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

FORM 10-Q

(Mark One)

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

For the quarterly period ended **June 29, 2024**

☐ **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 1-34679

VISHAY PRECISION GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware	**27-0986328**
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification Number)
3 Great Valley Parkway, Suite 150	
Malvern, PA, 19355	**484-321-5300**
(Address of Principal Executive Offices) (Zip Code)	(Registrant's Telephone Number, including area code)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock, $0.10 par value	VPG	New York Stock Exchange

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. ý 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 (section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files. ý Yes ☐ No

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

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

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

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

As of August 6, 2024, the registrant had 12,232,016 shares of its common stock and 1,022,887 shares of its Class B convertible common stock outstanding.

VISHAY PRECISION GROUP, INC.
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PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Balance Sheets
(In thousands)

	June 29, 2024	December 31, 2023
	(Unaudited)	
Assets		
Current assets:		
Cash and cash equivalents	**$ 84,128**	$ 83,965
Accounts receivable, net	**49,926**	56,438
Inventories:		
Raw materials	**35,799**	33,973
Work in process	**28,549**	26,594
Finished goods	**25,748**	27,572
Inventories, net	**90,096**	88,139
Prepaid expenses and other current assets	**17,007**	14,520
Total current assets	**241,157**	243,062
Property and equipment:		
Land	**4,121**	4,154
Buildings and improvements	**72,406**	72,952
Machinery and equipment	**131,392**	131,738
Software	**9,945**	9,619
Construction in progress	**10,802**	11,379
Accumulated depreciation	**(141,485)**	(139,206)
Property and equipment, net	**87,181**	90,636
Goodwill	**45,491**	45,734
Intangible assets, net	**42,643**	44,634
Operating lease right-of-use assets	**26,084**	26,953
Other assets	**20,233**	20,547
Total assets	**$ 462,789**	$ 471,566

Continues on the following page.

VISHAY PRECISION GROUP, INC.
Consolidated Condensed Balance Sheets
(In thousands)

	June 29, 2024	December 31, 2023
Liabilities and equity	*(Unaudited)*	
Current liabilities:		
Trade accounts payable	**$ 11,284**	$ 11,698
Payroll and related expenses	**17,649**	18,971
Other accrued expenses	**21,541**	22,427
Income taxes	**3,704**	4,524
Current portion of operating lease liabilities	**4,089**	4,004
Current portion of long-term debt	**31,914**	—
Total current liabilities	**90,181**	61,624
Long-term debt	**—**	31,856
Deferred income taxes	**3,509**	3,490
Operating lease liabilities	**21,297**	22,625
Other liabilities	**13,888**	14,770
Accrued pension and other postretirement costs	**6,880**	7,276
Total liabilities	**135,755**	141,641
Equity:		
Common stock	**1,336**	1,330
Class B convertible common stock	**103**	103
Treasury stock	**(23,388)**	(17,460)
Capital in excess of par value	**202,765**	202,672
Retained earnings	**192,560**	182,066
Accumulated other comprehensive loss	**(46,365)**	(38,869)
Total Vishay Precision Group, Inc. stockholders' equity	**327,011**	329,842
Noncontrolling interests	**23**	83
Total equity	**327,034**	329,925
Total liabilities and equity	**$ 462,789**	$ 471,566

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Operations

(Unaudited - In thousands, except per share amounts)

	Fiscal quarter ended	
	June 29, 2024	**July 1, 2023**
Net revenues	**$ 77,359**	$ 90,802
Costs of products sold	**44,952**	52,090
Gross profit	**32,407**	38,712
Selling, general and administrative expenses	**26,501**	26,755
Restructuring costs	**—**	162
Operating income	**5,906**	11,795
Other income (expense):		
Interest expense	**(649)**	(1,079)
Other	**1,701**	1,019
Other income (expense)	**1,052**	(60)
Income before taxes	**6,958**	11,735
Income tax expense	**2,316**	3,384
Net earnings	**4,642**	8,351
Less: net earnings attributable to noncontrolling interests	**39**	115
Net earnings attributable to VPG stockholders	**$ 4,603**	$ 8,236
Basic earnings per share attributable to VPG stockholders	**$ 0.34**	$ 0.61
Diluted earnings per share attributable to VPG stockholders	**$ 0.34**	$ 0.60
Weighted average shares outstanding - basic	**13,348**	13,601
Weighted average shares outstanding - diluted	**13,389**	13,670

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Operations

(Unaudited - In thousands, except per share amounts)

	Six fiscal months ended	
	June 29, 2024	**July 1, 2023**
Net revenues	**$ 158,142**	$ 179,666
Costs of products sold	**90,641**	103,755
Gross profit	**67,501**	75,911
Selling, general and administrative expenses	**53,895**	53,914
Restructuring costs	**782**	278
Operating income	**12,824**	21,719
Other income (expense):		
Interest expense	**(1,277)**	(2,076)
Other	**3,561**	1,294
Other income (expense)	**2,284**	(782)
Income before taxes	**15,108**	20,937
Income tax expense	**4,634**	5,604
Net earnings	**10,474**	15,333
Less: net earnings attributable to noncontrolling interests	**(20)**	133
Net earnings attributable to VPG stockholders	**$ 10,494**	$ 15,200
Basic earnings per share attributable to VPG stockholders	**$ 0.78**	$ 1.12
Diluted earnings per share attributable to VPG stockholders	**$ 0.78**	$ 1.11
Weighted average shares outstanding - basic	**13,376**	13,593
Weighted average shares outstanding - diluted	**13,428**	13,661

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Comprehensive Income (Loss)

(Unaudited - In thousands)

	Fiscal quarter ended	
	June 29, 2024	**July 1, 2023**
Net earnings	**$ 4,642**	$ 8,351
Other comprehensive loss, net of tax:		
Foreign currency translation adjustment	**(2,596)**	(1,680)
Pension and other postretirement actuarial items	**(6)**	(1)
Other comprehensive loss	**(2,602)**	(1,681)
Comprehensive income	**2,040**	6,670
Less: comprehensive income attributable to noncontrolling interests	**39**	115
Comprehensive income attributable to VPG stockholders	**$ 2,001**	$ 6,555

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Comprehensive Income (Loss)

(Unaudited - In thousands)

	Six fiscal months ended	
	June 29, 2024	**July 1, 2023**
Net earnings	**$ 10,474**	$ 15,333
Other comprehensive loss, net of tax:		
Foreign currency translation adjustment	**(7,488)**	(178)
Pension and other postretirement actuarial items	**(8)**	2
Other comprehensive loss	**(7,496)**	(176)
Comprehensive income	**2,978**	15,157
Less: comprehensive (loss) income attributable to noncontrolling interests	**(20)**	133
Comprehensive income attributable to VPG stockholders	**$ 2,998**	$ 15,024

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Cash Flows

(Unaudited - In thousands)

	Six fiscal months ended	
	June 29, 2024	**July 1, 2023**
Operating activities		
Net earnings	**$ 10,474**	$ 15,333
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	**7,859**	7,725
Loss (gain) on sale of property and equipment	**(155)**	28
Share-based compensation expense	**953**	1,229
Inventory write-offs for obsolescence	**1,163**	1,049
Deferred income taxes	**483**	507
Foreign currency impacts and other items	**(3,602)**	(1,557)
Net changes in operating assets and liabilities:		
Accounts receivable	**4,925**	(956)
Inventories	**(4,155)**	(5,697)
Prepaid expenses and other current assets	**(2,733)**	2,726
Trade accounts payable	**1,081**	(684)
Other current liabilities	**(1,293)**	(593)
Other non current assets and liabilities, net	**(841)**	(292)
Accrued pension and other postretirement costs, net	**(289)**	(606)
Net cash provided by operating activities	**13,870**	18,212
Investing activities		
Capital expenditures	**(5,178)**	(6,874)
Proceeds from sale of property and equipment	**347**	12
Net cash used in investing activities	**(4,831)**	(6,862)
Financing activities		
Purchase of treasury stock	**(5,887)**	(420)
Distributions to noncontrolling interests	**(40)**	(46)
Payments of employee taxes on certain share-based arrangements	**(854)**	(825)
Net cash used in financing activities	**(6,781)**	(1,291)
Effect of exchange rate changes on cash and cash equivalents	**(2,095)**	(100)
Increase in cash and cash equivalents	**163**	9,959
Cash and cash equivalents at beginning of period	**83,965**	88,562
Cash and cash equivalents at end of period	**$ 84,128**	$ 98,521
Supplemental disclosure of investing transactions:		
Capital expenditures accrued but not yet paid	**$ 972**	$ 1,118
Supplemental disclosure of financing transactions:		
Excise tax on net share repurchases accrued but not yet paid	**41**	—

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Equity

(Unaudited - In thousands, except share amounts)

	Fiscal quarter ended June 29, 2024								
	Common Stock	Class B Convertible Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total VPG Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at March 30, 2024	$ 1,334	$ 103	$ (20,230)	$ 202,475	$ 187,957	$ (43,763)	$ 327,876	$ (8)	$ 327,868
Net earnings	—	—	—	—	4,603	—	4,603	39	4,642
Other comprehensive loss	—	—	—	—	—	(2,602)	(2,602)	—	(2,602)
Share-based compensation expense	—	—	—	292	—	—	292	—	292
Restricted stock issuances (16,612 shares)	2	—	—	(2)	—	—	—	—	—
Purchase of treasury stock. (96,710 shares)	—	—	(3,132)	—	—	—	(3,132)	—	(3,132)
Excise tax on net share repurchase	—	—	(26)	—	—	—	(26)	—	(26)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(8)	(8)
Balance at June 29, 2024	$ 1,336	$ 103	$ (23,388)	$ 202,765	$ 192,560	$ (46,365)	$ 327,011	$ 23	$ 327,034

	Fiscal quarter ended July 1, 2023								
	Common Stock	Class B Convertible Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total VPG Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at April 1, 2023	$ 1,328	$ 103	$ (11,504)	$ 201,065	$ 163,323	$ (39,395)	$ 314,920	$ (27)	$ 314,893
Net earnings	—	—	—	—	8,236	—	8,236	115	8,351
Other comprehensive loss	—	—	—	—	—	(1,681)	(1,681)	—	(1,681)
Share-based compensation expense	—	—	—	548	—	—	548	—	548
Restricted stock issuances (17,386 shares)	2	—	—	(2)	—	—	—	—	—
Purchase of treasury stock. (12,312 shares)	—	—	(420)	—	—	—	(420)	—	(420)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(26)	(26)
Balance at July 1, 2023	$ 1,330	$ 103	$ (11,924)	$ 201,611	$ 171,559	$ (41,076)	$ 321,603	$ 62	$ 321,665

See accompanying notes.

VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Equity

(Unaudited - In thousands, except share amounts)

	Six Fiscal Months Ended June 29, 2024								
	Common Stock	Class B Convertible Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total VPG, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2023	$ 1,330	$ 103	$ (17,460)	$ 202,672	$ 182,066	$ (38,869)	$ 329,842	$ 83	$ 329,925
Net earnings	—	—	—	—	10,494	—	10,494	(20)	10,474
Other comprehensive loss	—	—	—	—	—	(7,496)	(7,496)	—	(7,496)
Share-based compensation expense	—	—	—	953	—	—	953	—	953
Restricted stock issuances (55,219 shares)	6	—	—	(860)	—	—	(854)	—	(854)
Purchase of treasury stock (181,475 shares)	—	—	(5,887)	—	—	—	(5,887)	—	(5,887)
Excise tax on net share repurchase	—	—	(41)	—	—	—	(41)	—	(41)
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(40)	(40)
Balance at June 29, 2024	$ 1,336	$ 103	$ (23,388)	$ 202,765	$ 192,560	$ (46,365)	$ 327,011	$ 23	$ 327,034

	Six Fiscal Months Ended July 1, 2023								
	Common Stock	Class B Convertible Common Stock	Treasury Stock	Capital in Excess of Par Value	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total VPG, Inc. Stockholders' Equity	Noncontrolling Interests	Total Equity
Balance at December 31, 2022	$ 1,325	$ 103	$ (11,504)	$ 201,164	$ 156,359	$ (40,900)	$ 306,547	$ (25)	$ 306,522
Net earnings	—	—	—	—	15,200	—	15,200	133	15,333
Other comprehensive loss	—	—	—	—	—	(176)	(176)	—	(176)
Share-based compensation expense	—	—	—	1,229	—	—	1,229	—	1,229
Restricted stock issuances (47,189 shares)	5	—	—	(782)	—	—	(777)	—	(777)
Purchase of treasury stock (12,312 shares)	—	—	(420)	—	—	—	(420)	—	(420)
Purchase of noncontrolling interest	—	—	—	—	—	—	—	—	—
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(46)	(46)
Balance at July 1, 2023	$ 1,330	$ 103	$ (11,924)	$ 201,611	$ 171,559	$ (41,076)	$ 321,603	$ 62	$ 321,665

See accompanying notes.

