

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

(Mark One)

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

**For the quarterly period ended June 30, 2026
OR**

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

**For the transition period from to
Commission File Number: 0-21044**

UNIVERSAL ELECTRONICS INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware
(State or Other Jurisdiction of
Incorporation or Organization)

33-0204817
(I.R.S. Employer
Identification No.)

15147 N. Scottsdale Road, Suite H300, Scottsdale, Arizona 85254-2494

(Address of principal executive offices and zip code)

(480) 530-3000

(Registrant's telephone number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	UEIC	The Nasdaq Stock Market LLC

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 the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

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 is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date: 12,885,062 shares of Common Stock, par value \$0.01 per share, of the registrant were outstanding on August 3, 2026.

**UNIVERSAL ELECTRONICS INC.
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PART I. FINANCIAL INFORMATION
ITEM 1. Consolidated Financial Statements (Unaudited)

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except share-related data)
(Unaudited)

	June 30, 2026	December 31, 2025
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 32,399	\$ 32,306
Accounts receivable, net	83,885	79,320
Contract assets	8,396	8,091
Inventories	70,041	77,793
Prepaid expenses and other current assets	7,155	6,803
Assets held for sale	1,157	—
Income tax receivable	1,207	806
Total current assets	204,240	205,119
Property, plant and equipment, net	25,723	27,600
Intangible assets, net	20,152	21,968
Operating lease right-of-use assets	10,356	10,203
Deferred income taxes	2,915	5,496
Other assets	3,943	3,611
Total assets	\$ 267,329	\$ 273,997
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 54,291	\$ 48,945
Lines of credit and short term financing	20,831	24,079
Accrued compensation	14,536	17,496
Accrued sales discounts, rebates and royalties	4,164	6,132
Accrued income taxes	1,578	2,524
Other accrued liabilities	19,852	20,134
Total current liabilities	115,252	119,310
Long-term liabilities:		
Operating lease obligations	6,651	6,193
Deferred income taxes	1,526	1,507
Income tax payable	74	74
Other long-term liabilities	865	729
Total liabilities	124,368	127,813
Commitments and contingencies (Note 12)		
Stockholders' equity:		
Preferred stock, \$0.01 par value, 5,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$0.01 par value, 50,000,000 shares authorized; 26,441,443 and 26,146,367 shares issued on June 30, 2026 and December 31, 2025, respectively	264	261
Paid-in capital	351,508	350,222
Treasury stock, at cost, 13,537,944 and 13,537,944 shares on June 30, 2026 and December 31, 2025, respectively	(375,016)	(375,016)
Accumulated other comprehensive income (loss)	(17,936)	(19,115)
Retained earnings	184,141	189,832
Total stockholders' equity	142,961	146,184
Total liabilities and stockholders' equity	\$ 267,329	\$ 273,997

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net sales	\$ 73,238	\$ 97,665	\$ 152,274	\$ 189,991
Cost of sales	47,332	68,469	105,768	134,712
Gross profit	25,906	29,196	46,506	55,279
Research and development expenses	4,340	6,959	9,791	14,190
Selling, general and administrative expenses	16,777	21,229	35,826	43,835
Operating income (loss)	4,789	1,008	889	(2,746)
Interest income (expense), net	(176)	(358)	(270)	(711)
Other income (expense), net	(1,828)	(1,751)	(1,601)	(1,699)
Income (loss) before provision for income taxes	2,785	(1,101)	(982)	(5,156)
Provision for income taxes	1,144	1,811	4,709	4,030
Net income (loss)	\$ 1,641	\$ (2,912)	\$ (5,691)	\$ (9,186)
Earnings (loss) per share:				
Basic	\$ 0.13	\$ (0.22)	\$ (0.45)	\$ (0.70)
Diluted	\$ 0.12	\$ (0.22)	\$ (0.45)	\$ (0.70)
Shares used in computing earnings (loss) per share:				
Basic	12,743	13,200	12,681	13,141
Diluted	13,425	13,200	12,681	13,141

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net income (loss)	\$ 1,641	\$ (2,912)	\$ (5,691)	\$ (9,186)
Other comprehensive income (loss):				
Change in foreign currency translation adjustment	1,477	4,245	1,179	5,823
Comprehensive income (loss)	<u>\$ 3,118</u>	<u>\$ 1,333</u>	<u>\$ (4,512)</u>	<u>\$ (3,363)</u>

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)
(Unaudited)

The following summarizes the changes in total equity for six months ended June 30, 2026:

	Common Stock Issued		Common Stock in Treasury		Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Totals
	Shares	Amount	Shares	Amount				
Balance at December 31, 2025	26,146	\$ 261	(13,538)	\$ (375,016)	\$ 350,222	\$ (19,115)	\$ 189,832	\$ 146,184
Net loss							(7,332)	(7,332)
Currency translation adjustment						(298)		(298)
Shares issued for employee benefit plan and compensation	23	1			—			1
Employee and director stock-based compensation					768			768
Balance at March 31, 2026	26,169	\$ 262	(13,538)	\$ (375,016)	\$ 350,990	\$ (19,413)	\$ 182,500	\$ 139,323
Net loss							1,641	1,641
Currency translation adjustment						1,477		1,477
Shares issued for employee benefit plan and compensation	144	1			(1)			—
Shares issued to directors	128	1			(2)			(1)
Employee and director stock-based compensation					521			521
Balance at June 30, 2026	26,441	\$ 264	(13,538)	\$ (375,016)	\$ 351,508	\$ (17,936)	\$ 184,141	\$ 142,961

The following summarizes the changes in total equity for six months ended June 30, 2025:

	Common Stock Issued		Common Stock in Treasury		Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Totals
	Shares	Amount	Shares	Amount				
Balance at December 31, 2024	25,713	\$ 257	(12,666)	\$ (371,930)	\$ 344,697	\$ (28,350)	\$ 208,431	\$ 153,105
Net loss							(6,274)	(6,274)
Currency translation adjustment						1,578		1,578
Shares issued for employee benefit plan and compensation	124	1			158			159
Purchase of treasury shares			(41)	(383)				(383)
Shares issued to directors	8	—			—			—
Employee and director stock-based compensation					1,784			1,784
Balance at March 31, 2025	25,845	\$ 258	(12,707)	\$ (372,313)	\$ 346,639	\$ (26,772)	\$ 202,157	\$ 149,969
Net loss							(2,912)	(2,912)
Currency translation adjustment						4,245		4,245
Shares issued for employee benefit plan and compensation	197	2			170			172
Purchase of treasury shares			(60)	(365)				(365)
Shares issued to directors	44	1			—			1
Employee and director stock-based compensation					1,649			1,649
Balance at June 30, 2025	26,086	\$ 261	(12,767)	\$ (372,678)	\$ 348,458	\$ (22,527)	\$ 199,245	\$ 152,759

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSAL ELECTRONICS INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six Months Ended June 30,	
	2026	2025
Cash flows from operating activities:		
Net income (loss)	\$ (5,691)	\$ (9,186)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities:		
Depreciation and amortization	6,185	7,622
Provision for credit losses	299	19
Deferred income taxes	2,725	641
Shares issued for employee benefit plan and compensation	1	331
Employee and director stock-based compensation	1,289	3,433
Impairment of long-lived assets	20	110
Gain on sale of property, plant, and equipment	41	—
Changes in operating assets and liabilities:		
Accounts receivable and contract assets	(6,487)	23,348
Inventories	8,054	1,715
Prepaid expenses and other assets	561	3,728
Accounts payable and accrued liabilities	(84)	(15,395)
Accrued income taxes	(1,392)	1,339
Net cash provided by (used for) operating activities	5,521	17,705
Cash flows from investing activities:		
Purchase of Blue Chip Swap securities (Note 15)	—	(2,544)
Sale of Blue Chip Swap securities (Note 15)	—	2,314
Acquisitions of property, plant and equipment	(1,591)	(2,261)
Acquisitions of intangible assets	(704)	(1,498)
Net cash provided by (used for) investing activities	(2,295)	(3,989)
Cash flows from financing activities:		
Borrowings under lines of credit	34,200	41,000
Repayments on lines of credit	(46,713)	(48,000)
Proceeds from short term financing	7,621	—
Treasury stock purchased	—	(748)
Net cash provided by (used for) financing activities	(4,892)	(7,748)
Effect of foreign currency exchange rates on cash and cash equivalents	1,759	1,510
Net increase (decrease) in cash and cash equivalents	93	7,478
Cash and cash equivalents at beginning of period	32,306	26,783
Cash and cash equivalents at end of period	\$ 32,399	\$ 34,261
Supplemental cash flow information:		
Income taxes paid	\$ 2,696	\$ 2,096
Interest paid	\$ 655	\$ 1,238

The accompanying notes are an integral part of these consolidated financial statements.

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026
(Unaudited)

Note 1 — Basis of Presentation

In the opinion of management, the accompanying consolidated financial statements of Universal Electronics Inc. and its subsidiaries contain all the adjustments necessary for a fair presentation of financial position, results of operations and cash flows for the periods presented. All such adjustments are of a normal recurring nature, except for the restructuring charges, monetization of IEEPA tariff refund claims, and re-acquisition of assets held for sale, as described in Notes 12, 8, and 19, respectively to the consolidated financial statements. Information and footnote disclosures normally included in financial statements, which are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"), have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). As used herein, the terms "Company", "UEI," "we," "us," and "our" refer to Universal Electronics Inc. and its subsidiaries, unless the context indicates to the contrary.

Our results of operations for the three and six months ended June 30, 2026, are not necessarily indicative of the results to be expected for the full year. These financial statements should be read in conjunction with the "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Quantitative and Qualitative Disclosures About Market Risk," and the "Financial Statements and Supplementary Data" included in Items 1A, 7, 7A, and 8, respectively, of our Annual Report on Form 10-K for the year ended December 31, 2025.

Estimates and Assumptions

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. On an on-going basis, we evaluate our estimates and assumptions, including those related to revenue recognition, allowance for credit losses, inventory valuation, impairment of long-lived assets and intangible assets, business combinations, income taxes and related valuation allowances and stock-based compensation expense. Actual results may differ from these assumptions and estimates, and they may be adjusted as more information becomes available. Any adjustment may be material.

Summary of Significant Accounting Policies

With the exception of the following policy, our significant accounting policies are unchanged from those disclosed in Note 2 to the consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2025.

Significant Accounting Policy Updates***IEEPA Tariff Refund Claims/ Monetization of Tariff refund claims***

During the first quarter of 2026, the U.S. Supreme Court ruled that tariffs imposed under the International Emergency Economic Powers Act ("IEEPA") were unlawful and therefore invalid. As a result, the Company intended to seek reimbursement from the US Customs and Border Protection ("CBP") for IEEPA tariffs paid during calendar years 2025 and 2026.

The Company has applied the loss recovery guidance under FASB ASC 450 – *Contingencies* to account for the recognition of these claims. Any future recovery of tariff refund claims will be recognized as a receivable when the claim becomes probable and will be reflected as a reduction of Cost of goods sold for inventory previously sold, or as a reduction of inventory for goods that remain unsold. In the first quarter of 2026, the Company did not recognize an asset for recovery of tariff refund claims based on available information at that time, and considered recovery was not probable. As of the end of the second quarter of 2026, following a reassessment of the facts and circumstances, management concluded that recovery of the tariff refund claims had become probable. Accordingly, the Company recognized an asset for the expected recovery of the tariff refund claims.

During the second quarter of 2026, the Company entered into the Tariff Claim Agreement with a third-party financial institution ("Buyer") to monetize its claims for refunds of tariffs previously paid to CBP in consideration for the Purchase Price (as defined below), which reflects a discount to the aggregate amount payable by CBP pursuant to the Claims (as defined below) as mutually agreed between the Company and Buyer. The monetization of tariff refund claims was accounted for in accordance with FASB ASC 470 – Debt and presented as a short-term financing on the consolidated balance sheet.

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026
(Unaudited)

Recently Adopted Accounting Pronouncements

In July 2025, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update ("ASU") 2025-05, "Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets". This guidance allows entities to elect a practical expedient that assumes that the current conditions as of the balance sheet date do not change for the remaining life of the asset. This guidance is effective for annual periods beginning after December 15, 2025, and interim reporting periods within those annual reporting periods. The guidance is to be applied on a prospective basis, with early adoption permitted. The Company adopted this standard on a prospective basis for the year beginning January 1, 2026 and elected the practical expedient allowed by ASU. The adoption of this ASU is not expected to have a material impact on our consolidated financial statements and disclosures.

Accounting Pronouncements Not Yet Effective

In November 2024, the FASB issued ASU 2024-03, "Income Statement – Reporting Comprehensive Income (Topic 220): Disaggregation of Income Statement Expenses." This guidance requires additional disclosures by disaggregating the costs and expense line items that are presented on the face of the consolidated statements of operations. This guidance is effective for annual periods beginning in 2027 and interim periods beginning in 2028, with early adoption permitted. This guidance requires a public company to apply the amendments either prospectively to financial statements issued for reporting periods after the effective date of this ASU or retrospectively to any or all prior periods presented in the financial statements. We are currently evaluating the impact of adopting this guidance on our disclosures.

In September 2025, the FASB issued ASU 2025-06, "Intangibles-Goodwill and Other-Internal Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software". This guidance removes all references to software development project stages so that the guidance is neutral to different software development methods. Therefore, under the ASU, software capitalization will begin when management has authorized and committed to funding the software project and when it is probable that the project will be completed and the software will be used to perform the function intended. This guidance is effective for annual periods beginning after December 15, 2027, and interim reporting periods within those annual reporting periods. The guidance is to be applied on a prospective basis, or on a modified transition approach or a retrospective transition approach, with early adoption permitted. We are currently evaluating the impact of adopting this guidance on our consolidated financial statements and disclosures.

We have assessed all other ASUs issued but not yet adopted and concluded that those not disclosed are not relevant to the Company or are not expected to have a material impact.

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026
(Unaudited)

Note 2 — Cash and Cash Equivalents

Cash and cash equivalents were held in the following geographic regions:

(In thousands)	June 30, 2026	December 31, 2025
Europe	\$ 10,958	\$ 9,980
People's Republic of China ("PRC")	8,947	8,980
South America	5,184	7,211
Asia (excluding PRC)	4,270	4,579
North America	3,040	1,556
Total cash and cash equivalents	<u>\$ 32,399</u>	<u>\$ 32,306</u>

Note 3 — Revenue and Accounts Receivable, Net
Revenue Details

The pattern of revenue recognition was as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Goods and services transferred at a point in time	\$ 60,304	\$ 77,656	\$ 125,042	\$ 149,047
Goods and services transferred over time	12,934	20,009	27,232	40,944
Net sales	<u>\$ 73,238</u>	<u>\$ 97,665</u>	<u>\$ 152,274</u>	<u>\$ 189,991</u>

Our net sales to external customers by channel were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Connected home ⁽¹⁾	\$ 25,130	\$ 34,099	\$ 53,417	\$ 65,828
Home entertainment ⁽²⁾	48,108	63,566	98,857	124,163
Net sales	<u>\$ 73,238</u>	<u>\$ 97,665</u>	<u>\$ 152,274</u>	<u>\$ 189,991</u>

⁽¹⁾ The connected home channel represents climate control, smart home and security product sales sold primarily to HVAC, security, home automation and home appliance customers.

⁽²⁾ The home entertainment channel represents entertainment-related product sales sold primarily to video service providers, consumer electronics original equipment manufacturers ("OEMs") and retailers. It also includes sales associated with intellectual property licensing and our cloud-based software solution.

Our net sales to external customers by geographic area were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
United States	\$ 17,823	\$ 28,974	\$ 40,543	\$ 59,532
Asia (excluding PRC)	16,698	22,190	33,224	40,937
Europe	21,040	26,110	44,418	46,808
Latin America	3,464	6,808	8,681	13,358
PRC	10,834	8,255	18,781	17,173
Other	3,379	5,328	6,627	12,183
Total net sales	<u>\$ 73,238</u>	<u>\$ 97,665</u>	<u>\$ 152,274</u>	<u>\$ 189,991</u>

Specific identification of the customer billing location was the basis used for attributing revenues from external customers to geographic areas.

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026
(Unaudited)

Accounts Receivable, Net

Accounts receivable, net were as follows:

(In thousands)	June 30, 2026	December 31, 2025
Trade receivables, gross	\$ 64,931	\$ 71,410
Allowance for credit losses	(1,000)	(723)
Allowance for sales returns	(255)	(283)
Trade receivables, net	63,676	70,404
IEEPA receivable	6,944	—
Other ⁽¹⁾	13,265	8,916
Accounts receivable, net ⁽²⁾	<u>\$ 83,885</u>	<u>\$ 79,320</u>

⁽¹⁾ Other accounts receivable is primarily comprised of supplier, supplier rebate and interest receivables.

⁽²⁾ Accounts receivable, net at December 31, 2024, was \$114.2 million.

Allowance for Credit Losses

Changes in the allowance for credit losses were as follows:

(In thousands)	Six Months Ended June 30,	
	2026	2025
Balance at beginning of period	\$ 723	\$ 1,863
Additions (reductions) to costs and expenses	299	19
Cash receipts	—	(266)
Write-offs/Foreign exchange effects	(22)	(148)
Balance at end of period	\$ 1,000	\$ 1,468

Contract Assets

Contract assets were \$8.4 million and \$8.1 million at June 30, 2026 and December 31, 2025, respectively. The change in balances between periods is due to the fluctuation of custom product inventory balances for which we have an enforceable right to payment for performance completed to date.

Contract Liabilities

We have current and non-current contract liability balances primarily consisting of cash received in advance of providing our cloud-based software services. Contract liabilities are included within other accrued liabilities and other long-term liabilities in our consolidated balance sheets.

Changes in the carrying amount of contract liabilities were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Balance at beginning of period	\$ 3,204	\$ 4,285	\$ 2,879	\$ 3,237
Payments received	1,047	656	2,529	2,849
Revenue recognized	(1,158)	(877)	(2,317)	(2,027)
Foreign exchange effects	3	4	5	9
Balance at end of period	\$ 3,096	\$ 4,068	\$ 3,096	\$ 4,068

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026
(Unaudited)

Significant Customers

Net sales to the following customers totaled more than 10% of our net sales:

	Three Months Ended June 30,			
	2026		2025	
	\$ (thousands)	% of Net Sales	\$ (thousands)	% of Net Sales
Daikin Industries Ltd.	\$ 15,308	20.9 %	\$ 18,230	18.7 %
Comcast Communications	\$ 8,327	11.4 %	\$ 11,942	12.2 %
	Six Months Ended June 30, 2026			
	2026		2025	
	\$ (thousands)	% of Net Sales	\$ (thousands)	% of Net Sales
Daikin Industries Ltd.	\$ 30,171	19.8 %	\$ 34,594	18.2 %
Comcast Communications	\$ 17,344	11.4 %	\$ 22,291	11.7 %

Trade receivables associated with significant customers that totaled more than 10% of our accounts receivable, net was as follows:

	June 30, 2026		December 31, 2025	
	\$ (thousands)	% of Accounts Receivable, Net	\$ (thousands)	% of Accounts Receivable, Net
	(1)	(1)		
Daikin Industries Ltd.			\$ 9,766	12.3 %

(1) Trade receivables associated with this customer did not total more than 10% of our accounts receivable, net for the indicated period.

