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

FORM 10-K

(Mark One)

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

For the fiscal year ended February 28, 2023

or

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

Commission file number 0-28839

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

Delaware	
(State or other jurisdiction of incorporation or organization)	**13-1964841** (IRS Employer Identification No.)
2351 J. Lawson Boulevard, Orlando, Florida (Address of principal executive offices)	**32824** (Zip Code)

(800) 645-7750
(Registrant's telephone number, including area code)

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

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

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

None

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

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

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

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

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

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company ☐ Emerging growth company ☐

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

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

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

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

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

The aggregate market value of the common stock held by non-affiliates of the Registrant was $117,482,697 (based upon closing price on the Nasdaq Stock Market on August 31, 2022).

The number of shares outstanding of each of the registrant's classes of common stock, as of May 11, 2023 was:

Class	**Outstanding**

Class A common stock $.01 par value	20,916,138
Class B common stock $.01 par value	2,260,954

DOCUMENTS INCORPORATED BY REFERENCE

Part III - (Items 10, 11, 12, 13 and 14) Proxy Statement for Annual Meeting of Stockholders to be filed on or before June 8, 2023.

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

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

NOTE REGARDING DOLLAR AMOUNTS AND FISCAL YEAR

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

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

Item 1-Business

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

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

The Company classifies its operations in the following three reportable segments: Automotive Electronics, Consumer Electronics, and Biometrics. The Automotive Electronics segment designs, manufactures, distributes, and markets rear-seat entertainment devices, automotive security products and devices, remote start systems, vehicle access

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

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

On March 11, 2020, the World Health Organization declared the outbreak of COVID-19 a global pandemic and on March 13, 2020, the U.S. government declared COVID-19 a national emergency. The Company continues to monitor the impacts COVID-19 has had, and continues to have, on its global supply chain, including the global chip shortage, and disruptions of product deliveries. The Company sources the majority of its merchandise outside the U.S. through arrangements with vendors primarily located in several Pacific Rim countries. The Company has been collaborating with its vendors to mitigate significant delays in delivery of product, as certain factories and ports have been required to close or limit capacity for periods of time during the pandemic due either to COVID-19 infection, or supply chain shortages.

The Company entered this period of uncertainty with a healthy liquidity position and took immediate, aggressive, and prudent actions, including reevaluating all expenditures, to enhance the Company’s ability to meet its short-term liquidity needs in order to best position its business for its key stakeholders, including the Company’s employees, customers, and shareholders. The Company has utilized all of its supply chain financing arrangements to factor its accounts receivable balances, as necessary. The Company also renewed its credit facility with Wells Fargo in April 2021 and again in February 2023, and continues to partner with its vendors, landlords, and lenders to preserve liquidity and mitigate risk, and has also worked with its service providers to further reduce costs by negotiating lower rates. In addition, the Company actively and timely monitors and assesses any changing government policies and other required or necessary responses to COVID-19.

The current macroeconomic environment is characterized by record-high inflation, supply chain challenges, labor shortages, high interest rates, volatility in global capital markets, and growing recession risk. Such macroeconomic conditions have and could continue to adversely impact our business, for example, by reducing consumer demand for our products and leading to decreased sales. The Company could also experience other material impacts as a result of COVID-19 and other macroeconomic conditions, including, but not limited to, charges from potential adjustments of the carrying value of inventory, additional asset impairment charges, and deferred tax valuation allowances.

Acquisitions

Our most recent acquisition and disposition transactions are discussed below:

On September 8, 2021, the Company's subsidiary, PAC, completed the transaction to acquire certain assets of the home audio/video business of Onkyo Home Entertainment Corporation (“OHEC”) with its partner, Sharp Corporation (“Sharp”), through a newly formed joint venture, Onkyo Technology KK (“Onkyo”) via an asset purchase agreement. The acquired assets consisted of intangible assets. PAC owns 77.2% of the joint venture and has 85.1% voting interest and Sharp owns 22.8% of the joint venture and has 14.9% voting interest. The total transaction consideration was

$37,184, which included cash paid, assignment of notes and interest receivable, and the fair value of contingent consideration. The purpose of this acquisition was to expand the Company's market share and product offerings within the premium audio industry. Details of the assets acquired are outlined in Note 2 "Business Acquisitions" of the Notes to the Consolidated Financial Statements.

On July 1, 2020, Voxx acquired certain assets and assumed certain liabilities, comprising the aftermarket vehicle remote start and security systems and connected car solutions (telematics) businesses of Directed LLC and Directed Electronics Canada Inc. (collectively, with Directed LLC, "Directed") via an asset purchase agreement. The acquired assets included inventory, accounts receivable, certain fixed assets, IT systems, and intellectual property. The cash purchase price was $11,000. The purpose of this acquisition was to expand the Company's market share within the automotive electronics industry. Details of the tangible and intangible assets acquired are outlined in Note 2 "Business Acquisitions" of the Notes to the Consolidated Financial Statements.

Strategy

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

The key elements of our strategy are as follows:

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

Continue to maintain diversified, blue chip customer base. Voxx distributes products through a wide range of specialty and mass merchandise channels and has arrangements as a tier-1 and tier-2 auto OEM supplier. OEM products account for approximately 14% of total net sales.

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

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

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

Leverage our domestic and international distribution network. VOXX International Corporation has a highly expansive distribution network. This network, which includes OEM's, car dealers, automotive manufacturers, various types of retailers and chain stores, mass merchandisers, distributors, e-commerce platforms, system integrators,

communication network providers, smart grid manufacturers, banks, cinema operators, healthcare equipment manufacturers, and the U.S. military, should allow us to increase our market penetration. We intend to capitalize on new and existing distribution outlets to further grow our business across our three operating segments, both domestically and abroad.

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

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

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

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

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

Industry

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

Products

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

Automotive Electronic products include:

- mobile multi-media infotainment products, including overhead, seat-back, and headrest systems;
- automotive security, vehicle access, and remote start systems;
- satellite radios, including plug and play models and direct connect models;
- smart phone telematics applications;
- mobile interface modules;
- automotive power accessories;
- rear observation and collision avoidance systems;
- driver distraction products;
- power lift gates;
- turn signal switches;
- automotive lighting products;
- automotive sensing and camera systems;
- USB ports;
- cruise control systems; and
- heated seats.

Consumer Electronic products include:

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

Biometric products include:

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

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

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

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

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Automotive Electronics	$ 174,811	$ 200,594	$ 163,903
Consumer Electronics	357,758	433,925	398,263
Biometrics	1,046	882	836
Corporate/Eliminations	399	519	603
Total net sales	$ 534,014	$ 635,920	$ 563,605
Gross profit	$ 134,299	$ 169,478	$ 158,547
Gross margin percentage	25.1 %	26.7 %	28.1 %
Total assets	$ 519,451	$ 586,664	$ 550,818

Patents, Trademarks/Tradenames, Licensing and Royalties

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

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

License and royalty programs offered to our manufacturers, customers and other electronic suppliers are structured using a fixed amount per unit or a percentage of net sales, depending on the terms of the agreement. Current license and royalty agreements have duration periods which range from 1 to 20 years or continue in perpetuity. Certain agreements may be renewed at termination of the agreement. The Company's license and royalty income is recorded upon sale and amounted to $1,340, $1,716, and $1,285 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively.

Distribution and Marketing

We sell our products to:

- automotive and vehicle manufacturers,
- OEM Tier 1, Tier 2, and secondary OEM manufacturers,
- mass merchants,
- regional chain stores,
- distributors,
- e-commerce platforms,
- premium department stores,
- lifestyle retailers,
- specialty and internet retailers,
- retail solutions manufacturers,
- power retailers,
- independent 12-volt retailers,
- new car dealers,
- healthcare equipment manufacturers,
- system integrators,
- communication network providers,
- smart grid manufacturers,
- banks,
- the U.S. military,
- cinema operators,
- sporting goods equipment retailers,
- cell phone carriers, and
- direct response TV.

Our business is diversified within our segments across end-markets, customers, and products. We sell our automotive electronic products to both OEM and aftermarket customers. We sell our products under OEM arrangements with domestic and/or international subsidiaries of automobile manufacturers such as Ford, Stellantis, General Motors, Toyota, Kia, Mazda, Subaru, Nissan, Mack Truck, Polaris, Bendix Commercial, Daimler Trucks North America, Textron Finance Shared Service, Wesco Distribution, ZF North America Autocar, Dieter’s Metal Fabricating, Grote Industries, International Truck (PDC), P.A.I. Products and Ryco Motorsport. These arrangements require a close partnership with the customer as we develop products to meet specific requirements. OEM products accounted for approximately 14% of net sales for the year ended February 28, 2023, 10% for the year ended February 28, 2022, and 8% for the year ended February 28, 2021. Our consumer electronic and biometric products are sold through both retail and commercial channels.

Our five largest customers represented 17% of net sales for the year ended February 28, 2023, 21% for the year ended February 28, 2022, and 30% for the year ended February 28, 2021. No one customer accounted for more than 10% of the Company's net sales for the years ended February 28, 2023, or February 28, 2022. One customer in the Company’s Consumer Electronics segment accounted for 12% of the Company’s consolidated net sales during the year ended February 28, 2021. Geographically, approximately 78.9% of our revenues were derived from our domestic operations

within the United States, while approximately 14.9% was derived from our operations in Europe, and less than 6.2% was derived from other regions.

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

Product Development, Warranty and Customer Service

Our product development cycle includes:

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

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

We provide product warranties for all our product lines, which primarily range from 30 days to three years. The Company also provides limited lifetime warranties for certain products, which limit the end-user's remedy to the repair or replacement of the defective product during its lifetime, as well as warranties for certain vehicle security products for the life of the vehicle for the original owner. To support our warranties, we have independent warranty centers in the United States and Europe. Our customer service group, along with our Company websites, provide product information, answer questions, and serve as a technical hotline for installation help for end-users and customers.

Suppliers

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

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

Competition

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

Financial Information about Foreign and Domestic Operations

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

Equity Investment

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

Human Capital

VOXX International Corporation believes the Company’s greatest asset is its employees. The Company’s emphasis on the health and safety of its employees is a key factor in maintaining its experienced workforce and attracting new talent. As of February 28, 2023, the Company employed 1,055 people, of which 577 were U.S. based and 478 were internationally based. 38 of our U.S. based employees were covered under collective bargaining agreements. We consider our relations with employees to be good as of February 28, 2023.

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

In response to the COVID-19 pandemic, we implemented significant changes that we determined were in the best interest of our employees, as well as the communities in which we operate, and which comply with government regulations. This includes providing our office, support, and non-production staff the ability to work remotely from their homes. For our production staff, or for office and support staff who were unable to work remotely, we implemented several safety measures, including daily temperature checks, mandatory health questionnaire completion, social distancing, plexiglass partitions between workstations, staggered lunch and break times, hand sanitizing stations throughout all buildings, mask/face coverings, and replaced air filters in all buildings to be

complaint with COVID-19 standards. As of February 28, 2023, several of these safety measures have been scaled back or eliminated but may be reinstated at any time as deemed necessary.

Item 1A-Risk Factors

We have identified certain risk factors that apply to us. Each of the following risk factors should be carefully considered, as well as all of the other information included or incorporated by reference in this Form 10-K. If any of these risks, or other risks not presently known to us or that we currently believe not to be significant, develop into actual events, then our business, financial condition, liquidity, or results of operations could be adversely affected. If that happens, the market price of our common stock would likely decline, and you may lose all or part of your investment. Many of the foregoing risks and uncertainties are, and will continue to be, exacerbated by the COVID-19 pandemic and any worsening of the global business and economic environment as a result.

Economic, Strategic and Market Risks

Major public health emergencies, including pandemic, epidemic, or outbreak of any other infectious disease, such as the spread of COVID-19, could have an adverse impact on our financial condition and results of operations and other aspects of our business.

The COVID-19 pandemic has had, and another pandemic in the future could have, repercussions across many sectors and areas of the global economy and financial markets, leading to significant adverse impacts on financial activity and volatility in financial markets.

The global spread of COVID-19, which began during our 2020 fiscal year, created significant macroeconomic uncertainty, volatility, and disruption. In response, many governments implemented policies intended to stop or slow the further spread of the disease and its variants, such as lockdowns, shelter-in-place, or restricted movement guidelines, and these measures remained in place for an extended period of time. These policies resulted in lower consumer and commercial activity across many markets in many geographic areas. Although most of these measures have been lifted, they may be reinstated in the future in response to COVID-19 or future pandemics, endemics, or health emergencies.

The COVID-19 pandemic also adversely impacted the global supply chain, resulting in a global chip shortage, as well as other restrictions and limitations on related activities that caused significant disruption and delay. These disruptions and delays have strained both domestic and international supply chains, which have affected and could continue to adversely affect the flow or availability of certain products. As a result, the Company has experienced and could continue to experience disruptions and higher costs in supply chain, logistical operations, and manufacturing, as well as shortages of certain products in our distribution channels.

The spread of COVID-19 also caused us to modify our business practices (including limiting employee travel, and cancellation of physical participation in meetings and events), and we may take similar actions in the future as may be required by government authorities, or that we determine are in the best interests of our employees, customers, and business partners. There is no certainty that such measures will be sufficient to mitigate the risks posed by the COVID-19 virus or other public health emergencies, or otherwise be satisfactory to government authorities.

The extent to which the COVID-19 outbreak or other public health emergencies in the future impacts our business, financial condition, results of operation or cash flows will depend on continuously evolving factors and future developments, which are highly uncertain and cannot be predicted, including, but not limited to, the ultimate duration and scope of the pandemic; the severity of the virus, including the emergence of new variants, some of which may be more transmissible than the initial strain, the impact of vaccines, including their effectiveness against the virus and evolving strains; the actions taken by governments to contain the virus or treat its impact, and how quickly and to what extent normal economic and operating conditions can resume. Even as the initial COVID-19 outbreak has subsided, we have continued to experience materially adverse impacts to our business as a result of its global economic impact, including supply chain disruptions and uncertain economic conditions. One or more of our customers, distribution partners, service providers or suppliers may experience financial distress, file for bankruptcy protection, go out of business, or suffer disruptions in their business due to lasting impacts from the pandemic, and as a result, our operating revenues may be impacted. The Company could also experience other material impacts, including, but not limited to, charges from potential adjustments to the carrying value of inventory, asset impairment charges, and deferred tax valuation charges.

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

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

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

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

Inflation and rising commodity prices could adversely affect our business.

Our financial performance could be adversely impacted by inflation, which is subject to market conditions. If the cost of goods changes as a result of inflation, we may be unable to adjust our prices accordingly, which could adversely impact our sales or earnings. During Fiscal 2022 and 2023, we experienced levels of inflation that are higher than we have experienced in recent years, resulting in part from various supply disruptions, increased shipping and transportation costs, increased commodity costs, increased labor costs in the supply chain, monetary policy actions, and other disruptions caused by the COVID-19 pandemic and the uncertain economic environment. While we have attempted to mitigate this impact to date through our pricing strategies, we are unable to predict how long the current inflationary environment will continue or the impact of inflationary trends on consumer behavior and our sales and profitability in the future. Additionally, commodities can be subject to availability constraints and price volatility caused by weather, supply conditions, political instability, government regulations, tariffs, energy prices and general economic conditions and other unpredictable factors. Changes in commodity prices could also negatively impact our sales and earnings if our competitors react more aggressively.

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

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

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

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

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

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

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

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

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

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

Russia's recognition of two separatist republics in the Donetsk and Luhansk regions of Ukraine and the subsequent military action against Ukraine have led to an unprecedented expansion of sanction programs imposed by the United States, the European Union, the United Kingdom, Canada, Switzerland, Japan and other countries against Russia, Belarus, the Crimea Region of Ukraine, the so-called Donetsk People’s Republic, and the so-called Luhansk People’s Republic. The situation is rapidly evolving as a result of the conflict in Ukraine, and additional sanctions may be implemented, as well as export controls or other measures against Russia, Belarus and other countries, regions, officials, individuals or industries in the respective territories. Such sanctions and other measures, as well as the existing and potential further responses from Russia or other countries to such sanctions, tensions, and military actions, could adversely affect the global economy and financial markets and could adversely affect our business, financial condition, and results of operations.

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

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

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

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

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

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

We face intense competition from other biometrics solutions providers.

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

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

The electronics industry is characterized by a number of key customers. Specifically, 17% of our sales were to five customers in Fiscal 2023, 21% in Fiscal 2022, and 30% in Fiscal 2021. The loss of one or more of these customers could have a material adverse impact on our business.

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

As part of our business strategy, we intend to continue to increase our sales, including our international sales, although we cannot assure you that we will be able to do so. Approximately 21.1% of our net sales currently originate in markets outside the U.S. While geographic diversity helps to reduce the Company's exposure to risk in any one country or part of the world, it also means that we are subject to the full range of risks associated with international operations, including exposure to foreign currency fluctuations. These risks could have a significant impact on our ability to sell

our products on a competitive basis in international markets and may have a material adverse effect on our results of operations, cash flows and financial condition.

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

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

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

We have a subsidiary in Venezuela, whose operations have been suspended due to the economic and political climate in that country. We hold fixed assets at this subsidiary and have incurred impairments related to our long-lived assets in Venezuela in the past. These assets had no net book value as of February 28, 2023, and February 28, 2022. The Company intends to continue to hold these assets with the hope of recovering value from them in the future; however, if conditions continue to deteriorate, we may be at risk of government confiscation of these assets.

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

In recent years, the retail industry has experienced consolidation, store closures, bankruptcies, and other ownership changes. In the future, retailers in the United States and in foreign markets may further consolidate, undergo restructurings or reorganizations, or realign their affiliations, any of which could decrease the number of stores that carry our products. Changing shopping patterns, including the rapid expansion of online retail shopping, have adversely affected customer traffic in mall and outlet centers. We expect competition in the e-commerce market will continue to intensify. As a greater portion of consumer expenditures with retailers occurs online and through mobile commerce applications, our brick-and-mortar wholesale customers who fail to successfully integrate their physical retail stores and digital retail may experience financial difficulties, including store closures, bankruptcies, or liquidations. We cannot control the success of individual malls, and an increase in store closures by other retailers may lead to store vacancies and reduced foot traffic. A continuation or worsening of these trends could have a material adverse effect on our sales, results of operations, financial condition, and cash flows.

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

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

We must comply with restrictive covenants in our debt agreements.

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

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

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

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

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

Legal and Regulatory Risks

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

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

We are subject to governmental regulations.

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

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

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

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

As we publicly announced on September 28, 2020, we had previously identified, immediately investigated, and addressed a security incident that occurred on July 7, 2020, that resulted in data related to current and former employees (and their beneficiaries) and contractors stored on certain devices becoming encrypted by ransomware. The incident was promptly addressed and remediated. While we do not believe this or any cybersecurity incident has resulted in any material impact on our business, operations, or financial results, or on our ability to service our customers or run our business, future incidents resulting in unauthorized access to our facilities or information technology systems, networks or infrastructure (or those of our customers, vendors, or other business partners) could result in, among other things, a total shutdown of our systems that would disrupt our ability to conduct business or pay vendors and employees.

Further, if we or third parties with which we do business were to fall victim to a successful security breach involving the misappropriation, loss, or unauthorized disclosure of confidential, proprietary, or personal information, whether belonging to us or our vendors, customers, or other third-party business partners, such a breach could result in significant legal and remediation expenses, violate applicable laws and regulations, severely damage our reputation and our customer relationships, harm sales, increase our cybersecurity and other insurance premiums, expose us to risks of litigation and liability, and result in a material adverse effect on our business, financial condition, and results of operations. In addition, cybersecurity incidents and data security breaches could lead to unfavorable publicity, governmental inquiry and oversight, litigation by affected parties, and possible financial obligations for damages related to the theft or misuse of such information, any of which could have a material adverse effect on our profitability and cash flow.

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

Strict data privacy laws regulating the collection, transmission, storage, disclosure, and use of personal information are evolving in the United States, the European Union, the UK, Canada, and other jurisdictions in which we operate. Privacy laws, including the General Data Protection Regulations in the European Union and the UK and the California Consumer Privacy Act ("CCPA"), create new individual privacy rights and impose increased obligations on companies handling personal data. The CCPA, which became effective on January 1, 2020, grants individuals the right to access, request deletion of, and opt out of the sale of personal information and creates a private right of action for the unauthorized access and exfiltration, theft, or disclosure of certain types of personal information, including the right to seek statutory damages, among other things. In 2020, the Court of Justice for the European Union invalidated mechanisms for transferring personal information out of the European Union, leading to a wave of potential new barriers for data sharing between the European Union and other countries, including the United States. These changes in the legal and regulatory environments in the areas of customer and employee privacy, data security, and

cross-border data flows could have a material adverse effect on our business, primarily through (i) the impairment of our transaction processing activities, (ii) the limitation on the types of information that we may collect, process and retain, (iii) the resulting costs of complying with such legal and regulatory requirements, and (iv) the potential monetary penalties for noncompliance. In addition, the federal privacy and security regulations issued under HIPAA require our facilities to comply with extensive requirements on the use and disclosure of protected health information, and implement and maintain administrative, physical, and technical safeguards to protect the security of such information.

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

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

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

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

Operational Risks

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

As of February 28, 2023, 38 of our full-time employees were covered by collective bargaining agreements. We cannot predict whether labor unions may be successful in organizing other portions of our workforce or what additional costs we could incur as a result.

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

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

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

On occasion, our suppliers have not been able to produce the quantities of products or component parts that we desire. Our inability to manufacture and/or supply sufficient quantities of products that are in demand could reduce our profitability and have a material adverse effect on our relationships with our customers. If any of our supplier

relationships were terminated or interrupted, we could experience an immediate or long-term supply shortage, which could have a material adverse effect on our business.

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

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

We are increasingly dependent on the continuous and reliable operation of our information technology systems, and a disruption of these systems resulting from cybersecurity attacks or other events could adversely affect our business.

We increasingly depend on our information technology, or IT, infrastructure in order to achieve our business objectives. To meet these business objectives, the Company relies on our information technology systems and those of our third-party business partners to process and store sensitive data, including confidential research, business plans, financial information, intellectual property, and personal data. The secure operation of these systems and products, including the protection of the information they process, is critical to our business operations and strategy. Our customers and business partners rely on the security of our infrastructure, including hardware and other elements provided by third parties, to ensure the reliability of our products and the protection of their data. The extensive cybersecurity threats which affect companies globally pose a risk to the security and availability of these IT systems and the confidentiality, integrity, and availability of confidential, proprietary, and personal data. To date, the Company has not experienced any material impact to its business or operations resulting from a data breach or cybersecurity attack. However, because of frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. If we experience a cyberattack that impairs our IT infrastructure, such as a computer virus, a problem with the functioning of an important IT application, or an intentional disruption of our IT systems by a third party, the resulting disruptions could impede our ability to record or process orders, manufacture, and ship in a timely manner, or otherwise carry on our business in the ordinary course. Any such events could cause us to lose customers or revenue and could require us to incur significant remediation expense. Furthermore, although the Company maintains insurance coverage for various cybersecurity and business continuity risks, there can be no guarantee that all costs or losses incurred will be fully insured.

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

A failure to keep pace with developments in technology could impair our operations or competitive position.

Our business continues to demand the use of sophisticated systems and technology. If we are unable to timely update and replace our systems and technology with more advanced systems on a regular basis in order for us to meet our customers' demands and expectations, or if we are unable to appropriately and timely train our employees to operate any of these new systems, our business could suffer. We also may not achieve the benefits that we anticipate from any new system or technology implemented by us, and a failure to do so could result in higher than anticipated costs or could impair our operating results.

We are continuously working to upgrade our information technology systems and provide employee awareness training around phishing, malware, and other cyber risks to protect our customer, employee, and company data against cyber risks and security breaches. Despite these efforts, there is no guarantee that the procedures that we have implemented to protect against unauthorized access to secured data are adequate to safeguard against future data security breaches. Because of the frequently changing attack techniques, along with the increased volume and sophistication of the attacks, there is the potential for the Company to be adversely impacted. Moreover, because the techniques used to gain access to or sabotage systems often are not recognized until launched against a target, we may be unable to anticipate the methods necessary to defend against these types of attacks, and we cannot predict the extent, frequency or impact these attacks may have on us. To the extent our business is interrupted, this impact could include reputational, competitive, operational, or other business harm as well as financial costs and regulatory action. Further, the theft or unauthorized use or publication of our trade secrets and other confidential business information as a result of such an incident could adversely affect our competitive position.

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

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

We are responsible for product warranties and defects.

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

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

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

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

position, liquidity, and results of operations. We had loans outstanding, including principal and interest of $80,978, from our majority owned subsidiary, EyeLock LLC, at February 28, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

Risks Related to the Ownership of our Common Stock

Our stock price could fluctuate significantly.

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

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

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

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

Mr. Shalam beneficially owns approximately 56.0% of the combined voting power of both classes of common stock. This will allow him to elect the majority of our Board of Directors and, in general, determine the outcome of any other matter submitted to the stockholders for approval. Mr. Shalam's voting power may have the effect of delaying or preventing a change in control of the Company.

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

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

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

Company notes that at the present time we do maintain a compensation committee comprised solely of independent directors who approve executive compensation, and the recommendations for director nominees are governed by a majority of independent directors. However, election of the "controlled company" exemption under NASDAQ rules allows us to modify our position at any time.

General Risks

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

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

Other Risks

Other risks and uncertainties include:

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

Item 1B-Unresolved Staff Comments

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

Item 2-Properties

Our Corporate headquarters is located at 2351 J. Lawson Blvd. in Orlando, Florida, which is owned by the Company, and also serves as a manufacturing facility for its automotive electronic business. In addition, as of February 28, 2023, the Company leased a total of 19 operating facilities or offices located in 5 states as well as China, Canada, Mexico, France, Germany, Australia, Japan, and Hong Kong. The leases have been classified as operating leases. Within the United States, the Company’s leased facilities are located in Georgia, New York, California, Ohio, and North Carolina. The Company also owns 9 of its operating facilities or offices (including its Corporate headquarters and automotive manufacturing facility in Florida), located in New York, Indiana, Michigan, and Arkansas in the United States, as well as in Germany and Venezuela. These facilities serve as offices, warehouses, manufacturing facilities and distribution centers. Additionally, we utilize public warehouse facilities located in Virginia, Nevada, Indiana, North Carolina, Arizona, Texas, China, the Netherlands, Belgium, Germany, Australia, and Malaysia.

Item 3-Legal Proceedings

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

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

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

On November 29, 2021, the Arbitrator issued an interim award (the “Interim Award”) with Seaguard prevailing on its breach of contract claim. The Company’s affirmative defenses relating to those claims, however, were denied in their entirety. Seaguard was awarded damages in the amount of $39,444 against the Company. On March 3, 2022, the Arbitrator issued a Partial Final Award on Bifurcated Issue in the amount of $39,444, plus $798 for its attorneys’ fees and costs. On March 11, 2022, the Arbitrator fixed the schedule of the patent portion of the bifurcated arbitration, with a trial date set for October 16, 2023. The Company has put its suppliers on notice of its indemnification rights with respect to the alleged infringing products.

On March 14, 2022, Seaguard filed a Petition in the United States District Court, Central District of California, Western Division, to confirm the Partial Final Award. On April 25, 2022, the Company filed its opposition to Seaguard’s Petition to Confirm and a Counter-Petition to Vacate the Partial Final Award. On May 31, 2022, the Court ordered the matter taken under submission for decision without oral hearing. The court has issued an Order informing the parties that it will rule on the pending Petitions by August 3, 2023.

During the year ended February 28, 2022, the Company recorded a charge of $39,444 within Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income. During the year ended February 28, 2023, the Company accrued charges of $3,944 representing interest due on the award when paid, if confirmed and not vacated by the U.S. District Court or an appellate court. At February 28, 2023, and February 28, 2022, the Company had a total accrued balance of $43,388 and $39,444, respectively, on the accompanying Consolidated Balance Sheets related to the interim arbitration award. No accrual or reserve was included in the Company’s issued financial statements prior to the year ended February 28, 2022, 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.

Item 4-Mine Safety Disclosure

Not applicable.

PART II

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

Market Information

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

Year ended February 28, 2023	High	Low
First Quarter	$ 11.07	$ 6.16
Second Quarter	10.17	6.21
Third Quarter	11.10	6.28
Fourth Quarter	11.43	7.99
Year ended February 28, 2022	**High**	**Low**
First Quarter	$ 24.21	$ 13.72
Second Quarter	16.52	9.71
Third Quarter	13.08	10.02
Fourth Quarter	13.01	9.58

Dividends

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

Holders

There are 620 holders of record of our Class A Common Stock and 4 holders of Class B Convertible Common Stock.