Vishay Precision Group, Inc.

Notes to Unaudited Consolidated Condensed Financial Statements

Note 1 – Basis of Presentation

Background

Vishay Precision Group, Inc. (“VPG” or the “Company”) is a global leader in precision measurement and sensing technologies that help power the future by bridging the physical world with the digital one. Many of our specialized sensors, weighing solutions, and measurement systems are “designed-in” by our customers, and address growing applications across a diverse array of industries and markets. Our products are marketed under brand names that we believe are characterized as having a very high level of precision and quality, and we employ an operationally diversified structure to manage our businesses.

Interim Financial Statements

These unaudited consolidated condensed financial statements have been prepared pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") for interim financial statements and therefore do not include all information and footnotes necessary for the presentation of financial position, results of operations, and cash flows required by accounting principles generally accepted in the United States for complete financial statements. The information furnished reflects all normal recurring adjustments which are, in the opinion of management, necessary for a fair summary of the financial position, results of operations, and cash flows for the interim periods presented. These financial statements should be read in conjunction with the consolidated financial statements and notes thereto as of December 31, 2023 and 2022 and for each of the three years in the period ended December 31, 2023, included in VPG’s Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 29, 2024. The results of operations for the fiscal quarter ended June 29, 2024 are not necessarily indicative of the results to be expected for the full year. VPG reports interim financial information for 13-week periods beginning on a Sunday and ending on a Saturday, except for the first quarter, which always begins on January 1, and the fourth quarter, which always ends on December 31. The four fiscal quarters in 2024 and 2023 end on the following dates:

	2024	**2023**
Quarter 1	March 30,	April 1,
Quarter 2	June 29,	July 1,
Quarter 3	September 28,	September 30,
Quarter 4	December 31,	December 31,

Recent Accounting Pronouncements

The Company evaluates the applicability and impact of all Accounting Standards Updates ("ASUs") issued by the Financial Accounting Standards Board ("FASB").

Recent accounting pronouncements not yet adopted:
In November 2023, the FASB issued ASU 2023-07, Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures. The ASU expands public entities’ segment disclosures by requiring disclosure of significant segment expenses that are regularly reviewed by the chief operating decision maker ("CODM") and included within each reported measure of segment profit or loss, an amount and description of its composition for other segment items, and interim disclosures of a reportable segment’s profit or loss and assets. The ASU also allows, in addition to the measure that is most consistent with U.S. GAAP, the disclosure of additional measures of segment profit or loss that are used by the CODM in assessing segment performance and deciding how to allocate resources. The ASU is effective for the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2024, and subsequent interim periods, with early adoption permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and disclosures.

In December 2023, the FASB issued ASU No. 2023-09, Income Taxes (Topic 740): Improvements to Income Tax Disclosures. This ASU requires disclosure of specific categories in the rate reconciliation and additional information for reconciling items that meet a quantitative threshold. The amendment also includes other changes to improve the effectiveness of income tax disclosures, including further disaggregation of income taxes paid for individually significant jurisdictions. This ASU is effective for annual periods beginning after December 15, 2024. Adoption of this ASU should be applied on a prospective basis. Early adoption is permitted. The Company is currently evaluating the impact of adopting this ASU on its consolidated financial statements and disclosures.

Note 2 – Revenues

Revenue Recognition

The following table disaggregates net revenue by geographic region from contracts with customers based on net revenues generated by subsidiaries within that geographic location *(in thousands)*:

	Fiscal quarter ended June 29, 2024				Fiscal quarter ended July 1, 2023			
	Sensors	Weighing Solutions	Measurement Systems	Total	Sensors	Weighing Solutions	Measurement Systems	Total
United States	**$ 9,984**	**$ 11,010**	**$ 13,009**	**$ 34,003**	$ 14,555	$ 13,228	$ 12,872	$ 40,655
Germany	**7,119**	**2,737**	**618**	**10,474**	7,473	2,636	1,134	11,243
Other Europe	**1,267**	**10,504**	**117**	**11,888**	1,389	11,438	177	13,004
Israel	**5,872**	**87**	**—**	**5,959**	4,131	50	—	4,181
Asia	**4,626**	**3,043**	**1,649**	**9,318**	8,718	3,909	1,494	14,121
Canada	**—**	**67**	**5,650**	**5,717**	—	—	7,598	7,598
Total	**$ 28,868**	**$ 27,448**	**$ 21,043**	**$ 77,359**	$ 36,266	$ 31,261	$ 23,275	$ 90,802

	Six Fiscal Months Ended June 29, 2024				Six Fiscal Months Ended July 1, 2023			
	Sensors	Weighing Solutions	Measurement Systems	Total	Sensors	Weighing Solutions	Measurement Systems	Total
United States	**$ 19,864**	**$ 22,337**	**$ 24,453**	**$ 66,654**	$ 27,229	$ 28,107	$ 23,533	$ 78,869
Germany	**14,657**	**4,988**	**2,900**	**22,545**	16,961	5,470	4,271	26,702
Other Europe	**2,804**	**22,484**	**260**	**25,548**	2,723	22,430	306	25,459
Israel	**10,059**	**164**	**—**	**10,223**	8,094	126	—	8,220
Asia	**10,899**	**6,218**	**5,095**	**22,212**	17,985	6,987	3,547	28,519
Canada	**—**	**101**	**10,859**	**10,960**	—	—	11,897	11,897
Total	**$ 58,283**	**$ 56,292**	**$ 43,567**	**$ 158,142**	$ 72,992	$ 63,120	$ 43,554	$ 179,666

The following table disaggregates net revenue from contracts with customers by market sector *(in thousands)*.

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Test & Measurement	**$ 13,968**	$ 18,705	**$ 29,618**	$ 37,369
Avionics, Military & Space	**6,199**	8,284	**13,188**	19,991
Transportation	**11,813**	13,031	**26,183**	25,503
Other Markets	**17,953**	18,417	**33,924**	37,722
Industrial Weighing	**9,629**	12,027	**19,443**	23,053
General Industrial	**4,845**	5,417	**10,164**	10,215
Steel	**12,952**	14,921	**25,622**	25,813
Total	**$ 77,359**	$ 90,802	**$ 158,142**	$ 179,666

Contract Assets & Liabilities

Contract assets are established when revenues are recognized prior to a contractual payment due from the customer. When a payment becomes due based on the contract terms, the Company will reduce the contract asset and record a receivable. Contract liabilities are deferred revenues that are recorded when cash payments are received or due in advance of our performance obligations. Our payment terms vary by the type and location of the products offered. The term between invoicing and when payment is due is not significant.

Note 2 – Revenues (continued)

The outstanding contract assets and liability accounts were as follows *(in thousands)*:

	Contract Asset Unbilled Revenue	*Contract Liability* Accrued Customer Advances
Balance at December 31, 2023	$ 2,989	$ 8,712
Balance at June 29, 2024	4,442	8,347
Increase (decrease)	$ 1,453	$ (365)

The amount of revenue recognized during the six fiscal months ended June 29, 2024 that was included in the contract liability balance at December 31, 2023 was $4.6 million.

Note 3 – Goodwill

The Company tests the goodwill in each of its goodwill reporting units for impairment at least annually, as of the first day of its fourth quarter, and whenever events or changes in circumstances occur indicating that a possible impairment may have been incurred.

The change in the carrying amount of goodwill by segment is as follows (in thousands):

	Total	Measurement Systems			Weighing Solutions
		KELK Acquisition	*DSI Acquisition*	*DTS Acquisition*	*Stress-Tek Acquisition*
Balance at December 31, 2023	*$ 45,734*	*$ 6,488*	*$ 16,902*	*$ 16,033*	*$ 6,311*
Foreign currency translation adjustment	*$ (243)*	*$ (229)*	*$ (14)*	*$ —*	*$ —*
Balance at June 29, 2024	$ 45,491	$ 6,259	$ 16,888	$ 16,033	$ 6,311

Note 4 – Leases

The Company primarily leases office and manufacturing facilities in addition to vehicles, which have remaining terms ranging from less than one year to twelve years, four months

The Company has no finance leases.

Leases recorded on the balance sheet consist of the following *(in thousands)*:

Leases	June 29, 2024	December 31, 2023
Assets		
Operating lease right of use asset	**$ 26,084**	$ 26,953
Liabilities		
Operating lease - current	**$ 4,089**	$ 4,004
Operating lease - non-current	**$ 21,297**	$ 22,625

Other information related to lease term and discount rate is as follows:

	June 29, 2024
Operating leases weighted average remaining lease term (in years)	7.40 years
Operating leases weighted average discount rate	5.02 %

The components of lease expense are as follows *(in thousands)*:

Note 4 - Leases (continued)

	Fiscal quarter ended		Six Fiscal Months Ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Operating lease cost	$ 1,321	$ 1,247	$ 2,704	$ 2,491
Short-term lease cost	7	45	25	91
Sublease income	(111)	(98)	(224)	(198)
Total net lease cost	$ 1,217	$ 1,194	$ 2,505	$ 2,384

Right of use assets obtained in exchange for new operating lease liability during the six fiscal months ended June 29, 2024 were $ 0.2 million. The Company paid $1.3 million and $2.5 million for its operating leases for each of the six fiscal months ended June 29, 2024 and July 1, 2023, which are included in operating cash flows on the consolidated condensed statements of cash flows.

Undiscounted maturities of operating lease payments as of June 29, 2024 are summarized as follows *(in thousands)*:

2024 (excluding the six months ended June 29, 2024)	$ 2,574
2025	4,725
2026	4,029
2027	3,644
2028	3,425
Thereafter	11,859
Total future minimum lease payments	$ 30,256
Less: amount representing interest	(4,870)
Present value of future minimum lease payments	$ 25,386

Note 5 – Income Taxes

VPG calculates the tax provision for interim periods using an estimated annual effective tax rate methodology based on projected full-year pre-tax earnings among the taxing jurisdictions in which we operate with adjustments for discrete items. The effective tax rate was 33.3% and 28.8% for the fiscal quarter ended June 29, 2024, and July 1, 2023, respectively. The effective tax rate for the fiscal quarter ended June 29, 2024 differs from the federal statutory rate of 21% due to foreign income taxed at different tax rates and changes in our valuation allowance on deferred tax assets. The effective tax rate for the fiscal quarter ended July 1, 2023 differs from the federal statutory rate of 21% due to foreign income taxed at different tax rates and changes in our valuation allowance on deferred tax assets.

The Company and its subsidiaries are subject to income taxes imposed by the U.S., various states, and the foreign jurisdictions in which we operate. Each jurisdiction establishes rules that set forth the years which are subject to examination by its tax authorities. While the Company believes the tax positions taken on its tax returns for each jurisdiction are supportable, they may still be challenged by the jurisdiction's tax authorities. In anticipation of such challenges, the Company has established reserves for tax-related uncertainties. These liabilities are based on the Company's best estimate of the potential tax exposures in each respective jurisdiction. It may take a number of years for a final tax liability in a jurisdiction to be determined, particularly in the event of an audit. If an uncertain matter is determined favorably, there could be a reduction in the Company's tax expense. An unfavorable determination could increase tax expense and could require a cash payment, including interest and penalties.

