Table of Contents

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

FORM 10-K

(Mark one)

☒ ANNUAL REPORT PURSUANT TO SECTION 13 or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2021

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 1-5005

INTRICON CORPORATION

(Exact name of registrant as specified in its charter)

Pennsylvania	23-1069060
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No
1260 Red Fox Road Arden Hills, Minnesota	55112
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (651) 636-9770

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

Title of each class	Trading Symbol	Name of each exchange on which registered
Common stock, par value $1.00 per share	IIN	Nasdaq Global Market

Securities registered pursuant to Section 12(g) of the Act: None

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

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

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

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

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

Large accelerated filer ☐ Accelerated filer ☒

Non-accelerated filer ☐ Smaller reporting company ☒

Emerging growth company ☐

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

Indicate by check mark whether the registrant has filed a report on and attestation to its management's assessment of the effectiveness of its internal control over financial reporting under Section 404(b) of the Sarbanes-Oxley Act (15 U.S.C.7262(b)) by the registered public accounting firm that prepared or issued its audit report. Yes ☐ No ☐

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

The aggregate market value of the voting common shares held by non-affiliates of the registrant on June 30, 2021 was $192,803,317. Common shares held by each officer and director and by each person who owns 10% or more of the outstanding common shares have been excluded in that such persons may be deemed to be affiliates. This determination of affiliate status is not necessarily a conclusive determination for other purposes.

The number of outstanding shares of the registrant's common shares on February 28, 2022 was 9,272,840.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's definitive proxy statement for the 2022 annual meeting of shareholders are incorporated by reference into Part III of this report; provided, however, that the Audit Committee Report and any other information in such Proxy Statement that is not required to be included in this Annual Report on Form 10-K, shall not be deemed to be incorporated herein or filed for the purposes of the Securities Act of 1933, as amended or the Securities Exchange Act of 1934, as amended.

Table of Contents

Merger Agreement

On February 27, 2022, Intricon Corporation (the "Company" or "Intricon") entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, IIN Holding Company LLC, a Delaware limited liability company ("Parent"), and IC Merger Sub Inc., a Pennsylvania corporation and a wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are owned by funds affiliated with Altaris Capital Partners, LLC. The Merger Agreement provides, subject to its terms and conditions, for the acquisition of the Company by Parent through the merger of Merger Sub with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of Parent (the "Merger").

As a result of the Merger, each share of common stock of the Company ("Common Stock") issued and outstanding immediately prior to the effective time of the Merger (the "Effective Time") (other than Rollover Shares (as defined below) or shares of Common Stock (a) held in treasury of the Company, (b) owned by any subsidiary of the Company, or owned by Parent, Merger Sub or any other subsidiary of Parent or (c) held by a holder who is entitled to, and who has perfected, appraisal rights for such shares under Pennsylvania law) automatically will be converted into the right to receive cash in an amount of $24.25 per share (the "Merger Consideration"), without interest, subject to any required withholding of taxes.

Prior to the closing of the Merger, Parent and certain members of management may negotiate and enter into contracts providing for a rollover of a portion of such persons' shares of Common Stock through their contribution of such shares (the aggregate amount of shares to be contributed, if any, the "Rollover Shares") to an affiliate of Parent in exchange for membership interests in such affiliate of Parent.

The completion of the Merger is subject to customary closing conditions, including: (i) the approval of the Merger Agreement by the Company's shareholders (the "Company Shareholder Approval"); (ii) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and the approval of the Merger under the antitrust laws of other jurisdictions, as applicable; (iii) the absence of any laws or court orders making the Merger illegal or otherwise prohibiting the Merger; and (iv) other customary closing conditions, including the accuracy of the representations and warranties of each party (subject to certain materiality exceptions) and material compliance by each party with its covenants under the Merger Agreement. The parties expect the transaction to close in the second quarter of 2022, subject to the satisfaction or waiver of the closing conditions.

Forward-Looking Statements

Certain statements included or incorporated by reference in this Annual Report on Form 10-K or the Company's other public filings and releases, which are not historical facts, or that include forward-looking terminology such as "may", "will", "believe", "anticipate", "expect", "should", "optimistic", "continue", "estimate", "intend", "plan", "would", "could", "guidance", "potential", "opportunity", "project", "forecast", "confident", "projections", "scheduled", "designed", "seek", "future", "discussion", "if" or the negative thereof or other variations thereof, are forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934 and Section 27A of the Securities Act of 1933, and the regulations thereunder), which are intended to be covered by the safe harbors created thereby. These statements may include, but are not limited to statements in "Business," "Legal Proceedings", "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Notes to the Consolidated Financial Statements", such as the Company's ability to compete, strategic alliances and their benefits, the adequacy of insurance coverage, government regulation, potential increases in demand for the Company's products, net operating loss carryforwards, the ability to meet cash requirements for operating needs, the ability to meet liquidity needs, assumptions used to calculate future levels of funding of employee benefit plans, the adequacy of insurance coverage, the impacts of new accounting pronouncements and litigation.

Forward-looking statements also include, without limitation, statements as to the effects of the COVID-19 pandemic, the Company's expected future results of operations and growth, the Company's ability to meet working capital requirements, the Company's business strategy, the expected increases in operating efficiencies, anticipated trends in the Company's body-worn device markets, the effect of compliance with environmental protection laws and other government regulations, estimates of goodwill impairments and amortization expense of other intangible assets, estimates of asset impairment, the effects of changes in accounting pronouncements, the effects of litigation and the amount of insurance coverage, and statements as to trends or the Company's or management's beliefs, expectations and opinions.

Risks and uncertainties with respect to the proposed Merger include, but are not limited to: the failure to obtain the required votes of Intricon's shareholders; the timing to consummate the proposed Merger; the conditions to closing of the proposed Merger might not be satisfied or the closing of the proposed Merger otherwise does not occur; the occurrence of any event, change or other circumstance that could give rise to the termination of the Merger Agreement, including in circumstances which would require Intricon to pay a termination fee; unanticipated difficulties or expenditures relating to the proposed Merger; the risk that a regulatory approval that may be required to consummate the proposed Merger is not obtained or is obtained subject to conditions that are not anticipated; the diversion of management time on Merger-related issues; expectations regarding regulatory approval of the proposed Merger; results of litigation, settlements and investigations; actions by third parties, including governmental agencies and including the response of customers, service providers and business partners to the announcement of the proposed Merger; global economic or political conditions, including the outbreak of escalation of hostilities; adverse industry conditions; and other economic, business, or competitive factors.

Forward-looking statements are subject to risks and uncertainties and may be affected by various risks, uncertainties and other factors that can cause actual results and developments to be materially different from those expressed or implied by such forward-looking statements, including, without limitation, the risk factors discussed in Item 1A of this Annual Report on Form 10-K.

The Company does not undertake to update any forward-looking statement that may be made from time to time by or on behalf of the Company.

Available Information

The Company files or furnishes its annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, proxy statements and other information with the Securities and Exchange Commission ("SEC"). The Company's reports, proxy and information statements and other SEC filings are available on the SEC's website as part of the EDGAR database (http://www.sec.gov).

The Company maintains an internet website at www.intricon.com. The information on the website is not and should not be considered part of this annual report on Form 10-K and is not incorporated by reference in this document. This website is, and is only intended to be, for reference purposes only.

The Company makes available free of charge on or through its website its annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and amendments to those reports, filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, as soon as reasonably practicable after the Company electronically files such material with, or furnishes it to, the SEC.

In addition, we will provide, at no cost (other than for exhibits), paper or electronic copies of our reports and other filings made with the SEC. Requests should be directed to:

Corporate Secretary
Intricon Corporation
1260 Red Fox Road
Arden Hills, Minnesota 55112

PART I

ITEM 1. Business

Company Overview

Intricon Corporation (together with its subsidiaries referred herein as the “Company”, or “Intricon”, “we”, “us” or “our”) is an international company and joint development manufacturer (“JDM”) of micromedical components, sub-assemblies and final devices. The Company serves as a JDM partner to leading medical device original equipment manufacturers (“OEMs”) by designing, developing, engineering, manufacturing, packaging and distributing micromedical devices, components and subassemblies for high growth medical markets, such as diabetes, peripheral vascular, interventional pulmonology, electrophysiology and hearing healthcare. Our mission is to improve, extend and save lives by advancing innovative micromedical technologies through joint development and manufacturing partnerships with industry leading medical device companies.

The Company is a Pennsylvania corporation formed in 1930 and operates today through subsidiaries. The Company’s core business of body-worn devices was established in 1993 through the acquisition of Resistance Technologies Inc., now known as Intricon, Inc. The Company’s common stock trades on the Nasdaq Global Market under the symbol “IIN.” The Company is headquartered in Arden Hills, Minnesota and operates globally with facilities in Minnesota, Illinois, California, Singapore, Indonesia and Germany.

Information contained in this Annual Report on Form 10-K and expressed in U.S. dollars or number of shares are presented in thousands (000s), except for per share data and as otherwise noted.

Business Highlights

During 2021 the Company continued to bolster its leadership team with the addition of David Liebl, Vice President of R&D and Kathleen Pepski, board member. Mr. Liebl has a rich and diverse background combining technology, business and product development, regulatory affairs and M&A making him an ideal fit for this new key leadership position. Ms. Pepski is a recognized business leader in Minneapolis whose background in manufacturing and distribution, as well as mergers and acquisitions, will be instrumental in the Company's long-term growth strategy. These leadership additions support one of the Company's priorities to expand and strengthen its ability to enhance its position as a joint development manufacturer.

COVID-19 has had, and continues to have, a significant impact around the world, prompting governments and businesses to take unprecedented measures in response. There were and continue to be many uncertainties regarding the COVID-19 pandemic, and the Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its employees, customers, suppliers, vendors, and business partners. The Company remains fully operational as we abide by local COVID-19 safety regulations at all global locations. To achieve this, the Company has certain employees working remotely and has adopted significant protective measures as recommended by the Center for Disease Control (CDC) for our on-site employees. Additionally, the Company has taken steps to monitor and work closely with our suppliers to maintain supply of critical materials.

Market Overview:

Intricon serves as a JDM to leading medical device OEMs by designing, developing, engineering, manufacturing and distributing micromedical products, microelectronics, micro-mechanical assemblies, complete assemblies and software solutions. Revenue from these markets is reported on the respective diabetes, other medical, hearing health value based direct-to-end-consumer, hearing health value based indirect-to-end-consumer, hearing health legacy OEM, and professional audio lines in the discussion of our results of operations in “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Note 4 “Revenue Recognition” to the Company’s consolidated financial statements included herein.

The Company manufactures microelectronics, micro-mechanical assemblies, high-precision injection-molded plastic components and complete catheter based and body-worn devices for leading and emerging medical device manufacturers. Intricon currently serves this market by offering medical device manufacturers the capabilities to design, develop, manufacture, package and distribute medical devices that are easier to use, smaller, lighter and use less power. Increasingly, the medical device industry is looking to outsource the manufacturing, assembly and packaging of their products.

Diabetes
Intricon currently has a strong presence in the diabetes market by working with Medtronic to manufacture their wireless continuous glucose monitors (CGM), sensor assemblies, and accessories associated with Medtronic’s insulin pump and CGM system. In September 2016, the FDA approved Medtronic’s current generation insulin pump system, the MiniMed 670G system. The MiniMed 670G was the world’s first hybrid closed loop insulin delivery system. In September 2020, Medtronic announced FDA approval for the MiniMed 770G Insulin Pump System with smartphone connectivity. This latest system by Medtronic expands the benefits of hybrid closed loop therapy to younger children living with type 1 diabetes and makes it easier to access and share real-time CGM and pump data. The system will enable caregivers to see user data remotely on their smartphones, with proactive in-app notices sent when glucose levels are out of range. The data can also be shared automatically with clinicians and educators to help facilitate more effective telehealth visits and product trainings. This connectivity also gives Medtronic the ability to provide upgrades to future technology via software updates which will enhance device features. The Company is excited that our components are designed into and support such a revolutionary diabetes management system. Looking ahead, the Company believes there are opportunities to expand our diabetes product offering with Medtronic, as well as move into new markets outside of the diabetes market.

Peripheral Vascular, Interventional Pulmonology and Electrophysiology
Intricon has a suite of micro-coil technology that it offers to various OEM customers. These products are currently used in surgical navigation clinical applications, such as interventional pulmonology and electrophysiology. On May 18, 2020, Intricon acquired Emerald Medical Services Pte., Ltd., a Singapore company ("EMS"), which provides joint engineering and manufacturing services for complex medical devices, including catheters covering a range of applications for cardiology, peripheral vascular, neurology, radiology and pulmonology. EMS’s production capability consists of design, development, manufacturing, testing and non-sterile packaging services. The acquisition expands Intricon’s micro-coil capabilities, including the ability to offer complete full-length catheter-based devices in surgical navigation and accelerates diversification into potential new end-markets.

Drug Delivery
Intricon manufactures bubble sensors and flow restrictors that monitor and control the flow of fluid in an intravenous infusion system. In addition, Intricon has automated the production of a family of safety needle products for an OEM customer that utilizes Intricon’s insert and precision miniature molding capabilities. These products are assembled using full automation, including built-in quality checks within the production lines.

Value-Based Hearing Healthcare
In the United States alone, there are approximately 40 million adults that report some degree of hearing loss. It is estimated that hearing aids can help more than 90 percent of people with hearing loss, however the current market penetration into the U.S. hearing-impaired population is approximately 20 percent, a percentage that has remained essentially unchanged for the last four decades. The primary deterrents to greater penetration are cost and access. The legacy hearing aid distribution channel is made up of five large hearing aid manufacturers who utilize brick-and-mortar and licensed audiologists to sell devices while controlling the channel dynamics. As a result, the average cost of a hearing aid sold in the US market today is over $2,400 per device, more than double the cost from fifteen years ago. Approximately 70 percent of the hearing-impaired have hearing loss in both ears (referred to as a binaural loss), driving the total cost to almost $5,000 on average for a set of hearing aids.

The Company believes several factors have come together over the last few years to enable the emergence of a market disruptive, high-quality, low-cost distribution model. These factors include the continued consolidation of retail (causing escalating hearing aid prices) and subsequent consumer outcry, consumer education, advancements in technology (such as behind-the-ear devices, advanced digital signal processing, low-power wireless, and self-fitting software) and pending regulatory change to allow the sale of over-the-counter ("OTC") hearing aids. On October 19, 2021, the FDA proposed a rule to establish a new regulatory category of OTC hearing aids that when finalized, would allow hearing aids to be sold directly to consumers in stores or online without a medical exam and would allow consumers to self-fit their hearing aids without engaging a licensed person, such as an audiologist.

The Company believes the value-based hearing healthcare (VBHH) market offers significant growth opportunities. To best approach this market opportunity, the Company has sharpened its focus to identify potential high-profile branding partners that value Intricon's ability to deliver superior hearing aids, self-fitting software and customer care to the U.S. market.

Legacy OEM Hearing Health Channel
In addition to the emerging OTC market, the Company also believes there are niches in the legacy hearing health channel that will embrace outcome-based products and technologies in the United States and Europe. High costs of legacy devices and retail consolidation have constrained the growth potential of the independent audiologist and dispenser. Intricon believes its specific software and product offering can provide independent audiologists and dispensers the ability to compete with larger retailers, and manufacturer owned retail distributors.

Professional Audio Communications
Intricon entered the high-quality audio communication device market in 2001, and now has a line of miniature, professional audio headset products used by customers focused on emergency response needs, military applications and high-end consumer products. The line includes several communication devices that are extremely portable and perform well in noisy and/or hazardous environments. These products are well suited for applications in the fire, law enforcement, safety, aviation and military markets. In addition, the Company has a line of miniature ear- and head-worn devices used by performers and support staff in the music and stage performance markets.

Core Technical Capabilities Overview:

Over the past several years, the Company has increased investments in the continued development of critical core competencies, including micro-coil winding and assembly, microelectronics assembly, interventional catheter assembly, precision miniature molding, ultra-low power (ULP) digital signal processing (DSP) and wireless communications, as well as self-fitting software for hearing health. These core competencies serve as the foundation of current and future product platform development. While our core competencies are impressive individually, the Company believes that its differentiating value proposition is its ability to integrate various competencies into innovative solutions for challenging clinical applications.

Micro-coil Winding and Assembly
Electromagnetic micro-coils are a core technical capability at Intricon. Working with a complete range of ultra-fine wires and ferromagnetic core materials, we use our proprietary modeling and engineering systems to design and produce micro-coils that meet electromagnetic goals such as induction, resistance, sensitivity and localization performance. We also routinely work within size constraints dictated by the design of the medical device, utilizing our capabilities of winding down to 58 AWG wire (.00991 mm or .00039 inches), about one-third the diameter of a human hair. Finished micro-coils often are small enough to fit through the eye of a needle.

Bonding the coil wire to slightly larger diameter wire (often a twisted pair that runs the length of the device), provides full-length connectivity. Intricon can also assemble the entire device, and many of these programs include embedded ROM chips that calibrate the location of the micro-coil within the finished device so that the device can plug in directly to the navigational systems used by physicians. Today, our micro-coils are used in a wide range of medical applications in tip location sensing such as diagnostic applications, active implants and therapeutic applications such as electrophysiology atrial fibrillation (AF) mapping/ablation and interventional pulmonology.

Microelectronics Assembly
Intricon has decades of experience in microelectronics design and assembly combined with a focus on joint development manufacturing. Our engineers work with our business partners to guide designs to ensure the highest performance and manufacturability. Intricon has state-of-the-art high-speed surface mount technology (SMT) pick-and-place machines to populate flex circuits and/or printed circuit boards. Automated computer-controlled testing equipment is used to download programs and perform electrical testing to verify that all requirements are met. Both proprietary automation equipment and low-cost/highly-skilled hand assembly are available at our facilities in the United States, Singapore and Indonesia.

Interventional Catheters
Intricon provides expertise and capabilities in advanced catheter and delivery systems and extrusion to support state-of-the-art, minimally invasive clinical procedures. Expertise includes tight tolerance, thin wall extrusions, braided and coiled catheter shafts with deflectable tip options while working with a full range of high-performance materials.

Full-length connectivity and fine wire bonding bring to life new and unique interventional devices that can be embedded with a range of sensors, electromagnetic micro-coils or various microchips at the distal tip. Intricon also packages and ships fully-assembled devices. Clinical applications for Intricon interventional catheters and delivery systems include cardiology, peripheral vascular, neurovascular, oncology, structural heart and more.

Precision Miniature Molding
Intricon has decades of experience in precision miniature medical molding and routinely achieves tolerances of ±.0005 inches in compliance with ASTM and Society of the Plastics Industry (SPI) standards, while utilizing scientific injection molding practices. Intricon works with a broad range of materials such as polyether ether ketone (PEEK), nylon, polypropylene, liquid crystal polymer, acrylic, polyoxymethylene, polycarbonate and other materials. Intricon has particular expertise with insert-molding techniques which are often employed to reduce human error and lower labor costs compared to manual assembly.

ULP DSP and Wireless Communication
With more than 20 years of experience designing and manufacturing components and devices for hearing health, electrocardiogram (ECG) monitoring patches and continuous glucose monitoring (CGM), Intricon is at the forefront of digital signal processing and wireless communications solutions that use industry-standard protocols like Bluetooth® and Bluetooth Low Energy (BLE) as well as proprietary wireless technologies developed by Intricon.

Self-Fitting Software
The ability to efficiently and effectively “fit” hearing aids to an individual patient’s hearing loss is critical to building a value based eco-system of hearing healthcare. By developing more advanced fitting software systems, individuals can benefit from fittings that conform to their specific loss, while eliminating the need for an in-person appointment. In addition to the traditional fitting software (AccuFit, used in the conventional channel), Intricon has made significant investments in various advanced fitting software solutions, including its purchase of the source code for the Sentibo Smart Brain self-fitting software, that can enable remote and self-fitting solutions. Intricon believes these advanced fitting solutions, along with the other components of the eco-system, will drive access, affordability and superior customer satisfaction to the millions of individuals that cannot receive care today, primarily due to high cost and low access.

Market Development:

Intricon intends to allocate more capital and resources in marketing and sales to increase revenue by leveraging its existing core competencies and technologies platforms in order to accelerate the diversification of its revenue base within its core markets of diabetes, peripheral vascular, interventional pulmonology, electrophysiology and hearing healthcare. In addition, the Company believes this will allow it to advance its technology portfolio, advance new product platforms and strengthen its position as a leading JDM.

The Company is committed to increasing investments to support its medical business development efforts. In early 2019, the Company hired a vice president of medical business development, who has further expanded the Company's business development reach by adding resources and evolving its commercial strategy in an effort to leverage our core competencies and diversify our medical revenue base. During 2021, the Company hired a vice president of research and development to provide leadership and insight to further accelerate the Company's expertise in its core competencies and expand into adjacent capabilities. The Company believes it has significant opportunities to serve several of the high-growth medical device markets through its already developed core competencies and capabilities to develop devices that are more technologically advanced, smaller and lightweight.

Currently, Intricon sells some of its hearing device products directly to domestic hearing instrument manufacturers, and distributors and partnerships through an internal sales force. As a result of the investments in Hearing Help Express in 2016 and 2017, the Company began marketing and selling hearing aid devices directly to consumers through direct mail advertising, internet and a call center. In February 2020, however, the Company announced its decision to pivot its Hearing Help Express focus entirely towards supporting product development and testing in order to best capture the near-term benefits. As a result of this re-positioning, the advertising and marketing budget related to Hearing Help Express has decreased significantly in 2020. Sales of other medical and professional audio communications products are also made primarily through an internal sales force.

Internationally, sales representatives employed by Intricon GmbH, a wholly-owned German subsidiary, solicit sales from European hearing instrument, medical device and professional audio communications manufacturers and suppliers.

Intricon markets its high-performance microphone products to the radio communication and professional audio industries and has several larger competitors who have greater financial resources. Intricon holds a small market share in the global market for microphone capsules and other related products.

Product Liability. As a supplier of consumer and medical products and parts, Intricon is subject to claims for personal injuries allegedly caused by its products. The Company maintains what it believes to be adequate insurance coverage.

Employees. As of December 31, 2021, the Company had a total of873 full time equivalent employees, of whom 65 are executive and administrative personnel, 14 are sales personnel, 55 are engineering personnel and 739 are operations personnel.

Intricon Corporation is committed to creating an inclusive work environment where all team members demonstrate respect for each other and participate in a community of integrity, trust and collaboration. Team members are integral to fulfilling our mission to improve, extend and save lives by advancing innovative micromedical technologies through joint development and manufacturing partnerships with industry leading medical device companies. The Company is committed to the health, safety and overall well-being of our employees. Intricon has implemented numerous health standards and protocols to protect its employees from infectious disease including COVID-19.

Intricon's Values
Intricon is committed to maintaining our history as an ethical and moral leader in our business operations and everyday interactions. Intricon remains true to the following values that guide us in how we define ourselves and how we behave.

- Integrity and Humility
- Discipline and Accountability
- Collaboration and Inclusiveness
- Agility and Innovation

Our Commitment to a Diverse and Respectful Workplace
It is Intricon's goal is to foster a diverse and vibrant workforce that supports and reflects the communities in which we live and work. We believe that innovative ideas come from having diverse and unique perspectives, and that different ideas, backgrounds, experiences and knowledge contribute to a better outcome for all. Intricon is committed to creating an environment where all team members are free to express their opinions and ideas in a productive and respectful manner.

Our hiring, retention and development activities seek to promote a diverse and more equitable team member community. We value and embrace diversity across the spectrum of backgrounds and experiences, including but not limited to race, ethnicity, gender, gender identity and expression, sexual orientation, disability and religion.

Our Commitment to Discrimination Prevention and Equal Employment Opportunities
Intricon is committed to providing equal employment opportunities and has established policies to support that commitment. All qualified applicants and employees will be considered for employment and advancement without regard to race, creed, religion, color, national, ethnic or social origin, sex, marital or family status, disability, sexual orientation, gender identity and expression, age, pregnancy, genetic information or any other protected class under applicable federal, state or local law. This policy applies to all employment practices and terms and conditions of employment, including but not limited to promotions, transfers, compensation, discipline, terminations, training and participation in Company sponsored benefits or programs.

Intricon prohibits discrimination and harassment based on the above stated categories. Any team member who engages in discrimination or harassment; who permits team members to engage in such conduct; or who retaliates or permits retaliation against a team member who reports such conduct is in violation of this policy and will be subject to disciplinary action, up to and including termination of employment. Intricon has implemented policies, procedures and training to ensure any potential discrimination or harassment is reported and appropriately investigated and corrected, if appropriate. Team members have been instructed and have acknowledged their duty to immediately report any non-compliance with our policy and our commitment to a respectful workplace free of discrimination or harassment. Team members have been made aware of the appropriate reporting channels.

Research and Development. Intricon conducts research and development activities primarily to improve its existing products and enhance its proprietary technology portfolio. The Company is committed to investing in the research and development of proprietary technologies that enhance our position in our target markets. The Company believes the continued development of key proprietary technologies is foundational to realize long-term revenue and margin growth. The following research and development expenditures for the two most recent years are net of any customer and grant reimbursements:

Year Ended December 31,	Dollars	Percent of Revenue
2021	$ 5,315	4.2%
2020	5,248	5.1%

Intricon owns numerous United States patents which cover various product designs and processes. Although the Company believes that these patents collectively add value to the Company, the costs associated with the submission of patent applications are expensed as incurred given the uncertainty of the patents providing future economic benefit to the Company.

Regulation. Most, if not all, of our business operates in marketplaces subject to extensive and rigorous regulation by the FDA, by comparable agencies in foreign countries and other regulatory agencies. In the United States, the Food and Drug Administration ("FDA") regulates the design control, development, manufacturing, labeling, record keeping, distribution, installation, service and post-market surveillance procedures for medical devices.