Note 4 — Inventories

Inventories were as follows:

(In thousands)	June 30, 2026	December 31, 2025
Raw materials	\$ 17,238	\$ 18,678
Components	10,706	9,923
Work in process	4,938	1,241
Finished goods	37,159	47,951
Inventories	\$ 70,041	\$ 77,793

Significant Supplier

There were no purchases from suppliers that totaled more than 10% of our total inventory purchases for the three and six months ended June 30, 2026, and 2025.

There were no trade payable balances to suppliers that totaled more than 10% of our total accounts payable at June 30, 2026, and December 31, 2025, respectively.

UNIVERSAL ELECTRONICS INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2026
(Unaudited)

Note 5 — Long-lived Tangible Assets

Long-lived tangible assets by geographic area, which include property, plant, and equipment, net ("PP&E") and operating lease right-of-use assets, were as follows:

(In thousands)	June 30, 2026	December 31, 2025
People's Republic of China	\$ 18,887	\$ 19,935
Vietnam	7,280	7,630
United States	6,030	5,637
All other countries	3,279	3,903
Mexico	603	698
Total long-lived tangible assets	<u>\$ 36,079</u>	<u>\$ 37,803</u>

PP&E are shown net of accumulated depreciation of \$170.0 million and \$163.7 million at June 30, 2026 and December 31, 2025, respectively.

Depreciation expense was \$1.8 million and \$2.4 million for the three months ended June 30, 2026 and 2025, respectively. Depreciation expense was \$3.7 million and \$5.1 million for the six months ended June 30, 2026 and 2025, respectively.

Note 6 — Intangible Assets, Net

Intangible Assets, Net

The components of intangible assets, net were as follows:

(In thousands)	June 30, 2026			December 31, 2025		
	Gross ⁽¹⁾	Accumulated Amortization ⁽¹⁾	Net	Gross ⁽¹⁾	Accumulated Amortization ⁽¹⁾	Net
Capitalized software development costs	\$ 1,522	\$ (1,006)	\$ 516	\$ 1,675	\$ (677)	\$ 998
Customer relationships	6,340	(5,611)	729	6,340	(5,250)	1,090
Developed and core technology	740	(540)	200	740	(493)	247
Distribution rights	221	(221)	—	—	—	—
Patents	35,240	(16,547)	18,693	35,171	(15,557)	19,614
Trademarks and trade names	52	(38)	14	50	(31)	19
Total intangible assets, net	<u>\$ 44,115</u>	<u>\$ (23,963)</u>	<u>\$ 20,152</u>	<u>\$ 43,976</u>	<u>\$ (22,008)</u>	<u>\$ 21,968</u>

⁽¹⁾ This table excludes the gross value of fully amortized intangible assets totaling \$52.6 million and \$52.5 million at June 30, 2026 and December 31, 2025, respectively.

Amortization expense is recorded in selling, general and administrative expenses, except amortization expense related to capitalized software development costs, which is recorded in cost of sales. Amortization expense by statement of operations caption was as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of sales	\$ 165	\$ 100	\$ 415	\$ 341
Selling, general and administrative expenses	1,114	1,098	2,231	2,198
Total amortization expense	<u>\$ 1,279</u>	<u>\$ 1,198</u>	<u>\$ 2,646</u>	<u>\$ 2,539</u>

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Estimated future annual amortization expense related to our intangible assets at June 30, 2026, was as follows:

(In thousands)

2026 (remaining 6 months)	\$	2,380
2027		4,087
2028		3,254
2029		2,933
2030		2,441
Thereafter		5,057
Total	\$	<u>20,152</u>

Note 7 — Leases

We have entered into various operating lease agreements for automobiles, offices and manufacturing facilities throughout the world. At June 30, 2026, our operating leases had remaining lease terms of up to 34 years, including any reasonably probable extensions.

Lease balances within our consolidated balance sheets were as follows:

(In thousands)

	June 30, 2026	December 31, 2025
Assets:		
Operating lease right-of-use assets	\$ 10,356	\$ 10,203
Liabilities:		
Other accrued liabilities	\$ 2,800	\$ 3,213
Long-term operating lease obligations	6,651	6,193
Total lease liabilities	\$ 9,451	\$ 9,406

Operating lease expense, operating lease cash flows and supplemental cash flow information were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of sales	\$ 179	\$ 353	\$ 357	\$ 669
Selling, general and administrative expenses	824	1,110	1,775	2,270
Total operating lease expense	\$ 1,003	\$ 1,463	\$ 2,132	\$ 2,939
Operating lease expenses from variable and short-term lease costs	\$ 83	\$ 349	\$ 298	\$ 722
Operating cash outflows from operating leases	\$ 931	\$ 1,437	\$ 1,966	\$ 2,865
Operating lease right-of-use assets obtained in exchange for lease obligations	\$ —	\$ 3,637	\$ 1,342	\$ 3,899

The weighted average remaining lease liability term and the weighted average discount rate were as follows:

	June 30, 2026	December 31, 2025
Weighted average lease liability term (in years)	5.2	4.3
Weighted average discount rate	6.75 %	5.80 %

The following table reconciles the undiscounted cash flows for each of the next five years and thereafter to the operating lease liabilities recognized in our consolidated balance sheets at June 30, 2026. The reconciliation excludes short-term leases that are not recorded in our consolidated balance sheets.

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(In thousands)	June 30, 2026
2026 (remaining 9 months)	\$ 1,900
2027	2,964
2028	1,346
2029	1,138
2030	1,062
Thereafter	2,815
Total lease payments	11,225
Less: imputed interest	(1,774)
Total lease liabilities	\$ 9,451

At June 30, 2026, we did not have any operating leases that had not yet commenced.

Note 8 — Lines of Credit

U.S. Line of Credit

Our Second Amended and Restated Credit Agreement, as amended ("Second Amended Credit Agreement") with U.S. Bank National Association ("U.S. Bank") provides for a revolving line of credit ("U.S. Credit Line") through September 30, 2027. The U.S. Credit Line may be used for working capital and other general corporate purposes including acquisitions, share repurchases and capital expenditures.

The U.S. Credit Line has a maximum availability of up to \$60.0 million, subject to meeting certain financial conditions. Availability is based on "Borrowing Base", which is defined as 75% of accounts receivable aged less than 90 days less reserves for doubtful accounts and returns. The Borrowing Base is calculated monthly. At June 30, 2026, the U.S. Credit Line total availability was \$43.3 million. At August 5, 2026, the U.S. Credit Line total availability was \$38.9 million.

Amounts available for borrowing under the U.S. Credit Line are reduced by the balance of any outstanding letters of credit, of which there was \$1.9 million at June 30, 2026 and \$0.5 million at December 31, 2025.

All obligations under the U.S. Credit Line are secured by substantially all of our U.S. personal property and tangible and intangible assets, as well as a guaranty of the U.S. Credit Line by our wholly-owned subsidiary, Universal Electronics BV.

Under the Second Amended Credit Agreement, we pay interest on the U.S. Credit Line based on the Secured Overnight Financing Rate ("SOFR") plus a 3.00% margin. The Second Amended Credit Agreement also contains a facility fee of 0.25%. The interest rates in effect at June 30, 2026 and December 31, 2025 were 6.75% and 6.65%, respectively.

The Second Amended Credit Agreement includes financial covenants and contains other customary affirmative and negative covenants and events of default. Our covenants are based upon a minimum fixed charge coverage ratio and a maximum cash flow leverage ratio. We were in compliance with the covenants and conditions of the Second Amended Credit Agreement at June 30, 2026.

At June 30, 2026 and December 31, 2025, we had \$0.0 million and \$5.5 million outstanding under the U.S. Credit Line, respectively. At June 30, 2026, our remaining availability under our U.S. Credit Line was \$41.4 million. Our total interest expense on borrowings under the U.S. Credit Line was \$0.2 million and \$0.5 million during the three months ended June 30, 2026 and 2025, respectively. Our total interest expense on borrowings under the U.S. Credit Line was \$0.4 million and \$1.1 million during the six months ended June 30, 2026 and 2025, respectively. Our total facility fee expense under the U.S. Credit Line was \$28 thousand and \$47 thousand during the three months ended June 30, 2026 and 2025, respectively. Our total facility fee expense under the U.S. Credit Line was \$65 thousand and \$94 thousand during the six months ended June 30, 2026 and 2025, respectively.

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China Line of Credit

In August 2024, our subsidiary, Gemstar Technology (Yangzhou) Co. Ltd. ("GTY"), executed a Line of Credit Agreement (the "Line of Credit Agreement") with the Bank of China, which provides for a revolving line of credit (the "China Credit Line"). As a continuation of the agreement, on July 30, 2025, we executed an amendment to the Line of Credit Agreement, which extends the term of the China Credit Line to July 16, 2026. As a continuation of the agreement, on July 15, 2026, we executed an amendment to the Line of Credit Agreement, which extends the term of the China Credit Line to July 9, 2027. The China Credit Line may be used for working capital purposes.

The China Credit Line had a maximum availability of up to RMB 130.0 million (approximately \$19.1 million), subject to meeting certain financial conditions.

Amounts available for borrowing under the China Credit Line are reduced by the balance of any outstanding letters of credit, of which there were none at June 30, 2026 and December 31, 2025.

All obligations under the China Credit Line are secured by GTY's buildings and land use rights.

Under the Line of Credit Agreement, we pay interest on the China Credit Line based on the one-year rate from the National Interbank Funding Center less a 0.1% margin. There are no associated commitment fees on the China Credit Line. The interest rates in effect at June 30, 2026 and December 31, 2025 were 2.90% and 2.92%, respectively.

The Line of Credit Agreement includes financial covenants and contains other customary affirmative and negative covenants and events of default. Our covenants are based on a debt to asset ratio and a dividends paid to net income ratio. We were in compliance with the covenants and conditions of the Line of Credit Agreement at and during the three months ended June 30, 2026.

At June 30, 2026 and December 31, 2025, we had RMB 80.0 million (approximately \$11.8 million) and RMB 130.0 million (approximately \$19.1 million), respectively, outstanding under the China Credit Line. At June 30, 2026, we had RMB 50.0 million (approximately 7.4 million) of availability under our China Credit Line. Our total interest expense on borrowings under the China Credit Line was RMB 0.9 million (approximately \$0.1 million) and RMB 0.6 million (approximately \$0.1 million) during the three months ended June 30, 2026 and 2025, respectively. Our total interest expense on borrowings under the China Credit Line was RMB 1.9 million (approximately \$0.3 million) and RMB 1.2 million (approximately \$0.2 million) during the six months ended June 30, 2026 and 2025, respectively.

Monetization of IEEPA Tariff Refund Claims

On June 9, 2026, the Company entered into a Claim Sale and Purchase Agreement (the "Tariff Claim Agreement") with a third party financial institution ("Buyer") pursuant to which the Company agreed to sell, grant and convey to Buyer all of the Company's and its affiliates' claims, interests and causes of action, and all related rights, distributions, amounts, payments related thereto and other proceeds thereof, including without limitation any interest thereon and other amounts paid or reimbursed in relation thereto, directly arising from or relating to tariffs previously paid by the Company or its affiliates to Customs and Border Protection ("CBP") in connection with tariffs originally invoked under the International Emergency Economics Powers Act ("IEEPA"), for which such tariffs were ruled unlawful by the United States Supreme Court on February 20, 2026 (the "Claims"), in consideration for a payment of approximately \$7.6 million (the "Purchase Price"). The Purchase Price reflects a discount to the aggregate amount payable by CBP pursuant to the Claims as mutually agreed between the Company and Buyer and is subject to full or partial refund, together with interest, under certain circumstances in which the Claims may be impaired. The Company is subject to certain post-closing cooperation obligations with Buyer with respect to the Claims.

The Company has received a total of \$8.8 million, including interest, from CBP as of August 6, 2026.

The monetization of the Company's tariff refund claims were accounted for in accordance with FASB ASC 470 – Debt and presented as a short-term financing on the consolidated balance sheet. As of June 30, 2026, the unamortized financing costs amounted to \$1.3 million. The costs are being amortized through the expected settlement date of the claim and recorded in

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Interest income (expense) on the consolidated statements of operations. Refer to “Note 1. Basis of Preparation” for related accounting policy update on tariff refund claims.

In connection with the expected recovery of IEEPA tariffs, the Company evaluated its contractual and customary business practices with customers and concluded that a portion of the expected recovery is likely to be refunded to certain customers. These anticipated customer refunds represent consideration payable to customers under ASC 606, Revenue from Contracts with Customers, and therefore reduce the transaction price associated with the related customer contracts. Accordingly, the Company recorded an estimated liability of approximately \$3.9 million as of June 30, 2026 for expected tariff refunds payable to customers, with a corresponding reduction of net sales in the period.

Note 9 — Income Taxes

We recorded income tax expense of \$1.1 million and \$1.8 million for the three months ended June 30, 2026 and 2025, respectively. We recorded income tax expense of \$4.7 million and \$4.0 million for the six months ended June 30, 2026 and 2025, respectively. The difference between the Company’s effective tax rate and the 21.0% U.S. federal statutory rate for the three months ended June 30, 2026 primarily related to the mix of pre-tax income and loss among jurisdictions and permanent tax items including a tax on net controlled foreign corporation tested income. The Company's income tax provision can be affected by other factors, including changes in tax laws and regulations in the jurisdictions in which we operate, changes in the valuation allowances on deferred tax assets, and other discrete items.

At December 31, 2025, we assessed the realizability of the Company's deferred tax assets by considering whether it is more likely than not some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. We considered the scheduled reversal of deferred tax liabilities, tax planning strategies, and projected future income in making this assessment. At December 31, 2025, we had a three-year world wide cumulative pre-tax loss and have accordingly provided a full valuation allowance on our U.S. federal and state deferred tax assets and on certain foreign deferred tax assets. During the three months ended June 30, 2026, there was no change to our valuation allowance position.

Uncertain Tax Positions

At June 30, 2026, we had gross unrecognized tax benefits of approximately \$3.8 million including interest and penalties, which, if not for the valuation allowance recorded against the state Research and Experimentation income tax credit, would affect the annual effective tax rate if the tax benefits are realized. We have classified uncertain tax positions as non-current income tax liabilities unless they are expected to be paid within one year.

Interest and penalties

We have elected to classify interest and penalties as a component of tax expense. Accrued interest and penalties are immaterial at June 30, 2026 and December 31, 2025 and are included in the unrecognized tax benefits.

Enactment of H.R. 1

On July 4, 2025, H.R. 1, commonly referred to as the One Big Beautiful Bill Act, was enacted in the United States. H.R. 1 includes significant provisions, including the permanent extension of certain expiring provisions of the Tax Cuts and Jobs Act of 2017, modifications to the U.S. international tax framework, and the restoration of favorable tax treatment for certain business provisions. This legislation has multiple effective dates, with certain provisions that became effective in 2025 and others to be implemented in 2026 and 2027. Due to the U.S. valuation allowance position, the legislation is not expected to have a material impact on the Company's estimated annual effective tax rate or cash tax position.

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Note 10 — Accrued Compensation

The components of accrued compensation were as follows:

(In thousands)	June 30, 2026	December 31, 2025
Accrued bonus	\$ 1,146	\$ 1,863
Accrued commission	299	577
Accrued salary/wages ⁽¹⁾	3,082	4,606
Accrued social insurance ⁽²⁾	7,249	7,065
Accrued vacation/holiday	1,230	1,175
Other accrued compensation	1,530	2,210
Total accrued compensation	\$ 14,536	\$ 17,496

⁽¹⁾ As of December 31, 2025, this includes \$0.8 million of accrued severance expenses related to our 2025 restructuring plan and global reduction in force. As of June 30, 2026, this includes \$0.1 million of accrued severance expenses related to our 2025 restructuring plan and global reduction in force.

⁽²⁾ PRC employers are required by law to remit the applicable social insurance payments to their local government. Social insurance is comprised of various components such as pension, medical insurance, job injury insurance, unemployment insurance, and a housing assistance fund, and is administered in a manner similar to social security in the United States. This amount represents our estimate of the amounts due to the PRC government for social insurance on June 30, 2026, and December 31, 2025.

Note 11 — Other Accrued Liabilities

The components of other accrued liabilities were as follows:

(In thousands)	June 30, 2026	December 31, 2025
Contract liabilities	\$ 2,238	\$ 2,158
Duties	5,107	2,966
Expense associated with fulfilled performance obligations	626	817
Freight and handling fees	1,374	2,754
Interest	9	16
Legal judgment ⁽¹⁾	44	43
Operating lease obligations	2,800	3,213
Product warranty claims costs	20	11
Professional fees	940	1,173
Sales and value added taxes	3,495	3,946
Other ⁽²⁾	3,199	3,037
Total other accrued liabilities	\$ 19,852	\$ 20,134

⁽¹⁾ This amount relates to the judgment of a lawsuit with an employment agency in the PRC. See Note 12 for further information related to this matter.

⁽²⁾ Includes \$0.4 million and \$0.2 million at June 30, 2026 and December 31, 2025, respectively, associated with the purchase of property, plant and equipment.

Note 12 — Commitments and Contingencies

Purchase Commitments

We have entered into various inventory and property, plant and equipment related purchase agreements with suppliers. Certain of these agreements have provisions for a binding forecast (inventory) or non-cancellable purchase orders (inventory and PP&E).

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Our non-cancellable purchase commitments were as follows:

(In thousands)	June 30, 2026	December 31, 2025
Inventory purchase commitments	\$ 15,115	\$ 4,300
PP&E purchase commitments	887	700
Total purchase commitments	<u>\$ 16,002</u>	<u>\$ 5,000</u>

These amounts are expected to be paid within the next twelve months.

Product Warranties

Changes in the liability for product warranty claims costs were as follows:

(In thousands)	Six Months Ended June 30,	
	2026	2025
Balance at beginning of period	\$ 11	\$ 35
Additions (reductions) to costs and expenses	9	6
Settlements (in cash or in kind)	—	—
Foreign currency translation gain (loss)	—	—
Balance at end of period	<u>\$ 20</u>	<u>\$ 41</u>

Restructuring Activities

In 2024, we downsized our factory in Mexico due to decreased demand in the U.S. market and our Vietnam facility's ability to supply our North American customers. and in 2025, we ultimately ceased production activities and wound down the factory in Mexico. We have recognized a cumulative total of \$4.2 million in factory restructuring charges in connection with the wind down of our Mexico manufacturing facility, and we do not expect to incur additional factory restructuring charges in connection with this shutdown.

Restructuring liabilities are included in accrued compensation, accounts payable and other accrued liabilities on our consolidated balance sheets. Ending balances for these restructuring liabilities were \$0.2 million at June 30, 2026 and \$0.4 million at December 31, 2025, respectively.

Litigation

Roku Matters

UEI and Roku Inc. ("Roku") and certain of its customers have been in litigation in various forums since 2018—i.e., two actions in the Central District of California ("CDCA") beginning in 2018 and 2020 including related cases against certain of Roku's customers (collectively, the "CDCA cases"), the International Trade Commission ("ITC"), the Patent and Trademark Office ("PTO") (*ex parte* reexams) and the Patent and Trademark Appeals Board ("PTAB"). The CDCA cases were all stayed on various grounds. The 2018 case was stayed in November 2019 pending resolution of Roku-initiated PTO and PTAB matters, all of which have since been resolved.