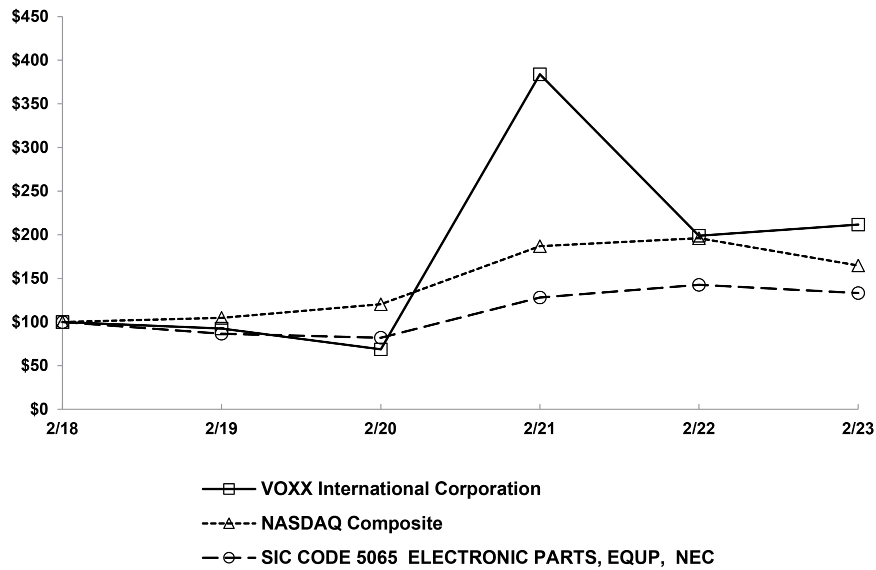
Issuer Purchases of Equity Securities

In April 2019, the Company was authorized by the Board of Directors to increase the number of Class A Common Shares available for repurchase in connection with its share repurchase program (the “Program”) to 3,000,000. During the years ended February 28, 2023, and February 28, 2022, the company purchased 508,439 and 113,000 shares of its Class A Common Stock, respectively, for an aggregate cost of $5,147 and $1,220, respectively. During the year ended February 28, 2021, the Company did not purchase any shares. As of February 28, 2023, the cumulative total of acquired shares (net of reissuances of 11,635) pursuant to the Program was 3,370,657, with a cumulative value of $30,285. The remaining authorized share repurchase balance is 1,797,437 at February 28, 2023.

Period	Total Number of Shares Purchased (1)	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares That May Yet Be Purchased Under the Plans or Programs
10/1/2022 - 10/31/22	58,308	$ 7.20	58,308	2,247,568
11/1/2022 - 11/30/22	219,653	10.68	219,653	2,027,915
12/1/2022 - 12/31/22	37,739	9.67	37,739	1,990,176
1/1/2023 - 1/31/23	106,598	10.10	106,598	1,883,578
2/1/2023 - 2/28/2023	86,141	10.73	86,141	1,797,437
Total acquired shares	508,439			

Performance Graph

The following table compares the annual percentage change in our cumulative total stockholder return on our Class A common stock during the period commencing on February 28, 2018 and ending on February 28, 2023 with the cumulative total return of the Nasdaq Stock Market (U.S.) Index and our SIC Code Index, during such period.



Item 6-Reserved

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

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

We begin Management's Discussion and Analysis of Financial Condition and Results of Operations with an overview of the business, including our strategy to give the reader a summary of the goals of our business and the direction in which our business is moving. This is followed by a discussion of the Critical Accounting Policies and Estimates that we believe are important to understanding the assumptions and judgments incorporated in our reported financial results. In the next section, we discuss our Results of Operations for the year ended February 28, 2023, compared to the years ended February 28, 2022 and February 28, 2021. Next, we present EBITDA and Adjusted EBITDA for the year ended February 28, 2023, compared to the years ended February 28, 2022 and February 28, 2021 in order to provide a useful and appropriate supplemental measure of our performance. We then provide an analysis of changes in our balance sheet and cash flows and discuss our financial commitments in the sections entitled "Liquidity and Capital Resources." We conclude this MD&A with a discussion of "Related Party Transactions" and "Recent Accounting Pronouncements."

Business Overview and Strategy

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

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

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

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

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

Impact of COVID-19 and Other World Events

We face various risks and uncertainties related to the ongoing global COVID-19 pandemic. During Fiscal 2021, government-enforced travel restrictions, quarantines, and business closures occurred in response to the pandemic negatively impacted our ability to sell certain of our products to customers around the world. During Fiscal 2023 and Fiscal 2022, periodic COVID-19 outbreaks around the world have led to global supply chain disruptions, including manufacturing, shipment, and transportation delays (due to lockdowns and other restrictive measures, such as China's Zero Covid Policy); port congestion; labor and container shortages; increased transportation costs; tight labor markets and inflationary pressures; and import and export restrictions, which resulted in delays in shipment of our products to our customers. As the Company currently expects that the COVID-19 pandemic may continue to impact its business from time to time going forward, the Company will continue to closely monitor the associated impacts and take appropriate actions in an effort to mitigate the pandemic’s negative effects on its operations and financial results. Furthermore, if significant portions of our workforce are unable to work effectively, including due to illness, quarantines, government actions, facility closures, remote working, or other restrictions in connection with the COVID-19 pandemic, our operations and financial results will likely be adversely impacted, and may include, among other things, non-cash write-downs and impairments; foreign currency fluctuations; potential adjustments to the carrying value of inventory; and the delayed collections of, or inability to collect, accounts receivable. The Company continues to focus on cash flow and anticipates having sufficient resources to operate during Fiscal 2024.

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

Acquisitions and Dispositions

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

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

General

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

During Fiscal 2022 and 2021, changes to the global economic situation continued to occur as a consequence of the COVID-19 pandemic and related supply chain challenges, chip shortages, and freight issues have continued during Fiscal 2023. It is possible that this could cause changes to estimates in the future as a result of the financial circumstances of the markets in which the Company operates, the price of the Company’s publicly traded equity in comparison to the Company’s carrying value, and the health of the global economy. Such changes to estimates could potentially result in impacts that would be material to the Company’s consolidated financial statements, particularly with respect to the fair value of the Company’s reporting units in relation to potential goodwill impairment and the fair value of long-lived assets in relation to potential impairment.

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

Revenue Recognition

The Company accounts for revenue in accordance with ASC Topic 606, Revenue from Contracts with Customers. The core principle of ASC 606 is that an entity recognizes revenue to depict the transfer of promised goods and

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

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

Sales Incentives

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

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

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

Business Combinations

We account for business combinations under the acquisition method of accounting. The purchase price of each business acquired is allocated to the tangible and intangible assets acquired and the liabilities assumed based on information regarding their respective fair values on the date of acquisition. Any excess of the purchase price over the fair value of the separately identifiable assets acquired and liabilities assumed is allocated to goodwill. Determining the fair value of assets acquired and liabilities assumed requires management's judgment and often involves the use of significant estimates and assumptions, including assumptions with respect to future cash inflows and outflows, discount rates, and market multiples, among other items. We determine the fair values of intangible assets acquired generally in consultation with third-party valuation advisors. The valuation of assets acquired, and liabilities assumed requires a number of judgments and is subject to revision as additional information about the fair values becomes available. We recognize any adjustments to provisional amounts that are identified during the period not to exceed

twelve months from the acquisition date (the "measurement period") in which the adjustments are determined. Acquisition costs are expensed as incurred. The results of operations of businesses acquired are included in the consolidated financial statements from their dates of acquisition.

As part of the agreement to acquire certain subsidiaries, we may be obligated to pay contingent consideration should the acquired entity meet certain earnings or other contractually agreed upon objectives subsequent to the date of acquisition. As of the acquisition date, contingent consideration is recorded at fair value as determined through the use of an appropriate fair value model, depending on the nature of the arrangement. The models could involve the estimation of future subsidiary performance, probability of likelihood, projected cash flows, weighted average discount rates, and expected long-term growth rates. The fair value is measured subsequent to the acquisition date at least annually and any changes are recorded within cost and operating expenses within our consolidated statement of income until the contingent consideration is settled. Changes in either the growth rates, expected probabilities, related earnings, or the discount rate could result in a material change to the amount of the contingent consideration accrued.

Accounts Receivable

We perform ongoing credit evaluations of our customers and adjust credit limits based upon payment history and current credit worthiness, as determined by a review of current credit information. We continuously monitor collections from our customers and maintain a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. While such credit losses have historically been within management's expectations and the provisions established, we cannot guarantee that we will continue to experience the same credit loss rates that have been experienced in the past. Our five largest customer balances comprise 20% of our accounts receivable balance as of February 28, 2023. A significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectability of accounts receivable and our results of operations.

Inventory

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

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

Intangible Asset Impairments

As of February 28, 2023, intangible assets totaled $90,437. Management makes estimates and assumptions in preparing the consolidated financial statements for which actual results will emerge over long periods of time. These estimates and assumptions are closely monitored by management and periodically adjusted as circumstances warrant. For instance, the expected lives of indefinite-lived intangible assets may be shortened, or an impairment recorded based upon a change in the expected use of the asset or performance of the related asset group. At the present time, management intends to continue the development, marketing, and selling of products associated with its intangible assets, and there are no known restrictions on the continuation of their use.

Approximately 17.7% of our indefinite-lived trademarks ($9,872) are at risk of impairment as of February 28, 2023. When testing indefinite-lived assets for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value is less than its carrying amount. If we elect to perform a qualitative assessment and determine that an impairment is more likely than not, we are then required to perform the quantitative impairment test; otherwise, no further analysis is required. Under the qualitative assessment, we consider various factors, including macroeconomic

conditions, relevant industry and market trends, cost factors, overall financial performance, other entity-specific events, and events affecting the indefinite-lived asset that could indicate a potential change in its fair value. We also consider the specific future outlook for the indefinite-lived asset. We may also elect not to perform the qualitative assessment and instead, proceed directly to the quantitative impairment test. The Company uses an income approach, based on the relief from royalty method, to value indefinite-lived trademarks as part of its quantitative impairment test. This impairment test involves the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. The critical assumptions in the discounted cash flow model include revenues, long-term growth rates, royalty rates, and discount rates. Management exercises judgment in developing these assumptions. Certain of these assumptions are based upon industry projections, facts specific to the trademarks and consideration of our long-term view for the trademarks and the markets we operate in. If we were to experience sales declines, a significant change in operating margins which may impact estimated royalty rates, an increase in our discount rates, and/or a decrease in our projected long-term growth rates, there would be an increased risk of impairment of these indefinite-lived trademarks. In addition, we evaluate the remaining useful life of our non-amortizing intangible assets at least annually to determine whether events or circumstances continue to support an indefinite useful life. If events or circumstances indicate the useful life of our non-amortizing intangible assets are no longer indefinite, these assets will be tested for impairment. These intangible assets will then be amortized prospectively over their estimated remaining useful life and accounted for in the same manner as other intangible assets that are subject to amortization. Based upon the Company's indefinite-lived intangible asset impairment assessment, one indefinite-lived intangible asset was impaired as of February 28, 2023, by $1,300 and we have determined the useful life of this indefinite-lived intangible asset was no longer indefinite (see Note (1(k)).

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

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

Voxx's goodwill totaled $65,308 as of February 28, 2023. Goodwill is tested for impairment as of the last day of each fiscal year at the reporting unit level. When testing goodwill for impairment, we have the option to first assess qualitative factors to determine whether the existence of events or circumstances leads to a determination that it is more likely than not that the estimated fair value of a reporting unit is less than its carrying amount. If we elect to perform a qualitative assessment and determine that an impairment is more likely than not, we are then required to perform the quantitative impairment test; otherwise, no further analysis is required. Under the qualitative assessment, we consider various qualitative factors, including macroeconomic conditions, relevant industry and market trends, cost factors, overall financial performance, other entity-specific events, and events affecting the reporting unit that could indicate a potential change in fair value of our reporting unit or the composition of its carrying values. We also consider the specific future outlook for the reporting unit. We also may elect not to perform the qualitative assessment and instead, proceed directly to the quantitative impairment test. Application of the goodwill impairment test requires judgment, including the identification of reporting units, assignment of assets and liabilities to reporting units, assignment of goodwill to reporting units, and estimation of the fair value of each reporting unit. Based on the Company's goodwill impairment assessment for Fiscal 2023, one reporting unit had an estimated fair value less than its carrying value and as a result, a non-cash goodwill impairment charge of $7,373 was recorded for the year ended February 28, 2023 (see Note 1(k)). No impairment charges were recorded related to goodwill during Fiscal 2022 or Fiscal 2021.

As of February 28, 2023, goodwill allocated to our Klipsch, Rosen, VSM, DEI, and Onkyo reporting units was 71.3% ($46,532), 1.3% ($880), 0.9% ($572), 2.4% ($1,600), and 24.1% ($15,724), respectively. The fair values of the Klipsch, DEI, and Onkyo reporting units are greater than their carrying values by approximately 26.1% ($10,271), 60.5% ($17,348), and 52.3% ($5,526), respectively, as of February 28, 2023. The quantitative assessment utilizes either an income approach, a market approach, or a combination of these approaches to determine the fair value of its reporting units. These approaches have a degree of uncertainty. The income approach employs a discounted cash flow

model to value the reporting unit as part of its impairment test. This impairment test involves the use of accounting estimates and assumptions, changes in which could materially impact our financial condition or operating performance if actual results differ from such estimates and assumptions. The critical assumptions in the discounted cash flow model are revenues, operating margins, working capital and a discount rate (developed using a weighted average cost of capital analysis). Management exercises judgment in developing these assumptions. Certain of these assumptions are based upon industry projections, facts specific to the reporting unit, market participant assumptions and data, and consideration of our long-term view for the reporting unit and the markets we operate in. The market approach employs market multiples from guideline public companies operating in our industry. Estimates of fair value are derived by applying multiples based on revenue and earnings before interest, taxes, depreciation, and amortization ("EBITDA") adjusted for size and performance metrics relative to peer companies. If the Klipsch reporting unit were to experience sales declines, sustained pricing pressures, unfavorable operating margins, lack of new product acceptance by consumers, changes in consumer trends and preferred shopping channels, less than anticipated results for the holiday season, a change in the peer group or performance of the peer companies, an increase to the discount rate, and/or a decrease in our projected long-term growth rates used in the discounted cash flow model, there would be an increased risk of goodwill impairment for the Klipsch reporting unit. If the Rosen, VSM, DEI, and Onkyo reporting units experienced an increase to the discount rate, sales declines, changes in consumer trends, or increases in cost factors, there would be an increased risk of goodwill impairment for the Rosen, VSM, DEI, and Onkyo reporting units.

Warranties

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

Income Taxes

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

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

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

Results of Operations

Included in Item 8 of this annual report on Form 10-K are the Consolidated Balance Sheets as of February 28, 2023, and February 28, 2022 and the Consolidated Statements of Operations and Comprehensive (Loss) Income, Consolidated Statements of Stockholders' Equity and Consolidated Statements of Cash Flows for the years ended February 28, 2023, February 28, 2022, and February 28, 2021. In order to provide the reader meaningful comparisons, the following analysis provides comparisons of the audited year ended February 28, 2023 with the audited year ended February 28, 2022, and the audited year ended February 28, 2022 with the audited year ended February 28, 2021. We analyze and explain the differences between periods in the specific line items of the Consolidated Statements of Operations and Comprehensive (Loss) Income.

Year Ended February 28, 2023 Compared to the Years Ended February 28, 2022 and February 28, 2021

Continuing Operations

The tables presented in this section set forth, for the periods indicated, certain Statement of Operations data for the years ended February 28, 2023 ("Fiscal 2023"), February 28, 2022 ("Fiscal 2022") and February 28, 2021 ("Fiscal 2021").

Net Sales

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Automotive Electronics	$ 174,811	$ 200,594	$ 163,903
Consumer Electronics	357,758	433,925	398,263
Biometrics	1,046	882	836
Corporate	399	519	603
Total net sales	$ 534,014	$ 635,920	$ 563,605

Fiscal 2023 compared to Fiscal 2022

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

Consumer Electronics sales represented 67.0% of net sales for the year ended February 28, 2023, as compared to 68.2% in the prior year and decreased $76,167 for the year ended February 28, 2023 as compared to the year ended February 28, 2022. This net decrease was a result of several factors. The Company experienced a net decrease in

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

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

Fiscal 2022 compared to Fiscal 2021

Automotive Electronics sales, which include both OEM and aftermarket automotive electronics, represented 31.5% of the net sales for the year ended February 28, 2022, compared to 29.1% in the prior year and increased $36,691 for the year ended February 28, 2022, as compared to the prior year. The primary driver of the sales increase in this segment was sales of aftermarket security products related to the Company’s DEI subsidiary, established in connection with the Company’s acquisition in July 2020. These sales increased approximately $18,600 for the year ended February 28, 2022, to a total of approximately $66,700, as a result of twelve full months of sales included for Fiscal 2022 as compared to five months during the comparable Fiscal 2021 year. The Company’s OEM rear seat entertainment sales experienced a net increase of approximately $13,300 during the year ended February 28, 2022, primarily as a result of the start of new rear seat entertainment programs with Stellantis, Ford, and Nissan that were not present in the prior year. This was offset by a decline in sales for one of the Company’s rear-seat entertainment programs that ended during Fiscal 2022, as well as delays resulting from the global chip shortage. Sales of OEM automotive safety electronics also increased approximately $4,900 for the year ended February 28, 2022, as a result of rebounding sales following the COVID-19 shut-downs of automotive manufacturers. In addition, the Company’s aftermarket security products, which include aftermarket remote starts, and aftermarket rear seat entertainment products increased by approximately $1,300 and $1,100, respectively, for the year ended February 28, 2022, due to rebounding sales following the prior year COVID-19 shut-downs, as well as due to current year component shortages that caused some customers to purchase product earlier in order to avoid future stock outages. Finally, sales of

aftermarket accessory products increased approximately $1,100 for the year ended February 28, 2022, due to the successful launch of new soundbars for club cars during the second quarter of the fiscal year. As an offset to these increases, the Company experienced a decrease in sales of satellite radio products during the year ended February 28, 2022 of approximately $2,200, as a result of inventory shortages, which have negatively affected the Company's ability to fulfill orders. Sales of OEM security products also declined approximately $2,000 as a result of chip shortages and the end of one if the Company's customer remote start programs. Finally, the Company experienced a decline in sales of aftermarket safety products of approximately $1,100 due primarily to low inventories of vehicles in which these products are generally installed.

Consumer Electronics sales represented 68.2% of net sales for the year ended February 28, 2022, as compared to 70.7% in the prior year and increased $35,662 for the year ended February 28, 2022 as compared to the year ended February 28, 2021. The Company's 11TC subsidiary contributed to an increase in sales of approximately $45,700 for the year ended February 28, 2022, to a total of approximately $59,400. 11TC began selling Onkyo and Pioneer products through distribution agreements during the third quarter of Fiscal 2021 and during the third quarter of Fiscal 2022, the Company completed an acquisition of certain assets of the Onkyo Home Entertainment business with its joint venture partner, resulting in the establishment of the Company's Onkyo subsidiary. Sales of Onkyo and Pioneer products under the distribution agreements were only present for three months during the prior year period. Within Europe, the Company experienced net increases in its premium audio product and accessories sales of approximately $3,800 as a result of improved online sales, improved export business sales, and better product mix, as well as due to the partial lifting of COVID-19 restrictions during the year ended February 28, 2022, although some restrictions were still noted to be in place during Fiscal 2022. This was offset by sales declines resulting from the absence of trade shows and the loss of certain customer connections due to remaining COVID-19 restrictions that have prevented in-person sales and meetings. The Company also experienced improvements of approximately $1,700 related to wireless accessory speakers during the year ended February 28, 2022, due to the rebound in sales following nationwide COVID-19 brick and mortar business closures and delayed customer orders during the year ended February 28, 2021. Offsetting these increases, the Company experienced declining sales of accessory products, which include hook-up and reception products, totaling approximately $9,600 during the year ended February 28, 2022, as several of these products saw an increase during the comparable prior year period due to the significant number of people working from home during the COVID-19 pandemic. During Fiscal 2022, sales of these products have returned to pre-COVID levels. Additionally, sales of premium wireless speaker products decreased approximately $4,900 during the year ended February 28, 2022 primarily as a result of chip shortages that have caused product backorders, vendor delays, and shipping container and vessel shortages, as well as due to large load in sales of speaker products at warehouse club channels during the year ended February 28, 2021 that did not repeat in the current year. Finally, sales of premium mobility products decreased approximately $2,100 due to many discounted, end of life products sold during Fiscal 2022 in comparison to the prior year when these products were newer to the market and selling at higher prices. New lines of mobility products have been delayed as a result of product, vendor, and shipping delays.

Biometrics represented 0.1% of our net sales for both of the years ended February 28, 2022, and February 28, 2021 and sales increased in the segment by $46 for the year ended February 28, 2022 as compared to the prior year. Sales for the year ended February 28, 2022 have increased due to product mix, including sales of the NIXT product, which the Company began selling during the second half of Fiscal 2021. The NIXT product can be optionally fitted with iTEMP, a product that can take an individual's temperature before allowing iris access. During Fiscal 2022, the Company has also begun selling NIXT, iTemp, and NEXT products under the distribution agreement signed with GalvanEyes LLC in April 2021.

Gross Profit and Gross Margin Percentage

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Automotive Electronics	$ 42,399	$ 47,296	$ 39,296
	24.3 %	23.6 %	24.0 %
Consumer Electronics	91,151	121,511	118,866
	25.5 %	28.0 %	29.8 %
Biometrics	358	185	(191)
	34.2 %	21.0 %	-22.8 %
Corporate	391	486	576
	$ 134,299	$ 169,478	$ 158,547
	25.1 %	26.7 %	28.1 %

Fiscal 2023 compared to Fiscal 2022

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

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

Gross margins in the Consumer Electronics segment decreased 250 basis points for the year ended February 28, 2023, compared to the prior year. Significant increases to container costs, increased cost of materials due to chip shortages, and surcharges affecting cost of sales for many of the products within the segment have caused declines in margins for the year ended February 28, 2023, which the Company has actively worked to mitigate through pricing adjustments and other sourcing strategies, and has effectively helped to stabilize margins for some products, or has helped to reduce the negative impact of these issues for others. These supply chain issues are expected to continue into Fiscal 2024. In addition, the Company saw declines in sales of certain premium home theater, wireless, and commercial speaker products, both domestically and in Europe, during the year ended February 28, 2023, due to a slowing of the economy, chip shortages, firmware issues, and the war in the Ukraine. As these products have typically generated higher margins for the segment, the decrease in sales negatively impacted margins for the year. Margins were also negatively impacted by decreases in sales of premium mobility products due to temporarily paused sales and the move to a direct to customer model for the year ended February 28, 2023. Finally, an increase in sales of lower margin discount channel

customers in Europe during the year ended February 28, 2023, have contributed negatively to the overall segment margins for the period. Offsetting these negative margin impacts, sales of Onkyo and Pioneer related products, both domestically and internationally, positively impacted margins for the year ended February 28, 2023, as there have been higher sales and higher factory production of these products since the acquisition of certain assets of the Onkyo Home Entertainment business in September 2021 compared to sales under the Company's distribution agreement with Onkyo Home Entertainment Corp. prior to the acquisition. The Company also has more control over pricing and costing of the products since the acquisition, which has further improved these margins. Additionally, the decrease in sales of lower margin accessory products, including remotes, clocks, and reception and power products, have had a positive impact on the overall segment margins for the periods.

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

Fiscal 2022 compared to Fiscal 2021

Gross margins in the Automotive Electronics segment decreased 40 basis points for the year ended February 28, 2022. The increased cost of materials and shipping, as well as increases in tariffs included in cost of goods sold, have negatively affected margins during the year ended February 28, 2022 for such items as OEM rear seat entertainment, OEM and aftermarket automotive safety products, and aftermarket accessory products, which the Company has been actively working to mitigate through a combination of sales price adjustments and other sourcing strategies, as such supply chain issues are expected to continue into Fiscal 2023. Additionally, certain new OEM rear seat entertainment products that began selling during the year ended February 28, 2022, and that have positively contributed to sales during the year, have generated lower margins than are normally achieved in this segment. Offsetting these negative margin impacts, sales of aftermarket security products related to the Company’s DEI subsidiary, whose products have higher profit margins than those typically achieved by the segment, have contributed positively to margins during the year ended February 28, 2022. Sales from DEI were present in the prior year period for only five months, as it was established in July 2020, and therefore these sales increased significantly for the year ended February 28, 2022, as compared the prior year. The decrease in sales of satellite radio products for the year ended February 28, 2022, which typically generate lower margins for the Company, also contributed positively to margins overall.

Gross margins in the Consumer Electronics segment decreased 180 basis points for the year ended February 28, 2022, compared to the prior year. The primary driver of the decline during the year ended February 28, 2022, has been significant increases to container costs and surcharges affecting cost of sales for many of the products within the segment, which the Company is actively working to mitigate through pricing adjustments and other sourcing strategies, as such supply chain issues are expected to continue into Fiscal 2023. Offsetting these negative margin impacts, sales from the Company’s 11 Trading Company subsidiary positively impacted margins for the year, as these sales were present for only three months of the prior year comparable period and have therefore increased significantly for the year ended February 28, 2022. In addition, the Company saw declines in sales of certain of its premium speaker products sold through warehouse club channels during the year ended February 29, 2022. As these products have been sold at lower margins than those typically associated with the Company’s premium audio products, the decline in sales have contributed positively to the segment’s margins for the year ended February 28, 2022.

Gross margins in the Biometrics segment improved for the year ended February 28, 2022, compared to the prior year. During the year ended February 28, 2021, the Company reduced pricing on many products, which helped generate sales in the prior year, but resulted in lower margins for the segment. Additionally, the Company incurred more tooling and effective repair costs during the year ended February 28, 2021, as compared to the current year, as well as incurred inventory obsolescence charges for certain products, which contributed negatively to margins in the prior year.

Operating Expenses

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Operating Expenses:			
Selling	$ 46,967	$ 50,507	$ 43,786
General and administrative	74,508	75,955	69,798
Engineering and technical support	31,464	31,540	20,897
Acquisition costs	(36)	3,552	287
Goodwill impairment charge	7,373	—	—
Intangible asset impairment charges	1,300	—	1,300
Total Operating Expenses	$ 161,576	$ 161,554	$ 136,068

Fiscal 2023 compared to Fiscal 2022

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

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

General and administrative expenses decreased $1,447 during the year ended February 28, 2023, as compared to the prior year. The Company experienced a decrease in salary and related payroll and benefits expense of approximately $3,000 for the year ended February 28, 2023, due to a reduction in bonus accruals resulting from lower Company profitability as compared to the prior year period, as well as due to cost cutting measures. There was also a net decrease in legal and professional fees of approximately $500 for the year ended February 28, 2023, due to a decrease in certain fees incurred in the prior year related to the Company's distribution agreement with GalvanEyes LLC, offset by current year fees related to the Company's new Onkyo subsidiary established in September 2021. Additionally, there was a decrease in bad debt expense of approximately $400 as a result of greater reserve releases as compared to the prior year. As an offset to these decreases in general and administrative expense, the Company incurred approximately $900 of restructuring related expenses during the year ended February 28, 2023, due to the relocation of certain OEM production operations from Florida to Mexico, which began during the second quarter of Fiscal 2023, and consisted primarily of severance expense and moving costs. Depreciation and amortization expense also increased approximately $700 for the year ended February 28, 2023, due to the amortization of intangible assets of the Company's new Onkyo subsidiary, which was only present during the second half of Fiscal 2022. Additionally, the Company experienced an increase in insurance expense of approximately $600 for the year ended February 28, 2023, related to an overall increase in insurance policy premiums as compared to the prior year, as well as due to the addition of the Company's Onkyo subsidiary. Finally, occupancy expenses increased approximately $400 for the year ended February 28, 2023 due to expenses related to the Company's Onkyo subsidiary, as well as the return to normal operations following COVID-19 restrictions.

Engineering and technical support expenses were relatively flat for the year ended February 28, 2023, as compared to the prior year, decreasing $76. The Company experienced a net decrease in research and development expense of approximately $2,700 for the year ended February 28, 2023. This was a result of headcount reductions in the Biometric

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

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

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

Fiscal 2022 compared to Fiscal 2021

The Company experienced an overall increase in operating expenses of $25,486 for Fiscal 2022 as compared to Fiscal 2021.

For the year ended February 28, 2022, selling expenses increased $6,721. This increase was primarily attributable to higher salary expenses during the year ended February 28, 2022, as compared to the prior year. Salary and related payroll expenses increased approximately $4,000 due primarily to the additional headcount created by the September 2021 and July 2020 acquisitions resulting in the establishment of the Company's Onkyo and DEI subsidiaries, respectively, as well as new hires related to the 11 Trading Company and Australia PAC subsidiaries established in the second quarter of Fiscal 2021 and first quarter of Fiscal 2022, respectively. Salary expense also increased as a result of the absence of COVID-19 related furloughs that were present in the comparable prior year. Advertising expenses and web fees increased approximately $1,600 for the year ended February 28, 2022, due to increased advertising, promotions, and social media presence in response to higher online traffic and sales, the lifting of COVID-19 related cost cutting measures, as well as due to the increased price of web advertising compared to the prior year. Credit card fees increased approximately $700 during the year ended February 28, 2022, due primarily to sales generated by the Company's new DEI subsidiary, as its telematic subscription sales are paid by customers through credit card transactions. Additionally, a larger number of customers have gradually begun using credit cards to pay for orders than in prior periods across the entire Company. The Company also saw an increase in commission expense of approximately $500, as a result of the increase in the Company's sales for the year ended February 28, 2022, as compared to prior year. Finally, the Company experienced an increase in travel expenses for the year ended February 28, 2022 of approximately $500 due to the lifting of some of the Company's COVID-19 related restrictions which have allowed salesmen to begin traveling to customer sites again. Offsetting these increases in selling expenses for the year ended February 28, 2022 was a decrease in trade show expenses of approximately $500, as some trade shows have continued to be either cancelled or held virtually due to the COVID-19 pandemic and only began to return to in person attendance during the second half of Fiscal 2022, where the Company had lower spending and smaller booths for the first year post-COVID.