Note 6 – Long-Term Debt

Long-term debt consists of the following *(in thousands)*:

	June 29, 2024	December 31, 2023
2020 Credit Agreement - Revolving Facility	**$ 32,000**	$ 32,000
Deferred financing costs	**(86)**	(144)
Total long-term debt	**$ 31,914**	**$ 31,856**
Less: current portion	**31,914**	—
Long-term debt, less: current portion	**$ —**	$ 31,856

Note 6 - Long-Term Debt (continued)

2020 Credit Agreement

On March 20, 2020, the Company entered into a Third Amended and Restated Credit Agreement (the “2020 Credit Agreement”) among the Company, the lenders named therein, Citizens Bank, National Association and Wells Fargo Bank, National Association as joint lead arrangers and JPMorgan Chase Bank, National Association as agent for such lenders (the “Agent”), pursuant to which the terms of the Company’s multi-currency, secured credit facility were revised to provide a secured revolving facility (the “2020 Revolving Facility”) in an aggregate principal amount of $75.0 million, with a sublimit of $10.0 million which can be used for letters of credit for the account of the Company or its subsidiaries that are parties to the Credit Agreement. The proceeds of the 2020 Revolving Facility may be used on an ongoing basis for working capital and general corporate purposes. The aggregate principal amount of the 2020 Revolving Facility may be increased by a maximum of

$25.0 million upon the request of the Company, subject to the terms of the 2020 Credit Agreement. The 2020 Credit Agreement terminates on March 20, 2025. Because the Credit Agreement expires less than one year from the end of the first fiscal quarter of 2024, the outstanding balance of long-term debt has been reclassified as a current liability.

On May 5, 2023, the Company entered into Amendment No. 1 to Third Amended and Restated Credit Agreement (the “Credit Agreement Amendment”) amending the Third Amended and Restated Credit Agreement, dated March 20, 2020. The primary purpose of the changes made in the Credit Agreement Amendment were to update the interest rate provisions to replace LIBOR with SOFR for U.S. dollar denominated loans as well as update the other applicable reference borrowing rates for foreign currency loans which took effect on June 15, 2023. Interest payable on amounts borrowed under the 2020 Revolving Facility, taking into account the effect of the Credit Agreement Amendment, is based upon the following: (a) for revolving credit loans denominated in US Dollars, the SOFR rate plus applicable credit spread; and (b) for revolving credit loans denominated in foreign currencies, at other applicable local reference rates plus an interest margin. Depending upon the Company’s leverage ratio, an interest rate margin ranging from 1.50% to 2.75% per annum is added to the applicable SOFR rate to determine the interest payable on the SOFR loans. The Company is required to pay a quarterly fee of 0.25% per annum to 0.40% per annum on the unused portion of the 2020 Revolving Facility, which is determined based on the Company’s leverage ratio each quarter. Additional customary fees apply with respect to letters of credit.

Note 7 – Accumulated Other Comprehensive Income (Loss)

The components of accumulated other comprehensive income (loss), net of tax, consist of the following *(in thousands)*:

	Foreign Currency Translation Adjustment	Pension and Other Postretirement Actuarial Items	Total
Balance at January 1, 2024	**$ (39,262)**	**$ 393**	**$ (38,869)**
Other comprehensive income before reclassifications	**(7,488)**	**—**	**(7,488)**
Amounts reclassified from accumulated other comprehensive income	**—**	**(8)**	**(8)**
Balance at June 29, 2024	**$ (46,750)**	**$ 385**	**$ (46,365)**

	Foreign Currency Translation Adjustment	Pension and Other Postretirement Actuarial Items	Total
Balance at January 1, 2023	$ (41,489)	$ 589	$ (40,900)
Other comprehensive income before reclassifications	(178)	—	(178)
Amounts reclassified from accumulated other comprehensive income	—	2	2
Balance at July 1, 2023	$ (41,667)	$ 591	$ (41,076)

Reclassifications of pension and other postretirement actuarial items out of accumulated other comprehensive income (loss) are included in the computation of net periodic benefit cost (see Note 8).

Note 8 – Pension and Other Postretirement Benefits

Employees of VPG participate in various defined benefit pension and other postretirement benefit ("OPEB") plans. The following table sets forth the components of the net periodic benefit cost for the Company's defined benefit pension and OPEB plans *(in thousands)*:

Note 8 - Pension and Other Postretirement Benefits (continued)

	Fiscal quarter ended June 29, 2024		Fiscal quarter ended July 1, 2023	
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans
Net service cost	**$ 66**	**$ 4**	$ 68	$ 4
Interest cost	**190**	**27**	192	28
Expected return on plan assets	**(209)**	**—**	(214)	—
Amortization of actuarial losses (gains)	**4**	**(3)**	7	(6)
Net periodic benefit cost	**$ 51**	**$ 28**	$ 53	$ 26

	Six Fiscal Months Ended June 29, 2024		Six Fiscal Months Ended July 1, 2023	
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans
Net service cost	**$ 133**	**$ 8**	$ 137	$ 8
Interest cost	**$ 381**	**$ 54**	$ 382	$ 56
Expected return on plan assets	**$ (419)**	**$ —**	$ (426)	$ —
Amortization of actuarial losses (gains)	**$ 9**	**$ (6)**	$ 15	$ (12)
Net periodic benefit cost	**$ 104**	**$ 56**	$ 108	$ 52

Note 9 – Share-Based Compensation

The Vishay Precision Group, Inc. 2022 Stock Incentive Plan (the "2022 plan") permits issuance of up to 608,000 shares of common stock. At June 29, 2024, the Company had reserved 444,824 shares of common stock for future grants of equity awards (restricted stock, unrestricted stock, restricted stock units ("RSUs"), or stock options) pursuant to the 2022 plan. If any outstanding awards are forfeited by the holder or canceled by the Company, the underlying shares would be available for re-grant to others. If shares are withheld for payment of taxes, those shares do not become available for grant under the 2022 plan.

On March 7, 2024 and in accordance with their respective employment agreements, VPG's three executive officers were granted annual equity awards in the form of RSUs, of which 50% are performance-based. The awards have an aggregate target grant-date fair value of $ 1.7 million and were comprised of 49,190 RSUs. Fifty percent of these awards will vest on January 1, 2027, subject to the executives' continued employment. The performance-based portion of the RSUs will also vest on January 1, 2027, subject to the executives' continued employment and the satisfaction of certain performance objectives relating to three-year cumulative "adjusted free cash flow" and "net earnings goals", each weighted equally.

On March 7, 2024, certain non-executive VPG employees were granted annual equity awards in the form of RSUs. Certain employees received awards, of which 75% are performance-based and certain employees received awards of which 50% are performance-based. The awards have an aggregate grant-date fair value of $0.6 million and were comprised of 16,821 RSUs. The non-performance portion of these awards (twenty-five percent for certain employees and fifty percent for certain employees) will vest on January 1, 2027, subject to the employees' continued employment. The performance-based portion of the RSUs will also vest on January 1, 2027, subject to the employees' continued employment and the satisfaction of certain performance objectives relating to three-year cumulative earnings and cash flow goals, each weighted equally.

On May 22, 2024, and in accordance with the Company's 2024 Non-Employee Director Compensation Plan, the Board of Directors approved the issuance of an aggregate of 14,826 RSUs to the independent board members of the Board of Directors. The awards have an aggregate grant-date fair value of $0.5 million and will vest on or before the 2025 Annual Stockholders Meeting in May 2025, subject to each applicable director's continued service on the Board of Directors. Vesting of equity awards is subject to acceleration under certain circumstances.

The amount of compensation cost related to share-based payment transactions is measured based on the grant-date fair value of the equity instruments issued. VPG determines compensation cost for RSUs based on the grant-date fair value of the underlying common stock. The Company recognizes compensation cost for RSUs that are expected to vest and for which performance criteria are expected to be met. The following table summarizes share-based compensation expense recognized *(in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Share-based compensation expense	**$ 292**	$ 548	**$ 953**	$ 1,229

During the second quarter of 2024, a net adjustment of $ 0.3 million decreasing share-based compensation expense was recorded based on the evaluation of performance objectives associated with awards granted in 2022, 2023 and 2024. It was determined that certain objectives were not likely to be fully met necessitating a reversal of certain compensation expenses associated with those awards.

Note 10 – Segment Information

VPG reports in three reporting segments: Sensors, Weighing Solutions, and Measurement Systems. The Sensors segment is comprised of the foil resistor and strain gage operating segments. The Weighing Solutions segment is comprised of specialized modules and systems used to precisely measure weight, force torque, and pressure. The Measurement Systems segment is comprised of highly specialized systems for steel production, materials development, and safety testing.

The chief operating decision maker ("CODM") is our chief executive officer. The CODM evaluates each operating segment's performance. The evaluation of the segment's performance is based on multiple performance measures including gross profits, revenues, and operating income, exclusive of certain items. Management believes that evaluating segment performance, excluding items such as restructuring and severance costs, impairment of goodwill and indefinite-lived intangible assets, acquisition costs, and other items is meaningful because they relate to occurrences or events that are outside of our core operations, and management believes that the use of these measures provides a consistent basis to evaluate our operating profitability and performance trends across comparable periods.

The following table sets forth reporting segment information *(in thousands)*:

Note 10 - Segment Information (continued)

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Net revenues:				
Sensors	**$ 28,869**	$ 36,266	**$ 58,283**	$ 72,992
Weighing Solutions	**27,447**	31,261	**56,292**	63,120
Measurement Systems	**21,043**	23,275	**43,567**	43,554
Total	**$ 77,359**	$ 90,802	**$ 158,142**	$ 179,666
Gross profit:				
Sensors	**$ 11,066**	$ 14,549	**$ 21,798**	$ 29,693
Weighing Solutions	**10,310**	12,107	**21,577**	23,236
Measurement Systems	**11,031**	12,056	**24,125**	22,982
Total	**$ 32,407**	$ 38,712	**$ 67,500**	$ 75,911
Reconciliation of segment operating income to consolidated results:				
Sensors	**$ 6,125**	$ 9,567	**$ 11,622**	$ 19,500
Weighing Solutions	**4,138**	6,161	**8,935**	11,501
Measurement Systems	**3,555**	4,769	**9,940**	8,641
Unallocated G&A expenses	**(7,912)**	(8,540)	**(16,891)**	(17,645)
Restructuring costs	**—**	(162)	**(782)**	(278)
Operating income	**$ 5,906**	$ 11,795	**$ 12,824**	$ 21,719
Restructuring costs:				
Sensors	**$ —**	$ —	**$ (542)**	$ —
Weighing Solutions	**—**	(162)	**—**	(196)
Measurement Systems	**—**	—	**—**	(32)
Corporate/Other	**—**	—	**(240)**	(50)
	$ —	$ (162)	**$ (782)**	$ (278)

Products are transferred between segments on a basis intended to reflect, as nearly as practicable, the market value of the products. The table below summarizes intersegment sales *(in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Sensors to Weighing Solutions	**$ 522**	$ 433	**$ 991**	$ 761
Sensors to Measurement Systems	**6**	12	**13**	48

Note 11 – Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share attributable to VPG stockholders *(in thousands, except earnings per share)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Numerator:				
Numerator for basic earnings per share:				
Net earnings attributable to VPG stockholders	**$ 4,603**	$ 8,236	**$ 10,494**	$ 15,200
Denominator:				
Denominator for basic earnings per share:				
Weighted average shares	**13,348**	13,601	**13,376**	13,593
Effect of dilutive securities:				
Restricted stock units	**41**	69	**52**	68
Dilutive potential common shares	**41**	69	**52**	68
Denominator for diluted earnings per share:				
Adjusted weighted average shares	**13,389**	13,670	**13,428**	13,661
Basic earnings per share attributable to VPG stockholders	**$ 0.34**	$ 0.61	**$ 0.78**	$ 1.12
Diluted earnings per share attributable to VPG stockholders	**$ 0.34**	$ 0.60	**$ 0.78**	$ 1.11

Note 12 – Additional Financial Statement Information

Other Income (Expense) Other

The caption “Other” on the consolidated condensed statements of operations consists of the following *(in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Foreign currency exchange gain	**$ 1,287**	$ 793	**$ 2,877**	$ 855
Interest income	**499**	356	**822**	722
Pension expense	**(10)**	(71)	**(20)**	(145)
Other	**(75)**	(59)	**(118)**	(138)
	$ 1,701	$ 1,019	**$ 3,561**	$ 1,294

Foreign currency exchange gains represent the impact of changes in foreign currency exchange rates. For the fiscal quarter and six fiscal months ended June 29, 2024, the change in foreign currency exchange gains and losses during the periods, as compared to the prior year periods, is largely due to exposure to currency fluctuations with the Japanese yen, Israeli shekel and the Canadian dollar.

For the fiscal quarter and six fiscal months ended July 1, 2023, the change in foreign currency exchange gains and losses during the periods, as compared to the prior year periods, is largely due to exposure to currency fluctuations with the Israeli shekel, the Canadian dollar, and the British pound.