The 2020 case was also immediately stayed due to UEI's related ITC action against Roku, in which UEI ultimately prevailed when in July 2021, the Administrative Law Judge ("ALJ") issued an initial determination finding Roku in violation of Section 337. The Commission issued a final determination in November 2021, affirming the ALJ's finding. The Commission then issued a limited exclusion order and cease and desist order against Roku, which went into effect following the expiration of the Presidential Review Period in January 2022. The Federal Circuit affirmed in January 2024. Following UEI's win and affirmance by the Federal Circuit, Roku sought rehearing *en banc* and sought cert from the Supreme Court on a domestic industry question. In January 2025, the Supreme Court denied cert.

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While this ITC matter has been finally resolved and Roku has no more ability to appeal, we agreed to continue the stay of the CDCA cases pending the outcome of one final PTAB action involving one of our patents. UEI and Roku participated in a hearing in July 2025 regarding the consolidation of the 2018 and 2020 cases, the stay of the cases, and amending the claims that UEI would be allowed to move forward with a consolidated case by the court if unstayed. On July 29, 2025 the Judge issued an order lifting the stay, consolidating the cases and allowing UEI to move forward on 25 claims in the case. On September 4, 2025, the Court set various dates and deadlines for the case, including a trial date beginning in March 2027, which date has now been rescheduled to a date beginning in May 2027 pursuant to mutual agreement of UEI and Roku.. On December 15, 2025, UEI filed a second amended complaint in the consolidated case.

Roku also filed its own retaliatory ITC action against UEI and certain of our customers on two patents it purchased for this purpose. Roku's action failed when in June 2022, the ALJ found one of Roku's patents to be invalid as indefinite. Thereafter, in June 2022, the ALJ issued its initial determination ("ID") fully exonerating us and our customers, finding Roku's second patent invalid and that Roku failed to establish the requisite domestic industry and thus no violation of the Tariff Act. Roku and UEI filed petitions to appeal certain portions of the ID. In October 2022, the full ITC issued its final determination affirming the ID, ruling there was no violation of the Tariff Act and terminating the investigation. In December 2022, Roku filed an appeal. Further, in October 2023, the PTAB issued its Final Written Decision invalidating all of Roku's infringement claims. Roku also filed an appeal of this decision. On June 17, 2025, the Federal Circuit affirmed the PTAB decision that invalidated the Roku patent and also remanded the case to the PTAB with respect to one remaining claim. On January 21, 2026, the PTAB issued a ruling invalidating the remaining claim, and thus all claims of both asserted patents have been invalidated. As a companion to its ITC request, on April 8, 2021, Roku also filed a lawsuit against us in Federal CDCA alleging that we are infringing the same two patents they alleged were infringed in the ITC investigation explained above. On February 27, 2026, Roku voluntarily dismissed this District Court case.

Court of International Trade Action

On March 18, 2026, we filed a complaint in the Court of International Trade (the "CIT") against the United States of America, U.S. Customs & Border Protection and Rodney S. Scott, U.S. Customs & Border Protection Commissioner, challenging both the substantive and procedural processes related to instituting tariffs under the International Emergency Economic Powers Act ("IEEPA") and seeking declaratory and permanent injunctive relief related to refunding of all IEEPA duties paid by UEI.

Other Litigation Matters

There are no other material pending legal proceedings to which we or any of our subsidiaries is a party or of which our respective property is the subject. However, as is typical in our industry and to the nature and kind of business in which we are engaged, from time to time, various claims, charges and litigation are asserted or commenced by third parties against us or by us against third parties arising from or related to product liability, infringement of patent or other intellectual property rights, breach of warranty, contractual relations, or employee relations. The amounts claimed may be substantial, but may not bear any reasonable relationship to the merits of the claims or the extent of any real risk of court awards assessed against us or in our favor. However, no assurances can be made as to the outcome of any of these matters, nor can we estimate the range of potential losses to us. In our opinion, final judgments, if any, which might be rendered against us in potential or pending litigation would not have a material adverse effect on our consolidated financial condition, results of operations, or cash flows. Moreover, we believe that our products do not infringe any third parties' patents or other intellectual property rights.

We maintain directors' and officers' liability insurance which insures our individual directors and officers against certain claims, as well as attorney's fees and related expenses incurred in connection with the defense of such claims.

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Note 13 — Treasury Stock

From time to time, our Board of Directors authorizes management to repurchase shares of our issued and outstanding common stock. On October 26, 2023, our Board of Directors approved a share repurchase program with an effective date of November 7, 2023 (as subsequently amended, the "Share Repurchase Program"). Pursuant to the Share Repurchase Program, we are authorized to repurchase up to 1,000,000 shares of our common stock and to date, we have repurchased 986,444 shares of our common stock. On March 11, 2026, the Board of Directors authorized an amendment to the Share Repurchase Program to authorize the repurchase, from time to time, of up to an additional 1,000,000 shares of the Company's outstanding common stock, or a total of 1,013,556 shares (including the 13,556 shares remaining available under the prior Board authorization for repurchase under the Share Repurchase Program). This authorization will remain in effect until such time as the Board of Directors terminates the authorization or the Share Repurchase Program is executed in full. We may utilize various methods to effect the repurchases, including in privately negotiated and/or open-market transactions, and pursuant to plans complying with Rule 10b5-1 promulgated under the Securities Exchange Act of 1934. Neither this authorization nor the Share Repurchase Program obligates us to repurchase any shares of our common stock, and any repurchase of shares will be subject to market and other conditions and may be discontinued at any time. We also repurchase shares of our issued and outstanding common stock to satisfy income tax withholding obligations relating to the stock-based compensation of our employees and directors and/or the cost of stock option exercises. There have been no shares repurchased for the three and six months ended June 30, 2026.

Repurchased shares of our common stock were as follows:

(In thousands)	Six Months Ended June 30,	
	2026	2025
Open market shares repurchased	—	—
Stock-based compensation related shares repurchased	—	101
Total shares repurchased	—	101
Cost of open market shares repurchased	\$ —	\$ —
Cost of stock-based compensation related shares repurchased	—	748
Total cost of shares repurchased	\$ —	\$ 748

Repurchased shares are recorded as shares held in treasury at cost. We hold these shares for future use as management and the Board of Directors deem appropriate.

Note 14 — Stock-Based Compensation

Stock-based compensation expense for each employee and director is presented in the same statement of operations caption as their cash compensation. Stock-based compensation expense by statement of operations caption and the related income tax benefit were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Cost of sales	\$ 12	\$ 12	\$ 25	\$ 28
Research and development expenses	97	124	236	282
Selling, general and administrative expenses:				
Employees	145	1,217	542	2,493
Outside directors	267	296	486	630
Total employee and director stock-based compensation expense	\$ 521	\$ 1,649	\$ 1,289	\$ 3,433
Income tax benefit	\$ 100	\$ 185	\$ 262	\$ 432

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Restricted Stock

Non-vested restricted stock award activity was as follows:

	Shares (in thousands)	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2025	494	\$ 8.25
Granted	160	4.03
Vested	(295)	8.35
Forfeited	(77)	6.39
Non-vested at June 30, 2026	282	\$ 6.33

As of June 30, 2026, we expect to recognize \$1.7 million of total unrecognized pre-tax stock-based compensation expense related to non-vested restricted stock awards over a weighted-average life of 1.3 years.

Performance Stock

Non-vested performance stock award activity was as follows:

	Shares (in thousands)	Weighted-Average Grant Date Fair Value
Non-vested at December 31, 2025	744	\$ 2.16
Granted	120	2.56
Vested	—	—
Forfeited	(156)	2.85
Non-vested at June 30, 2026	708	\$ 2.00

The assumptions we utilized in the Monte Carlo simulation model and the resulting weighted average fair value of performance stock grants were the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Weighted average fair value of grants	\$ 2.56	\$ 2.24	\$ 2.56	\$ 2.24
Risk-free interest rate	4.10 %	3.84 %	4.10 %	3.84 %
Expected volatility	54.00 %	58.00 %	54.00 %	58.00 %
Expected life in years	3.47	2.63	3.47	2.63

As of June 30, 2026, we expect to recognize \$1.0 million of total unrecognized pre-tax stock-based compensation expense related to non-vested performance stock awards over a weighted-average period of 2.4 years.

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Stock Options

Stock option activity was as follows:

	Number of Options (in thousands)	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value (in thousands)
Outstanding at December 31, 2025	856	\$ 24.29		
Granted	10	4.02		
Exercised	—	—		\$ —
Forfeited/canceled/expired	(122)	27.07		
Outstanding at June 30, 2026 ⁽¹⁾	744	\$ 23.57	5.32	\$ 482
Vested and expected to vest at June 30, 2026 ⁽¹⁾	744	\$ 23.57	5.32	\$ —
Exercisable at June 30, 2026 ⁽¹⁾	446	\$ 36.86	2.68	\$ —

⁽¹⁾ The aggregate intrinsic value represents the total pre-tax value (the difference between our closing stock price on the last trading day of the first quarter of 2026 and the exercise price, multiplied by the number of in-the-money options) that would have been received by the option holders had they all exercised their options on June 30, 2026. This amount will change based on the fair market value of our stock.

The assumptions we utilized in the Black-Scholes pricing model and the resulting weighted average fair value of stock option grants were the following:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Weighted average fair value of grants	\$ 2.21	\$ —	\$ 2.21	\$ —
Risk-free interest rate	4.24 %	— %	4.24 %	— %
Expected volatility	54.21 %	— %	54.21 %	— %
Expected life in years	5.75	0.00	5.75	0.00

As of June 30, 2026, we expect to recognize \$0.4 million of total unrecognized pre-tax stock-based compensation expense related to non-vested stock options over a remaining weighted-average life of 2.5 years.

Note 15 — Other Income (Expense), Net

The Central Bank of Argentina maintains certain currency controls that limit the amount of U.S. Dollars that may be remitted from Argentine entities, including certain of our customers. As a result of these controls, an indirect foreign exchange mechanism known as a Blue Chip Swap ("BCS") emerged in Argentina, which allows entities to remit U.S. Dollars from Argentina through the purchase and sale of BCS securities. During the three and six months ended June 30, 2025, in order to collect an open accounts receivable balance with an Argentine customer, we purchased \$1.3 million and \$2.5 million, respectively, and sold BCS securities of \$1.2 million and \$2.3 million, respectively, and incurred a loss on the transactions of \$0.1 million and \$0.2 million, respectively, which is recorded in other income (expense) on our consolidated statements of operations. There has been no activity for the three and six months ended June 30, 2026.

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Other income (expense), net consisted of the following:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net gain (loss) on foreign currency exchange contracts ⁽¹⁾	\$ (303)	\$ (397)	\$ 233	\$ (618)
Net gain (loss) on foreign currency exchange transactions	(1,611)	(1,342)	(2,064)	(924)
Other income (expense) ⁽²⁾	86	(12)	230	(157)
Other income (expense), net	<u>\$ (1,828)</u>	<u>\$ (1,751)</u>	<u>\$ (1,601)</u>	<u>\$ (1,699)</u>

⁽¹⁾ This represents the gains (losses) incurred on foreign currency hedging derivatives (see Note 17 for further details).

⁽²⁾ Included in this amount is \$0.1 million and \$0.2 million of loss related to BCS security transactions during the three and six months ended June 30, 2025.

Note 16 — Earnings (Loss) Per Share

Earnings (loss) per share was calculated as follows:

(In thousands, except per-share amounts)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
BASIC				
Net income (loss)	<u>\$ 1,641</u>	<u>\$ (2,912)</u>	<u>\$ (5,691)</u>	<u>\$ (9,186)</u>
Weighted-average common shares outstanding	<u>12,743</u>	<u>13,200</u>	<u>12,681</u>	<u>13,141</u>
Basic earnings (loss) per share	<u>\$ 0.13</u>	<u>\$ (0.22)</u>	<u>\$ (0.45)</u>	<u>\$ (0.70)</u>
DILUTED				
Net income (loss)	<u>\$ 1,641</u>	<u>\$ (2,912)</u>	<u>\$ (5,691)</u>	<u>\$ (9,186)</u>
Weighted-average common shares outstanding for basic	<u>12,743</u>	<u>13,200</u>	<u>12,681</u>	<u>13,141</u>
Dilutive effect of restricted stock, performance stock awards and stock options	<u>683</u>	<u>—</u>	<u>—</u>	<u>—</u>
Weighted-average common shares outstanding on a diluted basis	<u>13,425</u>	<u>13,200</u>	<u>12,681</u>	<u>13,141</u>
Diluted earnings (loss) per share	<u>\$ 0.12</u>	<u>\$ (0.22)</u>	<u>\$ (0.45)</u>	<u>\$ (0.70)</u>

The following number of stock options, shares of restricted stock and shares of performance stock were excluded from the computation of diluted earnings per common share as their inclusion would have been anti-dilutive:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Stock options	738	691	764	709
Restricted stock awards	403	498	440	517
Performance stock awards	701	372	722	244

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Note 17 — Derivatives

The following table sets forth the total net fair value of derivatives:

(In thousands)	June 30, 2026				December 31, 2025			
	Fair Value Measurement Using			Total Balance	Fair Value Measurement Using			Total Balance
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
Foreign currency exchange contracts	\$ —	\$ 35	\$ —	\$ 35	\$ —	\$ 136	\$ —	\$ 136

We held foreign currency exchange contracts, which resulted in a net pre-tax gain of \$0.3 million and net pre-tax loss \$0.4 million for the three months ended June 30, 2026, and 2025, respectively.

Details of foreign currency exchange contracts held were as follows:

Date Held	Currency	Position Held	Notional Value (in millions)	Forward Rate	Unrealized Gain/(Loss) Recorded at June 30, 2026 (in thousands) ⁽¹⁾	Settlement Date
June 30, 2026	USD/CNY	CNY	\$ 40.0	6.7856	\$ 39	July 29, 2026
June 30, 2026	USD/EUR	USD	\$ 4.0	1.1450	\$ (4)	July 29, 2026
December 31, 2025	USD/CNY	CNY	\$ 40.0	6.9884	\$ 132	January 29, 2026
December 31, 2025	USD/EUR	USD	\$ 1.0	1.8110	\$ 4	January 29, 2026

⁽¹⁾ Unrealized gains on foreign currency exchange contracts are recorded in prepaid expenses and other current assets. Unrealized losses on foreign currency exchange contracts are recorded in other accrued liabilities.

Note 18 — Reportable Segment

Our chief operating decision maker, our interim chief executive officer, reviews financial information presented on a consolidated basis, including consolidated net income and its components, as reported on our consolidated statements of operations, accompanied by disaggregated information about revenues, for purposes of making operating decisions and assessing financial performance of our single consolidated segment, primarily by monitoring actual results versus our internal budget and forecasts.

Our reported segment revenue, segment profit or loss, and significant segment expenses were as follows:

(In thousands)	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Revenue	\$ 73,238	\$ 97,665	\$ 152,274	\$ 189,991
Less:				
Adjusted cost of sales ⁽¹⁾	47,320	68,457	105,742	134,684
Adjusted research and development expenses ⁽²⁾	4,243	6,835	9,555	13,908
Adjusted operating expenses ⁽³⁾	15,886	19,509	32,837	40,011
Other segment items ⁽⁴⁾	4,148	5,776	9,831	10,574
Net income (loss)	\$ 1,641	\$ (2,912)	\$ (5,691)	\$ (9,186)

⁽¹⁾ Cost of sales from the consolidated statements of operations, adjusted to exclude stock-based compensation and impairment expenses.

⁽²⁾ R&D expenses from the consolidated statements of operations, adjusted to exclude stock-based compensation expense.

⁽³⁾ Operating expenses less R&D expenses from the consolidated statements of operations, adjusted to exclude stock-based compensation, amortization of acquired intangible assets, factory restructuring charges, severance, lease abandonment costs and costs associated with our Roku litigation.

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- ⁽⁴⁾ Other segment items include the adjustments described in the notes above; as well as interest income (expense), net; other income (expense), net; and provision for income taxes.

The measure of segment assets is reported on our consolidated balance sheets as consolidated total assets. Long-lived assets by geographic area are disclosed in Note 5. The measure of revenues from external customers is reported on the consolidated statements of operations as net sales. Revenues by sales channel, geographic region and information about major customers are disclosed in Note 3. Depreciation expense is disclosed in Note 5. Amortization expense is disclosed in Note 6. Interest expense is disclosed in Note 8 and income taxes are disclosed in Note 9.

Note 19 — Long-Lived Assets Classified as Held For Sale

During the three months ended June 30, 2026, the Company re-acquired certain manufacturing equipment within Mexico previously sold in December 2025 following an amendment to the original sales agreement under which legal title was returned to the Company and all payment obligations were waived. Management has committed to a plan to sell the equipment, which is available for immediate sale and is being actively marketed to potential buyers. The Company expects the sale to be completed within one year and has therefore classified the equipment as held for sale as of June 30, 2026.

Note 20 — Subsequent Events

On July 15, 2026, Gemstar Technology (Yangzhou) Co.ltd.(“GTY”), a subsidiary of the Company, extended its existing line of credit with Bank of China Limited, Baoying sub-branch. Under the amended loan agreement, GTY’s borrowing capacity remains 130,000,000 RMB for general business purposes through July 9, 2027.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with the Consolidated Financial Statements and the related notes that appear elsewhere in this report.

Cautionary Statement

All statements in this report are made as of the date this Quarterly Report on Form 10-Q is filed with the U.S. Securities and Exchange Commission (the "SEC"). We undertake no obligation to publicly update or revise these statements, whether as a result of new information, future events or otherwise. We make forward-looking statements in Management's Discussion and Analysis of Financial Condition and Results of Operations and elsewhere in this report based on the beliefs and assumptions of our management and on information available to us through the date this Quarterly Report on Form 10-Q is filed with the SEC. Forward-looking statements include: supply chain issues; customer demand for our products and solutions; expectations with respect to the markets in which we operate, including for specific geographic markets; other future demand and recovery trends and expectations; the delay by or failure of our customers to order products from us; expectations related to the shut down of our Mexico manufacturing facility, including related costs; expected benefits of our restructuring and cost-reduction activities; continued availability of cash through borrowing under our revolving lines of credit; risks related to interest rates and foreign currency exchange rates; expectations with respect to tariff recovery; the effects of doing business internationally, including expanded use of tariffs, pertaining to the importation of our products, particularly in light of the recent U.S. presidential administrative actions and the responsive retaliatory actions of foreign governments; our expectations regarding our ability to meet our liquidity requirements; our capital expenditures and other investment spending expectations; our expectations with respect to the impact of changes in tax laws; and other statements that are preceded by, followed by, or include the words "believes," "expects," "anticipates," "intends," "plans," "estimates," "foresees," or similar expressions; and similar statements concerning anticipated future events and expectations that are not historical facts.

We caution you that these statements are not guarantees of future performance and are subject to numerous evolving risks and uncertainties that we may not be able to accurately predict or assess, including the risks and uncertainties we describe in our Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (the "2025 Form 10-K"), Part II, Item 1A of this Quarterly Report on Form 10-Q, and other factors we describe from time to time in our periodic filings with the SEC.

Overview

We design, develop, manufacture, ship and support climate control solutions, wireless sensor and smart home control products, home entertainment control products, technology and software solutions and audio-video ("AV") accessories, that are used by the world's leading brands in the climate control, security, home automation, home appliance, home entertainment and consumer electronics markets. Our channel offerings include:

Connected home:

- **Climate Control Solutions:** Our innovative climate control solutions include wireless and wired controllers, smart thermostats and connected peripherals for sensing and smart energy management. These products are primarily sold to original equipment manufacturer ("OEM") customers, as well as hotels, utilities and system integrators. Our UEI TIDE Family of Climate Control solutions feature advanced technologies such as Wi-Fi, BLE, Zigbee and Matter, and connect to sensors for temperature, humidity, proximity, occupancy and carbon dioxide sensing.
- **Smart Home and Security Products:** We offer proprietary and standards-based radio frequency ("RF") wireless remote controls and sensors designed for residential security, safety and a broad variety of home automation applications, such as smart lighting and motorized shades.