General and administrative expenses increased $6,157 during the year ended February 28, 2022, as compared to the prior year period. Professional fees increased approximately $3,100 for the year ended February 28, 2022 due to increased litigation fees related primarily to an arbitration case, as well as consulting fees related to the EyeLock distribution agreement with GalvanEyes LLC, and legal and professional fees related to the Company's newest 11 Trading Company and Australia PAC subsidiaries established in the second quarter of Fiscal 2021 and the first quarter of Fiscal 2022, respectively. Professional fees were also higher during the year ended February 28, 2022, due to the lifting of many COVID-19 related restrictions, as both the Company and many of its professional service providers had temporary office closures during the year ended February 28, 2021, or provided fee concessions as a result of the

pandemic that did not repeat in the current year. Office and occupancy expenses increased approximately $1,700 in total for the year ended February 28, 2022, due to costs related to the Company's new Onkyo subsidiary resulting from the September 2021 acquisition and a full year of DEI expenses resulting from the July 2020 acquisition. The Company has also returned to normal operations after the lifting of COVID-19 related restrictions, with all of the Company's locations open and operating, resulting in further increases to office and occupancy costs. Depreciation and amortization expense also increased approximately $1,400 due to additional expense related to the Company's Onkyo subsidiary and a full year of expense related to DEI. Additionally, bad debt expense increased approximately $500 for the year ended February 28, 2022 due primarily to the prior year recovery of a receivable balance that did not recur in the current year. Finally, insurance expense, as well as fees related to taxes and licensing both increased approximately $200 each during the year ended February 28, 2022 due to the establishment of Company's Onkyo subsidiary in September 2021, as well as the DEI, 11 Trading Company, and PAC Australia subsidiaries, and additional licenses obtained and higher insurance premiums incurred related to cyber security. As an offset to these increases in general and administrative expense, the Company experienced a decrease in salary and related payroll expenses of approximately $1,200 during the year ended February 28, 2022, due primarily to lower bonus accruals as compared to the prior year based on Company profitability.

Engineering and technical support expenses increased $10,643 for the year ended February 28, 2022, as compared to the prior year period. The Company experienced an increase in direct labor and related payroll tax expense of approximately $6,400 for the year ended February 28, 2022, as a result of additional headcount created by the July 2020 and September 2021 acquisitions resulting in the establishment of the Company's DEI and Onkyo subsidiaries, respectively, as well as due to higher reimbursement of engineering labor expense in the prior year, and the absence of Company-wide furloughs that were in place during the year ended February 28, 2021. The Company also experienced a net increase in research and development expense of approximately $4,200 for the year ended February 28, 2022, primarily as a result of the Company's product development projects related to its new Onkyo subsidiary in the Consumer Electronics segment, and within the Automotive Electronics segment related to projects for Stellantis and Ford, as well as due to additional headcount within the Biometrics segment. This was offset by decreases related to certain Consumer Electronics projects in development during the prior year that have been completed.

Acquisition costs increased $3,265 for the year ended February 28, 2022, as compared to the prior year. During the year ended February 28, 2022, acquisition costs incurred were related to consulting and due diligence fees for the asset purchase agreement signed with Onkyo Home Entertainment Corporation and the joint venture created with Sharp Corporation to complete the transaction. This transaction was completed on September 8, 2021. In the prior year, acquisition costs incurred were related to the Company's VSHC and DEI acquisitions, completed in January 2020 and July 2020, respectively.

In connection with its annual impairment test performed as of the last day of the fourth quarter of Fiscal 2021, the Company determined that one of its trademarks in the Consumer Electronics segment was impaired. The impairment was the result of shortfalls in sales due to reduced demand of the product category. As a result, an impairment charge of $1,300 was recorded for the year ended February 28, 2021.

Other (Expense)Income

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Interest and bank charges	$ (4,643)	$ (2,532)	$ (2,979)
Equity in income of equity investee	6,969	7,890	7,350
Interim arbitration award	(3,944)	(39,444)	—
Investment gain	—	—	42
Other, net	(2,055)	323	746
Total other (expense) income	$ (3,673)	$ (33,763)	$ 5,159

Fiscal 2023 compared to Fiscal 2022

Interest and bank charges represent interest expense and fees related to the Company's bank obligations, supply chain financing and factoring agreements, interest related to finance leases, and amortization of debt issuance costs. The Company borrowed funds from the Wells Fargo Credit Facility for operating purposes during the year ended February 28, 2023. This resulted in an increase in interest expense incurred as compared to the prior year in which the Company

did not borrow funds from the Credit Facility. Additionally, the Company's new Onkyo subsidiary entered into a shareholder loan payable to the Company's joint venture partner, Sharp, during the third quarter of Fiscal 2022, for which interest expense was incurred during the entire year ended February 28, 2023. This shareholder loan was only outstanding during the second half of Fiscal 2022.

Equity in income of equity investee represents the Company's share of income from its 50% non-controlling ownership interest in ASA Electronics LLC and Subsidiaries ("ASA"). The decrease in income for the year ended February 28, 2023, as compared to the year ended February 28, 2022 is due to a decrease in ASA's revenue, gross profit, and net income primarily resulting from supply shortages and an increase in supply chain and logistics costs impacting all industries.

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

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

Fiscal 2022 compared to Fiscal 2021

Interest and bank charges represent interest expense and fees related to the Company's bank obligations, supply chain financing and factoring agreements, interest related to finance leases, and amortization of debt issuance costs. During the first quarter of Fiscal 2021, the Company made a precautionary borrowing from the Credit Facility of $20,000 related to COVID-19 pandemic concerns. This balance was repaid during the third quarter of Fiscal 2021 and there has been no balance outstanding during the year ended February 28, 2022. This resulted in a decrease in interest expense related to the Credit Facility of $326 for the year ended February 28, 2022 as compared to the prior year. In addition, interest expense was lower during the year ended February 28, 2022, due to the amendment of the Company's Credit Facility in April 2021, which resulted in a decrease in amortization of debt issuance costs of $298 for the year ended February 28, 2022 as compared to the prior year. As an offset to these decreases in interest expense, the Company's new Onkyo subsidiary entered into a shareholder loan payable to the Company's joint venture partner, Sharp, during the third quarter of Fiscal 2022, for which interest expense was incurred during the year ended February 28, 2022 that was not present in the prior year.

Equity in income of equity investee represents the Company's share of income from its 50% non-controlling ownership interest in ASA Electronics LLC and Subsidiaries ("ASA"). The increase in income for the year ended February 28, 2022 is due to an increase in ASA net income resulting from improved sales across all of its markets due primarily to the lifting of COVID-19 restrictions on customers and end consumers and an increase in demand for product, offset by an increase in both ocean and air freight costs.

For the year ended February 28, 2022, the Company has recorded a charge of $39,444 related to an unfavorable interim arbitration settlement award relating to a breach of contract claim brought against the Company by Seaguard Electronics LLC for a contractual arrangement entered in 2007 for the purchase of products and back-end services. The Company is reviewing its legal options and has moved in the arbitration proceeding to modify the interim award.

During the year ended February 28, 2021, a final pay-out of $42 was received representing proceeds from the Fiscal 2018 sale of the Company's investment in a non-controlled corporation, consisting of shares of the investee's preferred stock, as a portion of the proceeds had been held back at the time of sale. The payment was recorded as an investment gain for the year ended February 28, 2021.

Other, net includes net foreign currency gains or losses, interest income, rental income, and other miscellaneous income and expense. Other, net decreased for the year ended February 28, 2022. During the year ended February 28, 2021, the Company received proceeds from a life insurance policy in the amount of $420 related to an executive who passed away during the first quarter of Fiscal 2021, which was not present in Fiscal 2022.

Income Tax Provision

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

On March 27, 2020, the Coronavirus Aid, Relief and Economic Security Act ("CARES Act") was enacted in response to the COVID-19 pandemic. Under ASC 740, the effects of changes in tax rates and laws are recognized in the period in which the new legislation is enacted. The CARES Act made various tax law changes including among other things (i) increased the limitation under IRC Section 163(j) for 2019 and 2020 to permit additional expensing of interest; (ii) enacted technical correction so that qualified improvement property can be immediately expensed under IRC Section 168(k) (iii) made modifications to the federal net operating loss rules including permitting federal net operating losses incurred in 2018, 2019, and 2020 to be carried back to the five preceding taxable years in order to generate a refund of previously paid income taxes, and (iv) enhanced recoverability of alternative minimum credit carryforwards. The CARES Act did not have a material impact on the income tax provision.

During Fiscal 2023, the Company recorded an income tax benefit of $39 related to federal, state, and foreign taxes. The Company's effective tax rate of 0.1% differs from the statutory rate of 21% primarily related to (i) changes in the valuation allowance (ii) permanent differences, including the non-controlling interest; (iii) research and development credits; and (iv) state and local taxes. As of February 28, 2023, the Company continued to maintain a valuation allowance against certain U.S. and foreign deferred tax assets as the Company could not conclude that such assets will be realized on a more-likely-than-not basis. Any reduction in the valuation allowance could have a favorable impact on our income tax provision and net income in the period in which such determination is made.

During Fiscal 2022, the Company recorded an income tax provision of $1,626 related to federal, state, and foreign taxes. The Company's effective tax rate of (6.3)% differs from the statutory rate of 21% primarily related to (i) changes in the valuation allowance as the Company could not conclude that all of its US deferred tax assets were realizable on a more-likely-than-not basis; (ii) permanent differences, including the non-controlling interest and a global intangible low tax income ("GILTI") inclusion; and (iii) state and local taxes.

During Fiscal 2021, the Company recorded an income tax provision of $4,272 related to federal, state, and foreign taxes. The effective tax rate of 15.5% in Fiscal 2021 differs from the statutory rate of 21% primarily related to (i) partial release of its valuation allowance as a result of recent profitability for which certain of the Company's deferred tax assets became realizable on a more-likely-than-not basis; (ii) permanent differences, including the non-controlling interest and a global intangible low tax income ("GILTI") inclusion; (iii) foreign derived intangible income deduction; and (iv) state and local taxes.

EBITDA and Adjusted EBITDA

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

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

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

	Fiscal 2023	Fiscal 2022	Fiscal 2021
Net (loss) income attributable to VOXX International Corporation	$ (28,576)	$ (22,333)	$ 26,767
Adjustments:			
Interest expense and bank charges (1)	3,847	1,825	2,404
Depreciation and amortization (1)	12,451	12,053	10,907
Income tax (benefit) expense (1)	(21)	1,626	4,272
EBITDA	(12,299)	(6,829)	44,350
Adjustments:			
Stock-based compensation	609	907	1,749
Foreign currency losses (1)	3,615	635	862
Life insurance proceeds	-	-	(420)
Investment gain	-	-	(42)
Acquisition costs	(36)	3,552	287
Non-routine legal fees	2,452	1,912	-
Interim arbitration award	3,944	39,444	-
Severance expense (2)	864	-	-
Gain on sale of tradename	(97)	-	-
Professional fees related to distribution agreement with GalvanEyes LLC	-	325	-
Restructuring-related expenses	870	-	-
Goodwill impairment charge	7,373	-	-
Intangible asset impairment charges	1,300	-	1,300
Adjusted EBITDA	$ 8,595	$ 39,946	$ 48,086

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

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

Liquidity and Capital Resources

Cash Flows, Commitments and Obligations

As of February 28, 2023, we had working capital of $131,634 which includes cash and cash equivalents of $6,134 compared with working capital of $126,756 at February 28, 2022, which included cash and cash equivalents of $27,788. We plan to utilize our current cash position as well as collections from accounts receivable, the cash generated from our operations, when applicable, and the income on our investments to fund the current operations of the business. However, we may utilize all or a portion of current capital resources to pursue other business opportunities, including acquisitions, or to further pay down our debt. The following table summarizes our cash flow activity for all periods presented:

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Cash (used in) provided by:			
Operating activities	$ (38,208)	$ (2,960)	$ 36,611
Investing activities	(3,556)	(34,308)	(13,865)
Financing activities	16,409	5,285	(1,940)
Effect of exchange rate changes on cash	3,701	367	1,173
Net (decrease) increase in cash and cash equivalents	$ (21,654)	$ (31,616)	$ 21,979

Net cash used in/provided by operating activities:

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

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

During Fiscal 2021, operating activities provided cash of $36,611, due to factors including sales increases, as well as increases in accounts payable, accrued expenses, and accrued sales incentives. This was offset by increases in inventory and accounts receivable, which were driven by the increases in sales during the fiscal year, as well as due to losses incurred by EyeLock LLC.

Net cash used in/provided by investing activities:

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

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

Investing activities used cash of $13,865 during Fiscal 2021, primarily due to the acquisition of DEI in July 2020 (see Note 2), as well as capital additions made by the Company.

Net cash used in/provided by financing activities:

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

During Fiscal 2022, financing activities provided cash of $5,285, due to proceeds received from the issuance of shares and long-term debt to the non-controlling interest of the Company’s Onkyo joint venture, as well as borrowings under

the Company’s Euro asset-based loan in Germany. This was offset by repayments of bank debt and finance leases, the purchase of treasury shares, the payment of withholding taxes on the net issuance of a stock award, and the payment of deferred finance fees related to the amendment of the Credit Facility in April 2021.

During Fiscal 2021, financing activities used cash of $1,940, primarily due to the repayment of the Company’s precautionary borrowing of $20,000 from the Credit Facility, payments on the Florida Mortgage, repayments of finance leases, and the payment of deferred finance fees related to the amendment of the Credit Facility in Fiscal 2021, offset by the precautionary borrowing of $20,000 made in April 2020.

The Company has a senior secured credit facility (the "Credit Facility") that provides for a revolving credit facility with committed availability of up to $165,000. The Credit Facility also includes a $50,000 sublimit for letters of credit and a $15,000 sublimit for Swing Loans. The availability under the revolving credit line within the Credit Facility is subject to a borrowing base, which is based on eligible accounts receivable, eligible inventory and certain real estate, subject to reserves as determined by the lender, and is also limited by amounts outstanding under the Florida Mortgage (see Note 7(b)). The availability under the revolving credit line of the Credit Facility was $84,033 as of February 28, 2023.

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

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

Provided that the Company is in a Compliance Period (the period commencing on that day in which Excess Availability is less than 15% of the Maximum Revolver Amount and ending on a day in which Excess Availability is equal to or greater than 15% for any consecutive 30-day period thereafter), the Credit Facility requires compliance with a financial covenant calculated as of the last day of each month, consisting of a Fixed Charge Coverage Ratio. The Credit Facility also contains covenants, subject to defined carveouts, that limit the ability of the loan parties and certain of their subsidiaries which are not loan parties to, among other things: (i) incur additional indebtedness; (ii) incur liens; (iii) merge, consolidate or dispose of a substantial portion of their business; (iv) transfer or dispose of assets; (v) change their name, organizational identification number, state or province of organization or organizational identity; (vi) make any material change in their nature of business; (vii) prepay or otherwise acquire indebtedness; (viii) cause any Change of Control; (ix) make any Restricted Junior Payment; (x) change their fiscal year or method of accounting; (xi) make advances, loans or investments; (xii) enter into or permit any transaction with an Affiliate of any Borrower or any of their Subsidiaries; (xiii) use proceeds for certain items; (xiv) issue or sell any of their stock; or (xv) consign or sell any of their inventory on certain terms. In addition, if excess availability under the Credit Facility were to fall below certain specified levels, as defined in the agreement, the lenders would have the right to assume dominion and control over the Company's cash. As of February 28, 2023, the Company was not in a Compliance Period.

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

The Company has a Euro asset-based loan facility in Germany with a credit limit of €8,000 that expires on July 31, 2023. The Company's subsidiaries Voxx German Holdings GmbH, Oehlbach Kabel GmbH, and Schwaiger GmbH are authorized to borrow funds under this facility for working capital purposes.

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

As noted elsewhere in this report, we expect the COVID-19 pandemic and other macroeconomic factors may continue to have an adverse effect on our business. We have proactively taken steps to increase available cash including, but not limited to, utilizing existing supply chain financing agreements and amending our Credit Facility in February 2023 and April 2021 in order to both extend the maturity date of the facility and increase our borrowing capacity.

Material Cash Requirements

The following table summarizes our future material cash requirements from contractual or other obligations at February 28, 2023:

	Amount of Commitment Expiration per Period				
Contractual Cash Obligations	**Total**	**Less than 1 Year**	**1-3 Years**	**4-5 Years**	**After 5 Years**
Finance lease obligations (1)	$ 266	$ 203	$ 63	$ —	$ —
Operating lease obligations (1)	3,682	1,173	1,208	563	738
Total contractual cash obligations	$ 3,948	$ 1,376	$ 1,271	$ 563	$ 738
Other Commitments					
Bank obligations (2)	$ 29,000	$ —	$ —	$ 29,000	$ —
Stand-by letters of credit (3)	50	50	—	—	—
Other (4)	10,194	500	1,000	4,615	4,079
Unconditional purchase obligations (5)	97,606	97,606	—	—	—
Total other commitments	$ 136,850	$ 98,156	$ 1,000	$ 33,615	$ 4,079
Total Commitments	$ 140,798	$ 99,532	$ 2,271	$ 34,178	$ 4,817

(1) Represents total principal payments due under finance and operating lease obligations. Total current balances (included in other current liabilities) due under finance and operating leases are $203 and $1,173, respectively, at February 28, 2023. Total long-term balances due under finance and operating leases are $63 and $2,509, respectively at February 28, 2023.
(2) Represents amounts outstanding under the Company’s domestic Credit Facility and the VOXX Germany asset-based lending facilities at February 28, 2023.
(3) We issue standby letters of credit to secure certain purchases and insurance requirements. These letters of credit are issued during the ordinary course of business through major domestic banks as requested by certain suppliers.
(4) This amount represents the outstanding balance of the mortgage for our manufacturing facility in Florida and the shareholder loan payable to Sharp at February 28, 2023.
(5) Open purchase obligations represent inventory commitments. These obligations are not recorded in the consolidated financial statements until commitments are fulfilled and such obligations are subject to change based on negotiations with manufacturers.

We regularly review our cash funding requirements and attempt to meet those requirements through a combination of cash on hand, cash provided by operations, available borrowings under bank lines of credit and possible future public or private debt and/or equity offerings. At times, we evaluate possible acquisitions of, or investments in, businesses that are complementary to ours, which transactions may require the use of cash. We believe that our cash, other liquid assets, operating cash flows, credit arrangements, and access to equity capital markets, taken together, provides adequate resources to fund ongoing operating expenditures for the next twelve months, including the intercompany loan funding we provide to our majority owned subsidiary, EyeLock LLC. In the event that they do not, we may require additional funds in the future to support our working capital requirements, or for other purposes, and may seek

to raise such additional funds through the sale of public or private equity and/or debt financings, as well as from other sources. No assurance can be given that additional financing will be available in the future or that if available, such financing will be obtainable on terms favorable when required.

Impact of Inflation and Currency Fluctuation

While it is difficult to accurately measure the impact of inflation due to the imprecise nature of the estimates required, we have experienced significant levels of inflation during the years ended February 28, 2023 and February 28, 2022, resulting in part from various supply chain disruptions, the global chip shortage, increased shipping and transportation costs, increased product costs, increased labor costs in the supply chain, and other disruptions caused by the COVID-19 pandemic and the uncertain economic environment. The Company has been actively working to mitigate these factors through a combination of sales price adjustments, cost controls, more efficient logistics practices, and other sourcing strategies, as such issues are expected to continue into Fiscal 2024. Inflation may also affect the borrowing needs of consumers and of the Company's customers, thereby impacting the growth rate of the Company's assets, and may affect the general level of interest rates, which can have a direct bearing on the Company. Severe increases in inflation could affect the global and U.S. economies and could have an adverse impact on our business, financial condition, and results of operations. Inflation did not have a material impact on our operations for the year ended February 28, 2021. Discussion of the impact of foreign currency fluctuations is included in Item 7A.

In accordance with the guidelines in ASC 830, Venezuela is designated as a hyper-inflationary economy. A hyper-inflationary economy designation occurs when a country has experienced cumulative inflation of approximately 100 percent or more over a 3-year period. The hyper-inflationary designation requires our local subsidiary in Venezuela to record all transactions as if they were denominated in U.S. dollars. Net currency exchange gains (losses) were not material for the years ended February 28, 2023, February 28, 2022, and February 28, 2021. All currency exchange gains and losses are included in Other (Expense) Income on the Consolidated Statements of Operations and Comprehensive (Loss) Income.

The Company has certain U. S. dollar denominated assets and liabilities in its Venezuelan subsidiary, including our U.S. dollar denominated intercompany debt, which has been subject to currency fluctuations associated with the devaluation of the Sovereign Bolivar. The Company also has certain long-lived assets in Venezuela, which are held for investment purposes. These long-lived assets had no value as of February 28, 2023.

Seasonality

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

Related Party Transactions

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

On February 6, 2023, the Company appointed Beat Kahli President of VOXX International Corporation. Patrick Lavelle continues to serve as CEO of the Company. Mr. Kahli and Mr. Lavelle continue to serve as members of the Company's Board of Directors, with Mr. Kahli continuing to serve as Co-Vice Chairman of the Board.

Recent Accounting Pronouncements

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

Item 7A-Quantitative and Qualitative Disclosures about Market Risk

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

Marketable Securities

Marketable securities at February 28, 2023, which are related to the Company's deferred compensation plan, are recorded at fair value of $1,053 and have exposure to price fluctuations. This risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices quoted by stock exchanges and amounts to $105 as of February 28, 2023. Actual results may differ.

Interest Rate Risk

Our earnings and cash flows are subject to fluctuations due to changes in interest rates on investments of available cash balances in money market funds and investment grade corporate and U.S. government securities. In addition, our bank loans expose us to changes in short-term interest rates since interest rates on the underlying obligations are either variable or fixed. In connection with our Florida Mortgage, we have debt outstanding in the amount of $6,115 at February 28, 2023. Interest on the Florida Mortgage is charged at 70% of 1-month LIBOR plus 1.54%. We have an interest rate swap for the Florida Mortgage with a notional amount of $6,115 at February 28, 2023, which locks the interest rate at 3.48% (inclusive of credit spread) through the mortgage end date of March 2026.

Foreign Exchange Risk

Voxx conducts business in various non-U.S. countries including Germany, Canada, China, Hong Kong, Mexico, Denmark, the Netherlands, France, Australia, and Japan and thus is exposed to market risk for changes in foreign currency exchange rates. As a result, we have exposure to various foreign currency exchange rate fluctuations for revenues generated by our operations outside of the U.S., which can adversely impact our net income and cash flows. A hypothetical 10% adverse change in the foreign currency rates for our international operations would have resulted in a negative impact on sales and net loss of approximately $11,830 and $540, respectively, for the year ended February 28, 2023.

While the prices we pay for products purchased from our suppliers are principally denominated in United States dollars, price negotiations depend in part on the foreign currency of foreign manufacturers, as well as market, trade, and political factors. The Company also has exposure related to transactions in which the currency collected from customers is different from the currency utilized to purchase the product sold in its foreign operations, and U. S. dollar denominated purchases in its foreign subsidiaries. The Company enters forward contracts to hedge certain Euro-related transactions. The Company minimizes the risk of nonperformance on the forward contracts by transacting with major financial institutions. During Fiscal 2022, and 2021, the Company held forward contracts specifically designated for hedging (see Note 1(e) of the Notes to Consolidated Financial Statements). The Company did not enter into any new contracts in Fiscal 2023. As of February 28, 2022, unrealized gains of $233 were recorded in other comprehensive income associated with these contracts. There were no foreign currency hedge contracts outstanding at February 28, 2023, or February 28, 2022.

We are also subject to risk from changes in foreign currency exchange rates from the translation of financial statements of our foreign subsidiaries and for long-term intercompany loans with foreign subsidiaries. These changes result in cumulative translation adjustments, which are included in accumulated other comprehensive (loss) income. At February 28, 2023, we had translation exposure to various foreign currencies with the most significant being the Euro, Canadian Dollar, Japanese Yen, and Mexican Peso. A hypothetical 10% adverse change in the foreign currency exchange rates would result in a negative impact of $164 on Other comprehensive (loss) income for the year ended February 28, 2023.

Item 8-Consolidated Financial Statements and Supplementary Data

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

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

None.

Item 9A-Controls and Procedures

Evaluation of Disclosure Controls and Procedures

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

As of the end of the period covered by this report, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of its disclosure controls and procedures pursuant to Securities and Exchange Act Rule 13a-15. Based upon this evaluation as of February 28, 2023, the Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were deemed to be effective and adequately designed.

Management's Report on Internal Control Over Financial Reporting

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

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

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

Under the supervision, and with the participation of the Company’s management, including the Chief Executive Officer and Chief Financial Officer, the Company evaluated the effectiveness of the Company’s internal control over financial reporting as of February 28, 2023 based on the framework set forth by the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the "2013 COSO Framework"). Based on that evaluation, management concluded that the Company's internal control over financial reporting was effective as of February 28, 2023, based on the criteria established in the 2013 COSO Framework.

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

The effectiveness of the Company’s internal control over financial reporting as of February 28, 2023 has been audited by Grant Thornton LLP, an independent registered public accounting firm who also audited the Company’s Consolidated Financial Statements. Grant Thornton LLP’s report on the effectiveness of the Company’s internal control over financial reporting is included below.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
VOXX International Corporation

Opinion on internal control over financial reporting
We have audited the internal control over financial reporting of VOXX International Corporation (a Delaware corporation) and subsidiaries (the "Company") as of February 28, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of February 28, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) ("PCAOB"), the consolidated financial statements of the Company as of and for the year ended February 28, 2023, and our report dated May 15, 2023 expressed an unqualified opinion on those financial statements.

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

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

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

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

/s/ GRANT THORNTON LLP

Melville, New York
May 15, 2023

Changes in Internal Control Over Financial Reporting

There were no material changes in our internal control over financial reporting (as such term is defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) during the most recently completed fiscal fourth quarter ended February 28, 2023 covered by this report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Item 9B - Other Information

Not Applicable

Item 9C – Disclosure Regarding Foreign Jurisdictions that Prevent Inspections

Not Applicable

PART III

The information required by Item 10 (Directors, Executive Officers and Corporate Governance), Item 11 (Executive Compensation), Item 12 (Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters), Item 13 (Certain Relationships and Related Transactions, and Director Independence) and Item 14 (Principal Accountant Fees and Services) of Form 10-K, will be included in our Proxy Statement for the Annual Meeting of Stockholders, which will be filed on or before June 8, 2023, and such information is incorporated herein by reference.

PART IV

Item 15-Exhibits and Financial Statement Schedules

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

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

VOXX INTERNATIONAL CORPORATION
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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
VOXX International Corporation

Opinion on the financial statements
We have audited the accompanying consolidated balance sheets of VOXX International Corporation (a Delaware corporation) and subsidiaries (the “Company”) as of February 28, 2023 and 2022, the related consolidated statements of operations and comprehensive (loss) income, stockholders’ equity, and cash flows for each of the three years in the period ended February 28, 2023, and the related notes and financial statement schedule included under Item 15 (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of February 28, 2023 and 2022, and the results of its operations and its cash flows for each of the three years in the period ended February 28, 2023, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of February 28, 2023, based on criteria established in the 2013 *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated May 15, 2023 expressed an unqualified opinion.

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

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

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

Valuation of the RCA Accessories Indefinite-Lived Trademark

As described further in Note 1 to the financial statements, indefinite-lived intangible assets are tested for impairment at least annually in the fourth quarter. We identified the valuation of the RCA Accessories indefinite-lived trademark as a critical audit matter.

The principal consideration for our determination that the valuation of the RCA Accessories Indefinite-Lived Trademark is a critical audit matter is that the estimate of the fair value requires management to make significant estimates and judgments. Such estimates and judgments include forecasted sales, growth rates, terminal growth rates, forecasted operating margins, royalty rates and discount rates used to present value future cash flows. Changes in these assumptions could materially affect the determination of fair value resulting in an impairment charge.

Our audit procedures related to the valuation of the RCA Accessories Indefinite-Lived Trademark included the following, among others:

- We tested the design and operating effectiveness of management’s controls over the Company’s forecasting process and management’s review of the data used in the valuation model.

- We assessed the Company’s ability to forecast revenue and operating income by comparing: (1) historical revenue and operating income projections to actual results; and (2) comparing current forecasted projections to historical trends, and industry data.
- With the assistance of valuation professionals with specialized skills and knowledge, we: (1) assessed the appropriateness of the valuation methodology and (2) tested the reasonableness of discount rates and royalty rates used in the valuation model.

