

REFINITIV

## DELTA REPORT

### 10-Q

VPG - VISHAY PRECISION GROUP, I

10-Q - MARCH 30, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS 743

 CHANGES 205

 DELETIONS 276

 ADDITIONS 262

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 September March 30, 2023 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.  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).  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	<input checked="" type="checkbox"/>
Non-accelerated filer	"	Smaller reporting company	<input type="checkbox"/>
		Emerging growth company	<input type="checkbox"/>

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

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

As of November 7, 2023 May 7, 2024, the registrant had 12,510,296 12,331,036 shares of its common stock and 1,022,887 shares of its Class B convertible common stock outstanding.

VISHAY PRECISION GROUP, INC.  
FORM 10-Q

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## PART I - FINANCIAL INFORMATION

Item 1. FINANCIAL STATEMENTS

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

	September 30, 2023	December 31, 2022	
	<u>(Unaudited)</u>		
<b>March 30, 2024</b>		<b>March 30, 2024</b>	
<u>(Unaudited)</u>			<b>December 31, 2023</b>

Assets			
Assets			
Assets	Assets	Assets	
Current assets:	Current assets:		
Current assets:	Current assets:		
Cash and cash equivalents	Cash and cash equivalents	\$ 94,632	\$ 88,562
Short term investment	1,000	—	
Cash and cash equivalents	Cash and cash equivalents		
Accounts receivable, net	Accounts receivable, net		
Accounts receivable, net	Accounts receivable, net	57,240	60,068
Inventories:	Inventories:		
Raw materials	Raw materials		
Raw materials	Raw materials	34,952	31,852
Work in process	Work in process	28,368	26,401
Finished goods	Finished goods	27,088	26,407
Inventories, net	Inventories, net	90,408	84,660
Prepaid expenses and other current assets	Prepaid expenses and other current assets	16,454	18,516
Prepaid expenses and other current assets	Prepaid expenses and other current assets		
Total current assets	Total current assets		
Total current assets	Total current assets	259,734	251,806
Property and equipment:	Property and equipment:		
Property and equipment:	Property and equipment:		
Land	Land		
Land	Land	4,104	4,117
Buildings and improvements	Buildings and improvements	71,379	71,613
Machinery and equipment	Machinery and equipment	126,582	125,301
Software	Software	9,141	9,539

Construction in progress	Construction in progress	<b>10,872</b>	10,075
Accumulated depreciation	Accumulated depreciation	<b>(135,366)</b>	(133,518)
Property and equipment, net	Property and equipment, net	<b>86,712</b>	87,127
Goodwill	Goodwill	<b>45,579</b>	45,544
Goodwill	Goodwill		
Intangible assets, net	Intangible assets, net	<b>45,492</b>	48,217
Operating lease right-of-use assets	Operating lease right-of-use assets	<b>27,440</b>	24,342
Other assets	Other assets	<b>19,349</b>	19,706
Total assets	Total assets	<b>\$ 484,306</b>	\$ 476,742

Continues on the following page.

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VISHAY PRECISION GROUP, INC. Consolidated Condensed Balance Sheets (In thousands)			
	September 30, 2023	December 31, 2022	
	March 30, 2024	March 30, 2024	December 31, 2023
Liabilities and equity	Liabilities and equity	(Unaudited)	
Liabilities and equity			
Current liabilities:	Current liabilities:		
Current liabilities:			
Current liabilities:			
Trade accounts payable			
Trade accounts payable			
Trade accounts payable	Trade accounts payable	\$ 11,875	\$ 13,792
Payroll and related expenses	Payroll and related expenses	18,169	21,966
Other accrued expenses	Other accrued expenses	24,077	20,306
Income taxes	Income taxes	1,774	4,064
Current portion of operating lease liabilities	Current portion of operating lease liabilities	3,814	4,208
Current portion of long-term debt			
Total current liabilities	Total current liabilities	59,709	64,336
Long-term debt, less current portion		53,827	60,799

Long-term debt			
Long-term debt			
Long-term debt			
Deferred income taxes	Deferred income taxes	4,098	4,212
Operating lease liabilities	Operating lease liabilities	22,587	20,043
Other liabilities	Other liabilities	12,900	13,053
Accrued pension and other postretirement costs	Accrued pension and other postretirement costs	7,028	7,777
Total liabilities	Total liabilities	160,149	170,220
Equity:	Equity:		
Common stock			
Common stock			
Common stock	Common stock	1,330	1,325
Class B convertible common stock	Class B convertible common stock	103	103
Treasury stock	Treasury stock	(12,700)	(11,504)
Capital in excess of par value	Capital in excess of par value	202,267	201,164
Retained earnings	Retained earnings	177,839	156,359
Accumulated other comprehensive loss	Accumulated other comprehensive loss	(44,729)	(40,900)
Total Vishay Precision Group, Inc. stockholders' equity	Total Vishay Precision Group, Inc. stockholders' equity	324,110	306,547
Noncontrolling interests	Noncontrolling interests	47	(25)
Total equity	Total equity	324,157	306,522
Total liabilities and equity	Total liabilities and equity	\$ 484,306	\$ 476,742

See accompanying notes.

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#### VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Operations  
(Unaudited - In thousands, except per share amounts)

Fiscal quarter ended			
		September 30, 2023	October 1, 2022

Fiscal quarter ended				Fiscal quarter ended
March 30, 2024		March 30, 2024		April 1, 2023
Net revenues	Net revenues	\$ 85,854	\$ 90,057	
Costs of products sold	Costs of products sold	49,919	52,737	
Gross profit	Gross profit	35,935	37,320	
Selling, general, and administrative expenses	Selling, general, and administrative expenses	26,558	25,271	
Selling, general, and administrative expenses				
Selling, general, and administrative expenses				
Restructuring costs				
Restructuring costs				
Restructuring costs	Restructuring costs	1,153	165	
	Operating			
Operating income income		8,224	11,884	
Other income (expense):	Other income (expense):			
Other income (expense):				
Interest expense				
Interest expense				
Interest expense	Interest expense	(1,119)	(636)	
Other	Other	1,671	1,223	
Other income		552	587	
Other income (expense)				
Income before taxes				
Income before taxes				
Income before taxes	Income before taxes	8,776	12,471	
Income tax expense	Income tax expense	2,419	2,323	
Income tax expense				
Income tax expense				
Net earnings	Net earnings	6,357	10,148	
Less: net earnings attributable to noncontrolling interests		77	30	
Net earnings				
Net earnings				
Less: net (loss) earnings attributable to noncontrolling interests				

	Net earnings attributable to VPG	
Net earnings attributable to VPG stockholders	\$ 6,280	\$ 10,118
Basic earnings per share attributable to VPG stockholders		
Basic earnings per share attributable to VPG stockholders		
	Basic earnings per share attributable to VPG	
Basic earnings per share attributable to VPG stockholders	\$ 0.46	\$ 0.74
	Diluted earnings per share attributable to VPG	
Diluted earnings per share attributable to VPG stockholders	\$ 0.46	\$ 0.74
	Weighted average shares outstanding - basic	
Weighted average shares outstanding - basic	13,600	13,649
Weighted average shares outstanding - basic		
	Weighted average shares outstanding - diluted	
Weighted average shares outstanding - diluted	13,686	13,708

See accompanying notes.

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#### VISHAY PRECISION GROUP, INC.

Consolidated Condensed Statements of Operations  
(Unaudited - In thousands, except per share amounts)

	Nine fiscal months ended	
	September 30, 2023	October 1, 2022
Net revenues	\$ 265,520	\$ 266,340
Costs of products sold	153,674	156,436
Gross profit	111,846	109,904
Selling, general, and administrative expenses	80,472	77,824
Restructuring costs	1,431	1,330
Operating income	29,943	30,750
Other income (expense):		
Interest expense	(3,195)	(1,393)
Other	2,965	5,006

Other income (expense)	(230)	3,613
Income before taxes	29,713	34,363
Income tax expense	8,023	6,651
Net earnings	21,690	27,712
Less: net earnings attributable to noncontrolling interests	210	483
Net earnings attributable to VPG stockholders	<b>\$ 21,480</b>	<b>\$ 27,229</b>
Basic earnings per share attributable to VPG stockholders	\$ 1.58	\$ 2.00
Diluted earnings per share attributable to VPG stockholders	\$ 1.57	\$ 1.99
Weighted average shares outstanding - basic	13,596	13,645
Weighted average shares outstanding - diluted	13,670	13,692

**See accompanying notes.**

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**VISHAY PRECISION GROUP, INC.**

Consolidated Condensed Statements of Comprehensive Income (Loss)  
(Unaudited - In thousands)

		Fiscal quarter ended			
		September 30, 2023	October 1, 2022		
		Fiscal quarter ended		Fiscal quarter ended	
		March 30, 2024		March 30, 2024	April 1, 2023
Net earnings	Net earnings	\$ 6,357	\$ 10,148		
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:				
Other comprehensive income (loss), net of tax:	Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustment	Foreign currency translation adjustment				
Foreign currency translation adjustment	Foreign currency translation adjustment				
Foreign currency translation adjustment	Foreign currency translation adjustment	(3,653)	(8,479)		
Pension and other postretirement actuarial items	Pension and other postretirement actuarial items	—	65		
Other comprehensive loss	Other comprehensive loss	(3,653)	(8,414)		

Other comprehensive income			
Comprehensive income	Comprehensive income	2,704	1,734
Comprehensive income			
Comprehensive income			
Less: comprehensive income attributable to noncontrolling interests		77	30
Less: comprehensive (loss) income attributable to noncontrolling interests			
Less: comprehensive (loss) income attributable to noncontrolling interests			
Less: comprehensive (loss) income attributable to noncontrolling interests			
Comprehensive income attributable to VPG stockholders	Comprehensive income attributable to VPG stockholders	\$ 2,627	\$ 1,704
Comprehensive income attributable to VPG stockholders			
Comprehensive income attributable to VPG stockholders			

See accompanying notes.

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**VISHAY PRECISION GROUP, INC.**

Consolidated Condensed Statements of Comprehensive Income (Loss)  
(Unaudited - In thousands)

	Nine fiscal months ended	
	September 30, 2023	October 1, 2022
Net earnings	\$ 21,690	\$ 27,712
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustment	(3,831)	(18,214)
Pension and other postretirement actuarial items	2	227
Other comprehensive loss	(3,829)	(17,987)
Comprehensive income	17,861	9,725
Less: comprehensive income attributable to noncontrolling interests	210	483
Comprehensive income attributable to VPG stockholders	\$ 17,651	\$ 9,242

See accompanying notes.