Home entertainment:

- **Home Entertainment Products:** Our industry-leading portfolio includes RF-capable, voice-enabled universal remote control products; low-power RF and energy-harvesting microcontrollers, as well as embedded and Cloud software for AV and Smart Home device and content discovery and control. These solutions are sold primarily to video service providers and consumer electronics OEMs. We also distribute a broad portfolio of replacement remote controls, powerful free-to-air antennae and television and soundbar wall mounts direct to retailers worldwide under the One For All brand.

- **Software and Cloud Services:** Our software, firmware and technology solutions enable devices such as smart TVs, hybrid set-top boxes, game consoles and other consumer electronic and smart home devices to wirelessly connect and interoperate on the home network. These solutions support control and delivery of home entertainment application services and content, smart home services and device or system information. New features include private, on-premise user presence and occupancy detection to enhance user experiences and extend user engagement on connected devices.
- **Intellectual Property and Licensing:** We license our intellectual property primarily to OEMs and video service providers. Our cloud-enabled software provides reliable firmware update provisioning and digital rights management validation services to major consumer electronics brands. We offer regular control library database and software updates to our licensing customers to ensure their systems are compatible with the latest devices entering the home. Our integrated circuits, on which our software and universal control database is embedded, are sold primarily to OEMs, video service providers, smart home dealers and private label customers.

We operate as one business segment. We have one domestic subsidiary and 23 international subsidiaries located in Brazil, France, Germany, Hong Kong (3), India, Italy, Japan, Korea, Mexico (2), the Netherlands, the People's Republic of China (the "PRC") (7), Singapore, Spain, United Kingdom and Vietnam.

To recap our results for the three months ended June 30, 2026:

- Net sales decreased 25.0% to \$73.2 million for the three months ended June 30, 2026 from \$97.7 million for the three months ended June 30, 2025.
- Our gross margin percentage increased to 35.4% for the three months ended June 30, 2026 from 29.9% for the three months ended June 30, 2025.
- Operating expenses, as a percentage of net sales, decreased to 28.8% for the three months ended June 30, 2026 from 28.9% for the three months ended June 30, 2025.
- Our operating income was \$4.8 million for the three months ended June 30, 2026 compared to operating income of \$1.0 million for the three months ended June 30, 2025. Our operating income percentage was 6.5% for the three months ended June 30, 2026 compared to our operating income percentage of 1.0% for the three months ended June 30, 2025.
- Income tax expense was \$1.1 million for the three months ended June 30, 2026 compared to \$1.8 million for the three months ended June 30, 2025.

We intend for the following discussion of our financial condition and results of operations to provide information that will assist in understanding our consolidated financial statements, the changes in certain key items in those financial statements from period to period, and the primary factors that accounted for those changes, as well as how certain accounting principles, policies and estimates affect our consolidated financial statements.

Macroeconomic Conditions

We have been negatively impacted and we expect to continue to be negatively impacted by adverse macroeconomic conditions, including tariffs imposed or to be imposed on goods manufactured in Vietnam, Taiwan, the PRC, and Mexico, and reduced consumer spending on durable goods. Economic tensions and changes in international trade policies, including widespread tariffs announced by the U.S. on its major trading partners, higher tariffs on imported goods, actions taken in response (such as retaliatory tariffs or other trade protectionist measures or the renegotiation of free trade agreements), could also further impact the global market for our products. The full impact of these governmental actions on macroeconomic conditions and on our business is uncertain and difficult to predict and may result in lower sales and/or cost increases, which would negatively impact our gross margins and overall financial results. Management will continue to seek ways to lessen the impact these pressures may have on our margins and financial results; however, these mitigation efforts may not be successful and these pressures may have a material adverse effect on our business.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates and judgments that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, we evaluate our estimates and judgments, including those related to revenue recognition, inventory valuation and income taxes. Actual results may differ from these judgments and estimates, and they may be adjusted as more information becomes available. Any adjustment may be significant and may have a material impact on our consolidated financial statements.

An accounting estimate is deemed to be critical if it requires an accounting estimate to be made based on assumptions about matters that are highly uncertain at the time the estimate is made, if different estimates reasonably may have been used, or if changes in the estimate that are reasonably likely to occur may materially impact the financial statements. We do not believe that there have been any significant changes during the six months ended June 30, 2026 to the items that we disclosed as our critical accounting policies and estimates in Item 7, "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained in the 2025 Form 10-K.

Recent Accounting Pronouncements

See Note 1 contained in the "Notes to Consolidated Financial Statements" for a discussion of recent accounting pronouncements.

Results of Operations

The following table sets forth our reported results of operations expressed as a percentage of net sales for the periods indicated.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2026	2025	2026	2025
Net sales	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	64.6	70.1	69.5	70.9
Gross profit	35.4	29.9	30.5	29.1
Research and development expenses	5.9	7.1	6.4	7.5
Selling, general and administrative expenses	22.9	21.7	23.5	23.1
Operating income (loss)	6.5	1.0	0.6	(1.4)
Interest income (expense), net	(0.2)	(0.4)	(0.2)	(0.4)
Other income (expense), net	(2.5)	(1.8)	(1.1)	(0.9)
Income (loss) before provision for income taxes	3.8	(1.2)	(0.7)	(2.7)
Provision for (benefit from) income taxes	1.6	1.9	3.1	2.1
Net income (loss)	2.2 %	(3.0)%	(3.8)%	(4.8)%

Three Months Ended June 30, 2026 versus Three Months Ended June 30, 2025

Net sales. Net sales for the three months ended June 30, 2026 were \$73.2 million compared to \$97.7 million for the three months ended June 30, 2025. Net sales by channel were as follows:

(In thousands)	Three Months Ended June 30,	
	2026	2025
Connected home	\$ 25,130	\$ 34,099
Home entertainment	48,108	63,566
Total net sales	\$ 73,238	\$ 97,665

Net sales in connected home were \$25.1 million for the three months ended June 30, 2026 compared to \$34.1 million for the three months ended June 30, 2025. This decrease is driven primarily by reduced demand from our large climate control and home entertainment customers.

Net sales in home entertainment were \$48.1 million for the three months ended June 30, 2026 compared to \$63.6 million for the three months ended June 30, 2025. The decrease in sales within the home entertainment channel was primarily driven by lower demand for subscription broadcasting products, particularly for basic remote controls with lower price points and limited or no advanced features.

Gross profit. Gross profit for the three months ended June 30, 2026 was \$25.9 million compared to \$29.2 million for the three months ended June 30, 2025. Gross profit as a percentage of sales increased to 35.4% for the three months ended June 30, 2026 from 29.9% for the three months ended June 30, 2025. The improvement in gross margin was primarily driven by the sale of tariff claims and the associated mix impact, which contributed approximately 690 basis points and 160 basis points respectively, and improved management of inbound freight costs and other costs, which contributed approximately 90 basis points. These favorable impacts were partially offset by higher component costs driven by market conditions, which reduced gross margin by approximately 240 basis points, as well as the weaker U.S. dollar relative to the Chinese Renminbi, which had an adverse impact of approximately 150 basis points.

Research and development ("R&D") expenses. R&D expenses decreased to \$4.3 million for the three months ended June 30, 2026 from \$7.0 million for the three months ended June 30, 2025 attributable to reductions in payroll and related personnel expenses following headcount optimization actions.

Selling, general and administrative ("SG&A") expenses. SG&A expenses decreased to \$16.8 million for the three months ended June 30, 2026 from \$21.2 million for the three months ended June 30, 2025. The decrease reflects lower volume-driven expenses of \$0.6 million, consistent with the decline in sales volume. In addition, ongoing cost-reduction initiatives, including organizational rightsizing, resulted in savings from headcount reductions. People-related expenses decreased by \$3.6 million, complemented by an additional \$0.8 million reduction in other discretionary spending including travel expense and professional fees. These savings were partially offset by \$0.6 million increase of reserve for uncollectible accounts receivable during the period.

Interest income (expense), net. Interest expense, net decreased to \$0.2 million for the three months ended June 30, 2026 from \$0.4 million for the three months ended June 30, 2025, as a result of a lower average loan balance and lower interest rates.

Other income (expense), net. Other income, net was \$1.8 million for the three months ended June 30, 2026 compared to other income, net of \$1.8 million for the three months ended June 30, 2025. The amount was primarily attributable to foreign currency losses incurred in the second quarter of 2026.

Provision for income taxes. Income tax expense was \$1.1 million for the three months ended June 30, 2026, relative to a pre-tax loss of \$2.8 million, compared to income tax expense of \$1.8 million for the three months ended June 30, 2025, relative to a pre-tax loss of \$1.1 million. Consistent with 2025, we expect the U.S. to be in a pre-tax loss position without benefit for the full year 2026, resulting in an elevated effective tax rate.

Six Months Ended June 30, 2026 versus Six Months Ended June 30, 2025

(In thousands)	Six Months Ended June 30,	
	2026	2025
Connected home	\$ 53,417	\$ 65,828
Home entertainment	98,857	124,163
Total net sales	\$ 152,274	\$ 189,991

Net sales. Net sales for the six months ended June 30, 2026 were \$152.3 million compared to \$190.0 million for the six months ended June 30, 2025. Net sales by channel were as follows:

Net sales in connected home were \$53.4 million for the six months ended June 30, 2026 compared to \$65.8 million for the six months ended ended June 30, 2025. This decrease is driven primarily by reduced demand from our large climate control and home entertainment customers.

Net sales in home entertainment were \$98.9 million for the six months ended June 30, 2026 compared to \$124.2 million for the six months ended June 30, 2025. The decrease in sales within the home entertainment channel was primarily driven by lower demand for subscription broadcasting products, particularly for basic remote controls with lower price points and limited or no advanced features.

Gross profit. Gross profit for the six months ended June 30, 2026 was \$46.5 million compared to \$55.3 million for the six months ended June 30, 2025. Gross profit as a percentage of sales increased to 30.5% for the six months ended June 30, 2026 from 29.1% for the six months ended June 30, 2025. The improvement in gross margin was primarily driven by the sale of tariff claims and the associated mix impact, which contributed approximately 330 basis points and 70 basis points respectively, and

improved management of inbound freight costs, which contributed approximately 60 basis points. These favorable impacts were partially offset by higher component costs driven by market conditions, which reduced gross margin by approximately 110 basis points, an unfavorable change in sales mix, which reduced margin by approximately 80 basis points and incremental tariff costs that were not recoverable through customer pricing actions and others, which reduced gross margin by approximately 70 basis points. In addition, the weaker U.S. dollar relative to the Chinese Renminbi had an adverse impact of approximately 60 basis points on gross margin.

Research and development ("R&D") expenses. R&D expenses decreased to \$9.8 million for the six months ended June 30, 2026 from \$14.2 million for the six months ended June 30, 2025 attributable to reductions in payroll and related personnel expenses following headcount optimization actions.

Selling, general and administrative ("SG&A") expenses. SG&A expenses decreased to \$35.8 million for the six months ended June 30, 2026 from \$43.8 million for the six months ended June 30, 2025. The decrease reflects lower volume-driven expenses of \$1.0 million, consistent with the decline in sales volume. In addition, ongoing cost-reduction initiatives, including organizational rightsizing, resulted in savings from headcount reductions. People-related expenses decreased by \$6.5 million, complemented by an additional \$1.7 million reduction in other discretionary spending including travel, rental expense and professional fees. These savings were partially offset by \$0.6 million of severance costs associated with our global reduction in force and \$0.5 million increase of reserve for uncollectible accounts receivable during the period.

Interest income (expense), net. Interest expense, net decreased to \$0.3 million for the six months ended June 30, 2026 from \$0.7 million for the six months ended June 30, 2025, as a result of a lower average loan balance and lower interest rates.

Other income (expense), net. Other income, net was \$1.6 million for the six months ended June 30, 2026 compared to other income (expense), net of \$1.7 million for the six months ended June 30, 2025. The amount was primarily attributable to foreign currency losses incurred in the first half year of 2026.

Provision for income taxes. Income tax expense was \$4.7 million for the six months ended June 30, 2026, relative to a pre-tax loss of \$1.0 million, compared to income tax expense of \$4.0 million for the six months ended June 30, 2025, relative to a pre-tax loss of \$5.2 million. Consistent with 2025, we expect the U.S. to be in a pre-tax loss position without benefit for the full year 2026, resulting in an elevated effective tax rate.

Liquidity and Capital Resources

Sources of Cash

Historically, we have utilized cash provided from operations as our primary source of liquidity, as internally generated cash flows have typically been sufficient to support our business operations, capital expenditures and discretionary share repurchases. When needed, we have utilized our revolving lines of credit to fund operations, share repurchases and acquisitions. We anticipate that we will continue to utilize both cash flows from operations and our revolving lines of credit to support ongoing business operations, capital expenditures, discretionary share repurchases and potential acquisitions. We believe our current cash balances, anticipated cash flow to be generated from operations and available borrowing resources will be sufficient to cover expected cash outlays for at least the next twelve months and for the foreseeable future thereafter; however, because our cash is located in various jurisdictions throughout the world, we may at times need to increase borrowing from our revolving lines of credit or take on additional debt until we are able to transfer cash among our various entities.

(In thousands)	June 30, 2026		December 31, 2025	
Cash and cash equivalents	\$	32,399	\$	32,306
Available borrowing resources	\$	48,706	\$	42,459

Cash and cash equivalents – On June 30, 2026, we had \$11.0 million, \$8.9 million, \$5.2 million, \$4.3 million and \$3.0 million of cash and cash equivalents in North America, the PRC, Asia (excluding the PRC), Europe, and South America, respectively. We attempt to mitigate our exposure to liquidity, credit and other relevant risks by placing our cash and cash equivalents with financial institutions we believe are high quality.

Our cash balances are held in numerous locations throughout the world. The majority of our cash is held outside of the United States and may be repatriated to the United States but, under current law, may be subject to federal and state income taxes and foreign withholding taxes. Additionally, repatriation of some foreign balances is restricted by local laws.

Available Borrowing Resources – Our Second Amended and Restated Credit Agreement ("Second Amended Credit Agreement") with U.S. Bank National Association ("U.S. Bank") provides for a revolving line of credit ("U.S. Credit Line") through September 30, 2027. The U.S. Credit Line may be used for working capital and other general corporate purposes including acquisitions, share repurchases and capital expenditures.

The U.S. Credit Line has a maximum availability of up to \$60.0 million, subject to meeting certain financial conditions. Availability is based on "Borrowing Base", which is defined as 75% of accounts receivable aged less than 90 days less reserves for doubtful accounts and returns. The Borrowing Base is calculated monthly. At June 30, 2026, the U.S. Credit Line total availability was \$43.3 million. At August 5, 2026, the U.S. Credit Line total availability was \$38.9 million.

Amounts available for borrowing under the U.S. Credit Line are reduced by the balance of any outstanding letters of credit, of which there were \$1.9 million at June 30, 2026 and \$0.5 million at December 31, 2025. At June 30, 2026 and December 31, 2025, we had \$0.0 million and \$5.5 million outstanding under the U.S. Credit Line, respectively. At June 30, 2026, our remaining availability under our U.S. Credit Line was \$41.4 million.

Our subsidiary, Gemstar Technology (Yangzhou) Co. Ltd. ("GTY"), has a Line of Credit Agreement ("Line of Credit Agreement") with the Bank of China, which provides for a revolving line of credit ("China Credit Line" and, together with the U.S. Credit Line, "Credit Lines"). As a continuation of the agreement, on July 30, 2025, we executed an amendment to the Line of Credit Agreement, which extends the term of the China Credit Line to July 16, 2026. As a continuation of the agreement, on July 15, 2026, we executed an amendment to the Line of Credit Agreement, which extends the term of the China Credit Line to July 9, 2027. The China Credit Line may be used for working capital purposes. .

At June 30, 2026, the China Credit Line had a maximum availability of up to RMB 130.0 million (approximately \$19.1 million), subject to meeting certain financial conditions.

The China Credit Line may be used for working capital purposes. Amounts available for borrowing under the China Credit Line are reduced by the balance of any outstanding letters of credit, of which there were none at June 30, 2026 and December 31, 2025. At June 30, 2026, we had an outstanding balance of RMB 80.0 million (approximately \$11.8 million) on our China Credit Line and RMB 50.0 million (approximately \$7.4 million) of availability under our China Credit Line.

See Note 8 contained in the "Notes to Consolidated Financial Statements" for further information regarding our Credit Lines.

Sources and Uses of Cash

Our cash flows were as follows:

(In thousands)	Six Months Ended June 30, 2026	Increase (Decrease)	Six Months Ended June 30, 2025
Cash provided by (used for) operating activities	\$ 5,521	\$ (12,184)	\$ 17,705
Cash provided by (used for) investing activities	(2,295)	1,694	(3,989)
Cash provided by (used for) financing activities	(4,892)	2,856	(7,748)
Effect of foreign currency exchange rates on cash and cash equivalents	1,759	249	1,510
Net increase (decrease) in cash and cash equivalents	\$ 93	\$ (7,385)	\$ 7,478

	June 30, 2026	Increase (Decrease)	December 31, 2025
Cash and cash equivalents	\$ 32,399	\$ 93	\$ 32,306
Working capital	\$ 88,988	\$ 3,179	\$ 85,809

Net cash used by operating activities was \$5.5 million during the six months ended June 30, 2026 compared to \$17.7 million provided by operating activities during the six months ended June 30, 2025. The decrease in operating cash flows primarily reflects changes in working capital, particularly in accounts receivable, contract assets, and inventory. Net loss was \$5.7 million for the three months ended June 30, 2026, compared to net loss of \$9.2 million in the prior-year period. Depreciation and amortization expense was \$6.2 million during the six months ended June 30, 2026 compared to \$7.6 million during the six months ended June 30, 2025, primarily due to lower capital expenditures in recent years, consistent with the decline in production volumes. Inventories decreased by \$8.1 million during six months ended June 30, 2026, compared to a decrease of \$1.7 million during the same period in 2025, reflecting improved inventory management practices. A decrease in accounts receivable and contract assets, mainly due to lower sales, resulted in cash inflows of \$6.5 million in the three months ended June 30, 2026 and \$23.3 million in the three months ended June 30, 2025. Days sales outstanding were 77 days at June 30, 2026, compared to 75 days at June 30, 2025. A decrease in accounts payable and accrued liabilities, primarily driven by lower inventory purchases and timing of payments, resulted in cash outflows of \$0.1 million during the six months ended June 30, 2026, compared to \$15.4 million in the prior-year period.

Net cash used for investing activities during the six months ended June 30, 2026 was \$2.3 million, of which \$1.6 million and \$0.7 million was used for capital expenditures and the development of patents, respectively. Net cash used for investing activities during the six months ended June 30, 2025 was \$4.0 million, of which \$2.3 million and \$1.5 million was used for capital expenditures and the development of patents, respectively.

Future cash flows used for investing activities are largely dependent on the timing and amount of capital expenditures and the development of patents, respectively. We estimate that we will incur between \$3.0 million and \$4.0 million during the remainder of 2026.