United States Food and Drug Administration
FDA regulations classify medical devices based on intended use and perceived risk to public health as either Class I, II or III devices. Class I devices are subject to general controls, Class II devices are subject to special controls and Class III devices are subject to special controls and pre-market approval ("PMA") requirements. While most Class I devices are exempt from pre-market submission, it is necessary for most Class II devices to be cleared by a 510(k) pre-market notification prior to marketing. A "cleared" 510(k) establishes that the device is "substantially equivalent" to a predicate device which was legally marketed prior to May 28, 1976 or which itself has been found to be substantially equivalent, through the 510(k) process, after May 28, 1976. It is "substantially equivalent" if it has the same intended use and the same technological characteristics as the predicate. The 510(k) pre-market notification must be supported by data establishing the claim of substantial equivalence to the satisfaction of the FDA. The FDA has 90 days to complete the review of a 510(k) submission, and clearance is typically granted within four months, however obtaining a 510(k) clearance can sometimes take significantly longer. If the product is notably new or different and substantial equivalence cannot be established, the FDA will require the manufacturer to submit a PMA application for a Class III device that must be reviewed and approved by the FDA prior to sale and marketing of the device in the United States. The process of obtaining PMA approval can be expensive, uncertain, lengthy and frequently requires anywhere from one to several years from the date of FDA submission, if approval is obtained at all. A "De Novo" application may be submitted for a new type of Class II device for which there is no predicate. The FDA controls the indicated uses for which a product may be marketed and strictly prohibits the marketing of medical devices for unapproved uses. The FDA can require the manufacturer to withdraw products from the market for failure to comply with laws or the occurrence of safety risks.

Our facilities are subject to FDA inspection on a routine basis. The Company is required to adhere to the Current Good Manufacturing Practices ("GMP") requirements set forth in the Quality System Regulations published by the FDA, which require manufacturers, including third-party manufacturers, to follow design, testing, control, documentation and quality procedures during the manufacturing process.

Intricon's wireless and non-wireless hearing aids are air-conduction devices and, as such, are Class I and Class II medical devices. Air-conduction hearing aids are exempt from the 510(k) pre-market notification process. These hearing aids may be marketed either through distribution channels owned, in whole or in part, by Intricon or through non-affiliated distribution channels. In the latter sense, Intricon acts as the contract manufacturer to the distributing organization, assisting in design, development and manufacturing. The Company's manufacturing operations are subject to periodic inspections by the FDA, whose primary purpose is to ensure the Company's compliance with the Quality System Regulations published by the FDA and other applicable government standards. Strict regulatory action may be initiated in response to identified deficiencies or to product performance problems. Intricon believes that our Quality Management Systems and all regulated operations are in compliance with the requirements of the FDA regulations. Our most recent FDA inspection was conducted in May of 2019. No issues (observations) arising from this inspection were noted.

International Regulation
International regulatory bodies have established varying regulations governing product standards, packaging and labeling requirements, import restrictions, tariff regulations, duties and tax. Many of these regulations are similar to those of the FDA. The Company believes it is in compliance with the regulatory requirements in the foreign countries in which our medical devices are marketed, as evidenced by our continuous certification to the ISO 13485 standard granted by our notified body, British Standards Institution (BSI). A notified body is an organization designated by a European Union (EU) country to assess the conformity of certain products before being placed on the market.

Medical device law in the EU requires that our quality management system conforms to international quality standards and that our medical devices conform to "essential requirements" set forth by the Medical Device Directive ("MDD"). In order to keep pace with accelerating technical reality and manufacturing risks, medical device law in the EU is changing rapidly. Effective May 5, 2017, the MDD has been replaced with a broader, more reaching Medical Device Regulation ("MDR") with a four-year transition period which came into effect on May 26, 2021. Intricon was compliant with the MDR prior to the end of the transition period. Because all classified medical devices being marketed in the EU for the first time must meet the new MDR, notified bodies are experiencing a significant workload and clearances may take up to a year. For that reason, Intricon recognizes the risk of a lengthy regulatory clearing process if we or our customers choose to launch any new medical devices in the EU requiring a medical CE mark.

Intricon manufacturing facilities are audited at least annually by an International Organization for Standardization ("ISO") registrar to verify conformity of its quality management systems and products to the relevant standards and regulations. The ISO registrar for our US facilities is BSI while the registrar for our Asian facilities is SGS United Kingdom Ltd.

Technical documentation, including the essential requirements matrix, for each product placed on the market in the EU is audited by our European notified body (also BSI). Successful audits verify conformance to the essential requirements set forth by the MDD for the class of medical devices produced and result in a CE certificate. This entitles us to place the “CE” mark on our devices sold and distributed in Europe. In 2014, Intricon obtained "CE" certification for our own hearing aid devices and we are supplying these devices into the European market. Intricon’s hearing aids may also bear the CE mark of our customers who then assume regulatory responsibilities for those devices they place on the EU market under their own name.

Our European authorized representative, CE Partner 4U, reviews and retains our technical documentation and registers our products as required with applicable authorities in all EU member states. CE Partner 4U also advises Intricon of any changes to relevant laws that will impact the marketability of our products. In addition, CE Partner 4U aids Intricon in conducting required post-market surveillance activities for our products sold and distributed in the EU.

Data Privacy and Security Law
The Company is subject to domestic and foreign data privacy and security laws, regulations, and customer-imposed controls as a result of accessing and processing confidential, personal, and/or sensitive data. Our failure to comply with these laws or significant changes in the laws could significantly impact our business and our future business plans.

ITEM 1A. Risk Factors

The following risks should be considered when evaluating the Company’s business and any forward-looking statements made is this Annual Report on Form 10-K or elsewhere. Any of the risks discussed in this Annual Report on Form 10-K or the Company’s other SEC filings could materially adversely affect the Company’s business and operating results.

Risks Related to Our Business

The Company’s business, financial condition and results of operations for 2022 and beyond could be materially adversely affected by the ongoing COVID-19 (coronavirus) outbreak and/or subsequent pandemics.

The outbreak of the novel coronavirus has evolved into a global pandemic. COVID-19 has spread throughout the world, including North America, Asia and Europe. The full extent to which the COVID-19 pandemic impacts Intricon’s future business, operating results and financial condition will depend on future developments that are highly uncertain, cannot be accurately predicted and may be beyond our control. We cannot predict the duration or scope of the COVID-19 pandemic or subsequent pandemics, the efficacy or availability of vaccines, surges in infections or the severity of any variants, actions that may be taken by governments and businesses in response to the pandemic, or the impacts of the pandemic on healthcare systems. These impacts and associated responses of the COVID-19 pandemic could materially adversely impact our business, financial condition and results of operations in a number of ways, including but not limited to:

- Reduced revenues as a result of disruptions in our operations, supply chain or in demand by our customers, including our major customers.
- Reduced revenues or earnings may require us to perform impairment assessments of our long-lived assets, goodwill and other assets and result in charges to earnings;
- Diminished ability, or inability, to complete clinical trials and other activities required to achieve regulatory clearing for our products under development due to lack of access to healthcare facilities, healthcare providers and patients;
- Potential delays in the over-the-counter hearing aid regulations required to be promulgated by the U.S. Food and Drug Administration due to COVID-19 priorities, which delay will likely have an adverse impact on our hearing health business over the course of 2022 and beyond.

The duration of future disruptions to our customers and to our supply chain, and related financial impact to us, cannot be estimated at this time. If such disruptions continue for an extended period of time, the impact could have a material adverse effect on our business, results of operations and financial condition.

Our business has been, and could continue to be, adversely affected by disruptions in our supply chain and our customers' supply chain

We depend on a limited number of suppliers for certain key components and materials needed for our products. We rely upon, and expect to continue to rely upon, certain suppliers for critical components and materials that are not readily available in sufficient volume from other sources. These supply chain characteristics make us susceptible to supply shortages and price increases. If production volumes increase rapidly, there can be no assurance that the suppliers of critical components and materials will be able or willing to meet our future needs on a timely basis. A significant disruption in the supply of components or materials could have a material adverse effect on our results of operations and financial condition.

Our supply chain, as well as our customers' supply chain, is also at risk of unanticipated events such as pandemic or epidemic illness, natural disasters, industrial incidents, changes in governmental regulations and trade agreements, or financial or operational instability of suppliers that could cause a disruption in the supply of critical components to us and our customers. For example, many manufacturers have experienced, and continue to experience, significant disruptions in the supply chain, including a shortage of semiconductor chips used by us and our customers, increased metal and commodity costs, global logistical constraints, increased transportation costs, higher labor costs and labor shortages. As a result, we have experienced increased volatility in our production schedules, including manufacturing downtime, often with little notice from customers, higher inventory levels and increased labor costs, which have negatively impacted our financial condition. Furthermore, the indirect impact of COVID-19 on existing supply chain constraints, whether caused by or exacerbated by the pandemic, has and may continue to negatively affect our financial condition.

The loss of one or more of our major customers could adversely affect our results of operations.

The Company is dependent on a small number of customers for a majority of our revenues. In fiscal year 2021, Medtronic, our largest customer accounted for approximately 64 percent of our net revenue. A significant decrease or delay in sales or loss of any of our major customers could have a material adverse effect on our business and results of operations. Our revenues are largely dependent upon the ability of customers to develop and sell products that incorporate our products. No assurance can be given that our major customers will not experience financial, technical, regulatory or other difficulties or delays that could adversely affect their operations and, in turn, our results of operations.

Several of our customers in the hearing health market have undergone mergers or acquisitions, resulting in a smaller customer base with larger customers. If the Company is unable to maintain satisfactory relationships with the current customer base, it may adversely affect our operating profits and revenue.

We have in the past and may in the future explore acquisitions that complement or expand our business. Acquisitions pose significant risks, including the potential impairment of goodwill and intangible assets, and may materially adversely affect our business, financial condition and operating results.

As part of our business strategy, the Company has in the past and may in the future pursue acquisitions of other businesses or technologies that the Company believes could complement, enhance or expand our current business or product lines, diversify our revenue base, allow for geographic expansion or that might otherwise offer growth opportunities. We may have difficulty finding these opportunities or, if we do identify these opportunities, we may not be able to complete the transactions for various reasons, including insufficient available cash and/or failure to secure financing.

Our prior acquisitions have resulted, and future acquisitions may result, in the recording of goodwill and intangible assets subject to potential impairment in the future if we are not able to realize the value paid, adversely affecting our operating results. For example, in 2020 we completed the acquisition of EMS and recorded goodwill and intangible assets. Refer to Notes 9 and 10 in the Company's consolidated financial statements in Item 8 of this Annual Report on Form 10-K for additional information.

Acquisitions involve a number of risks, including: the diversion of our management's attention from our existing business to integrate the operations and personnel of the acquired or combined business or joint venture; possible adverse effects on our operating results during the integration process; unanticipated liabilities and litigation; and our possible inability to achieve the intended objectives or achieve the anticipated benefits of the transaction. In addition, the Company may not be able to successfully or profitably integrate, operate, maintain and manage our newly acquired operations or employees. Future acquisitions also may result in dilutive issuances of equity securities or the incurrence of additional debt.

Downturns in the domestic economic environment could cause a severe disruption in our operations.

Adverse changes in the economy could negatively affect our business, which could exacerbate many of the risk factors we have identified including, but not limited to, the following:

Liquidity:

- The domestic economic environment, including credit markets, could worsen and reduce liquidity and this could have a negative impact on financial institutions and the country's financial system, which could, in turn, have a negative impact on the business of our customers and on our business.
- Investments held by the Company are subject to market conditions which could decline in value and reduce liquidity.
- If interest rates rise, this could disrupt domestic and world markets and could adversely affect the economy as a whole and our liquidity, costs of borrowing and results of operations.

Demand:

- Any downturn in the economy or a return to recession could result in lower sales to our customers. Additionally, our customers may not have access to sufficient cash or short-term credit to obtain our products or services.

Inflation:

- Changes in economic conditions and supply chain constraints and steps taken by governments and central banks, particularly in response to the COVID-19 pandemic as well as other stimulus and spending programs, have led to higher inflation than previously experienced or expected. In an inflationary environment, we may be unable to raise the prices of our products sufficiently to keep up with the rate of inflation.

Our failure, or the failure of our customers, to obtain required governmental approvals and maintain regulatory compliance for regulated products would adversely affect our ability to generate revenue from those products.

The markets in which we and our customers operate are subject to extensive and rigorous regulation by the FDA and by comparable agencies in foreign countries. For medical devices sold and distributed in the United States by Intricon and our customers, the FDA regulates the design control, development, manufacturing, labeling, record keeping, and surveillance procedures.

The process of obtaining marketing clearance or approvals from the FDA for new products and new applications for existing products can be time-consuming and expensive, and there is no assurance that such clearance/approvals will be granted, or that the FDA review will not involve delays that would adversely affect our ability to commercialize additional products or additional applications for existing products. Some of our products in the research and development stage may be subject to a lengthy and expensive pre-market approval process with the FDA. The FDA has the authority to control the indicated uses of a device. Products can also be withdrawn from the market due to failure to comply with regulatory standards or the occurrence of unforeseen problems. The FDA regulations depend heavily on administrative interpretation, and there can be no assurance that future interpretations made by the FDA or other regulatory bodies, with possible retroactive effect, will not adversely affect us.

The Company is in the process of preparing the Sentibo Smart Brain self-fitting software technology for submission to the FDA for approval. This technology is crucial to our development of the over-the-counter market for our hearing aids. Any delays in FDA approval could have an adverse impact on our entry into this market.

The registration system for our medical devices in the EU requires that our quality system conform to international quality standards. Manufacturing facilities and processes under which our hearing aid devices and OEM components and assemblies are produced, are inspected and audited by various certifying bodies. These audits verify our compliance with applicable requirements and standards. Further, the FDA, various state agencies and foreign regulatory agencies inspect our facilities to determine whether the Company is in compliance with various regulations relating to quality systems, such as manufacturing practices, validation, testing, quality control, product labeling and product surveillance. A determination that the Company is in violation of such regulations could lead to imposition of civil penalties, including fines, product recalls or product seizures, suspensions or shutdown of production and, in extreme cases, criminal sanctions, depending on the nature of the violation.

Further, to the extent that any of our customers to whom we supply products become subject to regulatory actions or delays, our sales to those customers could be reduced, delayed or suspended, which could have a material adverse effect on our sales and earnings.

Implementation of our growth strategy may not be successful, which could affect our ability to increase revenues.

Our growth strategy includes developing new products and entering new markets, as well as identifying and integrating acquisitions. Our ability to compete in new markets will depend upon a number of factors including, among others:

- ability to stay competitive by developing quality products that are technologically advanced and inexpensive to manufacture;
- our ability to create demand for products in new markets;
- our ability to strengthen our sales and marketing presence;
- our ability to successfully identify, complete and integrate acquisitions; and
- our ability to fund growth.

The failure to do any of the foregoing could have a material adverse effect on our business, financial condition and results of operations. In addition, we may face competition in these new markets from various companies that may have substantially greater research and development resources, marketing and financial resources, manufacturing capability and customer support organizations.

Our need for continued investment in research and development may increase expenses and reduce our profitability.

Our industry is characterized by the need for continued investment in research and development. If we fail to invest sufficiently in research and development, our products could become less attractive to existing and potential customers and our business and financial condition could be materially and adversely affected. As a result of the need to maintain or increase spending levels in this area and the difficulty in reducing costs associated with research and development, our operating results could be materially harmed if our research and development efforts fail to result in new products or if revenues fall below expectations. In addition, as a result of our commitment to invest in research and development, management believes that research and development expenses as a percentage of revenues could increase in the future.

The Company is subject to risks arising from its international sales and operations.

We derived approximately 26 percent of our 2021 revenues from customers located outside of the U.S. In 2021, we operated in Singapore, Indonesia, and Germany. Approximately 16 percent of our revenues were derived from our facilities in these countries in 2021. As of December 31, 2021, approximately 11 percent of our long-lived assets are located in these countries. The outbreak of hostilities or armed conflicts or other political or economic instability in foreign countries could have an adverse impact on our results of operations due to disruption of supplies or production or diminished revenues in these countries. Our future revenues, costs of operations and profit results could be affected by a number of factors related to our international operations, including changes in foreign currency exchange rates, changes in economic conditions from country to country, changes in a country's political condition, trade protection measures, licensing and other legal requirements and local tax issues. Unanticipated currency fluctuations in the Euro, Singapore dollar and other currencies could lead to lower reported consolidated revenues due to the translation of this currency into U.S. dollars when we consolidate our revenues and results from operations.

The Company is subject to tax legislation in numerous countries; changes in tax laws or challenges to our tax positions could adversely affect our business, results of operations and financial condition.

The Company is a global corporation with a presence in the United States, Singapore, Indonesia and Germany. As such, the Company is subject to tax laws, regulations and policies of the U.S. federal, state and local governments and of comparable taxing authorities in other country jurisdictions. Changes in tax laws, as well as other factors, could cause us to experience fluctuations in our tax obligations and effective tax rates in 2021 and thereafter and otherwise adversely affect our tax positions and/or our tax liabilities. There can be no assurance that our effective tax rates, tax payments, tax credits or incentives will not be adversely affected by these or other initiatives.

Our success depends on our senior management team and the Company's ability to retain them as well as continued service of our engineering and technical personnel.

We are highly dependent upon the continued services and experience of our senior management team to, among other things, continue the development and implementation of our business strategies and maintain and develop our client relationships. Certain members of our management team are approaching retirement and the Company must locate and employ suitable replacements from within or outside the Company. If we fail to successfully and timely attract and hire replacements for members of senior management as they retire with persons with the appropriate level of expertise, we could experience adverse impacts on our business and results of operations. Any significant leadership change and accompanying senior management transition, such as the recent change in our president and chief executive officer, and the hiring of other new leaders in key roles, involves inherent risk and any failure to ensure a smooth transition could hinder our strategic planning, execution and future performance.

We do not maintain key-man life insurance for any members of our senior management team.

There is intense competition for qualified engineering and technical personnel in our markets. We may not be able to continue to attract and retain engineers or other qualified personnel necessary for the development and growth of our business. The failure to retain and recruit key technical personnel could cause additional expense and potentially have an adverse effect on our results of operations.

Our business could be adversely affected by disruption at our sites or those of our major customers or suppliers.

Our main headquarters and manufacturing facilities are located in the Minneapolis, Minnesota area. In addition, we have manufacturing facilities in Singapore and Batam. We rely on these facilities to house our operations, manufacture our products and store finished goods. Severe weather, natural disasters and other calamities, such as pandemics (including COVID-19), earthquakes, tsunamis and hurricanes, fires and explosions, accidents, mechanical failures, unscheduled downtimes, civil unrest, strikes, transportation interruptions, unpermitted discharges or releases of toxic or hazardous substances, other environmental risks, sabotage or terrorist attacks, could severely disrupt our operations, or those of our major customers and suppliers. While the Company has taken steps to manage operational risks and while insurance coverage may reimburse, in whole or part, site disruption could have a material adverse effect on our business, financial condition and results of operations. Any significant disruption to our sites for any reason also could adversely affect our sales and customer relationships.

Risks Related to Our Intellectual Property and Cybersecurity

We and/or our customers may be unable to protect our and their proprietary technology and intellectual property rights or keep up with that of competitors.

Our ability to compete effectively against other companies in our markets depends, in part, on our ability and the ability of our customers to protect our and their current and future proprietary technology under patent, copyright, trademark, trade secret and unfair competition laws. We cannot assure that our means of protecting our proprietary rights in the United States or abroad will be adequate, or that others will not develop technologies similar or superior to our technology or design around the proprietary rights we own or license. In addition, we may incur substantial costs in attempting to protect our proprietary rights.

We attempt to protect and maintain proprietary technology and intellectual property through confidentiality agreements and patents. Despite the steps taken by us to protect our proprietary rights, it may be possible for unauthorized third parties to copy or reverse-engineer aspects of our and our customers' products, develop similar technology independently or otherwise obtain and use information that we or our customers regard as proprietary. The process of identifying and managing patent disputes is time consuming and costly. Accordingly, our ability or our customer's ability to maintain a competitive advantage over competitors may be diminished.

If we become subject to material intellectual property infringement claims, we could incur significant expenses and could be prevented from selling specific products.

We may become subject to material claims that we infringe the intellectual property rights of others in the future. We cannot assure that, if made, these claims will not be successful. Any claim of infringement could cause us to incur substantial costs defending against the claim even if the claim is invalid and could distract management from other business. Any judgment against us could require substantial payment in damages and could also include an injunction or other court order that could prevent us from offering certain products.

Moreover, in recent years, individuals and groups that are non-practicing entities, commonly referred to as "patent trolls," have purchased patents and other intellectual property assets for the purpose of making claims of infringement in order to extract settlements. From time to time, we may receive threatening letters or notices or may be the subject of claims that our solutions and underlying technology infringe or violate the intellectual property rights of others. Responding to such claims, regardless of their merit, can be time consuming, costly to defend in litigation, divert management's attention and resources, damage our reputation and brand, and cause us to incur significant expenses.

Cybersecurity incidents could disrupt business operations, result in the loss of critical and confidential information, and adversely impact our reputation and results of operations.

Global cybersecurity threats can range from uncoordinated individual attempts to gain unauthorized access to our information technology (IT) systems to sophisticated and targeted measures known as advanced persistent threats. While we employ comprehensive measures to prevent, detect, address and mitigate these threats (including access controls, insurance, vulnerability assessments, continuous monitoring of our IT networks and systems, maintenance of backup and protective systems and user training and education), cybersecurity incidents, depending on their nature and scope, could potentially result in the misappropriation, destruction, corruption or unavailability of critical data and confidential or proprietary information (our own or that of third parties) and the disruption of business operations. The potential consequences of a material cybersecurity incident include monetary damages, reputational damage, loss of customers, litigation with customers and other parties, loss of trade secrets and other proprietary business data, diminution in the value of our investment in research, development and engineering, and increased cybersecurity protection and remediation costs, which in turn could adversely affect our competitiveness and results of operations.

Risks Related to Litigation and Environmental Liabilities

The Company is subject to numerous asbestos-related lawsuits, which could adversely affect our financial position, results of operations or liquidity.

The Company is a defendant along with a number of other parties in lawsuits alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. These lawsuits relate to the discontinued heat technologies segment which we sold in March 2005. Due to the non-informative nature of the complaints, we do not know whether any of the complaints state valid claims against us. Certain insurance carriers have informed us that the primary policies for the period August 1, 1970-1978 have been exhausted and that the carriers will no longer provide defense and insurance coverage under those policies. However, we have other primary and excess insurance policies that we believe afford coverage for later years. Some of these other primary insurers have accepted defense and insurance coverage for these suits, or have accepted the tenders but asserted a reservation of rights, or have advised us that they need to investigate further. In addition, some of the primary and excess insurers have gone out of business, and thus coverage is not available. There are also some primary policies for years earlier than 1970 that were purchased by us, and coverage under those policies will be investigated. Because settlement payments are applied to all years a litigant was deemed to have been exposed to asbestos, we believe that we will have funds available for defense and insurance coverage under the non-exhausted primary and excess insurance policies. However, unlike the older policies, the more recent policies have deductible amounts for defense and settlements costs that we will be required to pay; accordingly, we expect that our litigation costs will increase in the future. Further, most of the policies covering later years (approximately 1984 and thereafter) have exclusions for any asbestos products or operations, and thus do not provide insurance coverage for asbestos-related lawsuits. If our insurance policies do not cover the costs and any awards for the asbestos-related lawsuits, we will have to use our cash or obtain additional financing to pay the asbestos-related obligations and settlement costs. There is no assurance that we will have the cash or be able to obtain additional financings on favorable terms to pay asbestos related obligations or settlements should they occur. The ultimate outcome of any legal matter cannot be predicted with certainty. In light of the significant uncertainty associated with asbestos lawsuits, there is no guarantee that these lawsuits will not materially adversely affect our financial position, results of operations or liquidity. As of December 31, 2021, we recorded $129 and $709 within other accrued liabilities and other long-term liabilities, respectively, within our Consolidated Balance Sheet for estimated future claims. An insurance receivable of $129 and $709 was recorded within other current assets and other assets, net, respectively, within our Consolidated Balance Sheet as of December 31, 2021 for estimated insurance recoveries.

Environmental liability and compliance obligations may affect our operations and results.

Our manufacturing operations are subject to a variety of environmental laws and regulations as well as internal programs and policies governing:

- air emissions;
- wastewater discharges;
- the storage, use, handling, disposal and remediation of hazardous substances, wastes and chemicals;
- employee health and safety;

If violations of environmental laws occur, we could be held liable for damages, penalties, fines and remedial actions. Our operations and results could be adversely affected by any material obligations arising from existing laws, as well as any required material modifications arising from new regulations that may be enacted in the future. We may also be held liable for past disposal of hazardous substances generated by our business or former businesses or businesses we acquire. In addition, it is possible that we may be held liable for contamination discovered at our present or former facilities.

Risks Related to Our Common Stock

The market price of our common stock has been and is likely to continue to be volatile and there has been and could be limited trading volume in our stock.

Over the last several years, stock markets in general, as well as the market price of our common stock, has been volatile and is likely to continue to be volatile and there has been limited trading volume in our stock. which may make it difficult for shareholders to sell common stock when they want to and at prices they find attractive. For example, our stock traded between a low sale price of $12.47 and a high sale price of $28.16 in 2021.

Our common stock market price could be subject to wide fluctuations in response to a variety of factors, including the following:

- operating results that vary from our financial guidance or the expectations of securities analysts and investors;
- performance of the major end markets we target including regulatory or other delays affecting our or our customers' products;
- the timing and announcement of strategic developments, acquisitions, or other material events by us or our competitors;
- adverse or unfavorable publicity about our products, technologies or us;
- downgrades of our stock by securities analysts or other unfavorable commentary or research;
- additions or departures of key personnel; and
- changes in general market conditions, global financial markets, and global economies.

These broad fluctuations and limited trading volume may materially adversely affect the market price of our common stock, and your ability to sell our common stock.

Most of our outstanding shares are available for resale in the public market without restriction. The sale of a large number of these shares could adversely affect the share price and could impair our ability to raise capital through the sale of equity securities or make acquisitions for common stock.

"Anti-takeover" provisions may make it more difficult for a third party to acquire control of us, even if the change in control would be beneficial to shareholders.

The Company is a Pennsylvania corporation. Anti-takeover provisions in Pennsylvania law and our charter and bylaws could make it more difficult for a third party to acquire control of us. These provisions could adversely affect the market price of the common stock and could reduce the amount that shareholders might receive if the Company is sold. For example, our charter provides that the board of directors may issue preferred stock without shareholder approval. In addition, our bylaws provide for a classified board, with each board member serving a staggered three-year term. Directors may be removed by shareholders only with the approval of the holders of at least two-thirds of all shares outstanding and entitled to vote.