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**VISHAY PRECISION GROUP, INC.**

Consolidated Condensed Statements of Cash Flows  
(Unaudited - In thousands)

		Nine fiscal months ended			
		September 30, 2023	October 1, 2022		
		Three fiscal months ended		Three fiscal months ended	
		March 30, 2024		March 30, 2024	April 1, 2023
<b>Operating activities</b>	<b>Operating activities</b>				
Net earnings					
Net earnings					
Net earnings	Net earnings	\$ 21,690	\$ 27,712		
Adjustments to reconcile net earnings to net cash provided by operating activities:	Adjustments to reconcile net earnings to net cash provided by operating activities:				
Depreciation and amortization	Depreciation and amortization	11,559	11,519		
Depreciation and amortization	Depreciation and amortization				
Gain on sale of property and equipment	Gain on sale of property and equipment	38	(182)		
Reclassification of foreign currency translation adjustment related to disposal of subsidiary		—	191		
Gain on sale of property and equipment	Gain on sale of property and equipment				
Gain on sale of property and equipment	Gain on sale of property and equipment				
Share-based compensation expense	Share-based compensation expense				
Share-based compensation expense	Share-based compensation expense	1,885	1,583		
Inventory write-offs for obsolescence	Inventory write-offs for obsolescence	1,567	1,451		
Deferred income taxes	Deferred income taxes	691	(72)		
Foreign currency impacts and other items	Foreign currency impacts and other items	(2,755)	(3,550)		
Net changes in operating assets and liabilities:	Net changes in operating assets and liabilities:				
Accounts receivable	Accounts receivable				
Accounts receivable	Accounts receivable				
Accounts receivable	Accounts receivable	1,604	(2,077)		
Inventories	Inventories	(7,811)	(14,151)		

Prepaid expenses and other current assets	Prepaid expenses and other current assets	1,990	(984)
Trade accounts payable	Trade accounts payable	(1,151)	(1,459)
Other current liabilities	Other current liabilities	(1,082)	1,303
Other non current assets and liabilities, net	Other non current assets and liabilities, net	(170)	(326)
Accrued pension and other postretirement costs, net	Accrued pension and other postretirement costs, net	(945)	(443)
Net cash provided by operating activities	Net cash provided by operating activities	27,110	20,515
<b>Investing activities</b>	<b>Investing activities</b>		
Capital expenditures	Capital expenditures	(9,848)	(15,545)
Proceeds from sale of property and equipment	Proceeds from sale of property and equipment	50	397
Purchase of short term investment	Purchase of short term investment	(1,000)	—
Net cash used in investing activities	Net cash used in investing activities	(10,798)	(15,148)
Net cash used in investing activities	Net cash used in investing activities		
<b>Financing activities</b>	<b>Financing activities</b>		
Payments on revolving facility	Payments on revolving facility	(7,000)	—
Purchase of treasury stock	Purchase of treasury stock		
Purchase of treasury stock	Purchase of treasury stock	(1,196)	(1,061)
Distributions to noncontrolling interests	Distributions to noncontrolling interests	(138)	(366)
Distributions to noncontrolling interests	Distributions to noncontrolling interests		
Payments of employee taxes on certain share-based arrangements	Payments of employee taxes on certain share-based arrangements	(825)	(435)
Net cash used in financing activities	Net cash used in financing activities	(9,159)	(1,862)
Effect of exchange rate changes on cash and cash equivalents	Effect of exchange rate changes on cash and cash equivalents	(1,083)	(7,930)

Increase (decrease) in cash and cash equivalents	6,070	(4,425)
(Decrease) increase in cash and cash equivalents		
Cash and cash equivalents at beginning of period	Cash and cash equivalents at beginning of period	88,562 84,335
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 94,632 \$ 79,910
<b>Supplemental disclosure of investing transactions:</b>	<b>Supplemental disclosure of investing transactions:</b>	
<b>Supplemental disclosure of investing transactions:</b>		
Capital expenditures accrued but not yet paid	Capital expenditures accrued but not yet paid	\$ 1,204 \$ 720
Capital expenditures accrued but not yet paid	Capital expenditures accrued but not yet paid	
<b>Supplemental disclosure of financing transactions:</b>	<b>Supplemental disclosure of financing transactions:</b>	
Excise tax on net share repurchases accrued but not yet paid	Excise tax on net share repurchases accrued but not yet paid	
Excise tax on net share repurchases accrued but not yet paid	Excise tax on net share repurchases accrued but not yet paid	
Excise tax on net share repurchases accrued but not yet paid	Excise tax on net share repurchases accrued but not yet paid	

See accompanying notes.

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#### VISHAY PRECISION GROUP, INC.

#### Consolidated Condensed Statements of Equity

(Unaudited - In thousands, except share amounts)

	Fiscal quarter ended									
	September 30, 2023									
	Class B		Capital in		Accumulated		Total VPG			
	Convertible	Common	Treasury	of	Retained	Comprehensive	Stockholders'	Noncontrolling	Total	Inc.
	Common	Common	Treasury	Par Value	Earnings	Other	Equity	Interests		Equity
	Stock	Stock	Stock	Par Value		Loss				
Balance at July 1, 2023	\$ 1,330	\$ 103	\$ (11,924)	\$ 201,611	\$ 171,559	\$ (41,076)	\$ 321,603	\$ 62	\$ 321,665	
Fiscal quarter ended										
	March 30, 2024									

								Capital in Excess of Accumulated Stockholders' Equity			
		Class B Convertible Common Stock			Common Stock			Treasury Stock	Par Value	Retained Earnings	Accumulated Stockholders' Equity
	Common Stock										
Balance at											
December 31,											
2023											
Net earnings	Net earnings	—	—	—	6,280	—	6,280	77	6,357		
Other	Other										
comprehensive loss	comprehensive loss	—	—	—	—	(3,653)	(3,653)	—	(3,653)		
Share-based compensation expense	Share-based compensation expense	—	—	—	656	—	—	656	—	656	
Restricted stock issuances (38,607 shares)											
Purchase of treasury stock (84,765 shares)											
Purchase of treasury stock (22,894 shares)		—	—	(776)	—	—	(776)	—	(776)		
Purchase of treasury stock (84,765 shares)											
Purchase of treasury stock (84,765 shares)											
Excise tax on net share repurchases											
Distributions to noncontrolling interests	Distributions to noncontrolling interests	—	—	—	—	—	—	—	(92)	(92)	
Balance at September 30, 2023		\$ 1,330	\$ 103	\$ (12,700)	\$ 202,267	\$ 177,839	\$ (44,729)	\$ 324,110	\$ 47	\$ 324,157	
Distributions to noncontrolling interests											
Distributions to noncontrolling interests											
Balance at March 30, 2024											

Fiscal quarter ended											
October 1, 2022											
		Accumulated Other Total VPG Inc.						Stockholders' Noncontrolling Equity Interests			Total Equity
	Common Stock	Convertible Common Stock	Capital in Treasury Stock	Excess of Par Value	Retained Earnings	Comprehensive Loss	Stockholders' Equity				
Balance at July 2, 2022	\$ 1,325	\$ 103	\$ (8,765)	\$ 199,749	\$ 137,407	\$ (44,581)	\$ 285,238	\$ 112	\$ 285,350		
Net earnings	—	—	—	—	10,118	—	10,118	30	10,148		
Other comprehensive loss	—	—	—	—	—	(8,414)	(8,414)	—	(8,414)		
Share-based compensation expense	—	—	—	559	—	—	559	—	559		
Purchase of treasury stock (32,601 shares)	—	—	(1,061)	—	—	—	(1,061)	—	(1,061)		
Distribution to noncontrolling interests	—	—	—	—	—	—	—	(82)	(82)		
Balance at October 1, 2022	\$ 1,325	\$ 103	\$ (9,826)	\$ 200,308	\$ 147,525	\$ (52,995)	\$ 286,440	\$ 60	\$ 286,500		

Fiscal quarter ended										
April 1, 2023										

	Class B						Accumulated			
	Convertible			Capital in		Other		Total VPG Inc.		
	Common Stock	Common Stock	Treasury Stock	Excess of Par Value	Retained Earnings	Comprehensive Income (Loss)	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	—	—	—	—	6,964	—	6,964	18	6,982	
Other comprehensive income	—	—	—	—	—	1,505	1,505	—	1,505	
Share-based compensation expense	—	—	—	681	—	—	681	—	681	
Restricted stock issuances (29,803 shares)	3	—	—	(780)	—	—	(777)	—	(777)	
Distribution to noncontrolling interests	—	—	—	—	—	—	—	(20)	(20)	
Balance at April 1, 2023	<u>\$ 1,328</u>	<u>\$ 103</u>	<u>\$ (11,504)</u>	<u>\$ 201,065</u>	<u>\$ 163,323</u>	<u>\$ (39,395)</u>	<u>\$ 314,920</u>	<u>\$ (27)</u>	<u>\$ 314,893</u>	

See accompanying notes.

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#### VISHAY PRECISION GROUP, INC.

#### Consolidated Condensed Statements of Equity

(Unaudited - In thousands, except share amounts)

	Nine Fiscal Months Ended September 30, 2023									
	Class B						Accumulated			
	Common Stock	Convertible Stock	Treasury Stock	Excess of Par Value	Retained Earnings	Comprehensive Loss	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	—	—	—	—	21,480	—	21,480	210	21,690	
Other comprehensive loss	—	—	—	—	—	(3,829)	(3,829)	—	(3,829)	
Share-based compensation expense	—	—	—	1,885	—	—	1,885	—	1,885	
Restricted stock issuances (47,189 shares)	5	—	—	(782)	—	—	(777)	—	(777)	
Purchase of treasury stock (35,206 shares)	—	—	(1,196)	—	—	—	(1,196)	—	(1,196)	
Distributions to noncontrolling interests	—	—	—	—	—	—	—	(138)	(138)	
Balance at September 30, 2023	<u>\$ 1,330</u>	<u>\$ 103</u>	<u>\$ (12,700)</u>	<u>\$ 202,267</u>	<u>\$ 177,839</u>	<u>\$ (44,729)</u>	<u>\$ 324,110</u>	<u>\$ 47</u>	<u>\$ 324,157</u>	

#### Nine Fiscal Months Ended October 1, 2022

	Nine Fiscal Months Ended October 1, 2022									
	Class B						Accumulated			
	Common Stock	Convertible Stock	Treasury Stock	Excess of Par Value	Retained Earnings	Comprehensive Loss	Stockholders' Equity	Noncontrolling Interests	Total Equity	
Balance at December 31, 2021	\$ 1,322	\$ 103	\$ (8,765)	\$ 199,151	\$ 120,296	\$ (35,008)	\$ 277,099	\$ (57)	\$ 277,042	
Net earnings	—	—	—	—	27,229	—	27,229	483	27,712	
Other comprehensive loss	—	—	—	—	—	(17,987)	(17,987)	—	(17,987)	
Share-based compensation expense	—	—	—	1,583	—	—	1,583	—	1,583	
Restricted stock issuances (28,368 shares)	3	—	—	(426)	—	—	(423)	—	(423)	
Purchase of treasury stock (32,601 shares)	—	—	(1,061)	—	—	—	(1,061)	—	(1,061)	
Distribution to noncontrolling interests	—	—	—	—	—	—	—	(366)	(366)	
Balance at October 1, 2022	<u>\$ 1,325</u>	<u>\$ 103</u>	<u>\$ (9,826)</u>	<u>\$ 200,308</u>	<u>\$ 147,525</u>	<u>\$ (52,995)</u>	<u>\$ 286,440</u>	<u>\$ 60</u>	<u>\$ 286,500</u>	

See accompanying notes.