/s/ GRANT THORNTON LLP

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

Melville, New York
May 15, 2023

VOXX International Corporation and Subsidiaries
Consolidated Balance Sheets
February 28, 2023 and February 28, 2022
(In thousands, except share data)

	February 28, 2023	February 28, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 6,134	$ 27,788
Accounts receivable, net	82,753	105,625
Inventory, net	175,129	174,922
Receivables from vendors	112	363
Prepaid expenses and other current assets	19,817	21,340
Income tax receivable	1,076	734
Total current assets	285,021	330,772
Investment securities	1,053	1,231
Equity investments	22,018	21,348
Property, plant and equipment, net	47,044	49,794
Operating lease, right of use assets	3,632	4,464
Goodwill	65,308	74,320
Intangible assets, net	90,437	101,450
Deferred income tax assets	1,218	40
Other assets	3,720	3,245
Total assets	$ 519,451	$ 586,664
Liabilities, Redeemable Equity, Redeemable Non-Controlling Interest, and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 35,099	$ 76,665
Accrued expenses and other current liabilities	41,856	53,974
Income taxes payable	2,276	2,714
Accrued sales incentives	21,778	23,755
Contingent consideration, current (Note 2)	4,500	685
Interim arbitration award payable (Note 15)	43,388	39,444
Contract liabilities, current	3,990	4,373
Current portion of long-term debt	500	2,406
Total current liabilities	153,387	204,016
Long-term debt, net of debt issuance costs	37,513	9,786
Finance lease liabilities, less current portion	63	78
Operating lease liabilities, less current portion	2,509	3,298
Deferred compensation	1,053	1,231
Contingent consideration, less current portion (Note 2)	—	5,750
Deferred income tax liabilities	4,855	5,300
Other tax liabilities	966	1,083
Prepaid ownership interest in EyeLock LLC due to GalvanEyes LLC (Note 3)	7,317	2,451
Other long-term liabilities	2,947	3,508
Total liabilities	210,610	236,501
Commitments and contingencies (Note 15)		
Redeemable equity (Note 1(u))	4,018	3,550
Redeemable non-controlling interest (Note 2)	232	511
Stockholders' equity:		
Preferred stock:		
No shares issued or outstanding (Note 9)	—	—
Common stock:		
Class A, $.01 par value; 60,000,000 shares authorized, 24,538,184 and 24,476,847 shares issued and 21,167,527 and 21,614,629 shares outstanding at February 28, 2023 and February 28, 2022, respectively	246	245
Class B Convertible, $.01 par value, 10,000,000 shares authorized, 2,260,954 shares issued and outstanding	22	22
Paid-in capital	296,577	300,453
Retained earnings	97,997	126,573
Accumulated other comprehensive loss	(18,680)	(17,503)
Less: Treasury stock, at cost, 3,370,657 and 2,862,218 shares of Class A Common Stock at February 28, 2023 and February 28, 2022, respectively	(30,285)	(25,138)
Less: Redeemable equity	(4,018)	(3,550)
Total VOXX International Corporation stockholders' equity	341,859	381,102
Non-controlling interest	(37,268)	(35,000)
Total stockholders' equity	304,591	346,102
Total liabilities, redeemable equity, redeemable non-controlling interest, and stockholders' equity	$ 519,451	$ 586,664

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Operations and Comprehensive (Loss) Income
Years Ended February 28, 2023, February 28, 2022, and February 28, 2021
(In thousands, except share and per share data)

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Net sales	$ 534,014	$ 635,920	$ 563,605
Cost of sales	399,715	466,442	405,058
Gross profit	134,299	169,478	158,547
Operating expenses:			
Selling	46,967	50,507	43,786
General and administrative	74,508	75,955	69,798
Engineering and technical support	31,464	31,540	20,897
Acquisition costs	(36)	3,552	287
Goodwill impairment charge (Note 1(k))	7,373	-	-
Intangible asset impairment charges (Note 1(k))	1,300	-	1,300
Total operating expenses	161,576	161,554	136,068
Operating (loss) income	(27,277)	7,924	22,479
Other (expense) income:			
Interest and bank charges	(4,643)	(2,532)	(2,979)
Equity in income of equity investee	6,969	7,890	7,350
Interim arbitration award (Note 15)	(3,944)	(39,444)	-
Investment gain (Note 1(f))	-	-	42
Other, net	(2,055)	323	746
Total other (expense) income, net	(3,673)	(33,763)	5,159
(Loss) income before income taxes	(30,950)	(25,839)	27,638
Income tax (benefit) expense	(39)	1,626	4,272
Net (loss) income	$ (30,911)	$ (27,465)	$ 23,366
Less: net loss attributable to non-controlling interest	(2,335)	(5,132)	(3,401)
Net (loss) income attributable to VOXX International Corporation	$ (28,576)	$ (22,333)	$ 26,767
Other comprehensive (loss) income:			
Foreign currency translation adjustments	(1,876)	(3,317)	4,365
Derivatives designated for hedging, net of tax	309	633	(305)
Pension plan adjustments, net of tax	390	158	18
Other comprehensive (loss) income, net of tax	(1,177)	(2,526)	4,078
Comprehensive (loss) income attributable to VOXX International Corporation	$ (29,753)	$ (24,859)	$ 30,845
Net (loss) income per common share attributable to VOXX International Corporation - basic	$ (1.17)	$ (0.92)	$ 1.11
Net (loss) income per common share attributable to VOXX International Corporation - diluted	$ (1.17)	$ (0.92)	$ 1.09
Weighted-average common shares outstanding (basic)	24,325,938	24,287,179	24,201,221
Weighted-average common shares outstanding (diluted)	24,325,938	24,287,179	24,650,106

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity
Years Ended February 28, 2023, February 28, 2022, and February 28, 2021
(In thousands, except share data)

	Class A and Class B Common Stock	Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interests	Treasury Stock	Redeemable Equity	Total Stock-holders' Equity
Balances at February 29, 2020	$ 266	$ 299,228	$ 122,139	$ (19,055)	$ (27,950)	$ (23,918)	$ (2,481)	$ 348,229
Net income (loss)	—	—	26,767	—	(3,401)	—	—	23,366
Other comprehensive income, net of tax	—	—	—	4,078	—	—	—	4,078
Settlement of SERP restricted stock units	—	(575)	—	—	—	—	—	(575)
Stock-based compensation expense	1	1,749	—	—	—	—	(779)	971
Balances at February 28, 2021	267	300,402	148,906	(14,977)	(31,351)	(23,918)	(3,260)	376,069
Net loss	—	—	(22,333)	—	(3,649)	—	—	(25,982)
Other comprehensive loss, net of tax	—	—	—	(2,526)	—	—	—	(2,526)
Settlement of 60,693 shares of Class A Common Stock upon vesting of stock awards, net of withholding taxes	—	(856)	—	—	—	—	—	(856)
Repurchase of 113,000 shares of Class A Common Stock	—	—	—	—	—	(1,220)	—	(1,220)
Stock-based compensation expense	—	907	—	—	—	—	(290)	617
Balances at February 28, 2022	267	300,453	126,573	(17,503)	(35,000)	(25,138)	(3,550)	346,102
Net loss	—	—	(28,576)	—	(2,268)	—	—	(30,844)
Other comprehensive loss, net of tax	—	—	—	(1,177)	—	—	—	(1,177)
Cash settlement of market stock units upon vesting of 80% of award	—	(4,000)	—	—	—	—	—	(4,000)
Settlement of 61,337 shares of Class A Common Stock upon vesting of stock awards, net of withholding taxes	1	(404)	—	—	—	—	—	(403)
Repurchase of 508,439 shares of Class A Common Stock	—	—	—	—	—	(5,147)	—	(5,147)
Reclassification of stockholders' equity to redeemable equity	—	—	—	—	—	—	63	63
Settlement of SERP restricted stock units	—	(81)	—	—	—	—	—	(81)
Stock-based compensation expense	—	609	—	—	—	—	(531)	78
Balances at February 28, 2023	$ 268	$ 296,577	$ 97,997	$ (18,680)	$ (37,268)	$ (30,285)	$ (4,018)	$ 304,591

See accompanying notes to consolidated financial statements.

VOXX International Corporation and Subsidiaries
Consolidated Statements of Cash Flows
Years Ended February 28, 2023, February 28, 2022, and February 28, 2021
(Amounts in thousands)

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Cash flows from operating activities:			
Net (loss) income	$ (30,911)	$ (27,465)	$ 23,366
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Depreciation and amortization	13,130	12,398	11,033
Amortization of deferred financing costs	262	272	623
Impairment charges	8,673	-	1,300
Bad debt (recovery) expense	(86)	222	(316)
Reduction in the carrying amount of the right of use asset	1,508	1,383	1,169
(Gain) loss on forward contracts	(61)	209	224
Equity in income of equity investee	(6,969)	(7,890)	(7,350)
Distribution of income from equity investees	6,300	9,809	6,009
Deferred income tax (benefit) expense, net	(1,793)	(1,339)	2,653
Loss on disposal of property, plant and equipment	11	1	-
Non-cash compensation adjustment	(178)	(546)	(505)
Non-cash stock-based compensation expense	609	907	1,749
Gain on investment	-	-	(42)
Changes in operating assets and liabilities (net of assets and liabilities) acquired):			
Accounts receivable	21,482	(1,244)	(29,602)
Inventory	(1,928)	(45,115)	(22,735)
Receivables from vendors	248	(89)	(44)
Prepaid expenses and other	1,322	(1,610)	(10,753)
Investment securities-equity	178	546	505
Accounts payable, accrued expenses, accrued sales incentives and other current liabilities	(49,246)	55,719	59,414
Income taxes receivable/payable	(759)	872	(87)
Net cash (used in) provided by operating activities	(38,208)	(2,960)	36,611
Cash flows from investing activities:			
Purchases of property, plant and equipment	(3,557)	(3,902)	(2,907)
Proceeds from sale of property, plant and equipment	1	-	-
Proceeds from sale of long-term investment	-	-	42
Purchase of acquired businesses (Note 2)	-	(30,406)	(11,000)
Net cash used in investing activities	(3,556)	(34,308)	(13,865)
Cash flows from financing activities:			
Borrowings from bank obligations	202,983	3,687	20,000
Repayments on bank obligations	(176,257)	(2,197)	(20,500)
Principal payments on finance lease obligations	(287)	(407)	(605)
Deferred financing costs	(398)	(667)	(260)
Payment of market stock unit awards	(4,000)	-	-
Withholding taxes paid on net issuance of stock award	(404)	(857)	-
Settlement payment of restricted stock units	(81)	-	(575)
Proceeds of the issuance of subsidiary shares to non-controlling interest	-	2,069	-
Proceeds of the issuance of long-term debt to non-controlling interest	-	4,877	-
Purchase of treasury stock	(5,147)	(1,220)	-
Net cash provided by (used in) financing activities	16,409	5,285	(1,940)
Effect of exchange rate changes on cash	3,701	367	1,173
Net (decrease) increase in cash and cash equivalents	(21,654)	(31,616)	21,979
Cash and cash equivalents at beginning of year	27,788	59,404	37,425
Cash and cash equivalents at end of year	$ 6,134	$ 27,788	$ 59,404
Supplemental Cash Flow Information:			
Non-cash investing and financing activities:			
Adjustments to goodwill due to measurement period adjustments, net	$ 1,051	$ (1,353)	21
Gross issuance of shares	1	1	1
Contingent purchase price consideration in connection with business acquisition	-	6,778	-
Settlement of debt with receivables	-	-	607
Recording of redeemable equity	(63)	290	779
Reclassification of stockholders' equity to redeemable equity	531	-	-
Right of use assets obtained in exchange for operating lease obligations	1,016	1,238	772
Property, plant, and equipment obtained in exchange for finance lease obligations	251	-	-
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases	$ 1,401	$ 1,383	$ 1,169
Operating cash flows from finance leases	4	11	28
Financing cash flows from finance leases	287	407	605
Cash paid during the period for:			
Interest, excluding bank charges	$ 2,813	$ 760	$ 1,101
Income taxes (net of refunds)	2,603	1,983	1,807

See accompanying notes to consolidated financial statements.

1) Description of Business and Summary of Significant Accounting Policies

a) *Description of Business*

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

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

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

The consolidated financial statements and accompanying notes include the financial statements of VOXX International Corporation and its wholly and majority-owned subsidiaries and have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”), as defined in the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 270, and in accordance with accounting principles generally accepted in the United States of America (“GAAP”). All significant intercompany balances and transactions have been eliminated in consolidation. Certain amounts in the prior years have been reclassified to conform to the current year presentation.

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

be attributed their share of losses even if that attribution results in a deficit non-controlling interest balance.

We classify securities with redemption features that are not solely within our control, such as our non-controlling interest that is subject to a put option, outside of permanent equity, specifically the non-controlling shareholder interest in Onkyo. This redeemable non-controlling interest, subject to put option, is recorded at the greater of the non-controlling interest balance determined pursuant to ASC 810-10, “Consolidation,” or the redemption value (which is based upon the greater of a specified formula). Changes in the non-controlling interest due to changes in the redemption amount are immediately recorded as equity transactions and our earnings per share calculation would be adjusted accordingly to treat any redemption adjustment similar to a dividend.

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

c) *Use of Estimates*

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

d) *Cash and Cash Equivalents*

Cash and cash equivalents consist of demand deposits with banks and highly liquid money market funds with original maturities of three months or less when purchased. Cash and cash equivalents amounted to $6,134 and $27,788 at February 28, 2023, and February 28, 2022, respectively. The Company places its cash and cash equivalents in institutions and funds of high credit quality. As many of our balances are in excess of government insurance, we perform periodic evaluations of these institutions and funds. Cash amounts held in foreign bank accounts amounted to $129 and $762 at February 28, 2023, and February 28, 2022, respectively, none of which would be subject to United States federal income taxes if made available for use in the United States. The Tax Cuts and Jobs Act provides a 100% participation exemption on dividends received from foreign corporations after January 1, 2018, as the United States has moved away from a worldwide tax system and closer to a territorial system for earnings of foreign corporations.

e) *Fair Value Measurements and Derivatives*

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

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

Level 1 - Quoted market prices in active markets for identical assets or liabilities.
Level 2 - Inputs other than Level 1 inputs that are either directly or indirectly observable.
Level 3 - Unobservable inputs developed using the Company's estimates and assumptions, which reflect those that market participants would use.

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

	Total	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Assets:				
Cash and money market funds	$ 6,134	$ 6,134	$ —	$ —
Mutual funds	1,053	1,053	-	-
Derivatives designated for hedging	207	-	207	-
Liabilities:				
Contingent consideration	$ 4,500	$ —	$ —	$ 4,500

The following table presents assets and liabilities measured at fair value on a recurring basis at February 28, 2022:

	Total	Fair Value Measurements at Reporting Date Using		
		Level 1	Level 2	Level 3
Assets:				
Cash and money market funds	$ 27,788	$ 27,788	$ —	$ —
Mutual funds	1,231	1,231	-	-
Liabilities:				
Derivatives designated for hedging	$ 188	$ —	$ 188	$ —
Contingent consideration	6,435	-	-	6,435

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

Contingent consideration is related to the Company’s Onkyo acquisition (see Note 2). The estimated fair value of the contingent consideration is classified within Level 3 and was determined using an income approach. Under this method, potential future purchases applicable to the contingent consideration were determined using internal estimates for growth. The potential future purchases applicable to the contingent consideration were multiplied by the appropriate percentage of payments due to OHEC, and the resulting contingent consideration amounts were adjusted for risk at the appropriate discount rate. The value of the contingent consideration was further discounted to reflect the credit risk of the Company.

On May 13, 2022, OHEC filed for bankruptcy protection in Japan. On February 10, 2023, the contingent consideration obligation was settled with the bankruptcy trustee of OHEC for $6,000, for a gain of $443 (see Note 2). This settlement relieves Onkyo from the future payments of 2% of the total purchase price of certain future product purchases that were to be made in perpetuity. The $6,000 settlement amount is to be paid in three installments. The first installment of $1,500 was

made in February 2023. The remaining installments totaling $4,500, as of February 28, 2023, are expected to be made in Fiscal 2024 after the completion of the obligation of the bankruptcy trustee of OHEC under the settlement agreement.

The following table provides a rollforward of the Company's contingent consideration balance for the year ended February 28, 2023:

Balance at February 28, 2022	$	6,435
Payments		(1,620)
Fair value adjustment		50
Purchase price allocation adjustment		1,051
Gain on settlement		(443)
Foreign currency translation		(973)
Balance at February 28, 2023	$	4,500

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

Certain long-lived non-financial assets and liabilities may be required to be measured at fair value on a nonrecurring basis in certain circumstances, including when there is evidence of impairment. These non-financial assets and liabilities may include assets acquired in a business combination or property and equipment that are determined to be impaired. As of February 28, 2022, and February 28, 2021, certain non-financial assets were measured at fair value subsequent to their initial recognition. See Note 1(k) for the discussion of the impairment of certain intangible assets.

Derivative Instruments

The Company's derivative instrument consists of an interest rate swap agreement at February 28, 2023. Forward foreign currency contracts are also utilized by the Company from time to time to hedge a portion of its foreign currency inventory purchases. The forward foreign currency derivatives qualifying for hedge accounting are designated as cash flow hedges and valued using observable forward rates for the same or similar instruments (Level 2). Open foreign currency contracts are classified in the balance sheet according to their terms. There are currently no open forward foreign currency contracts at February 28, 2023. The Company’s interest rate swap agreement hedges interest rate exposure related to the forecasted outstanding balance of its Florida Mortgage with monthly payments due through March 2026. The swap agreement locks the interest rate on the debt at 3.48% (inclusive of credit spread) through the maturity date of the mortgage. Interest rate swap agreements qualifying for hedge accounting are designated as cash flow hedges and valued based on a comparison of the change in fair value of the actual swap contracts designated as the hedging instruments and the change in fair value of a hypothetical swap contract (Level 2). We calculate the fair value of our interest rate swap agreement quarterly based on the quoted market price for the same or similar financial instruments. The interest rate swap is classified in the balance sheet as either an asset or a liability based on the fair value of the instrument at the end of the period.

Financial Statement Classification

The Company holds derivative instruments that are designated as hedging instruments. The following table discloses the fair value as of February 28, 2023 and February 28, 2022 for derivative instruments:

	Derivative Assets and Liabilities		
		Fair Value	
	Account	February 28, 2023	February 28, 2022
Designated derivative instruments			
Interest rate swap	Other assets	$ 207	$ -
	Other long-term liabilities	-	(188)
Total derivatives		$ 207	$ (188)

Cash flow hedges

It is the Company's policy to enter into derivative instrument contracts with terms that coincide with the underlying exposure being hedged. As such, the Company's derivative instruments are expected to be highly effective. For derivative instruments that are designated and qualify as a cash flow hedge, the entire change in fair value of the hedging instrument included in the assessment of the hedge ineffectiveness is recorded to other comprehensive income ("OCI"). When the amounts recorded in OCI are reclassified to earnings, they are presented in the same income statement line item as the effect of the hedged item.

During Fiscal 2023 and Fiscal 2022, the Company did not enter into any new forward foreign currency contracts. All forward foreign currency contracts entered into during Fiscal 2021 were settled as of February 28, 2022 and were designated as cash flow hedges. The current outstanding notional value of the Company's interest rate swap at February 28, 2023 is $6,115. For cash flow hedges, the effective portion of the gain or loss is reported as a component of Other comprehensive (loss) income and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. No amounts were excluded from the assessment of hedge effectiveness during the respective periods. During the years ended February 28, 2023 and February 28, 2022, no contracts originally designated for hedge accounting were de-designated. The gain or loss on the Company's interest rate swap is recorded in Other comprehensive (loss) income and subsequently reclassified into Interest and bank charges in the period in which the hedged transaction affects earnings. As of February 28, 2023, no contracts originally designated for hedge accounting were terminated.

Activity related to cash flow hedges recorded during the twelve months ended February 28, 2023 and February 28, 2022 was as follows:

	February 28, 2023		February 28, 2022	
	Gain Recognized in Other Comprehensive Income	Loss Reclassified from Accumulated Other Comprehensive Income	Gain Recognized in Other Comprehensive Income	Loss Reclassified from Accumulated Other Comprehensive Income
Cash flow hedges				
Foreign currency contracts	$ -	$ 63	$ 233	$ (307)
Interest rate swaps	$ 395	$ —	$ 258	$ —

f) *Investment Securities*

As of February 28, 2023 and February 28, 2022, the Company had the following investments:

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

		February 28, 2022
		Carrying Value
Investment Securities		
Marketable Equity Securities		
Mutual funds	$	1,231
Total Marketable Equity Securities		1,231
Total Investment Securities	$	1,231

Long-Term Investments

Equity Securities

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

Mutual Funds

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

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

Investments Held at Cost, Less Impairment

During Fiscal 2018, RxNetworks, a Canadian company in which Voxx held a cost method investment consisting of shares of the investee's preferred stock, was sold to a third party. The cash proceeds received by Voxx was subject to a hold-back provision, which was not included in the calculation of the gain recorded on the sale of this investment in Fiscal 2018. In Fiscal 2020, the Company received a portion of the proceeds that were held back in the Fiscal 2018 transaction to sell the RxNetworks investment, as the hold-back provision expired, and certain cash proceeds were released to Voxx. These cash proceeds were recorded as an investment gain in Fiscal 2020. During the third quarter of Fiscal 2021, a final disbursement of all remaining proceeds related to the sale of the RxNetworks investment was received in the amount of $42, which was recorded as an investment gain for the year ended February 28, 2021.

g) *Revenue Recognition*

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

Revenue from Contracts with Customers

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

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

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

Performance Obligations

The Company's primary source of revenue is derived from the manufacture and distribution of automotive electronic, consumer electronic, and biometric products. Our consumer electronic products primarily consist of finished goods sold to retail and commercial customers, consisting of premium audio and other consumer electronic products. Our automotive products, some of which are manufactured by the Company, are sold both to OEM and aftermarket customers. Our biometric products, primarily consisting of finished goods, are sold to retail and commercial customers. We recognize revenue for sales to our customers when transfer of control of the related good or service has occurred. The majority of our revenue was recognized under the point in time approach for the years ended February 28, 2023, February 28, 2022, and February 28, 2021. Certain telematic subscription revenues generated by our Automotive Electronics segment are recognized over time. Contract terms with certain of our OEM customers could result in products and services being transferred over time as a result of the customized nature of some of our products, together with contractual provisions in the customer contracts that provide us with an enforceable right to payment for performance completed to date; however, under typical terms, we do not have the right to consideration until the time of shipment from our manufacturing facilities or distribution centers, or until the time of delivery to our customers. If certain contracts in the future provide the Company with this enforceable right of payment, the timing of revenue recognition from products transferred

to customers over time may be slightly accelerated compared to our right to consideration at the time of shipment or delivery.

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

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

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

Under ASC Topic 606, we present a refund liability and a return asset within the Consolidated Balance Sheet. The changes in the refund liability are reported in net sales, and the changes in the return asset are reported in cost of sales in the Consolidated Statements of Operations and Comprehensive (Loss) Income. See Note 14 for return asset and refund liability balances as of February 28, 2023 and February 28, 2022.

We warrant our products against certain defects in material and workmanship, when used as designed, for periods of time which primarily range from 30 days to 3 years. We offer limited lifetime warranties on certain products, which limit the customer's remedy to the repair or replacement of the defective product or part for the original owner for the designated lifetime of the product, or for the life of the vehicle, if it is an automotive product. We do not sell extended warranties.

Contract Balances

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date on contracts with customers. Contract assets are transferred to receivables when the rights become unconditional. Contract liabilities primarily relate to contracts where advance payments or deposits have been received, but performance obligations have not yet

been met, and therefore, revenue has not been recognized. See Note 14 for contract asset and liability balances as of February 28, 2023 and February 28, 2022.

h) *Accounts Receivable*

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

Accounts receivable are comprised of the following:

	February 28, 2023	February 28, 2022
Trade accounts receivable	$ 85,268	$ 108,915
Less:		
Allowance for credit losses	1,398	2,182
Allowance for cash discounts	1,117	1,108
	$ 82,753	$ 105,625

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customers' current credit worthiness, as determined by a review of their current credit information. The Company continuously monitors collections and payments from its customers and maintains a provision for estimated credit losses based upon historical experience and any specific customer collection issues that have been identified. While such credit losses have historically been within management's expectations and the provisions established, the Company cannot guarantee it will continue to experience the same credit loss rates that have been experienced in the past. The Company writes off accounts receivable balances when collection efforts have been exhausted and deemed uncollectible. Our five largest customer balances comprise 20% of our accounts receivable balance as of February 28, 2023. A significant change in the liquidity or financial position of any one of these customers could have a material adverse impact on the collectability of accounts receivable and our results of operations.

On March 1, 2020, we adopted Accounting Standards Update ("ASU") 2016-13, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments," which did not have a material impact on our financial statements. Our financial instruments consist of trade receivables arising from revenue transactions in the ordinary course of business. We extend credit to customers based on pre-defined criteria and trade receivables are generally due within 30 to 60 days.

The Company has three supply chain financing agreements and factoring agreements with certain financial institutions to accelerate receivable collection and better manage cash flow. Under the agreements, the Company has agreed to sell these institutions certain of its accounts receivable balances from time to time. For those accounts receivables tendered to the banks that the banks choose to purchase, the banks have agreed to advance an amount equal to the net accounts receivable balances due, less a discount or fee as set forth in the respective agreements. The balances under these agreements are sold without recourse and are accounted for as sales of accounts receivable. Cash proceeds from these agreements are reflected as operating activities included in the change in accounts receivable in the Company's Consolidated Statements of Cash Flows. Total balances sold under the agreements, net of discounts, for the years ended February 28, 2023, February 28, 2022, and February 28, 2021 were approximately $98,300, $89,400, and $100,800, respectively. Fees incurred in connection with these agreements totaled approximately $730, $260, and $330 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively, and are recorded within Interest and bank charges in the Consolidated Statements of Operations and

Comprehensive (Loss) Income. The Company has the option to suspend and resume its activity under the existing arrangements at any time.

i) *Inventory*

The Company values its inventory at the lower of cost or net realizable value ("NRV"). NRV is defined as estimated selling prices less costs of completion, disposal, and transportation. The cost of inventory is determined primarily on an average basis with a portion valued at standard cost, which approximates actual costs on the first-in, first-out basis. The Company regularly reviews inventory quantities on-hand and records a provision for excess and obsolete inventory based primarily on selling prices, indications from customers based upon current price negotiations, and purchase orders. The Company's industry is characterized by rapid technological change and frequent new product introductions that could result in an increase in the amount of obsolete inventory quantities on-hand. In addition, and as necessary, specific reserves for future known or anticipated events may be established. The Company recorded inventory write-downs of $2,811, $2,912, and $2,032 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively.

Inventories by major category are as follows:

	February 28, 2023	February 28, 2022
Raw materials	$ 28,048	$ 23,904
Work in process	1,363	1,519
Finished goods	145,718	149,499
Inventory, net	$ 175,129	$ 174,922

j) *Property, Plant and Equipment*

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

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

	February 28, 2023	February 28, 2022
Land	$ 7,101	$ 7,046
Buildings	44,669	44,177
Property under finance lease	2,754	2,503
Furniture and fixtures	4,600	4,489
Machinery and equipment	10,514	10,287
Construction-in-progress	748	3,341
Computer hardware and software	46,313	41,962
Automobiles	681	710
Leasehold improvements	3,008	2,718
	120,388	117,233
Less accumulated depreciation and amortization	73,344	67,439
	$ 47,044	$ 49,794

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

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

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

Depreciation and amortization of property, plant and equipment amounted to $6,282, $5,890, and $5,607 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively. Included in depreciation and amortization expense is amortization of computer software costs of $1,659, $1,547, and $1,252 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively.

k) *Goodwill and Intangible Assets*

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

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

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

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

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

The Company tested its indefinite-lived intangible assets as of February 28, 2023, as part of its annual impairment testing and concluded that the fair value of one indefinite-lived asset in the Automotive Electronics segment was less than the amount recorded, and accordingly, recorded a non-cash impairment charge of $1,300 in the fourth quarter of the fiscal year ended February 28, 2023. This impairment was the result of reductions in projected volumes from OEM customers. The impairment test on the remaining indefinite-lived assets concluded that none of these indefinite-lived assets were impaired for the year ended February 28, 2023. To perform these quantitative impairment analyses, the respective fair values were estimated using a relief-from-royalty method, applying royalty rates ranging from 1.25% to 5.5% for the trademarks after reviewing comparable market rates, the profitability of the products associated with relative intangible assets, and other qualitative factors. We determined that risk-adjusted discount rates ranging from 13.5% to 16.5% were appropriately developed using a weighted average cost of capital analysis. The long-term growth rates ranged from 1.5% to 2.5%.

There were no indefinite-lived asset impairments in the fiscal year ended February 28, 2022. At February 28, 2021, one of the indefinite-lived asset in the Consumer Electronics segment was impaired in the amount of $1,300. The impairment was the result of shortfalls in sales due to reduced demand of the product category. The assessments on the remaining indefinite-lived intangibles concluded that there was no additional impairment as of February 28, 2021.

As a result of the Fiscal 2023 and 2021 indefinite-lived intangible asset impairments, the Company evaluated the related long-lived assets at the lowest level for which there are separately identifiable cash flows. No impairments of related long-lived assets were noted for the fiscal years ended February 28, 2023, February 28, 2022, and February 28, 2021.

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

Approximately 17.7% ($9,872) of the carrying value of the Company's remaining indefinite lived trademarks are at risk of impairment and sensitive to changes and assumptions as of February 28, 2023 (exclusive of the impaired tradename that is now long-lived). There can be no assurance that our estimates and assumptions made for purposes of impairment testing as of February 28, 2023, will prove to be accurate predictions of the future. Reduced demand for our existing product offerings, reductions of product placement at our customers, less than anticipated results, lack of acceptance of our new products, elimination of SKUs, the inability to successfully develop our brands, or unfavorable changes in assumptions used in the discounted cash flow model such as discount rates, royalty rates or projected long-term growth rates, could result in additional impairment charges in the future.

During the year ended February 28, 2023, Voxx's reporting units that carried goodwill were Invision, Rosen, VSM, DEI, Klipsch, and Onkyo. The Company has three operating segments based upon its products and internal organizational structure (see Note 13). These operating segments are the Automotive Electronics, Consumer Electronics, and Biometrics segments. The Invision, Rosen, VSM, and DEI reporting units are located within the Automotive Electronics segment and the Klipsch and Onkyo reporting units are located within the Consumer Electronics segment.