Risks Related to Being a Public Company

If we fail to maintain an effective system of internal controls, we may not be able to accurately report our financial results or prevent fraud. As a result, current and potential shareholders and customers could lose confidence in our financial reporting, which could harm our business, the trading price of our stock and our ability to retain our current customers or obtain new customers.

Pursuant to Section 404 of the Sarbanes-Oxley Act of 2002, referred to as Section 404, the Company is required to include in our Annual Reports on Form 10-K, reports of our management and our independent registered public accounting firm on our internal control over financial reporting. While we have reported no "material weaknesses" in the Form 10-K for the fiscal year ended December 31, 2021, we cannot guarantee that we will not have material weaknesses in the future. Compliance with the requirements of Section 404 is expensive and time-consuming. If in the future we fail to complete this evaluation in a timely manner, or if we determine that we have a material weakness, we could be subject to regulatory scrutiny and a loss of public confidence in our internal control over financial reporting. In addition, any failure to establish an effective system of disclosure controls and procedures could cause our current and potential investors and customers to lose confidence in our financial reporting and disclosure required under the Securities Exchange Act of 1934, which could adversely affect our business and the market price of our common stock.

ITEM 1B. Unresolved Staff Comments

Not applicable.

ITEM 2. Properties

The Company leases nine facilities, six domestically and three internationally, as follows:

Location	Description	Annual Base Rent	Lease Expiration
Arden Hills, Minnesota	47,000 square foot manufacturing facility which also serves as Company's headquarters	$530	January 2022
Arden Hills, Minnesota	49,000 square foot manufacturing facility	$427	July 2023
Vadnais Heights, Minnesota	46,000 square foot manufacturing facility	$407	December 2022
DeKalb, Illinois	8,100 square foot facility housing Hearing Help Express's sales and administrative office and warehouse	$96	March 2022
Riverside, California	3,300 square foot housing Emerald Extrusion Services' administrative office and warehouse	$34	January 2022
Riverside, California	4,400 square foot manufacturing facility	$40	May 2024
Singapore	49,000 square foot facility housing production facilities, warehouse and administrative offices	$856	October 2025
Indonesia	29,000 square foot facility housing production facilities, warehouse and administrative offices	$95	April 2027
Germany	2,000 square foot facility housing sales and administrative offices	$32	June 2022

- See Note 15 to the Company’s consolidated financial statements in Item 8 of this Annual Report on Form 10-K.

ITEM 3. Legal Proceedings

Asbestos Litigation

The Company is a defendant along with a number of other parties in lawsuits alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. These lawsuits relate to the discontinued heat technologies segment which was sold in March 2005. Due to the non-informative nature of the complaints, the Company does not know whether any of the complaints state valid claims against the Company. Certain insurance carriers have informed the Company that the primary policies for the period August 1, 1970-1978 have been exhausted and that the carriers will no longer provide defense and insurance coverage under those policies. However, the Company has other primary and excess insurance policies that the Company believes afford coverage for later years. Some of these other primary insurers have accepted defense and insurance coverage for these suits, or have accepted the tenders but asserted a reservation of rights, or have advised the Company that they need to investigate further. In addition, some of the primary and excess insurers have gone out of business, and thus coverage is not available. There are also primary policies for years earlier than 1970 that were purchased by the Company, and coverage under those policies will be investigated. Because settlement payments are applied to all years a litigant was deemed to have been exposed to asbestos, the Company believes that it will have funds available for defense and insurance coverage under the non-exhausted primary and excess insurance policies. However, unlike the older policies, the more recent policies have deductible amounts for defense and settlements costs that the Company will be required to pay; accordingly, the Company expects that its litigation costs will increase in the future. Further, most of the policies covering later years (approximately 1984 and thereafter) have exclusions for any asbestos products or operations, and thus do not provide insurance coverage for asbestos-related lawsuits. The Company does not believe that the asserted exhaustion of some of the primary insurance coverage for the 1970-1978 period will have a material adverse effect on its financial condition, liquidity, or results of operations. Management believes that the number of insurance carriers involved in the defense of the suits, and the significant number of policy years and policy limits under which these insurance carriers are insuring the Company, make the ultimate disposition of these lawsuits not material to the Company's consolidated financial position or results of operations. As of December 31, 2021, we recorded $129 and $709 within other accrued liabilities and other long-term liabilities, respectively, within our Consolidated Balance Sheet for estimated future claims. An insurance receivable of $129 and $709 was recorded within other current assets and other assets, net, respectively, within our Consolidated Balance Sheet as of December 31, 2021 for estimated insurance recoveries.

TCPA Litigation

On October 9, 2019, plaintiff Mark Hoffman ("Hoffman") filed a putative class action lawsuit against defendant Hearing Help Express, Inc. ("HHE"), a subsidiary of the Company, in the Federal District Court for the Western District of Washington (the "Court") alleging violations of the federal Telephone Consumer Protection Act ("TCPA"). HHE's investigation revealed third-party lead generator Triangular Media Corp. ("Triangular") provided Hoffman's information to HHE. Hoffman claims he did not provide the requisite prior express written consent for autodialed telemarketing calls regarding hearing aids to be placed to his cellphone. He also claims he did not provide the requisite permission for telemarketing calls to his number registered on the Do-Not-Call ("DNC") registry. Since the initial complaint was filed, Hoffman amended his complaint several times to add additional parties, including Triangular, Triangular's alleged owner, an alleged entity related to Triangular called LeadCreations.Com, LLC, Intricon, Inc., and Intricon Corporation. With respect to HHE, Hoffman sought to certify a class of certain automated outbound telemarketing calls HHE allegedly made without prior consent and calls made to numbers on the DNC registry, in the last four years. Hoffman also sought to hold the Company vicariously liable for all of the calls HHE made without prior consent. The potential exposure under the TCPA is $500 per call, or $1,500 per call if the violation is deemed willful or knowing.

On July 26, 2021, the Company and the other defendants entered into a Class Action Settlement Agreement and Release ("Settlement Agreement") with Hoffman for himself and on behalf of the settlement class relating to this matter. In entering into the Settlement Agreement, the Company and the other defendants are making no admission of liability. The Settlement Agreement was submitted to the Court for approval on July 28, 2021, which was granted. The Court set a fairness and final approval for January 5, 2022.

Pursuant to the Settlement Agreement, among other things, (a) the Company agreed to pay total cash consideration of $1.3 million into a settlement fund, and (b) Hoffman and the settlement class members agreed to a release of claims against the Company, Intricon, Inc. and HHE relating to any claim or potential claim relating to the marketing activities described in the complaint. The class members releasing claims include any person who received, on or after October 9, 2015, a non-emergency telephone call from or on behalf of HHE and whose contact information was received either directly or indirectly from Triangular (or its purported affiliated entity, LeadsCreations) and one other vendor who supplied phone numbers to HHE.

On January 5, 2022, the parties attended the Final Approval Hearing with the Court on the class settlement. The Court granted the motion for final approval of the class settlement and Plaintiff's Motion for Attorneys' Fees, Costs and Service Payment. The deadline to file a notice for appeal was February 4, 2022; no appeal was filed by that date, the Settlement Agreement became effective and the $1.3 million settlement fund payment was paid. The release will be effective as to all class members who did not validly opt out of the class, regardless of whether they file a claim form and receive a payment.

The $1.3 million settlement fund was fully accrued for in the Company's Consolidated Balance Sheet in the second quarter ended June 30, 2021.

Other Litigation Matters

The Company is also involved from time to time in other lawsuits arising in the normal course of business. While it is not possible to predict with certainty the outcome of these matters, management is of the opinion that the disposition of these lawsuits and claims will not materially affect the Company's consolidated financial position, liquidity, or results of operations.

ITEM 4. Mine Safety Disclosures

Not applicable.

ITEM 4A. Information about our Executive Officers

The names, ages and positions (as of March 1, 2022) of the Company's executive officers were as follows:

Name	Age	Position
Scott Longval	45	President and Chief Executive Officer
Annalee Lutgen	40	Interim Chief Financial Officer
Michael P. Geraci	63	Senior Vice President, Sales and Marketing
Dennis L. Gonsior	63	Senior Vice President, Global Operations

Mr. Longval was appointed as the Company's President and Chief Executive Officer and a director effective October 1, 2020. Prior to that Mr. Longval served as Executive Vice President (since January 2019) and Chief Operating Officer (since April 2019). Mr. Longval also served as Chief Financial Officer from July 2006 through February 8, 2021 and, prior to that, as the Company's Corporate Controller from September 2005. Prior to joining the Company, Mr. Longval was Principal Project Analyst at ADC Telecommunications, Inc., a provider of innovative network infrastructure products and services, from March 2005 until September 2005. From May 2002 until March 2005, he was employed by Accellent, Inc., formerly MedSource Technologies, a provider of outsourcing solutions to the medical device industry, most recently as Manager of Financial Planning and Analysis. From September 1998 until April 2002, he was employed by Arthur Andersen, most recently as experienced audit senior. Mr. Longval received a Bachelor of Science degree in Accounting from the University of St. Thomas.

Ms. Lutgen was appointed as the Company's Interim Chief Financial Officer effective October 29, 2021. Ms. Lutgen joined the Company in April 2010 as Corporate Controller and was promoted to Director of Finance in 2013 and appointed as Treasurer in 2019. Prior to joining the Company, Ms. Lutgen was a manager with Grant Thornton. She is a Certified Public Accountant (Minnesota) and holds an MBA from St. Cloud State University.

Mr. Geraci joined the Company in October 1983. He has served as the Company's Vice President of Sales and Marketing since January 1995. Mr. Geraci received a Bachelor of Science degree in Electrical Engineering from Bradley University and a Master of Business Administration from the University of Minnesota – Carlson School of Business.

Mr. Gonsior joined the Company in February 1982. He has served as the Company's Vice President of Operations since January 1996. Mr. Gonsior received a Bachelor of Science degree from St. Cloud State University.

PART II

ITEM 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

The Company's common stock is listed on the Nasdaq Global Market under the ticker symbol "IIN".

The closing sale price of the Company's common stock on February 28, 2022, was $23.93 per share.

At February 28, 2022, the Company had 287 shareholders of record of common stock. Such number does not reflect shareholders who beneficially own common stock in nominee or street name.

The Company currently intends to retain any future earnings to support operations and to finance the growth and development of its business and does not intend to pay cash dividends on its common stock for the foreseeable future. Any payment of future dividends will be at the discretion of the Board of Directors and will depend upon, among other things, the Company's earnings, financial condition, capital requirements, level of indebtedness, contractual restrictions with respect to the payment of dividends, and other factors that the Board of Directors deems relevant. Terms of the Company's banking agreements prohibit the payment of cash dividends without prior bank approval.

See "Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters — Equity Compensation Plans" of this Annual Report on Form 10-K for disclosure regarding our equity compensation plans.

ITEM 6. [Reserved]

ITEM 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

Company Overview

Intricon Corporation (together with its subsidiaries referred herein as the "Company", or "Intricon", "we", "us" or "our") is an international company and JDM of micromedical components, sub-assemblies and final devices. The Company serves as a JDM partner to leading medical device OEMs by designing, developing, engineering, manufacturing, packaging and distributing micromedical products for high growth markets, such as diabetes, peripheral vascular, interventional pulmonology, electrophysiology and hearing healthcare. Our mission is to improve, extend and save lives by advancing innovative micromedical technologies through joint development and manufacturing partnerships with industry leading medical device companies.

Selected Financial Data

Year Ended December 31,	2021	2020	2019	2018 (a)	2017(a)
Revenue, net	$ 125,206	$ 102,773	$ 113,493	$ 113,948	$ 86,954
Gross profit	31,385	26,175	30,986	36,231	25,270
Operating expenses	30,898	29,250	33,026	27,856	21,686
Interest (expense) income, net	(21)	331	920	(314)	(716)
Other (expense) income, net	(395)	316	(743)	(815)	(406)
Income (loss) from continuing operations before income taxes and discontinued operations	71	(2,428)	(1,863)	7,246	2,462
Income tax expense	(135)	(61)	(201)	(484)	(8)
(Loss) income from continuing operations before discontinued operations	(64)	(2,489)	(2,064)	6,762	2,454
Loss on disposal of discontinued operations	-	-	(1,116)	-	(164)
Loss from discontinued operations, net of income taxes	-	-	(597)	(1,215)	(1,170)
Net (loss) income	(64)	(2,489)	(3,777)	5,547	1,120
Less: Income (loss) allocated to non-controlling interest	42	35	-	-	(938)
Net (loss) income attributable to shareholders	$ (106)	$ (2,524)	$ (3,777)	$ 5,547	$ 2,058
Basic (loss) income per share attributable to shareholders:					
Continuing operations	$ (0.01)	$ (0.28)	$ (0.23)	$ 0.89	$ 0.50
Discontinued operations	-	-	(0.20)	(0.16)	(0.20)
Net (loss) income	$ (0.01)	$ (0.28)	$ (0.43)	$ 0.73	$ 0.30
Diluted (loss) income per share attributable to shareholders:					
Continuing operations	$ (0.01)	$ (0.28)	$ (0.23)	$ 0.78	$ 0.46
Discontinued operations	-	-	(0.20)	(0.14)	(0.18)
Net (loss) income	$ (0.01)	$ (0.28)	$ (0.43)	$ 0.64	$ 0.28
Weighted average number of shares outstanding during year:					
Basic	9,082	8,894	8,748	7,599	6,852
Diluted	9,082	8,894	8,748	8,630	7,307

Other Financial Highlights

Year Ended December 31,	2021	2020	2019	2018 (a)	2017 (a)
Working capital (b)	$ 54,169	$ 50,611	$ 53,349	$ 62,897	$ 8,985
Total assets	122,459	121,296	113,593	115,248	54,474
Long-term debt	-	-	-	-	9,321
Equity	93,750	91,199	90,492	91,974	21,439
Depreciation and amortization	5,541	4,622	3,277	2,891	2,134

(a) In 2019, the Company classified its United Kingdom operations as discontinued operations. The Company revised its financial statements for all periods to reflect the discontinued operations.
(b) Working capital is equal to current assets less current liabilities.

Overall Results

For fiscal year 2021, the Company experienced a 21.8 percent increase in net revenues driven by a combination of factors including strong growth in demand in our Diabetes business and a full year of sales derived from Emerald Medical Services Pte., Ltd., ("EMS"), acquired in May 2020. The Company derived net revenue of $14,573 in 2021 from EMS compared to $7,361 in 2020. The Company posted a net loss of $106 or $.01 per diluted share in 2021 compared to a net loss of $2,524 or $.28 per diluted share in 2020.

Results of Operations: 2021 Compared with 2020

Consolidated Net Revenue

Below is a summary of our revenue by main markets for the years ended December 31, 2021 and 2020:

			Change	
	2021	2020	Dollars	Percent
Diabetes	$ 69,733	$ 59,311	$ 10,422	17.6%
Interventional Catheters	14,572	7,361	7,211	98.0%
Other Medical	14,084	12,365	1,719	13.9%
Hearing Health Value Based DTEC	3,479	4,430	(951)	(21.5)%
Hearing Health Value Based ITEC	8,048	5,558	2,490	44.8%
Hearing Health Legacy OEM	10,848	8,968	1,880	21.0%
Professional Audio Communications	4,442	4,780	(338)	(7.1)%
Total Net Revenue	$ 125,206	$ 102,773	$ 22,433	21.8%

In 2021, we experienced a 17.6 percent increase in diabetes medical net revenue driven by increased demand for products as COVID-19 restrictions eased and new products originally launched in 2020 being more widely distributed. Intricon has a strong presence in the diabetes market with its Medtronic partnership. The Company believes there are growth opportunities in this market that could benefit from the Company's capabilities to develop devices that are more technologically advanced, smaller and lightweight.

Interventional catheters net revenues increased 98.0 percent, driven by a full year of sales from EMS, acquired in May 2020, and continued business growth within the existing customer base. Net revenues derived from EMS were $14,572 in 2021, compared to $7,361 in 2020.

Other medical net revenue increased 13.9 percent compared to 2020. The increase was driven by commercialization of newly developed products as the Company continues to expand its surgical navigation product offering.

Net revenue in our hearing health direct-to-end-consumer (DTEC) business for the year ended December 31, 2021 decreased 21.5 percent compared to the same period in 2020 due to reduced investment and strategic restructuring of the business that began in the second quarter of 2020.

Net revenue in our hearing health indirect-to-end-consumer (ITEC) business for the year ended December 31, 2021 increased 44.8 percent compared to the same period in 2020. The revenue increase was largely attributed to the launch of a customer OTC hearing aid pilot program which began early in 2021.

Net revenue in our hearing health legacy OEM business for the year ended December 31, 2021 increased 21.0 percent compared to the same period in 2020 due to increasing international orders for hearing aids and hearing aid accessories as COVID-19 restrictions started easing.

As it relates to our overall hearing health business, we believe the FDA has been delayed in promulgating regulations regarding OTC hearing aids due to COVID-19 priorities. This delay has had an adverse impact on hearing health markets over the course of 2021. The Company is optimistic about the progress that has been made and the long-term prospects of the value-based hearing healthcare market. Market dynamics, such as low penetration rates, an aging population, regulatory scrutiny, and the need for reduced cost and convenience, have resulted in the emergence of alternative care models, including the DTEC channel and pending over-the-counter channel. Intricon believes it is very well positioned to serve these value-based hearing healthcare market channels. The Company believes long-term success in the hearing health market will largely be driven by the indirect-to-end consumer channel. As such, the Company continues to prioritize investments to more clearly focus on securing high-profile partners that value our ability to deliver an "eco-system of care" platform, which includes superior hearing aids, self-fitting software and customer care to the U.S. market.

Net revenue in the professional audio device sector decreased 7.1 percent in 2021 compared to the same period in 2020 due to order delays as a result of the COVID-19 pandemic's continuing effect on the Singapore government. Intricon will continue to leverage its core technology in professional audio to support existing customers, as well as pursue related hearing health and medical product opportunities.

Gross Profit

Gross profit, both in dollars and as a percent of revenue, for the years ended December 31, 2021 and 2020, were as follows:

	2021		2020		Change	
	Dollars	Percent of Revenue	Dollars	Percent of Revenue	Dollars	Percent
Gross Profit	$ 31,385	25.1%	$ 26,175	25.5%	$ 5,210	19.9%

Our 2021 gross profit increased by $5,210, primarily due to higher sales volumes. However, gross profit as a percentage of revenue decreased slightly over the prior year due to supply chain and labor market inefficiencies throughout 2021.

Sales and Marketing, General and Administrative and Research and Development Expenses

Sales and marketing, general and administrative and research and development expenses for the years ended December 31, 2021 and 2020 were:

	2021		2020		Change	
	Dollars	Percent of Revenue	Dollars	Percent of Revenue	Dollars	Percent
Sales and Marketing	$ 8,275	6.6%	$ 6,671	6.5%	$ 1,604	24.0%
General and Administrative	16,579	13.2%	15,007	14.6%	1,572	10.5%
Research and Development	5,315	4.2%	5,248	5.1%	67	1.3%
Other Operating Expenses	729	0.6%	660	0.6%	69	10.5%
Restructuring Charges	-	0.0%	1,171	1.1%	(1,171)	(100.0)%
Acquisition Costs	-	0.0%	493	0.5%	(493)	(100.0)%

Sales and marketing expenses increased from the prior year due to the Company's continued expansion of its business development function, an increase in internal sales compensation tied to year-over-year sales improvement and the reclassification of $792 of technology intangible amortization expense from research and development expenses to sales and marketing expenses in 2021.

General and administrative expenses increased from the prior year primarily due to bonus compensation, a full year of expenses attributable to EMS and one-time charges associated with the CFO transition.

Research and development expenses were in line with the prior year.

Other operating expenses remained relatively consistent over the prior year. However, there were several notable items impacting both periods. In 2021, the Company incurred $1,468 in one-time charges for settlement payments, legal fees and associated costs for settling the TCPA litigation related to the class action lawsuit against HHE for automated telemarketing calls to a number in the Do-Not-Call registry. These charges were partially offset by a reduction in the fair value of contingent consideration liabilities in connection with the acquisition of EMS for $739.

In 2020, $660 of other operating expenses were due to changes in the fair value of contingent consideration related to the purchase of EMS.

Restructuring charges of $1,171 in 2020 were related to the strategic restructuring plan completed in June of 2020 to focus resources on our highest potential growth business lines.

Acquisition costs of $493 in 2020 included legal and financial services that were associated with the purchase of EMS in May of 2020.

Interest (Expense) Income, net

Interest expense for 2021 was ($21) compared to interest income of $331 in 2020. The change was primarily due to a reduction in interest rates adversely impacting the return on our investment securities.

Other (Expense) Income, net

In 2021, other expense was $395 compared to $316 of other income in 2020. The decrease over the prior year was primarily due to Singapore government funds paid to our subsidiaries for COVID-19 relief in 2020.

Income Tax Expense

Income taxes were as follows:

	2021	2020
Income tax expense	$ 135	$ 61
Percentage of income tax expense of income (loss) before income taxes	(190.14)%	2.51%

The expense in 2021 and 2020 were primarily due to foreign taxes on international operations. The Company is in a net operating loss ("NOL") position for US federal and state income tax purposes, but our deferred tax asset related to the NOL carry forwards has been largely offset by a full valuation allowance. We incur minimal income tax expense for domestic operations. We have approximately $35,933 of gross NOL carry forwards available to offset future U.S. federal income taxes that begin to expire in 2023.

Net loss and non-GAAP adjusted net income

Net loss and non-GAAP adjusted net income are as follows:

	Fiscal Year Ended	
	December 31, 2021	December 31, 2020
Net loss - GAAP attributable to Intricon	$ (106)	$ (2,524)
Identified adjustments attributable to Intricon:		
Depreciation (1)	3,167	3,017
Amortization of intangibles (2)	2,007	1,456
Stock-based compensation (3)	1,925	1,982
Other amortization (4)	367	150
Legal settlement and related fees (5)	1,468	530
Fair value of contingent consideration (6)	(739)	660
COVID-19 Singapore government support (7)	(185)	(779)
Executive transition costs (8)	649	843
EMS acquisition costs (9)	-	493
Restructuring charges (10)	-	1,171
Non-GAAP adjusted net income attributable to Intricon (11)	$ 8,553	$ 6,999
Average basic shares outstanding	9,082	8,894
Average diluted shares outstanding	9,613	9,312
Non-GAAP adjusted net income attributable to Intricon per diluted share	$ 0.89	$ 0.75

(1) Depreciation represents the expense of property, plant and equipment.
(2) These expenses represent amortization expenses of intangible assets.
(3) Stock-based compensation represents expenses related to awards under the Company's equity incentive plans.
(4) These expenses represent amortization of other assets.
(5) The Company's subsidiary, Hearing Help Express, Inc., settled its Telephone Consumer Protection Act litigation in the second quarter of 2021 for $1,300. The settlement will be paid during the 2022 first quarter. Additional fees included herein relate to the legal fees associated with the TCPA defense.
(6) These expenses represent changes in the fair value of contingent consideration in the period for the purchase of EMS.
(7) Singapore Government provided COVID-19 financial assistance to our Singapore subsidiaries during the periods.
(8) Executive transition costs include; (i) a payment of $390 (equal to one year's salary and other benefits) and $259 of RSUs issued to our former CFO in 2021 and (ii) a payment of $443 (equal to one year's salary) and issuance of $400 of RSUs to our retiring CEO, Mark Gorder in 2020.
(9) In May of 2020, the Company acquired EMS and recorded $493 in acquisition related costs in the 2020 second quarter.
(10) On May 20, 2020, the Company announced a strategic restructuring plan designed to accelerate the Company's future growth by focusing resources on the highest potential growth areas. Total restructuring charges for the nine months ended September 30, 2020 were $1,171, including $732 related to one-time employee termination benefits, $326 for lease modification costs at Hearing Help Express and $113 for losses on disposal of assets.
(11) None of these adjustments have a material income tax impact.

This Report contains financial measures that have not been calculated in accordance with accounting principles generally accepted in the U.S. (GAAP). These non-GAAP measures include:

- Non-GAAP adjusted net income
- Non-GAAP adjusted net income per diluted share

These non-GAAP financial measures reflect adjustments for expenses and gains that we believe do not reflect the Company's core operating performance. We have presented these non-GAAP financial measures because we believe this presentation, when reconciled to the corresponding GAAP measures, provides useful information to investors in evaluating our operational performance. Management uses these non-GAAP measures internally to evaluate our performance and in making financial, operational and planning decisions, including with respect to incentive compensation. We believe that the presentation of these measures provides investors with greater transparency with respect to our results of operations and that these measures are useful for period-to-period comparison of results and trends. We further believe that the use of these non-GAAP financial measures provides an additional tool for investors in comparing our financial results with the financial results of other companies.

We periodically reassess the components of non-GAAP adjustments for changes in how we evaluate Intricon's performance, changes in how we makes financial and operational decisions, and considers the use of these measures by our competitors and peers to ensure the adjustments are still relevant and meaningful.

Non-GAAP financial measures should not be used as a substitute for GAAP measures, or considered in isolation, for the purpose of analyzing our operating performance. The presentation of these non-GAAP financial measures should not be construed as an inference that future results will not be affected by similar items.

Liquidity and Capital Resources

The Company believes we continue to maintain adequate liquidity to operate our businesses. As of December 31, 2021, we had approximately $5,584 of cash and cash equivalents as well as $19,420 of short-term investment securities maturing within the next twelve months for a total of $25,004 of liquid capital. Sources of our cash for the year ended December 31, 2021 were from our operating activities, as described below. For the last two years, cash has been used to support the Company's growth, including the acquisition of EMS, as well as purchases of equipment to support growth.

Consolidated net working capital increased to $54,169 as of December 31, 2021 from $50,611 at December 31, 2020. Our cash flows from operating, investing and financing activities, as reflected in the statement of cash flows for the years ended December 31, are summarized as follows:

	2021	2020
Cash provided by (used in) continuing operations:		
Operating activities	$ 438	$ 5,613
Investing activities	(2,224)	(3,504)
Financing activities	(1,152)	(1,992)
Effect of exchange rate changes on cash	(113)	(2)
Net (decrease) increase in cash from continuing operations	(3,051)	115
Cash provided by discontinued operations, net	-	3
Net (decrease) increase in cash	$ (3,051)	$ 118

Operating Activities. Cash provided by operating activities of continuing operations was $5,175 lower than in 2020. The variance to the prior year was primarily attributable to $6,830 in higher net outflows from operating assets and liabilities compared to the prior year, primarily attributable to $7,195 increase in net cash outflows as a result of changes in inventories and contract assets, driven by new product offerings and supply chain inefficiencies. This was partially offset by cash earnings (income from continuing operations plus non-cash adjustments) being $1,655 higher than the prior year, driven primarily by easing COVID restrictions, resulting in strong demand and no restructuring costs in the current year, which were $1,171 in 2020.