Other Accrued Expenses

Other accrued expenses consist of the following *(in thousands)*:

	June 29, 2024	December 31, 2023
Customer advance payments	**$ 8,347**	$ 8,712
Accrued restructuring	**171**	249
Goods received, not yet invoiced	**1,902**	2,837
Accrued taxes, other than income taxes	**1,392**	1,370
Accrued commissions	**4,121**	4,077
Accrued professional fees	**1,954**	1,343
Accrued technical warranty	**767**	770
Current accrued pensions and other post retirement costs	**510**	511
Other	**2,377**	2,558
	$ 21,541	$ 22,427

Note 13 – Fair Value Measurements

ASC Topic 820, *Fair Value Measurement,* establishes a valuation hierarchy of the inputs used to measure fair value. This hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those three levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the Company's own assumptions.

An asset or liability's classification within the hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

The following table provides the financial assets and liabilities carried at fair value measured on a recurring basis *(in thousands)*:

		Fair value measurements at reporting date using:		
	Total Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
June 29, 2024				
Assets				
Assets held in rabbi trusts	**$ 6,138**	**$ 97**	**$ 6,041**	**$ —**
December 31, 2023				
Assets				
Assets held in rabbi trusts	$ 5,841	$ 59	$ 5,782	$ —

The Company maintains non-qualified trusts, referred to as "rabbi" trusts, to fund payments under deferred compensation and non-qualified pension plans. Rabbi trust assets consist primarily of marketable securities, classified as available-for-sale money market funds at June 29, 2024 and December 31, 2023, and company-owned life insurance assets. The marketable securities held in the rabbi trusts are valued using quoted market prices on the last business day of the period. The company-owned life insurance assets are valued in consultation with the Company's insurance brokers using the value of underlying assets of the insurance contracts. The fair value measurement of the cash equivalents held in the rabbi trust are considered a Level 1 measurement and the measurement of the company-owned life insurance assets is considered a Level 2 measurement within the fair value hierarchy.

The fair value of the long-term debt, excluding capitalized deferred financing costs, at June 29, 2024 and December 31, 2023 approximates its carrying value as the revolving debt is reset on a monthly basis based on current market rates, plus a base rate as specified in the debt agreement. The fair value of long-term debt is considered a Level 2 measurement within the fair value hierarchy. The Company's financial instruments include cash and cash equivalents, accounts receivable, short-term notes payable, and accounts payable. The carrying amounts for these financial instruments reported in the consolidated condensed balance sheets approximate their fair values.

Note 14 – Restructuring Costs

Restructuring costs reflect the cost reduction programs implemented by the Company. Restructuring costs are expensed during the period in which the Company determines it will incur those costs and all requirements for accrual are met. Because these costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, the Company could be required either to record additional expense in future periods or to reverse part of the previously recorded charges.

The Company recorded $0.0 million and $0.2 million of restructuring costs during the fiscal quarter ended June 29, 2024 and July 1, 2023, respectively and $0.8 million and $0.3 million of restructuring costs during the six fiscal months ended June 29, 2024 and July 1, 2023, respectively. Restructuring costs were comprised primarily of employee termination costs, including severance and statutory retirement allowances, and were incurred in connection with various cost reduction programs.

The following table summarizes recent activity related to all restructuring programs. The accrued restructuring liability balance as of June 29, 2024 and December 31, 2023, respectively, is included in Other accrued expenses in the accompanying consolidated condensed balance sheets *(in thousands)*:

Balance at December 31, 2023	$	249
Restructuring charges in 2024		782
Cash payments		(723)
Foreign currency exchange translation		(137)
Balance at June 29, 2024	$	171

Note 15 – Stockholder's Equity

On August 8, 2022, the Board of Directors (the "Board") of the Company authorized the repurchase of up to 600,000 shares of the Company's outstanding common stock (the "Stock Repurchase Plan"). The Stock Repurchase Plan was originally set to expire on August 11, 2023. On August 8, 2023, the Company announced that its Board of Directors extended the term of the previously approved stock repurchase plan to August 9, 2024. From August 8, 2022 to June 29, 2024, the Company had repurchased an aggregate of 455,101 shares of its common stock under the stock repurchase plan for consideration of $14.5 million.

Note 16 – Commitments and Contingencies

During the second quarter of 2024, the Israel Tax Authority has issued a Value Added Tax (VAT) assessment to the Company, in the amount of ILS 8.4 million (approximately $2.2 million), pertaining to claims of VAT between the years 2019 to 2023.
The Company believes that the liability for the assessment is not probable and intends to file an appeal against this assessment.
Given the early stage of this matter, the Company is currently unable to predict the likely outcome or estimate the potential financial impact, if any, of this matter.

Item 2. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

VPG is a global leader in precision measurement and sensing technologies that help power the future by bridging the physical world with the digital one. Many of our specialized sensors, weighing solutions, and measurement systems are “designed-in” by our customers, and address growing applications across a diverse array of industries and markets. Our products are marketed under brand names that we believe are characterized as having a very high level of precision and quality, and we employ an operationally diversified structure to manage our businesses

Driven by the continued proliferation of data generated by the expanding use of sensors across a widening array of industrial and non-industrial applications, precision measurement and sensing technologies help ensure and deliver required levels of quality of mission-critical or high-value data. VPG’s products are often at the first stage of a data value chain (i.e., the process of converting the physical world into a digital format that can be used for a specific purpose) and as such impact the effectiveness of vast number of critical, high-value downstream processes. Over the past few years, we have seen a broadening of precision sensing applications in both our traditional industrial markets and new markets, due to the development of higher functionality in our customers' end products. Our precision measurement solutions are used across a wide variety of end markets upon which we focus, including industrial, test and measurement, transportation, steel, medical, agriculture, avionics, military and space, and consumer product applications. The Company has a long heritage of innovation in sensor technologies that provide accuracy, reliability and repeatability that make our customers' products safer, smarter, and more productive. As the functionality of customers' products continues to increase, and they integrate more precision measurement sensors and related systems into their solutions, we believe this will offer substantial growth opportunities for our products and expertise.

The impact of the recent Israel-Hamas war

In October 2023, Hamas terrorists infiltrated Israel’s southern border from the Gaza Strip and conducted a series of attacks on civilian and military targets. Hamas also launched extensive rocket attacks on Israeli population and industrial centers located along Israel’s border with the Gaza Strip and in other areas within the State of Israel. These attacks resulted in extensive deaths, injuries and kidnapping of civilians and soldiers. Following the attack, Israel’s security cabinet declared war against Hamas and a military campaign against these terrorist organizations commenced in parallel to their continued rocket and terror attacks.

Such geopolitical and military instabilities, impact of sanctions and trade restrictions imposed as a result thereof, operational disruptions at facilities located in Israel as a result of military call-ups of the Company’s employees in Israel, closure of the offices there, potential impact of litigation and risks related to supply chain disruptions, might affect the Company's business and results from operations.

As of August 6, 2024 (date of filing), our facilities in Israel remain open and operate at normal level. The extent and duration of the current war, the possibility of further spread of the conflict to other countries in the region as well as involving other political and military entities in the Middle East, poses risks to our operations and may lead to disruptions which could adversely affect our business, prospects, financial condition and results of operations.

While sales to customers in Israel is relatively a small portion of our revenues, our operations in Israel include offices, that are the workplace for key executives including our chief executive officer, as well as two manufacturing facilities located in the central part of Israel which source approximately 25 percent of our total worldwide revenues. We have implemented a contingency plan that we believe will secure supply of materials and logistics, build safety stock of finished goods and transfer these goods to our distribution centers outside of Israel.

We continue to take measures with regards to the safety of our employees. We may, however, determine at some point in the future to temporarily discontinue production in Israel for the safety of our employees. We could also face future production slowdowns or interruptions at either manufacturing location in Israel due to personnel absences or resource constraints such as the inability to source materials for production.

Overview of Financial Results

VPG reports in three product segments: Sensors, Weighing Solutions, and Measurement Systems. The Sensors segment is comprised of the foil resistor and strain gage operating segments. The Weighing Solutions segment is comprised of specialized modules and systems used to precisely measure weight, force torque, and pressure. The Measurement Systems segment is comprised of highly specialized systems for steel production, materials development, and safety testing.

Net revenues for the fiscal quarter ended June 29, 2024 were $77.4 million versus $90.8 million for the comparable prior year period. Net earnings attributable to VPG stockholders for the fiscal quarter ended June 29, 2024 were $4.6 million, or $0.34 per diluted share, versus $8.2 million, or $0.60 per diluted share, for the comparable prior year period.

Net revenues for the six fiscal months ended June 29, 2024 were $158.1 million versus $179.7 million for the comparable prior year period. Net earnings attributable to VPG stockholders for the six fiscal months ended June 29, 2024 were $10.5 million, or $0.78 per diluted share, versus $15.2 million, or $1.11 per diluted share, for the comparable prior year period.

The results of operations for the fiscal quarters ended June 29, 2024 and July 1, 2023 include items affecting comparability as listed in the reconciliations below. The reconciliations below include certain financial measures which are not recognized in accordance with U.S. generally accepted accounting principles ("GAAP"), including adjusted gross profits, adjusted gross profit margin, adjusted operating income, adjusted operating margin, adjusted net earnings, adjusted net earnings per diluted share, EBITDA, and adjusted EBITDA. These non-GAAP measures should not be viewed as an alternative to GAAP measures of performance. Non-GAAP measures such as adjusted gross profits, adjusted gross profit margin, adjusted operating income, adjusted operating margin, adjusted net earnings, adjusted net earnings per diluted share, EBITDA, and adjusted EBITDA do not have uniform definitions. These measures, as calculated by VPG, may not be comparable to similarly titled measures used by other companies. Management believes that these non-GAAP measures are useful to investors because each presents what management views as our core operating results for the relevant period. The adjustments to the applicable GAAP measures relate to occurrences or events that are outside of our core operations, and management believes that the use of these non-GAAP measures provides a consistent basis to evaluate our operating profitability and performance trends across comparable periods. In addition, the Company has historically provided these or similar non-GAAP measures and understands that some investors and financial analysts find this information helpful in analyzing the Company’s performance and in comparing the Company’s financial performance to that of its peer companies and competitors. Management believes that the Company’s non-GAAP measures are regarded as supplemental to its GAAP financial results.

	Gross Profit		Operating Income		Net Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
Three months ended	**June 29, 2024**	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
As reported - GAAP	**$ 32,407**	$ 38,712	**$ 5,906**	$ 11,795	**$ 4,603**	$ 8,236	**$ 0.34**	$ 0.60
As reported - GAAP Margins	**41.9 %**	42.6 %	**7.6 %**	13.0 %				
Acquisition purchase accounting adjustments (a)	**—**	41	**—**	41	**—**	41	**—**	—
Restructuring costs	**—**	—	**—**	162	**—**	162	**—**	0.01
Foreign currency exchange gain (b)	**—**	—	**—**	—	**(1,289)**	(794)	**(0.10)**	(0.05)
Less: Tax effect of reconciling items and discrete tax items	**—**	—	**—**	—	**(836)**	(312)	**(0.06)**	(0.02)
As Adjusted - Non GAAP	**$ 32,407**	$ 38,753	**$ 5,906**	$ 11,998	**$ 4,150**	$ 7,957	**$ 0.31**	$ 0.58
As Adjusted - Non GAAP Margins	**41.9 %**	42.7 %	**7.6 %**	13.2 %				

	Gross Profit		Operating Income		Net Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
Six fiscal months ended	**June 29, 2024**	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
As reported - GAAP	**$ 67,501**	$ 75,911	**$ 12,824**	$ 21,719	**$ 10,494**	$ 15,200	**$ 0.78**	$ 1.11
As reported - GAAP Margins	**42.7 %**	42.3 %	**8.1 %**	12.1 %				
Acquisition purchase accounting adjustments (a)	**—**	90	**—**	90	**—**	90	**—**	0.01
Restructuring costs	**—**	—	**782**	278	**782**	278	**0.06**	0.02
Severance cost			**347**		**347**		**0.03**	
Foreign currency exchange gain [b]	**—**	—	**—**	—	**(2,878)**	(856)	**(0.21)**	(0.06)
Less: Tax effect of reconciling items and discrete tax items	**—**	—	**—**	—	**(1,074)**	(280)	**(0.08)**	(0.02)
As Adjusted - Non GAAP	**$ 67,501**	$ 76,001	**$ 13,953**	$ 22,087	$ 9,819	$ 14,992	**$ 0.73**	$ 1.10
As Adjusted - Non GAAP Margins	**42.7 %**	42.3 %	**8.8 %**	12.3 %				

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Net earnings attributable to VPG stockholders	**$ 4,603**	$ 8,236	**$ 10,494**	$ 15,200
Interest Expense	**649**	1,079	**1,277**	2,076
Income tax expense	**2,316**	3,384	**4,634**	5,604
Depreciation	**2,992**	2,933	**6,008**	5,852
Amortization	**924**	934	**1,851**	1,873
EBITDA	**11,484**	$ 16,566	**24,264**	$ 30,605
EBITDA MARGIN	**14.8 %**	18.2 %	**15.3 %**	17.0 %
Acquisition purchase accounting adjustments (a)	**—**	41	**—**	90
Restructuring costs	**—**	162	**782**	278
Severance cost	**—**	—	**347**	—
Foreign currency exchange gain (b)	**(1,289)**	(794)	**(2,878)**	(856)
ADJUSTED EBITDA	**$ 10,196**	$ 15,975	**$ 22,515**	$ 30,117
ADJUSTED EBITDA MARGIN	**13.2 %**	17.6 %	**14.2 %**	16.8 %

(a) Acquisition purchase accounting adjustments include fair market value adjustments associated with inventory recorded as a component of costs of products sold.