The Company performed its annual impairment test for goodwill as of February 28, 2023 and concluded that the fair value of the Invision reporting unit was less than its carrying value, and accordingly recorded a non-cash goodwill impairment charge of $7,373 in the fourth quarter of Fiscal 2023. This impairment was the result of reductions in projected volumes from OEM customers. As a result of this impairment the Company no longer has any goodwill attributable to the Invision reporting unit. The annual impairment test on the remaining goodwill reporting units concluded that their fair values were in excess of their carrying values, with no further goodwill impairment indicated as of February 28, 2023. The discount rates (developed using a weighted average cost of capital analysis) used in the goodwill quantitative tests ranged from 14.9% to 25.0%. No goodwill impairment charges were recorded during the years ended February 28, 2022 and February 28, 2021. The goodwill balances of Klipsch, Rosen, VSM, DEI, and Onkyo at February 28, 2023 are $46,532, $880, $572, $1,600, and $15,724, respectively.

Goodwill

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

	February 28, 2023	February 28, 2022	February 28, 2021
Beginning of period	$ 74,320	$ 58,311	$ 55,000
Goodwill acquired (see Note 2)	—	18,160	3,290
Adjustments to goodwill acquired, net (see Note 2)	1,051	(1,353)	21
Impairment charge	(7,373)	—	—
Foreign currency translation	(2,690)	(798)	—
End of period	$ 65,308	$ 74,320	$ 58,311
Gross carrying value	$ 104,844	$ 106,483	$ 90,474
Accumulated impairment charges	(39,536)	(32,163)	(32,163)
Net carrying value	$ 65,308	$ 74,320	$ 58,311

	February 28, 2023	February 28, 2022	February 28, 2021
Automotive Electronics			
Beginning of period	$ 10,425	$ 11,778	$ 8,467
Goodwill acquired (see Note 2)	—	—	3,290
Adjustments to goodwill acquired, net (see Note 2)	—	(1,353)	21
Impairment charge	(7,373)	—	—
End of period	$ 3,052	$ 10,425	$ 11,778
Gross carrying value	$ 10,425	$ 10,425	$ 11,778
Accumulated impairment charge	(7,373)	—	—
Net carrying value	$ 3,052	$ 10,425	$ 11,778
Consumer Electronics			
Beginning of period	$ 63,895	$ 46,533	$ 46,533
Goodwill acquired (see Note 2)	-	18,160	-
Adjustments to goodwill acquired (see Note 2)	1,051	-	-
Foreign currency translation	(2,690)	(798)	—
End of period	$ 62,256	$ 63,895	$ 46,533
Gross carrying value	$ 94,419	$ 96,058	$ 78,696
Accumulated impairment charge	(32,163)	(32,163)	(32,163)
Net carrying value	$ 62,256	$ 63,895	$ 46,533
Total goodwill, net	$ 65,308	$ 74,320	$ 58,311

Note: The Company's Biometrics segment did not carry a balance for goodwill at February 28, 2023, February 28, 2022, or February 28, 2021.

Intangible Assets

At February 28, 2023 and February 28, 2022, intangible assets consisted of the following:

	February 28, 2023		
	Gross Carrying Value	Accumulated Amortization	Total Net Book Value
Finite-lived intangible assets:			
Customer relationships (10-15.5 years)	$ 53,790	$ 42,786	$ 11,004
Trademarks/Tradenames (5.5-10 years)	21,205	3,360	17,845
Developed technology (7-10 years)	19,434	14,645	4,789
Patents (7-13 years)	6,736	5,845	891
License	1,400	1,400	-
Contracts	1,556	1,556	-
Total finite-lived intangible assets	$ 104,121	$ 69,592	34,529
Indefinite-lived intangible assets			
Trademarks			55,908
Total intangible assets, net			$ 90,437

	February 28, 2022		
	Gross Carrying Value	Accumulated Amortization	Total Net Book Value
Finite-lived intangible assets:			
Customer relationships (4-15.5 years)	$ 54,138	$ 39,669	$ 14,469
Trademarks/Tradenames (5.5-10 years)	17,466	1,927	15,539
Developed technology (7 years)	20,413	13,179	7,234
Patents (4-13 years)	6,736	5,562	1,174
License	1,400	1,400	-
Contracts	1,556	1,556	-
Total finite-lived intangible assets	$ 101,709	$ 63,293	38,416
Indefinite-lived intangible assets			
Trademarks			63,034
Total intangible assets, net			$ 101,450

The Company expenses the renewal costs of patents as incurred. The weighted-average period before the renewal of our patents is approximately 4 years.

Amortization expense for intangible assets amounted to $6,848, $6,508, and $5,426 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively. At February 28, 2023, the estimated aggregate amortization expense for all amortizable intangibles for each of the succeeding five fiscal years is as follows:

Fiscal Year	Amount
2024	$ 6,215
2025	5,948
2026	5,848
2027	3,616
2028	3,144

l) *Sales Incentives*

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

Co-operative advertising allowances are offered to customers as reimbursement towards their costs for print or media advertising in which the Company's product is featured on its own or in

conjunction with other companies' products. The amount offered is either a fixed amount or is based upon a fixed percentage of sales revenue or a fixed amount per unit sold to the customer during a specified time period.

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

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

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

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

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

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

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Accrued sales incentives, opening balance	$ 23,755	$ 25,313	$ 12,250
Accruals	50,056	58,490	67,337
Payments and credits	(51,894)	(59,644)	(54,102)
Reversals for unearned sales incentives	(139)	(404)	(172)
Accrued sales incentives, ending balance	$ 21,778	$ 23,755	$ 25,313

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

m) *Advertising*

Excluding co-operative advertising as discussed in Note 1(l) above, the Company expensed the cost of advertising, as incurred, of $5,448, $5,376, and $4,605 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively.

n) *Research and Development*

Expenditures for research and development are charged to expense as incurred. Such expenditures amounted to $9,419, $12,115, and $7,940 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively, net of customer reimbursement, of $936, $58, and $120, respectively, and are included within Engineering and Technical Support expenses on the Consolidated Statements of Operations and Comprehensive (Loss) Income. Reimbursements from OEM customers for development services are reflected as a reduction of research and development expense because the performance of contract development services is not central to the Company's operations. The increases in customer reimbursements for the year ended February 28, 2023 were a result of higher reimbursements from certain OEM customers in the Automotive Electronics segment, as well as a reimbursement from one customer in the Biometrics segment.

o) *Product Warranties and Product Repair Costs*

The Company generally warranties its products against certain manufacturing and other defects. This warranty does not provide a service beyond assuring that the products comply with agreed-upon specifications and is not sold separately. The Company provides warranties for all of its products ranging primarily from 30 days to 3 years. The Company also provides limited lifetime warranties for certain products, which limit the end user's remedy to the repair or replacement of the defective product during its lifetime, as well as for certain vehicle security products for the life of the vehicle for the original owner. Warranty expenses are accrued at the time the related revenue is recognized, based on the Company's estimated cost to repair, or replace expected product returns for warranty matters. This liability is based primarily on historical experiences of actual warranty claims as well as current information on repair costs and contract terms with certain manufacturers. The warranty liability of $5,845 and $4,470 is recorded in Accrued expenses and other current liabilities in the accompanying Consolidated Balance Sheets as of February 28, 2023 and February 28, 2022, respectively. In addition, the Company records a reserve for product repair or replace costs which is based upon the quantities of defective inventory on hand and an estimate of the cost to repair such defective inventory. The reserve for product repair costs of $914 and $1,152 is recorded as a reduction to inventory in the accompanying Consolidated Balance Sheets as of February 28, 2023 and February 28, 2022, respectively. Warranty claims and product repair costs expense for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 were $6,525, $4,583, and $3,065, respectively.

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

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Beginning balance	$ 5,622	$ 5,290	$ 4,748
Liabilities (adjusted) acquired during acquisitions	-	(352)	1,200
Accrual for warranties issued during the year and repair cost	6,525	4,583	3,065
Warranty claims settled during the year	(5,388)	(3,899)	(3,723)
Ending balance	$ 6,759	$ 5,622	$ 5,290

p) *Foreign Currency*

Assets and liabilities of subsidiaries located outside the United States whose cash flows are primarily in local currencies have been translated at rates of exchange at the end of the period or historical

exchange rates, as appropriate in accordance with ASC 830, "Foreign Currency Matters" ("ASC 830"). Revenues and expenses have been translated at the weighted-average rates of exchange in effect during the period. Gains and losses resulting from translation are recorded in the cumulative foreign currency translation account in Accumulated other comprehensive loss. For the years ended February 28, 2023, February 28, 2022 and February 28, 2021, the Company recorded total net foreign currency transaction (losses) gains in the amount of $(3,674), $(635) and $(862), respectively. Foreign currency losses for the year ended February 28, 2023 were primarily driven by declines in the Japanese Yen, which impacted the remeasurement of the Company's Onkyo subsidiary intercompany loans and interest payable, which are not of a long-term investment nature.

q) *Income Taxes*

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

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

Uncertain Tax Positions

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

Tax interest and penalties

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

r) *Net (Loss) Income Per Common Share*

Basic net (loss) income per common share attributable to VOXX International Corporation is calculated by dividing net income attributable to Voxx, adjusted to reflect changes in the redemption value of redeemable non-controlling interest, by the weighted-average number of common shares outstanding during the period. Diluted net (loss) income per common share reflects the potential dilution that would occur if common stock equivalent securities or other contracts to issue common stock were exercised or converted into common stock. No redemption value adjustment was made to the redeemable non-controlling interest for the years ended February 28, 2023, February 28, 2022, or February 28, 2021.

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

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Weighted-average common shares outstanding (basic)	24,325,938	24,287,179	24,201,221
Effect of dilutive securities:			
Restricted stock units, market stock units, and stock grants	-	-	448,885
Weighted-average common and potential common shares outstanding (diluted)	24,325,938	24,287,179	24,650,106

Restricted stock units, market stock units, and stock grants totaling 378,454, 737,513 and 12,757 for the years ended February 28, 2023, February 28, 2022 and February 28, 2021, respectively, were not included in the net (loss) income per common share calculation because the settlement price of the restricted stock units, market stock units, and stock grants was greater than the average market price of the Company's common stock during these periods, or because the inclusion of these components would have been anti-dilutive.

s) *Other (Expense) Income*

Other (expense) income is comprised of the following:

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Foreign currency (loss) gain	$ (3,674)	$ (635)	$ (862)
Interest income	36	72	83
Rental income	911	678	739
Miscellaneous	672	208	786
Total other, net	$ (2,055)	$ 323	$ 746

Foreign currency losses included within Foreign currency (loss) gain, net, for the year ended February 28, 2023 were primarily driven by declines in the Japanese Yen, which impacted the re-measurement of the Company's Onkyo subsidiary intercompany loans and interest payable, which are not of a long-term investment nature. The total foreign currency loss attributable to these re-measurements for the year ended February 28, 2023 was $3,267. Interest income for the years ended February 28, 2023 and February 28, 2022 decreased as compared to the year ended February 28, 2021 as a result of a lower balance of money market funds available to invest.

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

Long-lived assets and certain identifiable intangible assets are reviewed for impairment in accordance with ASC 360 whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying value of an asset to future undiscounted net cash flows expected to be generated by the asset. Recoverability of long-lived assets is measured by comparing the carrying value of the assets to their estimated fair market value. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying value of the assets exceeds the fair value of the assets. See Note 1(k) for discussion of the impairment of goodwill and intangible assets in connection with the Company’s annual impairment testing for the years ended February 28, 2023 and February 28, 2021. There were no impairments of definitely-lived intangible assets or long-lived assets recorded in accordance with ASC 360 during the years ended February 28, 2023, February 28, 2022 and February 28, 2021.

u) *Accounting for Stock-Based Compensation*

The Company has a stock-based compensation plan under which employees and non-employee directors may be granted incentive stock options ("ISO's") and non-qualified stock options ("NQSO's") to purchase shares of Class A common stock. Under the plan, the exercise price of the ISO's granted to a ten percent stockholder must equal 110% of the fair market value of the Company's Class A common stock on the date of grant. The exercise price of all other options and Stock Appreciation Right ("SAR") awards may not be less than 100% of the fair market value of the Company's Class A common stock on the date of grant. If an option or SAR is granted pursuant to an assumption of, or substitution for, another option or SAR pursuant to a Corporate Transaction, and in a manner consistent with Section 409A of the Internal Revenue Code (the “Code”), the exercise or strike price may be less than 100% of the fair market value on the date of grant. The plan permits for options to be exercised at various intervals as determined by the Board of Directors. However, the maximum expiration period is ten years from date of grant. The vesting requirements are determined by the Board of Directors at the time of grant. Exercised options are issued from authorized Class A common stock. As of February 28, 2023, approximately 1,049,275 shares were available for future grants under the terms of these plans.

Options are measured at the fair value of the award at the date of grant and are recognized as an expense over the requisite service period. Compensation expense related to stock-based awards with vesting terms are amortized using the straight-line attribution method. There were no stock options granted during the years ended February 28, 2023, February 28, 2022, or February 28, 2021. During the years ended February 28, 2023, February 28, 2022, and February 28, 2021 there were no stock-based compensation costs or professional fees recorded by the Company and the Company had no unrecognized compensation costs at February 28, 2023 related to stock options and warrants.

Restricted stock awards are granted pursuant to the Company’s 2012 Equity Incentive Plan (the “2012 Plan”). A restricted stock award is an award of common stock that is subject to certain restrictions during a specified period. Restricted stock awards are independent of option grants and are subject to forfeiture if employment terminates for a reason other than death, disability, or retirement prior to the release of the restrictions. Shares under restricted stock grants are not issued to the grantees before they vest. The Company’s Omnibus Equity Incentive Plan was established in 2014 (the “2014 Plan”). Pursuant to the 2014 Plan, Restricted Stock Units (“RSU’s”) may be awarded by the Company to any individual who is employed by, provides services to, or serves as a director of, the Company or its affiliates. RSU’s are granted based on certain performance criteria and vest on the later of three years from the date of grant, or the grantee reaching the age of 65 years. The shares will also vest upon termination of the grantee's employment by the Company without cause, provided that the grantee, at the time of termination, has been employed by the Company for at least 10 years, or as a result of the sale of all of the issued and outstanding stock, or all, or substantially all, of the assets of the subsidiary of which the grantee serves as CEO and/or President. When vested shares are issued to the grantee, the awards will be settled in shares or in cash, at the Company's sole option. The grantees cannot transfer the rights to receive shares before the restricted shares vest. There are no market conditions inherent in the award, only an employee performance requirement, and the service requirement that the respective employee continues employment with the Company through the vesting date. The Company expenses the cost of the RSU’s on a straight-line basis over the requisite service period of each employee. During the years ended February 28, 2023, February 28, 2022, and February 28, 2021, an additional 46,556, 48,527, and 48,269 RSU’s were granted under the 2014 Plan, respectively. The fair market value of the RSU’s, $8.28, $13.59, and 5.76 for Fiscal 2023, Fiscal 2022, and Fiscal 2021, respectively, were determined based on the mean of the high and low price of the Company's common stock on the grant dates.

Grant of Shares to Chief Executive Officer

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

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

- Additional stock grants of 100,000 shares of Class A Common Stock to be issued on each of March 1, 2020, March 1, 2021, and March 1, 2022 under the 2012 Plan. Compensation expense of $157 and $409 was recognized during the years ended February 28, 2022, and February 28, 2021, respectively, based upon the grant fair value of $4.15 per share using the graded vesting attribution method. For the year ended February 28, 2023, there was no remaining compensation expense recognized related to these awards. On March 1, 2020, 100,000 of these stock grants vested, resulting in 100,000 shares of the Company's Class A Common Stock being issued to Mr. Lavelle. On March 1, 2021, an additional 100,000 of these stock grants vested, resulting in 60,653 shares of Class A Common Stock being issued to Mr. Lavelle and 39,347 shares being withheld for taxes. On March 1, 2022, the final 100,000 of these stock grants vested, resulting in 61,337 shares of Class A Common Stock being issued to Mr. Lavelle and 38,663 shares being withheld for taxes.

- Grant of market stock units ("MSU's") up to a maximum value of $5,000, based upon the achievement of a 90-calendar day average stock price of no less than $5.49 over the performance period ending on the third and fifth anniversary of the effective date of the Employment Agreement. The value of the MSU award increases based upon predetermined targeted 90-calendar day average stock prices with a maximum of $5,000 if the 90-calendar day average high stock price equals or exceeds $15.00. The average stock price is calculated based on the highest average closing price of one share of our Class A common stock, as reported on the NASDAQ Stock Market during any 90-calendar day period prior to each measurement date. The number of shares to be issued under the 2012 Plan related to the MSUs based upon achievement of the maximum award value of $5,000, and if issued at $15.00 per share, is estimated at 333,333 shares. The award may be settled in shares or in cash upon mutual agreement between the Company and Mr. Lavelle. Actual results may differ based upon when the high average stock price is achieved and settled. The Company used a Monte Carlo simulation to calculate the fair value of the award on the grant date. A Monte Carlo simulation requires the use of various assumptions, including the stock price volatility and risk-free interest rate as of the valuation date. We recognized stock-based compensation expense of $91, $241, and $241 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively, related to these MSU's using the graded vesting attribution method over the performance period. On March 1, 2022, 80% of this MSU award vested and was settled in cash, resulting in a payment made to Mr. Lavelle in the amount of $4,000 during the year ended February 28, 2023. As of February 28, 2023, 20% of the MSU's remain outstanding.

All stock grants under the Employment Agreement are subject to a hold requirement as specified in the Employment Agreement. The Employment Agreement gave Mr. Lavelle, in certain limited change of control situations, the right to require the Company to purchase the shares in connection with the Employment Agreement, shares personally acquired by Mr. Lavelle, and shares issued to him under other incentive compensation arrangements. Accordingly, the stock awards issued in connection with the Employment Agreement are presented as redeemable equity on the consolidated balance sheet at grant-date fair value. Shares previously held by Mr. Lavelle under the 2014 Plan and those personally purchased by Mr. Lavelle have been reclassified from permanent equity to redeemable equity. As the contingent events that would allow Mr. Lavelle to redeem the shares are not probable at this time, remeasurement of the amounts in redeemable equity have not been recorded. The Employment Agreement contains certain restrictive and non-solicitation covenants.

Grant of Shares to President

On February 6, 2023, Voxx appointed Beat Kahli, the Company's largest shareholder, President of the Company. The Company entered into an employment agreement with Mr. Kahli effective February 6, 2023 with a term ending on February 29, 2024. Under the terms of the employment agreement, in addition to a $300 yearly salary, Mr. Kahli was granted the right to receive

stock-based compensation in the form of a stock grant of 20,000 shares of the Company's Class A Common Stock to be issued on each of June 30, 2023, September 30, 2023, December 31, 2023 and March 31, 2024. The grant fair value of these shares was $10.66 per share and compensation expense is recorded using the graded vesting attribution method.

The following table presents a summary of the activity related to the 2014 Plan and the initial stock grant and additional stock grants under the Employment Agreement for the year ended February 28, 2023:

	Number of shares	Weighted Average Grant Date Fair Value
Unvested share balance at February 29, 2020	715,152	$ 5.07
Granted	88,269	7.18
Vested	(99,697)	7.21
Vested and settled	(100,000)	4.15
Forfeited	—	—
Unvested share balance at February 28, 2021	603,724	$ 5.18
Granted	48,527	13.59
Vested	(197,891)	5.76
Vested and settled	(100,000)	4.15
Forfeited	—	—
Unvested share balance at February 28, 2022	354,360	$ 6.30
Granted	66,556	9.00
Vested	(33,930)	6.10
Vested and settled	(100,000)	4.15
Forfeited	—	—
Unvested share balance at February 28, 2023	286,986	$ 7.70

At February 28, 2023, there were 501,505 shares of vested and unissued shares under the 2014 Plan with a weighted average fair value of $6.79. During the years ended February 28, 2023 and February 28, 2021, vested RSU awards for former employees of the Company, totaling 8,634 and 105,123 award units, respectively, were settled in cash in amounts totaling $81 and $575, respectively. During the year ended February 28, 2022, no RSU awards were settled in cash.

During the years ended February 28, 2023, February 28, 2022 and February 28, 2021 the Company recorded $609, $907, and $1,749, respectively, in stock-based compensation related to the 2014 Plan, and the initial stock grant, additional stock grants, and MSU's under the Employment Agreement. As of February 28, 2023, unrecognized stock-based compensation expense related to unvested RSU's was approximately $1,270 and will be recognized over the requisite service period of each employee.

v) *Accumulated Other Comprehensive Loss*

	Foreign Currency Translation (Losses) Gains	Pension plan adjustments, net of tax	Derivatives designated in a hedging relationship, net of tax	Total
Balance at February 29, 2020	$ (17,739)	$ (887)	$ (429)	$ (19,055)
Other comprehensive income (loss) before reclassifications	4,365	18	(470)	3,913
Reclassified from accumulated other comprehensive loss	—	—	165	165
Net current-period other comprehensive income (loss)	4,365	18	(305)	4,078
Balance at February 28, 2021	$ (13,374)	$ (869)	$ (734)	$ (14,977)
Other comprehensive (loss) income before reclassifications	(3,317)	158	485	(2,674)
Reclassified from accumulated other comprehensive loss	-	-	148	148
Net current-period other comprehensive (loss) income	(3,317)	158	633	(2,526)
Balance at February 28, 2022	$ (16,691)	$ (711)	$ (101)	$ (17,503)
Other comprehensive (loss) income before reclassifications	(1,876)	390	352	(1,134)
Reclassified from accumulated other comprehensive loss	-	-	(43)	(43)
Net current-period other comprehensive (loss) income	(1,876)	390	309	(1,177)
Balance at February 28, 2023	$ (18,567)	$ (321)	$ 208	$ (18,680)

During the years ended February 28, 2023, February 28, 2022 and February 28, 2021, the Company recorded other comprehensive income (loss), net of associated tax impact of $171, $(40) and $(74), respectively, related to pension plan adjustments, and $20, $(101) and $106, respectively, related to derivatives designated in a hedging relationship.

The other comprehensive (loss) income before reclassification for foreign currency translation of $(1,876), $(3,317), and $4,365, respectively, includes the remeasurement of intercompany transactions of a long term investment nature of $1,639, $320 and $(1,244), respectively, with certain subsidiaries whose functional currency is not the U.S. dollar, and $(3,515), $(3,637) and $5,609, respectively, from translating the financial statements of the Company's non-U.S. dollar functional currency subsidiaries into our reporting currency, which is the U.S. dollar. Intercompany loans and transactions that are of a long-term investment nature are remeasured and resulting gains and losses shall be reported in the same manner as translation adjustments. Within foreign currency translation (losses) gains in Other comprehensive (loss) income for the years ended February 28, 2023, February 28, 2022 and February 28, 2021, the Company recorded total (losses) gains of $(1,660), $(2,728), and $4,136, respectively, related to the Euro; $(193), $(245), and $261, respectively, related to the Canadian Dollar; $57, $25 and $(53), respectively, for the Mexican Peso, as well as $92, $(120) and $21, respectively, for various other currencies. For the years ended February 28, 2023 and February 28, 2022, Other comprehensive (loss) income also included foreign currency (losses) gains of $(173) and $(249) from the Japanese Yen, generated by the Company’s Onkyo subsidiary, which was established in September 2021 and was not present in all previous fiscal years presented. These adjustments were caused by the strengthening/(weakening) of the U.S. Dollar against the Euro, Canadian Dollar, Mexican Peso, and the Japanese Yen between -10% and 19% in Fiscal 2023, -2% and 8% in Fiscal 2022, and -10% and 6% in Fiscal 2021.

w) *New Accounting Pronouncements*

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

In October 2021, the FASB issued ASU No. 2021-08, “Accounting for Contract Assets and Contract Liabilities from Contracts With Customers,” which amends the accounting for contract assets acquired and contract liabilities assumed from contracts with customers in business combinations (“acquired contract balances”). The update requires contract assets and contract liabilities from contracts with customers that are acquired in a business combination to be recognized and measured as if the acquirer had originated the original contract. Previously, acquired contract assets and liabilities were measured at fair value. The ASU is effective for fiscal years beginning after December 15, 2022. Early adoption is permitted. We do not expect the adoption to have a material impact on our consolidated financial statements.

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

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

In March 2023, the FASB issued ASU No. 2023-02, "Investments - Equity Method and Joint Ventures (Topic 323): Accounting for Investment Tax Credit Structures Using the Proportional

Amortization Method." The amendments in this update permit reporting entities to elect to account for their tax equity investments, regardless of the tax credit program from which the income tax credits are received, using the proportional amortization method if certain conditions are met. This guidance will be effective for fiscal years beginning after December 15, 2023, including interim periods within those fiscal years. The Company is currently evaluating the impact this update may have on its consolidated financial statements.

2) Acquisitions

Onkyo

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

The joint venture agreement between PAC and Sharp also contains a put/call arrangement, whereby Sharp has the right to put its interest in the joint venture back to Voxx and Voxx has the right to the call Sharp's ownership interest in the joint venture at any time after the approval of Onkyo's annual financial statements for the year ending February 28, 2025 at a purchase price based on a formula as defined in the joint venture agreement.

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

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

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

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

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

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

On May 13, 2022, OHEC filed for bankruptcy protection in Japan. The filing did not include the assets previously purchased by Onkyo on September 8, 2021. On February 10, 2023, the contingent consideration obligation was settled with the bankruptcy trustee of OHEC for $6,000, for a gain of $443. This settlement relieves Onkyo from the future payments of 2% of the total purchase price of certain future product purchases that were to be made in perpetuity. The $6,000 settlement amount is to be paid in three installments of $1,500, $2,500, and $2,000. The first installment of $1,500 was made in February 2023. The remaining installments totaling $4,500, as of February 28, 2023, is expected to be made in Fiscal 2024 after the completion of the obligation of the bankruptcy trustee of OHEC under the settlement agreement.

The Company has consolidated the financial results of Onkyo since the acquisition date for financial reporting purposes. The non-controlling interest has been classified as redeemable non-controlling interest outside of equity on the accompanying Consolidated Balance Sheets as the exercise of the put option is not within the Company's control. The carrying value of the redeemable non-controlling interest of Onkyo cannot be less than the redemption amount, which is the amount the put option would be settled for if exercised. Adjustments to reconcile the carrying value to the redemption amount are recorded immediately to retained earnings. No adjustment was made to the carrying amount of the redeemable non-controlling interest at February 28, 2023 as the excess of the redemption amount over the carrying amount was minimal.

The following table provides the rollforward of the redeemable non-controlling interest for the year ended February 28, 2023:

	Redeemable Non-controlling Interest
Balance at February 28, 2022	$ 511
Net loss attributable to non-controlling interest	(66)
Comprehensive loss attributable to non-controlling interest	(125)
Foreign currency translation	(88)
Balance at February 28, 2023	$ 232

The purpose of this acquisition was to expand the Company's market share and product offerings within the premium audio industry. The joint venture owns the Onkyo and Integra brands and has the licensing rights to the Pioneer brands. The Company will market and sell a variety of products under the Onkyo, Integra, and Pioneer brands through the Company's subsidiary, 11 Trading Company. Onkyo's results of operations are

included in the consolidated financial statements of Voxx in our Consumer Electronics segment from September 8, 2021. Onkyo's sales eliminate in consolidation and totaled $11,027 and $5,190 of the Company's net sales before consolidation for the years ended February 28, 2023 and February 28, 2022, respectively. Prior to the acquisition, PAC operated under a distribution agreement with OHEC through its 11 TC subsidiary, selling Onkyo and Pioneer products to Voxx customers. No additional customer contracts were acquired in conjunction with the acquisition and 11TC continues to sell these products to the same pre-acquisition customer base.

Historical financial statements for Onkyo prior to the acquisition were not available and it is impracticable for the Company to determine the impact the acquisition would have had on the Company’s revenue or net (loss) income had it been included in the consolidated results of the Company for the full year ended February 28, 2022, or the year ended February 28, 2021.

Directed LLC and Directed Electronics Canada, Inc.

On July 1, 2020, the Company completed the acquisition of certain assets and liabilities, which comprise the aftermarket vehicle remote start and security systems and connected car solutions (telematics) businesses of Directed LLC and Directed Electronics Canada Inc. (collectively, with Directed LLC, “Directed”) via an asset purchase agreement. The acquired assets included inventory, accounts receivable, certain fixed assets, IT systems, and intellectual property. The cash purchase price was $11,000. Net sales from the Company’s newly formed subsidiaries, VOXX DEI LLC and VOXX DEI Canada, Ltd. (collectively, with VOXX DEI LLC, “DEI”), included in our consolidated results for the years ended February 28, 2023, February 28, 2022, and February 28, 2021 represented approximately 9.1%, 10.4%, and 8.4% of our consolidated net sales, respectively. DEI’s results of operations are included in the consolidated financial statements of Voxx in our Automotive Electronics segment. The purpose of this acquisition was to expand the Company’s market share within the automotive electronics industry.