Cash generated from operations may be affected by a number of factors. See “Forward Looking Statements” and “Item 1A Risk Factors” contained in this Form 10-K for a discussion of some of the factors that can negatively impact the amount of cash we generate from our operations.

Investing Activities. In 2021, net cash used in investing activities was $2,224, compared to $3,504 in 2020. The variance of $1,280 was primarily due to $7,128 of cash paid for the purchase of EMS in 2020 and a decrease of $1,125 in capital expenditures in 2021 compared to 2020.

Financing Activities. In 2021, net cash used in financing activities were $1,152, compared to $1,992 in 2020. The decrease in cash used of $840 was primarily related to the timing of payments for intangible assets, slightly offset by higher payments in 2021 for contingent consideration liabilities related to the acquisition of EMS.

Credit Facilities

Intricon had $14,294 and $14,347 of borrowing capacity under its credit facilities as of December 31, 2021 and 2020, respectively. During 2021 and 2020, we did not borrow on any of our available facilities.

Domestic Credit Facilities

The Company and its domestic subsidiaries are parties to a credit facility with CIBC Bank USA. The credit facility, as amended through the date of this filing, provides for a $12,000 revolving credit facility, with a $200 sub facility for letters of credit. Under the revolving credit facility, the availability of funds depends on a borrowing base composed of stated percentages of the Company’s eligible trade receivables and eligible inventory, and eligible equipment less a reserve. The credit facility matures on December 15, 2022.

The Company was in compliance with all applicable covenants under the credit facility as of December 31, 2021.

Foreign Credit Facility

In addition to its domestic credit facilities, the Company’s wholly-owned subsidiary, Intricon, PTE LTD., entered into an international senior secured credit agreement with Oversea-Chinese Banking Corporation Ltd. that provides for an asset-based line of credit. Borrowings bear interest at a rate of .75% to 2.5% over the lender’s prevailing prime lending rate.

Capital Adequacy

The Company believes that funds expected to be generated from operations, funds maintained in liquid investments and funds available under our revolving credit loan facility will be sufficient to meet our anticipated cash requirements for operating needs for at least the next 12 months. While management believes we will be able to meet our liquidity needs for at least the next 12 months, no assurance can be given that we will be able to do so.

Contractual Obligations

The following table represents our contractual obligations and commercial commitments, excluding interest expense, as of December 31, 2021.

	Payments Due by Period				
Contractual Obligations	Total	Less than 1 Year	1-3 Years	4-5 Years	More than 5 Years
Pension and other postretirement benefit obligations	$ 1,270	$ 177	$ 300	$ 237	$ 556
Leases	5,703	2,055	2,638	1,010	-
Contingent consideration liability	1,783	148	1,635	-	-
Technology access liability	1,034	493	541	-	-
Total contractual obligations	$ 9,790	$ 2,873	$ 5,114	$ 1,247	$ 556

Foreign Currency Fluctuation

Generally, the effect of changes in foreign currencies on our results of operations is partially or wholly offset by our ability to make corresponding price changes in the local currency. From time to time, the impact of fluctuations in foreign currencies may have a material effect on the financial results of the Company. Foreign currency transaction amounts included in the statements of operations include losses of $173 and $131 in 2021 and 2020 respectively. See Note 16 to the Company's consolidated financial statements included herein.

Off-Balance Sheet Obligations

We had no material off-balance sheet obligations as of December 31, 2021.

Related Party Transactions

We had no reportable related party transactions in 2021 or 2020.

Litigation

For a discussion of litigation, see "Item 3. Legal Proceedings" and Note 19 to the Company's consolidated financial statements included herein.

New Accounting Pronouncements

For a discussion of new accounting pronouncements, see Note 1 to the Company's consolidated financial statements included herein.

Critical Accounting Policies and Estimates

The significant accounting policies of the Company are described in Note 1 to the consolidated financial statements and have been reviewed with the audit committee of our Board of Directors. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates particularly as it relates to estimates reliant on forecasts and other assumptions impacted by the COVID-19 pandemic. The accounting policies of the Company with significant estimates and assumptions are described below.

Revenue Recognition

The Company recognizes revenue when a performance obligation is satisfied by transferring control of a distinct good or service to a customer. The Company considers contractual arrangements, laws and legal precedent in determining enforceable right. The Company has an enforceable right to payment for any finished or in-process units, including a reasonable margin, if the customer terminates the contract for reasons other than the Company's failure to perform as promised within our medical diabetes market and a select customer within our other medical market. For contractual arrangements in which an enforceable right exists, control of these units is deemed to transfer to the customer over time during the manufacturing process, using the same measure of progress toward satisfying the promise to deliver the units to the customer. Consequently, the transaction price is recognized as revenue over time for contractual arrangements with an enforceable right, based on actual costs incurred in the manufacturing process to date relative to total expected costs to produce all ordered units. The transaction price for contractual arrangements without an enforceable right to payment for any finished or in-process units including a reasonable margin is recognized as revenue at a point in time.

For its hearing health direct-to-end-consumer market, the Company recognizes revenue after the customer trial period has ended (generally 60 days from shipment).

Customers generally have 30 days from the date of delivery to notify the Company if the product is damaged or defective. Beyond that, there are no significant obligations that remain after shipment other than warranty obligations. Contracts with customers do not include product return rights, other than for non-conformance; however, the Company may elect in certain circumstances to accept returns of products. The Company records revenue for product sales net of returns and discounts. Sales and use tax are reported on a net basis.

In general, the Company warrants its products to be free from defects in material and workmanship and will fully conform to and perform to specifications for a period of one year. The Company develops a warranty reserve based on historical experience. While the Company's warranty costs have historically been within its expectations, the Company cannot guarantee that it will continue to experience the same warranty return rates or repair costs that it has experienced in the past.

Intangible Assets

The Company has definite-lived technology and customer relationship intangible assets that are evaluated for impairment periodically or when events or changes in circumstances indicate that the carrying amount of the intangible assets may not be recoverable. The Company evaluated the recoverability of its technology intangible assets due to delays in clinical trials to obtain the approval for new hearing products as well as the delay in the promulgation of the OTC regulations. The Company's evaluation of the recoverability of technology intangible assets involves the comparison of undiscounted future cash flows expected to be generated by the products using these technologies over the remaining useful life of the technology assets to their respective carrying amounts. The Company's recoverability analysis requires management to make significant estimates and assumptions related to future cash flows, timing of the OTC regulations and the remaining useful life of the assets. Significant changes in any of these estimates and assumptions could affect the cash flows used in evaluating recoverability.

The Company concluded that no impairment of intangible assets occurred during the years ended December 31, 2021 and December 31, 2020.

Contingent Consideration

Contingent consideration liabilities depend on certain future events and are measured at fair value based on various level 3 inputs and assumptions including forecasts, probabilities of payment and discount rates. Amounts are classified current if expected to be paid within the next twelve months. The liability for contingent consideration is subject to fair value adjustments each reporting period that will be recognized through the statement of operations.

A number of estimates are used when determining the fair value of the contingent consideration liability, including projected revenues, risk-adjusted discount rates and timing of contractual payments. The preparation of revenue forecasts for use in the estimated liability involve significant judgments that we base primarily on existing orders, expected timing and amount of future orders, anticipated pricing changes and general market conditions. We discount the cash flow forecasts using comparable market interest rates to those enacted in our existing credit facilities.

Significant changes in our actual or forecasted revenues could affect the discounted cash flows used in revaluing the contingent consideration to fair value each reporting period. As of December 31, 2021, a 10 percent increase and a 10 percent decrease in forecasted revenues would result in an 8 percent increase and an 8 percent decrease, respectively, in the fair value of the contingent consideration. Subsequent revaluations of the contingent consideration liability after the acquisition date have generally resulted in decreases to the fair value of the liability principally due to updated revenue forecasts, as a result of the delays in FDA approval for specific products related to the contingent consideration.

Business Combinations

We record identifiable assets acquired and liabilities assumed in business combinations at their estimated fair values on the acquisition date. The excess of the purchase price over the estimated fair values of the net tangible and net intangible assets acquired is recorded as goodwill. This requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate purchase price consideration between goodwill and assets that are depreciated and amortized. Significant assets and liabilities estimated included intangible assets and liabilities for contingent consideration. Management estimated the fair value of the intangible asset using the multi-period excess earnings method, which is a specific discounted cash flow method. This required management to make significant estimates and assumptions related to future cash flows of certain products and the selection of the discount rate. Management estimated the fair value of the contingent consideration liability using scenario-based methods and forecasts of future revenues. This required management to make significant estimates and assumptions related to future revenue levels of certain products and the selection of discount rate. Our estimates are based on historical experience, information obtained from the management of the acquired companies and, when appropriate, include assistance from independent third-party appraisal firms. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events or circumstances may occur which may affect the accuracy or validity of such estimates.

ITEM 7A. Quantitative and Qualitative Disclosures About Market Risk

Not applicable.

ITEM 8. Financial Statements and Supplementary Data

Table of Contents to the Financial Statements

Management's Report on Internal Control over Financial Reporting

Management of Intricon Corporation and its subsidiaries (the "Company") is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rules 13a-15(f) of the Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. The Company's internal control over financial reporting includes those policies and procedures that (1) pertain to maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

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

The Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2021, using criteria set forth in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework). Based on this assessment, the Company's management believes that, as of December 31, 2021, the Company's internal control over financial reporting was effective based on those criteria.

The Company's independent registered public accounting firm has audited the Company's internal control over financial reporting as of December 31, 2021, as stated in the Report of Independent Registered Public Accounting Firm appearing under Item 8.

There were no changes in our internal control over financial reporting during the most recent fiscal quarter covered by this report that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Intricon Corporation

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Intricon Corporation (the "Company") as of December 31, 2021 and 2020, the related consolidated statements of operations, comprehensive income (loss), cash flows, and equity for the period ended December 31, 2021, and the related notes (collectively referred to as the "consolidated financial statements"). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for each of the two years in the period ended December 31, 2021, in conformity with accounting principles generally accepted in the United States of America.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 7, 2022, expressed an unqualified opinion on the Company's internal control over financial reporting.

Basis for Opinion

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

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

Critical Audit Matter

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

Intangible Assets — Refer to Notes 1 and 10 to the financial statements.

Critical Audit Matter Description

The Company has technology assets that are definite-lived intangible assets. As of December 31, 2021, the carrying value of these intangible assets are $3.9 million. The Company's intangible assets are evaluated for impairment periodically or when events or changes in circumstances indicate that the carrying amount of the intangible assets may not be recoverable. The Company evaluated the recoverability of its technology intangible assets due to delays in clinical trials and approval of hearing products. The Company's evaluation of the recoverability of technology intangible assets involves the comparison of undiscounted future cash flows expected to be generated by the products using these technologies over the remaining useful life of the technology assets to their respective carrying amounts. The Company's recoverability analysis requires management to make significant estimates and assumptions related to future cash flows over the remaining useful life of the assets.

We identified the evaluation of technology intangible assets for potential impairment as a critical audit matter because of the significant estimates and assumptions management makes related to future cash flows expected to be generated by these products over the intangible assets' lives. This required a high degree of auditor judgment and an increased extent of effort when performing audit procedures to evaluate the reasonableness of management's future cash flows over the remaining useful life of the technology intangible assets.

How the Critical Audit Matter Was Addressed in the Audit

Our audit procedures related to the future cash flows over the remaining useful life of the technology intangible assets included the following, among others:

- We tested the effectiveness of controls over the review of the business assumptions related to the forecasted undiscounted future cash flows used in impairment testing.
- We evaluated the reasonableness of management's forecasts of undiscounted future cash flows by comparing management's projections to the Company's historical results.
- Due to the lack of historical experience available for the new product line, we evaluated the reasonableness of management's revenue, gross margin and operating expense forecasts of the new product line by comparing the forecasts to (1) the historical operating results of the Company's similar existing products, (2) internal communications from management to the board of directors, (3) executed and draft sales agreements, (4) external communications made by management to analysts and investors, and (5) industry and third party information related to the potential market.
- We evaluated the sensitivity of the assumptions that impact the overall outcome of the cash flow model, including projected revenue growth, margin and cost rates, timing of FDA approval and timing of branding partner identification.
- We evaluated whether the estimated future cash flows over the remaining useful life were consistent with evidence obtained in other areas of the audit.

/s/ DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
March 7, 2022

We have served as the Company's auditor since 2020.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of Intricon Corporation

Opinion on Internal Control over Financial Reporting

We have audited the internal control over financial reporting of Intricon Corporation (the "Company") as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021, based on criteria established in *Internal Control — Integrated Framework (2013)* issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the consolidated financial statements as of and for the year ended December 31, 2021, of the Company and our report dated March 7, 2022, expressed an unqualified opinion on those financial statements.

Basis for Opinion

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

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

Definition and Limitations of Internal Control over Financial Reporting

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

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

/s/ DELOITTE & TOUCHE LLP

Minneapolis, Minnesota
March 7, 2022

INTRICON CORPORATION
Consolidated Statements of Operations
(In Thousands, Except Per Share Amounts)

Year Ended December 31,	2021	2020
Revenue, net	$ 125,206	$ 102,773
Cost of goods sold	93,821	76,598
Gross profit	31,385	26,175
Operating expenses:		
Sales and marketing	8,275	6,671
General and administrative	16,579	15,007
Research and development	5,315	5,248
Other operating expenses	729	660
Restructuring charges	-	1,171
Acquisition costs	-	493
Total operating expenses	30,898	29,250
Operating income (loss)	487	(3,075)
Interest (expense) income, net	(21)	331
Other (expense) income, net	(395)	316
Income (loss) before income taxes	71	(2,428)
Income tax expense	135	61
Net loss	(64)	(2,489)
Less: Income allocated to non-controlling interest	42	35
Net loss attributable to Intricon shareholders	$ (106)	$ (2,524)
Loss per share attributable to Intricon shareholders:		
Basic	$ (0.01)	$ (0.28)
Diluted	(0.01)	(0.28)
Average shares outstanding:		
Basic	9,082	8,894
Diluted	9,082	8,894

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION
Consolidated Statements of Comprehensive Income (Loss)
(In Thousands)

	Year Ended December 31, 2021	2020
Net loss	$ (64)	$ (2,489)
Unrealized foreign currency translation adjustment	24	59
Realized pension and postretirement obligations	83	20
Other	179	(238)
Comprehensive income (loss)	$ 222	$ (2,648)

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION
Consolidated Balance Sheets
(In Thousands, Except Per Share Amounts)

	December 31, 2021	December 31, 2020
Current assets:		
Cash and cash equivalents	$ 5,584	$ 8,608
Restricted cash	645	672
Short-term investment securities	19,420	19,793
Accounts receivable, less provision for doubtful accounts of $69 at December 31, 2021 and $210 at December 31, 2020	8,257	10,115
Inventories	24,456	19,513
Contract assets	11,455	9,107
Other current assets	4,564	1,466
Total current assets	74,381	69,274
Property, plant and equipment	48,208	45,661
Less: Accumulated depreciation	34,371	31,484
Net property, plant and equipment	13,837	14,177
Goodwill	13,873	13,714
Intangible assets	8,999	10,785
Operating lease right-of-use assets, net	5,138	6,701
Investment in partnership	473	570
Long-term investment securities	4,558	5,085
Other assets, net	1,200	990
Total assets	$ 122,459	$ 121,296
Current liabilities:		
Current financing leases	$ 4	$ 21
Current operating leases	1,807	2,156
Accounts payable	9,398	8,670
Accrued salaries, wages and commissions	5,185	3,581
Other accrued liabilities	3,818	4,235
Total current liabilities	20,212	18,663
Noncurrent operating leases	3,431	4,726
Pension and postretirement benefit obligations	1,093	1,292
Deferred tax liabilities, net	873	1,018
Other long-term liabilities	3,100	4,398
Total liabilities	28,709	30,097
Commitments and contingencies (Note 20)		
Shareholders’ equity:		
Common stock, $1.00 par value per share; 20,000 shares authorized; 9,179 and 8,951 shares issued and outstanding at December 31, 2021 and December 31, 2020 respectively	9,179	8,951
Additional paid-in capital	91,785	89,702
Accumulated deficit	(6,916)	(6,810)
Accumulated other comprehensive loss	(393)	(679)
Total shareholders' equity	93,655	91,164
Non-controlling interest	95	35
Total equity	93,750	91,199
Total liabilities and equity	$ 122,459	$ 121,296

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION
Consolidated Statements of Cash Flows
(In Thousands)

Year Ended December 31,	**2021**	**2020**
Cash flows from operating activities:		
Net loss	$ (64)	$ (2,489)
Adjustments to reconcile net loss from continuing operations to net cash provided by operating activities:		
Depreciation and amortization	5,541	4,622
Equity in loss of partnership	210	125
Stock-based compensation	2,184	2,382
Change in fair value of contingent consideration	(739)	660
Provision for doubtful accounts	(141)	(115)
Loss on disposal of assets	18	169
Changes in operating assets and liabilities:		
Accounts receivable	2,034	456
Inventories	(4,907)	(1,190)
Contract assets	(2,348)	1,130
Other assets	(3,412)	554
Accounts payable	583	(2,105)
Accrued expenses	2,314	1,745
Other liabilities	(835)	(331)
Net cash provided by operating activities of continuing operations	438	5,613
Net cash provided by operating activities of discontinued operations	-	3
Net cash provided by operating activities	438	5,616
Cash flows from investing activities:		
Purchases of property, plant and equipment	(2,504)	(3,629)
Payments for acquisition of a business	-	(7,128)
Payments for acquisition of intangible assets	(221)	-
Purchase of investment securities	(24,763)	(19,941)
Proceeds from maturities of investment securities	25,422	27,194
Investment in partnership	(158)	-
Net cash used in investing activities	(2,224)	(3,504)
Cash flows from financing activities:		
Payment of financing leases	(23)	(96)
Payments for contingent consideration liabilities	(1,052)	(500)
Payments on liabilities for acquisition of intangible assets	(204)	(1,387)
Exercise of stock options and employee stock purchase plan shares	471	237
Withholding of common stock upon vesting of restricted stock units	(344)	(246)
Net cash used in financing activities	(1,152)	(1,992)
Effect of exchange rate changes on cash	(113)	(2)
(Decrease) increase in cash and cash equivalents	(3,051)	118
Cash and cash equivalents, beginning of period	9,280	9,162
Cash and cash equivalents, end of period	$ 6,229	$ 9,280

(See accompanying notes to the consolidated financial statements)

INTRICON CORPORATION
Consolidated Statements of Equity
(In Thousands)

	Common Stock Number of Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Non-Controlling Interest	Total Equity
Balances December 31, 2019	8,781	$ 8,781	$ 86,770	$ (4,286)	$ (520)	$ (253)	$ 90,492
Exercise of stock options, net	37	37	(5)	-	-	-	32
Withholding of common stock upon vesting of restricted stock units	37	37	(283)	-	-	-	(246)
Shares issued under the employee stock purchase plan	16	16	189	-	-	-	205
Acquisition of Emerald Medical Services	80	80	902	-	-	-	982
Controlling interest acquired in subsidiary	-	-	(253)	-	-	253	-
Stock-based compensation	-	-	2,382	-	-	-	2,382
Net (loss) income	-	-	-	(2,524)	-	35	(2,489)
Comprehensive loss	-	-	-	-	(159)	-	(159)
Balances December 31, 2020	8,951	$ 8,951	$ 89,702	$ (6,810)	$ (679)	$ 35	$ 91,199
Exercise of stock options, net	107	107	137	-	-	-	244
Withholding of common stock upon vesting of restricted stock units	109	109	(453)	-	-	-	(344)
Shares issued under the employee stock purchase plan	12	12	215	-	-	-	227
Stock-based compensation	-	-	2,184	-	-	-	2,184
Net (loss) income	-	-	-	(106)	-	42	(64)
Other	-	-	-	-	-	18	18
Comprehensive income	-	-	-	-	286	-	286
Balances December 31, 2021	9,179	$ 9,179	$ 91,785	$ (6,916)	$ (393)	$ 95	$ 93,750

(See accompanying notes to the consolidated financial statements)

Intricon Corporation
Notes to Consolidated Financial Statements (In Thousands, Except Per Share Data)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Intricon Corporation is an international company and joint development manufacturer (“JDM”) of micromedical components, sub-assemblies and final devices. The Company serves as a JDM partner to leading medical device original equipment manufacturers (“OEMs”) by designing, developing, engineering, manufacturing, packaging and distributing micromedical products for high growth markets, such as diabetes, peripheral vascular, interventional pulmonology, electrophysiology and hearing healthcare. Our mission is to improve, extend and save lives by advancing innovative micromedical technologies through joint development and manufacturing partnerships with industry leading medical device companies.

The Company is headquartered in Arden Hills, Minnesota and operates globally with facilities in Minnesota, Illinois, California, Singapore, Indonesia and Germany.

Basis of Presentation – The Company prepares financial statements in conformity with accounting principles generally accepted in the United States of America.

Consolidation – The consolidated financial statements include the accounts of the Company and its consolidated subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

Principles of Consolidation – The Company evaluates its voting and variable interests in entities on a qualitative and quantitative basis. The Company consolidates entities in which it concludes it has the power to direct the activities that most significantly impact an entity’s economic success and has the obligation to absorb losses or the right to receive benefits that could be significant to the entity.

Business Combinations – The Company records acquisitions in accordance with ASC 805, Business Combinations, with identifiable assets acquired and liabilities assumed recorded at their estimated fair values on the acquisition date. The excess of the purchase price over the estimated fair values of the net tangible and net intangible assets acquired is recorded as goodwill. The application of ASC 805, Business Combinations requires management to make significant estimates and assumptions in the determination of the fair value of assets acquired and liabilities assumed in order to properly allocate purchase price consideration between goodwill and assets that are depreciated and amortized. Our estimates are based on historical experience, information obtained from the management of the acquired companies and, when appropriate, include assistance from independent third-party appraisal firms. These estimates are inherently uncertain and unpredictable. In addition, unanticipated events or circumstances may occur which may affect the accuracy or validity of such estimates. See Note 2 for additional detail on the Emerald Medical Services Pte., ("EMS") business combination.

Non-Controlling Interests – Since May 2020, the Company owns 54 percent of Emerald Extrusion Services LLC. (“EES”), which was acquired as part of the EMS acquisition. The Company has consolidated the results of EES for 2020 based on the Company’s ability to control the operations of the entity. The remaining ownership is accounted for as a non-controlling interest and reported as part of equity in the Consolidated Balance Sheets.

Segment Disclosures – Operating segments are identified as components of an enterprise about which separate financial information is available for evaluation by the chief operating decision-maker (“CODM”) in making decisions regarding resource allocation and assessing performance. The CODM uses net income as our primary measure of performance. We view our operations and manage our business as one operating segment.

Use of Estimates – The Company makes estimates and assumptions relating to the reporting of assets and liabilities, the recording of reported amounts of revenues and expenses and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements. Actual results could differ from those estimates. Considerable management judgment is necessary in estimating future cash flows and other factors affecting the valuation of goodwill and intangible assets, including the operating and macroeconomic factors that may affect them. The Company uses historical financial information, internal plans and projections and industry information in making such estimates.

Revenue Recognition – Revenue is measured based on consideration specified in the contract with a customer, adjusted for any applicable estimates of variable consideration and other factors affecting the transaction price, including noncash consideration, consideration paid or payable to customers and significant financing components. Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a distinct good or service to a customer.

Individual promised goods and services in a contract are considered a performance obligation and accounted for separately if the customer can benefit from the good or service on its own or with other resources that are readily available to the customer and the good or service is separately identifiable from other promises in the arrangement. When an arrangement includes multiple performance obligations, the consideration is allocated between the performance obligations in proportion to their stand-alone selling price. Costs related to products delivered are recognized in the period incurred, unless criteria for capitalization of costs are met. Cost of goods sold consist primarily of direct labor, manufacturing overhead, materials and components.

The Company excludes from revenue taxes collected from a customer that are assessed by a governmental authority and imposed on and concurrent with a specific revenue-producing transaction.

The Company includes shipping and handling fees in revenue. Shipping and handling costs associated with outbound freight after control over a product has transferred to a customer are accounted for as a fulfillment cost and are included in cost of goods sold.

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Consolidated Balance Sheet.

When more than one party is involved in providing goods or services to a customer, the Company determines whether it is a principal or an agent in these transactions by evaluating the nature of its promise to the customer. The Company is a principal and therefore records revenue on a gross basis if it controls a promised good or service before transferring that good or service to the customer. The Company is an agent and records as revenue the net amount it retains for its agency services if its role is to arrange for another entity to provide the goods or services.

Performance obligations - A performance obligation is a promise in a contract to transfer a distinct good or service to the customer. A contract's transaction price is allocated to each distinct performance obligation in proportion to the standalone selling price for each and recognized as revenue when, or as, the performance obligation is satisfied. The Company's various performance obligations and the timing or method of revenue recognition in each of the Company's markets are discussed below.

Medical market - Customer orders from the medical market consist of a specified number of assembled and customized parts that the customer further integrates into their production process to produce market ready products. Each unit of product delivered under a customer order represents a distinct and separate performance obligation as the customer can benefit from each unit on its own or with other resources that are readily available to the customer and each unit of product is separately identifiable from other products in the arrangement. Customer orders do not include additional follow-on goods or services.

With the exception of prompt payment discounts, the transaction price for medical market products is the invoiced amount. Variable consideration in the form of refunds, credits, rebates, price concessions, pricing incentives or other items impacting transaction price are not present.