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## 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 diversified company focused on 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, 2022 December 31, 2023 and 2021 2022 and for each of the three years in the period ended December 31, 2022 December 31, 2023, included in VPG's Annual Report on Form 10-K for the fiscal year ended December 31, 2022 December 31, 2023, filed with the SEC on March 1, 2023 February 29, 2024. The results of operations for the fiscal quarter ended September 30, 2023 March 30, 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 2023 2024 and 2022 2023 end on the following dates:

2023		2022		2024		2024		2023	
Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter	Quarter
1	1	April 1,	April 2,	Quarter 1		March 30,		April 1,	
2	2	July 1,	July 2,	Quarter 2		June 29,		July 1,	
3	3	30,	October 1,	Quarter 3		September 28,		September 30,	
4	4	December 31,	December 31,	Quarter 4		December 31,		December 31,	

##### Reclassifications

##### Certain prior year amounts have been reclassified 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 conform 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 current 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 statement presentation, 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.

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**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):

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**Note 2 – Revenues (continued)**

		Fiscal quarter ended				Fiscal quarter ended												
		September 30, 2023				October 1, 2022												
		Weighing		Measurement		Weighing		Measurement		Fiscal quarter ended			Fiscal quarter ended					
		Sensors	Solutions	Systems	Total	Sensors	Solutions	Systems	Total									
		Fiscal quarter ended						Fiscal quarter ended						March 30, 2024				
		March 30, 2024						March 30, 2024						April 1, 2023				
		Sensors						Weighing						Weighing				
		Sensors	Solutions	Systems	Total	Sensors	Solutions	Systems	Total	Sensors	Solutions	Systems	Total	Sensors	Solutions			
United States	United States	\$ 11,860	\$ 12,622	\$ 15,520	\$ 40,002	\$ 12,992	\$ 14,671	\$ 13,065	\$ 40,728									
United Kingdom	United Kingdom	1,119	4,128	90	5,337	752	4,090	55	4,897									
Germany	Germany																	
Other Europe	Other Europe	7,176	9,077	703	16,956	7,740	8,714	986	17,440									
Israel	Israel	4,773	89	—	4,862	7,447	101	—	7,548									
Asia	Asia	7,604	3,054	2,899	13,557	8,948	3,815	2,462	15,225									
Canada	Canada	—	—	5,140	5,140	—	8	4,211	4,219									
Total	Total	\$ 32,532	\$ 28,970	\$ 24,352	\$ 85,854	\$ 37,879	\$ 31,399	\$ 20,779	\$ 90,057									
		Nine Fiscal Months Ended September 30, 2023				Nine Fiscal Months Ended October 1, 2022												
		Weighing				Measurement												
		Sensors	Solutions	Systems	Total	Sensors	Solutions	Systems	Total									
United States	United States	\$ 39,089	\$ 40,729	\$ 39,053	\$ 118,871	\$ 39,467	\$ 41,212	\$ 34,838	\$ 115,517									
United Kingdom	United Kingdom	2,845	11,961	261	15,067	2,562	12,283	514	15,359									
Other Europe	Other Europe	25,134	29,144	5,109	59,387	23,556	28,065	3,985	55,606									
Israel	Israel	12,867	215	—	13,082	22,828	401	—	23,229									
Asia	Asia	25,589	10,041	6,446	42,076	27,496	10,657	4,283	42,436									
Canada	Canada	—	—	17,037	17,037	—	8	14,185	14,193									
Total	Total	\$ 105,524	\$ 92,090	\$ 67,906	\$ 265,520	\$ 115,909	\$ 92,626	\$ 57,805	\$ 266,340									

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

		Fiscal quarter ended				Nine fiscal months ended							
		September 30, 2023				October 1, 2022				September 30, 2023			
		Fiscal quarter ended				Fiscal quarter ended				Fiscal quarter ended			
		March 30, 2024				March 30, 2024				March 30, 2024			
		March 30, 2024				March 30, 2024				March 30, 2024			
Test & Measurement	Test & Measurement												
Test & Measurement	Test & Measurement												
Test & Measurement	Test & Measurement	\$ 17,080	\$ 20,659	\$ 54,449	\$ 60,115								

Avionics, Military & Space	Avionics, Military & Space	8,294	6,523	28,285	21,563
Avionics, Military & Space					
Avionics, Military & Space					
Transportation					
Transportation					
Transportation	Transportation	15,490	13,912	40,993	41,061
Other Markets	Other Markets	16,402	20,110	54,124	59,295
Other Markets					
Other Markets					
Industrial Weighing					
Industrial Weighing					
Industrial Weighing	Industrial Weighing	10,533	12,473	33,586	38,626
General Industrial	General Industrial	4,643	4,981	14,858	16,172
General Industrial					
General Industrial					
Steel					
Steel					
Steel	Steel	13,412	11,399	39,225	29,508
Total	Total	\$ 85,854	\$ 90,057	\$ 265,520	\$ 266,340
Total					
Total					

#### 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.

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

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#### Note 2 – Revenues (continued)

		<b>Contract Asset</b>		<b>Contract Liability</b>
		<b>Unbilled Revenue</b>		<b>Accrued Customer Advances</b>
Balance at December 31, 2022		\$ 3,990		\$ 7,983
Balance at September 30, 2023		3,449		8,766
(Decrease) increase		<u>\$ (541)</u>		<u>\$ 783</u>

		<b>Contract Asset</b>		<b>Contract Liability</b>
		<b>Unbilled Revenue</b>		<b>Accrued Customer Advances</b>
Balance at December 31, 2023		\$ 2,989		\$ 8,712
Balance at March 30, 2024		<u>4,614</u>		<u>7,984</u>
Increase (decrease)		<u>\$ 1,625</u>		<u>\$ (728)</u>

The amount of revenue recognized during the **nine** three fiscal months ended **September 30, 2023** **March 30, 2024** that was included in the contract liability balance at **December 31, 2022** **December 31, 2023** was **\$7.3** **3.7** million.

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### Note 3 – Goodwill

The Company tests the Company's required goodwill in each of its goodwill reporting units for and indefinite-lived asset annual impairment at least annually, test is completed as of the first day of its fourth fiscal quarter each year. In 2023, the results of the quantitative impairment test for the Dynamic Systems Inc. ("DSI") and whenever events or changes in circumstances occur indicating Diversified Technical Systems Inc. ("DTS") reporting units indicated that a possible fair value of both reporting units exceeded their carrying values, and therefore no impairment may have been incurred. was recognized.

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

	Total	Measurement Systems			Weighing Solutions <i>Stress-Tek Acquisition</i>
		<i>KELK Acquisition</i>	<i>DSI Acquisition</i>	<i>DTS Acquisition</i>	
Balance at December 31, 2022	\$ 45,544	\$ 6,313	\$ 16,887	\$ 16,033	\$ 6,311
Foreign currency translation adjustment	35	39	(4)	—	—
Balance at September 30, 2023	<u>\$ 45,579</u>	<u>\$ 6,352</u>	<u>\$ 16,883</u>	<u>\$ 16,033</u>	<u>\$ 6,311</u>

	Total	Measurement Systems			Weighing Solutions <i>Stress-Tek Acquisition</i>
		<i>KELK Acquisition</i>	<i>DSI Acquisition</i>	<i>DTS Acquisition</i>	
Balance at December 31, 2023	\$ 45,734	\$ 6,488	\$ 16,902	\$ 16,033	\$ 6,311
Foreign currency translation adjustment	\$ (181)	\$ (171)	\$ (10)	\$ —	\$ —
Balance at March 30, 2024	<u>\$ 45,553</u>	<u>\$ 6,317</u>	<u>\$ 16,892</u>	<u>\$ 16,033</u>	<u>\$ 6,311</u>

### Note 4 – Leases

The Company primarily leases office and manufacturing facilities in addition to vehicles, which have remaining terms of less than one year to thirteen years, twelve years, seven months. The Company has no finance leases.

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

Leases		September 30, 2023		December 31, 2023	
Leases	Leases	30, 2023	31, 2022	March 30, 2024	December 31, 2023
Assets	Assets				
Operating lease right of use asset	Operating lease right of use asset	\$ 27,440	\$ 24,342		
Operating lease right of use asset	Operating lease right of use asset				
Liabilities	Liabilities				
Liabilities	Liabilities				
Operating lease - current					

Operating lease - current	Operating lease - current	\$ 3,814	\$ 4,208
Operating lease - non-current	Operating lease - non-current	\$ 22,587	\$ 20,043

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

	September 30, 2023	March 30, 2024
Operating leases weighted average remaining lease term (in years)	8.11	7.61 years
Operating leases weighted average discount rate	4.83	4.99 %

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

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**Note 4 - Leases (continued)**

	Fiscal quarter ended		Nine Fiscal Months Ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Operating lease cost	Operating lease cost			
Operating lease cost	\$ 1,331	\$ 1,267	\$ 3,822	\$ 3,876
Short-term lease cost	Short-term lease cost			
Short-term lease cost	24	30	115	72
Short-term lease cost				
Sublease income				
Sublease income				
Sublease income	Sublease income			
Sublease income	(95)	(104)	(293)	(321)
Total net lease cost	Total net lease cost			
Total net lease cost	\$ 1,260	\$ 1,193	\$ 3,644	\$ 3,627
Total net lease cost				
Total net lease cost				

Right of use assets obtained in exchange for new operating lease liability during the **nine** **three** fiscal months ended **September 30, 2023** **March 30, 2024** were **\$6.4** **\$1.2** million. The Company paid **\$3.8** **\$1.4** million and **\$3.9** **\$1.2** million for its operating leases for each of the **nine** **three** fiscal months ended **September 30, 2023** **March 30, 2024** and **October 1, 2022** **April 1, 2023**, which are included in operating cash flows on the consolidated condensed statements of cash flows.