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

	July 1, 2020	Measurement Period Adjustments	July 1, 2020 (as adjusted)
Assets acquired:			
Inventory	$ 7,054	956	8,010
Accounts receivable	5,173	357	5,530
Other current assets	160	-	160
Property and equipment	2,815	-	2,815
Operating lease, right of use asset	1,771	-	1,771
Customer relationships	2,600	(100)	2,500
Trademarks	4,500	-	4,500
Patented technology	1,030	-	1,030
Goodwill	3,290	(1,690)	1,600
Total assets acquired	$ 28,393	$ (477)	$ 27,916
Liabilities assumed:			
Accounts payable	8,144	-	8,144
Accrued expenses	1,406	(136)	1,270
Contract liabilities	4,872	11	4,883
Warranty accrual	1,200	(352)	848
Operating lease liability	1,771	-	1,771
Total	$ 17,393	$ (477)	$ 16,916
Total purchase price	$ 11,000	$ -	$ 11,000

During Fiscal 2022 and Fiscal 2021, the Company recorded cumulative net measurement period adjustments that decreased goodwill by $1,690, as presented in the table above. The measurement period adjustment would have resulted in an insignificant decrease in amortization expense related to the customer relationships in the second quarter of Fiscal 2021. The Company made these measurement period adjustments to reflect facts and circumstances that existed as of the acquisition date and did not result from intervening events subsequent to such date. Goodwill was determined as the excess of the purchase price over the fair value of the assets acquired (including the identifiable intangible assets) and represents synergies expected.

3) Variable Interest Entities

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

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

Effective September 1, 2015, Voxx acquired a majority voting interest in substantially all of the assets and certain specified liabilities of EyeLock, Inc. and EyeLock Corporation, a market leader of iris-based identity authentication solutions, through a newly formed entity, EyeLock LLC. The Company has issued EyeLock LLC a promissory note for the purposes of repaying protective advances and funding working capital requirements of the company. On August 25, 2022, this promissory note was amended and restated to allow EyeLock LLC to borrow up to maximum of $71,200. Through March 1, 2019, interest on the outstanding principal of the loan accrued at 10%. From March 1, 2019 forward, interest accrues at 2.5%. The amended

and restated promissory note is due on September 30, 2023. The outstanding principal balance of this promissory note is convertible at the sole option of Voxx into units of EyeLock LLC. If Voxx chooses not to convert into equity, the outstanding loan principal of the amended and restated promissory note will be repaid at a multiple of 1.50 based on the repayment date. The agreement includes customary events of default and is collateralized by all of the property of EyeLock LLC.

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

- our majority voting interest and ownership of substantially all of the assets and certain liabilities of the entity; and
- the loan agreement with EyeLock LLC, which has a total outstanding principal balance of $66,175 as of February 28, 2023.

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

On April 29, 2021, EyeLock LLC entered into a three-year exclusive distribution agreement (the “Agreement”) with GalvanEyes LLC (“GalvanEyes”), a Florida LLC managed by Beat Kahli, the largest holder of Voxx’s Class A Common Shares. The Agreement provides that GalvanEyes will become the exclusive distributor of EyeLock products in the European Union, Switzerland, Puerto Rico, Malaysia, and Singapore, with the exception of any existing customer relationships. GalvanEyes was also granted exclusive distribution rights in the United States for the residential real estate market and specific U.S. Government agencies, and non-exclusive distribution rights in all other territories and verticals with the Company’s consent. The Agreement also includes a put/call arrangement, whereby GalvanEyes has the right to put the exclusivity back to EyeLock after the initial two-year period for a 20.0% interest in EyeLock. In turn, EyeLock has the ability to call the exclusivity during the term of the Agreement, based on the occurrence of certain events, which would result in a 20.0% equity interest given to GalvanEyes. Under the Agreement, in addition to paying for any products purchased, GalvanEyes has agreed to pay EyeLock $10,000 in the form of an annual fee, over a two-year period, of up to $5,000 per year, with payments on a quarterly basis beginning on September 1, 2021. Any gross profit generated on the sale of EyeLock LLC products by GalvanEyes will be deducted from the annual fee. The value of the put/call arrangement was not significant at February 28, 2023. On February 28, 2023, the Company received a payment in the amount of $1,249 for the quarterly installment payment due from GalvanEyes for the three months ended February 28, 2023. The Company has also recorded a corresponding liability within Other long-term liabilities on the accompanying Consolidated Balance Sheets, representing a prepayment made by GalvanEyes of a 20% interest in EyeLock upon exercise of the put option. The balance of this liability at February 28, 2023 and February 28, 2022 was $7,317 and $2,451, respectively, which includes the balance receivable at February 28, 2023, as well as previous payments received since September 1, 2021.

Assets and Liabilities of EyeLock LLC

The following table sets forth the carrying values of assets and liabilities of EyeLock LLC that were included on our Consolidated Balance Sheets as of February 28, 2023 and February 28, 2022:

	February 28, 2023	February 28, 2022
Assets		
Current assets:		
Cash and cash equivalents	$ 158	$ 25
Accounts receivable, net	520	47
Inventory, net	1,836	2,028
Prepaid expenses and other current assets	93	245
Total current assets	2,607	2,345
Property, plant and equipment, net	9	39
Intangible assets, net	1,786	2,057
Other assets	8	59
Total assets	$ 4,410	$ 4,500
Liabilities and Partners' Deficit		
Current liabilities:		
Accounts payable	$ 864	$ 1,023
Interest payable to VOXX	14,803	13,099
Accrued expenses and other current liabilities	296	766
Due to VOXX	66,175	66,390
Total current liabilities	82,138	81,278
Prepaid ownership interest due to GalvanEyes LLC	7,317	2,451
Other long-term liabilities	1,200	1,200
Total liabilities	90,655	84,929
Commitments and contingencies		
Partners' deficit:		
Capital	41,416	41,416
Retained losses	(127,661)	(121,845)
Total partners' deficit	(86,245)	(80,429)
Total liabilities and partners' deficit	$ 4,410	$ 4,500

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

Revenue and Expenses of EyeLock LLC

The following table sets forth the revenue and expenses of EyeLock LLC that were included in our Consolidated Statements of Operations and Comprehensive (Loss) Income for the years ended February 28, 2023, February 28, 2022, and February 28, 2021:

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Net sales	$ 1,046	$ 882	$ 836
Cost of sales	688	694	1,025
Gross profit	358	188	(189)
Operating expenses:			
Selling	575	653	603
General and administrative	1,509	1,410	1,785
Engineering and technical support	2,355	5,817	4,674
Total operating expenses	4,439	7,880	7,062
Operating loss	(4,081)	(7,692)	(7,251)
Other (expense) income:			
Interest and bank charges	(1,720)	(1,662)	(1,475)
Other, net	(15)	—	—
Total other expense, net	(1,735)	(1,662)	(1,475)
Loss before income taxes	(5,816)	(9,354)	(8,726)
Income tax expense	—	—	—
Net loss	$ (5,816)	$ (9,354)	$ (8,726)

4) Receivables from Vendors

The Company has recorded receivables from vendors in the amount of $112 and $363 as of February 28, 2023 and February 28, 2022, respectively. Receivables from vendors primarily represent prepayments on product shipments and product reimbursements.

5) Equity Investment

The Company has a 50% non-controlling ownership interest in ASA Electronics, LLC and Subsidiary ("ASA"), which acts as a distributor of mobile electronics specifically designed for niche markets within the Automotive industry, including RV's; buses; and commercial, heavy duty, agricultural, construction, powersport, and marine vehicles. ASC 810 requires the Company to evaluate non-consolidated entities periodically, and as circumstances change, to determine if an implied controlling interest exists. During Fiscal 2023, the Company evaluated this equity investment and concluded that ASA is not a variable interest entity. ASA's fiscal year end is November 30, 2022; however, the results of ASA as of and through February 28, 2023 have been recorded in the consolidated financial statements.

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

	February 28, 2023	February 28, 2022
Current assets	$ 48,391	$ 46,202
Non-current assets	6,525	7,382
Liabilities	10,880	10,888
Members' equity	44,036	42,696

	Twelve Months Ended February 28, 2023	Twelve Months Ended February 28, 2022	Twelve Months Ended February 28, 2021
Net sales	$ 104,997	$ 114,825	$ 95,866
Gross profit	25,671	27,517	24,124
Operating income	13,749	15,695	12,938
Net income	13,938	15,780	14,700

The Company's share of income from ASA for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 was $6,969, $7,890, and $7,350, respectively. In addition, the Company received cash distributions from ASA totaling $6,300, $9,809, and $6,009 during the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively.

Undistributed earnings from equity investments amounted to $16,692 and $16,022 at February 28, 2023 and February 28, 2022, respectively.

Net sales transactions between the Company and ASA were $232, $315, and $260 for the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively. Accounts receivable balances from ASA were $49 and $68 as of February 28, 2023 and February 28, 2022, respectively.

6) Accrued Expenses and Other Current Liabilities

Accrued expenses and other current liabilities consist of the following:

	February 28, 2023	February 28, 2022
Commissions	$ 623	$ 934
Employee compensation	15,878	17,082
Professional fees and accrued settlements	1,526	1,620
Future warranty	5,845	4,470
Refund liability	5,181	5,469
Freight and duty	7,508	10,342
Royalties, advertising and other	5,295	14,057
Total accrued expenses and other current liabilities	$ 41,856	$ 53,974

7) Financing Arrangements

The Company has the following financing arrangements:

	February 28, 2023	February 28, 2022
Domestic credit facility (a)	$ 29,000	$ —
Florida mortgage (b)	6,115	6,614
Euro asset-based lending obligation - VOXX Germany (c)	—	1,906
Shareholder loan payable to Sharp (d)	4,079	4,718
Total debt	39,194	13,238
Less: current portion of long-term debt	500	2,406
Long-term debt before debt issuance costs	38,694	10,832
Less: debt issuance costs	1,181	1,046
Total long-term debt	$ 37,513	$ 9,786

a) *Domestic Bank Obligations*

The Company has a senior secured credit facility (the "Credit Facility") with Wells Fargo Bank, N.A. ("Wells Fargo"), which was amended on February 15, 2023. The amended Credit Facility provides for an increase in the revolving credit facility with committed availability of up to $165,000 and also includes a $50,000 sublimit for letters of credit and a $15,000 sublimit for Swing Loans. The availability under the revolving credit line within the Credit Facility is subject to a borrowing base, which is based on eligible accounts receivable, eligible inventory and certain real estate, subject to reserves as determined by the lender, and is also limited by amounts outstanding under the Florida Mortgage (see Note 7(b)). The remaining availability under the revolving credit line of the Credit Facility was $84,033 as of February 28, 2023.

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

Pursuant to the amendment to the Credit Facility on February 25, 2023 the LIBOR rate previously in place for the revolving credit facility was replaced by the SOFR rate. As of the effective date of the amendment, any outstanding LIBOR rate loans automatically converted to SOFR Loans. Generally, the Company may designate specific borrowings under the Credit Facility as either Base Rate Loans or SOFR Loans, except that Swing Loans may only be designated as Base Rate Loans. Loans under the Credit Facility designated as SOFR Loans shall bear interest at a rate equal to the then-applicable SOFR Rate plus a range of 1.75% - 2.25% (6.44% at February 28, 2023). Loans under the Credit Facility designated as Base Rate Loans shall bear interest at a rate equal to the applicable margin for Base Rate Loans of 0.75% - 1.25%, as defined in the agreement and shall not be lower than 1.75% (8.50% at February 28, 2023).

Provided the Company is in a Compliance Period (the period commencing on the day in which Excess Availability is less than 15% of the Maximum Revolver Amount and ending on a day in which Excess Availability is equal to or greater than 15% for any consecutive 30-day period thereafter), the Credit Facility requires compliance with a financial covenant calculated as of the last day of each month consisting of a Fixed Charge Coverage Ratio. The Credit Facility also contains covenants, subject to defined carveouts, that limit the ability of the loan parties and certain of their subsidiaries which are not loan parties to, among other things: (i) incur additional indebtedness; (ii) incur liens; (iii) merge, consolidate or dispose of a substantial portion of their business; (iv) transfer or dispose of assets; (v) change their name, organizational identification number, state or province of organization or organizational identity; (vi) make any material change in their nature of business; (vii) prepay or otherwise acquire indebtedness; (viii) cause any change of control; (ix) make any restricted junior payment; (x) change their fiscal year or method of accounting; (xi) make advances, loans or investments; (xii) enter into or permit any transaction with an affiliate of any borrower or any of their subsidiaries; (xiii) use proceeds for certain items; (xiv) issue or sell any of their stock; (xv) consign or sell any of their inventory on certain terms. In addition, if excess availability under the Credit Facility were to fall below certain specified levels, as defined in the Credit Facility, the lenders would have the right to assume dominion and control over the Company's cash. As of February 28, 2023, the Company was not in a Compliance Period.

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

The Company has deferred financing costs related to the Credit Facility and previous amendments and modifications of the Credit Facility. In conjunction with the amendment to its Credit Facility on February 15, 2023, the Company incurred additional financing fees of $398 that will be amortized over the remaining term of the facility. The Company accounted for the February 2023 amendment to the Credit Facility as a modification of debt. Deferred financing costs are included in Long-term debt on the accompanying Consolidated Balance Sheets as a contra-liability balance and are amortized through Interest and bank charges in the Consolidated Statements of Operations and Comprehensive (Loss) Income over the remaining term of the Credit Facility. The Company amortized $231 during the year ended February 28, 2023 and $241 during both of the years ended February 28, 2022 and February 28, 2021. The net unamortized balance of these deferred financing costs at February 28, 2023 is $1,088.

Charges incurred on the unused portion of the Credit Facility and its predecessor revolving credit facility during the years ended February 28, 2023, February 28, 2022, and February 28, 2021 totaled $686, $739, and $504, respectively, and are included within Interest and Bank Charges on the Consolidated Statements of Operations and Comprehensive (Loss) Income.

b) *Florida Mortgage*

On July 6, 2015, VOXX HQ LLC, the Company’s wholly owned subsidiary, closed on a $9,995 industrial development revenue tax exempt bond under a loan agreement in favor of the Orange County Industrial Development Authority (the “Authority”) to finance the construction of the Company's manufacturing facility and executive offices in Lake Nona, Florida (the “Construction Loan”). Wells Fargo Bank, N.A. ("Wells Fargo") was the purchaser of the bond and U.S. Bank National Association is the trustee under an Indenture of Trust with the Authority. Voxx borrowed the proceeds of the bond purchase from the Authority during construction as a revolving loan, which converted to a permanent mortgage upon completion of the facility in January 2016 (the "Florida Mortgage"). The Company makes principal and interest payments to Wells Fargo, which began March 1, 2016 and will continue through March of 2026. The Florida Mortgage bears interest at 70% of 1-month LIBOR plus 1.54% (6.21% at February 28, 2023) and is secured by a first mortgage on the property, a collateral assignment of leases and rents and a guaranty by the Company. The Company is in compliance with the financial covenants of the Florida Mortgage, which are as defined in the Company’s Credit Facility with Wells Fargo dated April 26, 2016 and amended in April 2021 and February 2023. The amendment to the Credit Facility in April 2021 provided for a Benchmark Replacement that will replace the LIBOR rate for the Florida Mortgage. The Benchmark Replacement is subject to the occurrence of a Benchmark Transition Event, as defined in the Second Amended and Restated Credit Agreement and becomes effective after a five-day transition period following the event. The amendment to the Credit Facility in February 2023 was not deemed a Benchmark Transition Event for the Florida Mortgage and the interest rate in effect for this loan remains referenced to LIBOR at February 28, 2023.

The Company incurred debt financing costs totaling approximately $332 as a result of obtaining the Florida Mortgage, which are recorded as deferred financing costs and included in Long-term debt as a contra-liability balance on the accompanying Consolidated Balance Sheets and are being amortized through Interest and bank charges in the Consolidated Statements of Operations and Comprehensive (Loss) Income over the ten-year term of the Florida Mortgage. The Company amortized $31 of these costs during each of the years ended February 28, 2023, February 28, 2022, and February 28, 2021. The net unamortized balance of these deferred financing costs at February 28, 2023 is $93.

On July 20, 2015, the Company entered into an interest rate swap agreement in order to hedge interest rate exposure related to the Florida Mortgage and pays a fixed rate of 3.48% under the swap agreement (see Note 1(e)).

On May 1, 2023, VOXX HQ LLC, a wholly owned subsidiary of the Company, consented to a First Amendment and Supplement to the Indenture of Trust relating to the Florida Industrial Revenue Bonds which were purchased by Wells Fargo N.A., and which provided for a replacement benchmark from LIBOR to SOFR including a modification to the interest rate to 79% of the applicable SOFR Rate plus 1.87%. On May 3, 2023, VOXX HQ LLC entered into an Amended and Restated Confirmation of Swap Transaction with Wells Fargo Bank N.A. related to the interest rate swap that hedges the Company's interest rate exposure on the Florida Industrial Revenue Bonds. The swap contract was amended to reference the SOFR Rate, as well as set a new fixed rate equal to 3.43%

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

Foreign bank obligations include a Euro Asset-Based Lending ("ABL") credit facility, which has a credit limit of €8,000, for the Company's subsidiary, VOXX Germany, which expires on July 31, 2023. The rate of interest for the ABL is the three-month Euribor plus 2.30% (5.04% at February 28, 2023).

d) *Shareholder Loan Payable to Sharp Asset*

In conjunction with the capitalization and funding of the Company’s Onkyo joint venture with its partner Sharp, which was created in order to execute the acquisition of certain assets of the home

audio/video business of OHEC on September 8, 2021 (see Note 2), Onkyo entered into a loan agreement with the shareholders of the joint venture, PAC and Sharp. The loan balance outstanding at February 28, 2023 represents the portion of the loan payable to Sharp. The loan balance due to PAC eliminates in consolidation. All amounts outstanding under the loan will mature and become payable ten years from the execution date of the acquisition, which is September 8, 2031. The loan may be prepaid subject the approval of the board of directors of the joint venture and must be repaid if either the put or call option is exercised in accordance with the joint venture agreement. The rate of interest for the shareholder loan is 2.5% and the loan is secured by a second priority lien on and secured interest in all assets of Onkyo.

The following is a maturity table for debt and bank obligations outstanding at February 28, 2023 for each of the following fiscal years:

2024	$	500
2025		500
2026		500
2027		33,615
2028		-
Thereafter		4,079
Total	$	39,194

The weighted-average interest rate on short-term debt was 3.48% for Fiscal 2023 and 2.66% for Fiscal 2022. Interest expense related to the Company's financing arrangements for the years ended February 28, 2023, February 28, 2022 and February 28, 2021 was $2,299, $550, and $825, respectively, of which $1,507 and $326 was related to the Credit Facility for the years ended February 28, 2023 and February 28, 2021. For the year ended February 28, 2022, none of the Company’s interest expense was related to the Credit Facility, as there was no outstanding balance during Fiscal 2022.

8) Income Taxes

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

		Year Ended February 28, 2023		Year Ended February 28, 2022		Year Ended February 28, 2021
Domestic Operations	$	(33,501)	$	(26,665)	$	24,485
Foreign Operations		2,551		826		3,153
	$	(30,950)	$	(25,839)	$	27,638

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

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 28, 2021
Current provision (benefit)			
Federal	$ 254	$ 20	$ (10)
State	242	804	1,172
Foreign	1,248	2,148	496
Total current provision	$ 1,744	$ 2,972	$ 1,658
Deferred (benefit) provision			
Federal	$ (394)	$ (2,300)	$ 3,362
State	(271)	1,010	(84)
Foreign	(1,118)	(56)	(664)
Total deferred (benefit) provision	$ (1,783)	$ (1,346)	$ 2,614
Total (benefit) provision			
Federal	$ (140)	$ (2,280)	$ 3,352
State	(29)	1,814	1,088
Foreign	130	2,092	(168)
Total (benefit) provision	$ (39)	$ 1,626	$ 4,272

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

	Year Ended February 28, 2023		Year Ended February 28, 2022		Year Ended February 28, 2021	
Tax benefit at Federal statutory rates	$ (6,499)	21.0%	$ (5,426)	21.0%	$ 5,804	21.0%
State income taxes, net of Federal benefit	(711)	2.3	(282)	1.1	983	3.5
Change in valuation allowance	5,785	(18.7)	7,214	(28.0)	(3,365)	(12.2)
Change in tax reserves	(173)	0.5	(227)	0.9	(311)	(1.1)
Non-controlling interest	476	(1.5)	766	(3.0)	714	2.6
U.S. effects of foreign operations	379	(1.2)	(2,135)	8.3	521	1.9
Permanent differences and other	794	(2.6)	581	(2.2)	(192)	(0.7)
Foreign rate differential	402	(1.3)	787	(3.1)	412	1.5
Change in tax rate	39	(0.1)	105	(0.4)	102	0.4
Research & development credits	(531)	1.7	243	(0.9)	(396)	(1.4)
Effective tax rate	$ (39)	0.1%	$ 1,626	(6.3)%	$ 4,272	15.5%

The U.S. effects of foreign operations includes the US global intangible low tax income ("GILTI") inclusion, net of the IRC Section 250 deduction and foreign derived intangible income ("FDII") deduction, foreign tax credits, and other foreign adjustments. Permanent differences and other include nondeductible expenses, Section 162(m) limitation on executive compensation, and other adjustments.

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

	February 28, 2023	February 28, 2022
Deferred tax assets:		
Accounts receivable	$ 192	$ 301
Inventory	4,196	4,356
Property, plant and equipment	2,467	1,903
IRC Section 174 - Capitalized R&D	3,735	—
Interim arbitration award	10,453	9,515
Operating lease	811	999
Accruals and reserves	6,097	5,946
Deferred compensation	268	297
Warranty reserves	1,465	692
Unrealized gains and losses	4,877	4,219
Partnership investments	3,262	3,399
Net operating losses	5,270	6,278
Foreign tax credits	1,739	2,254
Other tax credits	5,344	5,220
Deferred tax assets before valuation allowance	50,176	45,379
Less: valuation allowance	(35,421)	(30,059)
Total deferred tax assets	14,755	15,320
Deferred tax liabilities:		
Intangible assets	(16,035)	(17,464)
Prepaid expenses	(1,513)	(2,079)
Operating lease	(798)	(977)
Deferred financing fees	(46)	(60)
Total deferred tax liabilities	(18,392)	(20,580)
Net deferred tax liability	$ (3,637)	$ (5,260)

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

The Company evaluates the realizability of deferred tax assets on a jurisdictional basis at each reporting date. Accounting for income taxes requires that a valuation allowance be established when it is more likely than not that all or a portion of the deferred tax assets will not be realized. In circumstances where there is sufficient negative evidence indicating that the deferred tax assets are not more likely than not realizable, we establish a valuation allowance. In addition, the Company maintains a valuation allowance against deferred tax assets in certain foreign jurisdictions. The Company's valuation allowance increased by $5,362 during the year ended February 28, 2023. Any further increase or reduction in the valuation allowance could have a favorable or unfavorable impact on our income tax provision and net income in the period in which such determination is made.

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

As of February 28, 2023, the Company has capital loss carryforwards of approximately $14,056 which expire in 2024 which are only available to offset capital gain income. The Company has foreign tax credits of $986 which expire in tax years 2031 through 2032. The Company has federal research and development tax credits of $3,805 which expire in tax years 2036 through 2042. The Company has various foreign net operating loss carryforwards, state net operating loss carryforwards, and state tax credits that expire in various years and amounts through tax year 2042.

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

Balance at February 29, 2020	$	7,235
Additions based on tax positions taken in the current and prior years		3
Settlements		—
Decreases based on tax positions taken in the prior years		(490)
Other		112
Balance at February 28, 2021	$	6,860
Additions based on tax positions taken in the current and prior years		140
Settlements		—
Decreases based on tax positions taken in the prior years		(563)
Other		(172)
Balance at February 28, 2022	$	6,265
Additions based on tax positions taken in the current and prior years		114
Settlements		—
Decreases based on tax positions taken in prior years		(484)
Other		89
Balance at February 28, 2023	$	5,984

Of the amounts reflected in the table above at February 28, 2023, $5,984, if recognized, would reduce our effective tax rate. If recognized, $5,212 of the unrecognized tax benefits are likely to attract a full valuation allowance, thereby offsetting the favorable impact to the effective tax rate. Our unrecognized tax benefit non-current consolidated balance sheet liability, including interest and penalties, is $966. The Company records accrued interest and penalties related to income tax matters in the provision for income taxes in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income. For the years ended February 28, 2023, February 28, 2022 and February 28, 2021, interest and penalties on unrecognized tax benefits were $(5), $(28) and $4, respectively. The balance as of February 28, 2023 and February 28, 2022 was $194 and $198, respectively. It is reasonably possible that unrecognized tax benefits will decrease by approximately $300 within the next 12 months.

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

Jurisdiction	**Tax Year**
U.S.	2018
Netherlands	2017
Germany	2018

9) Capital Structure

The Company's capital structure is as follows:

Security	Par Value	Shares Authorized February 28, 2023	Shares Authorized February 28, 2022	Shares Outstanding February 28, 2023	Shares Outstanding February 28, 2022	Voting Rights per Share	Liquidation Rights
Preferred Stock	$ 50.00	50,000	50,000	—	—	—	$50 per share
Series Preferred Stock	$ 0.01	1,500,000	1,500,000	—	—	—	
Class A Common Stock	$ 0.01	60,000,000	60,000,000	21,167,527	21,614,629	one	Ratably with Class B
Class B Common Stock	$ 0.01	10,000,000	10,000,000	2,260,954	2,260,954	ten	Ratably with Class A

The holders of Class A and Class B common stock are entitled to receive cash or property dividends declared by the Board of Directors. The Board of Directors can declare cash dividends for Class A common stock in amounts equal to or greater than the cash dividends for Class B common stock. Dividends other than cash must be declared equally for both classes. Each share of Class B common stock may, at any time, be converted into one share of Class A common stock.

Stock held in treasury by the Company is accounted for using the cost method, which treats stock held in treasury as a reduction to total stockholders' equity and amounted to 3,370,657 and 2,862,218 shares at February 28, 2023 and February 28, 2022, respectively. The cost basis for subsequent sales of treasury shares is determined using an average cost method. In Fiscal 2020, the Company was authorized by the Board of Directors to increase the number of Class A Common Stock available for repurchase in the open market to 3,000,000. During the years ended February 28, 2023 and February 28, 2022, the Company repurchased 508,439 and 113,000 shares of Class A Common Stock, respectively, for an aggregate cost of $5,147 and $1,220, respectively. During the year ended February 28, 2021, the Company repurchased no shares. As of February 28, 2023, 1,797,437 shares of the Company's Class A common stock are authorized to be repurchased in the open market.

10) Other Stock and Retirement Plans

a) *Supplemental Executive Retirement Plan*

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

As of February 28, 2023, approximately 1,049,275 shares of the Company's Class A common stock are reserved for issuance under the Company's Restricted and Stock Option Plans.

b) *Profit Sharing Plans*

The Company has established two non-contributory employee profit sharing plans for the benefit of its eligible employees in the United States and Canada. The plans are administered by trustees appointed by the Company. No discretionary contributions were made during the years ended February 28, 2023, February 28, 2022, and February 28, 2021. Contributions required by law to be made for eligible employees in Canada were not material for all periods presented.

c) *401(k) Plans*

The VOXX International Corporation 401(k) plan is for all eligible domestic employees. The Company matches a portion of the participant's contributions after three months of service under a predetermined formula based on the participant's contribution level. Shares of the Company's Common Stock are not an investment option in the 401(k) plan and the Company does not use such shares to match participants' contributions. During the years ended February 28, 2023, February 28, 2022, and February 28, 2021, the Company contributed, net of forfeitures, $685, $689, and $555 to the 401(k) Plan.

d) *Cash Bonus Profit Sharing Plan*

The Company has a Cash Bonus Profit Sharing Plan that allows it to make profit sharing contributions for the benefit of eligible employees for any fiscal year based on a pre-determined formula on the Company's pre-tax profits. The size of the contribution is dependent upon the performance of the Company. A participant’s share of the contribution is determined pursuant to the participant’s eligible wages for the fiscal year as a percentage of total eligible wages for all participants. There were no contributions made to the plan for the years ended February 28, 2023, February 28, 2022 and February 28, 2021.

e) *Deferred Compensation Plan*

A Deferred Compensation Plan (the “Plan”) was adopted by the Company in 1999 for Vice Presidents and above. The Plan is intended to provide certain executives with supplemental retirement benefits as well as to permit the deferral of more of their compensation than they are permitted to defer under the Profit Sharing and 401(k) Plans. The Plan provides for a matching contribution equal to 25% of the employee deferrals up to $20 to be made at the Company’s discretion. No matching contributions were made for the years ended February 28, 2023, February 28, 2022, and February 28, 2021. The Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. All compensation deferred under the Plan is held by the Company in an investment trust which is considered an asset of the Company. The Company has the option of amending or terminating the Plan at any time.

The investments, which amounted to $1,053 and $1,231 at February 28, 2023 and February 28, 2022, respectively, are classified as long-term marketable equity securities and are included in Investment securities on the accompanying Consolidated Balance Sheets and a corresponding liability is recorded in Deferred compensation, which is classified as a non-current liability. Unrealized gains and losses on the marketable securities and corresponding deferred compensation liability net to zero in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income.

11) Lease Obligations

The Company accounts for operating and finance leases in accordance with ASC Topic 842, Leases. We determine whether an arrangement is a lease at inception. This determination generally depends on whether the arrangement conveys the right to control the use of an identified fixed asset explicitly or implicitly for a period of time in exchange for consideration. Control of an underlying asset is conveyed if we obtain the rights to direct the use of, and to obtain substantially all of the economic benefit from, the use of the underlying asset. Some of our leases include both lease and non-lease components which are accounted for as a single lease component, as we elected the practical expedient in ASC 842-10-15-37. Some of our operating lease agreements include variable lease costs, including taxes, common area maintenance, or increases in rental costs related to inflation. Such variable payments, other than those dependent upon a market index or rate, are expensed when the obligation for those payments is incurred. Lease expense is recorded in operating expenses in the Consolidated Statements of Operations and Comprehensive (Loss) Income. The Company's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Leases with an initial term of 12 months or less which do not include an option to purchase the underlying asset that the Company is reasonably certain to exercise are considered short term leases and are not recorded on the balance sheet. The Company had no short-term leases during the year ended February 28, 2023.