(b) Impact of foreign currency exchange rates on assets and liabilities.

Financial Metrics

We utilize several financial measures and metrics to evaluate performance and assess the future direction of our business. These key financial measures and metrics include net revenues, gross profit margin, end-of-period backlog, book-to-bill ratio, and inventory turnover.

Gross profit margin is computed as gross profit as a percentage of net revenues. Gross profit is generally net revenues less costs of products sold, but could also include certain other period costs. Gross profit margin is a function of net revenues, but also reflects our cost-cutting programs and our ability to contain fixed costs.

End-of-period backlog is one indicator of potential future sales. We include in our backlog only open orders that have been released by the customer for shipment in the next twelve months. If demand falls below customers' forecasts, or if customers do not control their inventory effectively, they may cancel or reschedule the shipments that are included in our backlog, in many instances without the payment of any penalty. Therefore, backlog is not necessarily indicative of the results expected for future periods.

Another important indicator of demand in our industry is the book-to-bill ratio, which is the ratio of the amount of product ordered during a period compared with the amount of product shipped during that period. A book-to-bill ratio that is greater than one indicates that revenues may increase in future periods. Conversely, a book-to-bill ratio that is less than one is an indicator of lower demand and may foretell declining sales. The book-to-bill ratio is also impacted by the timing of orders, particularly from our project-based product lines.

We focus on inventory turnover as a measure of how well we manage our inventory. We define inventory turnover for a financial reporting period as our costs of products sold for the four fiscal quarters ending on the last day of the reporting period divided by our average inventory (computed using each quarter-end balance) for this same period. A higher level of inventory turnover reflects more efficient use of our capital.

The quarter-to-quarter trends in these financial metrics can also be an important indicator of the likely direction of our business. The following tables show net revenues, gross profit margin, end-of-period backlog, book-to-bill ratio, and inventory turnover for our business as a whole and by segment during the five quarters beginning with the second quarter of 2023 through the second quarter of 2024.

	2nd Quarter	**3rd Quarter**	**4th Quarter**	**1st Quarter**	**2nd Quarter**
(dollars in thousands)	**2023**	**2023**	**2023**	**2024**	**2024**
Net revenues	$ 90,802	$ 85,854	$ 89,528	$ 80,783	$ 77,359
Gross profit margin	42.6 %	41.9 %	43.0 %	43.4 %	41.9 %
End-of-period backlog	$ 139,700	$ 128,800	$ 117,300	$ 109,603	$ 104,858
Book-to-bill ratio	0.94	0.90	0.84	0.93	0.95
Inventory turnover	2.34	2.20	2.27	2.05	1.99

(dollars in thousands)	2nd Quarter 2023	3rd Quarter 2023	4th Quarter 2023	1st Quarter 2024	2nd Quarter 2024
Sensors					
Net revenues	$ 36,266	$ 32,532	$ 34,259	$ 29,414	$ 28,869
Gross profit margin	40.1 %	35.9 %	40.2 %	36.5 %	38.3 %
End-of-period backlog	$ 58,900	$ 52,400	$ 49,000	$ 45,024	$ 41,627
Book-to-bill ratio	0.84	0.83	0.85	0.91	0.90
Inventory turnover	2.55	2.38	2.36	2.09	2.02
Weighing Solutions					
Net revenues	$ 31,261	$ 28,970	$ 30,438	$ 28,845	$ 27,447
Gross profit margin	38.7 %	38.7 %	35.6 %	39.1 %	37.6 %
End-of-period backlog	$ 34,300	$ 30,800	$ 28,800	$ 27,109	$ 25,077
Book-to-bill ratio	0.97	0.89	0.91	0.95	0.93
Inventory turnover	2.41	2.18	2.46	2.31	2.20
Measurement Systems					
Net revenues	$ 23,275	$ 24,352	$ 24,831	$ 22,524	$ 21,043
Gross profit margin	51.8 %	53.6 %	56.0 %	58.1 %	52.4 %
End-of-period backlog	$ 46,500	$ 45,600	$ 39,500	$ 37,470	$ 38,154
Book-to-bill ratio	1.06	0.98	0.73	0.94	1.04
Inventory turnover	1.94	1.94	1.87	1.62	1.65

Net revenues for the second fiscal quarter of 2024 decreased 4.2% from the first fiscal quarter of 2024 and decreased 14.8% from the second fiscal quarter of 2023 across all three reporting segments.

Net revenues in the Sensors reporting segment decreased 1.9% compared to the first fiscal quarter of 2024 and decreased 20.4% from the second fiscal quarter of 2023. Sequentially, the decrease primarily reflected lower sales of precision resistors in the Test and Measurement market, partially offset by increases in advanced sensors sales in the Other Markets mainly for consumer applications. The year-over-year decrease in Sensors reporting segment revenues was primarily attributable to lower sales of precision resistors in the Test and Measurement and Avionics, Military and Space (AMS) markets, partially offset by increases in advanced sensors sales in the Other markets, mainly for consumer applications. Sequentially, the decrease primarily reflected lower sales of precision resistors in the Test and Measurement market, partially offset by increases in advanced sensors sales in the Other markets, mainly for consumer applications.

Net revenues in the Weighing Solutions reporting segment decreased 4.8% from the first fiscal quarter of 2024 and decreased 12.2% from the second fiscal quarter of 2023. Sequentially, the decreases in revenues was primarily attributable to lower sales in the Transportation market. The year-over-year decrease in revenues was mainly attributable to lower sales of load cells in our Other markets, primarily for precision agriculture and medical applications, and in our Industrial Weighing market.

Net revenues in the Measurement Systems reporting segment decreased 6.6% from the first fiscal quarter of 2024 and decreased 9.6% from the second fiscal quarter of 2023. Sequentially, the decrease in revenue was primarily due to lower sales of Diversified Technical Systems Inc. ("DTS") products in the AMS and Transportation markets. The year-over-year decrease was primarily attributable to decreased revenue in the Steel and the Transportation markets.

Overall gross profit margin in the second fiscal quarter of 2024 decreased 1.5% as compared to the first fiscal quarter of 2024 and decreased 0.7% from the second fiscal quarter of 2023.

Sequentially, the decrease in the gross profit margin in the Measurements Systems and Weighing Solutions reporting segments was partially offset by an increase in the gross profit margin in the Sensors reporting segment.

In the Sensors reporting segment, sequentially, the higher gross profit margin was primarily due to improved operational efficiencies.

In the Weighing Solutions reporting segment, the sequential decrease in gross profit margin was primarily due to lower volume. The sequential decrease in the gross profit margins in the Measurement Systems reporting segment was a result of lower volume with an unfavorable product mix.

Compared to the second fiscal quarter of 2023, the Measurement Systems reporting segment had higher gross profit margins, while the Sensors and Weighing Solutions reporting segments had a lower gross profit margin.

The Sensors reporting segment had a lower gross profit margin due to lower volume partially offset by improved efficiencies and cost reduction programs .

The Weighing Solutions reporting segment had a lower gross profit margin as compared to 2023 primarily due to lower volume. In the Measurement Systems reporting segment, the gross profit margin was slightly higher as compared to the second fiscal quarter of 2023 primarily due to favorable product mix.

Optimize Core Competence

The Company's core competencies include our innovative deep technical and applications-specific expertise to add value to our customers' products, our strong brands and customer relationships, our focus on operational excellence, our ability to select and develop our management teams, and our proven M&A strategy. We continue to optimize all aspects of our development, manufacturing and sales processes, including by increasing our technical sales efforts; continuing to innovate in product performance and design; and refining our manufacturing processes.

Our Sensors segment research group developed innovations that enhance the capability and performance of our strain gages, while simultaneously reducing their size and power consumption as part of our advanced sensors product line. We believe this unique foil technology will create new markets as customers "design in" these next generation products in existing and new applications. Our development engineering team is also responsible for creating new processes to further automate manufacturing, and improve productivity and quality. Our advanced sensors manufacturing technology also offers us the capability to produce high-quality foil strain gages in a highly automated environment, which we believe results in reduced manufacturing and lead times, improved quality and increased margins. As a sign of our commitment to these businesses, we signed a long-term lease for a state-of-the-art facility that has been constructed in Israel. We fully transitioned to this facility in the third quarter of fiscal 2021.

Our design, research, and product development teams, in partnership with our marketing teams, drive our efforts to bring innovations to market. We intend to leverage our insights into customer demand to continually develop and roll out new, innovative products within our existing lines and to modify our existing core products in ways that make them more appealing, addressing changing customer needs and industry trends in terms of form, fit, and function.

We also seek to achieve significant production cost savings through the transfer, expansion, and construction of manufacturing operations in countries such as India, Japan, and Israel, where we can benefit from improved efficiencies or available tax and other government-sponsored incentives. In the past several years, we incurred restructuring expense related to closing and downsizing of facilities as part of the manufacturing transitions of our load cell products to facilities in India and China, which marked key milestones in our ongoing strategic initiatives to align and consolidate our manufacturing footprint.

Acquisition Strategy

We expect to continue to make strategic acquisitions where opportunities present themselves to grow and expand our segments. Historically, our growth and acquisition strategy had been largely focused on vertical product integration, using our foil strain gages in our load cell products, and incorporating those products into our weighing solutions. In recent years, we widened our acquisition strategy to include a broader set of precision measurement systems and product companies.

We expect to expand our expertise, and our acquisition focus, outside our traditional vertical approach to other precision measurement solutions, including in the fields of measurement of force, weight, pressure, torque, tilt, motion, and acceleration. We believe acquired businesses will benefit from improvements we implement to reduce redundant functions and from our current global manufacturing and distribution footprint.

Research and Development

Research and development will continue to play a key role in our efforts to introduce innovative products to generate new sales and to improve profitability. We expect to continue to expand our position as a leading supplier of precision foil technology products. We believe our R&D efforts should provide us with a variety of opportunities to leverage technology, products, and our manufacturing base in order to ultimately improve our financial performance.

Cost Management

To be successful, we believe we must seek new strategies for controlling operating costs. Through automation in our plants, we believe we can optimize our capital and labor resources in production, inventory management, quality control, and warehousing. We are in the process of moving some manufacturing to more cost effective locations. This may enable us to become more efficient and cost competitive, and also maintain tighter controls of the operation.

Production transfers, facility consolidations, and other long-term cost-cutting measures require us to initially incur significant severance and other exit costs. We are realizing the benefits of our restructuring through lower labor costs and other operating expenses, and expect to continue reaping these benefits in future periods. However, these programs to improve our profitability also involve certain risks which could materially impact our future operating results, as further detailed in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K, filed with the Securities and Exchange Commission on February 29, 2024.

We are evaluating plans to further reduce our costs by consolidating additional manufacturing operations. These plans may require us to incur restructuring and severance costs in future periods. While streamlining and reducing fixed overhead, we are exercising caution so that we will not negatively impact our customer service or our ability to further develop products and processes.