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**Note 4 - Leases (continued)**

Undiscounted maturities of operating lease payments as of **September 30, 2023** **March 30, 2024** are summarized as follows (in thousands):

2023 (excluding the nine months ended September 30, 2023)	\$	1,259
2024		4,586
2024 (excluding the three months ended March 30, 2024)		
2025	2025	4,197
2026	2026	3,568
2027	2027	3,363
2028		
Thereafter	Thereafter	14,926
Total future minimum lease payments	Total future minimum lease payments	\$ 31,899
Less: amount representing interest	Less: amount representing interest	(5,498)
Present value of future minimum lease payments	Present value of future minimum lease payments	\$ 26,401

#### 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 **27.6%** **28.4%** and **18.6%** **24.1%** for the fiscal quarter ended **September 30, 2023** **March 30, 2024**, and **October 1, 2022** **April 1, 2023**, respectively. The effective tax rate for the fiscal quarter ended **September 30, 2023** **March 30, 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 **October 1, 2022** **April 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):

	September 30, 2023	December 31, 2022	
	March 30, 2024	March 30, 2024	December 31, 2023
2020	2020		
Credit	Credit		
Agreement	Agreement		
-	-		
Revolving	Revolving		
Facility	Facility	\$ 54,000	\$ 61,000
Deferred	Deferred		
financing	financing		
costs	costs	(173)	(201)
Total long-term debt	\$ 53,827	\$ 60,799	
Deferred financing			
costs			
Deferred financing			
costs			
Total			
long-			
term			
debt			

Less:  
current  
portion  
Long-  
term  
debt,  
less:  
current  
portion

#### **2020 Credit Agreement**

On **May 5, 2023** **March 20, 2020**, the Company entered into **Amendment No. 1 to a** **Third Amended and Restated Credit Agreement** (the **"Credit Agreement Amendment"**), by and among the Company, the lenders named therein, **Citizens Bank, National Association and**

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#### **Note 6 - Long-Term Debt (continued)**

Wells Fargo Bank, National Association as joint lead arrangers and JPMorgan Chase Bank, National Association as agent for such lenders. The **"2020 Credit Agreement Amendment** amends the **Third Amended and Restated Credit Agreement**, dated March 20, 2020, by and **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**. **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

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#### **Note 6 - Long-Term Debt (continued)**

\$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 in the amount of \$31.885 million 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. **There was no material impact in interest expense or Interest payable on amounts borrowed under the loan balance as a result 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 change 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*):

	Pension		
Foreign	and Other		
Currency	Postretirement		
Translation	Actuarial		
Adjustment	Items	Total	
Balance at January 1, 2023	\$ (41,489)	\$ 589	\$ (40,900)

Foreign Currency		Foreign Currency Translation Adjustment			Pension and Other Postretirement Actuarial Items	Total
Translation Adjustment						
Balance at January 1, 2024						
Other comprehensive loss before reclassifications	Other comprehensive loss before reclassifications	(3,831)	—	(3,831)		
Amounts reclassified from accumulated other comprehensive income	Amounts reclassified from accumulated other comprehensive income	—	2	2		
Balance at September 30, 2023		\$ (45,320)	\$ 591	\$ (44,729)		
Balance at March 30, 2024						
Foreign Currency		Pension and Other Postretirement				
Translation Adjustment		Translation	Actuarial	Items	Total	
Balance at January 1, 2022		\$ (30,276)	\$ (4,732)	\$ (35,008)		
Foreign Currency		Foreign Currency Translation Adjustment			Pension and Other Postretirement Actuarial Items	Total
Translation Adjustment						
Balance at January 1, 2023						
Other comprehensive loss before reclassifications	Other comprehensive loss before reclassifications	(18,405)	—	(18,405)		
Amounts reclassified from accumulated other comprehensive income	Amounts reclassified from accumulated other comprehensive income	191	227	418		
Balance at October 1, 2022		\$ (48,490)	\$ (4,505)	\$ (52,995)		
Balance at April 1, 2023						

Reclassification of foreign currency translation adjustment for the loss on liquidation of subsidiaries is included in other income and expense other (see Note 12). 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).

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#### 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*):

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**Note 8 - Pension and Other Postretirement Benefits (continued)**

	Fiscal quarter ended	Fiscal quarter ended				
	September 30, 2023	October 1, 2022				
	Pension Plans	OPEB Plans	Pension Plans	OPEB Plans		
	<b>Fiscal quarter ended</b>		<b>Fiscal quarter ended</b>		<b>Fiscal quarter ended</b>	
	March 30, 2024		March 30, 2024		April 1, 2023	
	Pension Plans		Pension Plans		Pension Plans	
Net service cost	Net service cost	\$ 67	\$ 4	\$ 79	\$ 7	
Interest cost	Interest cost	193	28	117	17	
Expected return on plan assets	Expected return on plan assets	(216)		(116)	—	
Amortization of actuarial losses (gains)	Amortization of actuarial losses (gains)	7	(6)	69	1	
Net periodic benefit cost	Net periodic benefit cost	\$ 51	\$ 26	\$ 149	\$ 25	
		<b>Nine Months Ended</b>	<b>Nine Months Ended</b>			
		September 30, 2023	October 1, 2022			
		Pension Plans	OPEB Plans	Pension Plans	OPEB Plans	
Net service cost		\$ 204	\$ 12	\$ 244	\$ 21	
Interest cost		\$ 575	\$ 84	\$ 360	\$ 51	
Expected return on plan assets		\$ (642)	\$ —	\$ (358)	\$ —	
Amortization of actuarial losses (gains)		\$ 22	\$ (18)	\$ 215	\$ 3	
Net periodic benefit cost		\$ 159	\$ 78	\$ 461	\$ 75	

**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 **September 30, 2023** **March 30, 2024**, the Company had reserved **525,239** **486,632** 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 **February 28, 2023** **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 **\$1.9 million** **\$1.7 million** and were comprised of **43,243** **49,190** RSUs. Fifty percent of these awards will vest on **January 1, 2026** **January 1, 2027**, subject to the executives' continued employment. The performance-based portion of the RSUs will also vest on **January 1, 2026** **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 9, 2023 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 14,338 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, 2026 January 1, 2027, subject to the employees' continued employment. The performance-based portion of the RSUs will also vest on January 1, 2026 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 24, 2023, and in accordance with the Company's 2017 Non-Employee Director Compensation Plan, the Board of Directors approved the issuance of an aggregate of 13,923 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 the earlier of the 2024 Annual Stockholders Meeting or May 24, 2024, subject to each applicable director's continued service on the Board of Directors. Vesting of equity awards is subject to acceleration under certain circumstances.

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#### **Note 9 - Share-Based Compensation (continued)**

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		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Share-based compensation expense	\$ 656	\$ 559	\$ 1,885	\$ 1,583
Three fiscal months ended				
		March 30, 2024	April 1, 2023	
Share-based compensation expense		\$ 661	\$ 681	

During the second quarter of 2023, a net adjustment of \$0.1 million decreasing share-based compensation expense was recorded based on the evaluation of performance objectives associated with awards granted in 2021 and 2022. It was determined that certain objectives were not likely to be fully met necessitating a reversal of certain compensation expenses associated with those awards. The result of the evaluation of performance objectives as of the end of the third quarter of 2023 was consistent with the prior quarter's evaluation and therefore there was no further adjustment required during the third quarter of 2023.

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#### **Note 10 – Segment Information**

VPG reports in three product reportable segments: the Sensors segment, the Weighing Solutions segment, and the Measurement Systems segment. The Sensors reporting 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 reporting 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*):

	Fiscal quarter ended	
	March 30, 2024	April 1, 2023
<b>Net revenues:</b>		
Sensors	\$ 29,414	\$ 36,726
Weighing Solutions	28,845	31,859

Measurement Systems		22,524		20,279
Total	\$	80,783	\$	88,864
<b>Gross profit:</b>				
Sensors	\$	10,732	\$	15,144
Weighing Solutions		11,266		11,129
Measurement Systems		13,094		10,926
Total	\$	35,092	\$	37,199
<b>Reconciliation of segment operating income to consolidated results:</b>				
Sensors	\$	5,497	\$	9,933
Weighing Solutions		4,797		5,340
Measurement Systems		6,385		3,872
Unallocated G&A expenses		(8,979)		(9,105)
Restructuring costs		(782)		(116)
Operating income	\$	6,918	\$	9,924
<b>Restructuring costs:</b>				
Sensors	\$	(542)	\$	—
Weighing Solutions		—		(34)
Measurement Systems		—		(32)
Corporate/Other		(240)		(50)
	\$	(782)	\$	(116)

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#### Note 10 - Segment Information (continued)

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
<b>Net revenues:</b>				
Sensors	\$ 32,532	\$ 37,879	\$ 105,524	\$ 115,909
Weighing Solutions	28,970	31,399	92,090	92,626
Measurement Systems	24,352	20,779	67,906	57,805
Total	\$ 85,854	\$ 90,057	\$ 265,520	\$ 266,340
<b>Gross profit:</b>				
Sensors	\$ 11,681	\$ 15,324	\$ 41,374	\$ 47,441
Weighing Solutions	11,207	10,470	34,443	32,134
Measurement Systems	13,047	11,526	36,029	30,329
Total	\$ 35,935	\$ 37,320	\$ 111,846	\$ 109,904
<b>Reconciliation of segment operating income to consolidated results:</b>				
Sensors	\$ 6,543	\$ 10,703	\$ 26,043	\$ 32,721
Weighing Solutions	5,393	5,392	16,894	15,783
Measurement Systems	5,605	4,876	14,246	10,350
Unallocated G&A expenses	(8,164)	(8,922)	(25,809)	(26,774)
Restructuring costs	(1,153)	(165)	(1,431)	(1,330)

Operating income	\$	<b>8,224</b>	\$	<b>11,884</b>	\$	<b>29,943</b>	\$	<b>30,750</b>
<b>Restructuring costs:</b>								
Sensors	\$	—	\$	(165)	\$	—	\$	(1,272)
Weighing Solutions		(1,153)		—		(1,349)		—
Measurement Systems		—		—		(32)		(58)
Corporate/Other		—		—		(50)		—
	\$	<b>(1,153)</b>	\$	<b>(165)</b>	\$	<b>(1,431)</b>	\$	<b>(1,330)</b>

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		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Sensors to Weighing Solutions	\$ 417	\$ 542	\$ 1,178	\$ 1,364
Sensors to Measurement Systems	4	32	52	191

## 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		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
	Fiscal quarter ended			
	Fiscal quarter ended			
	Fiscal quarter ended			
	March 30, 2024			
	March 30, 2024			
	March 30, 2024			
<b>Numerator:</b>				
<b>Numerator:</b>				
<b>Numerator:</b>	<b>Numerator:</b>			
Numerator for basic earnings per share:	Numerator for basic earnings per share:			
Numerator for basic earnings per share:				
Numerator for basic earnings per share:				
Net earnings attributable to VPG stockholders				
Net earnings attributable to VPG stockholders				
Net earnings attributable to VPG stockholders	Net earnings attributable to VPG stockholders	\$ 6,280	\$ 10,118	\$ 21,480
Denominator:	Denominator:			
Denominator:				
Denominator for basic earnings per share:				
Denominator for basic earnings per share:				
Denominator for basic earnings per share:	Denominator for basic earnings per share:			

Weighted average shares	Weighted average shares	13,600	13,649	13,596	13,645
Weighted average shares					
Weighted average shares					
Effect of dilutive securities:					
Effect of dilutive securities:					
Effect of dilutive securities:	Effect of dilutive securities:				
Restricted stock units	Restricted stock units	86	59	74	47
Restricted stock units					
Restricted stock units					
Dilutive potential common shares					
Dilutive potential common shares					
Dilutive potential common shares	Dilutive potential common shares	86	59	74	47
Denominator for diluted earnings per share:	Denominator for diluted earnings per share:				
Denominator for diluted earnings per share:					
Denominator for diluted earnings per share:					
Adjusted weighted average shares					
Adjusted weighted average shares					
Adjusted weighted average shares	Adjusted weighted average shares	13,686	13,708	13,670	13,692
Basic earnings per share attributable to VPG stockholders	Basic earnings per share attributable to VPG stockholders	\$ 0.46	\$ 0.74	\$ 1.58	\$ 2.00
Basic earnings per share attributable to VPG stockholders					
Basic earnings per share attributable to VPG stockholders					
Diluted earnings per share attributable to VPG stockholders	Diluted earnings per share attributable to VPG stockholders	\$ 0.46	\$ 0.74	\$ 1.57	\$ 1.99
Diluted earnings per share attributable to VPG stockholders					
Diluted earnings per share attributable to VPG stockholders					

#### 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		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Fiscal quarter ended				
Fiscal quarter ended				
Fiscal quarter ended				
March 30, 2024				
March 30, 2024				
March 30, 2024				

Foreign currency exchange gain							
Foreign currency exchange gain							
Foreign currency exchange gain	Foreign currency exchange gain	\$ 1,283	\$ 1,261	\$ 2,138	\$ 5,195		
Interest income	Interest income	543	91	1,265	235		
Interest income							
Interest income							
Pension expense							
Pension expense	Pension expense	(72)	(81)	(217)	(261)		
Other	Other	(83)	(48)	(221)	(163)		
		<u>\$ 1,671</u>	<u>\$ 1,223</u>	<u>\$ 2,965</u>	<u>\$ 5,006</u>		
Other							
Other							
		<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>		
		<u> </u>	<u> </u>	<u> </u>	<u> </u>		

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#### Note 12 – Additional Financial Statement Information (continued)

Foreign currency exchange gains represent the impact of changes in foreign currency exchange rates. For the fiscal quarter and nine fiscal months ended September 30, 2023, the change in foreign currency exchange gains and losses during for the periods, fiscal quarter ended March 30, 2024, as compared to the prior year periods, period, was largely due to exposure to currency fluctuations with the Israeli shekel, the Canadian dollar, the EURO and the British pound.