All of the Company's products manufactured for the medical market are designed to each customer's specifications, do not have an alternative use and cannot be sold or redirected by the Company to others. The Company considers contractual arrangements, laws and legal precedent in determining enforceable right. The Company has an enforceable right to payment for any finished or in-process units, including a reasonable margin, if the customer terminates the contract for reasons other than the Company's failure to perform as promised within our medical diabetes market and a select customer within our other medical market. For contractual arrangements in which an enforceable right exists, control of these units is deemed to transfer to the customer over time during the manufacturing process, using the same measure of progress toward satisfying the promise to deliver the units to the customer. Consequently, the transaction price is recognized as revenue over time for contractual arrangements with an enforceable right, based on actual costs incurred in the manufacturing process to date relative to total expected costs to produce all ordered units. The transaction price for contractual arrangements without an enforceable right to payment for any finished or in-process units including a reasonable margin is recognized as revenue at a point in time.

Medical market products are invoiced when shipped and paid within normal commercial terms. The Company records a contract asset for revenue recognized over time in the production process for customized products that have not been shipped or invoiced to the customer.

Hearing health market - Customer orders from the hearing health market consist of hearing aid devices and related accessories. Each unit of product delivered under a customer order represents a distinct and separate performance obligation as the customer can benefit from each unit on its own or with other resources that are readily available to the customer and each unit of product is separately identifiable from other products in the arrangement.

With the exception of prompt payment discounts, the transaction price for the hearing health markets products is the invoiced amount. Variable consideration in the form of refunds, credits, rebates, price concessions, pricing incentives or other items impacting transaction price are not present.

Nearly all of the Company's products manufactured for the hearing health market can be reworked without significant cost and sold to another customer in the event of the customer's termination of an order before delivery, and therefore have an alternative use to the Company. Generally, revenue is recognized upon the transfer of control of the products which is based on shipment terms; however, in certain cases the amount of shipment is adjusted for expected future returns and related consideration received.

Professional audio market - The Company sells body-worn audio devices with application in the aviation, fire, law enforcement, safety and military markets as well as for performers and production staff in the music and stage performance markets. Each unit on a customer's purchase order represents a distinct and separate performance obligation as the customer can benefit from each unit on its own or with other resources that are readily available to the customer and each unit is separately identifiable from the others because one does not significantly affect, modify or customize another.

Variable consideration in the form of refunds, credits, rebates, price concessions, pricing incentives or other items impacting the transaction price are not present. Invoiced amounts are deemed to approximate standalone selling price.
The products manufactured for the professional audio market can be reworked without significant cost and sold to another customer in the event of the customer's termination of an order before delivery and therefore have an alternative use to the Company. Transfer of control of the goods, and revenue recognition, occurs at the point in time of shipment or delivery of the products to the customer depending on the applicable shipping terms. Professional audio market products are billed when shipped and paid within normal commercial terms.

Hearing health direct-to-end-consumer (DTEC) market - The hearing health DTEC business distributes hearing aids and related accessories to the end consumer and is the Company's only business market that generates revenue from sales to the end consumer. The Company also sells a limited number of service plans for the hearing aids. Each product or service is a distinct performance obligation as each is independently useful either on its own or together with other products procured from the Company or other vendors and each product or service is separately identifiable from the others because one does not significantly affect, modify or customize another. Invoiced amounts approximate standalone selling price.

The hearing health DTEC business offers a 60-day trial period to the end consumer for hearing aids, during which customers can return the hearing aids for a full refund or exchange for a different hearing aid. The Company recognizes revenue only after completion of the 60-day trial period, when the customer's commitment to the arrangement is deemed to exist and an enforceable right to payment is established.

The transaction price for hearing aid accessories and service plans is the invoiced amount. Variable consideration in the form of refunds, credits, rebates, price concessions, pricing incentives or other items impacting transaction price are not present. Hearing aid accessories are billed and revenue is recognized upon shipment to the customer. Invoices are paid within normal commercial terms. Annual service plans are billed along with the hearing aid at the end of the 60-day trial period or upon renewal of the service plan and paid within normal commercial terms. As the customer consumes the benefits of the service plan relatively evenly over the plan term, revenue for service plans is recognized on a straight-line basis commencing at the end of the trial period.

Sales Commissions - The Company has elected to apply the practical expedient provided by ASC 340-40-25-4 and recognize the incremental costs of obtaining contracts as an expense when incurred, as the amortization period of the assets that would have otherwise been recognized is one year or less. These costs are included in sales and marketing expenses on the Consolidated Statements of Operations.

Fair Value Measurements – The Company follows the authoritative guidance on fair value measurements and disclosures with respect to assets and liabilities that are measured at fair value on both a recurring and nonrecurring basis. Fair value is defined as the exit price, or the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants as of the measurement date. The authoritative guidance also establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs market participants would use in valuing the asset or liability, based on market data obtained from sources independent of the Company. Unobservable inputs are inputs that reflect the Company's assumptions about the factors market participants would use in valuing the asset or liability developed based upon the best information available in the circumstances. The categorization of financial assets and financial liabilities within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The hierarchy is broken down into three levels defined as follows:

- Level 1 – Inputs are quoted prices in active markets for identical assets or liabilities.
- Level 2 – Inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, and inputs (other than quoted prices) that are observable for the asset or liability either directly or indirectly.
- Level 3 – Inputs are unobservable for the asset or liability.

The Company reviews the fair value hierarchy classification on a quarterly basis. Changes in the ability to observe valuation inputs may result in a reclassification of levels for certain securities within the fair value hierarchy. The Company's policy is to recognize transfers into and out of levels within the fair value hierarchy at the end of the fiscal quarter in which the actual event or change in circumstances that caused the transfer occurs. There were no transfers between Level 1, Level 2, or Level 3 during the years ended December 31, 2021 and 2020. When a determination is made to classify an asset or liability within Level 3, the determination is based upon the significance of the unobservable inputs to the overall fair value measurement.

The carrying value of cash, cash equivalents and restricted cash, accounts receivable, contract assets, notes payable, and trade accounts payables approximate fair value because of the short maturity of those instruments. The fair values of the Company's long-term debt obligations, pension and post-retirement obligations approximate their carrying values based upon current market rates of interest.

Concentration of Cash – The Company deposits its cash in what management believes are high credit quality financial institutions. The balance, at times, may exceed federally insured limits.

Restricted Cash – Restricted cash consists of deposits required to secure a credit facility at our Singapore location and deposits required to fund retirement related benefits for certain employees.

Investment Securities – The Company invests in commercial paper, corporate notes and bonds with original maturities of less than two years. The Company classifies these investments as held to maturity based on our intent and ability to hold these investments until maturity. Investments are classified current if expected to mature within the next twelve months. These investments are recorded at amortized cost, which approximates fair value, using level 2 inputs. Investment income included in interest (expense) income, net on the Consolidated Statement of Operations was $72 and $423 during 2021 and 2020, respectively.

Accounts Receivable – Amounts recorded in receivables, net, on the Consolidated Balance Sheet include amounts billed and currently due from customers. The amounts due are stated at their net estimated realizable value. A provision for doubtful accounts is maintained to provide for the estimated amount of receivables that will not be collected. The Company reviews customers' credit history before extending unsecured credit and establishes an allowance for uncollectible accounts based upon factors surrounding the credit risk of specific customers, historical trends and other information. Invoices are generally due 30 days after presentation. Accounts receivable over 30 days are considered past due. The Company does not accrue interest on past due accounts receivable. Receivables are written off once all collection attempts have failed and are based on individual credit evaluation and specific circumstances of the customer. The provision for doubtful accounts balance was $69 and $210 as of December 31, 2021 and 2020, respectively.

Inventories – Inventories are stated at the lower of cost or net realizable value. The Company reduces the carrying value of inventories for items that are determined to be excess, obsolete or slow-moving based on changes in customer demand, technology developments, or other economic factors. The cost of the inventories is determined by the first-in, first-out method.

Contract Assets - Contract assets primarily include unbilled amounts recognized as revenue for customized products manufactured for the medical market. The customized goods have no alternative use to the Company and the Company has an enforceable right to payment for performance completed to date. The Company begins revenue recognition when these goods enter the manufacturing process and continues based on a measure of progress toward completion using a cost-to-cost input method that considers labor and overhead costs incurred and materials used to date in the manufacturing process relative to total expected production costs. Given the relatively short duration of the production process, contract assets are classified as current. Contract assets are reclassified to accounts receivable upon shipment of and invoicing for the products, at which point the right to consideration becomes unconditional.

Property, Plant, and Equipment – Property, plant, and equipment are carried at cost. Depreciation is computed on a straight-line basis using estimated useful lives of 3 to 12 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term or the estimated useful life of the asset. Improvements are capitalized and expenditures for maintenance, repairs and minor renewals are charged to expense when incurred. At the time assets are retired or sold, the costs and accumulated depreciation are eliminated and the resulting gain or loss, if any, is reflected in the Consolidated Statement of Operations. Depreciation expense was $3,167 and $3,017 for the years ended December 31, 2021 and 2020, respectively.

Goodwill - Goodwill is reviewed for impairment annually as of October 31, or more frequently if changes in circumstances or the occurrence of events suggest impairment exists. The Company may apply a qualitative assessment to determine if it is more likely than not that goodwill is impaired. If the Company does not pass the qualitative assessment, or choses to skip the assessment, it performs a test comparing fair value of a reporting unit to its carrying value. The Company would need to recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit's fair value.

The Company concluded that no impairment of goodwill occurred during the year ended December 31, 2021 or 2020.

Intangible Assets - The Company has definite-lived technology and customer relationship intangible assets that are evaluated for impairment periodically or when events or changes in circumstances indicate that the carrying amount of the intangible assets may not be recoverable. The Company evaluated the recoverability of its technology intangible assets due to delays in clinical trials to obtain the approval for new hearing products as well as the delay in the promulgation of the OTC regulations. The Company's evaluation of the recoverability of technology intangible assets involves the comparison of undiscounted future cash flows expected to be generated by the products using these technologies over the remaining useful life of the technology assets to their respective carrying amounts. The Company's recoverability analysis requires management to make significant estimates and assumptions related to future cash flows and the remaining useful life of the assets.

The Company concluded that no impairment of intangible assets occurred during the year ended December 31, 2021 or 2020.

Long-lived Assets – Long-lived assets are recorded at cost. The Company assesses the carrying amount for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. This assessment includes certain assumptions related to future needs for the asset to help generate future cash flow. Changes in those assessments, future economic conditions or technological changes could have a material adverse impact on the carrying value of these assets. As of December 31, 2021 and 2020 the Company has determined that no impairment of long-lived assets exists.

Leases – At inception of a contract a determination is made whether an arrangement meets the definition of a lease. A contract contains a lease if there is an identified asset and the Company has the right to control the asset. Operating leases are recorded as right-of-use ("ROU") assets with corresponding current and noncurrent operating lease liabilities on our Consolidated Balance Sheets. Financing leases are included within property, plant, and equipment with corresponding current and noncurrent financing lease liabilities on our Consolidated Balance Sheets.

ROU assets represent our right to use an underlying asset for the duration of the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Recognition on the commencement date is based on the present value of lease payments over the lease term using an incremental borrowing rate. Leases with a term of 12 months or less at the commencement date are not recognized on the balance sheet and are expensed as incurred.

The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component for all asset classes. Leases are accounted for at a portfolio level when similar in nature with identical or nearly identical provisions and similar effective dates and lease terms.

Investment in Partnership – Certain of the Company's investments in equity securities are long-term, strategic investments in companies. Depending on whether the Company has significant influence over the entity, the Company accounts for these investments under the cost or equity method of accounting. Under the cost method, the Company records the investment at the amount the Company paid and recognizes income as dividends are paid. Under the equity method, the Company records the investment at the amount the Company paid and adjusts for the Company's share of the investee's income or loss and dividends paid. The investments are reviewed quarterly for changes in circumstances or the occurrence of events that suggest the Company's investment may not be recoverable.

Contingent Consideration - Contingent consideration liabilities relate to estimated future payments in connection with the purchase of EMS. Contingent consideration liabilities depend on certain future events and are measured at fair value based on various level 3 inputs and assumptions including forecasts, probabilities of payment and discount rates. Amounts are classified current if expected to be paid within the next twelve months and recorded on the Consolidated Balance Sheets within other accrued liabilities. Noncurrent liabilities are classified on the Consolidated Balance Sheets within other long-term liabilities. The liabilities for contingent consideration are subject to fair value adjustments each reporting period that will be recognized through the Statement of Operations.

Income Taxes – Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases, operating losses and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Valuation allowances are established to the extent the future benefit from the deferred tax assets realization is more likely than not unable to be realized. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. The Company recognizes accrued interest and penalties related to uncertain tax positions in income tax expense. At December 31, 2021 and 2020, the Company had no accrual for the payment of tax related interest and there was no tax interest or penalties recognized in the Consolidated Statements of Operations. The Company's federal and state tax returns are potentially open to examinations for fiscal years 2003-2005, 2009-2013, 2016 and 2018.

Employee Benefit Obligations – The Company provides pension and health care insurance for certain domestic retirees and employees of its operations discontinued in 2005. These obligations have been included in continuing operations as the Company retained these obligations. The Company also provides retirement related benefits for certain foreign employees. The Company measures the costs of its obligation based on actuarial determinations. The net periodic costs are recognized as employees render the services necessary to earn the post-retirement benefit and the obligation is recorded on the Consolidated Balance Sheet as accrued pension liabilities.

Assumptions about the discount rate and the expected rate of return on plan assets are determined by the Company. The Company believes the assumptions are within accepted guidelines and ranges. However, these actuarial assumptions could vary materially from actual results due to economic events and different rates of retirement, mortality and withdrawal.

Stock Based Compensation and Equity Plans – Under the Company stock-based compensation plans, executives, employees and outside directors receive awards of options to purchase common stock and restricted stock units. Under all awards, the terms are fixed at the grant date. For stock options, the exercise price equals the market price of the Company's stock on the date of the grant. Options under the plans generally vest over three years and have a maximum term of 10 years. The Company expenses grant-date fair values of stock options, based on the Black-Scholes model, ratably over the vesting period of the related share-based award. Restricted stock units are valued based on the closing stock price on the date of the grant and are expensed evenly over the vesting period. The restricted stock units vest in equal, annual installments over a three-year period beginning on the first anniversary of the date of grant at which time common stock is issued with respect to vested units. The plans also permit the granting of stock awards, stock appreciation rights, restricted stock and other equity-based awards.

Product Warranty – The Company offers a warranty on various products and services. The Company estimates the costs that may be incurred under its warranties and records a liability in the amount of such costs at the time the product is sold. Factors that affect the Company's warranty liability include the number of units sold, historical and anticipated rates of warranty claims and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liabilities and adjusts the amounts as necessary. The amount of the reserve recorded is equal to the costs to repair or otherwise satisfy the claim. Historically, the Company has not incurred any significant amounts of warranty expense on its products.

Patent Costs – Costs associated with the submission of a patent application are expensed as incurred given the uncertainty of the patents providing future economic benefit to the Company.

Advertising Costs – Advertising costs amounted to $291 and $644 in 2021 and 2020, respectively, and are charged to expense when incurred.

Research and Development Costs – Research and development costs, net of customer funding, amounted to $5,315 and $5,248 in 2021 and 2020, respectively, and are charged to expense when incurred, net of customer funding. The Company accrues proceeds received under governmental grants when earned and estimable as a reduction to research and development expense.

Customer Funded Tooling Costs – The Company designs and develops molds and tools for reimbursement on behalf of several customers. The Company does not consider tooling transactions as ongoing central operations of the Company, and therefore, customer payments are not included in revenue in the Consolidated Statements of Operations. Costs associated with the design and development of the molds and tools are charged to expense, net of the customer reimbursement amount. Net customer funded tooling resulted in expenses of $552, and $387 for the years ended December 31, 2021 and 2020, respectively, and is included in cost of goods sold in the Consolidated Statements of Operations.

Income (Loss) Per Share – Basic income (loss) per share is computed by dividing net income (loss) by the weighted average number of shares of common stock outstanding during the year. Diluted income (loss) per common share reflects the potential dilution of securities that could share in the earnings. The Company uses the treasury stock method for calculating the dilutive effect of stock awards.

Comprehensive Income (Loss) – Comprehensive income (loss) consists of net income (loss), pension and post-retirement obligations and foreign currency translation adjustments and is presented in the consolidated statements of comprehensive (loss) income.

Foreign Currency Translation – The Company's German subsidiary accounts for its transactions in its functional currency, the Euro. Foreign assets and liabilities are translated into United States dollars using the year-end exchange rates. Equity is translated at average historical exchange rates. Results of operations are translated using the average exchange rates throughout the year. Translation gains or losses are accumulated as a separate component of equity.

Subsequent Event Policy – The Company has evaluated events occurring after the date of the consolidated financial statements for events requiring recording or disclosure in the consolidated financial statements.

Reclassification - Certain prior year amounts have been reclassified for consistency with the current year presentation. The adjustments include (1) the additional revenue market of Interventional Catheters which was reclassified from Other Medical in Footnote 4 Revenue Recognition, and (2) the addition of Acquisition costs as a separate line item from Other operating expenses within Operating Expenses on the Consolidated Statement of Operations, and (3) the line items Other postretirement benefit obligations and Accrued pension liabilities reported separately in the prior year have been combined and reported in the current year as Pension and postretirement benefit obligations. These reclassifications had no impact on the reported results of operations.

Recent Accounting Pronouncements

In April 2020, the FASB issued ASU 2020-04, Reference Rate Reform Topic 848, which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform. Topic 848 provides optional expedients and exceptions for applying U.S. GAAP to transactions affected by reference rate reform if certain criteria are met. ASU 2020-04 is effective as of March 12, 2020. This standard update did not have a material impact on our financial position, results of operations and cash flow.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments – Credit Losses Topic 326*, which requires certain financial assets to be measured at amortized cost net of an allowance for estimated credit losses, such that the net receivable represents the present value of expected cash collection. In addition, this standard update requires that certain financial assets be measured at amortized cost reflecting an allowance for estimated credit losses expected to occur over the life of the assets. The estimate of credit losses must be based on all relevant information including historical information, current conditions, and reasonable and supportable forecasts that affect the collectability of the amounts. Topic 326 is effective for interim and annual periods beginning January 1, 2022 for smaller reporting companies. This standard update did not have a material impact on our financial position, results of operations and cash flows.

2. BUSINESS COMBINATION

On May 18, 2020, Intricon Pte. Ltd. (“Buyer”), a wholly-owned subsidiary of the Company, acquired all of the outstanding shares of Emerald Medical Services Pte., Ltd., a Singapore company (“EMS”), pursuant to a Share Purchase Agreement dated the same date among Buyer, EMS and the direct and indirect owners of EMS. EMS, based in Singapore, is a provider of joint development medical device manufacturing services for complex catheter applications.

In addition, EMS has a 54% ownership interest in Emerald Extrusion Services LLC. (“EES), based in California. Based on this controlling financial interest, the Company has consolidated this entity. The remaining ownership is accounted for as a non-controlling interest and reported as part of equity in the Consolidated Balance Sheets.

The total purchase price of $11,815 consisted of a cash payment paid at closing of $7,128, including a post-closing working capital adjustment of $291, the issuance of 80 thousand shares of the Company’s common stock valued at $982 issued at closing, which shares will be held in an escrow account for a period of 18 months to resolve any post-closing claims by the Buyer, as well as a liability for contingent consideration of $3,414. The liability for contingent consideration consisted of a cash payment of $500 payable in the event that regulatory approval in Japan was obtained for a particular product within twelve months of closing, an earn-out payment of between $333 and $1,000 if EMS has net revenues ranging from $9.0 million to $11.0 million during the first year after closing, and additional earn-out payments equal to 28% of all EMS net revenues arising from the sale of certain products or to certain customers for each of the first three years after closing. The liability for contingent consideration is a fair value measurement based on various level 3 inputs using a scenario-based method. The key assumptions included forecasts of future revenues and the selection of the discount rate for the contingent consideration liability. The liability for contingent consideration is subject to fair value adjustments each reporting period that will be recognized through the statement of operations.Japan regulatory approval resulted in a cash payment of $500 to the sellers under the EMS purchase agreement during the fourth quarter of 2020. In addition, a cash payment of $1,000 was made to the sellers in July 2021 for meeting certain first year revenue goals. As of December 31, 2021 the remaining contingent consideration liability consisted of 28% of all EMS net revenues arising from the sale of certain products or to certain customers for the second and third year periods.

At the time of the acquisition, May 18, 2020, certain Level 3 inputs were used to determine the fair value measurement of the contingent consideration liability. These included revenue volatility of 20%, weighted average cost of capital of 25% and a discount rate of 3.5%. None of these inputs have changed as of December 31, 2021. Significant increases or decreases in these inputs in isolation could result in a significant impact on our fair value measurement.

The reconciliation of the contingent consideration liability measured and carried at fair value on a recurring basis is as follows:

Carrying amount at December 31, 2019	$	-
Addition for acquisition of Emerald Medical Services		3,414
Change in fair value		660
Less payments		(500)
Carrying amount at December 31, 2020	$	3,574
Change in fair value		(739)
Less payments		(1,052)
Carrying amount at December 31, 2021	$	1,783

Since the acquisition, the Company has paid $1,552 of the original contingent consideration liabilities. As of December 31, 2021, approximately $1,783 remains contingent on future performance. During the period ended December 31, 2020, we recorded an increase of $660 to the fair value of contingent consideration due to forecasted revenue exceeding certain sales thresholds during the first year after closing. For the period ended December 31, 2021, we recorded a $739 change in fair value of contingent consideration within other operating expenses as a decrease in the fair value of future estimated payments due to a decrease in revenue forecasts tied to the contingent consideration.

In connection with the acquisition, the Company recorded acquisition costs of $493 for the year ended December 31, 2020 related to legal, professional fees and other miscellaneous costs. These costs are recorded within acquisition costs within the Consolidated Statements of Operations.

Our Consolidated Statements of Operations for the year ended December 31, 2021 include revenues of $14,573 and net income of $1,212 attributable to EMS and EES. Our Consolidated Statements of Operations for the year ended December 31, 2020 include revenues of $7,361 and a net loss of ($30) attributable to EMS and EES for the period from May 19 through December 31, 2020.

The final purchase price allocation of the fair value of the assets acquired and liabilities assumed is included in the table below. Cash consideration of $7,128 was paid at closing, including a post-closing working capital adjustment of $291, the issuance of 80 shares of the Company's common stock valued at $982 issued at closing, which resulted in preliminary goodwill of $4,041. We recorded identifiable assets acquired and liabilities assumed at their estimated fair value on the acquisition date and we had up to one year from the acquisition date to finalize the purchase price allocation. An intangible asset of $6,400 was recorded related to the value of identifiable customer relationships acquired. This intangible is being amortized over an 8-year useful life. Since the acquisition date, we recorded purchase accounting adjustments as increases to goodwill of $122 and $159 in 2020 and 2021 respectively, within our Consolidated Balance Sheets. The final goodwill generated from the acquisition of $4,322 represents the benefits of increased operating scale and growth opportunities through currently unidentifiable customers. The goodwill balance is not amortizable for tax purposes.

The final purchase price was allocated as follows:

Current assets	$	3,161
Machinery and equipment		360
Intangible assets		6,400
Goodwill		4,322
Noncurrent assets		169
Current liabilities		(1,105)
Noncurrent liabilities		(1,492)
Total consideration paid	$	11,815

3. RESTRUCTURING CHARGES

On May 20, 2020, the Company announced a strategic restructuring plan designed to accelerate the Company’s future growth by focusing resources on the highest potential growth areas. The plan, which was approved by the Company’s Board of Directors (“Board”), was completed as of June 30, 2020, and consisted primarily of transitioning our direct-to-end-consumer operations at Hearing Help Express to solely support partnership initiatives including the reduction of advertising expenses as well as global net workforce reductions. Total restructuring charges for the year ended December 31, 2020 were $1,171, including $732 related to one-time employee termination benefits, $326 for lease modification costs at Hearing Help Express and $113 for losses on disposal of assets.

4. REVENUE RECOGNITION

Revenue is measured based on consideration specified in the contract with a customer. Revenue from all customers is recognized when a performance obligation is satisfied by transferring control of a distinct good or service to a customer. For contractual arrangements in which an enforceable right to payment exists, control of these units is deemed to transfer over time during the manufacturing process. Consequently, the transaction price is recognized over time. The transaction price for contractual arrangements without enforceable right to payment including a reasonable margin is recognized as revenue at a point in time.

The Company's revenue recognition policy is further detailed in "Note 1: Summary of Significant Accounting Policies".

The following tables set forth, for the periods indicated, net revenue by market:

Timing of revenue recognition for the year ended December 31, 2021:

	Products and services transferred at point in time	Products and services transferred over time	Total
Diabetes	$ -	$ 69,733	$ 69,733
Interventional Catheters	14,572	-	14,572
Other Medical	8,725	5,359	14,084
Hearing Health Value Based DTEC	3,479	-	3,479
Hearing Health Value Based ITEC	8,048	-	8,048
Hearing Health Legacy OEM	10,848	-	10,848
Professional Audio Communications	4,442	-	4,442
Total Revenue, net	$ 50,114	$ 75,092	$ 125,206

Timing of revenue recognition for the year ended December 31, 2020:

	Products and services transferred at point in time	Products and services transferred over time	Total
Diabetes	$ -	$ 59,311	$ 59,311
Interventional Catheters	7,361	-	7,361
Other Medical (a)	6,677	5,688	12,365
Hearing Health Value Based DTEC	4,430	-	4,430
Hearing Health Value Based ITEC	5,558	-	5,558
Hearing Health Legacy OEM	8,968	-	8,968
Professional Audio Communications	4,780	-	4,780
Total Revenue, net	$ 37,774	$ 64,999	$ 102,773

(a) During the quarter ended March 31, 2020, we recorded a cumulative adjustment of $1.2 million to reduce revenue within our other medical market to correct an error related to prior periods as a result of our determination that a portion of our sales being recognized over time needed to be recognized at a point in time. The adjustment included a reduction to the related cost of goods sold of $0.8 million and related impacts to reduce the contract asset and increase to inventory. The adjustment was not material to our Consolidated Financial Statements for any quarterly or annual period.

Net revenue by geography is allocated based on shipment location and set forth below:

	Year Ended December 31,	
Net Revenue to Geographical Areas	**2021**	**2020**
United States	$ 92,921	$ 75,326
Europe	6,561	5,501
Asia	12,554	11,476
All other countries	13,170	10,470
Consolidated	$ 125,206	$ 102,773

Geographic net revenue is allocated based on shipment location of the Company's direct OEM customers. These customers then distribute products globally.