Goodwill

We test the goodwill in each of our reporting units for impairment at least annually, as of the first day of our fourth quarter, and whenever events or changes in circumstances occur indicating that a possible impairment may have been incurred. Determining whether to test goodwill for impairment, and the application of goodwill impairment tests, require significant management judgment, including the identification of reporting units, assigning assets and liabilities to reporting units, assigning goodwill to reporting units, and determining the fair value of each reporting unit. Changes in these estimates could materially affect the determination of fair value for each reporting unit. A slowdown or deferral of orders for a business, with which we have goodwill associated, could impact our valuation of that goodwill.

Foreign Currency

We are exposed to foreign currency exchange rate risks, particularly due to transactions in currencies other than the functional currencies of certain subsidiaries. U.S. GAAP requires that entities identify the "functional currency" of each of their subsidiaries and measure all elements of the financial statements in that functional currency. A subsidiary's functional currency is the currency of the primary economic environment in which it operates. In cases where a subsidiary is relatively self-contained within a particular country, the local currency is generally deemed to be the functional currency. However, a foreign subsidiary that is a direct and integral component or extension of the parent company's operations generally would have the parent company's currency as its functional currency. We have subsidiaries that fall into each of these categories.

Foreign Subsidiaries which use the Local Currency as the Functional Currency

Our operations in Europe, Canada, and certain locations in Asia primarily generate and expend cash using local currencies, and accordingly, these subsidiaries utilize the local currency as their functional currency. For those subsidiaries where the local currency is the functional currency, assets and liabilities in the consolidated condensed balance sheets have been translated at the rate of exchange as of the balance sheet date. Translation adjustments do not impact the results of operations and are reported as a separate component of equity.

For those subsidiaries where the local currency is the functional currency, revenues and expenses are translated at the average exchange rate for the period. While the translation of revenues and expenses into U.S. dollars does not directly impact the consolidated condensed statement of operations, the translation effectively increases or decreases the U.S. dollar equivalent of revenues generated and expenses incurred in those foreign currencies.

Foreign Subsidiaries which use the U.S. Dollar as the Functional Currency

Our operations in Israel and certain locations in Asia primarily generate cash in U.S. dollars, and accordingly, these subsidiaries utilize the U.S. dollar as their functional currency. For those foreign subsidiaries where the U.S. dollar is the functional currency, all foreign currency financial statement amounts are remeasured into U.S. dollars. Exchange gains and losses arising from remeasurement of foreign currency-denominated monetary assets and liabilities are included in the results of operations. While these subsidiaries transact most business in U.S. dollars, they may have significant costs, particularly related to payroll, which are incurred in the local currency and significant lease assets and liabilities.

Effects of Foreign Currency Exchange Rate on Operations

For the fiscal quarter ended June 29, 2024, exchange rates decreased net revenues by $0.7 million, and decreased costs of products sold and selling, general, and administrative expenses by $0.7 million, when compared to the comparable prior year period.

For the six fiscal months ended June 29, 2024, exchange rates decreased net revenues by $0.9 million, and decreased costs of products sold and selling, general, and administrative expenses by $1.6 million, when compared to the comparable prior year period.

Results of Operations

Statement of operations' captions as a percentage of net revenues and the effective tax rates were as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Costs of products sold	**58.1 %**	57.4 %	**57.3 %**	57.7 %
Gross profit	**41.9 %**	42.6 %	**42.7 %**	42.3 %
Selling, general, and administrative expenses	**34.3 %**	29.5 %	**34.1 %**	30.0 %
Operating income	**7.6 %**	13.0 %	**8.1 %**	12.1 %
Income before taxes	**9.0 %**	12.9 %	**9.6 %**	11.7 %
Net earnings	**6.0 %**	9.2 %	**6.6 %**	8.5 %
Net earnings attributable to VPG stockholders	**6.0 %**	9.1 %	**6.6 %**	8.5 %
Effective tax rate	**33.3 %**	28.8 %	**30.7 %**	26.8 %

Net Revenues

Net revenues were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Net revenues	**$ 77,359**	$ 90,802	**$ 158,142**	$ 179,666
Change versus comparable prior year period	**$ (13,443)**		**$ (21,524)**	
Percentage change versus prior year period	**(14.8)%**		**(12.0)%**	

Changes in net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	(14.4)%	(11.9)%
Change in average selling prices	0.3 %	0.5 %
Foreign currency effects	(0.7)%	(0.6)%
Net change	(14.8)%	(12.0)%

During the fiscal quarter and six fiscal months ended June 29, 2024, net revenues decreased 14.8% and 12.0%, respectively, as compared to the comparable prior year periods, due to lower volume across all three reporting segments.

Gross Profit Margin

Gross profit as a percentage of net revenues was as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Gross profit margin	**41.9 %**	42.6 %	**42.7 %**	42.3 %

The gross profit margin for the fiscal quarter ended June 29, 2024 decreased 0.7% and for the six fiscal months ended June 29, 2024 increased 0.4% as compared to the comparable prior year periods. For the fiscal quarter period, the Measurement Systems reporting segment had higher gross profit margins, while the Sensors and Weighing Solutions reporting segments had a lower gross profit margin. For the six month period ended June 29, 2024, the Measurement Systems and Weighing Solutions reporting segments had higher gross profit margins, while the Sensors reporting segment had a lower gross profit margin.

Segments

Analysis of revenues and gross profit margins for each of our reportable segments is provided below.

Sensors

Net revenues of the Sensors segment were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Net revenues	**$ 28,869**	$ 36,266	**$ 58,283**	$ 72,992
Change versus comparable prior year period	**$ (7,397)**		**$ (14,709)**	
Percentage change versus prior year period	**(20.4)%**		**(20.2)%**	

Changes in Sensors segment net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	(19.8)%	(20.0)%
Change in average selling prices	0.7 %	1.0 %
Foreign currency effects	(1.3)%	(1.2)%
Net change	(20.4)%	(20.2)%

The Sensors segment revenue of $28.9 million in the second fiscal quarter of 2024 decreased 20.4% from $36.3 million in the second fiscal quarter of 2023; sequentially, revenue decreased 1.9% compared to $29.4 million in the first fiscal quarter of 2024. The year-over-year decrease in revenues was primarily attributable to lower sales of precision resistors in the Test and Measurement and Avionics, Military and Space (AMS) markets, partially offset by increases in advanced sensors sales in the Other markets, mainly for consumer applications. Sequentially, the decrease primarily reflected lower sales of precision resistors in the Test and Measurement market, partially offset by increases in advanced sensors sales in the Other markets, mainly for consumer applications.Sequentially, the decrease primarily reflected lower sales of precision resistors in the Test and Measurement market, partially offset by increases in advanced sensors sales in the Other markets, mainly for consumer applications.

Gross profit as a percentage of net revenues for the Sensors segment was as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Gross profit margin	**38.3 %**	40.1 %	**37.4 %**	40.7 %

Gross profit margin for the Sensors segment was 38.3% for the second fiscal quarter of 2024. Gross profit margin decreased compared to 40.1% in the second fiscal quarter of 2023, and increased compared to 36.5% in the first fiscal quarter of 2024. The year-over-year decrease in gross profit margin was primarily due to lower volume, partially offset by improved efficiencies and cost reduction programs. Sequentially, the higher gross profit margin was primarily due to improved efficiencies.

Weighing Solutions

Net revenues of the Weighing Solutions segment were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Net revenues	**$ 27,447**	$ 31,261	**$ 56,292**	$ 63,120
Change versus comparable prior year period	**$ (3,814)**		**$ (6,828)**	
Percentage change versus prior year period	**(12.2)%**		**(10.8)%**	

Changes in Weighing Solutions segment net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	(11.8)%	(11.1)%
Change in average selling prices	(0.4)%	0.1 %
Foreign currency effects	0.0 %	0.2 %
Net change	(12.2)%	(10.8)%

The Weighing Solutions segment revenue of $27.4 million in the second fiscal quarter of 2024 decreased 12.2% compared to $31.3 million in the second fiscal quarter of 2023 and was 4.8% lower than $28.8 million in the first fiscal quarter of 2024. The year-over-year decline in revenues was mainly attributable to lower sales of load cells in our Other markets, primarily for precision agriculture and medical applications, and in our Industrial Weighing market. Sequentially, the decreases in revenues was primarily attributable to lower sales in the Transportation market.

Gross profit as a percentage of net revenues for the Weighing Solutions segment was as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Gross profit margin	**37.6 %**	38.7 %	**38.3 %**	36.8 %

Gross profit margin for the Weighing Solutions segment was 37.6% for the second fiscal quarter of 2024, which decreased compared to 38.7% in the second fiscal quarter of 2023, and decreased compared to 39.1% in the first fiscal quarter of 2024. The year-over-year and sequential decrease in gross profit margin were primarily due to lower volume.

Measurement Systems

Net revenues of the Measurement Systems segment were as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	**July 1, 2023**	**June 29, 2024**	**July 1, 2023**
Net revenues	**$ 21,043**	$ 23,275	**$ 43,567**	$ 43,554
Change versus comparable prior year period	**$ (2,232)**		**$ 13**	
Percentage change versus prior year period	**(9.6)%**		**0.0 %**	

Changes in Measurement Systems segment net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
Change attributable to:		
Change in volume	(9.4) %	0.3 %
Change in average selling prices	0.5 %	0.5 %
Foreign currency effects	(0.7) %	(0.8)%
Net change	(9.6) %	0.0 %

The Measurement Systems segment revenue of $21.0 million in the second fiscal quarter of 2024 decreased 9.6% year-over-year from $23.3 million in the second fiscal quarter of 2023 and was 6.6% lower than $22.5 million in the first fiscal quarter of 2024. The year-over-year decrease was primarily attributable to decreased revenue in the Steel and the Transportation markets. Sequentially, the decrease in revenue was primarily due to lower sales of Diversified Technical Systems Inc. ("DTS") products in the AMS and Transportation markets.

Gross profit as a percentage of net revenues for the Measurement Systems segment were as follows:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Gross profit margin	**52.4 %**	51.8 %	**55.4 %**	52.8 %

Gross profit margin for the Measurement Systems segment was 52.4%, compared to 51.8% (or 52.0% adjusted to exclude $41.0 thousand of purchase accounting adjustment related to the DTS and DSI acquisitions), in the second fiscal quarter of 2023, and 58.1% in the first fiscal quarter of 2024. The year-over-year adjusted gross profit margin* was slightly higher due to product mix. The sequentially lower adjusted gross profit margin reflected lower volume with an unfavorable product mix.

Selling, General, and Administrative Expenses

Selling, general, and administrative (“SG&A”) expenses are summarized as follows *(dollars in thousands)*:

	Fiscal quarter ended		Six fiscal months ended	
	June 29, 2024	July 1, 2023	June 29, 2024	July 1, 2023
Total SG&A expenses	**$ 26,501**	$ 26,755	**$ 53,895**	$ 53,914
As a percentage of net revenues	**34.3 %**	29.5 %	**34.1 %**	30.0 %

SG&A expenses for the fiscal quarter and six fiscal months ended June 29, 2024 decreased $0.3 million and $0.0 million, respectively, compared to the comparable prior year periods.

Restructuring Costs

Restructuring costs reflect the cost reduction programs implemented by the Company. Restructuring costs are expensed during the period in which the Company determines it will incur those costs and all requirements for accrual are met. Because these costs are recorded based upon estimates, actual expenditures for the restructuring activities may differ from the initially recorded costs. If the initial estimates are too low or too high, the Company could be required either to record additional expense in future periods or to reverse part of the previously recorded charges.

The Company recorded $0.0 million and $0.2 million of restructuring costs during the fiscal quarter ended June 29, 2024 and July 1, 2023, respectively, and $0.8 million and $0.3 million of restructuring costs during the six fiscal months ended June 29, 2024 and July 1, 2023, respectively. Restructuring costs were comprised primarily of employee termination costs, including severance and statutory retirement allowances, in connection with various cost reduction programs.

Other Income (Expense)

Interest expense for the fiscal quarter and six fiscal months ended June 29, 2024 was lower when compared with the comparable prior year periods mainly due to lower debt balance outstanding as a result of debt payments made in the second half of 2023.