Net cash used for financing activities was \$4.9 million during the six months ended June 30, 2026 compared to \$7.7 million during the six months ended June 30, 2025. The primary financing activities during the six months ended June 30, 2026 and 2025 were borrowings and repayments on our Credit Lines and repurchases of shares of our common stock. Net repayments on our Credit Lines were \$12.5 million during the six months ended June 30, 2026 compared to \$7.0 million during the six months ended June 30, 2025. During the six months ended June 30, 2026, we did not repurchase any of our common stock at June 30, 2026 compared to our repurchase of 101,000 shares at a cost of \$0.7 million during the six months ended June 30, 2025.

Future cash flows used for financing activities are affected by our financing needs, which are largely dependent on the level of cash provided by or used in operations and the level of cash used in investing activities. Additionally, potential future repurchases of shares of our common stock will impact our cash flows used for financing activities. See Note 13 contained in the "Notes to Consolidated Financial Statements" for further information regarding our share repurchase programs.

Material Cash Commitments – The following table summarizes our material cash commitments and the effect these commitments are expected to have on our cash flows in future periods:

(In thousands)	Payments Due by Period				
	Total	Less than 1 year	1 - 3 years	4 - 5 years	After 5 years
Credit Lines	\$ 20,831	\$ 20,831	\$ —	\$ —	\$ —
Inventory purchases	15,115	10,035	5,080	—	—
Operating lease obligations	11,816	2,293	4,489	2,218	2,816
Property, plant, and equipment purchases	887	887	—	—	—
Software license	5,562	1,125	2,513	1,924	—
Total material cash commitments	<u>\$ 54,211</u>	<u>\$ 35,171</u>	<u>\$ 12,082</u>	<u>\$ 4,142</u>	<u>\$ 2,816</u>

We anticipate meeting our material cash commitments with our cash generated from operations and available borrowing on our Credit Lines.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Not applicable.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Rule 13a-15(d) promulgated under the Securities Exchange Act of 1934 (the "Exchange Act") defines "disclosure controls and procedures" to mean controls and procedures of a company that are designed to ensure that information required to be disclosed by the company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC's rules and forms. The definition further states that disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that the information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company's management, including its principal executive and principal financial officers, or persons performing similar functions, as appropriate to allow timely decisions regarding required disclosure.

An evaluation was performed under the supervision and with the participation of our management, including our principal executive and principal financial officers, of the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our principal executive and principal financial officers have concluded that our disclosure controls and procedures were effective, as of the end of the period covered by this Quarterly Report on Form 10-Q, to provide reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms and is accumulated and communicated to our management to allow timely decisions regarding required disclosures.

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the most recent fiscal quarter covered by this Quarterly Report on Form 10-Q that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We are subject to lawsuits arising out of the conduct of our business. The discussion of our litigation matters contained in Note 12 to the "Notes to Consolidated Financial Statements" is incorporated herein by reference.

ITEM 1A. RISK FACTORS

The reader should carefully consider, in connection with the other information in this report, the risk factors discussed in "Part I, Item 1A: Risk Factors" of the 2025 Form 10-K and in the periodic reports we have filed since then. These factors may cause our actual results to differ materially from those stated in forward-looking statements contained in this Quarterly Report on Form 10-Q and elsewhere.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth, for the three months ended June 30, 2026, our total stock repurchases, average price paid per share and the maximum number of shares that may yet be purchased on the open market under our plans or programs:

Period	Total Number of Shares Purchased	Weighted 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 ⁽¹⁾
April 1, 2026 - April 30, 2026	—	\$ —	—	1,013,556
May 1, 2026 - May 31, 2026	—	—	—	1,013,556
June 1, 2026- June 30, 2026	—	—	—	1,013,556
Total	—	\$ —	—	—

- ⁽¹⁾ On March 11, 2026 our Board of Directors authorized an amendment to the Company's Share Repurchase Program that had been originally approved in October 2023 (as subsequently amended, the "Share Repurchase Program") to authorize the repurchase, from time to time, of up to an additional 1,000,000 shares of the Company's outstanding common stock, or a total of 1,013,556 shares (including the 13,556 shares remaining available under prior Board authorization for repurchase under the Share Repurchase Program). This authorization will remain in effect until such time as the Board of Directors terminates the authorization or the Share Repurchase Program is executed in full. We may utilize various methods to effect the repurchases, including in privately negotiated and/or open-market transactions, and pursuant to plans complying with Rule 10b5-1 promulgated under the Securities Exchange Act of 1934. Neither this authorization nor the Share Repurchase Program obligates us to repurchase any shares of our common stock, and any repurchase of shares will be subject to market and other conditions and may be discontinued at any time.

ITEM 5. OTHER INFORMATION

During the quarter ended June 30, 2026, no director or officer (as defined in Rule 16a-1(f) promulgated under the Exchange Act) of the Company adopted or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

ITEM 6. EXHIBITS**EXHIBIT INDEX**

3.1	<u>Restated Certificate of Incorporation of Universal Electronics Inc., as amended through May 19, 2026 (incorporated by reference to Exhibit 3.1 to the Company's Current Report on Form 8-K filed on May 21, 2026 (File No. 0-21044))</u>
10.1#	<u>Universal Electronics Inc. Amended and Restated 2018 Equity and Incentive Compensation Plan, effective May 19, 2026 (filed herewith)</u>
31.1	<u>Rule 13a-14(a) Certifications of the Chief Executive Officer (filed herewith)</u>
31.2	<u>Rule 13a-14(a) Certifications of the Chief Financial Officer (principal financial officer and principal accounting officer) (filed herewith)</u>
32.1**	<u>Section 1350 Certifications of the Chief Executive Officer (furnished herewith)</u>
32.2**	<u>Section 1350 Certifications of the Chief Financial Officer (principal financial officer and principal accounting officer) (furnished herewith)</u>
101.INS	Inline XBRL Instance Document
101.SCH	Inline XBRL Taxonomy Extension Schema Document
101.CAL	Inline XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE	Inline XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

Indicates management contract or compensatory plan or arrangement.

** The certifications furnished in Exhibit 32 hereto are deemed to accompany this Quarterly Report on Form 10-Q and will not be deemed "filed" for purposes of Section 18 of the Exchange Act or deemed to be incorporated by reference into any filing under the Exchange Act or the Securities Act except to the extent that the registrant specifically incorporates it by reference.

SIGNATURE

Pursuant to the requirement 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.

Dated: August 6, 2026

UNIVERSAL ELECTRONICS INC.

By: /s/ Wade M Jenke
Wade M. Jenke
Chief Financial Officer (principal financial officer and principal
accounting officer)

UNIVERSAL ELECTRONICS INC.

**AMENDED AND RESTATED
2018 EQUITY AND INCENTIVE COMPENSATION PLAN**

Restatement Effective Date: May 19, 2026

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SECTION 1. ESTABLISHMENT AND PURPOSE.

The purpose of the Universal Electronics Inc. 2018 Equity and Incentive Compensation Plan is to provide a means through which the Company may attract and retain key personnel and to provide a means whereby directors, officers, employees, consultants and advisors of the Company and its Subsidiaries (the “**Company Group**”) can acquire and maintain an equity interest in the Company, or be paid incentive compensation, which may (but need not) be measured by reference to the value of Common Stock, thereby strengthening their commitment to the welfare of the Company Group and aligning their interests with those of the Company’s stockholders. The Plan amends and restates the 2018 Equity and Incentive Compensation Plan effective as of the Restatement Effective Date.

SECTION 2. DEFINITIONS.

- (a) “**Affiliate**” means any entity other than a Subsidiary if the Company and/or one or more Subsidiaries own not less than fifty percent (50%) of such entity.
- (b) “**Award**” means any award of an Option, a SAR, a Restricted Share, a Restricted Stock Unit, an Other Stock-Based Award, or a Cash-Based Award under the Plan.
- (c) “**Award Agreement**” means the agreement between the Company and the recipient of an Award which contains the terms, conditions and restrictions pertaining to such Award.
- (d) “**Board of Directors**” or “**Board**” means the Board of Directors of the Company, as constituted from time to time.
- (e) “**Cash-Based Award**” means an Award that entitles the Participant to receive a cash-denominated payment.
- (f) “**Cause**” means in the case of a particular Award, unless the applicable Award Agreement states otherwise, (i) the Company or any Subsidiary having “cause” to terminate a Participant’s employment or service, as defined in any employment or consulting agreement between the Participant and any member of the Company Group in effect at the time of such termination or (ii) in the absence of any such employment or consulting agreement (or the absence of any definition of “Cause” contained therein), the following with respect to a Participant: (a) the commission of a felony or other crime involving moral turpitude or the commission of any act or omission involving dishonesty, disloyalty or fraud in connection with the performance of his or her duties with respect to the Company or any of its Subsidiaries; (b) any conduct in conjunction with his or her duties which could reasonably be expected to, or which does, cause public disgrace or disrepute or significant economic harm to the Company or any of its Subsidiaries; (c) repeated or continuing failure to perform his or her duties that is not cured to the Company’s reasonable satisfaction within fifteen (15) days after written notice thereof (provided, that, such opportunity to cure shall not be available for repeated or habitual violations); (d) a deliberate act of insubordination or repeated refusal to follow reasonable and lawful instructions of supervisors, including engaging in disruptive conduct to the detriment of the Company or any of its Subsidiaries; (e) gross negligence or willful misconduct in connection with the performance of his or her duties with respect to the Company or any of its Subsidiaries; (f) obtaining any personal profit not thoroughly disclosed to and approved by the Company in connection with any transaction entered into by, or on behalf of, the Company or any of its Subsidiaries or a breach of his or her fiduciary duties to the Company or any of its Subsidiaries; (g) violating any material terms of the applicable material policies of the Company or any of its Subsidiaries that is not cured to the Company’s reasonable satisfaction within fifteen (15) days after written notice thereof (provided, that, such opportunity to cure shall not be available for repeated or habitual violations); or (h) any breach of any material provision of a written agreement between the Company or any of its Subsidiaries and the Participant which is not cured to the Company’s reasonable satisfaction within fifteen (15) days after written notice thereof.
- (g) “**Change in Control**” shall be deemed to occur upon the first to occur of the following:
 - (i) Any individual, entity or group (within the meaning of Section 12(d)(3) or 14(d)(2) of the Exchange Act (a “**Person**”) becomes the beneficial owner (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of fifty percent (50%) or more of either (A) the then-outstanding shares of Common Stock of the Company (the “**Outstanding Company Common Stock**”) or (B) the combined voting power of the then-outstanding voting

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securities of the Company entitled to vote generally in the election of directors (the “**Outstanding Company Voting Securities**”); provided, however, that, for purposes herein, the following acquisitions shall not constitute a Change in Control: (I) any acquisition by the Company, (II) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any affiliate of the Company, or (III) any acquisition by any corporation pursuant to a transaction that complies with subsections (iii)(A), (iii)(B) and (iii)(C) of this definition below;

- (ii) During any period of twelve (12) consecutive months, individuals who, as of the date hereof, constitute the Board (the “**Incumbent Board**”) cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company’s stockholders, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board;
- (iii) Consummation of a reorganization (excluding a reorganization under either Chapter 7 or Chapter 11 of Title 11 of the United States Code), merger, statutory share exchange or consolidation or similar transaction involving the Company or any of its Subsidiaries, a sale or other disposition of all or substantially all of the assets of the Company, or the acquisition of assets or stock of another entity by the Company or any of its Subsidiaries (each, a “**Business Combination**”), in each case unless, following such Business Combination:
 - (A) all or substantially all of the individuals and entities that were the beneficial owners of the Outstanding Company Common Stock and the Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than fifty percent (50%) of the then-outstanding shares of common stock (or, for a non-corporate entity, equivalent securities) and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors (or, for a non-corporate entity, equivalent governing body), as the case may be, of the entity resulting from such Business Combination (including, without limitation, an entity that, as a result of such transaction, owns the Company or all or substantially all of the Company’s assets either directly or through one or more Subsidiaries) in substantially the same proportions as their ownership immediately prior to such Business Combination of the Outstanding Company Common Stock and the Outstanding Company Voting Securities, as the case may be,
 - (B) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, fifty percent (50%) or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination or the combined voting power of the then-outstanding voting securities of such corporation, except to the extent that such ownership existed prior to the Business Combination, and
 - (C) at least a majority of the members of the board of directors (or, for a non-corporate entity, equivalent governing body) of the entity resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement or of the action of the Board providing for such Business Combination; or
- (iv) Approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

Any other provision of this (g) notwithstanding, a transaction shall not constitute a Change in Control if its sole purpose is to change the state of the Company’s incorporation or to create a holding company that will be owned in substantially the same proportions by the persons who held the Company’s securities immediately before such transaction, and a Change in Control shall not be deemed to occur if the Company files a registration statement with the United States Securities and Exchange Commission in connection with an initial or secondary public offering of securities or debt of the Company to the public or on account of any transaction or series of transactions principally for bona fide equity financing purposes in which cash is received by the Company or any successor or indebtedness of the Company is cancelled or converted or a combination thereof.

Notwithstanding the foregoing, a Change in Control shall not be deemed to occur under the Plan unless the event(s) constituting a Change in Control also constitute a “change in the ownership” of the Company, a “change in effective control” of the Company, or a “change in the ownership of a substantial portion of the assets” of the Company under Treasury Regulations §1.409A-3(i)(5), or any successor provision.

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- (h) **“Code”** means the United States Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder. Reference in the Plan to any section of the Code shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.
- (i) **“Committee”** means the Compensation Committee as designated by the Board which is authorized to administer the Plan as described in Section 3 hereof.
- (j) **“Company”** means Universal Electronics Inc., a Delaware corporation, including any successor thereto.
- (k) **“Confidential Information”** means any data, information or documentation (including such that is received by third parties) that is competitively sensitive or commercially valuable and not generally known to the public, including data, information or documentation related or pertaining to: (i) finance, supply or service, (ii) customers, suppliers or consumers, including customer lists, relationships and profiles, (iii) marketing or product information, including product planning, marketing strategies, marketing results, marketing forecasts, plans, finance, operations, reports, sales estimates, business plans and internal performance results relating to past, present or future business activities, clients and suppliers, and/or (iv) scientific or technical information, design, process, procedure, formula or improvement, computer software, object code, source code, specifications, inventions or systems information, whether or not patentable or copyrightable, and that is not otherwise a Trade Secret.
- (l) **“Consultant”** means an individual who is a consultant or advisor and who provides bona fide services to the Company, a Parent, a Subsidiary, or an Affiliate as an independent contractor (not including service as a member of the Board) or a member of the board of directors of a Parent or a Subsidiary, in each case who is not an Employee.
- (m) **“Date of Grant”** means the date on which the granting of an Award is authorized, or such other date as may be specified in such authorization, subject to compliance with applicable tax and securities laws.
- (n) **“Detrimental Activity”** means any of the following: (i) unauthorized use, disclosure or dissemination of Confidential Information or Trade Secrets pertaining to the business of any member of the Company Group; (ii) any activity that would be grounds to terminate the Participant’s employment or service with any member of the Company Group for Cause; or (iii) a breach by the Participant of any restrictive covenant by which such Participant is bound, including, without limitation, any covenant not to compete or not to solicit, in any agreement with any member of the Company Group; provided, however, that the activity described under clause (i) of this definition does not apply to (1) any Confidential Information which has become generally known to competitors of any member of the Company Group through no act or omission by the Participant or (2) a Participant’s communications that are required by law or judicial process (e.g., subpoena). Further, this definition does not preclude a Participant from communicating, cooperating or filing a complaint with any U.S. federal, state or local governmental or law enforcement branch, agency or entity (collectively, a **“Governmental Entity”**) with respect to possible violations of any U.S. federal, state or local law or regulation, or otherwise making disclosures to any Governmental Entity, in each case, that are protected under the whistleblower provisions of any such law or regulation, provided, that, in each case, such communications and disclosures are consistent with applicable law and provided, further, that under no circumstance is the Participant authorized to disclose any information covered by the Company Group’s attorney-client privilege or attorney work product or Trade Secrets without prior written consent of the Board or its designee.
- (o) **“Disability”** means any permanent and total disability as defined by Section 22(e)(3) of the Code, or in the case of a Participant outside the United States, such other definition as determined by the Committee for purposes of the Plan taking into consideration the provisions of applicable law.
- (p) **“Employee”** means any individual who is a common-law employee of the Company, a Parent, a Subsidiary, or an Affiliate.
- (q) **“Exchange Act”** means the United States Securities Exchange Act of 1934, as amended. Reference in the Plan to any section of the Exchange Act shall be deemed to include any regulations or other interpretative guidance under such section, and any amendments or successor provisions to such section, regulations or guidance.
- (r) **“Exercise Price”** means, in the case of an Option, the amount for which one Share may be purchased upon exercise of such Option, as specified in the applicable Option Award Agreement. **“Exercise Price”** means, in the case of a SAR, an amount, as specified in the applicable SAR Award Agreement, which is subtracted from the Fair Market Value of one Share in determining the amount payable upon exercise of such SAR.

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- (s) **“Fair Market Value”** with respect to a Share means the market price of one Share determined by the Committee as follows:
- (i) If the Stock was traded on any established stock exchange (such as The Nasdaq Capital Market, The Nasdaq Global Market, The Nasdaq Global Select Market or the New York Stock Exchange) or national market system on the date in question, then the Fair Market Value shall be equal to the closing price reported for such date by the applicable exchange or system;
 - (ii) If the Stock was traded over-the-counter on the date in question, then the Fair Market Value shall be equal to the last transaction price quoted for such date by the OTC Bulletin Board or, if not so quoted, shall be equal to the mean between the last reported representative bid and asked prices quoted for such date by the principal automated inter-dealer quotation system on which the Stock is quoted or, if the Stock is not quoted on any such system, by the Pink Quote system; or
 - (iii) If none of the foregoing provisions is applicable, then the Fair Market Value shall be determined by the Committee in good faith on such basis as it deems appropriate.

The determination of fair market value for purposes of tax withholding may be made in the Committee’s discretion subject to applicable law and is not required to be consistent with the determination of Fair Market Value for other purposes.

For any date that is not a trading day, the Fair Market Value of a share of Stock for such date shall be determined under clauses (i) and (ii) above with reference to the immediately preceding trading day. In all cases, the determination of Fair Market Value by the Committee shall be conclusive and binding on all persons and shall be consistent with the rules of Section 409A and Section 422 of the Code to the extent applicable.

- (t) **“ISO”** means an Option intended to be an “incentive stock option” described in Section 422 of the Code. Each Option granted pursuant to the Plan will be treated as providing by its terms that it is to be an NSO unless, as of the Date of Grant, it is expressly designated as an ISO in the applicable Option Award Agreement.
- (u) **“Mature Shares”** means Shares owned by a Participant that are not subject to any pledge or security interest and that have been either previously acquired by the Participant on the open market or meet such other requirements, if any, as the Committee may determine are necessary in order to avoid an accounting earnings charge on account of the use of such shares to pay the Exercise Price or satisfy a withholding obligation of the Participant.
- (v) **“Non-Employee Director”** means a person who is a “non-employee director” within the meaning of Rule 16b-3 under the Exchange Act.
- (w) **“Nonstatutory Option” or “NSO”** means an Option that is not an ISO.
- (x) **“Option”** means an option entitling the holder to acquire Shares upon payment of the exercise price and may be subject to the satisfaction of performance or other vesting conditions.
- (y) **“Other Stock-Based Award”** means an Award other than an Option, a SAR, a Restricted Share, a Restricted Stock Unit that is convertible into or otherwise based on Shares and may be subject to the satisfaction of performance or other vesting conditions.
- (z) **“Parent”** means any corporation (other than the Company) in an unbroken chain of corporations ending with the Company, if each of the corporations other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other corporations in such chain. A corporation that attains the status of a Parent on a date after the adoption of the Plan shall be a Parent commencing as of such date.
- (aa) **“Participant”** means a person who holds an Award.
- (bb) **“Plan”** means this Amended and Restated 2018 Equity and Incentive Compensation Plan of Universal Electronics Inc., as amended from time to time.
- (cc) **“Prior Plan”** means each of the Universal Electronics Inc. 2014 Stock Incentive Plan, the Universal Electronics Inc. 2010 Stock Incentive Plan, the Universal Electronics Inc. 2006 Stock Incentive Plan, the Universal Electronics Inc. 2003 Stock Incentive Plan, and the Universal Electronics Inc. 1999A Nonqualified Stock Plan (collectively, the **“Prior Plans”**).