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

We have operating leases for office equipment, as well as offices, warehouses, and other facilities used for our operations. We also have finance leases comprised primarily of computer hardware and machinery and equipment. Our leases have remaining lease terms of less than 1 year to 8 years, some of which include renewal options. We consider these renewal options in determining the lease term used to establish our right-of-use assets and lease liabilities when it is determined that it is reasonably certain that the renewal option will be exercised.

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

The components of lease cost for the year ended February 28, 2023 were as follows:

	February 28, 2023	February 28, 2022	February 28, 2021
Operating lease cost (a) (c)	$ 1,508	$ 1,383	$ 1,169
Finance lease cost:			
Amortization of right of use assets (a)	283	403	596
Interest on lease liabilities (b)	4	11	28
Total finance lease cost	$ 287	$ 414	$ 624

(a) Recorded within Selling, general, and administrative; Engineering and technical support; and Cost of sales on the Consolidated Statements of Operations and Comprehensive (Loss) Income.
(b) Recorded within Interest and bank charges on the Consolidated Statements of Operations and Comprehensive (Loss) Income.
(c) Includes immaterial amounts related to variable rent expense.

Supplemental balance sheet information related to leases is as follows:

	February 28, 2023	February 28, 2022
Operating Leases		
Operating lease, right of use assets	$ 3,632	$ 4,464
Total operating lease right of use assets	$ 3,632	$ 4,464
Accrued expenses and other current liabilities	$ 1,173	$ 1,255
Operating lease liabilities, less current portion	2,509	3,298
Total operating lease liabilities	$ 3,682	$ 4,553
Finance Leases		
Property, plant and equipment, gross	$ 2,754	$ 2,503
Accumulated depreciation	(2,491)	(2,208)
Total finance lease right of use assets	$ 263	$ 295
Accrued expenses and other current liabilities	$ 203	$ 224
Finance lease liabilities, less current portion	63	78
Total finance lease liabilities	$ 266	$ 302
Weighted Average Remaining Lease Term		
Operating leases	5.0 years	5.5 years
Finance leases	1.2 years	1.3 years
Weighted Average Discount Rate		
Operating leases	3.83 %	4.01 %
Finance leases	3.51 %	3.87 %

At February 28, 2023, maturities of lease liabilities for each of the succeeding years were as follows:

	Operating Leases	Finance Leases
2024	$ 1,269	$ 203
2025	780	64
2026	547	—
2027	374	—
2028	245	—
Thereafter	787	—
Total lease payments	4,002	267
Less imputed interest	320	1
Total	$ 3,682	$ 266

As of February 28, 2023, the Company has not entered into any lease agreements that have not yet commenced.

The Company owns and occupies buildings as part of its operations. Certain space within these buildings may, from time to time, be leased to third parties from which the Company earns rental income as lessor. This leased space is recorded within property, plant and equipment and was not material to the Company's Consolidated Balance Sheets at February 28, 2023. Rental income earned by the Company for the years ended February 28, 2023, February 28, 2022, and February 28, 2021 was $911, $678, and $739, respectively, which is recorded within Other income (expense).

12) Financial Instruments

a) *Off-Balance Sheet Risk*

Commercial letters of credit are issued by the Company during the ordinary course of business through major domestic banks as requested by certain suppliers. The Company also issues standby letters of credit principally to secure certain bank obligations and insurance policies. The Company had no open commercial letters of credit at February 28, 2023. Standby letters of credit amounted to $50 at February 28, 2023. The terms of these letters of credit are all less than one year. No material loss is anticipated due to nonperformance by the counter parties to these agreements. The fair value of the standby letters of credit is estimated to be the same as the contract values based on the short-term nature of the fee arrangements with the issuing banks.

At February 28, 2023, the Company had unconditional purchase obligations for inventory commitments of $97,606. These obligations are not recorded in the consolidated financial statements until commitments are fulfilled and such obligations are subject to change based on negotiations with manufacturers.

b) *Concentrations of Credit Risk*

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

At February 28, 2023 and February 28, 2022, the Company's five largest customer balances accounted for approximately 20% and 24% of accounts receivable, respectively. No single customer accounted for more than 10% of net sales during the years ended February 28, 2023 or February 28, 2022. One customer in the Company’s Consumer Electronics segment accounted for 12% of the Company’s total consolidated net sales during the year ended February 28, 2021. The Company's five largest customers represented 17%, 21%, and 30% of net sales during the years ended February 28, 2023, February 28, 2022, and February 28, 2021, respectively.

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

13) Financial and Product Information About Foreign and Domestic Operations

Segments

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

Our Automotive Electronics segment designs, manufactures, distributes and markets rear-seat entertainment devices, remote start systems, automotive security products and devices, vehicle access systems, mobile interface modules, mobile multimedia devices, aftermarket/OE-styled radios, car link-smartphone telematics applications, driver distraction products, collision avoidance systems, location-based services, turn signal switches, automotive lighting products, obstacle sensing and camera systems, USB ports, cruise control systems, heated seats, and satellite radio products.

Our Consumer Electronics segment designs, manufactures, distributes and markets home theater systems, premium loudspeakers, outdoor speakers, A/V receivers, business music systems, streaming music systems, cinema speakers, architectural speakers, wireless and Bluetooth speakers, soundbars, on-ear and in-ear headphones, wired and wireless headphones and ear buds, DLNA (Digital Living Network Alliance) compatible devices, T.V. remote controls, karaoke products, infant/nursery products, personal sound amplifiers, as well as A/V connectivity, portable/home charging, reception and digital consumer products.

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

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

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

The accounting principles applied at the consolidated financial statement level are generally the same as those applied at the operating segment level and there are no material intersegment sales. The segments are allocated interest expense, based upon a pre-determined formula, which utilizes a percentage of each operating segment's intercompany balance, which is offset in Corporate/Eliminations.

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

	Automotive Electronics	Consumer Electronics	Biometrics	Corporate/ Eliminations	Total
Fiscal Year Ended February 28, 2023					
Net sales	$ 174,811	$ 357,758	$ 1,046	$ 399	$ 534,014
Equity in income of equity investees	6,969	—	—	—	6,969
Interest expense and bank charges	1,917	8,033	1,720	(7,027)	4,643
Depreciation and amortization expense	3,245	6,534	287	3,064	13,130
Loss before income taxes (a) (b) (c)	(3,236)	(1,101)	(5,816)	(20,797)	(30,950)
Fiscal Year Ended February 28, 2022					
Net sales	$ 200,594	$ 433,925	$ 882	$ 519	$ 635,920
Equity in income of equity investees	7,890	—	—	—	7,890
Interest expense and bank charges	1,510	7,827	1,662	(8,467)	2,532
Depreciation and amortization expense	3,049	4,957	297	4,095	12,398
Income (loss) before income taxes (b)	8,471	28,645	(9,354)	(53,601)	(25,839)
Fiscal Year Ended February 28, 2021					
Net sales	$ 163,903	$ 398,263	$ 836	$ 603	$ 563,605
Equity in income of equity investees	7,350	—	—	—	7,350
Interest expense and bank charges	1,540	8,537	1,475	(8,573)	2,979
Depreciation and amortization expense	2,881	3,856	322	3,974	11,033
Income (loss) before income taxes (d)	9,608	38,939	(8,726)	(12,183)	27,638

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

(b) Included within Income (loss) before income taxes within Corporate/Eliminations for the year ended February 28, 2022 is a charge of $39,444 recorded for an interim arbitration award unfavorable to the Company (see Note 15). Included within Loss before income taxes on Corporate/Eliminations for the year ended February 28, 2023 are interest charges of $3,944 related to the interim arbitration award.

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

(d) Included within Income (loss) before income taxes within the Consumer Electronics segment for the year ended February 28, 2021 is an intangible asset impairment charge of $1,300 (see Note 1(k)).

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

	United States	Europe	Other	Total
Fiscal Year Ended February 28, 2023				
Net sales	$ 421,296	$ 79,677	$ 33,041	$ 534,014
Long-lived assets	41,925	3,164	1,955	47,044
Fiscal Year Ended February 28, 2022				
Net sales	$ 506,226	$ 97,396	$ 32,298	$ 635,920
Long-lived assets	44,751	3,422	1,621	49,794
Fiscal Year Ended February 29, 2021				
Net sales	$ 477,608	$ 82,134	$ 3,863	$ 563,605
Long-lived assets	46,614	3,569	1,843	52,026

14) Revenue from Contracts with Customers

The Company operates in three reportable segments: Automotive Electronics, Consumer Electronics, and Biometrics. ASC Topic 606 requires further disaggregation of an entity’s revenue. In the following table, the Company's net sales are disaggregated by segments and product type for the years ended February 28, 2023, February 28, 2022, and February 28, 2021.

	Year Ended February 28, 2023	Year Ended February 28, 2022	Year Ended February 29, 2021
Automotive Electronics Segment			
OEM Products	$ 72,979	$ 65,017	$ 46,170
Aftermarket Products	101,832	135,577	117,733
Total Automotive Electronics Segment	174,811	200,594	163,903
Consumer Electronics Segment			
Premium Audio Products	274,544	343,991	299,908
Other Consumer Electronic Products	83,214	89,934	98,355
Total Consumer Electronics Segment	357,758	433,925	398,263
Biometrics Segment			
Biometric Products	1,046	882	836
Total Biometrics Segment	1,046	882	836
Corporate/Eliminations	399	519	603
Total Net Sales	$ 534,014	$ 635,920	$ 563,605

As of February 28, 2023 and February 28, 2022, the balance of the Company's return asset was $2,513 and $2,619, respectively, and the balance of the refund liability was $5,181 and $5,469, respectively, which are presented within Prepaid expenses and other current assets and Accrued expenses and other current liabilities, respectively, on the Consolidated Balance Sheets.

The Company had current and non-current contract liability balances totaling $4,818 at February 28, 2023 related to telematic subscription services. The following table provides a reconciliation of the Company's contract liabilities as of February 28, 2023:

Balance at February 28, 2022	$	5,412
Subscription payments received		6,775
Revenue recognized		(7,369)
Balance at February 28, 2023	$	4,818

The Company had no contract asset balances at February 28, 2023 or February 28, 2022.

15) Contingencies

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

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

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

On November 29, 2021, the Arbitrator issued an interim award (the "Interim Award") with Seaguard prevailing on its breach of contract claim. The Company's affirmative defenses relating to those claims, however, were denied in their entirety. Seaguard was awarded damages in the amount of $39,444 against the Company. On March 3, 2022, the Arbitrator issued a Partial Final Award on Bifurcated Issue in the amount of $39,444, plus $798 for its attorneys' fees and costs. On March 11, 2022, the Arbitrator fixed the schedule of the patent portion of the bifurcated arbitration, with a trial date set for October 16, 2023. The Company has put its suppliers on notice of its indemnification rights with respect to the alleged infringing products.

On March 14, 2022, Seaguard filed a Petition in the United States District Court, Central District of California, Western Division, to confirm the Partial Final Award. On April 25, 2022, the Company filed its opposition to Seaguard's Petition to Confirm and a Counter-Petition to Vacate the Partial Final Award. On May 31, 2022, the Court ordered the matter taken under submission for decision without oral hearing. The court has issued an Order informing the parties that it will rule on the pending Petitions by August 3, 2023.

During the year ended February 28, 2022, the Company recorded a charge of $39,444 within Other (expense) income in the accompanying Consolidated Statements of Operations and Comprehensive (Loss) Income. During the year ended February 28, 2023, the Company accrued charges of $3,944 representing interest due on the award when paid, if confirmed and not vacated by the U.S. District Court or an appellate court. At February 28, 2023 and February 28, 2022, the Company had a total accrued balance of $43,388 and $39,444, respectively, on the accompanying Consolidated Balance Sheets related to the interim arbitration award. No accrual or reserve was included in the Company's issued financial statements prior to the year ended February 28, 2022, 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.

16) Subsequent Events

We have evaluated subsequent events from March 1, 2023 through the filing date of this Form 10K on May 15, 2023. Based on this evaluation, we did not identify any events that would have required recognition or disclosure in these consolidated financial statements, except for the First Amendment and Supplement to the Indenture of Trust relating to the Florida Industrial Revenue Bonds and the Amended and Restated Confirmation of Swap Transaction, as discussed in Note 7.

SCHEDULE II

VOXX INTERNATIONAL CORPORATION AND SUBSIDIARIES
Valuation and Qualifying Accounts
Years ended February 28, 2023, February 28, 2022, and February 28, 2021
(In thousands)

Column A	Column B	Column C	Column D		Column E
Description	Balance at Beginning of Year	Gross Amount Charged to Costs and Expenses	Reversals of Previously Established Accruals	Deductions (a)	Balance at End of Year
Year ended February 28, 2023					
Allowance for credit losses	$ 2,182	$ (717)	$ —	$ 67	$ 1,398
Cash discount allowances	1,108	5,218	—	5,209	1,117
Sales return reserve	5,469	22,659	—	22,947	5,181
Year ended February 28, 2022					
Allowance for credit losses	$ 1,593	$ 863	$ —	$ 274	$ 2,182
Cash discount allowances	1,104	6,320	—	6,316	1,108
Sales return reserve	5,145	9,571	—	9,247	5,469
Year ended February 28, 2021					
Allowance for credit losses	$ 1,954	$ (271)	$ —	$ 90	$ 1,593
Cash discount allowances	751	6,565	—	6,212	1,104
Sales return reserve	3,779	16,550	—	15,184	5,145

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

Exhibit Number	Description
3.1	Amended and Restated Certificate of Incorporation of the Company as filed with the Delaware Secretary of State on April 17, 2000 (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended November 30, 2000)
3.2	Certificate of Ownership and Merger (incorporated by reference to the Company's Form 8-K filed on December 6, 2011)
3.3	Amended and Restated Bylaws of the Company (incorporated by reference to the Company's Form 8-K filed on December 6, 2011)
10.1	Employment Agreement dated February 6, 2023, between the Company and Beat Kahli (filed herewith).
10.2	Third Amendment to the Employment Agreement dated July 8, 2019, between the Company and Patrick M. Lavelle (filed herewith).
10.3	Third Amendment to the Employment Agreement dated July 8, 2019, between the Company and Loriann Shelton (filed herewith).
21	Subsidiaries of the Registrant (filed herewith)
23	Consent of Grant Thornton LLP (filed herewith)
31.1	Certification of Principal Executive Officer Pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act of 1934 (filed herewith)
31.2	Certification of Principal Financial Officer Pursuant to Rule 13a-14(a) and rule 15d-14(a) of the Securities Exchange Act of 1934 (filed herewith)
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)
101	The following materials from VOXX International Corporation's Annual Report on Form 10-K for the period ended February 28, 2023, formatted in Inline eXtensible Business Reporting Language (XBRL): (i) the Consolidated Balance Sheets, (ii), the Consolidated Statements of Operations and Comprehensive (Loss) Income, (iii) the Consolidated Statements of Stockholders' Equity, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.
104	The cover page from VOXX International Corporation’s Annual Report on Form 10-K for the period ended February 28, 2023 has been formatted in Inline XBRL.

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

SIGNATURES

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

VOXX INTERNATIONAL CORPORATION

May 15, 2023 By: /s/ Patrick M. Lavelle

Patrick M. Lavelle,

Chief Executive Officer

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

Signature	Title	Date
/s/ Patrick M. Lavelle Patrick M. Lavelle	Chief Executive Officer (Principal Executive Officer) and Director	May 15, 2023
/s/ Charles M. Stoehr Charles M. Stoehr	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Director	May 15, 2023
/s/ John J. Shalam John J. Shalam	Chairman of the Board of Directors	May 15, 2023
/s/ John Adamovich, Jr. John Adamovich, Jr.	Director	May 15, 2023
/s/ Denise Gibson Denise Gibson	Director	May 15, 2023
/s/ Peter A. Lesser Peter A. Lesser	Director	May 15, 2023
/s/ Ari Shalam Ari Shalam	Co-Vice Chairman of the Board of Directors	May 15, 2023
/s/ Beat Kahli Beat Kahli	President and Co-Vice Chairman of the Board of Directors	May 15, 2023

Exhibit 10.1

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT, executed this 6th day of February, 2023 (the "Effective Date"), by and between Voxx International Corporation, 2351 J Lawson Blvd., Orlando, Florida 32824 (the "Company"), and Beat Kahli, an individual with an address at 3801 Avalon Park East Blvd., Suite 400, Orlando, Florida 32828 (the "Executive").

WITNESSETH:

WHEREAS, the Company desires to employ the Executive as President and to enter into a written employment agreement embodying the terms of such relationship; and

WHEREAS, the Executive is willing to be so employed by the Company as President upon the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the promises and mutual covenants herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby mutually acknowledged by the Company and the Executive, the parties agree as follows:

1. TERM OF AGREEMENT

1.1 This Agreement shall constitute the binding obligation of the Executive and the Company and shall commence on the Effective Date through February 29, 2024, unless the Agreement is terminated at an earlier date by either party in accordance with Section 4 (such period hereinafter referred to as the "Employment Period").

2. EMPLOYMENT

2.1 As of the Effective Date, the Executive shall be employed by the Company as, and will perform the duties and responsibilities of, President of the Company on a substantially full time basis, reporting directly to the Board of Directors of the Company (the "Board"). In that capacity, Executive shall perform such services, acts, and functions necessary or advisable to oversee, manage and conduct the business of the Company in coordination with the Company's Chief Executive Officer pursuant to a written Designation of Duties and Shared Responsibilities set forth on Schedule "A" hereto, and shall perform such other duties and responsibilities as may be reasonably assigned by the Board. During the Employment Period, with the exception of compensation and benefits related income received from entities disclosed by Executive to the Company in which the Executive has an ownership interest, the Executive shall not render services to any other person or organization for compensation without the prior written approval of the Company. The Company hereby acknowledges and consents to the Executive's service as a member of the Board of Directors or Trustees of various civic

organizations. The Executive's principal work location shall be in Orlando, Florida, but the Executive shall travel to the extent, and to the places, reasonably necessary for the performance of the Executive's duties hereunder.

3. **COMPENSATION AND OTHER BENEFITS**

During the Employment Period, the Executive shall be compensated as follows:

3.1 **Base Salary**. The Company shall pay the Executive a base salary of Three Hundred Thousand Dollars ($300,000.00) per annum (the "Base Salary"), payable in accordance with the standard payroll practices of the Company as are in effect from time to time, less all deductions or withholdings required by applicable law.

3.2 **Stock Grant**. On each of June 30, 2023, September 30, 2023, December 31, 2023 and March 31, 2024, the Company shall grant Executive 5,000 shares of Class A common stock of the Company. The Company shall withhold twenty-two (22%) percent (or such other withholding amount as directed by Executive in writing to the Company) of the value of each share grant from the Executive's Base Salary compensation on the subsequent payroll cycle.

3.3 **Employee Benefit Plans.** The Executive hereby waives participation in the Company's Employee Benefit Plans.

3.4 **Vacation/Paid Time Off**. During the Employment Period, the Executive shall be entitled to not less than four (4) weeks paid vacation each fiscal year and Company-wide paid-time off days at such times as will not materially interfere with the performance of the Executive's duties.

3.5 **Expense Reimbursement**. During the Employment Period, the Company shall pay or promptly reimburse the Executive for all reasonable expenses, including reasonable business travel expenses, incurred by the Executive in connection with his duties and responsibilities hereunder upon submission of appropriate documentation or receipts in accordance with the policies and procedures of the Company as are in effect from time to time.

4. **TERMINATION OF EMPLOYMENT**

Subject to the notice and other provisions of this Section 4, the Company shall have the right to terminate the Executive's employment hereunder, and the Executive shall have the right to resign, at any time. The "Date of Termination" (1) for Cause or by resignation without Good Reason shall be determined in accordance with the provisions of Section 4.4; (2) by death or disability shall be the date of death or disability determined in accordance with the provisions of Section 4.3; (3) without Cause or by resignation with Good Reason shall be determined in accordance with the provisions of Section 4.1; or (4) shall mean the date this Agreement expires in accordance with the provisions of Section 4.2.

4.1 **Termination Without Cause or Resignation for Good Reason.**

4.1A **Disability**. For purposes of this Agreement, "disability" shall have the same definition of disability as triggers payments to the Executive under the Company provided disability insurance policy covering the Executive, as in effect at the time the determination of "disability" is to be made. If no such policy is then in effect, then "disability" shall mean the Executive's inability, by reason of any physical or mental injury or illness, to substantially perform the services required by him hereunder for a period in excess of ninety (90) Business Days in any three hundred sixty (360) day period. In such event, Executive's employment shall be deemed to have terminated by reason of disability on the last day of such ninety (90) Business Day period.

4.1B **Cause Defined.** For purposes of this Agreement, "Cause" shall mean a termination of the Executive's employment by the Company due to any of the following reasons:

(1) Executive's willful misconduct or gross negligence in performance of Executive's duties and responsibilities to the Company or its assets;

(2) Executive's performance of any material act of professional misconduct, dishonesty, or breach of trust;

(3) Executive's conviction of, or plea of guilty or nolo contendere to, a felony (other than traffic offenses) or of any crime involving fraud, embezzlement, theft, or moral turpitude;

(4) Executive's willful failure to perform lawful directives of the Board promptly; or

(5) Executive's material breach of this Agreement or any other agreement with the Company, or Executive's material violation of any written policy of the Company (including, but not limited to, the Company's ethical and Code of Conduct policies).

4.1C **Good Reason.** For purposes of this Agreement, a resignation for "Good Reason" shall mean the Executive's resignation within one hundred eighty (180) days following: (1) Executive's written notice to the Company of (i) a material reduction in the scope of the Executive's powers, duties, title or responsibilities, (ii) the assignment to the Executive of duties materially inconsistent with this Agreement or a material adverse change in his title or authority or (iii) the Company's material breach of this Agreement; or (2) Executive's written notice to the Company of a change in the Executive's primary place of work to a location that is outside of Orlando, Florida, in each case which is not cured by the Company within twenty (20) Business Days of receiving such notice from the Executive.

4.1D **Termination Procedure.** The Company may terminate the Executive's employment hereunder at any time without Cause on twenty (20) Business Days' prior written notice to the Executive (the term "Business Day" meaning a day other than one on which commercial banks in Orlando are permitted or required to close). The Executive may terminate his employment hereunder for Good Reason at any time on twenty (20) Business Days prior written notice to the Company (subject to the various notice and cure provisions of Section 4.1C above). The Date of Termination in either such event shall be the twentieth (20th) Business Day following the giving of such notice.

4.1E **Accrued Obligations.** Upon the Executive's Date of Termination (regardless of the reason for such termination), the Executive shall be entitled to receive:

(1) his Base Salary through and including the Date of Termination,

(2) reimbursement for all expenses incurred in accordance with Section 3.5 of this Agreement, but not yet paid, as of the Date of Termination,

(3) payment of the per diem value of any unused vacation days and paid-time off days which accrued through the Date of Termination, based upon Executive's most recent level of Base Salary, and

4.1F **Post-Employment Benefits.** In addition to the Accrued Obligations, if the Company terminates the Executive's employment hereunder without Cause (other than due to death or disability) or if the Executive terminates his employment hereunder for Good Reason, the Executive, upon execution of mutual releases reasonably satisfactory to the Executive and the Company (and the non-revocation of such release by the Executive), and provided the Executive is in compliance with his duties and obligations under Section 5 hereof, shall be entitled to receive only:

(1) all Stock Grants, to which the Executive would have been entitled had his employment not been terminated, shall accelerate and be issued to the Executive as soon as administratively practicable following the Date of Termination (to the extent not already fully distributed); and

(2) rights to indemnification as set forth in Section 6 of this Agreement;

4.2 **Expiration of the Agreement.**

4.2A **Termination.** Upon the expiration of the Agreement, the employment relationship created pursuant to this Agreement shall immediately terminate,

and no further compensation shall be payable to Executive except as provided herein in this Section 4.2.

4.2B **Post-Employment Benefits.** In addition to the Accrued Obligations, upon the expiration of this Agreement, the Executive, upon execution of mutual releases reasonably satisfactory to the Executive and the Company (and the non-revocation of such release by the Executive), and provided the Executive is in compliance with his duties and obligations under Section 5 hereof, shall be entitled to receive only rights to indemnification as set forth in Section 6 of this Agreement.

4.3 **Termination due to Death or Disability.**

4.3A **Termination.** Upon Executive's death or disability during the Employment Period, the employment relationship created pursuant to this Agreement shall immediately terminate, and no further compensation shall be payable to Executive except as provided herein in this Section 4.3.

4.3B **Post-Employment Benefits.** Date of Termination shall be the date of death or disability, as the case may be, and in such event, in addition to the Accrued Obligations, the Executive shall be entitled to receive only:

(1) rights to indemnification as set forth in Section 6 of this Agreement;

(2) all outstanding stock grants on a pro rata basis based on the number of days in the applicable quarter prior to the Date of Termination.

4.4 **Termination for Cause or Resignation without Good Reason.**

4.4A **Termination.** Upon the termination of Executive's employment for Cause or the Executive resignation without Good Reason, the employment relationship created pursuant to this Agreement shall immediately terminate, and no further compensation shall be payable to Executive except as provided herein in this Section 4.4.

4.4B **Post-Employment Benefits.** In addition to the Accrued Obligations, if the Executive's employment is terminated by the Company for "Cause", or the Executive resigns from his employment hereunder for any reason other than for "Good Reason", the Executive shall be entitled to receive only the following:

(1) rights to indemnification as set forth in Section 6 of this Agreement;

(2) retention of all stock-based compensation previously granted.

4.4C **Hearing Procedure/Cure Opportunity**. The existence of Cause must be confirmed by not less than a majority of the Board with the existence of a quorum at a meeting called for such purpose prior to any termination. At

the discretion of the Chair or a majority of the independent directors of the Board, such meeting will exclude management members of the Board.

(1) Upon the Board’s confirmation of the existence of Cause (following any and all necessary investigations into its existence, as determined by the Board), the Company shall notify the Executive that the Company intends to terminate the Executive’s employment for Cause under this Section 4.4C (the “Confirmation Notice”). To the extent that the Board determines the claimed breach is subject to cure, the Confirmation Notice shall inform the Executive that he is required to cure such breach within twenty (20) Business Days after the Confirmation Notice is received (the “Cause Cure Period”). The Confirmation Notice shall specify the act, or acts, upon the basis of which the Board has confirmed the existence of Cause and the Confirmation Notice must be delivered to the Executive within fifteen (15) Business Days after the Board confirms the existence of Cause.

(2) If the Executive notifies the Company in writing (the “Opportunity Notice”) within twenty (20) Business Days after the Executive has received the Confirmation Notice, the Executive (together with counsel) shall be provided the opportunity to meet formally with the Board (or a sufficient quorum thereof) to discuss such act or acts. The meeting with the Board shall occur at a mutually agreed upon date, but in no event more than twenty (20) Business Days after the Company receives the Opportunity Notice from the Executive, and at the Company's headquarters or mutually agreed upon location. If the Board attends such meeting and in good faith does not rescind its confirmation of Cause at such meeting (or the breach is not otherwise cured during the Cause Cure Period), the Company shall immediately upon the closing of such meeting, deliver to the Executive a Notice of Termination for Cause under this Section 4.4C.

(4) If the Executive does not respond in writing to the Confirmation Notice in the manner and within the time period specified in Section 4.4C(2) above (including with respect to the Executive’s ability to potentially cure the claimed breach), the Company shall thereafter issue a Notice of Termination for Cause which shall set forth the date on which the Company intends to terminate the Executive’s employment. If the breach is cured within the Cause Cure Period, Cause shall not exist under this Agreement and a Notice of Termination for Cause shall not be issued.

(5) The Date of Termination shall be the date specified in the Notice of Termination for Cause.

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(6) The procedure set forth in this Section 4.4C to determine the existence of Cause shall at all times be subject to the requirements of applicable law, regulation, regulatory bulletin or other regulatory requirements.

4.4D **Resignation without Good Reason.** A resignation by the Executive without Good Reason shall take effect on, and the Date of Termination shall be, the date specified in the written notice of resignation from the Executive to the Company provided that such date shall be at least ninety (90) days after the date such written notice is given. In the event that the written notice of resignation exceeds ninety (90) days, the Board, at its sole discretion, may adjust the Date of Termination so long as the adjusted Date of Termination is no less than ninety (90) days from the date of written notice from the Executive. The Board may elect to provide written notice to the Executive directing him not to report to the Company for service during all or any portion of the ninety (90) day notice period, during which period the Company shall continue to pay the Executive's Base Salary and other benefits in accordance with the terms of this Agreement. The Executive shall be entitled to the Post-Employment Benefits provided in section 4.4B above.