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#### Note 12 – Additional Financial Statement Information (continued)

For the fiscal quarter and nine fiscal months ended October 1, 2022, the change in foreign exchange gains and losses during the periods, as compared to the prior year periods, was largely due to exposure to currency fluctuations with the Israeli shekel, the Japanese yen, the Canadian dollar, and the British pound. The change in the dollar-shekel exchange rate resulted in a favorable foreign exchange impact primarily related to the shekel-denominated lease liability for the Sensors facility in Israel.

Included in Other for Pension expense represents the nine fiscal months ended October 1, 2022 is a \$0.2 million loss on net periodic benefit cost excluding the liquidation of two of the Company's European subsidiaries, service cost.

#### *Other Accrued Expenses*

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

	September 30, 2023	December 31, 2022		
	March 30, 2024		March 30, 2024	December 31, 2023
Customer advance payments	Customer advance payments	\$ 8,766	\$ 7,983	

Accrued restructuring	Accrued restructuring	911	183
Goods received, not yet invoiced	Goods received, not yet invoiced	2,632	2,523
Accrued taxes, other than income taxes	Accrued taxes, other than income taxes	1,829	1,141
Accrued commissions	Accrued commissions	3,991	3,217
Accrued professional fees	Accrued professional fees	1,847	1,360
Accrued technical warranty	Accrued technical warranty	771	740
Current accrued pensions and other post retirement costs	Current accrued pensions and other post retirement costs	505	505
Other	Other	2,825	2,654
		\$ 24,077	\$ 20,306
		\$	

#### 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*):

September 30, 2023	Fair value measurements at reporting date using:		
	Level		
	Total	Level 1	Level 2
	Fair Value	Inputs	Inputs
Fair value measurements at reporting date using:			
Total			
Fair Value	Total Fair Value	Level 1 Inputs	Level 2 Inputs
			Level 3 Inputs

March	
30,	
2024	
<u>Assets</u>	
<u>Assets</u>	
<u>Assets</u>	<u>Assets</u>
Assets	Assets
held in	held in
rabbi	rabbi
trusts	trusts
\$ 5,571	\$ 85
\$ 5,486	\$ —
Assets held in	
rabbi trusts	
Assets held in	
rabbi trusts	
<b>December</b>	
<b>31, 2022</b>	
<b>December</b>	
<b>31, 2023</b>	
<b>December</b>	
<b>31, 2023</b>	
<b>December</b>	
<b>31, 2023</b>	
<u>Assets</u>	
<u>Assets</u>	
<u>Assets</u>	<u>Assets</u>
Assets	Assets
held in	held in
rabbi	rabbi
trusts	trusts
\$ 5,427	\$ 53
\$ 5,374	\$ —
Assets held in	
rabbi trusts	
Assets held in	
rabbi trusts	

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#### Note 13 – Fair Value Measurements (continued)

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 **September 30, 2023** **March 30, 2024** and **December 31, 2022** **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 **September 30, 2023** **March 30, 2024** and **December 31, 2022** **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 **\$1.2 million** **\$0.8 million** and **\$0.2 million** **\$0.1 million** of restructuring costs during the fiscal quarter ended **September 30, 2023** **March 30, 2024** and **October 1, 2022**, respectively and **\$1.4 million** and **\$1.3 million** of restructuring costs during the **nine fiscal months ended September 30, 2023** and **October 1, 2022** **April 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 **September 30, 2023** **March 30, 2024** and **December 31, 2022** **December 31, 2023**, respectively, is included in Other accrued expenses in the accompanying consolidated condensed balance sheets (in thousands):

Balance at <b>December 31, 2022</b> <b>December 31, 2023</b>	\$ <b>183,249</b>
Restructuring charges in <b>2023</b> <b>2024</b>	<b>1,431,782</b>
Cash payments	<b>(705)</b> <b>(706)</b>
Foreign currency exchange translation	<b>2</b> <b>(35)</b>
Balance at <b>September 30, 2023</b> <b>March 30, 2024</b>	\$ <b>911,290</b>

#### 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** **August 8, 2022** to **September** **March 30, 2023** **2024**, the Company had repurchased an aggregate of **120,419** **358,391** shares of its common stock under the stock repurchase plan for consideration of **\$3.9 million**, of **\$11.4 million**.

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

##### **Overview**

VPG is a global diversified company focused on 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 **November 7, 2023** **May 7, 2024** (date of filing), our operations facilities in Israel have remain open and operated at near normal levels. The extent and duration of the current war, as well as 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 account for a relatively small portion of our revenues, our operations in Israel include executive offices, which 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 represent approximately 25 percent of our

total worldwide revenues. As of November 7, 2023, these facilities remain open and operational. 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, and we 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 the impacts of the war, including personnel absences as a number of our employees have been called to active military duty, or due to other resource constraints such as the inability to source materials for production.

#### Overview of Financial Results

VPG reports in three product segments: the Sensors segment, the Weighing Solutions segment, and the Measurement Systems segment. The Sensors reporting 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 reporting segment is comprised of highly specialized systems for steel production, materials development, and safety testing.

Net revenues for the fiscal quarter ended September 30, 2023 March 30, 2024 were \$85.9 million \$80.8 million versus \$90.1 million \$88.9 million for the comparable prior year period. Net earnings attributable to VPG stockholders for the fiscal quarter ended September 30, 2023 March 30, 2024 were \$6.3 million \$5.9 million, or \$0.46 \$0.44 per diluted share, versus \$10.1 million \$7.0 million, or \$0.74 \$0.51 per diluted share, for the comparable prior year period.

Net revenues for the nine fiscal months ended September 30, 2023 were \$265.5 million versus \$266.3 million for the comparable prior year period. Net earnings attributable to VPG stockholders for the nine fiscal months ended September 30,

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2023 were \$21.5 million, or \$1.57 per diluted share, versus \$27.2 million, or \$1.99 per diluted share, for the comparable prior year period.

The results of operations for the fiscal quarters ended September 30, 2023 March 30, 2024 and October 1, 2022 April 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.

Net Earnings																				
Attributable to VPG																				
Diluted Earnings																				
Gross Profit			Operating Income			Stockholders			Per share											
Gross Profit																				
Gross Profit																				
Operating Income																				
Attributable to VPG Stockholders																				
Diluted Earnings Per share																				
Three months ended	Three months ended	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	March 30, 2024	April 1, 2023									
As reported - GAAP	As reported - GAAP	\$ 35,935	\$ 37,320	\$ 8,224	\$ 11,884	\$ 6,280	\$ 10,118	\$ 0.46	\$ 0.74	March 1, 2024	April 1, 2023									
As reported - GAAP	As reported - GAAP									March 30, 2024	March 30, 2024									
Margins	Margins	41.9 %	41.4 %	9.6 %	13.2 %					April 1, 2023	April 1, 2023									
Acquisition purchase accounting adjustments (a)																				
Acquisition purchase accounting adjustments (a)																				

Acquisition purchase accounting adjustments (a)	Acquisition purchase accounting adjustments (a)	214	260	214	260	214	260	0.02	0.02
Restructuring costs	Restructuring costs	—	—	1,153	165	1,153	165	0.08	0.01
Foreign currency exchange gain (d)	—	—	—	—	(1,283)	(1,261)	(0.09)	(0.09)	
Restructuring costs	Restructuring costs	—	—	—	—	—	—	—	—
Severance cost	Severance cost	—	—	—	—	—	—	—	—
Foreign currency exchange gain (b)	Foreign currency exchange gain (b)	—	—	—	—	—	—	—	—
Less: Tax effect of reconciling items and discrete tax items	Less: Tax effect of reconciling items and discrete tax items	—	—	—	—	(77)	(194)	—	(0.01)
As Adjusted - Non GAAP	As Adjusted - Non GAAP	\$ 36,149	\$37,580	\$ 9,591	\$12,309	\$ 6,441	\$ 9,476	\$ 0.47	\$ 0.69
As Adjusted - Non GAAP Margins	As Adjusted - Non GAAP Margins	42.1 %	41.7 %	11.2 %	13.7 %				

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Nine fiscal months ended	Net Earnings Attributable to VPG							
	Gross Profit		Operating Income		Stockholders		Diluted Earnings Per share	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
As reported - GAAP	111,846	109,904	29,943	30,750	\$ 21,480	\$ 27,229	\$ 1.57	\$ 1.99
As reported - GAAP Margins	42.1 %	41.3 %	11.3 %	11.5 %				
Acquisition purchase accounting adjustments (a)	304	1,310	304	1,310	304	1,310	0.02	0.10
COVID-19 impact (b)	—	138	—	138	—	138	—	0.01
Start-up costs (c)	—	150	—	150	—	150	—	0.01
Restructuring costs	—	—	1,431	1,330	1,431	1,330	0.11	0.10
Foreign currency exchange gain (d)	—	—	—	—	(2,139)	(5,195)	(0.16)	(0.38)
Less: Tax effect of reconciling items and discrete tax items	—	—	—	—	(357)	(496)	(0.03)	(0.03)

As Adjusted - Non GAAP	\$ 112,150	\$ 111,502	\$ 31,678	\$ 33,678	\$ 21,433	\$ 25,458	\$ 1.57	\$ 1.86
As Adjusted - Non GAAP Margins	42.2 %	41.9 %	11.9 %	12.6 %				