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- (dd) **“Purchase Price”** means the consideration for which one Share may be acquired under the Plan (other than upon exercise of an Option or SAR), as specified by the Committee.
- (ee) **“Restricted Share”** means a Share subject to restrictions requiring that it be forfeited, redelivered or offered for sale to the Company if specified performance or other vesting conditions are not satisfied awarded under the Plan.
- (ff) **“Restricted Stock Unit”** means a bookkeeping entry representing the Company’s obligation to deliver one Share (or distribute cash measured by the value of a Share on a future date) and may be subject to the satisfaction of performance or other vesting conditions.
- (gg) **“SAR”** means a right entitling the holder upon exercise to receive an amount (payable in cash or in Stock of equivalent value) equal to the excess of the Fair Market Value of the Stock subject to the right over the Exercise Price from which appreciation under the SAR is to be measured.
- (hh) **“Section 409A”** means Section 409A of the Code.
- (ii) **“Securities Act”** means the United States Securities Act of 1933, as amended, the rules and regulations promulgated thereunder.
- (jj) **“Service”** means service as an Employee, Consultant or Non-Employee Director, subject to such further limitations as may be set forth in the Plan or the applicable Award Agreement. Unless determined otherwise by the Committee: (i) neither a bona fide leave of absence due to illness, vacation or such other leave that was approved by the Company in writing, nor a transfer from employment or service with the Company to employment or service with a Subsidiary or an Affiliate, shall be considered a termination of Service; and (ii) if a Participant’s employment with a member of the Company Group terminates, but such Participant continues to provide services to the Company Group in a non-employee capacity, such change in status shall not be considered a termination of Service. For purposes of determining whether an Option is entitled to ISO status, an Employee’s employment will be treated as terminating three (3) months after such Employee went on leave, unless such Employee’s right to return to active work is guaranteed by law or by a contract. Service terminates in any event when the approved leave ends, unless such Employee immediately returns to active work. For the avoidance of doubt, the Committee determines which leaves of absence count toward Service, and when Service terminates for all purposes under the Plan. Unless a different treatment is approved by the Committee, vesting will be adjusted pro-rata for any approved reductions in work hours (for example, from full-time to part-time) other than due to an approved leave of absence as discussed in the prior sentence (i.e., the portion of the award vesting on each vesting date is reduced pro-rata based on the reduction in hours worked).
- (kk) **“Share”** means one share of Stock as adjusted in accordance with Section 12 (if applicable).
- (ll) **“Stock”** means the Common Stock, par value \$0.01 per share, of the Company (and any stock or other securities into which such common stock may be converted or into which it may be exchanged).
- (mm) **“Subsidiary”** means any corporation, company or other entity, if the Company owns and/or one or more other Subsidiaries own not less than fifty percent (50%) of the total combined voting power of all classes of outstanding stock of such corporation. A corporation that attains the status of a Subsidiary on a date after the adoption of the Plan shall be considered a Subsidiary commencing as of such date. The determination of whether an entity is a “Subsidiary” shall be made in accordance with Section 424(f) of the Code.
- (nn) **“Trade Secrets”** means without limitation, (i) any data or information that is competitively sensitive or commercially valuable and not generally known to the public and (ii) any scientific or technical information, design, process, procedure, formula or improvement, computer software, object code, source code, specification, invention or systems information, whether or not patentable or copyrightable; provided, that, this definition of Trade Secrets shall have the broadest meaning as permitted by law and shall extend beyond the definition of “trade secrets” as set forth in the Delaware Uniform Trade Secrets Act.

SECTION 3. ADMINISTRATION.

(a) **Committee Composition.** The Plan shall be administered by the Board or by a Committee acting appointed by the Board. The Committee shall consist of two or more directors of the Company. In addition, to the extent required by the Board, the composition of the Committee shall satisfy such requirements of the Nasdaq Stock Market or the New York Stock Exchange or as applicable, and as the Securities and Exchange Commission may establish for administrators acting under plans intended to qualify for exemption under Rule 16b-3 (or its successor) under the Exchange Act.

(b) **Committee Appointment.** The Board may also appoint one or more separate committees of the Board, each composed of one or more directors of the Company who need not satisfy the requirements of Section 3(a), who may administer the Plan, grant Awards under the Plan and determine all terms of such grants, in each case with respect to all Employees, Consultants and Non-Employee Directors (except such as may be on such committee), provided that such committee or committees may perform these functions only with respect to Employees who are not considered officers or directors of the Company under Section 16 of the Exchange Act. Within the limitations of the preceding sentence, any reference in the Plan to the Committee shall include such committee or committees appointed pursuant to the preceding sentence. To the extent permitted by applicable laws, the Board or the Committee may also authorize one or more officers of the Company to designate Employees, other than officers under Section 16 of the Exchange Act, to receive Awards and/or to determine the number of such Awards to be received by such persons; provided, however, that the Board or the Committee shall specify the total number of Awards that such officers may so award.

(c) **Committee Responsibilities.** Subject to the provisions of the Plan and applicable law, the Committee shall have full authority and discretion to take the following actions:

- (i) To interpret the Plan and to apply its provisions;
- (ii) To adopt, amend, or rescind rules, procedures, and forms relating to the Plan;
- (iii) To adopt, amend, or terminate sub-plans established for the purpose of satisfying applicable foreign laws including qualifying for preferred tax treatment under applicable foreign tax laws;
- (iv) To authorize any person to execute, on behalf of the Company, any instrument required to carry out the purposes of the Plan;
- (v) To determine when Awards are to be granted under the Plan;
- (vi) To select the Participants to whom Awards are to be granted;
- (vii) To determine the type of Award and number of Shares or amount of cash to be made subject to each Award;
- (viii) To prescribe the terms and conditions of each Award, including (without limitation) the Exercise Price and Purchase Price, and the vesting or duration of the Award (including accelerating the vesting of Awards, either at the time of the Award or thereafter, without the consent of the Participant), to determine whether an Option is to be classified as an ISO or as an NSO, and to specify the provisions of the agreement relating to such Award;
- (ix) To establish or verify the extent of satisfaction of any performance goals or other conditions applicable to the grant, issuance, exercisability, vesting, and/or ability to retain any Award;
- (x) To prescribe the consideration for the grant of each Award or other right under the Plan and to determine the sufficiency of such consideration;
- (xi) To determine the disposition of each Award or other right under the Plan in the event of a Participant's divorce or dissolution of marriage;
- (xii) To determine whether Awards under the Plan will be granted in replacement of other grants under an incentive or other compensation plan of an acquired business;
- (xiii) To amend any outstanding Award Agreement, subject to applicable legal restrictions and to the consent of the Participant if the Participant's rights or obligations would be materially impaired;
- (xiv) To correct any defect, supply any omission, or reconcile any inconsistency in the Plan or any Award Agreement; and
- (xv) To take any other actions deemed necessary or advisable for the administration of the Plan.

Subject to the requirements of applicable law, the Committee may designate persons other than members of the Committee to carry out its responsibilities and may prescribe such conditions and limitations as it may deem appropriate, except that the Committee may not delegate its authority with regard to the selection for participation in or the granting of Awards under the Plan to persons subject to Section 16 of the Exchange Act. All decisions, interpretations and other actions of the Committee shall be final and binding on all Participants and all persons deriving their rights from a Participant. No member of the Committee shall be liable for any action that such member of the Committee has taken or has failed to take in good faith with respect to the Plan or any Award under the Plan.

(d) **Reliance on Reports.** Each member of the Committee and each member of the Board shall be fully justified in acting or failing to act, as the case may be, and shall not be liable for having so acted or failed to act in good faith, in reliance upon any report made by the independent public accountant of the Company Group and/or any other information furnished in connection with the Plan by any agent of the Company or the Committee or the Board, other than himself or herself.

(e) **Limitation of Liability.** No member of the Board, the Committee, delegate of the Committee or any employee or agent of the Company shall be liable for any action taken or omitted to be taken or any determination made in good faith with respect to the Plan or any Award hereunder.

SECTION 4. ELIGIBILITY.

(a) **General Rule.** The Committee will select Participants from among Employees, Consultants and Non-Employee Directors. Eligibility for ISOs is limited to individuals described in the first sentence of this Section 4(a) who are employees of the Company or of a “parent corporation” or “subsidiary corporation” of the Company as those terms are defined in Section 424 of the Code. Eligibility for Options, other than ISOs, and SARs is limited to individuals described in the first sentence of this Section 4(a) who are providing direct services on the Date of Grant of the Award to the Company or to a subsidiary of the Company that would be described in the first sentence of Section 1.409A-1(b)(5)(iii)(E) of the United States Treasury Regulations.

(b) **Ten-Percent Stockholders.** An Employee who owns more than ten percent (10%) of the total combined voting power of all classes of outstanding stock of the Company, a Parent or Subsidiary shall not be eligible for the grant of an ISO unless such grant satisfies the requirements of Section 422(c)(5) of the Code. For purposes of this subsection, in determining stock ownership, an Employee shall be deemed to own the stock owned, directly or indirectly, by or for such Employee’s brothers, sisters, spouse, ancestors, and lineal descendants. Stock owned, directly or indirectly, by or for a corporation, partnership, estate, or trust shall be deemed to be owned proportionately by or for its stockholders, partners, or beneficiaries. As used in this subsection, “outstanding stock” shall include all stock actually issued and outstanding immediately after the grant. “Outstanding stock” shall not include Shares authorized for issuance under outstanding options held by the Employee or by any other person.

SECTION 5. STOCK SUBJECT TO PLAN.

(a) **Basic Limitation.** The maximum aggregate number of Shares authorized for issuance as Awards under the Plan shall not exceed (i) 3,475,000, plus (ii) the number of Shares underlying any award granted under any of the Prior Plans that expires, terminates or is canceled or forfeited for any reason whatsoever or settled in cash (in whole or in part) or is unearned (in whole or in part) under the terms of the applicable Prior Plan. The Company shall at all times reserve and keep available sufficient Shares to satisfy the requirements of the Plan. The limitations of this Section 5(a) shall be subject to adjustment pursuant to Section 12.

(b) **Share Counting.** Shares used to pay the required Exercise Price of an Option or SAR, Shares not issued in connection with settlement of an Option or SAR, Shares that are reacquired by the Company on the open market or otherwise using cash proceeds from the exercise of an Option, and Shares that are used or withheld to satisfy tax obligations of the Participant shall, notwithstanding anything herein to the contrary, not be available again for other Awards under the Plan. If a Participant elects to give up the right to receive compensation in exchange for Shares based on Fair Market Value, such Shares will be available again for Awards under the Plan. Shares underlying Awards under this Plan that are forfeited, cancelled, expire unexercised, or are settled in cash (in whole or in part) or are unearned (in whole or in part) are available again for Awards under the Plan.

(c) **Limit on Incentive Stock Options.** Notwithstanding the foregoing and subject to adjustment pursuant to Section 12, the Shares that may be delivered in the aggregate pursuant to the exercise of ISOs granted under the Plan shall not exceed 3,475,000 Shares, but nothing in this Section 5(c) will be construed as requiring that any, or any fixed number of, ISOs be awarded under the Plan.

(d) **Substitution and Assumption of Awards.** The Committee may make Awards under the Plan by assumption, substitution, or replacement of stock options, stock appreciation rights, stock units, or similar awards granted by another entity (including a Parent or Subsidiary), if such assumption, substitution, or replacement is in connection with an asset acquisition, stock acquisition, merger, consolidation, or similar transaction involving the Company (and/or its Parent or Subsidiary) and such other entity (and/or its affiliate). The terms of such assumed, substituted, or replaced Awards shall be as the Committee, in its discretion, determines is appropriate, notwithstanding limitations on Awards in the Plan.

(e) **Source of Shares.** The Shares delivered by the Company in settlement of Awards may be authorized and unissued shares, shares held in the treasury of the Company, shares purchased on the open market or by private purchase, or a combination of the foregoing.

SECTION 6. LIMITATIONS AND MINIMUM REQUIREMENTS.

(a) **Non-Employee Director Compensation Limit.** The maximum number of Shares subject to Awards granted under the Plan during any one calendar year to any Non-Employee Director taken together with any cash fees paid by the Company to such Non-Employee Director during such calendar year for service on the Board (other than the calendar year in which an Non-Employee Director commences service on the Board), will not exceed five hundred thousand dollars (\$500,000) in total value (calculating the value of any such Awards based on the grant date fair value of such Awards for financial reporting purposes).

(b) **Minimum Vesting Requirement.** Notwithstanding any other provision of the Plan (outside of this Section 6(b)) to the contrary, Awards granted under the Plan (other than Cash-Based Awards) shall vest no earlier than the first anniversary of the applicable Date of Grant; provided, that the following awards shall not be subject to the foregoing minimum vesting requirement: any (i) awards granted in connection with awards that are assumed, converted or substituted pursuant to Section 5(d) of the Plan; (ii) Shares delivered in lieu of fully vested cash obligations; (iii) awards to Non-Employee Directors that vest on the earlier of the one-year anniversary of the applicable Date of Grant and the next annual meeting of the Company's stockholders which is at least 50 weeks after the immediately preceding year's annual meeting of the stockholders; and (iv) additional awards the Committee may grant, up to a maximum of five percent (5%) of the available share reserve authorized for issuance under the Plan pursuant to Section 5(a) (subject to adjustment under Section 12). Nothing in this Section 6(b), however, shall preclude the Committee, in its sole discretion, from (x) providing for continued vesting or accelerated vesting for any award under the Plan upon certain events, including, without limitation, in connection with or following a Participant's death, disability, or a Change in Control, or (y) exercising its authority under Section 13(b) at any time following the grant of an award.

(c) **Restriction on Acceleration Following Grant.** Following the Date of Grant of an Award, the Committee shall not accelerate the vesting or exercisability of all or any portion of an Award, in cases other than (i) in connection with a Change in Control or a Participant's death or disability, (ii) circumstances explicitly provided under the terms of an Award Agreement, (iii) circumstances explicitly provided under the terms of an employment or service agreement with a Participant.

SECTION 7. RESTRICTED SHARES.

(a) **Restricted Share Award Agreement.** Each grant of Restricted Shares under the Plan shall be evidenced by a Restricted Share Award Agreement between the Participant and the Company. Such Restricted Shares shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Share Award Agreements entered into under the Plan need not be identical.

(b) **Payment for Awards.** Restricted Shares may be sold or awarded under the Plan for such consideration as the Committee may determine, including (without limitation) cash, cash equivalents, full-recourse promissory notes, past services, and future services.

(c) **Vesting.** Each Award of Restricted Shares may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Share Award Agreement. A Restricted Share Award Agreement may provide for accelerated vesting in the event of the Participant's death, Disability or retirement or other events. The Committee may determine, at the time of granting Restricted Shares or thereafter, that all or part of such Restricted Shares shall become vested in the event that a Change in Control occurs with respect to the Company.

(d) **Voting and Dividend Rights.** A holder of Restricted Shares awarded under the Plan shall have the same voting, dividend, and other rights as the Company's other stockholders, except that in the case of any unvested Restricted Shares, any dividends and other distributions shall be paid or distributed to the holder in cash or, at the sole discretion of the Committee, in Shares having a Fair Market Value equal to the amount of such dividends or distributions, only if, when and to the extent such unvested Restricted Shares vest. The value of dividends and other distributions payable or distributable with respect to any unvested Restricted Shares that do not vest shall be forfeited. At the Committee's discretion, the Restricted Share Award Agreement may require that the holder of Restricted Shares invest any cash dividends received in additional Restricted Shares. Such additional Restricted Shares shall be subject to the same conditions as the Award with respect to which the dividend was paid. Any entitlement to dividends and other distributions will

be established and administered either consistent with an exemption from, or in compliance with, the applicable requirements of Section 409A to the extent applicable to the Participant.

(e) **Restrictions on Transfer of Shares.** Restricted Shares shall be subject to such rights of repurchase, rights of first refusal, or other restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Restricted Share Award Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 8. OPTIONS.

(a) **Option Award Agreement.** Each grant of an Option under the Plan shall be evidenced by an Option Award Agreement between the Participant and the Company. Such Option shall be subject to all applicable terms and conditions of the Plan and may be subject to any other terms and conditions which are not inconsistent with the Plan. All Options granted under the Plan shall be NSOs unless the applicable Award Agreement expressly states that the Option is intended to be an ISO. The provisions of the various Option Award Agreements entered into under the Plan need not be identical.

(b) **Number of Shares.** Each Option Award Agreement shall specify the number of Shares that are subject to the Option and shall provide for the adjustment of such number in accordance with Section 12.

(c) **Exercise Price.** Each Option Award Agreement shall specify the Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the Exercise Price of an Option shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the Date of Grant (one hundred and ten percent (110%) for ISOs granted to Employees described in Section 4(b)), and the Exercise Price of an NSO shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the Date of Grant. Subject to the foregoing in this Section 8(c), the Exercise Price under any Option shall be determined by the Committee in its sole discretion. The Exercise Price shall be payable in one of the forms described in Section 8.

(d) **Exercisability and Term.** Each Option Award Agreement shall specify the date when all or any installment of the Option is to become exercisable. The Option Award Agreement shall also specify the term of the Option; provided that the term of an option shall in no event exceed ten (10) years from the Date of Grant (five (5) years for ISOs granted to Employees described in Section 4(b)). An Option Award Agreement may provide for accelerated exercisability in the event of the Participant's death, Disability, or retirement or other events and may provide for expiration prior to the end of its term in the event of the termination of the Participant's Service. Options may be awarded in combination with SARs, and such an Award may provide that the Options will not be exercisable unless the related SARs are forfeited. Subject to the foregoing in this Section 8(d), the Committee in its sole discretion shall determine when all or any installment of an Option is to become exercisable and when an Option is to expire.

(e) **Exercise of Options.** Each Option Award Agreement shall set forth the extent to which the Participant shall have the right to exercise the Option following termination of the Participant's Service with the Company and its Subsidiaries, and the right to exercise the Option of any executors or administrators of the Participant's estate or any person who has acquired such Option(s) directly from the Participant by bequest or inheritance. Such provisions shall be determined in the sole discretion of the Committee, need not be uniform among all Options issued pursuant to the Plan, and may reflect distinctions based on the reasons for termination of Service.

(f) **Withholding Taxes.** As a condition to the exercise of an Option, the Participant shall make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise. The Participant shall also make such arrangements as the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with the disposition of Shares acquired by exercising an Option.

