demand is just building. So, on all sides of our business we see good demand. On the Biometric side, with all the cyber security and everything, we see strong demand there, and we do see more companies moving to a Biometric solution.

Thomas Ferris Forte ***D.A. Davidson & Co., Research Division - MD & Senior Research Analyst*** And the third and final question. I wanted to hear your current thoughts on M&A. It seems like you're going to be -- if you haven't already presented with some very attractive opportunities, estimate evaluations are starting to come down.

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director*** We've always been looking and we have our investment bankers that are always bringing us potential acquisitions. That will continue throughout the year. If we decide that we want to move ahead on a particular company, we have the financing in place that would allow us to do that.But first things first, we want to make sure that we can bring in sufficient quantities of our existing products and everything else to meet the demand that we have.

Operator

Our next question will come from the line of Brian Ruttenbur from Imperial Capital.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst*** So, let me start off with the settlement, and then I'll jump over to some other questions or potential settlement. It's roughly $40 million that is kind of a worst-case scenario. Is that correct?

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

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst*** And would that be paid out as a lump sum as a worst-case scenario, let's say, a year or 2 after all the appeals process goes through kind of the worst work.

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director*** Yes, if we were to lose our mitigating, you know, this award, it would be paid out once that decision is made.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst*** Okay. And then in terms of revenue impact because of this, how does this impact you in terms of having to change your product or anything else in the near-term in terms of kind of 2023 revenue?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director*** Yes. This case is so old. It does not impact us at all from a revenue standpoint.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst*** Okay. Good. Then I'll move on to another line of questioning real quick. In terms of your long-term guidance, that you gave a little while ago, of getting to $1 billion and talking about that kind of growth. Are you still out there behind that? And you still see that that as a goal?

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director*** Absolutely. With the additional awards that we've won from Ford now, we are talking to a number of other car manufacturers that have interest in purchasing from us. We're talking to them if we can work out a deal, we'll be adding to that business.And as I've said repeatedly, we expect that the Onkyo business for us could exceed $200 million in sales, as we ramp up, as we're able to procure more parts and everything else. So when I do the math from where we are to add the additional business, most of the awards that we've won in automotive are ahead of us.So we expect to see strong growth in the Automotive business as these programs launch, as the car manufacturers get back to somewhat of a normal market where they can produce the number of vehicles that they want to produce. That all bodes well for sales increases over the next few years. And when I do the math, it will exceed $1 billion.

Brian William Ruttenbur ***Imperial Capital, LLC, Research Division - Research Analyst*** Okay. And then last question is on '23 guidance. It was kind of open-ended. Can you talk about single-digit growth, double-digit growth? What kind of margin expansion -- is there any parameters that you could -- I know there's a lot of unknowns out there given the supply (inaudible).

Patrick M. Lavelle ***VOXX International Corporation - President, CEO & Director*** Yes, there's a lot of unknowns. Again, demand remains strong. We can see double-digit growth. Again, it all depends on whether or not we're going to get the componentry that we need, which we think we will -- the big caveat that's out there is whether or not we have COVID shutdowns, which starts delaying shipments out of the ports, which -- it's really unpredictable what China may do with their COVID policy. So those are the things that are out there, but the demand remains strong in each one of the segments that we're in.As I mentioned, the Stellantis program, if they agree to our modification on our proposal for a new board and chip, we could have that ready for them in August, and that would give us good growth. Because right now, where it stands with the TI and the chip allocation we've received, they're going to be out for the second half of the year if they don't move ahead with our new proposal. So they do that, I think we'll have significant growth this year.

Operator

(Operator Instructions) Our next question comes from the line of Alex Albertini from Expo Capital.

Alex Albertini ***Axebrook Capital -*** I'm just wondering, can you just provide us with a bit of color on the inventory build. So I'm just looking at that inventories actually have been up over the quarter and through the holiday period. And that's one thing. So we've actually -- I mentioned this last time as we track your imports coming through sources like Panjiva, looks like you're bringing in less product, but inventory is slightly up.And then the other question I had is, if you can tell us a bit more about what Onkyo has contributed to top line so far? So when I break down that top line figure this quarter, how much of that is coming out of the new business you've acquired? And I'm just trying to get a feel for what like-for-like sales are stripping out Onkyo or adjusting for Onkyo?

Charles

Michael Stoehr ***VOXX International Corporation - Senior VP, CFO & Director***Pat, do you want me to take the inventory?

Patrick M.

Lavelle ***VOXX International Corporation - President, CEO & Director***Yes, you can talk about the inventory.

Cha

Michael Stoehr ***VOXX International Corporation - Senior VP, CFO & Director***All right. In the inventory position of the company, approximately greater than 60% is related to the Consumer group. And of that, we have a larger portion of float than we normally do, and that's the inbound product that's coming in to us because of our transit times have moved up.

Alex

Albertini ***Axebrook Capital -*** Okay. I see.

Patrick

M. Lavelle ***VOXX International Corporation - President, CEO & Director***We're carrying an extra 60 days of inventory. Just to -- it used to take us 30 days to bring in inventory from overseas. Now in order to be sure of your guidance to your customers, we're now being forced to bring -- give ourselves 90 days.

Alex

Albertini ***Axebrook Capital -*** And are you guys on purely on exposed to spot rates? Or do you have some capacity attracted?

Patrick M.

Lavelle ***VOXX International Corporation - President, CEO & Director***No, we have contracted carriers and stuff like that. We go on spot rates when sales spike or there's some issue with marketplace, stuff like that.As far as Onkyo, through our 11 TC operation, we grew by almost $47 million in sales year-over-year. So we expect that, that would continue to grow at very strong levels. The only thing holding us back is the ability for our manufacturing partner, Sharp, to be able to ramp up production. Part of the problem of ramping up production, obviously, is getting and securing the chips and parts and everything that we need. But it is getting better every month.And we anticipate that the supply that we will receive will give us significant growth within this category. There are many markets where inventory is dry. And as soon as we're able to be able to secure that, we'll be able to secure some long-term business in those marketplaces.

Operator(Operator Instructions) And I'm not showing any further questions in the queue. This concludes today's conference call. Thank you for participating. You may now disconnect. Everyone, have a great day.

Patrick

M. Lavelle ***VOXX International Corporation - President, CEO & Director***Thank you all for your interest in VOXX. I look forward to this year, and I appreciate the time you've taken today. Have a good day.