4.5 **No Mitigation; No Offset.** In the event of any termination of employment under this Section 4, except if the termination is a resignation without Good Reason, the Executive shall be under no obligation to seek other employment or to mitigate damages and there shall be no offset against any amounts due the Executive under this Agreement. Any amounts due under this Section 4 are in the nature of separation benefits, or liquidated damages, or both, and are not in the nature of a penalty. Until the Date of Termination, the Executive shall be entitled, to the extent not prohibited by applicable law, regulation, regulatory bulletin, and/or any other regulatory requirement, as the same exists or may hereafter be promulgated or amended, to be paid his then Base Salary, and otherwise to continue to receive all other benefits to be paid to him during the Employment Period, and there shall be no reduction whatsoever of any amounts payable to the Executive, hereunder.

5. RESTRICTIVE COVENANTS

5.1 Confidential Information.

5.1A The Executive agrees and acknowledges that during the performance of his duties with the Company he will receive and have access to confidential, proprietary, and/or trade secret information concerning the Company (hereinafter "Confidential Information"). "Confidential Information" means information which has substantial value to the Company, regardless of form or characteristic, and which: (a) the Company does not make available to the public, industry, or third parties; (b) relates to the Company's business operations, products, processes, business plans, purchasing, marketing, clients, suppliers, or service providers; and (c) may include (i) financial

information and data, (ii) information pertaining to personnel and compensation, (iii) marketing plans and related information, (iv) the names, lists, contact information, and practices of clients and vendors, (v) plans, products, designs, design concepts, drawings, software, developments, memoranda, data, improvements, and methods of operation, (vi) computer software (including object code and source code), data and databases, outcome research, documentation, instructional material, inventions, processes, formulas, technology, designs, drawings, engineering, hardware, configuration information, models, manufacturing processes, sales and cost information, and (vii) business methods, techniques, plans, and the information contained therein.

5.1B During the Employment Period and thereafter, the Executive agrees that he will not publish, use or disclose Confidential Information to anyone other than authorized Company personnel. The Executive specifically agrees that he will not make use of any such Confidential Information for his own purpose, or for the benefit of any person, firm, company or other entity except for the benefit of the Company.

5.1C During the Employment Period and thereafter, the Executive agrees that he will not remove any printed, written, recorded, electronic, or graphic material, or any reproduction thereof, constituting, containing or reflecting Confidential Information from the Company's premises, except for legitimate purposes of Company business. At the time his employment with the Company ceases, and as a condition to receive any post-employment benefits under this Agreement, the Executive agrees that he will return any and all materials and/or reproductions constituting, containing or reflecting Confidential Information in his possession or under his custody or control to the Company and certify that he has done so.

5.1D The Defend Trade Secrets Act of 2016 (the “DTSA”) provides that: (1) an individual shall not be held criminally or civilly liable under any Federal or State trade secret law for the disclosure of a trade secret that: (A) is made – (i) in confidence to a Federal, State, or local government official, either directly or indirectly, or to an attorney; and (ii) solely for the purpose of reporting or investigating a suspected violation of law; or (B) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal. The DTSA further provides that: an individual who files a lawsuit for retaliation by an employer for reporting a suspected violation of law may disclose the trade secret to the attorney of the individual and use the trade secret information in the court proceeding, if the individual: (A) files any document containing the trade secret under seal; and (B) does not disclose the trade secret, except pursuant to court order.

5.2 **Covenant Not To Compete.** For purposes of the covenant in this Section 5.2, a Competitive Enterprise is any business enterprise located in the world that engages in any activity or owns a majority voting interest in any entity that engages in any

activity that competes with the Company. The Executive hereby covenants and agrees that during the Employment Period, Executive shall not directly or indirectly (a) form, or acquire a five percent (5%) or greater equity ownership interest in, or receive economic benefit (including any economic benefit that is earned or paid on a deferred basis) from any Competitive Enterprise provided that this restriction shall not apply to a Competitive Enterprise whose securities are publicly traded; or (b) become an employee, officer, partner, director, consultant, agent or advisor of any Competitive Enterprise worldwide. For the purposes of this Section 5.2, GalvanEyes Partners LLC shall not be deemed to be a Competitive Enterprise.

5.3 **Non-Solicitation**. During the Employment Period and for twelve (12) months thereafter (the "Restricted Period"), the Executive expressly agrees not to (1) call upon, solicit, sell or attempt to sell any product or services in competition with those offered by the Company to

(i) any person or firm that was a customer of the Company at any time during the twelve (12) month period prior to the Date of Termination; or

(ii) any person or firm that was a prospective customer of the Company during the twelve (12) month period preceding the Date of Termination;

or (2) directly or indirectly, solicit, induce, or call upon any employee of the Company to terminate his employment with the Company.

5.4 **Non-Disparagement**.

5.3A During the Employment Period and thereafter, the Company and Executive agree that they shall not, directly or indirectly, make or cause or assist any other person to make, any statement or other communication, regardless of form, which impugns or attacks, or is otherwise critical of the reputation, business or character of the other, including any of the officers, directors, employees, products or services of the Company.

5.3B Nothing in this Agreement is intended to or shall be interpreted: (i) to restrict or otherwise interfere with Executive's obligation to testify truthfully in any forum; (ii) to restrict or otherwise interfere with Executive's right and/or obligation to contact, cooperate with, provide information in confidence to, report possible violations of federal, state or local law, ordinance or regulation – or testify or otherwise participate in any action, investigation or proceeding of – any government agency, entity or commission (including but not limited to the EEOC, the Department of Justice, the Securities and Exchange Commission, the Congress and any Agency Inspector General) or otherwise taking action or making disclosures that are protected under the whistleblower provisions of any federal, state or local law, ordinance or regulation, including, but not limited to, Rule 21F-17 promulgated under the Securities Exchange Act of 1934, as amended, in connection with which, for the avoidance of doubt, Executive shall be

entitled to make reports and disclosures or otherwise take action under this section without prior authorization from or subsequent notification to the Company; (iii) to restrict or otherwise interfere with Executive's right and/or obligation to disclose any information or produce any documents as is required by law or legal process, (iv) to restrict Executive's right to disclose documents and information in confidence to any attorney, financial advisor, or tax preparer or other tax professional for purposes of securing professional advice; (v) to restrict Executive's right to use or disclose documents and information to the extent reasonably necessary in connection with enforcing or defending his legal rights; or (vi) to restrict Executive's ability to disclose his post-employment restrictions in confidence in connection with any potential new employment or business venture.

5.5 **Enforceability**. Each covenant in this Section 5 shall be enforceable against the Executive during the Employment Period and during the Restricted Period. If any covenant in this Section 5 is held to be unenforceable or against public policy by the tribunal designated in Section 8 below or, if appropriate, by a court of competent jurisdiction, such covenant will be considered to be divisible with respect to scope, time and geographic area, and such lesser scope, time or geographic area, or all of them, as a court of competent jurisdiction may determine to be reasonable, will be binding and enforceable against the Executive.

6. **INDEMNIFICATION**

To the fullest extent permitted by law, but subject to the provisions of the Certificate of Incorporation of the Company and the By-laws of the Company in effect from time to time (provided that no amendment thereto shall in any way lessen the Executive's rights hereunder to less than is provided in the Certificate of Incorporation and/or By-laws as of the Effective Date), the Company shall promptly, after receipt of a request by the Executive, indemnify, defend and hold harmless the Executive with respect to any claims (whether litigated or not) against the Executive while the Executive was acting in good faith in his capacity as an employee, officer or director of the Company, whether by or on behalf of the Company, its shareholders or third parties. The Company shall, in addition, promptly advance to the Executive an amount equal to the reasonable fees and expenses incurred in defending such matters, promptly after receipt of a reasonably itemized request for such advance,. The Company's obligations under this Section 6 shall only arise to the extent that the Executive was acting within the scope of the authority of the Executive pursuant to his Agreement and under the rules and policies of the Company, except that the Executive must have in good faith believed that such action was in the best interests of the Company and such course of action or inaction must not have constituted gross negligence, fraud, willful misconduct, breach of a fiduciary duty, a breach of this Agreement, or a violation of applicable laws, rules, regulations, or Company rules or policies. The Company may procure insurance with respect to the obligations provided in this Section 6 and shall provide such additional indemnification protection to the Executive as may be provided to other directors or key executive officers of the Company.

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7. **INJUNCTIVE RELIEF AND ADDITIONAL REMEDIES**

The parties acknowledge that the injury that would be suffered as a result of a breach of Section 5 of this Agreement would be irreparable and that an award of monetary damages for such a breach would be an inadequate remedy. Consequently, each party acknowledges and expressly agrees that the other party will have the right, in addition to any other rights it may have, to obtain injunctive relief to restrain any breach or threatened breach or otherwise to specifically enforce Section 5 of this Agreement providing the party posts an adequate bond or other security in seeking such relief. Executive agrees and acknowledges that the provisions of Section 5, including the subject matter and temporal and/or geographic scope, are reasonable and necessary to protect the interests of the Company. Executive also agrees and acknowledges that the provisions contained in Section 5 do not preclude the Executive from earning a livelihood, nor do they unreasonably impose limitations on the Executive's ability to earn a living. In the event that Executive violates any of the covenants in Section 5 and the Company commences legal action for injunctive or other equitable relief, the Company shall have the benefit of the full period of the Restricted Period such that the restriction shall have the duration of twenty-four (24) months computed from the date the Executive ceased violation of the covenants, either by order of the court or otherwise.

8. **ALTERNATE DISPUTE RESOLUTION**

Any dispute concerning the interpretation or enforcement of this Agreement shall be resolved by a panel of three (3) arbitrators in accordance with the rules of JAMS/ENDISPUTE held in Orlando, Florida, or if that organization shall cease to exist, of a successor or similar organization, or if no such organization shall exist, then in accordance with the rules of the American Arbitration Association. The decision of the panel of three (3) arbitrators shall be final and binding on all parties, and shall not be appealable upon any grounds other than as permitted pursuant to the Federal Arbitration Act. All such matters involving the issue, as well as the proceedings at issue, shall be kept strictly confidential, except as may be required by law, it being expressly agreed by all parties hereto that the breach of the confidentiality requirement hereunder shall be materially damaging, directly and indirectly, to all parties hereto. If the panel determines that the non-prevailing party in any such dispute acted in bad faith in connection therewith, the panel may award to the prevailing party reasonable legal fees and costs associated with the dispute. The requirement to arbitrate does not apply to the filing of an employment related claim, dispute or controversy with a federal, state or local administrative agency, including the EEOC and the Securities and Exchange Commission. However, Executive understands that by entering into this Agreement, Executive is waiving Executive's right to have a court and a jury determine Executive's rights, including under federal, state and local statutes prohibiting employment discrimination, harassment and retaliation, including sexual harassment and discrimination on the basis of age, sex, race, color, religion, national origin, disability, veteran status or any other factor prohibited by governing law.

9. **VENUE**

All disputes shall be arbitrated in Orlando, Florida.

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10. **NOTICES**

Any notice, demand, request or other communication hereunder by either party to the other shall be given in writing by personal delivery, nationally recognized overnight courier service, certified mail, return receipt requested, or (if to the Company) by facsimile, in any case delivered to the applicable address set forth below:

To the Company:

Voxx International Corporation
2351 J Lawson Blvd.
Orlando, Florida 32824
Attn: Patrick M. Lavelle, President/CEO
Fax No.:

With a copy to:

Larry N. Stopol, Esq.
Ruskin Moscou Faltischek P.C.
1425 RXR Plaza
Uniondale, New York 11556
Fax No.: 516-663-6701

To the Executive:

Mr. Beat Kahli
3801 Avalon Park East Blvd., Suite 400
Orlando, FL 32828
Fax No.:

Any such communication shall be deemed given and received on the date of personal delivery or fax transmittal and three (3) Business Days after being sent by certified mail, return receipt requested.

11. SUCCESSORS AND ASSIGNS

This Agreement is personal to Executive and shall not be assignable by Executive. This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns. Subject to the rights of the Executive under this Agreement, the Company may assign and transfer its rights to, and will require its obligations under this Agreement to be expressly assumed by, a successor to all or substantially all of its equity ownership interests, assets or business by dissolution, merger, consolidation, transfer of assets or stock, or otherwise. Except as stated herein, nothing in this Agreement, expressed or implied, is intended to confer on any person, other than the parties and their respective successors and permitted assigns, any rights or remedies under or by reason of this Agreement.

12. VOLUNTARY AGREEMENT

Executive and the Company represent and agree that each has reviewed all aspects of this Agreement, has carefully read, and fully understands, all provisions of this Agreement and is voluntarily entering into this Agreement. Each party represents and agrees that such party has had opportunity to review any and all aspects of this Agreement with the legal, tax, or other advisors of such party's choice. Both parties represent that each has obtained advice regarding the legal, tax, and other consequences of the terms and conditions of this Agreement.

13. ENTIRE AGREEMENT

This is the entire agreement between the parties with respect to the matters set forth herein and supersedes any and all prior or contemporaneous agreements or understandings between them. Except as expressly provided herein, this Agreement may not be changed or terminated orally, and no change, termination, or attempted waiver of any of the provisions hereof shall be binding unless in writing signed by both Executive and the Chairman or other duly authorized representative of the Company. Any such written changes, terminations, or waivers must specifically reference this Agreement, and such changes as the Company may from time-to-time make in its general policies and procedures shall not be deemed or construed to be written amendments to this Agreement, whether such changes are in writing or not.

14. WAIVER

No provision of this Agreement may be waived in any manner except by written agreement of the parties. In the event any provision is waived, the balance of the provisions shall nevertheless remain in full force and effect and shall in no way be waived, impaired or otherwise modified. No failure or delay on the part of either the Executive or the Company hereto in the exercise of any right hereunder shall impair such right or be construed to be a waiver of, or acquiescence in, any breach of any representation, warranty, covenant or agreement herein, nor shall any single or partial exercise of any such right preclude other or further exercise thereof or of any other right.

15. MODIFICATIONS

Neither this Agreement nor the provisions contained herein may be extended, renewed, amended or modified other than by a written agreement executed by Executive and the Chairman or other duly authorized representative of the Company.

16. SEVERABILITY

Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

17. CONSTRUCTION

The rule that a contract is to be construed against the party drafting the contract is hereby expressly waived by the parties and shall have no applicability in construing this Agreement or the terms hereof. Any headings and captions used herein are only for convenience and shall not affect the construction or interpretation of this Agreement.

18. SURVIVAL

The obligations contained in Section 4 through Section 21 and any other provision that by its terms is intended to survive the termination of this Agreement and the termination of the Executive’s employment hereunder, shall survive and be fully enforceable after the termination of this Agreement and the termination of Executive’s employment with the Company for any reason and regardless of whether initiated by the Company or Executive.

19. **GOVERNING LAW**

All issues concerning the enforceability, validity, and binding effect of this Agreement shall be governed by and construed in accordance with the laws of Florida without giving effect to any choice of law or conflict of law provision or rule (whether of Florida or any other jurisdiction) that would cause the application of the law of any jurisdiction other than Florida.

21. COUNTERPARTS

This Agreement may be executed in more than one counterpart in wet ink or by electronic signature, each of which shall be deemed an original, but all of which together shall constitute but one and the same instrument. A signed copy of this Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Agreement.

[Signature Page Follows]

IN WITNESS WHEREOF, THE PARTIES HAVE EXECUTED THIS AGREEMENT AS OF THE DATE WRITTEN ABOVE.

VOXX INTERNATIONAL CORPORATION

By: /s/ Patrick M. Lavelle
Patrick M. Lavelle, CEO

/s/ Beat Kahli
Beat Kahli

SCHEDULE A

DESIGNATED DUTIES AND SHARED RESPONSIBILITIES

Pat Lavelle:

- Oversee ongoing day-to-day business operations
- Compliance with all laws, regulations and stock exchange rules including quarterly reporting
- Review financial performance of all operations and make necessary changes
- Approve company-wide strategic planning efforts and M&A initiatives
- Oversee implementation of new ERP system
- Insure timely submission of financials and operational reviews
- Represent VOXX at important business functions and networking opportunities
- Maintain CTA role and commitments
- Engage in media obligations and investor relations

Beat Kahli:

- Work with CEO to create a cohesive, profitable fiscal year 2024 budget
- Work with business leaders on key short and long term strategies, KPIs, plans and policies
- Oversee financial initiatives to ensure adequate liquidity
- Manage banking relationships in conjunction with CFO
- Review financial performance of all operations
- Negotiate and drive M&A efforts
- Drive investor relations with shareholders
- Represent VOXX at important business functions, industry training events and networking opportunities
- Co-engage in media opportunities and investor relations

In the event of a disagreement or dispute with respect to the above roles other than day-to-day operations, the decision of the full Board shall govern.

Exhibit 10.2

AMENDMENT made effective as of February 6, 2023 to Employment Agreement (the "Employment Agreement") dated July 8, 2019, as amended, between Voxx International Corporation, 180 Marcus Blvd., Hauppauge, New York 11788 (the "Company") and Patrick M. Lavelle, an individual residing at 131 Celebration Blvd., Celebration, FL 34747 (the "Executive"). All capitalized terms herein are defined in the Employment Agreement.

WHEREAS, the Employment Agreement appoints and employs the Executive as President and Chief Executive Officer of the Company; and

WHEREAS, the Company's Board of Directors has resolved to appoint and employ Beat Kahli as President of the Company effective immediately; and

WHEREAS, Section 4.1C of the Employment Agreement defines the criteria for a resignation by the Executive for Good Reason including, without limitation, a material reduction in the scope of the Executive's powers, duties, title or responsibilities or the assignment to the Executive of duties materially inconsistent with the Agreement or a material adverse change in the Executive's title or authority; and

WHEREAS, the duties and responsibilities of Beat Kahli, as President of the Company, as designated by the Company's Board of Directors may be deemed to trigger "Good Reason" for the Executive under the Employment Agreement; and

WHEREAS, the Executive desires to cooperate with the Company and has agreed to amend the Employment Agreement to designate certain duties and shared responsibilities in cooperation with and in conjunction with Beat Kahli, which designated duties and shared responsibilities shall not be deemed to constitute a material reduction in the scope of the Executive's powers, duties, title or responsibilities or the assignment to the Executive of duties materially inconsistent with the Agreement or a material adverse change in the Executive's title or authority which would permit the Executive to resign for "Good Reason" his employment with the Company under Section 4.1C thereof:

NOW, THEREFORE, IT IS AGREED BY THE PARTIES AS FOLLOWS:

1. Section 2.1 of the Employment Agreement is hereby amended to delete the Executive's appointment and designation as President of the Company, while retaining the appointment and designation of Chief Executive Officer of the Company.

2. Section 4.1C of the Employment Agreement is hereby amended to add the following sentence to the end of the existing Section 4.1C:

> "Notwithstanding anything contained herein to the contrary, the Designated Duties and Shared Responsibilities for the Executive, as Chief Executive Officer of the Company and for Beat Kahli, as President of the Company, set forth on Schedule "A" to this Amendment shall not be deemed to constitute a material reduction in the scope of the Executive's powers, duties, title or responsibilities or the assignment to the Executive of duties materially inconsistent with the Agreement or a material adverse change in the Executive's title or authority which would permit the Executive to resign for "Good Reason" and receive Post-Employment Benefits under Sections 4.1C and 4.1F of the Employment Agreement, provided that the Executive is in compliance with his duties and obligations under Section 5 of the Employment Agreement."

3. Except as amended and modified herein, the Parties ratify and confirm the Employment Agreement as written.

IN WITNESS WHEREOF, the Parties have executed and delivered this Amendment as of the date first written above.

EMPLOYER:

VOXX INTERNATIONAL CORPORATION

By: /s/ Loriann Shelton

Printed: Loriann Shelton
Title: Sr. Vice President/COO

EXECUTIVE:

/s/ Patrick M. Lavelle
Patrick M. Lavelle

SCHEDULE A

DESIGNATED DUTIES AND SHARED RESPONSIBILITIES

Pat Lavelle:

- Oversee ongoing day-to-day business operations
- Compliance with all laws, regulations and stock exchange rules including quarterly reporting
- Review financial performance of all operations and make necessary changes
- Approve company-wide strategic planning efforts and M&A initiatives
- Oversee implementation of new ERP system
- Insure timely submission of financials and operational reviews
- Represent VOXX at important business functions and networking opportunities
- Maintain CTA role and commitments
- Engage in media obligations and investor relations

Beat Kahli:

- Work with CEO to create a cohesive, profitable fiscal year 2024 budget
- Work with business leaders on key short and long term strategies, KPIs, plans and policies
- Oversee financial initiatives to ensure adequate liquidity
- Manage banking relationships in conjunction with CFO
- Review financial performance of all operations
- Negotiate and drive M&A efforts
- Drive investor relations with shareholders
- Represent VOXX at important business functions, industry training events and networking opportunities
- Co-engage in media opportunities and investor relations

In the event of a disagreement or dispute with respect to the above roles other than day-to-day operations, the decision of the full Board shall govern.

Exhibit 10.3

AMENDMENT made effective as of February 6, 2023 to Employment Agreement (the "Employment Agreement") dated July 8, 2019, as amended, between Voxx International Corporation, 180 Marcus Blvd., Hauppauge, New York 11788 (the "Company") and Loriann Shelton, an individual residing at 8 Emily Court, Moriches, New York 11955 (the "Executive"). All capitalized terms used herein but not defined herein are as defined in the Employment Agreement unless indicated otherwise.

WHEREAS, the Company's Board of Directors has resolved to appoint and employ Beat Kahli as President of the Company effective immediately; and

WHEREAS, Section 2.1 of the Employment Agreement defines the role and scope of the Executive's duties with the Company including, without limitation, her chain of authority reporting requirements; and

WHEREAS, Section 4.1C of the Employment Agreement defines the criteria for a resignation by the Executive for Good Reason including, without limitation, the Executive's voluntary retirement at any time after the Executive attains sixty-five (65) years of age or a material reduction in the scope of the Executive's powers, duties, title or responsibilities or the assignment to the Executive of duties materially inconsistent with the Employment Agreement or a material adverse change in the Executive's title or authority; and

WHEREAS, the Company desires to retain the Executive's employment and the Executive is willing to forego her ability to trigger a Voluntary Retirement pursuant to Section 4.1C(b) of the Employment Agreement on the terms and conditions; and

WHEREAS, the changed reporting responsibilities of the Executive based on the duties and responsibilities of Patrick Lavelle, as Chief Executive Officer of the Company and Beat Kahli, as President of the Company, as designated by the Company's Board of Directors, may be deemed to trigger "Good Reason" for the Executive to resign under the Employment Agreement; and

WHEREAS, the Executive desires to cooperate with the Company and has agreed to amend the Employment Agreement to modify the Executive's reporting duties and responsibilities, on the terms and conditions set forth herein, which modification shall not be deemed to constitute a material reduction in the scope of the Executive's powers, duties, title or responsibilities which

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would permit the Executive to resign her employment with the Company as “Good Reason” under Section 4.1C thereof, and

WHEREAS, the parties desire to further amend the Employment Agreement to make certain changes to the Termination of Employment and Expiration of the Agreement provisions under Section 4 of the Agreement.

NOW, THEREFORE, IT IS AGREED BY THE PARTIES AS FOLLOWS:

1. Section 2.1 of the Employment Agreement is amended and restated in its entirety as follows:

As of the Effective Date, the Executive shall continue to be employed by the Company as, and will perform the duties and responsibilities of, Senior Vice President and Chief Operating Officer of the Company, reporting directly to the CEO and to the President based on the Statement of Designated Duties and Shared Responsibilities as attached hereto as Schedule “A” and, as requested, to the Board of Directors of the Company (the “Board”). In that capacity, Executive shall perform such services, acts, and functions as she deems necessary or advisable to oversee, manage and conduct the business of the Company, and shall perform such other duties and responsibilities as may be reasonably assigned by either or both of the CEO or the President or the Board. For the sake of clarity and avoidance of doubt, the Executive shall not be required to report to or take supervision from any other individual(s), group or entity. During the Employment Period, the Executive shall not render services to any other person or organization for compensation without the prior written approval of the Company. The Executive’s principal work location shall be in Hauppauge, New York, but the Executive shall travel to the extent, and to the places, reasonably necessary for the performance of the Executive’s duties hereunder consistent with past practice.

2. Section 4.1C of the Employment Agreement is hereby amended (a) to delete subsection B thereof and (b) to add the following sentence to the end of Section 4.1C.

“Notwithstanding anything contained herein to the contrary, the reporting requirements of the Executive as they relate to the Statement of Designated Duties and Shared Responsibilities for the Chief Executive Officer and for the President of the Company, set forth on Schedule “A” to this Amendment, shall not be deemed to constitute a material reduction in the scope of the Executive’s powers, duties, title or responsibilities, which would permit the Executive to resign her employment with the Company as “Good Reason” under Section 4.1C and receive Post-Employment Benefits under Section 4.1F of the Employment Agreement, provided that the Executive is in compliance with her duties and obligations under Section 5 of the Employment Agreement.”

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3. Section 4.1F(2) of the Employment Agreement is hereby amended and restated as follows:

"(2) an amount in cash equal to the average of the two highest Annual Cash Bonuses awarded or to be awarded with respect to the five (5) year Employment Period (the "Average Bonus"), payable in equal installments on a monthly basis during the Separation Period (the "Severance Bonus");"

4. Section 4.2B of the Employment Agreement is hereby amended to add new subsections (4), (5), (6) and (7) following current subsection (3) as follows:

(4) an amount in cash equal to the average of the two highest Annual Cash Bonuses awarded or to be awarded with respect to the five (5) year Employment period (the "Average Bonus"), paid as soon as administratively practical following the Date of Termination of the Employment Agreement.

(5) continuation, for a period of one (1) year following the expiration of the Employment Agreement of (a) the Life Insurance Policy, and upon completion of such period, ownership of the Life Insurance Policy shall be transferred to the Executive at no cost to the Executive; and (b) medical, disability and other health coverages at the level in effect on and at the same out-of-pocket cost to the Executive as of the expiration of the Employment Agreement; it being understood that this period of coverage under COBRA shall commence on the first day following the Date of Termination of the Employment Agreement; and

(6) all stock based compensation including SERPS to which the Executive is entitled shall become one hundred percent (100%) vested, including, but not limited to, the Company's fiscal year ending February 29, 2024, notwithstanding when awarded and to be distributed to the Executive as soon as administratively practicable after the Date of Termination of the Employment Agreement.

(7) the Accrued Obligations as set forth in Section 4.1E, subsections (1) through (6) of the Employment Agreement.

5. Except as amended and modified herein, the Parties ratify and confirm the Employment Agreement as written.

[The balance of the page is intentionally blank.
Signature page follows]

IN WITNESS WHEREOF, the Parties have executed and delivered this Amendment as of the date first written above.

EMPLOYER:

VOXX INTERNATIONAL CORPORATION

By: /s/ Patrick M. Lavelle

Printed: Patrick M. Lavelle
Title: Chief Executive Officer

EXECUTIVE:

/s/ Loriann Shelton
Loriann Shelton

SCHEDULE A

DESIGNATED DUTIES AND SHARED RESPONSIBILITIES

Pat Lavelle:

- Oversee ongoing day-to-day business operations
- Compliance with all laws, regulations and stock exchange rules including quarterly reporting
- Review financial performance of all operations and make necessary changes
- Approve company-wide strategic planning efforts and M&A initiatives
- Oversee implementation of new ERP system
- Insure timely submission of financials and operational reviews
- Represent VOXX at important business functions and networking opportunities
- Maintain CTA role and commitments
- Engage in media obligations and investor relations

Beat Kahli:

- Work with CEO to create a cohesive, profitable fiscal year 2024 budget
- Work with business leaders on key short and long term strategies, KPIs, plans and policies
- Oversee financial initiatives to ensure adequate liquidity
- Manage banking relationships in conjunction with CFO
- Review financial performance of all operations
- Negotiate and drive M&A efforts
- Drive investor relations with shareholders
- Represent VOXX at important business functions, industry training events and networking opportunities
- Co-engage in media opportunities and investor relations

In the event of a disagreement or dispute with respect to the above roles other than day-to-day operations, the decision of the full Board shall govern.

Exhibit 21

SUBSIDIARIES OF REGISTRANT

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

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We have issued our reports dated May 15, 2023, with respect to the consolidated financial statements and internal control over financial reporting included in the Annual Report of VOXX International Corporation on Form 10-K for the year ended February 28, 2023. We consent to the incorporation by reference of said reports in the Registration Statements of VOXX International Corporation on Forms S-3 (File No. 333-187427 and File No. 333-91455) and on Form S-8 (File No. 333-184365).

/s/ GRANT THORNTON LLP
Melville, New York
May 15, 2023

Exhibit 31.1

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

I, Patrick M. Lavelle, certify that:

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

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

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

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

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

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

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

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

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

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

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

May 15, 2023

/s/Patrick M. Lavelle

Patrick M. Lavelle

Chief Executive Officer

Exhibit 31.2

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

I, Charles M. Stoehr, certify that:

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

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

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

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

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

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

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

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

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

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

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

May 15, 2023

/s/Charles M. Stoehr

Charles M. Stoehr

Senior Vice President and Chief Financial Officer

Exhibit 32.1

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

In connection with the Annual Report of VOXX International Corporation (the “Company”) on Form 10-K for the period ended February 28, 2023 (the “Report”) as filed with the Securities and Exchange Commission on the date hereof, I, Patrick M. Lavelle, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

May 15, 2023

/s/ Patrick M. Lavelle

Patrick M. Lavelle

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

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

Exhibit 32.2

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

In connection with the Annual Report of VOXX International Corporation (the “Company”) on Form 10-K for the period ended February 28, 2023 (the “Report”) as filed with the Securities and Exchange Commission on the date hereof, I, Charles M. Stoehr, Senior Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

May 15, 2023

/s/ Charles M. Stoehr

Charles M. Stoehr

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

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