For the years ended December 31, 2021 and 2020, one customer accounted for 64% and 63% respectively, of the Company's consolidated net revenue.

Two customers combined accounted for 44% and 69% of the Company's consolidated accounts receivable at December 31, 2021 and December 31, 2020, respectively.

Two customers accounted for 100% of the Company's consolidated contract assets at December 31, 2021 and December 31, 2020.

5. LOSS PER SHARE

The following table sets forth the computation of basic and diluted loss per share:

	Year Ended December 31,	
	2021	**2020**
Numerator:		
Net loss	$ (64)	$ (2,489)
Less: Income allocated to non-controlling interest	(42)	(35)
Net loss attributable to Intricon shareholders	$ (106)	$ (2,524)
Denominator:		
Basic – weighted shares outstanding	9,082	8,894
Dilutive effect from stock awards	-	-
Diluted – weighted shares outstanding	9,082	8,894
Basic loss per share attributable to Intricon shareholders	$ (0.01)	$ (0.28)
Net loss per share:	$ (0.01)	$ (0.28)
Diluted loss per share attributable to Intricon shareholders	$ (0.01)	$ (0.28)
Net loss per share:	$ (0.01)	$ (0.28)

Earnings per common share was based on the weighted average number of common shares outstanding during the periods when computing the basic earnings per share. When dilutive, stock options are included as equivalents using the treasury stock method when computing the diluted earnings per share. Shares represented by RSUs are also included in the dilution calculation, net of assumed proceeds and equivalent share repurchases. The Company excluded all stock awards outstanding in 2021 and 2020 from the computation of the diluted income per share because their effect would be anti-dilutive due to the Company’s net loss for all periods presented.

6. DOMESTIC AND FOREIGN INCOME TAXES

Domestic and foreign income taxes (benefits) were comprised as follows:

Year Ended December 31,	2021	2020
Current		
Federal	$ -	$ (74)
State	13	10
Foreign	267	157
Total Current	$ 280	$ 93
Deferred		
Federal	-	74
State	-	-
Foreign	(145)	(106)
Total Deferred	$ (145)	$ (32)
Income Tax Expense	$ 135	$ 61
Income (loss) before income taxes		
Foreign	1,217	(255)
Domestic	(1,146)	(2,173)
Total	$ 71	$ (2,428)

The following is a reconciliation of the statutory federal income tax rate to the effective tax rate based on income (loss):

	Year Ended December 31, 2021	2020
Tax provision at statutory rate	21.0%	21.0%
Change in valuation allowance	1,019.8	(27.6)
Impact of permanent items, including stock based compensation expense and impairment loss	(898.8)	11.0
Effect of foreign tax rates	(52.0)	(0.8)
State taxes net of federal benefit	(260.2)	(3.9)
Prior year provision to return true-up	363.4	(3.2)
Non-controlling interest	-	1.0
Domestic and foreign income tax rate	193.2%	(2.5)%

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at December 31, 2021, and 2020 are presented below:

	Year Ended December 31, 2021	2020
Deferred tax assets:		
Net operating loss carry forwards	$ 8,605	$ 8,486
Inventory	570	548
Compensation accruals	1,310	1,161
Accruals and reserves	95	92
Credits	235	235
Contract assets	1,989	1,573
Other	118	134
Total Deferred tax assets	12,922	12,229
Less: valuation allowance	(12,013)	(11,395)
Deferred tax assets net of valuation allowance	$ 909	$ 834
Deferred tax liabilities		
Depreciation and amortization	(909)	(844)
Identified intangibles	(873)	(1,008)
Total deferred tax liabilities	(1,782)	(1,852)
Net deferred tax	$ (873)	$ (1,018)

The valuation allowance is maintained against deferred tax assets which the Company has determined are more likely than not to be unrealized. The change in valuation allowance was ($618) and ($790) for the years ended December 31, 2021 and 2020, respectively. For tax reporting purposes, the Company has actual federal and state net operating loss carryforwards of $35,933 and $14,381, respectively, as of December 31, 2021. These net operating loss carryforwards begin to expire in 2023 for federal tax purposes and began to expire in 2020 for state tax purposes. Subsequently recognized tax benefits, if any, related to the valuation allowance for deferred tax assets or realization of net operating loss carryforwards will be reported in the Consolidated Statements of Operations. If substantial changes in the Company's ownership occur, there could be an annual limitation on the amount of the carryforwards that are available to be utilized.

In assessing the realizability of deferred tax assets, management considers whether it is more likely than not that some portion or all of the deferred tax assets will not be realized. The Company regularly assesses the likelihood that the deferred tax assets will be recovered from future taxable income. The Company considers projected future taxable income and ongoing tax planning strategies, then records a valuation allowance to reduce the carrying value of the net deferred taxes to an amount that is more likely than not able to be realized. Based upon the Company's assessment of all available evidence, including the previous three years of United States based taxable income and loss after permanent items, estimates of future profitability, and the Company's overall prospects of future business, the Company determined that it is more likely than not that the Company will not be able to realize a portion of the deferred tax assets in the future. The Company will continue to assess the potential realization of deferred tax assets on an annual basis, or an interim basis if circumstances warrant. If the Company's actual results and updated projections vary significantly from the projections used as a basis for this determination, the Company may need to change the valuation allowance against the gross deferred tax assets.

The Company recognizes the financial statement benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50 percent likelihood of being realized upon ultimate settlement with the relevant taxing authority. The Company has analyzed all tax positions for which the statute of limitations remains open. As a result of the assessment, the Company has not recorded any liabilities for unrecognized income tax benefits or retained earnings. The Company does not have any unrecognized tax benefits as of December 31, 2021 and 2020.

The Company is subject to income taxes in the U.S. federal jurisdiction, and various states and foreign jurisdictions. Tax regulations within each jurisdiction are subject to the interpretation of the related tax laws and regulations and require significant judgment to apply. The Company is still subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for the years 2003 to 2005, 2009 to 2013, 2016 and 2018. There are no on-going or pending IRS, state, or foreign examinations.

The Company recognizes penalties and interest accrued related to liability on unrecognized tax benefits in income tax expense for all periods presented. As of December 31, 2021, and 2020, the Company has no amounts accrued for the payment of interest and penalties.

The Tax Cuts and Jobs Act enacted in December of 2017 introduced a new Global Intangible Low-Taxed Income ("GILTI") provision that requires certain income earned by foreign subsidiaries to be included currently in the gross income of the U.S. shareholder. The Company has chosen to treat GILTI as a current-period cost when incurred.

7. INVENTORIES

Inventories consisted of the following:

	Raw materials	Work-in process	Finished products and components	Total
December 31, 2021				
Domestic	$ 15,201	$ 760	$ 1,892	$ 17,853
Foreign	5,579	747	277	6,603
Total	$ 20,780	$ 1,507	$ 2,169	$ 24,456
December 31, 2020				
Domestic	$ 11,371	$ 1,499	$ 2,149	$ 15,019
Foreign	3,393	968	133	4,494
Total	$ 14,764	$ 2,467	$ 2,282	$ 19,513

Inventories are net of reserves of $2,908 and $2,479 for the years ended December 31, 2021 and 2020, respectively.

8. PROPERTY, PLANT, AND EQUIPMENT

The geographical distribution of long-lived assets net of accumulated depreciation, consisting of machinery and equipment is forth below:

	December 31, 2021	December 31, 2020
United States	$ 12,337	$ 12,539
Singapore	1,346	1,460
Other	154	178
Consolidated	$ 13,837	$ 14,177

Long-lived assets consist of machinery and equipment with useful lives from 3 to 12 years. Depreciation expenses of $3,167 and $3,017 were recognized in fiscal years 2021 and 2020, respectively.

9. GOODWILL

The changes in the carrying amount of goodwill for the years presented are as follows:

Carrying amount at December 31, 2019	$ 9,551
Acquisition of Emerald Medical Services	4,163
Carrying amount at December 31, 2020	13,714
Purchase accounting adjustment	159
Carrying amount at December 31, 2021	$ 13,873

10. INTANGIBLE ASSETS

The changes in the carrying amount of intangible assets for the years presented are as follows:

Carrying amount at December 31, 2019	$	5,545
Acquisition of Emerald Medical Services		6,400
Additional self-fitting software costs		296
Amortization of intangible assets		(1,456)
Carrying amount at December 31, 2020	$	10,785
Technology access costs		221
Amortization of intangible assets		(2,007)
Carrying amount at December 31, 2021	$	8,999

Intangible assets consisted of the following at:

	December 31, 2021		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer list	$ 6,400	$ (1,267)	$ 5,133
Technology intangibles	6,946	(3,080)	3,866
Total	$ 13,346	$ (4,347)	$ 8,999

	December 31, 2020		
	Gross Carrying Amount	Accumulated Amortization	Net Carrying Amount
Customer list	$ 6,400	$ (467)	$ 5,933
Technology intangibles	6,725	(1,873)	4,852
Total	$ 13,125	$ (2,340)	$ 10,785

Original useful lives for the customer list and technology intangible assets are between 5 and 8 years.

11. INVESTMENT IN PARTNERSHIP

Investment in partnership consisted of the following:

	December 31, 2021	December 31, 2020
Investment in Signison	$ 226	$ 418
Other	247	152
Total	$ 473	$ 570

The Company has a 50% ownership interest in Signison as of December 31, 2021 and 2020. Signison is accounted for in the Company's consolidated financial statements using the equity method.

12. INVESTMENT SECURITIES

The Company invests in commercial paper, corporate notes and bonds with original maturities of less than two years. The Company classifies these investments as held to maturity based on its intent and ability to hold these investments until maturity. Investments are classified current if expected to mature within the next twelve months. These investments are recorded at amortized cost, which approximates fair value, using level 2 inputs. Amortization related to discounts on investment securities was $241 and $51 in 2021 and 2020, respectively.

The maturity dates of our investments as of December 31, 2021 are as follows:

	Less than one year	1-5 years	Total
Commercial Paper Original Maturities of 91 Days or More	$ 10,987	$ -	$ 10,987
Corporate Notes and Bonds	8,433	4,558	12,991
Total Investments	$ 19,420	$ 4,558	$ 23,978

The maturity dates of our investments as of December 31, 2020 are as follows:

	Less than one year	1-5 years	Total
Commercial Paper Original Maturities of 91 Days or More	$ 7,490	$ -	$ 7,490
Corporate Notes and Bonds	12,303	5,085	17,388
Total Investments	$ 19,793	$ 5,085	$ 24,878

The Company also maintains excess funds within level 1 money market accounts included within cash and cash equivalents. Cash available in our money market accounts at December 31, 2021 and December 31, 2020 was $2,943 and $6,697, respectively.

13. OTHER ACCRUED LIABILITIES

Other accrued liabilities consisted of the following at:

	December 31, 2021	December 31, 2020
Pension and postretirement benefit obligations	$ 177	$ 188
Deferred revenue	141	184
Current technology access liability	493	1,006
Current earn-out contingent consideration liability	148	1,090
Customer funded projects	340	759
TCPA litigation accrual (Note 19)	1,300	-
Accrued corporate expenses	237	110
Other	982	898
Total	$ 3,818	$ 4,235

The technology access liability, reflected above, relates to amounts owed related to the Company's wireless and self-fitting hearing aid technologies.

The earn-out liability is contingent on certain future events and is measured at fair value based on various level 3 inputs and assumptions including forecasts, probabilities of payment and discount rates. Amounts are classified as current if expected to be paid within the next twelve months. The liability for contingent consideration is subject to fair value adjustments each reporting period that will be recognized through the Statement of Operations. See Note 2.

14. OTHER LONG-TERM LIABILITIES

Other long-term liabilities consisted of the following at:

	December 31, 2021	December 31, 2020
Noncurrent technology intangible liability	$ 541	$ 1,039
Noncurrent earn-out contingent consideration liability	1,635	2,484
Litigation liability (Note 19)	709	721
Other	215	154
Total	$ 3,100	$ 4,398

15. LEASES

The Company's leases pertain primarily to engineering, manufacturing, sales and administrative facilities, with an initial term of one year or more. The Company has three leased facilities in Minnesota, two that expire in 2022 and one that expires in 2023, one leased facility in Illinois that expires in 2022, two leased facilities in California that expire in 2022 and 2024, one leased facility in Singapore that expires in 2025, one leased facility in Indonesia that expires in 2027, and one leased facility in Germany that expires in 2022. Effective January 2022, the Company renewed the lease of its headquarters in Arden Hills, Minnesota, which was set to expire. The renewed lease terms were extended to January 2027.

Certain foreign leases allow for variable lease payments that depend on an index or a market rate adjustment for the respective country and are adjusted on an annual basis. The adjustment is recognized as incurred in the Consolidated Statement of Operations. The facility leases include options to extend for terms ranging from one year to five years. Lease options that the Company is reasonably certain to execute are included in the determination of the ROU asset and lease liability. The Company also leases equipment that include bargain purchase options at termination. These leases have been classified as finance leases.

As of December 31, 2021, the Company has a weighted-average lease term of 0.4 years for its finance leases, and 3.3 years for its operating leases. As of December 31, 2021, the Company has a weighted-average discount rate of 5.56% for its finance leases, and 4.98% for its operating leases. As of December 31, 2020, the Company has a weighted-average lease term of 0.8 years for its finance leases, and 3.8 years for its operating leases. As of December 31, 2020, the Company has a weighted-average discount rate of 5.56% for its finance leases, and 5.06% for its operating leases. Discount rates are determined based on 5-year term incremental borrowing rates at inception of the lease. Operating cash flows for the year ended December 31, 2021, and 2020 from operating leases were $2,395 and $1,950, respectively. Financing lease assets are classified as property, plant and equipment within the Consolidated Balance Sheet.

The following table summarizes lease costs by type:

Year Ended December 31,	**2021**	**2020**
Lease cost		
Finance lease cost:		
Amortization of right-of-use assets	$ 21	$ 88
Interest on lease liabilities	1	3
Operating lease cost	2,369	1,926
Variable lease cost*	397	611
Total lease cost	$ 2,788	$ 2,628

*Variable lease costs consist primarily of taxes, insurance, and common area or other maintenance costs for our domestic and foreign building leases.

Maturities of lease liabilities are as follows:

	Operating Leases	**Financing Leases**	**Total**
2022	$ 2,051	$ 4	$ 2,055
2023	1,492	-	1,492
2024	1,146	-	1,146
2025	882	-	882
2026 and thereafter	128	-	128
Total lease payments	5,699	4	5,703
Less: Interest	(461)	-	(461)
Present value of lease liabilities	$ 5,238	$ 4	$ 5,242

16. CURRENCY TRANSLATION AND TRANSACTION ADJUSTMENTS

All assets and liabilities of foreign operations in which the functional currency is not the U.S. dollar are translated into U.S. dollars at prevailing rates of exchange in effect at the balance sheet date. Revenues and expenses are translated using average rates of exchange for the year. Adjustments resulting from the process of translating the financial statements of foreign subsidiaries into U.S. dollars are reported as a separate component of equity, net of tax, where appropriate.

Realized foreign currency transaction amounts included in the Consolidated Statements of Operations include losses of $173 and $131 in 2021 and 2020, respectively.

17. ACCUMULATED OTHER COMPREHENSIVE INCOME

The Company records deferred gains (losses) in accumulated other comprehensive income (AOCI) related to foreign currency translation and actuarial gains (losses) related to pension and postretirement obligations. The Company recognized $83 and $20 out of AOCI and into net income for the years ended December 31, 2021 and 2020, respectively.

Balances by classification included within AOCI on the Consolidated Balance Sheets as of December 31, were as follows:

	2021	2020
Foreign currency translation	$ (40)	$ (344)
Pension and postretirement obligations	(353)	(335)
Total	$ (393)	$ (679)

18. SHAREHOLDERS' EQUITY

The Company has a 2006 Equity Incentive Plan and an Amended and Restated 2015 Equity Incentive Plan. The 2015 plan, which was approved by the shareholders on April 24, 2015, replaced the 2006 plan. New grants may not be made under the 2006 plan; however certain option grants under these plans remain exercisable as of December 31, 2021. The aggregate number of shares of common stock for which awards could be granted under the 2015 plan as of the date of adoption was 500 shares. Additionally, as outstanding options under the 2006 plan or 2015 plan expire, terminate, are cancelled or forfeited or are withheld in a net exercise or for withholding taxes, the shares of the Company’s common stock subject to such options will become available for issuance under the 2015 plan. The 2015 plan was amended and restated in 2020 to reflect certain corporate governance changes and to increase the number of shares of common stock that could be awarded under the 2015 plan by 500 shares, which was approved by shareholders on May 4, 2021.

Under the plans, executives, employees and outside directors receive awards of restricted stock units (RSUs), performance based restricted stock units (PRSUs) and/or options to purchase common stock. The Company may also grant stock awards, stock appreciation rights, restricted stock and other equity-based awards. Under all awards, the terms are fixed on the grant date. Generally, the exercise price of stock options equals the market price of the Company’s stock on the date of the grant. RSUs generally vest over three years, except that RSUs granted to directors in 2021 vest over one year. PRSUs vest upon the achievement of designated financial performance targets(s). Options under the plans generally vest over three years, and have a maximum term of 10 years.

The Company granted 130 RSUs, which is inclusive of 13 PRSUs for the year ended December 31, 2021. The RSUs vest in equal, annual installments over a three-year period beginning on the first anniversary of the date of grant at which time common stock is issued with respect to vested units except that RSUs granted to directors in 2021 vest over one year. The PRSUs will vest depending upon the achievement of total revenue in specific markets during 2023 at a threshold level (below which no PRSUs will vest), a target level and a maximum level (at which the maximum number of PRSUs will vest). The number of PRSUs that will vest between the threshold, target and maximum levels will be prorated.

Stock award activity during the periods indicated was as follows:

	Outstanding Awards				
	Stock Options	RSUs	Total	Stock Option Weighted-Average Exercise Price (a)	Aggregate Intrinsic Value
Outstanding at December 31, 2019	746	128	874	6.39	
Awards forfeited or cancelled	(1)	(5)	(6)	5.72	
Awards granted	-	146	146	-	
Awards exercised or released	(55)	(52)	(107)	4.88	
Outstanding at December 31, 2020	690	217	907	$ 6.51	
Awards forfeited or cancelled	(12)	(4)	(16)	5.48	
Awards granted	-	130	130	-	
Awards exercised or released	(131)	(126)	(257)	5.85	
Outstanding at December 31, 2021	547	217	764	$ 6.69	$ 8,696
Exercisable at December 31, 2020	690		690	$ 6.51	$ 7,997
Exercisable at December 31, 2021	547		547	$ 6.69	$ 5,186
Available for future grant at December 31, 2021			497		

The number of shares available for future grant at December 31, 2021, does not include a total of up to 215 shares subject to options outstanding under the 2006 plan which will become available for grant under the 2015 plan as outstanding options under the 2006 plan expire, terminate, are cancelled or forfeited or are withheld in a net exercise or for withholding taxes of such options.

The weighted-average remaining contractual term of options exercisable and options outstanding at December 31, 2021 was 3.5 years. The total intrinsic value of options exercised during fiscal 2021 and 2020, was $2,076 and $514, respectively. No options were issued in 2021 and 2020.

The weighted-average per share grant date fair value of restricted stock units granted was $21.35 in 2021 and $14.92 in 2020.

The Company recorded $2,184 and $2,382 of non-cash stock compensation expense for the years ended December 31, 2021 and 2020, respectively. As of December 31, 2021, there was $2,168 of total non-cash stock compensation expense related to non-vested awards that is expected to be recognized over a weighted-average period of 1.72 years. During the year ended December 31, 2020, the Company recorded a cumulative non-cash stock compensation expense adjustment of $422 for individuals who are retirement eligible and therefore have vested in stock awards according to our plan. The adjustment was not material to our Consolidated Financial Statements.

The Company also has an Employee Stock Purchase Plan (the “Purchase Plan”). The Purchase Plan, as amended, provides that a maximum of 300 shares may be sold under the Purchase Plan. There were 12, and 16 shares purchased under the Purchase Plan during the years ended December 31, 2021 and 2020, respectively.

19. CONTINGENCIES AND COMMITMENTS

Asbestos Litigation

The Company is a defendant along with a number of other parties in lawsuits alleging that plaintiffs have or may have contracted asbestos-related diseases as a result of exposure to asbestos products or equipment containing asbestos sold by one or more named defendants. These lawsuits relate to the discontinued heat technologies segment which was sold in March 2005. Due to the non-informative nature of the complaints, the Company does not know whether any of the complaints state valid claims against the Company. Certain insurance carriers have informed the Company that the primary policies for the period August 1, 1970-1978 have been exhausted and that the carriers will no longer provide defense and insurance coverage under those policies. However, the Company has other primary and excess insurance policies that the Company believes afford coverage for later years. Some of these other primary insurers have accepted defense and insurance coverage for these suits, or have accepted the tenders but asserted a reservation of rights, or advised the Company that they need to investigate further. In addition, some of the primary and excess insurers have gone out of business, and thus coverage is not available. There are also some primary policies for years earlier than 1970 that were purchased by the Company, and coverage under those policies will be investigated. Because settlement payments are applied to all years a litigant was deemed to have been exposed to asbestos, the Company believes that it will have funds available for defense and insurance coverage under the non-exhausted primary and excess insurance policies. However, unlike the older policies, the more recent policies have deductible amounts for defense and settlements costs that the Company will be required to pay; accordingly, the Company expects that its litigation costs will increase in the future. Further, most of the policies covering later years (approximately 1984 and thereafter) have exclusions for any asbestos products or operations, and thus do not provide insurance coverage for asbestos-related lawsuits. The Company does not believe that the asserted exhaustion of some of the primary insurance coverage for the 1970-1978 period will have a material adverse effect on its financial condition, liquidity, or results of operations. Management believes that the number of insurance carriers involved in the defense of the suits, and the significant number of policy years and policy limits under which these insurance carriers are insuring the Company, make the ultimate disposition of these lawsuits not material to the Company's consolidated financial position or results of operations. As of December 31, 2021, we recorded $129 and $709 within other accrued liabilities and other long-term liabilities, respectively, within our Consolidated Balance Sheet for estimated future claims. An insurance receivable of $129 and $709 was recorded within other current assets and other assets, net, respectively, within our Consolidated Balance Sheet as of December 31, 2021 for estimated insurance recoveries.

TCPA Litigation

On October 9, 2019, plaintiff Mark Hoffman (“Hoffman”) filed a putative class action lawsuit against defendant Hearing Help Express, Inc. (“HHE”), a subsidiary of the Company, in the Federal District Court for the Western District of Washington (the "Court") alleging violations of the federal Telephone Consumer Protection Act (“TCPA”). HHE’s investigation revealed third-party lead generator Triangular Media Corp. (“Triangular”) provided Hoffman’s information to HHE. Hoffman claims he did not provide the requisite prior express written consent for autodialed telemarketing calls regarding hearing aids to be placed to his cellphone. He also claims he did not provide the requisite permission for telemarketing calls to his number registered on the Do-Not-Call (“DNC”) registry. Since the initial complaint was filed, Hoffman amended his complaint several times to add additional parties, including Triangular, Triangular’s alleged owner, an alleged entity related to Triangular called LeadCreations.Com, LLC, Intricon, Inc., and Intricon Corporation. With respect to HHE, Hoffman sought to certify a class of certain automated outbound telemarketing calls HHE allegedly made without prior consent and calls made to numbers on the DNC registry, in the last four years. Hoffman also sought to hold the Company vicariously liable for all of the calls HHE made without prior consent. The potential exposure under the TCPA is $500 per call, or $1,500 per call if the violation is deemed willful or knowing.

On July 26, 2021, the Company and the other defendants entered into a Class Action Settlement and Release ("Settlement Agreement") with Hoffman for himself and on behalf of the settlement class relating to this matter. In entering into the Settlement Agreement, the Company and the other defendants are making no admission of liability. The Settlement Agreement was submitted to the Court for preliminary approval on July 28, 2021, which was granted. The Court set a fairness and final approval hearing for January 5, 2022.

Pursuant to the Settlement Agreement, among other things, (a) the Company agreed to pay total cash consideration of $1.3 million into a settlement fund, and (b) Hoffman and the settlement class members agreed to a release of claims against the Company, Intricon, Inc. and HHE relating to any claim or potential claim relating to the marketing activities described in the complaint. The class members releasing claims include any person who received, on or after October 9, 2015, a non-emergency telephone call from or on behalf of HHE and whose contact information was received either directly or indirectly from Triangular (or its purported affiliated entity, LeadsCreations) and one other vendor who supplied phone numbers to HHE.

On January 5, 2022, the parties attended the Final Approval Hearing with the Court on the class settlement. The Court granted the motion for final approval of the class settlement and Plaintiff's Motion for Attorneys' Fees, Costs, and Service Payment. The deadline to file a notice of appeal was February 4, 2022; no appeal was filed by that date, the Settlement Agreement became effective and the $1.3 million settlement fund payment was paid. The release will be effective as to all class members who did not validly opt out of the class, regardless of whether they file a claim form and receive a payment.

Other Litigation Matters

The Company is also involved from time to time in other lawsuits arising in the normal course of business. While it is not possible to predict with certainty the outcome of these matters, management is of the opinion that the disposition of these lawsuits and claims will not materially affect the Company’s consolidated financial position, liquidity, or results of operations.

20. EMPLOYEE BENEFIT PLANS

The Company has a defined contribution plan for most of its domestic employees. Under these plans, eligible employees may contribute amounts through payroll deductions supplemented by employer contributions for investment in various investments specified in the plans. The Company contributions to these plans were $664 and $531 for the years ended December 31, 2021, and 2020, respectively.

The Company provides post-retirement medical benefits to certain former domestic employees who met minimum age and service requirements. In 1999, a plan amendment was instituted which limits the liability for post-retirement benefits beginning January 1, 2000 for certain employees who retire after that date. This plan amendment resulted in a $1,100 unrecognized prior service cost reduction which is recognized as employees render the services necessary to earn the post-retirement benefit. The Company's policy is to pay the cost of these post-retirement benefits when required on a cash basis. The Company also has provided certain foreign employees with retirement related benefits.