	Fiscal quarter ended			Nine fiscal months ended		
	September 30, 2023	October 1, 2022		September 30, 2023	October 1, 2022	
	Fiscal quarter ended					
	March 30, 2024					
	March 30, 2024					
	March 30, 2024					
Net earnings attributable to VPG stockholders						
Net earnings attributable to VPG stockholders						
Net earnings attributable to VPG stockholders	\$ 6,280	\$ 10,118		\$ 21,480	\$ 27,229	
Interest Expense	Interest Expense	1,119	636	3,195	1,393	
Interest Expense						
Interest Expense						
Income tax expense						
Income tax expense						
Income tax expense	Income tax expense	2,419	2,323	8,023	6,651	
Depreciation	Depreciation	2,954	2,937	8,806	8,622	
Depreciation						
Depreciation						
Amortization						
Amortization	Amortization	880	960	2,753	2,897	
EBITDA	EBITDA	13,652	\$ 16,974	44,257	\$ 46,792	
EBITDA						
EBITDA						
EBITDA MARGIN						
EBITDA MARGIN						
EBITDA MARGIN	EBITDA MARGIN	15.9 %	18.8 %	16.7 %	17.6 %	
Acquisition purchase accounting adjustments (a)	Acquisition purchase accounting adjustments (a)	214	260	304	1,310	
Acquisition purchase accounting adjustments (a)						
Acquisition purchase accounting adjustments (a)						
Restructuring costs	Restructuring costs	1,153	165	1,431	1,330	
COVID-19 impact (b)		—	—	—	138	
Start-up costs (c)		—	—	—	150	
Foreign currency exchange gain (d)	(1,283)		(1,261)	(2,139)	(5,195)	
Restructuring costs						
Restructuring costs						
Severance cost						

Severance cost								
Severance cost								
Foreign currency exchange gain (b)								
Foreign currency exchange gain (b)								
Foreign currency exchange gain (b)								
<b>ADJUSTED EBITDA</b>								
<b>ADJUSTED EBITDA</b>								
<b>ADJUSTED EBITDA</b>	<b>ADJUSTED EBITDA</b>	\$ 13,736	\$ 16,138	\$ 43,853	\$ 44,525			
<b>ADJUSTED EBITDA MARGIN</b>	<b>ADJUSTED EBITDA MARGIN</b>	16.0 %	17.9 %	16.5 %	16.7 %			
<b>ADJUSTED EBITDA MARGIN</b>								
<b>ADJUSTED EBITDA MARGIN</b>								

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

(b) COVID-19 impact in 2022 is the net impact to the Company of costs incurred as a result of the COVID-19 pandemic, net of government subsidies received.

(c) Start-up costs in 2022 are associated with the ramp up of our new manufacturing facility in Israel.

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

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## 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.

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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 third first quarter of 2022 through the third first quarter of 2023.

	3rd Quarter	4th Quarter	1st Quarter	2nd Quarter	3rd Quarter	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter	1st Quarter
1st Quarter										

(dollars in thousands)		(dollars in thousands)					(dollars in thousands)		2023		2024	
		2022	2022	2023	2023	2023						
Net revenues	Net revenues	\$ 90,057	\$ 96,240	\$ 88,864	\$ 90,802	\$ 85,854						
Gross profit margin	Gross profit margin	41.4 %	41.2 %	41.9 %	42.6 %	41.9 %						
Gross profit margin	Gross profit margin						41.9 %	42.6 %	41.9 %	43.0 %	43.4 %	
End-of-period backlog	End-of-period backlog											
End-of-period backlog	End-of-period backlog											
Book-to-bill ratio	Book-to-bill ratio	\$168,100	\$151,400	\$146,800	\$139,700	\$128,800						
Book-to-bill ratio	Book-to-bill ratio	1.08	0.76	0.94	0.94	0.90						
Book-to-bill ratio	Book-to-bill ratio											
Inventory turnover	Inventory turnover	2.47	2.63	2.39	2.34	2.20						
Inventory turnover	Inventory turnover											

(dollars in thousands)	-26-					1st Quarter 2024					
	1st Quarter 2023		2nd Quarter 2023		3rd Quarter 2023						
<u><b>Sensors</b></u>											
Net revenues	\$	36,726	\$	36,266	\$	32,532	\$	34,259	\$	29,414	
Gross profit margin		41.2 %		40.1 %		35.9 %		40.2 %		36.5 %	
End-of-period backlog	\$	66,200	\$	58,900	\$	52,400	\$	49,000	\$	45,024	
Book-to-bill ratio		0.82		0.84		0.83		0.85		0.91	
Inventory turnover		2.62		2.55		2.38		2.36		2.09	
<u><b>Weighing Solutions</b></u>											
Net revenues	\$	31,859	\$	31,261	\$	28,970	\$	30,438	\$	28,845	
Gross profit margin		34.9 %		38.7 %		38.7 %		35.6 %		39.1 %	
End-of-period backlog	\$	35,400	\$	34,300	\$	30,800	\$	28,800	\$	27,109	
Book-to-bill ratio		0.90		0.97		0.89		0.91		0.95	
Inventory turnover		2.63		2.41		2.18		2.46		2.31	
<u><b>Measurement Systems</b></u>											
Net revenues	\$	20,279	\$	23,275	\$	24,352	\$	24,831	\$	22,524	
Gross profit margin		53.9 %		51.8 %		53.6 %		56.0 %		58.1 %	
End-of-period backlog	\$	45,200	\$	46,500	\$	45,600	\$	39,500	\$	37,470	
Book-to-bill ratio		1.21		1.06		0.98		0.73		0.94	
Inventory turnover		1.70		1.94		1.94		1.87		1.62	

(dollars in thousands)	3rd Quarter 2022		4th Quarter 2022		1st Quarter 2023		2nd Quarter 2023		3rd Quarter 2023		
<u><b>Sensors</b></u>											
Net revenues	\$	37,879	\$	36,312	\$	36,726	\$	36,266	\$	32,532	

Gross profit margin	40.5 %	37.6 %	41.2 %	40.1 %	35.9 %
End-of-period backlog	\$ 77,000	\$ 72,300	\$ 66,200	\$ 58,900	\$ 52,400
Book-to-bill ratio	0.99	0.76	0.82	0.84	0.83
Inventory turnover	3.04	2.91	2.62	2.55	2.38
<b><u>Weighing Solutions</u></b>					
Net revenues	\$ 31,399	\$ 33,089	\$ 31,859	\$ 31,261	\$ 28,970
Gross profit margin	33.3 %	33.4 %	34.9 %	38.7 %	38.7 %
End-of-period backlog	\$ 43,000	\$ 38,300	\$ 35,400	\$ 34,300	\$ 30,800
Book-to-bill ratio	1.05	0.82	0.90	0.97	0.89
Inventory turnover	2.48	2.72	2.63	2.41	2.18
<b><u>Measurement Systems</u></b>					
Net revenues	\$ 20,779	\$ 26,839	\$ 20,279	\$ 23,275	\$ 24,352
Gross profit margin	55.5 %	55.9 %	53.9 %	51.8 %	53.6 %
End-of-period backlog	\$ 48,100	\$ 40,800	\$ 45,200	\$ 46,500	\$ 45,600
Book-to-bill ratio	1.27	0.70	1.21	1.06	0.98
Inventory turnover	1.68	2.11	1.70	1.94	1.94

Net revenues for the **third** first fiscal quarter of **2023** **2024** decreased **5.4%** **9.8%** from the **second** fourth fiscal quarter of 2023 mainly due to **decreased** **lower** revenues in the **Sensors** and **Weighing Solutions** all three reporting segments. Net revenues decreased **4.7%** **9.1%** from the **third** first fiscal quarter of **2022** with **decreased** **2023** reflecting lower volume primarily in the **Sensors** and **Weighing Solutions** reporting segments, **respectively**, which was partially offset by higher volume in the **Measurement Systems** reporting segment.

Net revenues in the **Sensors** reporting segment decreased **10.3%** **14.1%** compared to the **second** fourth fiscal quarter of 2023, and decreased **14.1%** **19.9%** from the **third** first fiscal quarter of **2022** **2023**. Sequentially, the decrease primarily reflected lower revenue of precision resistors in the **Test and Measurement** and **Avionics, Military and Space ("AMS")** market and **Test and Measurement** end markets and lower sales of strain gages in the **General Industrial** end market. The year-over-year decrease in revenues

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was primarily attributable to lower sales of precision resistors in the **Test and Measurement** market and lower sales of **advanced sensors** products primarily in our **Other markets** (**mainly for consumer applications**), partially offset by **increases** in **precision resistor** sales **resistors** and **strain gages** in the **AMS** market.

Net revenues in the **Weighing Solutions** reporting segment decreased **7.3%** **5.2%** from the **second** fourth fiscal quarter of 2023, and decreased **7.7%** **9.5%** from the **third** first fiscal quarter of **2022** **2023**. The sequential and year-over-year decreases in revenues were mainly attributable to lower **OEM** sales of **load cells** **force** **sensors** in our **Other markets** for precision agriculture and construction applications and lower sales of **load cells** **force** **sensors** in our **Industrial Weighing** market, partially offset by increased sales in the **Transportation** market.

Net revenues in the **Measurement Systems** reporting segment **increased** **4.6%** **decreased** **9.3%** from the **second** fourth fiscal quarter of 2023 and **increased** **17.2%** **11.1%** from the **third** first fiscal quarter of **2022** **2023**. Sequentially, the **increase** **decrease** in revenue was primarily due to the **higher** **lower** sales of **Diversified Technical Systems Inc. ("DTS")** **products** **DTS** in the **AMS** and **Transportation** markets partially offset by **lower** **higher** sales in the **Steel** **market**. The year-over-year increase was primarily attributable to increased revenue **into** the **Steel** **market** and **higher** sales of **DTS** **products** in the **AMS** market.

Total Company gross profit margin in the **third** first fiscal quarter of **2023** **decreased** **0.7%** **2024** **increased** **0.4%** as compared to the **second** fourth fiscal quarter of 2023 and **increased** **0.5%** **1.5%** from the **third** first fiscal quarter of **2022** **2023**.

Sequentially, the decrease in the gross profit margin in the **Sensors** reporting segment was **partially** offset by the increase in the gross profit margin in the **Weighing Solution** and **Measurement Systems** segment, while the **Weighing Solutions** reporting segment gross profit margin remained **unchanged**. In the **Sensors** reporting segment, the gross profit margin decreased sequentially mainly due to lower volume and temporary labor inefficiencies. In the **Weighing Solutions** reporting segment, there was no sequential change the gross profit margin increased sequentially despite lower sales volume due to cost reduction programs and positive inventory adjustments in gross profit

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margins as lower operating costs offset the impact of lower volume, prior quarter. The sequential increase in the gross profit margin in the **Measurement Systems** reporting segment was primarily a result of **higher** **favorable** **product mix** partially offset by **lower** **sales** **volume**.

Compared to the **third** first fiscal quarter of **2022**, **2023**, the Weighing Solutions and Measurement Systems reporting segments had higher gross profit margins, while the Sensors and Measurement Systems reporting segments gross profit margins were lower.