(g) **No Rights as a Stockholder.** A Participant shall have no rights as a stockholder with respect to any Shares covered by an Option, including, without limitation, with respect to voting rights and dividends, until the date of the issuance of a stock certificate or other evidence of ownership for such Shares or until the Participant's ownership of such Shares shall have been entered into the books of the registrar in the case of uncertificated stock. No adjustments shall be made, except as provided in Section 12.

(h) **Modification, Extension and Renewal of Options.** Within the limitations of the Plan, the Committee may modify, extend, or renew outstanding options or may accept the cancellation of outstanding options (to the extent not previously exercised), whether or not granted hereunder, in return for the grant of new Options for the same or a different number of Shares and at the same or a different Exercise Price, or in return for the grant of a different Award for the same or a different number of Shares or for cash;

provided however that other than in connection with an adjustment of Awards pursuant to Section 12, the Committee may not modify outstanding Options to reduce the Exercise Price nor may the Committee assume or accept the cancellation of outstanding Options in return for cash or the grant of new Awards when the Exercise Price is greater than the Fair Market Value of the Shares covered by such Options, unless such action has been approved by the Company's stockholders. The foregoing notwithstanding, no modification of an Option shall, without the consent of the Participant, materially impair the Participant's rights or obligations under such Option; provided, however, that an amendment or modification that may cause an ISO to become an NSO, and any amendment or modification that is required to comply with Section 409A or the rules applicable to ISOs, as determined in the sole discretion of the Committee, shall not be treated as materially impairing the rights or obligations of the Participant.

(i) **Exercise.** No Shares shall be delivered pursuant to any Option until the Option is exercised pursuant to the terms set forth in the Option Award Agreement and payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company (or such other member of the Company Group employing or engaging the Services of the Participant, as applicable) an amount equal to any federal, state, local and non-U.S. income and employment taxes required to be withheld.

(j) **Forms of Payment.** Unless otherwise provided in the Option Award Agreement, the Exercise Price of an Option shall be payable (i) in cash, check, cash equivalent and/or Mature Shares valued at the Fair Market Value at the time the Option is exercised (including, pursuant to procedures approved by the Committee, by means of attestation of ownership of a sufficient number of Shares in lieu of actual delivery of such Mature Shares to the Company; provided that the Participant shall not surrender, or attest to the ownership of, Shares in payment of the Exercise Price if such action would cause the Company to recognize compensation expense (or additional compensation expense) with respect to the Option for financial reporting purposes; (ii) by such other method as the Committee may permit in its sole discretion, including, without limitation: (A) in other property having a fair market value on the date of exercise equal to the Exercise Price or (B) if there is a public market for the Shares at such time, by means of a broker-assisted "cashless exercise" pursuant to which the Company is delivered a copy of irrevocable instructions to a stockbroker to sell the Shares otherwise deliverable upon the exercise of the Option and to deliver promptly to the Company an amount equal to the aggregate Exercise Price or (C) by a "net exercise" method whereby the Company withholds from the delivery of the Shares for which the Option was exercised that number of Shares having a Fair Market Value equal to the aggregate Exercise Price for the Shares for which the Option was exercised. Any fractional Shares shall be settled in cash. Notwithstanding anything herein or in an Option Award Agreement or Restricted Share Award Agreement to the contrary, payment may not be made in any form that is unlawful, as determined by the Committee in its sole discretion.

(k) **Notification upon Disqualifying Disposition.** Each Participant shall notify the Company in writing immediately after such Participant makes a disqualifying disposition of any Shares acquired pursuant to the exercise of an ISO under the Plan. A disqualifying disposition is any disposition (including, without limitation, any sale) of Shares issued upon exercise of an ISO before the later of (A) two (2) years after the Date of Grant of the ISO or (B) one (1) year after the date of exercise of the ISO. The Company may, if determined by the Committee and in accordance with procedures established by the Committee, retain possession of any Shares acquired pursuant to the exercise of an ISO as agent for the applicable Participant until the end of the period described in the preceding sentence.

(l) **Restrictions on Transfer of Shares.** Any Shares issued upon exercise of an Option shall be subject to such special forfeiture conditions, rights of repurchase, rights of first refusal, and other transfer restrictions as the Committee may determine. Such restrictions shall be set forth in the applicable Option Award Agreement and shall apply in addition to any general restrictions that may apply to all holders of Shares.

SECTION 9. STOCK APPRECIATION RIGHTS.

(a) **SAR Award Agreement.** Each grant of a SAR under the Plan shall be evidenced by a SAR Award Agreement between the Participant and the Company. Such SAR shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various SAR Award Agreements entered into under the Plan need not be identical.

(b) **Number of Shares.** Each SAR Award Agreement shall specify the number of Shares to which the SAR pertains and shall provide for the adjustment of such number in accordance with Section 12.

(c) **Exercise Price.** Each SAR Award Agreement shall specify the Exercise Price. Except as otherwise provided by the Committee in the case of Substitute Awards, the Exercise Price of a SAR shall not be less than one hundred percent (100%) of the Fair

Market Value of a Share on the Date of Grant. Notwithstanding the foregoing, SARs may be granted with an Exercise Price of less than one hundred percent (100%) of the Fair Market Value per Share on the Date of Grant pursuant to a transaction described in, and in a manner consistent with, Section 424(a) of the Code. Subject to the foregoing in this Section 9(c), the Exercise Price under any SAR shall be determined by the Committee in its sole discretion.

(d) **Exercisability and Term.** Each SAR Award Agreement shall specify the date when all or any installment of the SAR is to become exercisable. The SAR Award Agreement shall also specify the term of the SAR provided that the term of the SAR shall in no event exceed ten (10) years from the Date of Grant. A SAR Award Agreement may provide for accelerated exercisability in the event of the Participant's death, Disability, retirement, or other events and may provide for expiration prior to the end of its term in the event of the termination of the Participant's Service. A SAR granted in connection with an Option shall become exercisable and shall expire according to the same vesting schedule and expiration provisions as the corresponding Option.

(e) **Exercise of SARs.** Upon exercise of a SAR, the Participant (or any person having the right to exercise the SAR after the Participant's death) shall receive from the Company (i) Shares, (ii) cash or (iii) a combination of Shares and cash, as the Committee shall determine, less an amount the Committee may require for the satisfaction of any federal, state, local or foreign withholding tax obligations that may arise in connection with such exercise. The amount of cash and/or the Fair Market Value of Shares received upon exercise of SARs shall, in the aggregate, be equal to the amount by which the Fair Market Value (on the date of surrender) of the Shares subject to the SARs exceeds the Exercise Price. Notwithstanding the foregoing, if on the expiration date of the SAR, the Fair Market Value exceeds the Exercise Price, the Participant has not exercised the SAR or the corresponding Option (if applicable), and neither the SAR nor the corresponding Option (if applicable) has expired, such SAR shall be deemed to have been exercised by the Participant on such last day and the Company shall make the appropriate payment therefor.

(f) **Modification, Extension or Assumption of SARs.** Within the limitations of the Plan, the Committee may modify, extend, or assume outstanding SARs or may accept the cancellation of outstanding SARs (whether granted by the Company or by another issuer) in return for the grant of new SARs for the same or a different number of Shares and at the same or a different Exercise Price, or in return for the grant of a different Award for the same or a different number of Shares or cash; provided however that other than in connection with an adjustment of Awards pursuant to Section 12, the Committee may not modify outstanding SARs to reduce the Exercise Price nor may the Committee assume or accept the cancellation of outstanding SARs in return for cash or the grant of new Awards when the Exercise Price is greater than the Fair Market Value of the Shares covered by such SARs, unless such action has been approved by the Company's stockholders. The foregoing notwithstanding, no modification of a SAR shall, without the consent of the holder, materially impair the Participant's rights or obligations under such SAR; provided, however, that an amendment or modification that is required to comply with Section 409A, as determined in the sole discretion of the Committee, shall not be treated as materially impairing the rights or obligations of the Participant.

SECTION 10. RESTRICTED STOCK UNITS.

(a) **Restricted Stock Unit Award Agreement.** Each grant of Restricted Stock Units under the Plan shall be evidenced by a Restricted Stock Unit Award Agreement between the Participant and the Company. Such Restricted Stock Units shall be subject to all applicable terms of the Plan and may be subject to any other terms that are not inconsistent with the Plan. The provisions of the various Restricted Stock Unit Award Agreements entered into under the Plan need not be identical.

(b) **Payment for Awards.** To the extent that an Award is granted in the form of Restricted Stock Units, no cash consideration shall be required of the Award recipients.

(c) **Vesting Conditions and Term.** Each Award of Restricted Stock Units may or may not be subject to vesting. Vesting shall occur, in full or in installments, upon satisfaction of the conditions specified in the Restricted Stock Unit Award Agreement. A Restricted Stock Unit Award Agreement may provide for accelerated vesting in the event of the Participant's death, Disability, retirement, or other events.

(d) **Voting and Dividend Rights.** The holders of Restricted Stock Units shall have no voting rights. Prior to settlement or forfeiture, any Restricted Stock Unit awarded under the Plan may, at the Committee's discretion, carry with it a right to dividend equivalents. Such right, if awarded, entitles the holder to be credited with an amount equal to all dividends or other distributions paid on one Share while the Restricted Stock Unit is outstanding. Settlement of dividend equivalents may be made, at the sole discretion of the Committee, in the form of cash, Shares having a Fair Market Value equal to the amount of such dividends, or in a combination of both. Dividend equivalents may also be converted into additional Restricted Stock Units at the Committee's discretion. Dividend

equivalents shall not be distributed prior to settlement of the Restricted Stock Unit to which the dividend equivalents pertain. Prior to distribution, any dividend equivalents shall be subject to the same conditions and restrictions (including without limitation, any forfeiture conditions) as the Restricted Stock Units to which they attach. The value of dividend equivalents payable or distributable with respect to any unvested Restricted Stock Units that do not vest shall be forfeited. Any entitlement to dividend equivalents or similar entitlements will be established and administered either consistent with an exemption from, or in compliance with, the applicable requirements of Section 409A to the extent applicable to the Participant.

(e) **Form and Time of Settlement of Restricted Stock Units.** Settlement of vested Restricted Stock Units may be made in the form of (i) cash, (ii) Shares or (iii) any combination of both, as determined by the Committee. The actual number of Restricted Stock Units eligible for settlement may be larger or smaller than the number included in the original Award, based on predetermined performance factors. If a cash payment is made in lieu of delivering Shares in settlement of vested Restricted Stock Units, the amount of such payment shall be equal to the Fair Market Value of the Shares as of the date on which the Restricted Stock Units vest, less an amount equal to any federal, state, local and non-U.S. income and employment taxes required to be withheld. A Restricted Stock Unit Award Agreement may provide that vested Restricted Stock Units may be settled in a lump sum or in installments. A Restricted Stock Unit Award Agreement may provide that the distribution may occur or commence when all vesting conditions applicable to the Restricted Stock Units have been satisfied or have lapsed, or it may be deferred to any later date, subject to compliance with Section 409A, to the extent applicable. Until an Award of Restricted Stock Units is settled, the number of such Restricted Stock Units shall be subject to adjustment pursuant to Section 12.

(f) **Creditors' Rights.** A holder of Restricted Stock Units shall have no rights other than those of a general creditor of the Company. Restricted Stock Units represent an unfunded and unsecured obligation of the Company subject to the terms and conditions of the applicable Restricted Stock Unit Award Agreement.

SECTION 11. CASH-BASED AWARDS AND STOCK BASED AWARDS.

The Committee may, in its sole discretion, grant Cash-Based Awards and Other Stock-Based Awards to any Participant in such number or amount and upon such terms, and subject to such conditions, as the Committee shall determine at the time of grant and specify in an applicable Award Agreement. Each Other Stock-Based Award so granted shall be subject to such conditions not inconsistent with the Plan as may be reflected in the applicable Award Agreement. The Committee shall determine the maximum duration of the Cash-Based Award or Other Stock-Based Awards, the amount of cash which may be payable pursuant to the Cash-Based Award, the conditions upon which the Cash-Based Award or Other Stock-Based Awards shall become vested or payable, and such other provisions as the Committee shall determine. Each Cash-Based Award shall specify a cash-denominated payment amount, formula, or payment ranges as determined by the Committee. Payment, if any, with respect to a Cash-Based Award or Other Stock-Based Award shall be made in accordance with the terms of the Award and may be made in cash or in Shares, as the Committee determines.

SECTION 12. ADJUSTMENT OF SHARES.

(a) **Adjustments.** In the event of a subdivision of the outstanding Stock, a declaration of a dividend payable in Shares, a declaration of a dividend payable in a form other than Shares in an amount that has a material effect on the price of Shares, a combination or consolidation of the outstanding Stock (by reclassification or otherwise) into a lesser number of Shares, a recapitalization, a spin-off or a similar occurrence that affects the Shares, or unusual or nonrecurring events (including, without limitation, a Change in Control) affecting any member of the Company Group, or the financial statements of any member of the Company Group, or changes in applicable rules, rulings, regulations or other requirements of any governmental body or securities exchange or inter-dealer quotation system, accounting principles or law, such that in either case an adjustment is determined by the Committee in its sole discretion to be necessary or appropriate, then the Committee shall make any such adjustments in such manner as it may deem equitable, including without limitation any or all of the following (in each case without the Participant's consent):

- (i) Adjusting (1) the class(es) and number of securities available for future Awards and the limitations set forth under Section 5; (2) the class(es) and number of securities (or number and kind of other securities or other property) covered by each outstanding Award; (3) any performance requirements applicable to each outstanding Award; and (4) the Exercise Price under each outstanding Option and SAR; and
- (ii) Subject to any limitations or reductions as may be necessary to comply with Section 409A, cancelling any one or more outstanding Awards and causing to be paid to the holders thereof, in cash, Shares, other securities or other property, or any combination thereof, the value of such Awards, if any, as determined by the Committee (which if

applicable may be based upon the price per Share received or to be received by other stockholders of the Company in such event), including without limitation, in the case of an outstanding Option or SAR, a cash payment in an amount equal to the excess, if any, of the Fair Market Value (as of a date specified by the Committee) of the Shares subject to such Option or SAR over the aggregate Exercise Price of such Option or SAR (it being understood that, in such event, any Option or SAR having a per share Exercise Price equal to, or in excess of, the Fair Market Value of a Share subject thereto may be canceled and terminated without any payment or consideration therefor) or, in the case of Restricted Stock, Restricted Stock Units or Other Stock-Based Awards that are not vested as of such cancellation, a cash payment or equity subject to deferred vesting and delivery consistent with the vesting restrictions applicable to such Restricted Stock, Restricted Stock Units or Other Stock-Based Awards prior to cancellation, or the underlying shares in respect thereof;

provided, however, that in the case of any “equity restructuring” (within the meaning of the Financial Accounting Standards Board Statement of Financial Accounting Standards No. 123 (revised 2004)), the Committee shall make an equitable or proportionate adjustment to outstanding Awards to reflect such equity restructuring. Any adjustment in ISOs under this Section 12 (other than any cancellation of ISOs) shall be made only to the extent not constituting a “modification” within the meaning of Section 424(h)(3) of the Code, and any adjustments under this Section 12 shall be made in a manner that does not adversely affect the exemption provided pursuant to Rule 16b-3 under the Exchange Act, to the extent applicable. The Company shall give each Participant notice of an adjustment hereunder and, upon notice, such adjustment shall be conclusive and binding for all purposes.

Prior to any payment or adjustment contemplated under this Section 12, the Committee may require a Participant to (x) represent and warrant as to the unencumbered title to the Participant’s Awards, (y) bear such Participant’s pro rata share of any post-closing indemnity obligations, and be subject to the same post-closing purchase price adjustments, escrow terms, offset rights, holdback terms, and similar conditions as the other holders of Shares, subject to any limitations or reductions as may be necessary to comply with Section 409A, and (z) deliver customary transfer documentation as reasonably determined by the Committee.

Any acceleration of payment of an amount that is subject to Section 409A will be delayed, if necessary, until the earliest time that such payment would be permissible under Section 409A without triggering any additional taxes applicable under Section 409A. Any actions hereunder will comply with, or be exempt from, Section 409A to the extent determined by the Committee to be reasonably practicable. The Company will have no obligation to treat all Awards, all Awards held by a Participant, or all Awards of the same type, similarly.

(b) Dissolution or Liquidation. To the extent not previously exercised or settled, Options, SARs, and Restricted Stock Units shall terminate immediately prior to the dissolution or liquidation of the Company.

(c) Effect of Change in Control. Except to the extent otherwise provided in an Award Agreement, in the event of a Change in Control, notwithstanding any provision of the Plan to the contrary, the Committee shall take the following actions with respect to all outstanding Awards:

- (i) Options and SARs shall become exercisable immediately prior to the Change in Control;
- (ii) Awards of Restricted Stock, Restricted Stock Units, Other Stock-Based Awards and Cash-Based Awards shall become fully vested immediately prior to the Change in Control;
- (iii) Any performance criteria applicable to an Award will be deemed satisfied at (A) for stock price goals, the actual level of performance and (B) for all other performance goals, the target level of performance; and
- (iv) Awards previously deferred shall be settled in full as soon as practicable, to the extent permitted under Section 409A.

To the extent practicable, any actions taken by the Committee under the immediately preceding clauses (a) through (c) shall occur in a manner and at a time which allows affected Participants the ability to participate in the Change in Control transactions with respect to the Shares subject to their Awards.

(d) Reservation of Rights. Except as provided in this Section 12, a Participant shall have no rights by reason of any subdivision or consolidation of Shares of stock of any class, the payment of any dividend or any other increase or decrease in the number of Shares of stock of any class. Any issue by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall not affect, and no adjustment by reason thereof shall be made with respect to, the number or Exercise Price of Shares

subject to an Award. The grant of an Award pursuant to the Plan shall not affect in any way the right or power of the Company to make adjustments, reclassifications, reorganizations, or changes of its capital or business structure, to merge or consolidate or to dissolve, liquidate, sell, or transfer all or any part of its business or assets. In the event of any potential change affecting the Shares or the Exercise Price of Shares subject to an Award, including a merger or other reorganization, for reasons of administrative convenience, the Company in its sole discretion may refuse to permit the exercise of any Award during a period of up to thirty (30) days prior to the occurrence of such event.

SECTION 13. DEFERRAL OF AWARDS.

(a) **Committee Powers.** Subject to compliance with Section 409A, the Committee (in its sole discretion) may permit or require a Participant to:

- (i) Have cash that otherwise would be paid to such Participant as a result of the exercise of a SAR or the settlement of Restricted Stock Units credited to a deferred compensation account established for such Participant by the Committee as an entry on the Company's books;
- (ii) Have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Option or SAR converted into an equal number of Restricted Stock Units; or
- (iii) Have Shares that otherwise would be delivered to such Participant as a result of the exercise of an Option or SAR or the settlement of Restricted Stock Units converted into amounts credited to a deferred compensation account established for such Participant by the Committee as an entry on the Company's books.

Such amounts shall be determined by reference to the Fair Market Value of such Shares as of the date when they otherwise would have been delivered to such Participant.

(b) **General Rules.** A deferred compensation account established under this Section 13 may be credited with interest or other forms of investment return, as determined by the Committee. A Participant for whom such an account is established shall have no rights other than those of a general creditor of the Company. Such an account shall represent an unfunded and unsecured obligation of the Company and shall be subject to the terms and conditions of the applicable agreement between such Participant and the Company. If the deferral or conversion of Awards is permitted or required, the Committee (in its sole discretion) may establish rules, procedures, and forms pertaining to such Awards, including (without limitation) the settlement of deferred compensation accounts established under this Section 13.