The following table presents the amounts recognized in the Company's Consolidated Balance Sheets at December 31, 2021 and 2020 for post-retirement medical benefits:

	2021	2020
Change in Projected Benefit Obligation:		
Projected benefit obligation at January 1	$ 453	$ 453
Interest cost	6	15
Actuarial loss	(38)	55
Participant contributions	4	10
Benefits paid	(69)	(80)
Projected benefit obligation at December 31	$ 356	$ 453
Change in fair value of plan assets:		
Employer contributions	65	70
Participant contributions	4	10
Benefits paid	(69)	(80)
Funded status	$ (356)	$ (453)
Current liabilities	58	71
Noncurrent liabilities	298	382
Net amount recognized	$ 356	$ 453
Amount recognized in other comprehensive income (loss)	120	76
Amount recognized in the consolidated statement of operations	236	377
Total	$ 356	$ 453

Accrued post-retirement medical benefit costs are classified as Pension and post-retirement benefit obligations as of December 31, 2021 and 2020 on the Consolidated Balance Sheets.

Net periodic post-retirement medical benefit costs for 2021 and 2020 included the following components:

For measurement purposes, a 5.6% annual rate of increase in the per capita cost of covered benefits (i.e., health care cost trend rate) was assumed for 2021; the rate was assumed to decrease gradually to 4.6% by the year 2066 and remain at that level thereafter. The difference in the health care cost trend rate assumption may have a significant effect on the amounts reported.

The assumptions used for the years ended December 31 were as follows:

	2021	2020
Annual increase in cost of benefits	5.6%	5.5%
Discount rate used to determine year-end obligations	2.0%	1.5%
Discount rate used to determine year-end expense	1.5%	3.5%

In addition to the post-retirement medical benefits, the Company provides retirement related benefits to certain former executive employees and to certain employees of foreign subsidiaries. The combined liabilities established for all retirement benefits at December 31, 2021 and 2020 are illustrated below.

	2021	2020
Current portion	$ 177	$ 188
Long-term portion	1,093	1,292
Total liability at December 31	$ 1,270	$ 1,480

The Company recorded $179 within the Consolidated Statements of Comprehensive Income (Loss) in 2021 related to actuarial gains. The Company calculated the fair values of the pension plans above utilizing a discounted cash flow, using standard life expectancy tables, annual pension payments, and a discount rate of 2.0% in 2021 and 1.5% in 2020.

Employer benefit payments (medical and pension), which reflect expected future service, are expected to be paid in the following years:

2022	$	177
2023		159
2024		141
2025		126
2026		111
Years 2027 and thereafter		556

21. SUPPLEMENTAL DISCLOSURE OF CASH FLOWS

Supplemental disclosures of cash flow information:

	Year Ended December 31, 2021	2020
Interest received	$ 74	$ 425
Interest paid	67	77
Income taxes received	-	40
Income taxes paid	186	107

Noncash Investing and Financing Transactions:	Year Ended December 31, 2021	2020
Acquisition of a business through contingent consideration liabilities incurred	-	3,705
Acquisition of a business through issuance of common stock	-	982
Investment in partnerships	-	442

Property, plant, and equipment purchases that remain in accounts payable as of December 31, 2021 and 2020 were $11 and $154, respectively.

22. SUBSEQUENT EVENTS

On February 27, 2022, the Company entered into an Agreement and Plan of Merger (the "Merger Agreement") by and among the Company, IIN Holding Company LLC, a Delaware limited liability company ("Parent"), and IC Merger Sub Inc., a Pennsylvania corporation and a wholly owned subsidiary of Parent ("Merger Sub"). Parent and Merger Sub are owned by funds affiliated with Altaris Capital Partners, LLC. The Merger Agreement provides, subject to its terms and conditions, for the acquisition of the Company by Parent through the merger of Merger Sub with and into the Company, with the Company surviving the Merger as a wholly owned subsidiary of Parent (the "Merger").

As a result of the Merger, each share of common stock of the Company ("Common Stock") issued and outstanding immediately prior to the effective time of the Merger (the "Effective Time") (other than Rollover Shares (as defined below) or shares of Common Stock (a) held in treasury of the Company, (b) owned by any subsidiary of the Company, or owned by Parent, Merger Sub or any other subsidiary of Parent or (c) held by a holder who is entitled to, and who has perfected, appraisal rights for such shares under Pennsylvania law) automatically will be converted into the right to receive cash in an amount of $24.25 per share (the "Merger Consideration"), without interest, subject to any required withholding of taxes.

Prior to the closing of the Merger, Parent and certain members of management may negotiate and enter into contracts providing for a rollover of a portion of such persons' shares of Common Stock through their contribution of such shares (the aggregate amount of shares to be contributed, if any, the "Rollover Shares") to an affiliate of Parent in exchange for membership interests in such affiliate of Parent.

The completion of the Merger is subject to customary closing conditions, including: (i) the approval of the Merger Agreement by the Company's shareholders (the "Company Shareholder Approval"); (ii) the expiration or early termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and the approval of the Merger under the antitrust laws of other jurisdictions, as applicable; (iii) the absence of any laws or court orders making the Merger illegal or otherwise prohibiting the Merger; and (iv) other customary closing conditions, including the accuracy of the representations and warranties of each party (subject to certain materiality exceptions) and material compliance by each party with its covenants under the Merger Agreement. The parties expect the transaction to close in the second quarter of 2022, subject to the satisfaction or waiver of the closing conditions.

ITEM 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure

None.

ITEM 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. As of the end of the period covered by this report (the "Evaluation Date"), the Company carried out an evaluation, under the supervision and with the participation of management, including the Chief Executive Officer (principal executive officer) and the Chief Financial Officer (principal financial officer), of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) or 15d-15(e) of the Exchange Act). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the Evaluation Date, our disclosure controls and procedures were effective to ensure that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is (i) recorded, processed, summarized and reported within the time periods specified in applicable rules and forms, and (ii) accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

Management's Annual Report on Internal Control Over Financial Reporting. The report of management required under this Item 9A is contained in Item 8 of this Annual Report on Form 10-K under the caption "Management's Report on Internal Control Over Financial Reporting."

Independent Registered Public Accounting Firm's Attestation Report on Internal Control Over Financial Reporting. The attestation report of Deloitte and Touche, LLP, our independent registered public accounting firm, required under this Item 9A, is contained in Item 8 of this Annual Report on Form 10-K under the caption "Report of Independent Registered Public Accounting Firm".

Changes in Internal Controls over Financial Reporting. There were no changes in our internal control over financial reporting (as such term is defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) during the most recent fiscal quarter covered by this report that would have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected. Because of the inherent limitations in a cost-effective control system, misstatements due to error or fraud may occur and not be detected.

ITEM 9B. Other Information

None.

ITEM 9C. Disclosure Regarding Foreign Jurisdictions that Prevent Inspections.

None.

PART III

ITEM 10. Directors, Executive Officers and Corporate Governance

The information called for by Item 10 is incorporated by reference from the Company's definitive proxy statement relating to its 2022 annual meeting of shareholders, including but not necessarily limited to the sections of the 2022 proxy statement entitled "Proposal 1 – Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance."

The information concerning executive officers contained in Item 4A hereof is incorporated by reference into this Item 10.

Code of Ethics

The Company has adopted a code of ethics that applies to its directors, officers and employees, including its principal executive officer, principal financial and accounting officer, controller and persons performing similar functions. A copy of the code of ethics is available on the Company's website: www.intricon.com. The Company intends to satisfy the disclosure requirement under Item 10 of Form 8-K regarding any future amendments to a provision of its code of ethics by posting such information on the Company's website.

ITEM 11. Executive Compensation

The information called for by Item 11 is incorporated by reference from the Company's definitive proxy statement relating to its 2022 annual meeting of shareholders, including but not necessarily limited to the sections of the 2022 proxy statement entitled "Director Compensation for 2022," and "Executive Compensation".

ITEM 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information called for by Item 12 is incorporated by reference from the Company's definitive proxy statement relating to its 2022 annual meeting of shareholders, including but not necessarily limited to the section of the 2022 proxy statement entitled "Share Ownership of Certain Beneficial Owners, Directors and Certain Officers."

Equity Compensation Plan Information

The following table details information regarding the Company's existing equity compensation plans as of December 31, 2021:

Plan Category	(a) Number of securities to be issued upon exercise of outstanding options, warrants and rights (1)	(b) Weighted-average exercise price of outstanding options, warrants and rights (2)	(c) Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (3)
Equity compensation plans approved by security holders	764	$ 6.69	553
Equity Compensation plans not approved by security holders.	-	-	-
Total	764	$ 6.69	553

(1) The amount in column (a) includes outstanding options to purchase 547 shares of common stock and unvested restricted stock units for 217 shares of common stock.

(2) The weighted average exercise price in column (b) is based only on outstanding stock options.

(3) The amount shown in column (c) includes 497 shares issuable under the Company's Amended and Restated 2015 Equity Incentive Plan (the "2015 Plan") and 38 shares available for purchase under the Company's Employee Stock Purchase Plan. Under the terms of the 2015 Plan, as outstanding options under the Company's 2006 Equity Incentive Plan expire, terminate, are cancelled or forfeited or are withheld in a net exercise or for withholding taxes, the shares of common stock subject to such options will become available for issuance under the 2015 Plan. As of December 31, 2021, 215 shares of common stock were subject to outstanding options under the 2006 Equity Incentive Plan. Accordingly, if any of these options expire, terminate, are cancelled or forfeited or are withheld in a net exercise or for withholding taxes, the shares of common stock subject to such options also will be available for issuance under the 2015 Plan.

ITEM 13. Certain Relationships and Related Transactions, and Director Independence

The information called for by Item 13 is incorporated by reference from the Company's definitive proxy statement relating to its 2022 annual meeting of shareholders, including but not necessarily limited to the sections of the 2022 proxy statement entitled "Certain Relationships and Related Party Transactions" and "Independence of the Board of Directors."

ITEM 14. Principal Accounting Fees and Services

The information called for by Item 14 is incorporated by reference from the Company's definitive proxy statement relating to its 2022 annual meeting of shareholders, including but not necessarily limited to the sections of the 2022 proxy statement entitled "Independent Registered Public Accountant Fee Information."

PART IV

ITEM 15. Exhibits, Financial Statement Schedules

(a) The following documents are filed as a part of this report:

1) Financial Statements –The consolidated financial statements of the Registrant are set forth in Item 8 of Part II of this report.

Consolidated Statements of Operations for the years ended December 31, 2021 and 2020.

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2021 and 2020.

Consolidated Balance Sheets at December 31, 2021 and 2020.

Consolidated Statements of Cash Flows for the years ended December 31, 2021 and 2020.

Consolidated Statements of Equity for the years ended December 31, 2021 and 2020.

Notes to Consolidated Financial Statements.

3) Exhibits –

2.1	Share Purchase Agreement dated as of May 18, 2020 among Intricon Pte. Ltd. , a wholly-owned subsidiary of Intricon Corporation, Emerald Medical Services Pte., Ltd., a Singapore company ("EMS"), and the direct and indirect owners of EMS. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on May 20, 2020.)
2.2	Agreement and Plan of Merger, dated as of February 27, 2022, by and among Intricon Corporation, IIN Holding Company LLC and IC Meger Sub Ince. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on March 1, 2022.)
3.1	The Company's Amended and Restated Articles of Incorporation, as amended. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on April 24, 2008.)
3.2	The Company's Amended and Restated By-Laws as of March 19, 2021. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission March 22, 2021.)
3.3	Amendment to Amended and Restated Bylaws of Intricon Corporation. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission March 1, 2022.)
4.1	Specimen Common Stock Certificate. (Incorporated by reference from the Company's Registration Statement on Form S-3 (registration no. 333-200182) filed with the Commission on November 13, 2014.)
4.2	Description of the Registrant's Securities Registered Pursuant to Section 12 of the Securities Exchange Act of 1934. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2020.)
+10.1	Supplemental Retirement Plan (amended and restated effective January 1, 1995). (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 1995.)
+10.2	2006 Equity Incentive Plan, as amended. (Incorporated by reference from Appendix A to the Company's proxy statement filed with the SEC on March 15, 2012.)
+10.3	Form of Stock Option Agreement issued to executive officers pursuant to the 2006 Equity Incentive Plan. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
+10.4	Form of Stock Option Agreement issued to directors pursuant to the 2006 Equity Incentive Plan. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2006.)
+10.5	Non-Employee Directors Stock Fee Election Program. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2006.)
+10.6	Non-Employee Director and Executive Officer Stock Purchase Program, as amended. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2008.)
10.7	Agreement by and between K/S HIMPP and Intricon Corporation dated December 1, 2006 and the schedules thereto. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2006.)
+10.8	Transition Agreement by and between Mark S. Gorder and the Company dated as of June 29, 2020. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on June 30, 2020.)
+10.9.1	Employment Agreement with Mark S. Gorder. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission October 12, 2007.)
+10.9.2	Employment Agreement between the Company and Scott Longval dated as of October 1, 2020. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on October 26, 2020.)
+10.9.3	Employment Agreement between the Company and Ellen Scipta dated as of February 5, 2021. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on February 8, 2021.)
+10.9.4	Form of Employment Agreement with certain executive officers. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission October 12, 2007.)
+10.9.5	Form of Amendment No.1 to Employment Agreements with Michael Geraci and Dennis Gonsior dated as of June 14, 2021.*

10.10.1	Eleventh Amendment to Loan and Security Agreement and Waiver among the Company, Intricon, Inc., I-Management, LLC, Hearing Help Express, Inc., and CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated as of December 15, 2017. Exhibit A to this Amendment contains the fully amended Loan and Security Agreement among the parties. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
10.10.2	Twelfth Amendment to Loan and Security Agreement among the Company, Intricon, Inc., Hearing Help Express, Inc. and CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated as of July 23, 2018. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018.)
10.10.3	Thirteenth Amendment to Loan and Security Agreement among the Company, Intricon, Inc., Hearing Help Express, Inc. and CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated as of April 17, 2019. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.)
10.10.4	Fourteenth Amendment to Loan and Security Agreement and Waiver among the Company, Intricon, Inc., Hearing Help Express, Inc., and CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated as of May 13, 2020. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on May 20, 2020.)
10.11.1	Amended and Restated Revolving Note from the Company, Intricon, Inc. and Hearing Help Express, Inc. to CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated April 17, 2019. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.)
10.11.2	Amended and Restated Revolving Note from the Company, Intricon, Inc. and Hearing Help Express, Inc. to CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated May 13, 2020. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on May 20, 2020.)
10.12	Amended and Restated Term Note from the Company, Intricon, Inc., I-Management, LLC and Hearing Help Express, Inc. to CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated December 15, 2017. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
10.13	Amended and Restated CapEx Note from the Company, Intricon, Inc. and Hearing Help Express, Inc. to CIBC Bank USA (formerly known as The PrivateBank and Trust Company), dated July 23, 2018. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018).
+10.14	Annual Incentive Plan for Executives and Key Employees. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2012.)
+10.15	Amended and Restated Amendment to Equity Plans. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2013.)
+10.16	Amendment No. 2 to Equity Plans. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2016.)
+10.17.1	2015 Equity Incentive Plan. (Incorporated by reference from Appendix A to the Company's proxy statement filed with the SEC on March 6, 2015.)
+10.17.2	Amended and Restated 2015 Equity Incentive Plan. (Incorporated by reference to Appendix A to the Company's Proxy Statement filed with the Securities and Exchange Commission on March 22, 2021.)
+10.18	Form of Stock Option Agreement issued to employees pursuant to the 2015 Equity Incentive Plan. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.)

+10.19	Form of Stock Option Agreement issued to directors pursuant to the 2015 Equity Incentive Plan. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2015.)
+10.20	Form of Performance Stock Option Agreement issued to employees pursuant to the 2015 Equity Incentive Plan. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
+10.21	Form of Restricted Stock Unit Agreement issued to employees pursuant to the 2015 Equity Incentive Plan. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
+10.22	Form of Restricted Stock Unit Agreement issued to directors pursuant to the 2015 Equity Incentive Plan. (Incorporated by reference from the Company's Annual Report on Form 10-K for the year ended December 31, 2017.)
+10.23	Employee Stock Purchase Plan, as amended (Incorporated by reference from Appendix A to the Company's proxy statement filed with the SEC on March 11, 2016).
+10.24	Master Supply Agreement effective as of May 14, 2019 between Medtronic, Inc. and the Company and related Business Unit Supply Agreement and Automation Agreement (Certain provisions of this exhibit have been omitted pursuant to Item 601 (b) (10)(iv) of Regulation S-K.) (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019.)
+10.25	Form of Restricted Stock Unit Agreement issued to employees pursuant to the Amended and Restated 2015 Equity Incentive Plan. (Incorporated by reference from the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.)
+10.26	Form of Performance Restricted Stock Unit Agreement issued to employees pursuant to the Amended and Restated 2015 Equity Incentive Plan. (Incorporated by reference from Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2021.)
+10.27	Employment Agreement between the Company and Ellen Scipta dated as of February 5, 2021. (Incorporated by reference from the Company's Current Report on Form 8-K filed with the Commission on February 9, 2021.)
+10.28*	Separation Agreement and General Release of Claims between the Company and Ellen Scipta dated as of November 14, 2021.
21.1*	List of significant subsidiaries of the Company.
23.1*	Consent of Independent Registered Public Accounting Firm (Deloitte & Touche LLP).
31.1*	Certification of principal executive officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification of principal financial officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification of principal executive officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification of principal financial officer pursuant to U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101	The following materials from Intricon Corporation's Annual Report on Form 10-K for the year ended December 31, 2021, formatted in Inline XBRL (eXtensible Business Reporting Language): (i) Consolidated Statements of Operations for the years ended December 31, 2021 and 2020; (ii) Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2021 and 2020; (iii) Consolidated Balance Sheets as of December 31, 2021 and 2020; (iv) Consolidated Statements of Cash Flows for the years ended December 31, 2021 and 2020; (v) Consolidated Statements of Equity for the years ended December 31, 2021 and 2020; and (vi) Notes to Consolidated Financial Statements.
104	Cover Page Interactive Data File (embedded within the Inline XBRL Document and include in Exhibit 101)

* Filed herewith.

\+ Denotes management contract, compensatory plan or arrangement.

ITEM 16. Form 10-K Summary

None.

SIGNATURES

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

INTRICON CORPORATION (Registrant)

By: /s/ Scott Longval
Scott Longval
President and Chief Executive Officer
Dated: March 7, 2022

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on March 7, 2022.

/s/ Scott Longval
Scott Longval
President, Chief Executive Officer
and Director
(principal executive officer)

/s/ Annalee Lutgen
Annalee Lutgen
Interim Chief Financial Officer
(principal financial officer)

/s/Nicholas A. Giordano
Nicholas A. Giordano
Director

/s/ Mark S. Gorder
Mark S. Gorder
Director

/s/ Raymond O. Huggenberger
Raymond O. Huggenberger
Director

/s/ Kathleen P. Pepski
Kathleen P. Pepski
Director

/s/ Heather D. Rider
Heather D. Rider
Director

/s/ Philip I. Smith
Philip I. Smith
Director

AMENDMENT NO. 1 TO
EMPLOYMENT AGREEMENT

This **AMENDMENT NO. 1 TO EMPLOYMENT AGREEMENT** ("Amendment") is made and dated as of June 14, 2021, between INTRICON CORPORATION, a Pennsylvania corporation (the "Company"), and [NAME] ("Executive").

BACKGROUND

Company and Executive are parties to an Employment Agreement dated as of October 7, 2007 (the "Employment Agreement"). The parties desire to amend the Employment Agreement to their mutual benefit as set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein and intending to be legally bound hereby, the parties hereto agree as follows:

1. Termination for Cause. Section 4.3 of the Employment Agreement is amended and restated to read as follows:

"4.3 Termination for Cause. Executive's employment shall terminate immediately upon notice that the Board of Directors is terminating Executive for Cause (as defined herein), in which event the Company shall not thereafter be obligated to make any further payments hereunder other than amounts (including salary, expense reimbursement, etc., but excluding bonuses) due and payable to Executive as of the termination. "Cause" means the following, provided that, in the case of circumstances described in clauses (iv) through (vi) below, the Company shall have given written notice thereof to Executive, and Executive shall have failed to remedy the circumstances as determined in the sole discretion of the Board of Directors within 30 days:

(i) fraud or dishonesty in connection with Executive's employment or theft, misappropriation or embezzlement of the Company's funds or other property;

(ii) conviction of any felony, crime involving fraud or knowing misrepresentation, or of any other crime (whether or not such felony or crime is connected with his employment) the effect of which in the reasonable judgment of the Board of Directors is likely to adversely affect the Company or its affiliates;

(iii) material breach of Executive's obligations under this Agreement;

(iv) repeated and consistent unauthorized failure of Executive to be available to perform duties during normal business hours;

(v) willful violation of any Company policy or any express lawful direction or requirement established by the Board of Directors, as determined by a majority of Board of Directors;

(vi) insubordination, gross incompetence or misconduct in the performance of, or gross neglect of, Executive's duties hereunder, as determined by a majority of Board of Directors; or

(vii) use of alcohol or other drugs which interfere with Executive's performance of his duties, or use of any illegal drugs or narcotics."

2. Termination without Cause. Section 4.4(a)(i) of the Employment Agreement is amended and restated to read as follows:

"(a) If Executive's employment is terminated by the Company for any reason other than Cause or Executive's death or disability:

(i) the Company shall pay Executive amounts (including salary, bonuses, expense reimbursement, etc.) due and payable to Executive as of the termination of his employment and shall pay Executive either (A) an amount equal to Executive's then current Base Salary for a period of one year after Executive's termination of employment under this Section ("Severance Period") payable in installments in accordance with the Company's then current regular payroll practices and dates or (B) if Executive so requests in writing, the present value of Executive's Base Salary payable in a lump sum using a discount rate of six percent (6%), in either case commencing as soon as administratively practicable after the Release described in Section 4.10 (Release) becomes irrevocable as provided in Section 4.10, provided that if the 60-day period described in Section 4.10 begins in one taxable year and ends in a second taxable year, such payments shall not commence until the second taxable year; and".

3. Change of Control. Section 4.6(c) of the Employment Agreement is amended and restated to read as follows:

"(c) Except as otherwise provided in this Section, any Change of Control Payment or other sums to be paid to Executive under this Section shall be paid in a lump sum as soon as administratively practicable after the Release described in Section 4.10 (Release) becomes irrevocable as provided in Section 4.10, provided that if the 60-day period described in Section 4.10 begins in one taxable year and ends in a second taxable year, such payment shall not commence until the second taxable year."

4. Equity Awards. Section 4.9 of the Employment Agreement is amended and restated to read as follows:

"4.9 Equity Awards. If during the Term: (a) Executive's employment is terminated by the Company for any reason other than for Cause or (b) Executive terminates his employment under circumstances that would constitute an Involuntary Termination, then (i) any stock options granted to Executive by the Company which are outstanding and have not been exercised by Executive prior to Executive's termination (X) if unvested, shall accelerate, vest and be exercisable on the date of termination of employment, and (Y) may be exercised by Executive or his legal representative, estate, personal representative or beneficiary who acquired the right to exercise such options by bequest or inheritance, as the case may be, for a period equal to the unexpired term of the stock option, notwithstanding Executive's termination, and (ii) any unvested restricted stock units granted to Executive by the Company shall automatically vest and become free of all restrictions and conditions, less applicable withholdings, on the date of termination of employment, notwithstanding Executive's termination; provided, however, that with respect to any acceleration of stock options or vesting of restricted stock units as a result of the termination of Executive's employment under clause (a) or (b), it shall be a condition precedent to such acceleration that Executive shall have complied with Section 4.10 (Release); and provided, further however, that the vesting of equity awards conditioned on performance shall be governed by the terms of the award agreement evidencing such equity award and not by this Section. For the avoidance of doubt, the treatment of Executive's equity awards in the event of a Change of Control shall be governed by the terms of the Amended and Restated 2015 Equity Incentive Plan as it may be amended (or any applicable successor plan)."

5. Release. Section 4.10 of the Employment Agreement is amended and restated to read as follows:

"4.10 Release. In the event of the termination of Executive's employment for any reason, the Company shall not be obligated to make any payments or provide continuing benefits under this Agreement (other than payments and benefits earned by Executive and payable prior to the date of termination) unless Executive executes and delivers within 60 days after presentation by the Company, and does not revoke within 15 days after delivery by Executive, an agreement ("Release") in a form acceptable to the Company, that: (i) releases all claims by Executive against the Company and any of its subsidiaries and affiliates, through date of execution; and (ii) requires Executive to indemnify the Company if he breaches the Release."

6. Injunctive and Other Relief. A new subsection (e) is added at the end of Section 5.4 to read as follows:

"(e) Nothing in this Agreement prohibits Executive reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the Department of Justice, the Securities and Exchange Commission, Congress, the Occupational Safety and Health Administration, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal and state law or regulation, including the Defend Trade Secrets Act, which gives Executive immunity from federal and state civil and criminal liability for disclosures of trade secrets. Under the Defend Trade Secrets Act, Executive has the right to (i) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law, and (ii) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Executive does not need prior authorization from the Company to make any such reports or disclosures and are not required to notify the Company that he has made such reports or disclosures."

7. Arbitration. Section 6.2 of the Employment Agreement is amended to replace the words "Philadelphia, Pennsylvania" with "Minneapolis, Minnesota".

8. Governing Law. Section 6.6 of the Employment Agreement is amended to replace the words "Commonwealth of Pennsylvania" with "State of Minnesota".

9. Section 409A. A new Section 6.10 is added to the Employment Agreement immediately after Section 6.9 of the Employment Agreement to read as follows:

“6.10 Section 409A.

(a) Notwithstanding anything to the contrary in this Agreement, no portion of the benefits or payments to be made under Section 4, Termination of Employment, will be payable until Executive has a “separation from service” from the Company within the meaning of Section 409A of the Internal Revenue Code of 1986 and its governing regulations and guidance (“Section 409A”). In addition, to the extent compliance with the requirements of Treas. Reg. § 1.409A-3(i)(2) (or any successor provision) is necessary to avoid the application of an additional tax under Section 409A to payments due to Executive upon or following his “separation from service”, then notwithstanding any other provision of this Agreement (or any otherwise applicable plan, policy, agreement or arrangement), any such payments that are otherwise due within six months following Executive’s “separation from service” (taking into account the preceding sentence of this paragraph) will be deferred without interest and paid to Executive in a lump sum immediately following the earlier to occur (i) the expiration of such six month period or (ii) the death of Executive. For purposes of the application of Section 409A, each payment in a series of payments will be deemed a separate payment.