The margin for the Sensors reporting segment had a was lower gross profit margin mainly due to lower volume and temporary labor inefficiencies, partially offset by favorable foreign currency exchange rates and cost reduction programs. sales volume. The Weighing Solutions reporting segment increase in gross profit margin for the Weighing Solutions reporting segment as compared to **2022** **2023** was primarily due to favorable product mix, cost reductions, lower logistics costs, reduction programs and favorable foreign currency rates, which exchange, offset the impact of by lower sales volume. In the Measurement Systems reporting segment, the higher gross profit margin was lower as compared to the **third** first fiscal quarter of **2022** **2023** was primarily due to higher sales volume and higher average selling prices and lower purchase accounting adjustments being offset by higher labor costs, 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.

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#### 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.

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#### 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 **March 1, 2023** **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

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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.

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#### **Effects of Foreign Currency Exchange Rate on Operations**

For the fiscal quarter ended **September 30, 2023** **March 30, 2024**, changes in foreign currency exchange rates **increased** **decreased** net revenues by **\$0.5 million** **\$0.2 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.

For the nine fiscal months ended **September 30, 2023**, exchange rates **decreased** net revenues by **\$2.7 million**, and decreased costs of products sold and selling, general, and administrative expenses by **\$7.6 million** **\$0.8 million**, when compared to the comparable prior year period.

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#### **Results of Operations**

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

		Fiscal quarter ended				Nine fiscal months ended							
		September 30, 2023	October 1, 2022			September 30, 2023	October 1, 2022						
		Fiscal quarter ended											
		Fiscal quarter ended											
		Fiscal quarter ended											
Costs of products sold													
Costs of products sold													
Costs of products sold	Costs of products sold	58.1	%	58.6	%	57.9	%						
Gross profit	Gross profit	41.9	%	41.4	%	42.1	%						
Gross profit													
Gross profit													
Selling, general, and administrative expenses													
Selling, general, and administrative expenses													
Selling, general, and administrative expenses	Selling, general, and administrative expenses	30.9	%	28.1	%	30.3	%						
Operating income	Operating income	9.6	%	13.2	%	11.3	%						
Operating income													
Operating income													
Income before taxes													
Income before taxes													
Income before taxes	Income before taxes	10.2	%	13.8	%	11.2	%						
Net earnings	Net earnings	7.4	%	11.3	%	8.2	%						
Net earnings													
Net earnings													
Net earnings attributable to VPG stockholders													
Net earnings attributable to VPG stockholders													
Net earnings attributable to VPG stockholders	Net earnings attributable to VPG stockholders	7.3	%	11.2	%	8.1	%						
Effective tax rate	Effective tax rate	27.6	%	18.6	%	27.0	%						
Effective tax rate													
Effective tax rate													
<b>Net Revenues</b>													
Net revenues were as follows (dollars in thousands):													
		Fiscal quarter ended				Nine fiscal months ended							
		September 30, 2023	October 1, 2022			September 30, 2023	October 1, 2022						
		Fiscal quarter ended											
		Fiscal quarter ended											
		Fiscal quarter ended											
		March 30, 2024											
		March 30, 2024											
		March 30, 2024											
Net revenues													

Net revenues								
Net revenues	Net revenues	\$ 85,854	\$ 90,057	\$ 265,520	\$ 266,340			
Change versus comparable prior year period	Change versus comparable prior year period	\$ (4,203)		\$ (820)				
Change versus comparable prior year period								
Percentage change versus prior year period	Percentage change versus prior year period	(4.7) %		(0.3) %				
Percentage change versus prior year period								
Percentage change versus prior year period								

Changes in net revenues were attributable to the following:

	vs. prior year quarter	vs. prior year-to-date
<b>Change attributable to:</b>		
Change in volume	(6.2) %	(0.8) %
Change in average selling prices	1.2 %	1.5 %
Foreign currency effects	0.3 %	(1.0) %
Net change	(4.7) %	(0.3) %
<b>Change attributable to:</b>		
Change in volume	(9.5) %	
Change in average selling prices	0.8 %	
Foreign currency effects	(0.4) %	
Net change	(9.1) %	

During the fiscal quarter and nine fiscal months ended September 30, 2023 March 30, 2024, net revenues decreased 4.7% and 0.3% 9.1%, respectively, as compared to the comparable prior year periods. For the fiscal quarter period with decreased volume, primarily from the Sensors and Weighing Solutions reporting segments, was partially offset by higher volume in the Measurement Systems reporting segment. For the nine fiscal month period, higher volume in the Measurement Systems reporting segment was completely offset by lower volume in the Sensors and Weighing Solutions reporting segments.

#### Gross Profit Margin

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

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Gross profit margin	41.9 %	41.4 %	42.1 %	41.3 %
	Fiscal quarter ended		Nine fiscal months ended	
	March 30, 2024	April 1, 2023	September 30, 2023	October 1, 2022
Gross profit margin			43.4 %	41.9 %

The gross profit margin for the fiscal quarter and nine fiscal months ended September 30, 2023 March 30, 2024 increased 0.5% and 0.8% 1.5%, respectively, as compared to the comparable prior year periods. For the fiscal quarter period the Weighing Solutions reporting segments had higher gross profit margins, while the Sensors and Measurement Systems reporting segments gross profit margins

were lower. For the nine fiscal month period, 2024, the Weighing Solutions and Measurement Systems reporting segments had higher gross profit margin, while the Sensors reporting segment had lower gross profit margin.

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## 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		Nine fiscal months ended	
		September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
		Fiscal quarter ended			
		March 30, 2024			
		Fiscal quarter ended			
		March 30, 2024			
		Fiscal quarter ended			
		March 30, 2024			
Net revenues	Net revenues	\$ 32,532	\$ 37,879	\$ 105,524	\$ 115,909
Change versus comparable prior year period	Change versus comparable prior year period	\$ (5,347)		\$ (10,385)	
Change versus comparable prior year period					
Change versus comparable prior year period					
Percentage change versus prior year period	Percentage change versus prior year period	(14.1) %		(9.0) %	
Percentage change versus prior year period					
Percentage change versus prior year period					

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

	vs. prior year quarter	vs. prior year-to-date
<b>Change attributable to:</b>		
Change in volume	(15.5)%	(8.9)%
Change in average selling prices	0.9 %	0.9 %
Foreign currency effects	0.5 %	(1.0)%
Net change	(14.1)%	(9.0)%
<b>Change attributable to:</b>		
Change in volume	(20.1)%	
Change in average selling prices	1.3 %	
Foreign currency effects	(1.1)%	
Net change	(19.9)%	

Net revenues decreased **14.1%** and **9.0%** **19.9%** for the fiscal quarter and nine fiscal months ended **September 30, 2023** **March 30, 2024**, respectively, as compared to the comparable prior year periods. The decrease in revenues was primarily attributable to lower sales of precision resistors in the Test and Measurement market and lower sales of advanced sensors products primarily in our Other markets (mainly for consumer applications), partially offset by increases in precision resistor sales resistors and strain gages in the AMS market.

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

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Gross profit margin	35.9 %	40.5 %	39.2 %	40.9 %
	Fiscal quarter ended			
	March 30, 2024	April 1, 2023		
Gross profit margin			36.5 %	41.2 %

The gross profit margin decreased **4.6%** and **1.7%** **4.7%** for the fiscal quarter and nine fiscal months ended **September 30, 2023** **March 30, 2024**, respectively, when compared to the comparable prior year periods due to lower volume and temporary labor inefficiencies, partially offset by favorable foreign currency exchange rates and cost reduction programs. **volume**.

#### Weighing Solutions

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

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
	Fiscal quarter ended			
	Fiscal quarter ended			
	Fiscal quarter ended			
	March 30, 2024			
	March 30, 2024			
	March 30, 2024			
Net revenues				
Net revenues				
Net revenues	Net revenues	\$ 28,970	\$ 31,399	\$ 92,090
Change versus	Change versus			\$ 92,626
comparable prior	comparable prior			
year period	year period	\$ (2,429)		\$ (536)
Change versus comparable prior year				
period				
Change versus comparable prior year				
period				
Percentage change	Percentage change			
versus prior year	versus prior year			
period	period	(7.7) %		(0.6) %
Percentage change versus prior year period				
Percentage change versus prior year period				
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Changes in Weighing Solutions segment net revenues were attributable to the following:

		vs. prior year	vs. prior year
		quarter	to-date
<b>Change attributable to:</b>			
Change in volume		(9.4) %	(2.0) %
Change in average selling prices		0.9 %	1.8 %

Foreign currency effects	0.8 %	(0.4)%
Net change	(7.7)%	(0.6)%
<b>vs. prior year quarter</b>		
<b>Change attributable to:</b>		
Change in volume		(10.4)%
Change in average selling prices		0.6 %
Foreign currency effects		0.3 %
Net change		(9.5)%

Net revenues decreased 7.7% 9.5% for the fiscal quarter ended September 30, 2023 March 30, 2024, as compared to the comparable prior year period. The decrease in revenues were mainly attributable to lower OEM sales of load cells force sensors in our Other markets for precision agriculture and construction applications and lower sales of load cells force sensors in our Industrial Weighing market, partially offset by increased sales in the Transportation market.

Net revenues decreased 0.6% for the nine fiscal months ended September 30, 2023 as compared to the comparable prior year period. Increased sales of load cells in our Other markets for precision agriculture and construction applications and transducer systems in our Industrial Weighing market were offset by lower sales of our load cell products in our Industrial weighing market.

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

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Gross profit margin	38.7 %	33.3 %	37.4 %	34.7 %
	Fiscal quarter ended		Nine fiscal months ended	
	March 30, 2024	April 1, 2023	September 30, 2023	October 1, 2022
Gross profit margin			39.1 %	34.9 %

The gross profit margin for the fiscal quarter and nine fiscal months ended September 30, 2023 March 30, 2024 increased 5.4% and 2.7%, respectively, as by 4.2% compared to the comparable prior year periods period primarily due to favorable product mix, cost reductions, lower logistics costs, reduction programs and favorable foreign currency rates, which exchange, partially offset the impact of by lower sales volume.

#### Measurement Systems

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

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
	Fiscal quarter ended			
	Fiscal quarter ended			
	Fiscal quarter ended			
	March 30, 2024			
	March 30, 2024			
	March 30, 2024			
Net revenues				
Net revenues	Net revenues	\$ 24,352	\$ 20,779	\$ 67,906
Change versus comparable prior year period	Change versus comparable prior year period	\$ 3,573		\$ 10,101
Change versus comparable prior year period				
Change versus comparable prior year period				
Percentage change versus prior year period	Percentage change versus prior year period	17.2 %		17.5 %
Percentage change versus prior year period				

Percentage change versus prior year period

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

	vs. prior year quarter	vs. prior year- to-date
<b>Change attributable to:</b>		
Change in volume	15.8 %	17.5 %
Change in average selling prices	1.9 %	1.9 %
Foreign currency effects	(0.5)%	(1.9)%
Net change	17.2 %	17.5 %

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	vs. prior year quarter
<b>Change attributable to:</b>	
Change in volume	11.3 %
Change in average selling prices	0.4 %
Foreign currency effects	(0.6)%
Net change	11.1 %

Net revenues increased **17.2%** **11.1%** for the fiscal quarter ended **September 30, 2023** as compared to the comparable prior year period, and increased 17.5% for the nine fiscal months ended **September 30, 2023** **March 30, 2024** as compared to the comparable prior year period. For the fiscal quarter period, the The increase was primarily attributable to increased revenue in the Steel market and as higher sales of DTS KELK products in the AMS market. For the nine fiscal month period, the increase was primarily attributable to increased revenue in the Steel market, were partially offset by lower sales of DSI systems.