SECTION 14. AWARDS UNDER OTHER PLANS.

The Company may grant awards under other plans or programs. Such awards may be settled in the form of Shares issued under the Plan. Such Shares shall be treated for all purposes under the Plan like Shares issued in settlement of Restricted Stock Units and shall, when issued, reduce the number of Shares available under Section 5.

SECTION 15. PAYMENT OF DIRECTOR FEES IN SECURITIES.

The Board, in its discretion, may permit each Non-Employee Director to elect to receive his or her annual cash retainer payments and/or meeting fees from the Company in the form of NSOs, SARs, Restricted Shares, Restricted Stock Units, or a combination thereof. In addition, the Board may mandate payment in any of such alternative forms. Such NSOs, SARs, Restricted Shares, and Restricted Stock Units shall be issued under the Plan. An election under this Section 15 shall be filed with the Company on the prescribed form. The number of NSOs, SARs, Restricted Shares, or Restricted Stock Units to be granted to a Non-Employee Director in lieu of annual retainers and meeting fees that would otherwise be paid in cash shall be calculated in a manner determined by the Board. The terms of such NSOs, SARs, Restricted Shares, or Restricted Stock Units shall also be determined by the Board. No provision of this Section 15 shall be effective unless and until the Board has determined to implement such provision.

SECTION 16. LEGAL AND REGULATORY REQUIREMENTS.

Shares shall not be issued under the Plan unless the issuance and delivery of such Shares complies with (or is exempt from) all applicable requirements of law, including (without limitation) the Securities Act, United States state securities laws and regulations, the regulations of any stock exchange on which the Company's securities may then be listed and any foreign securities, exchange

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control or other applicable laws, and the Company has obtained the approval or favorable ruling from any governmental agency which the Company determines is necessary or advisable. The Company shall not be liable to a Participant or other persons as to: (a) the non-issuance or sale of Shares as to which the Company has not obtained from any regulatory body having jurisdiction the authority deemed by the Company's counsel to be necessary to the lawful issuance and sale of any Shares under the Plan; and (b) any tax consequences expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Award granted under the Plan.

SECTION 17. TAXES.

(a) **Tax Withholding.** A Participant shall be required to pay to any member of the Company Group, and any member of the Company Group shall have the right and is hereby authorized to withhold, from any cash, Shares, other securities or other property deliverable under any Award or from any compensation or other amounts owing to a Participant, the amount (in cash, Shares, other securities or other property) of any required withholding or any other applicable taxes in respect of an Award, its exercise, or any payment or transfer under an Award or under the Plan and to take such other action as may be necessary in the opinion of the Committee or the Company to satisfy all obligations for the payment of such withholding and taxes. Without limiting the generality of the foregoing, the Committee may, in its sole discretion, permit a Participant to satisfy, in whole or in part, the foregoing withholding liability by (A) the delivery of Mature Shares owned by the Participant having a Fair Market Value equal to such withholding liability or (B) having the Company withhold from the number of Shares otherwise issuable or deliverable pursuant to the exercise or settlement of the Award, a number of Shares with a Fair Market Value equal to such withholding liability; provided, that, with respect to Shares withheld pursuant to clause (B), the number of such Shares may not have a Fair Market Value greater than the maximum required statutory withholding liability. The Company shall not be required to issue any Shares or make any cash payment under the Plan until such obligations are satisfied.

(b) **Section 409A.** Each Award that provides for "nonqualified deferred compensation" within the meaning of Section 409A shall be subject to such additional rules and requirements as specified by the Committee from time to time in order to comply with Section 409A. If any amount under such an Award is payable upon a "separation from service" (within the meaning of Section 409A) to a Participant who is then considered a "specified employee" (within the meaning of Section 409A), then no such payment shall be made prior to the date that is the earlier of (i) six (6) months and one day after the Participant's separation from service, or (ii) the Participant's death, but only to the extent such delay is necessary to prevent such payment from being subject to interest, penalties, and/or additional tax imposed pursuant to Section 409A. In addition, the settlement of any such Award may not be accelerated except to the extent permitted by Section 409A.

SECTION 18. NONTRANSFERABILITY; BENEFICIARIES.

(a) **Nontransferability of Awards.** Each Award shall be exercisable only by the Participant granted the Award during such Participant's lifetime, or, if permissible under applicable law, by such Participant's legal guardian or representative. No Award may be assigned, alienated, pledged, attached, sold or otherwise transferred or encumbered by a Participant other than by will or by the laws of descent and distribution and any such purported assignment, alienation, pledge, attachment, sale, transfer or encumbrance shall be void and unenforceable against any member of the Company Group; provided, that, the designation of a beneficiary shall not constitute an assignment, alienation, pledge, attachment, sale, transfer or encumbrance.

- (i) Notwithstanding the foregoing, the Committee may, in its sole discretion, permit Awards (other than ISOs) to be transferred by a Participant, without consideration, subject to such rules as the Committee may adopt consistent with any applicable Award Agreement to preserve the purposes of the Plan, to: (A) any person who is a "family member" of the Participant, as such term is used in the instructions to Form S-8 under the Securities Act (collectively, the "**Immediate Family Members**"); (B) a trust solely for the benefit of the Participant and his or her Immediate Family Members; or (C) a partnership or limited liability company whose only partners or stockholders are the Participant and his or her Immediate Family Members; or (D) any other transferee as may be approved either (1) by the Committee in its sole discretion, or (2) as provided in the applicable Award Agreement (each transferee described in clauses (A), (B) (C) and (D) above is hereinafter referred to as a "**Permitted Transferee**"); provided, that, the Participant gives the Committee advance written notice describing the terms and conditions of the proposed transfer and the Committee notifies the Participant in writing that such a transfer would comply with the requirements of the Plan.
- (ii) The terms of any Award transferred in accordance with the immediately preceding sentence shall apply to the Permitted Transferee and any reference in the Plan, or in any applicable Award Agreement, to a Participant shall

be deemed to refer to the Permitted Transferee, except that (A) Permitted Transferees shall not be entitled to transfer any Award, other than by will or the laws of descent and distribution; (B) Permitted Transferees shall not be entitled to exercise any transferred Option unless there shall be in effect a registration statement on an appropriate form covering the Shares to be acquired pursuant to the exercise of such Option if the Committee determines, consistent with any applicable Award Agreement, that such a registration statement is necessary or appropriate; (C) the Committee or the Company shall not be required to provide any notice to a Permitted Transferee, whether or not such notice is or would otherwise have been required to be given to the Participant under the Plan or otherwise; and (D) the consequences of the termination of the Participant's employment by, or services to, any member of the Company Group under the terms of the Plan and the applicable Award Agreement shall continue to be applied with respect to the Participant, including, without limitation, that an Option shall be exercisable by the Permitted Transferee only to the extent, and for the periods, specified in the Plan and the applicable Award Agreement.

(b) **Designation and Change of Beneficiaries.** Each Participant may file with the Committee a written designation of one or more persons as the beneficiary(ies) who shall be entitled to receive the amounts payable with respect to an Award, if any, due under the Plan upon his or her death. A Participant may, from time to time, revoke or change his or her beneficiary designation without the consent of any prior beneficiary by filing a new designation with the Committee. The last such designation received by the Committee shall be controlling; provided, however, that no designation, or change or revocation thereof, shall be effective unless received by the Committee prior to the Participant's death, and in no event shall it be effective as of a date prior to such receipt. If no beneficiary designation is filed by a Participant, the beneficiary shall be deemed to be the Participant's spouse or, if the Participant is unmarried at the time of death, their estate.

SECTION 19. PERFORMANCE BASED AWARDS.

The number of Shares or other benefits granted, issued, retained, and/or vested under an Award may be made subject to the attainment of performance goals. The Committee may utilize any performance criteria selected by it in its sole discretion to establish performance goals.

SECTION 20. RECOUPMENT; DETRIMENTAL ACTIVITY.

(a) **Recoupment.** All Awards shall be subject to reduction, cancellation, forfeiture or recoupment to the extent necessary to comply with (1) the Universal Electronics Inc. Compensation Recoupment Policy, effective November 2023 (as may be amended from time to time), and any other clawback, forfeiture or other similar policy adopted by the Board or the Committee and as in effect from time to time, and (2) applicable law, whether such policy or law becomes effective prior to or following the Effective Date or the Date of Grant of an Award. Furthermore, to the extent that the Participant receives any amount in excess of the amount that the Participant should otherwise have received under the terms of the Award for any reason (including, without limitation, by reason of a financial restatement, mistake in calculations or other administrative error), the Participant shall be required to repay any such excess amount to the Company. By accepting an Award under the Plan, a Participant shall thereby be deemed to have acknowledged and consented to the Company's application, implementation and enforcement of any clawback, forfeiture or other similar policy adopted by the Board or the Committee, whether adopted prior to or following the Date of Grant of the Award, and any provision of applicable law relating to reduction cancellation, forfeiture or recoupment, and to have agreed that the Company may take such actions as may be necessary to effectuate any such policy or applicable law, without further consideration or action. No recovery of compensation under any clawback policy or this Section 20 will constitute an event giving rise to a Participant's right to resign for "good reason" or "constructive termination" (or similar term) under any agreement with the Company or any of its Subsidiaries or Affiliates.

(b) **Detrimental Activity.** Notwithstanding anything to the contrary contained herein or in any Award Agreement, subject to compliance with applicable law, if a Participant has engaged in any Detrimental Activity, as determined by the Committee, the Committee may, in its sole discretion, provide for (1) cancellation of any or all of such Participant's outstanding Awards, and/or (2) forfeiture by the Participant of any gain realized on the vesting or exercise of Awards, and to repay any such gain to promptly to the Company.

SECTION 21. NO EMPLOYMENT RIGHTS; NO CLAIM TO AWARDS.

(a) **No Employment Rights.** Neither the Plan nor any action taken hereunder shall be construed as giving any Participant any right to be retained by or to remain in Service with any member of the Company Group, nor shall it be construed as giving any Participant any rights to continued service on the Board. Any member of the Company Group may at any time dismiss a Participant

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from employment or discontinue any consulting relationship, free from any liability or any claim under the Plan, unless otherwise expressly provided in the Plan or any Award Agreement.

(b) **No Claim to Awards.** No Employee, Consultant, Non-Employee Director or any other person shall have any claim or right to be granted an Award under the Plan or, having been selected for the grant of an Award, to be selected for a grant of any other Award.

(c) **No Requirement of Uniformity.** There is no obligation for uniformity of treatment of Participants or holders or beneficiaries of Awards. The terms and conditions of Awards and the Committee's determinations and interpretations with respect thereto need not be the same with respect to each Participant and may be made selectively among Participants, whether or not such Participants are similarly situated.

SECTION 22. DURATION AND AMENDMENTS.

(a) **Term of the Plan.** The Plan was initially adopted by the Board of Directors on April 24, 2018 and approved by the stockholders of the Company on June 4, 2018 (the "**Effective Date**") and was most recently amended and restated by the Board of Directors on March 26, 2026 and approved by the stockholders of the Company on May 19, 2026 (the "**Restatement Effective Date**"). The Plan shall terminate at the earliest of (a) termination of the Plan by the Board, or (b) ten (10) years following the Restatement Effective Date. No ISOs may be granted after the tenth anniversary of the Restatement Effective Date.

(b) **Right to Amend the Plan.** The Board may amend the Plan at any time and from time to time. Rights and obligations under any Award granted before amendment of the Plan shall not be materially impaired by such amendment except with consent of the Participant; provided, however, that an amendment or modification that is required to comply with Section 409A, as determined in the sole discretion of the Committee, shall not be treated as materially impairing the rights or obligations of the Participant. An amendment of the Plan shall be subject to the approval of the Company's stockholders only to the extent required by applicable laws, regulations or rules.

(c) **Effect of Termination of the Plan.** No Awards shall be granted under the Plan after the termination thereof. The termination of the Plan shall not affect Awards previously granted under the Plan.

(d) **Amendment of Award Agreements.** The Committee may, to the extent consistent with the terms of any applicable Award Agreement, waive any conditions or rights under, amend any terms of, or alter, suspend, discontinue, cancel or terminate, any Award theretofore granted or the associated Award Agreement, prospectively or retroactively; provided, that, any such waiver, amendment, alteration, suspension, discontinuance, cancellation or termination that would materially and adversely affect the rights of any Participant with respect to any Award theretofore granted shall not to that extent be effective without the consent of the affected Participant; provided, further, that without stockholder approval to the extent required by the rules of any applicable national securities exchange or inter-dealer quotation system on which the Shares are listed or quoted, except as otherwise permitted under Section 12, (i) no amendment or modification may reduce the Exercise Price of any Option or any SAR, (ii) the Committee may not cancel any outstanding Option or SAR when the Exercise Price is greater than the Fair Market Value of the Shares covered by such Options and replace it with a new Option or SAR, another Award or cash and (iii) the Committee may not take any other action that is considered a "repricing" for purposes of the stockholder approval rules of the applicable securities exchange or inter-dealer quotation system.

SECTION 23. AWARDS TO PARTICIPANTS OUTSIDE THE UNITED STATES.

Notwithstanding any provision of the Plan to the contrary, to comply with the laws in countries outside the United States in which the Company and its Subsidiaries and Affiliates operate or in which Participants work or reside, the Committee, in its sole discretion, will have the power and authority to: (a) determine which Participants outside the United States will be eligible to participate in the Plan; (b) modify the terms and conditions of any Award granted to Participants outside the United States; (c) establish sub-plans and modify exercise procedures and other terms and procedures and rules, to the extent such actions may be necessary or advisable, including adoption of rules, procedures or sub-plans applicable to particular Subsidiaries and Affiliates or Participants in particular locations; provided that no such sub-plans and/or modifications shall take precedence over Section 3 of the Plan or otherwise require stockholder approval; (d) take any action, before or after an Award is granted, that it deems advisable to obtain approval or to facilitate compliance with any necessary local governmental regulatory exemptions or approvals and (e) impose conditions on the exercise, vesting, or settlement of Awards in order to minimize the Company's obligation with respect to tax equalization for Participants on assignments outside their home country. Without limiting the generality of the foregoing, the Committee is specifically authorized to adopt rules, procedures and sub-plans with provisions that limit or modify rights on eligibility

to receive an Award under the Plan or on death, Disability, retirement or other termination of employment, available methods of exercise or settlement of an Award, payment of income tax, social insurance contributions and payroll taxes, the shifting of employer tax or social insurance contribution liability to a Participant, the withholding procedures and handling of any Stock certificates or other indicia of ownership.

SECTION 24. MISCELLANEOUS.

(a) **Payment.** No Shares shall be delivered pursuant to any Award until payment in full of the Exercise Price therefor is received by the Company and the Participant has paid to the Company (or such other member of the Company Group employing or engaging the Services of the Participant, as applicable) an amount equal to any federal, state, local and non-U.S. income and employment taxes required to be withheld..

(b) **Governing Law.** The Plan and each Award Agreement and all disputes or controversies arising out of or relating thereto shall be governed by, and construed in accordance with, the internal laws of the State of Delaware, without application of the conflicts of law principles thereof.

(c) **Successors and Assigns.** The terms of the Plan shall be binding upon and inure to the benefit of the Company and any successor entity, including any successor entity contemplated by Section 12(c).

(d) **Other Agreements.** Notwithstanding the above, the Committee may require, as a condition to the grant of and/or the receipt of Shares under an Award, that the Participant execute lock-up, stockholder or other agreements, as it may determine in its sole and absolute discretion.

(e) **Relationship to Other Benefits.** No payment under the Plan shall be taken into account in determining any benefits under any pension, retirement, profit sharing, group insurance or other benefit plan of the Company except as otherwise specifically provided in such other plan.

(f) **Nonexclusivity of the Plan.** Neither the adoption of this Plan by the Board nor the submission of this Plan to the stockholders of the Company for approval shall be construed as creating any limitations on the power of the Board to adopt such other incentive arrangements as it may deem desirable, including, without limitation, the granting of stock options otherwise than under this Plan, and such arrangements may be either applicable generally or only in specific cases.

(g) **No Trust or Fund Created.** Neither the Plan nor any Award shall create or be construed to create a trust or separate fund of any kind or a fiduciary relationship between any member of the Company Group, on the one hand, and a Participant or other person or entity, on the other hand. No provision of the Plan or any Award shall require the Company, for the purpose of satisfying any obligations under the Plan, to purchase assets or place any assets in a trust or other entity to which contributions are made or otherwise to segregate any assets, nor shall the Company maintain separate bank accounts, books, records or other evidence of the existence of a segregated or separately maintained or administered fund for such purposes. Participants shall have no rights under the Plan other than as unsecured general creditors of the Company, except that insofar as they may have become entitled to payment of additional compensation by performance of services, they shall have the same rights as other employees under general law.

(h) **Fractional Shares.** Unless otherwise provided in an Award Agreement, an Employment Agreement or otherwise by the Committee, any fractional shares due on exercise or payment in respect of an Award shall be settled in cash.

(i) **Severability.** If any provision of the Plan or any Award or Award Agreement is or becomes or is deemed to be invalid, illegal, or unenforceable in any jurisdiction or as to any person or entity or Award, or would disqualify the Plan or any Award under any law deemed applicable by the Committee, such provision shall be construed or deemed amended to conform to the applicable laws, or if it cannot be construed or deemed amended without, in the determination of the Committee, materially altering the intent of the Plan or the Award, such provision shall be construed or deemed stricken as to such jurisdiction, person or entity or Award and the remainder of the Plan and any such Award shall remain in full force and effect. Notwithstanding anything in the Plan or any Award or Award Agreement to the contrary, nothing in the Plan or in any Award or Award Agreement prevents a Participant from providing, without prior notice to the Company, information to governmental authorities regarding possible legal violations or otherwise testifying or participating in any investigation or proceeding by any governmental authorities regarding possible legal violations, and for purpose of clarity a Participant is not prohibited from providing information voluntarily to the Securities and Exchange Commission pursuant to Section 21F of the Exchange Act.

UNIVERSAL ELECTRONICS INC.
AMENDED AND RESTATED
2018 EQUITY AND INCENTIVE COMPENSATION PLAN

B-19

I, Richard K. Carnifax, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Universal Electronics Inc.;
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 control 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 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.

Date: August 6, 2026

/s/ Richard K Carnifax

Richard K Carnifax

Interim Chief Executive Officer
(principal executive officer)

I, Wade M. Jenke, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Universal Electronics Inc.;
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 control 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 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.

Date: August 6, 2026

/s/ Wade M. Jenke

Wade M Jenke

Chief Financial Officer
(principal financial officer
and principal accounting officer)

SECTION 1350 CERTIFICATIONS

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Universal Electronics Inc. (the "Company"), hereby certifies that the (i) Company's Form 10-Q for the fiscal quarter ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2026

By: /s/ Richard K. Carnifax

Richard K. Carnifax
Interim Chief Executive Officer
(principal executive officer)

A signed original of this written statement has been provided to Universal Electronics Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.

SECTION 1350 CERTIFICATIONS

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Universal Electronics Inc. (the "Company"), hereby certifies that the (i) Company's Form 10-Q for the fiscal quarter ended June 30, 2026 (the "Report") fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934 and (ii) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: August 6, 2026

By: /s/ Wade M Jenke
Wade M Jenke
Chief Financial Officer
(principal financial officer and principal accounting officer)

A signed original of this written statement has been provided to Universal Electronics Inc. and will be retained by it and furnished to the Securities and Exchange Commission or its staff upon request.