(b) Notwithstanding anything herein to the contrary or otherwise, except to the extent any expense, reimbursement or in-kind benefit provided to Executive does not constitute a “deferral of compensation” within the meaning of Section 409A, (i) the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive during any calendar year will not affect the amount of expenses eligible for reimbursement or in-kind benefits provided to Executive in any other calendar year, (ii) the reimbursements for expenses for which Executive is entitled to be reimbursed shall be made on or before the last day of the calendar year following the calendar year in which the applicable expense is incurred and (iii) the right to payment or reimbursement or in-kind benefits hereunder may not be liquidated or exchanged for any other benefit.

(c) Anything to the contrary herein notwithstanding, all benefits or payments provided by the Company to Executive that would be deemed to constitute “nonqualified deferred compensation” within the meaning of Section 409A are intended to comply with, and shall be interpreted as complying with, Section 409A and all benefits or payments provided by the Company to Executive that are intended to be exempt from Section 409A shall be interpreted in a manner consistent with such intent.”

10. Miscellaneous.

10.1 Except as set forth in this Amendment, the Employment Agreement shall remain in full force and effect in accordance with its terms.

10.2 This Amendment may be executed in counterparts, each of which shall be deemed to be an original and all of which, when taken together, shall constitute one and the same instrument.

[Signatures appear on the following page.]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the date written above.

INTRICON CORPORATION

By: _____
Name:
Title:

EXECUTIVE

By: _____

SEPARATION AGREEMENT
AND GENERAL RELEASE OF CLAIMS

THIS SEPARATION AGREEMENT AND GENERAL RELEASE OF CLAIMS (hereinafter referred to as the "*Agreement*") is being entered into between and among **INTRICON CORPORATION** (hereinafter referred to as the "*Company*") and **ELLEN SCIPTA** on behalf of and for the benefit of herself and her heirs, assigns and representatives (hereinafter referred to as "*Executive*") (collectively the "*Parties*") to resolve any and all differences or issues, whether known or presently unknown, relating in any way to Executive's employment with the Company, Executive's separation from employment and any related proceedings.

WHEREAS, Executive was employed by the Company as its Chief Financial Officer ("*CEO*"), pursuant to an Employment Agreement executed by Executive ("*Employment Agreement*"), attached hereto as Exhibit A;

WHEREAS, the Executive's employment relationship with the Company is ending effective on the Separation Date pursuant to the terms and conditions set forth herein; and

WHEREAS, the Parties are entering into this Agreement to resolve any and issues relating to Executive's employment with the Company, separation from employment and any related proceedings.

NOW THEREFORE, in consideration of the mutual covenants, agreements, and promises hereinafter set forth, and of other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. Separation Date. Executive's employment with the Company is separated effective October 29, 2021 ("*Separation Date*"). As of this date, Executive will have no further daily operational duties or responsibilities as Chief Financial Officer on behalf of the Company.

2. Consideration, Separation Payment and Benefits. In consideration of Executive's execution and non-revocation of this Agreement, general release of claims hereunder, and other promises and covenants herein, and in accordance with Section 4.4 of the Employment Agreement, the Company shall provide payment and benefits to Executive as follows:

a. *Compensation*. The Company agrees to pay to Executive all applicable earned compensation due and owing up to and including the Separation Date. Additionally, Executive will be paid for any accrued but unused vacation days as of the Separation Date. No additional benefits will accrue after the Separation Date. Such payment will be made on the next regular payroll period and subject to all standard federal, state and local payroll deductions and tax withholdings. For avoidance of doubt, Executive is entitled to retain the signing bonus paid to her at the commencement of her employment. Executive acknowledges the receipt and accuracy of the amounts paid as detailed in this Paragraph 2(a).

b. *Separation Payment*. Subject to the terms of this Agreement including, but not limited to Executive signing and not revoking this Agreement and complying with all post-employment obligations to the Company, the Company agrees to provide Executive with a gross total payment of $380,000, consisting of: (i) one (1) year of Executive's base salary in the amount of $320,000, plus (ii) an additional gross amount of $60,000, in recognition that Executive is not eligible for a 2021 bonus, any 401(k) match, or for Company payment of future professional membership expenses to be incurred (collectively these amounts are referred to as the "***Separation Payment***"). The Separation Payment will be paid in 26 consecutive equal installments in the amount of $14,615.39 in accordance with the Company's standard payroll practices and will be subject to all normal payroll deductions and withholdings. The first installment of the Separation Payment will be paid on the first administratively practicable regular pay date of the Company following the expiration of the revocation period below.

c. *Outplacement Services.* As further consideration for this Agreement, if Executive signs and does not revoke this Agreement, the Company will pay up to an aggregate of $10,000 directly to an outplacement services vendor of Executive's choosing for outplacement services provided to Executive in the calendar years 2021 and/or 2022. In order to be eligible for this benefit, Executive must advise the Company's Chief Human Resources Officer (currently Sara Hill, shill@intricon.com), within five (5) days of retaining the outplacement firm to coordinate direct payment of the fees after services are provided.

d. *Company Benefits*. Executive did not elect to participate in the Company's medical plans and accordingly is not entitled to continuing health insurance coverage under the Consolidated Omnibus Budget Reconciliation Act after the Separation Date. Executive's entitlement to any other Company provided benefits shall terminate in accordance with the applicable plan documents as a result of Executive's separation from employment.

e. *Time Vested Restricted Stock Units*. In accordance with the Company's 2015 Equity Incentive Plan, as amended (the "*Plan*"), the applicable awards under the Plan and the Employment Agreement, 15,251 unvested restricted stock units held by Executive as of the Separation Date which vest over time shall automatically become free of all restrictions and conditions, less applicable withholdings, on the first trading day after the expiration of the revocation period set forth in Section 16.

f. *Performance Vested Restricted Stock Units*. In accordance with the Plan and the award under the Plan made on February 15, 2021 (the "***Performance Award***") for a total of 5,417 performance restricted stock units: (i) 4,091[1] unvested performance restricted stock units under the Performance Award held by Executive as of the Separation Date shall terminate and be cancelled and (ii) 1,326 unvested performance restricted stock units ("***Remaining Unvested PRSUs***") under the Performance Award held by Executive as of the Separation Date shall remain outstanding, subject to the terms of the Plan, the Performance Award and this Agreement. The vesting of the Remaining Unvested PRSUs is contingent upon the Company's level of achievement of the Performance Standards (as defined in Exhibit B) during the Performance Period (as defined in Exhibit B). Any Remaining Unvested PRSUs that do not become vested as provided in Exhibit B shall be forfeited. Unvested PRSUs will vest and shares of common stock will be delivered, less applicable withholdings, only upon certification by the Compensation Committee of the Board of Directors of the Company of the level of achievement of the Performance Standards previously established and approved by the Committee for the Performance Period. Section 6.3 of the Plan shall govern the vesting of PRSUs in the event of a Change in Control (as defined in the Plan) prior to the Vesting Date (as defined in the Performance Award).

[1] Note to Agreement. In accordance with the Performance Award, termination of unvested performance restricted stock units was prorated was based on 257 days from 2/15/21 to 10/29/21 divided by 1,050 days from 2/15/21 to 12/31/23.

3. Adequate Consideration. Executive acknowledges that the consideration set forth above is satisfactory and adequate in exchange for Executive's promises and general release of claims contained herein, and that Executive is not entitled to the consideration described in Paragraph 2 (other than under Paragraph 2(a)) if Executive does not sign this Agreement. Executive acknowledges and agrees that the consideration in Paragraph 2 above constitutes the sole and exclusive consideration provided to Executive under this Agreement, and that Executive is not entitled to the consideration (other than under Paragraph 2(a)) if Executive does not sign this Agreement.

4. No Additional Payments, Benefits or Continuing Company Representation. Executive acknowledges and agrees that, except for any unpaid base salary and benefits through the Separation Date, and outstanding business expenses incurred up to and including the Separation Date that are timely submitted for reimbursement in accordance with the Company's reimbursement policy, Executive will receive no additional payments or benefits other than as set forth herein or as required by law. Executive acknowledges that she is not entitled to receive any other compensation, bonus, commission, incentive, benefits or other forms of compensation except as specifically provided for herein.

5. General Release. Executive, on her own behalf and on behalf of anyone acting through her or on her behalf, irrevocably and unconditionally releases, acquits and forever discharges the Company and its past, present and future parents, divisions, subsidiaries, and affiliates, predecessors, successors and assigns, and its and their past, present, and future officers, directors, members, partners, attorneys, employees, independent contractors, agents, clients, and representatives ("*Released Parties*") from any and all claims, debts, liabilities, demands, suits, damages, obligations, actions and causes of actions, of any nature whatsoever, whether known or unknown, or suspected or unsuspected, or direct or indirect, from the beginning of time until this Agreement is fully executed by the Parties, including but not limited to those arising out of or in connection with Executive's employment, and separation from employment, with the Company. This includes without limitation: (a) all claims for misclassification, failure to pay wages or overtime premiums, failure to pay vacation wages/paid time off, failure to timely pay wages, failure to provide accurate itemized wage statements, failure to maintain accurate records, failure to provide meal periods and rest breaks, failure to post notice of paydays, time and place of payment; (b) all claims for violation of any federal, state or local statute, ordinance or regulation relating to employment benefits, leaves of absence, or discrimination or harassment or retaliation in employment, whistleblower protection, specifically including, without limitation, the Age Discrimination in Employment Act of 1967 ("*ADEA*"), as amended by the Older Workers Benefits Protection Act of 1990, the Employee Retirement Income Security Act of 1974 (except that Executive is not waiving any claim for vested benefits under the Practice's employee benefit plans), the Family and Medical Leave Act, Title VII of the Civil Rights Act of 1964, the Americans with Disabilities Act, the Fair Labor Standards Act, the Federal Rehabilitation Act of 1973, the Worker Adjustment and Retraining Notification Act of 1988, the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Civil Rights Act of 1871, the Uniformed Services Employment and Reemployment Rights Act of 1994, the National Labor Relations Act, the Labor Management Relations Act, the Equal Pay Act, the Lilly Ledbetter Fair Pay Act, federal, state and local Occupational Safety and Health Laws, the Families First Coronavirus Response Act, the Minnesota Human Rights Act, the Minnesota Equal Pay for Equal Work Law, the Minnesota Termination of Sales Representatives Act, the Minnesota Whistleblower Act, the Minnesota Whistleblower Protection Laws, the Minnesota Parental Leave Act any local, state, or federal law arising from and/or enacted to address the COVID-19 virus, all as amended, and further including any regulation of any administrative agency or governmental authority relating to employment benefits or discrimination or harassment or retaliation in employment; (c) all claims for breach of oral, implied or written contract; (d) all claims for wrongful termination of employment; (e) all claims for breach of the implied covenant of good faith and fair dealing; (f) all claims for negligent or intentional infliction of mental or emotional distress; (g) any non-statutory tort or contractual claim; (h) all claims for wages, penalties and/or benefits; and (i) all claims for attorney's fees. To the extent permitted by law, Executive also waives any right or ability to be a class or collective action representative or to otherwise participate in any putative or certified class, collective or multi-party action or proceeding based on such a claim in which any Released Party is a party. The foregoing description of claims is intended to be illustrative and is not exhaustive. The Parties intend this release to be a release of any and all claims to the fullest extent permissible under law.

This is a general release and covers claims that Executive knows about presently and those that Executive may not know about up through the date of this Agreement. This Agreement specifically includes any and all claims for attorney's fees and costs which are incurred by Executive for any reason. The Company is not waiving its right to any restitution, recoupment or setoff against Executive which is permitted by law based on claims released herein. The parties also agree that nothing in this release will affect the right of either party to enforce the terms of this Agreement.

6. Excluded Claims. Notwithstanding the broad scope of the Release, the General Release is not intended to bar any claims that, as a matter of law, whether by statute or otherwise, may not be waived, such as claims for workers' compensation benefits and unemployment insurance benefits, challenges to the validity of the release under the ADEA, violations of SEC rules, and any rights to vested benefits, such as pension or retirement benefits, the rights to which are governed by the terms of the applicable plan documents and award agreements. Nothing in the Agreement is intended to interfere with Executive's right to file a charge with the United States Equal Employment Opportunity Commission ("*EEOC*") or any other federal or state agency, or participating in any investigation conducted by the EEOC (or other federal or state agency), or any other federal or state agency; *provided, however*, that Executive expressly releases and waives her right to individual recovery of any type, including back pay, front pay, compensatory damages, liquidated or punitive damages, attorney's fees, reinstatement, or any other benefit, in any administrative or court action, whether state or federal, and whether brought by Executive or on Executive's behalf, related in any way to the matters released herein. Nothing in this Agreement will waive or release any rights or claims that Executive may have under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

7. Older Worker Benefit Protection Act Acknowledgement. Executive knowingly and voluntarily waives any and all claims under the ADEA, 29 U.S.C. § 621, et seq., and acknowledges as follows:

a. This waiver is a part of an Agreement that is written in a manner calculated to be understood by Executive.

b. This waiver specifically refers to rights and claims arising under the ADEA.

c. Executive does not waive any claims that may arise after the effective date of this Agreement.

d. Executive waives ADEA rights or claims only in exchange for consideration in addition to anything of value to which she is already entitled.

e. Executive has been advised to consult with an attorney before executing this Agreement and further represents and warrants that she has, in fact, consulted with her attorney, regarding this Agreement, her rights and her waiver of rights.

f. Executive acknowledges that she was given a reasonable period of time of at least twenty-one (21) days within which to consider and sign this Agreement and, at her option alone, she may sign prior to the end of that period.

g. Executive acknowledges that for a period of fifteen (15) days following the execution of this Agreement, she may revoke this Agreement by providing written notice to Sara Hill, Chief Human Resources Officer, as outlined in Paragraph 16 below. Any revocation must be within fifteen (15) calendar days after Executive signs this Agreement, and this Agreement shall not become effective until this fifteen (15) day revocation period has expired.

8. Executive Affirmations and Acknowledgements.

a. Executive affirms she has not filed any claims, complaints, arbitration, lawsuit, or actions of any kind against the Company or the Released Parties with any court of law, or local, state, or federal government or agency, nor allowed any other party acting on Executive's behalf to do so. Executive also certifies that she will not voluntarily participate, assist, encourage any actions against the Company or any Released Party unless pursuant to a validly issued subpoena or court order, and that upon receipt of such instrument, Executive will notify the Company within 48 hours by providing notice to Sara Hill, Chief Human Resources Officer (shill@intricon.com).

b. Executive affirms that upon receipt of the payments outlined in Paragraph 2, she has been properly paid for all hours worked for the Company, and has received all salary, commissions, bonuses, benefits and other compensation due to her, including but not limited to all monies due to Executive under any benefit plans established and/or maintained by the Company. Executive also acknowledges that all such payments that Executive has received, independent of this Agreement, are accurate.

c. Executive affirms that she has no known workplace injuries or occupational diseases and has been provided and/or has not been denied any leave requested under the Family and Medical Leave Act, the Families First Coronavirus Response Act, and/or any state or local leave law.

d. Executive affirms she has not complained of and is not aware of any fraudulent activity or any act(s) which would form the basis of a claim of fraudulent or illegal activity against the Released Parties.

e. Executive affirms that she shall not represent herself as actively employed or connected with the Released Parties in any capacity and shall relinquish any roles which she obtained through her relationship with the Company.

9. Confidentiality and Return of Property. Executive agrees to maintain confidentiality and to return Company property as follows:

a. Executive agrees, unless required by law, not to disclose the terms or provisions of this Agreement (prior to the public announcement of this Agreement by the Company), any information related to Executive's employment, separation from employment, or any information learned during Executive's employment, from any source, about the Company's business, operations or any other matter, to anyone other than the appropriate taxing authorities, Executive's attorneys, financial advisors and immediate family members, who will be informed by Executive of and bound by the confidentiality provision, unless they are required by law to make a disclosure. Executive understands that Company will prepare applicable SEC disclosure documents, and may prepare a press release and other public communications, concerning Executive's separation. Executive understands that the Company will be required to file a copy of this Agreement with the SEC as a public document.

b. Executive agrees that she will not retain, use, or disclose any confidential information following her separation of employment for any reason whatsoever, unless expressly authorized by the Company in writing, or as permitted by law if such disclosure is made in confidence to a government official or attorney, either directly or indirectly, solely for the purpose of reporting or investigating a suspected violation of law or in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

c. Executive agrees that upon her separation from the Company, Executive will promptly turn over all confidential information and property of the Company in Executive's possession, custody, or control, regardless of its location or format. This includes, but is not limited to, files, documents, and any electronic or hard copies thereof, computer or mobile device equipment, credit cards, keys, security passes, and any other Company property in Executive's possession. Executive shall not retain copies of any Company information, property, documents or materials in hard copy, digital, or electronic format after the Separation Date. Further Executive agrees that she continues to be bound by the post-employment obligations outlined in the Employment Agreement.

10. 409A. It is intended that all payments under this Agreement will be exempt from section 409A of the Internal Revenue Code of 1986, as amended ("*Section 409A*"), and the Agreement (and any payments) shall be interpreted and construed on a basis consistent with such intent. The preceding shall not be construed as a guarantee of any particular tax effect. Executive is solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed in connection with all payments under this Agreement (including any taxes and penalties under Section 409A), and neither the Company nor any other Released Party shall have no obligation to indemnify or otherwise hold Executive harmless from any or all of such taxes or penalties.

11. Reaffirmation of Post-Employment Obligations from Employment Agreement. Without limiting the other provisions of this Agreement, Executive hereby reaffirms each of the acknowledgements and covenants made by her and restrictions on her conduct and future activities set forth in Section 5 of the Employment Agreement, which is attached hereto as Exhibit A, except as otherwise stated herein. The Company agrees not to enforce Executive's non-competition and non-solicitation obligations in Section 5.3 (Noncompetition and Non-Solicitation) of the Employment Agreement, provided that Executive does not breach her other obligations in the Employment Agreement, specifically including, but not limited to, confidentiality. For the avoidance of doubt, the obligations in Section 5.1 (Confidentiality) of the Employment Agreement shall continue indefinitely.

12. Non-Disparagement. Executive agrees that Executive will not, publicly or privately, make any statement that disparages or is a negative comment about the Company, its officers, employees, former employees, officers, directors, executives, or its reputation, business or operations to anyone, including any current or former Company employees, members, board of directors or any third party not specifically listed in the provision. The Company agrees to instruct the executive team not to publicly or privately, make any statement that disparages or is a negative comment about Executive. The non-disparagement obligations in this Paragraph apply to all forums, whether in writing, orally or electronically and expressly includes statements made on the internet (including, but not limited to, social networking sites such as Facebook, Twitter, and LinkedIn) and statements made under a pseudonym. To the extent Executive seeks a job verification, such inquiries should be directed exclusively to the Company's Chief Human Resources Officers, currently Sara Hill, shill@intricon.com.

Nothing in this Agreement prohibits Executive from reporting possible violations of federal law or regulation to any governmental agency or entity, including but not limited to the U.S. Department of Justice, the Securities and Exchange Commission, Congress, the Occupational Safety and Health Administration, and any agency Inspector General, or making other disclosures that are protected under the whistleblower provisions of federal and state law or regulation, including the Defend Trade Secrets Act, which gives Executive immunity from federal and state civil and criminal liability for disclosures of trade secrets. Under the Defend Trade Secrets Act, Executive has the right to (i) disclose in confidence trade secrets to federal, state, and local government officials, or to an attorney, for the sole purpose of reporting or investigating a suspected violation of law, and (ii) disclose trade secrets in a document filed in a lawsuit or other proceeding, but only if the filing is made under seal and protected from public disclosure. Executive does not need prior authorization from the Company to make any such reports or disclosures and are not required to notify the Company that she has made such reports or disclosures.

13. **Governing Law**. The Agreement, and all matters arising out of or relating to the Agreement, shall be governed and construed in accordance with the laws of the State of Minnesota, without regard to principles of conflicts of laws.

14. **Entire Agreement; Modification**. This Agreement, including the Employment Agreement attached as Exhibit A and the Performance Award, is the entire Agreement between Executive and the Company and any other prior agreements between them are hereby terminated and shall have no other force or effect, except for any post-employment obligations outlined in the Employment Agreement. The Company has made no promises to Executive other than those set forth in this Agreement. This Agreement may be modified only upon an express written agreement between the Parties.

15. **Review Period.** Executive acknowledges that she has been given up to twenty-one (21) days to review this Agreement and consult with counsel. Executive further acknowledges that she has had the opportunity to consider the terms of this Agreement for a period of up to twenty-one (21) days. Executive agrees that any modifications, material or otherwise, made to this Agreement, do not restart or affect in any manner the original up to twenty-one (21) day consideration period. Executive further acknowledges that she understands all of the terms of the Agreement and their significance, that she knowingly and voluntarily assents to all the terms and conditions herein, and that she is signing the Agreement voluntarily and of her own free will. Executive agrees and understands that this Agreement contains a general release of claims against the Company.

16. **Revocation Period**. Executive will have fifteen (15) days following the execution of this Agreement to revoke the terms of this Agreement. Any revocation within this period must be submitted, in writing, to Sara Hill, Chief Human Resources Officer, dated within fifteen (15) calendar days after Executive signs this Agreement. If Executive revokes this Agreement, it shall be null and void, and the obligations or entitlements of the Parties under the Agreement shall be null, void, and eliminated. In this event, Executive shall not be entitled to the consideration referenced in Paragraph 2 (other than under Paragraph 2(a)). Executive acknowledges and understands that this Agreement does not become effective until the fifteen (15th) day revocation period has expired.

17. **No Admission of Liability.** By entering into this Agreement, the Company and the Released Parties do not admit and expressly deny that they have violated any contract, rule, law or regulation, including, but not limited to, any federal, state or local law or regulation relating to employment or discrimination.

18. **Duty to Cooperate.** Executive agrees, upon reasonable notice, to cooperate fully with the Company, and with its representatives, agents, counsel, experts or consultants in connection with any judicial proceeding, arbitration, administrative proceeding, governmental investigation or inquiry, transition information, or audit in which the Company may be or become involved.

19. **Waiver.** Any Party's failure to enforce any provision of this Agreement shall not act as a waiver of that or any other provision. Any Party's waiver of any breach of this Agreement shall not act as a waiver of any other breach.

20. **Execution in Counterparts**. The Parties agree to accept signed faxes or electronic versions in lieu of originals for the purpose of executing this Agreement. The Parties further agree that this Agreement may be executed in one or more counterparts, each of which shall be deemed an original and all of which together will constitute one and the same Agreement.

[Signature Page Follows]

EXECUTIVE FREELY AND KNOWINGLY, AND AFTER DUE CONSIDERATION, ENTERS INTO THIS AGREEMENT INTENDING TO WAIVE, SETTLE AND RELEASE ALL CLAIMS SHE HAS OR MIGHT HAVE AGAINST RELEASED PARTIES.

IN WITNESS WHEREOF, and intending to be legally bound, the Parties agree to the terms of this Agreement.

COMPANY

Date: November 14, 2021

INTRICON CORPORATION

By: /s/ Sara Hill
Sara Hill,
Chief Human Resources Officer

EXECUTIVE

Date: November 14, 2021

By: /s/ Ellen Scipta
Ellen Scipta

Exhibit A

Employment Agreement

[The Employment Agreement between Intricon Corporation and Ellen Scipta dated as of February 5, 2021 was filed as an exhibit to Intricon Corporation's Current Report on Form 8-K filed with the Securities and Exchange Commission on February 8, 2021.]

Exhibit B

Remaining Unvested PRSUs

[Information omitted pursuant to Item 6.01(a)(5) of Regulation S-K]

Significant Subsidiaries of
Intricon Corporation

Subsidiary	Place of Incorporation
Emerald Medical Services Pte., LTD	Singapore
Hearing Help Express, Inc.	Illinois
Intricon GmbH Vertrieb von Elecktronikteilen	Germany
Intricon, Inc.	Minnesota
Intricon PTE LTD.	Singapore
PT Intricon Indonesia	Indonesia
Emerald Extrusion Services LLC	California

EXHIBIT 23.1

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in Registration Statement Nos. 333-200182, 333-224723, and 333-226334, as amended on Form S-3 and Registration Statement Nos. 333-16377, 333-66433, 333-59694, 333-129104, 333-134256, as amended, 333-145577, 333-168586, as amended, 333-173837, 333-181160, as amended, 333-204123, and 333-211326 on Form S-8 of our reports dated March 7, 2022, relating to the financial statements of Intricon Corporation (the “Company”) and the effectiveness of the Company's internal control over financial reporting appearing in this Annual Report on Form 10-K for the year ended December 31, 2021.

/s/ DELOITTE & TOUCHE LLP

Minneapolis, Minnesota

March 7, 2022

CERTIFICATION

I, Scott Longval, certify that:

1. I have reviewed this annual report on Form 10-K of Intricon Corporation;

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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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: March 7, 2022

/s/ Scott Longval
President and Chief Executive Officer
(principal executive officer)

EXHIBIT 31.2

CERTIFICATION

I, Annalee Lutgen, certify that:

1. I have reviewed this annual report on Form 10-K of Intricon Corporation;

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 (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) 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: March 7, 2022

/s/ Annalee Lutgen
Interim Chief Financial Officer
(principal financial officer)

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
18 U.S.C.SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Scott Longval, Chief Executive Officer (principal executive officer) of Intricon Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) the annual report on Form 10-K of the Company for the year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 7, 2022

/s/ Scott Longval
Scott Longval
President and Chief Executive Officer
(principal executive officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
18 U.S.C.SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Annalee Lutgen, Chief Financial Officer (principal financial officer)of Intricon Corporation (the "Company"), certify, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. Section 1350, that:

1) the annual report on Form 10-K of the Company for the year ended December 31, 2021 (the "Report") fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: March 7, 2022

/s/ Annalee Lutgen
Annalee Lutgen
Interim Chief Financial Officer
(principal financial officer)

The foregoing certification is being furnished solely pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (Section 1350 of Chapter 63 of Title 18 of the United States Code) and is not being filed as part of the Report or as a separate disclosure document.