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

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
Gross profit margin	53.6 %	55.5 %	53.1 %	52.5 %

	Fiscal quarter ended	
	March 30, 2024	April 1, 2023
Gross profit margin	58.1 %	53.9 %

The gross profit margin for the fiscal quarter and nine fiscal month ended September 30, 2023 decreased by 1.9% and March 30, 2024 increased by 0.6%, respectively, 4.2% as compared to the comparable prior year periods. For the fiscal quarter period the decrease was primarily due to higher sales volume and higher average selling prices favorable product mix and lower purchase accounting adjustments, being offset by higher labor costs. For the nine fiscal month period, the higher volume and higher average selling prices and lower purchase accounting adjustments were only partially offset by the higher labor costs.

**Selling, General, and Administrative Expenses**

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

	Fiscal quarter ended		Nine fiscal months ended	
	September 30, 2023	October 1, 2022	September 30, 2023	October 1, 2022
	Fiscal quarter ended			
	Fiscal quarter ended			
	Fiscal quarter ended			

										March 30, 2024
										March 30, 2024
										March 30, 2024
Total SG&A expenses										
Total SG&A expenses	Total SG&A expenses	\$	26,558	\$	25,271	\$	80,472	\$	77,824	
As a percentage of net revenues	As a percentage of net revenues		30.9	%	28.1	%	30.3	%	29.2	%
As a percentage of net revenues										
As a percentage of net revenues										

SG&A expenses for the fiscal quarter and nine fiscal months ended September 30, 2023 March 30, 2024 increased \$1.3 million and \$2.6 million \$0.2 million, respectively, compared to the comparable prior year periods due to increases in wages, bonus accruals, and travel costs, commissions and other fees, partially offset by lower commissions and favorable foreign currency exchange rate impacts.

#### 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 \$1.2 million \$0.8 million and \$0.2 million \$0.1 million of restructuring costs during the fiscal quarter ended September 30, 2023 March 30, 2024 and October 1, 2022, respectively, and \$1.4 million and \$1.3 million of restructuring costs during the nine fiscal months ended September 30, 2023 and October 1, 2022, respectively, April 1, 2023. Restructuring costs were comprised primarily of employee termination costs, including severance and statutory retirement allowances, in connection with various cost reduction programs.

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#### Other Income (Expense)

Interest expense for the fiscal quarter and nine fiscal months ended September 30, 2023 March 30, 2024 was higher lower when compared with the comparable prior year periods mainly due to higher borrowing rates the lower debt balance outstanding as a result of debt payments made in the second half of 2023.

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

Fiscal quarter ended		September 30, 2023	October 1, 2022	Change
<b>Fiscal quarter ended</b>				
March 30, 2024				
March 30, 2024				
March 30, 2024				
			April 1, 2023	Change

Foreign currency exchange gain	Foreign currency exchange gain	\$ 1,283	\$ 1,261	\$ 22
Interest income	Interest income	543	91	452
Interest income	Interest income			
Pension expense	Pension expense	(72)	(81)	9
Other	Other	(83)	(48)	(35)
		<b>\$ 1,671</b>	<b>\$ 1,223</b>	<b>\$ 448</b>
		<b>\$</b>		

	Nine fiscal months ended			Change
	September 30, 2023	October 1, 2022		
Foreign currency exchange gain	\$ 2,138	\$ 5,195		\$ (3,057)
Interest income	1,265	235		1,030
Pension expense	(217)	(261)		44
Other	(221)	(163)		(58)
	<b>\$ 2,965</b>	<b>\$ 5,006</b>		<b>\$ (2,041)</b>

Foreign currency exchange gains represent the impact of changes in foreign currency exchange rates. For the fiscal quarter and nine fiscal months ended September 30, 2023 March 30, 2024, the change in foreign currency exchange gains and losses during the periods, as compared to the prior year periods, period, was largely due to exposure to currency fluctuations with the Israeli shekel, the Canadian dollar, the EURO and the British pound.

For the fiscal quarter and nine fiscal months ended October 1, 2022, the change in foreign exchange gains and losses during the periods, as compared to the prior year periods, was largely due to exposure to currency fluctuations with the Israeli shekel, the Japanese yen, the Canadian dollar, and the British pound. The change in the dollar-shekel exchange rate resulted in a favorable foreign exchange impact primarily related to the shekel-denominated lease liability for the Sensors facility in Israel.

Included in Other for the fiscal quarter and nine fiscal months ended October 1, 2022 was a \$0.2 million loss on the liquidation of two of the Company's European subsidiaries.

#### 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 September 30, 2023 March 30, 2024 was 27.6% 28.4% compared to 18.6% 24.1% for the fiscal quarter ended October 1, 2022 April 1, 2023. The effective tax rate for the fiscal quarter ended September 30, 2023 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 nine fiscal months ended September 30, 2023 was 27.0% compared to 19.4% for the nine fiscal months ended October 1, 2022. The effective tax rate for the nine fiscal months ended September 30, 2023 March 30, 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.

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#### 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 **September 30, 2023** **March 30, 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 **nine three** fiscal months ended **September 30, 2023** **March 30, 2024**, cash provided by operating activities was **\$27.1 million** **\$6.4 million** compared to **\$20.5 million** **\$8.4 million** in the comparable prior year period. Our net cash used in investing activities for the **nine three** fiscal months ended **September 30, 2023** **March 30, 2024** was **lower** **\$2.2** compared to **\$3.5 million** in the comparable to prior year period mainly due to lower capital **spending, expenditures**. Our net cash used in financing activities for the **nine three** fiscal months ended **September 30, 2023** **March 30, 2024** was **higher when** **\$3.6 million** compared with to **\$0.8 million** in the comparable prior year period mainly due to a **repayment on the repurchase of an aggregate of \$2.8 million of our revolving credit facility of \$7.0 million during the third quarter of 2023, common stock**.

Approximately **91%** **94%** and **83%** **92%** of our cash and cash equivalents balance at **September 30, 2023** **March 30, 2024** and **December 31, 2022** **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 **September 30, 2023** **March 30, 2024** and **December 31, 2022** **December 31, 2023**:

	<b>March 30, 2024</b>	<b>December 31, 2023</b>
Israel	35 %	36 %
Asia	24 %	22 %
Europe	22 %	23 %
United States	6 %	8 %
Canada	13 %	11 %
	<b>100 %</b>	<b>100 %</b>

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	<b>September 30, 2023</b>	<b>December 31, 2022</b>
Israel	41 %	28 %
Asia	16 %	27 %
Europe	15 %	13 %
United States	9 %	17 %
United Kingdom	10 %	10 %
Canada	9 %	5 %
	<b>100 %</b>	<b>100 %</b>

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 **September 30, 2023** **March 30, 2024**, to be indefinitely reinvested.

Adjusted free cash flow generated during the **nine** **three** fiscal months ended **September 30, 2023** **March 30, 2024** was **\$17.3 million** **\$4.2 million**. We refer to the amount of cash provided by operating activities (**\$27.1** **6.4** million) in excess of our capital expenditures (**\$9.8** **2.6** million) and net of proceeds from the sale of assets (**\$0.0** **0.4** million) as "adjusted free cash flow."

The following table summarizes the components of net cash at **September 30, 2023** **March 30, 2024** and **December 31, 2022** **December 31, 2023** (in thousands):

	September 30, 2023	December 31, 2022		
	March 30, 2024		March 30, 2024	December 31, 2023
Cash and cash equivalents	Cash and cash equivalents		\$ 94,632	\$ 88,562
Third-party debt, including current and long-term:	Third-party debt, including current and long-term:			
Third-party debt, including current and long-term:	Third-party debt, including current and long-term:			
Revolving debt	Revolving debt			
Revolving debt	Revolving debt		54,000	61,000
Deferred financing costs	Deferred financing costs		(173)	(201)
Total third-party debt	Total third-party debt		53,827	60,799
Net cash	Net cash		\$ 40,805	\$ 27,763

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 **September 30, 2023** **March 30, 2024** remains strong, with a current ratio (current assets to current liabilities) of **4.3** **2.6** to 1.0, as compared to a ratio of 3.9 to 1.0 at **December 31, 2022** **December 31, 2023**. The current ratio was affected in large part due to the reclassification of long-term debt to a current liability.

Cash paid for property and equipment for the **nine** **three** fiscal months ended **September 30, 2023** **March 30, 2024** was **\$9.8 million** **\$2.6 million** compared to **\$15.5 million** **\$3.5 million** in the comparable prior year period.

As of **September 30, 2023** **March 30, 2024** and **December 31, 2022** **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, 2022** **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.

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## 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, 2022** **December 31, 2023**, filed with the SEC on **March 1, 2023** **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 **September 30, 2023** **March 30, 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.

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## 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, 2022** December 31, 2023, filed with the SEC on **March 1, 2023** 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, 2022** 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 **September 30, 2023** March 30, 2024.

	Total Number of Shares Purchased (a)	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)
July 2, 2023 - August 2, 2023	—	—	—	502,475
August 3, 2023 - September 3, 2023	5,646	\$ 34.79	5,646	496,829
September 4, 2023- September 30, 2023	17,248	33.574	17,248	479,581
<b>Total</b>	<b>22,894</b>		<b>22,894</b>	<b>479,581</b>

(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 originally 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. From August 8, 2022 to September 30, 2023, the Company had repurchased an aggregate of 120,419 shares under the Stock Repurchase Plan.

	Total Number of Shares Purchased (a)	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)
January 1, 2024 - February 1, 2024	41,706	\$ 31.61	41,706	284,668
February 2, 2024 - March 2, 2024	25,421	32.68	25,421	259,247
March 3, 2024- March 30, 2024	17,638	34.34	17,638	241,609
<b>Total</b>	<b>84,765</b>		<b>84,765</b>	<b>241,609</b>

(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 originally 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. From August 8, 2022 to March 30, 2024, the Company had repurchased an aggregate of 358,391 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 **September 30, 2023** March 30, 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**

31.1	<a href="#">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.</a>
31.2	<a href="#">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.</a>
32.1	<a href="#">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.</a>
32.2	<a href="#">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.</a>
101	Interactive Data File (Quarterly Report on Form 10-Q, for the quarterly period ended <b>September 30, 2023</b> March 30, 2024, furnished in XBRL (eXtensible Business Reporting Language).

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**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: **November 7, 2023** May 7, 2024

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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: November 7, 2023 May 7, 2024

/s/ Ziv Shoshani

Ziv Shoshani

Chief Executive Officer

/td>

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: November 7, 2023 May 7, 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 September 30, 2023 March 30, 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  
November May 7, 2023 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 September 30, 2023 March 30, 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  
November May 7, 2023 2024

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