The following table analyzes the components of the line “Other” on the consolidated condensed statements of operations *(in thousands)*:

	Fiscal quarter ended		
	June 29, 2024	**July 1, 2023**	**Change**
Foreign currency exchange gain	**$ 1,287**	$ 793	$ 494
Interest income	**499**	356	143
Pension expense	**(10)**	(71)	61
Other	**(75)**	(59)	(16)
	$ 1,701	$ 1,019	$ 682

	Six fiscal months ended		
	June 29, 2024	**July 1, 2023**	**Change**
Foreign currency exchange gain	**$ 2,877**	$ 855	$ 2,022
Interest income	**822**	722	100
Pension expense	**(20)**	(145)	125
Other	**(118)**	(138)	20
	$ 3,561	$ 1,294	$ 2,267

Foreign currency exchange gains represent the impact of changes in foreign currency exchange rates. For the fiscal quarter and six fiscal months ended June 29, 2024, the change in foreign currency exchange gains and losses during the periods, as compared to the prior year periods, is largely due to exposure to currency fluctuations with the Israeli shekel, the Japanese Yen, the Canadian dollar and the British pound.

Income Taxes

VPG calculates the tax provision for interim periods using an estimated annual effective tax rate methodology based on projected full-year pre-tax earnings among the taxing jurisdictions in which we operate with adjustments for discrete items. The effective tax rate for the fiscal quarter ended June 29, 2024 was 33.3% compared to 28.8% for the fiscal quarter ended July 1, 2023. The effective tax rate for the fiscal quarter ended June 29, 2024 was higher than the prior year period primarily due to changes in the mix of worldwide income and an increase in our valuation allowance on deferred tax assets. The effective tax rate for the six fiscal months ended June 29, 2024 was 30.7% compared to 26.8% for the six fiscal months ended July 1, 2023. The effective tax rate for the six fiscal months ended June 29, 2024 was higher than the prior year period primarily due to changes in the mix of worldwide income and an increase in our valuation allowance on deferred tax assets.

The Company and its subsidiaries are subject to income taxes imposed by the U.S., various states, and the foreign jurisdictions in which we operate. Each jurisdiction establishes rules that set forth the years which are subject to examination by its tax authorities. While the Company believes the tax positions taken on its tax returns for each jurisdiction are supportable, they may still be challenged by the jurisdiction's tax authorities. In anticipation of such challenges, the Company has established reserves for tax-related uncertainties. These liabilities are based on the Company’s best estimate of the potential tax exposures in each respective jurisdiction. It may take a number of years for a final tax liability in a jurisdiction to be determined, particularly in the event of an audit. If an uncertain matter is determined favorably, there could be a reduction in the Company’s tax expense. An unfavorable determination could increase tax expense and could require a cash payment, including interest and penalties.

Financial Condition, Liquidity, and Capital Resources

We believe that our current cash and cash equivalents, credit facilities and projected cash from operations will be sufficient to meet our liquidity needs for at least the next 12 months.

On March 20, 2020, the Company entered into a Third Amended and Restated Credit Agreement (the “2020 Credit Agreement”) among the Company, the lenders named therein, Citizens Bank, National Association and Wells Fargo Bank, National Association as joint lead arrangers and JPMorgan Chase Bank, National Association as agent for such lenders (the “Agent”), pursuant to which the terms of the Company’s multi-currency, secured credit facility were revised to provide a secured revolving facility (the “2020 Revolving Facility”) in an aggregate principal amount of $75.0 million, with a sublimit of $10.0 million which can be used for letters of credit for the account of the Company or its subsidiaries that are parties to the Credit Agreement. The proceeds of the 2020 Revolving Facility may be used on an ongoing basis for working capital and general corporate purposes. The aggregate principal amount of the 2020 Revolving Facility may be increased by a maximum of $25.0 million upon the request of the Company, subject to the terms of the 2020 Credit Agreement. The 2020 Credit Agreement terminates on March 20, 2025.

On May 5, 2023, the Company entered into Amendment No. 1 to Third Amended and Restated Credit Agreement (the “Credit Agreement Amendment”), by and among the Company, the lenders named therein, Citizens Bank, National Association and Wells Fargo Bank, National Association as joint lead arrangers and the Agent, as agent for such lenders. The Credit Agreement Amendment amended the 2020 Credit Agreement. The primary purpose of the changes made in the Credit Agreement Amendment were to update the interest rate provisions to replace LIBOR with SOFR for U.S. dollar denominated loans as well as update the other applicable reference borrowing rates for foreign currency loans which took effect on June 15, 2023. Interest payable on amounts borrowed under the 2020 Revolving Facility is based upon the following: (a) for revolving credit loans denominated in US Dollars, the SOFR rate plus applicable credit spread; and (b) for revolving credit loans denominated in foreign currencies, at other applicable local reference rates plus an interest margin. Depending upon the Company’s leverage ratio, an interest rate margin ranging from 1.50% to 2.75% per annum is added to the applicable SOFR rate to determine the interest payable on the SOFR loans. The Company is required to pay a quarterly fee of 0.25% per annum to 0.40% per annum on the unused portion of the 2020 Revolving Facility, which is determined based on the Company’s leverage ratio each quarter. Additional customary fees apply with respect to letters of credit.

The obligations of the Company under the 2020 Credit Agreement are secured by pledges of stock in certain domestic and foreign subsidiaries, as well as guarantees by substantially all of the Company’s domestic subsidiaries. The obligations of the Company and the guarantors under the 2020 Credit Agreement are secured by substantially all the assets (excluding real estate) of the Company and such guarantors. The 2020 Credit Agreement restricts the Company from paying cash dividends and requires the Company to comply with other customary covenants, representations, and warranties, including the maintenance of specific financial ratios. The financial maintenance covenants include an interest coverage ratio and a leverage ratio. The Company was in compliance with its financial maintenance covenants at June 29, 2024. If the Company is not in compliance with any of these covenant restrictions, the credit facility could be terminated by the lenders, and all amounts outstanding pursuant to the credit facility could become immediately payable.

Our business has historically generated significant cash flow. For the six fiscal months ended June 29, 2024, cash provided by operating activities was $13.9 million compared to $18.2 million in the comparable prior year period. Our net cash used in investing activities for the six fiscal months ended June 29, 2024 was lower compared to the prior year period mainly due to lower capital spending. Our net cash used in financing activities for the six fiscal months ended June 29, 2024 was significantly higher when compared with the prior year period due to the stock repurchases made during the period.

Approximately 91% and 92% of our cash and cash equivalents balance at June 29, 2024 and December 31, 2023, respectively, was held by our non-U.S. subsidiaries.

See the following table for the percentage of cash and cash equivalents, by region, at June 29, 2024 and December 31, 2023:

	June 29, 2024	December 31, 2023
Israel	**40 %**	36 %
Asia	**24 %**	22 %
Europe	**13 %**	14 %
France	**9 %**	9 %
United States	**9 %**	8 %
Canada	**5 %**	11 %
	100 %	100 %

We earn a significant amount of our operating income outside the United States, the majority of which is deemed to be indefinitely reinvested in foreign jurisdictions. As a result, as discussed above, a significant portion of our cash and short-term investments are held by foreign subsidiaries. The Company will continue to evaluate its cash needs, however we currently do not intend, nor do we foresee a need, to repatriate funds in excess of what is already planned. The Company will evaluate the possibility of repatriating future cash provided such repatriation can be accomplished in a tax efficient manner. In addition, we expect existing domestic cash, short-term investments, and cash flows from operations to continue to be sufficient to fund our domestic operating activities and cash commitments for investing and financing activities, such as debt repayment and capital expenditures, for at least the next 12 months and thereafter for the foreseeable future.

If we should require more capital in the United States than is generated by our domestic operations, for example, to fund significant discretionary activities, such as business acquisitions, we could elect to repatriate future earnings from foreign jurisdictions or raise capital in the United States through debt or equity issuances. These alternatives could result in higher tax expense, increased interest expense, or dilution of our earnings. We consider the majority of the undistributed earnings of our foreign subsidiaries, as of June 29, 2024, to be indefinitely reinvested.

Adjusted free cash flow generated during the six fiscal months ended June 29, 2024, was $9.0 million. We refer to the amount of cash provided by operating activities ($13.9 million) in excess of our capital expenditures ($5.2 million) and net of proceeds from the sale of assets ($0.8 million) as “adjusted free cash flow.”

The following table summarizes the components of net cash at June 29, 2024 and December 31, 2023 *(in thousands)*:

	June 29, 2024	December 31, 2023
Cash and cash equivalents	**$ 84,128**	$ 83,965
Third-party debt, including current and long-term:		
Revolving debt	**32,000**	32,000
Deferred financing costs	**(86)**	(144)
Total third-party debt	**31,914**	31,856
Net cash	**$ 52,214**	$ 52,109

Measurements such as “adjusted free cash flow” and “net cash" do not have uniform definitions and are not recognized in accordance with U.S. GAAP. Such measures should not be viewed as alternatives to GAAP measures of performance or liquidity. However, management believes that “adjusted free cash flow” is a meaningful measure of our ability to fund acquisitions, and that an analysis of “net cash” assists investors in understanding aspects of our cash and debt management. These measures, as calculated by us, may not be comparable to similarly titled measures used by other companies.

Our financial condition as of June 29, 2024 remains strong, with a current ratio (current assets to current liabilities) of 2.7 to 1.0, as compared to a ratio of 3.9 to 1.0 at December 31, 2023.

Cash paid for property and equipment for the six fiscal months ended June 29, 2024 was $5.2 million compared to $6.9 million in the comparable prior year period.

As of June 29, 2024 and December 31, 2023, we did not have any off-balance sheet arrangements.

Safe Harbor Statement

From time to time, information provided by us, including, but not limited to, statements in this report, or other statements made by or on our behalf, may contain or constitute "forward-looking" information within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements involve a number of risks, uncertainties, and contingencies, many of which are beyond our control, which may cause actual results, performance, or achievements to differ materially from those anticipated.

Such statements are based on current expectations only, and are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, expected, estimated, or projected. Among the factors that could cause actual results to materially differ include: general business and economic conditions; impact of inflation; potential issues respecting the United States federal government debt ceiling; global labor and supply chain challenges; difficulties or delays in identifying, negotiating and completing acquisitions and integrating acquired companies; the inability to realize anticipated synergies and expansion possibilities; difficulties in new product development; changes in competition and technology in the markets that we serve and the mix of our products required to address these changes; changes in foreign currency exchange rates; political, economic, and health (including pandemics) instabilities; instability caused by military hostilities in the countries in which we operate (including Israel); difficulties in implementing our cost reduction strategies, such as underutilization of production facilities, labor unrest or legal challenges to our lay-off or termination plans, operation of redundant facilities due to difficulties in transferring production to achieve efficiencies; compliance issues under applicable laws, such as export control laws, including the outcome of our voluntary self-disclosure of export control non-compliance; significant developments from the recent and potential changes in tariffs and trade regulation; our efforts and efforts by governmental authorities to mitigate the COVID-19 pandemic, such as travel bans, shelter-in-place orders and business closures and the related impact on resource allocations, manufacturing and supply chains; our status as a “critical”, “essential” or “life-sustaining” business in light of COVID-19 business closure laws, orders and guidance being challenged by a governmental body or other applicable authority; our ability to execute our new corporate strategy and business continuity, operational and budget plans; and other factors affecting our operations, markets, products, services, and prices that are set forth in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023. We caution you not to place undue reliance on forward-looking statements, which speak only as of the date of this report or as of the dates otherwise indicated in such forward-looking statements. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 3. **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

There have been no material changes in the market risks previously disclosed in Part II, Item 7A "Quantitative and Qualitative Disclosures About Market Risk" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 29, 2024.

Item 4. **CONTROLS AND PROCEDURES**

Disclosure Controls and Procedures

An evaluation was performed under the supervision and with the participation of our management, including the Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO"), of the effectiveness of the design and operation of our disclosure controls and procedures, as such term is defined under Rule 13a-15(e) and Rule 15d-15(e) promulgated under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Based on that evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of the end of the period covered by this quarterly report to ensure that information required to be disclosed in reports that we file or submit under the Exchange Act are: (1) recorded, processed, summarized, and reported within the time periods specified in the SEC's rules and forms; and (2) accumulated and communicated to our management, including our CEO and CFO, as appropriate to allow timely decisions regarding required disclosure.

Our management, including our CEO and CFO, believes that any disclosure controls and procedures or internal controls and procedures, 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 consider the benefits of controls relative to their costs. Inherent limitations within a control system include the realities that judgments in decision-making can be faulty, and that breakdowns can occur because of a simple error or mistake. Additionally, controls can be circumvented by the individual acts of some persons, by collusion of two or more people, or by unauthorized override of the control. While the design of any system of controls is to provide reasonable assurance of the effectiveness of disclosure controls, such design is also based in part upon certain assumptions about the likelihood of future events, and such assumptions, while reasonable, may not take into account all potential future conditions. Accordingly, because of the inherent limitations in a cost effective control system, misstatements due to error or fraud may occur and may not be prevented or detected.

Changes in Internal Control over Financial Reporting

During our last fiscal quarter ended June 29, 2024, there was no change in our internal control over financial reporting that materially affected, or is reasonable likely to materially affect, internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

The Company is subject to various legal proceedings that constitute ordinary, routine litigation incidental to its business. The Company believes that the foregoing matters will not have a material adverse effect on the Company's business or its financial condition, results of operations, and cash flows.

Item 1A. RISK FACTORS

In addition to the other information set forth in this Form 10-Q, you should carefully consider the factors discussed in Part I, Item 1A "Risk Factors" of our Annual Report on Form 10-K for the fiscal year ended December 31, 2023, filed with the SEC on February 29, 2024. There have been no material changes in reported risk factors from the information reported in our Annual Report on Form 10-K for the fiscal year ended December 31, 2023.

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

The following table provides information about repurchases of the Company's common stock during the three-month period ended June 29, 2024.

	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that May Yet Be Purchased Under the Plans (a)
March 31, 2024 -May 1, 2024	23,957	33.82	23,957	217,652
May 2, 2024 - June 2, 2024	33,798	$ 32.54	33,798	183,854
June 3, 2024- June 29, 2024	38,955	31.46	38,955	144,899
Total	96,710		96,710	144,899

(a) On August 8, 2022, the Board of Directors (the "Board") of the Company authorized the repurchase of up to 600,000 shares of the Company's outstanding common stock (the "Stock Repurchase Plan"). The Stock Repurchase Plan was set to expire on August 11, 2023, and the Board authorized purchases thereunder to be made through an issuer repurchase plan adopted under Rule 10b5-1 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), open market purchases or private transactions, in accordance with the applicable federal securities laws, including Rule 10b-18 under the Exchange Act. On August 8, 2023, the Company announced that its Board of Directors extended the term of the previously approved stock repurchase plan to August 9, 2024. As of June 29, 2024, the Company had repurchased 455,101 shares under the Stock Repurchase Plan.

Item 3. DEFAULTS UPON SENIOR SECURITIES

None.

Item 4. MINE SAFETY DISCLOSURES

Not applicable.

Item 5. OTHER INFORMATION

During the fiscal quarter ended June 29, 2024, none of the Company's directors or officers (as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended) adopted or terminated a Rule 10b5-1 trading arrangement or non-Rule 10b5-1 trading arrangement (as such terms are defined in Item 408 of Regulation S-K of the Securities Act of 1933, as amended).

Item 6. EXHIBITS

10.1	Vishay Precision Group, Inc. 2024 Non-Employee Director Compensation Plan
31.1	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – Ziv Shoshani, Chief Executive Officer.
31.2	Certification pursuant to Rule 13a-14(a) or 15d-14(a) under the Securities Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 – William M. Clancy, Chief Financial Officer.
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – Ziv Shoshani, Chief Executive Officer.
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 – William M. Clancy, Chief Financial Officer.
101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended June 29, 2024, furnished in XBRL (eXtensible Business Reporting Language).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

VISHAY PRECISION GROUP, INC.

/s/ William M. Clancy

William M. Clancy

Executive Vice President and Chief Financial Officer

(as a duly authorized officer and principal financial and accounting officer)

Date: August 6, 2024

VISHAY PRECISION GROUP, INC.

2024 NON-EMPLOYEE DIRECTOR COMPENSATION PLAN

1. BACKGROUND AND PURPOSE

VISHAY PRECISION GROUP, INC., a Delaware corporation, hereby adopts the Vishay Precision Group, Inc. Non-Employee Director Compensation Plan**,** effective as of the date of Vishay Precision Group, Inc.'s 2024 Annual Meeting. The purpose of the Plan is to provide Non-Employee Directors of Vishay Precision Group, Inc. with compensation for services to the Company.

2. DEFINITIONS

(a) "Annual Retainer" means the amount payable for service as a Non-Employee Director as a member of the Board, and as a member of one or more Committees at the annual rates specified in Paragraph 3(a) of the Plan.

(b) "Annual Meeting" means the annual meeting of stockholders of the Company.

(c) "Board" means the Board of Directors of the Company.

(d) "Committee" means a duly-constituted committee of the Board.

(e) "Company" means Vishay Precision Group, Inc., a Delaware corporation, including any successor thereto by merger, consolidation, acquisition of all or substantially all the assets thereof, or otherwise.

(f) "Fair Market Value" means, for any particular date of grant, the average closing price of a Share on the New York Stock Exchange for the five consecutive trading days immediately preceding the date of grant, or, if there are no such reported sales, the average of the high bid and low asked price of the Common Stock as reported for the five consecutive trading days immediately preceding the date of grant. In the event that the Fair Market Value cannot be thus determined, it shall be determined in good faith by the Board.

(g) "Non-Employee Director" means an individual who is a member of the Board, and who is not an employee of the Company, including an individual who is a member of the Board and who previously was an employee of the Company.

(h) "Non-Executive Chair" means a Non-Employee Director who serves as the Chairman of the Board.

(i) "Plan" means the Vishay Precision Group, Inc. 2024 Non-Employee Director Compensation Plan, as set forth herein, and as amended from time to time.

(j) "Share" means a share of Vishay Precision Group, Inc. Common Stock, par value $0.10.

(k) "Stock Incentive Plan" means the Vishay Precision Group, Inc. 2022 Stock Incentive Plan, as amended from time to time (or such other more recently-adopted generally applicable plan pursuant to which the Company grants restricted stock or restricted stock units).

3. NON-EMPLOYEE DIRECTOR COMPENSATION

(a) Non-Employee Director Compensation Package. Effective immediately as of the date of the Company's 2024 Annual Meeting, individuals who are in service as Non-Employee Directors immediately after each Annual Meeting or who are elected to the Board between Annual Meetings shall be entitled to payments, grants and awards determined as follows:

(i) Annual Retainer - Non-Executive Chair. The Annual Retainer for service to the Company as the Non-Executive Chair shall be $110,000, payable on or about the date of each Annual Meeting.

(ii) Annual Retainer - Other Non-Employee Directors. The Annual Retainer for service to the Company as a Non-Employee Director other than the Non-Executive Chair shall be $50,000, payable in four quarterly installments on or about the date of each Annual Meeting and on or about the date of the following three regularly-scheduled meetings of the Board.

(iii) Annual Retainer: Chair - Audit Committee. The Annual Retainer for service as Chair of the Audit Committee shall be $15,000, payable in four quarterly installments on or about the date of each Annual Meeting and on or about the date of the following three regularly-scheduled meetings of the Board.

(iv) Annual Retainer: Chair - Compensation Committee. The Annual Retainer for service as Chair of the Compensation Committee shall be $10,000, payable in four quarterly installments on or about the date of each Annual Meeting and on or about the date of the following three regularly-scheduled meetings of the Board.

(v) Annual Retainer: Chair - Nominating and Governance Committee. The Annual Retainer for service as Chair of the Nominating and Governance Committee shall be $10,000, payable in four quarterly installments on or about the date of each Annual Meeting and on or about the date of the following three regularly-scheduled meetings of the Board.

(iv) Stock Grants.

(A) As of the date of each Annual Meeting commencing with the 2024 Annual Meeting, the Board shall grant Restricted Stock Units under the Stock Incentive Plan to each Non-Employee Director for Shares having a Fair Market Value on the date of grant of $80,000, rounded, if necessary, to the next higher whole Share.

(B) Each Restricted Stock Unit shall be fully vested on the first anniversary of the date of grant (except as otherwise provided in Section 3(b)(ii) of the Plan or Section 3(f) of the Stock Incentive Plan), provided that the Non-Employee Director continues in service as a Non-Employee Director to that date. If the Non-Employee Director fails to continue in service as a Non-Employee Director for the period from the date of grant to the first anniversary of the date of grant, all unvested Restricted Stock Units granted to such Non-Employee Director shall be forfeited; *provided*, *however*, that in the event of termination of such Non-Employee Director's service as a result of such Non-Employee Director's death or disability, each outstanding and unvested Restricted Stock Unit granted to such Non-Employee Director pursuant to this Section 3(a)(vi) shall immediately vest.

(C) In the event that Shares are changed into or exchanged for a different number or kind of shares of stock or other securities of the Company, whether through merger, consolidation, reorganization, recapitalization, stock dividend, stock split-up or other substitution of securities of the Company, the number and class of shares of stock subject to the grant of Restricted Stock Units under the Plan shall be adjusted consistent with the adjustment made pursuant to the Stock Incentive Plan, and such adjustment shall be effective and binding for all purposes of this Plan.

(b) Payment Practices. Payments, grants and awards described in Paragraph 3(a) of the Plan shall be subject to the following payment practices:

(i) Annual Retainer payments described in Paragraph 3(a)(i) shall be payable in a single annual payment, in advance (which annual payment shall be made on or as soon as practicable following the date of the Annual Meeting). Annual Retainer payments described in Paragraphs 3(a)(ii) through 3(a)(v) shall be payable in equal quarterly installments, in advance and as described in Paragraph 3(a). Such Annual Retainer payments shall be pro-rated for a partial quarter or year of service, as applicable, by a Non-Employee Director elected to the board during a quarter.

(ii) The date of grant for stock grants described in Paragraph 3(a)(vi) shall be the date of the Annual Meeting for Non-Employee Directors who are in service immediately after the Annual Meeting and the date of election to the Board for Non-Employee Directors elected to the Board between Annual Meetings. The size of the stock grant shall be pro-rated for a partial year of service by a Non-Employee Director elected to the Board between Annual Meetings, provided that such pro-rated stock grant shall be fully vested on the date of the first Annual Meeting after the date of grant, and provided further that such Non-Employee Director continues in service as a Non-Employee Director to that date. If such Non-Employee Director fails to continue in service as a Non-Employee Director for the period from the date of grant to the date of the first Annual Meeting after the date of grant, all unvested Restricted Stock Units granted to such Non-Employee Director shall be forfeited.

4. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Board. Subject to the express terms and conditions set forth in the Plan, the Board shall have the power, from time to time, to interpret the Plan's provisions, prescribe, amend and rescind rules and regulations for the Plan, and make all other determinations necessary or advisable for the administration of the Plan. The determination of the Board in all matters as stated above shall be conclusive.

5. AMENDMENT AND TERMINATION

The Plan may be amended or terminated by the Board at any time. No accrued right to payment as determined under Paragraph 3 shall be affected by any such termination or amendment without the written consent of the affected Non-Employee Director.

6. EFFECTIVE DATE

The Plan shall be effective beginning on the date of the Annual Meeting held in 2024, and shall continue in effect until terminated by the Board.

7. GOVERNING LAW

The Plan and all determinations made and actions taken pursuant to the Plan shall be subject to and construed and interpreted in accordance with the laws of the State of Delaware, without giving effect to principles of conflict of laws.

Exhibit 31.1

CERTIFICATIONS

I, Ziv Shoshani, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Precision Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(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: August 6, 2024

/s/ Ziv Shoshani

Ziv Shoshani

Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, William M. Clancy, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Vishay Precision Group, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(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: August 6, 2024

/s/ William M. Clancy

William M. Clancy

Chief Financial Officer

Exhibit 32.1

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

In connection with the Quarterly Report of Vishay Precision Group, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended June 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Ziv Shoshani, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with 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.

/s/ Ziv Shoshani

Ziv Shoshani
Chief Executive Officer
August 6, 2024

Exhibit 32.2

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

In connection with the Quarterly Report of Vishay Precision Group, Inc. (the “Company”) on Form 10-Q for the fiscal quarter ended June 29, 2024 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, William M. Clancy, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. section 1350, as adopted pursuant to section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with 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.

/s/ William M. Clancy

William M. Clancy
Chief Financial Officer
August 6, 2024