Risk Factors Comparison 2024-02-29 to 2023-03-01 Form: 10-K

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You should carefully consider the following risks and other information in this Form 10- K in evaluating our company and common stock. Any of the following risks, as well as additional risks and uncertainties not currently known to us or that we currently deem immaterial, could materially and adversely affect our business, results of operations or financial condition, and could also adversely affect the trading price of our common stock. Risks Related to Our Business ~~The COVID- 19 outbreak has adversely impacted and could continue to adversely impact our results of operations. The impact of the COVID- 19 outbreak on a global basis has adversely affected and is likely to continue to adversely affect our business in a number of respects, although the further extent, nature and timing of such impact cannot be predicted at this time. The COVID- 19 outbreak has led countries around the world, as well as most states in the U. S., to from time- to- time implement restrictions relating to the operation of almost all types of businesses. The closure standards vary from jurisdiction to jurisdiction, but they typically require all but " critical ", " essential " or " life- sustaining " businesses to close all offices and facilities. We believe, based on the various standards published to date, that our businesses meet or will meet the requisite standards to remain open, at least partially, in all jurisdictions in which we operate, although there is no assurance that our decision to remain open will not be challenged. To date, our supply chain has not experienced significant disruptions as a result of the COVID- 19 pandemic. However, our suppliers could be required by government authorities to temporarily cease operations in accordance with the various restrictions discussed above, might be limited in their production capacity due to complying with restrictions relating to the operation of businesses during the COVID- 19 pandemic, or could suffer their own supply chain disruptions, impacting their ability to continue to supply us with the quantity of materials required by us. If as a result of the COVID- 19 outbreak governments take additional protective actions, or extend the time period for existing protective actions, or the distribution and administration of the vaccines for COVID- 19 are delayed, disrupted, or prolonged, such actions or events may have a material adverse impact on our business and operating results. This could include closures of our facilities or the closure of the facilities of our customers, suppliers, or other vendors in our supply chain. Any disruption of our supply chain or the businesses of our customers could adversely impact our business and results of operations. The extent and duration of the impact on the global economy and financial markets from COVID- 19 is difficult to predict, and the extent to which COVID- 19 will negatively affect us and the duration of any potential business disruption is uncertain. The impact to our business and results of operation will depend to a large extent on future developments and new information that may emerge regarding the duration and severity of the COVID- 19 outbreak and the actions taken by authorities and other entities to contain COVID- 19 or treat its impact, and the impact of such actions, all of which are beyond our control. These potential impacts, while uncertain, could adversely affect our operating results.~~ A shortage of qualified labor could have a material adverse effect on our business and results of operations. Labor is a significant component of operating our business. A number of factors may adversely affect the labor force available to us or increase labor costs, including general macroeconomic conditions, high employment levels, federal unemployment subsidies, increased wages offered by other employers, vaccine mandates and other government regulations **,** and our responses thereto ~~. We are currently experiencing a shortage of qualified labor in certain geographies, particularly with manufacturing plant production workers in the United States, Israel and Japan~~ . Outside suppliers that we rely on have also experienced shortages of qualified labor. A prolonged shortage of qualified labor could, among other things, decrease our ability to effectively produce and meet customer demand, and could have a material adverse effect on our business and results of operations. We face intense competition in our business. We face various degrees and types of competition throughout the world in our different businesses. We are a leading supplier of foil resistors and foil strain gages. Foil resistors and foil strain gages are also produced by competitors, principally located in China. We believe that our products provide superior performance relative to our competitors, but that could change if our competitors succeed in developing and introducing innovative competitive offerings. Also, our foil strain gages compete with other types of strain gages, such as semiconductor strain gages, which we do not manufacture. We believe that other types of strain gages are not as reliable or stable as our foil strain gages, but that could change as the technology for these other products continues to evolve. If our competitors are able to improve the quality, performance, or pricing of their products relative to our offerings, our results of operations could be adversely affected. The market for transducer / load cell products is highly fragmented and very competitive. Our load cell modules and systems face competition from numerous other load cell module and systems manufacturers. Competition for modules and systems is most often based on customer relationships, product reliability, technical performance, and the ability to anticipate and satisfy customer needs for specific design configurations. Many other manufacturers have more experience in particular geographic ~~- 13 -~~ markets and specific applications than we do, and may be better positioned to compete in these areas. We cannot assure you that we will be able to successfully grow our business in the face of these competitive challenges. To remain successful, we must continue to innovate, and our investments in new technologies may not prove successful. Our future operating results depend on our ability to continually develop, introduce, and market new and innovative products, to modify existing products, to respond to technological change, and to customize certain products to meet customer requirements. There are numerous risks inherent in this process, including the risks that we will be unable to anticipate the direction of technological change, that customers may be unwilling, or unable, to adopt the new products or methods of using them, that we will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands, or that such products will experience quality or other qualification issues with our customers as they, and we, gain experience with qualifying them and using them. If this occurs, we could lose customers and experience adverse effects on our financial condition and results of operations. We may not be successful in future acquisitions or other strategic transaction endeavors, if any, which could have an adverse effect on our business and results of operations. Historically, we expanded our business in part by completing acquisitions, and **we expect that** an important element of our business strategy **will** ~~continues~~ - **continue** to be expansion through acquisition. We cannot assure that we will identify, have the financial capabilities to execute, and / or successfully complete strategic transactions with suitable partners in the future. We also cannot assure that any such transactions that we do complete in the future will be successful. Such transactions involve a number of risks, including the following: • we may incur substantial costs, including advisory fees and diversion of management attention, in evaluating a potential transaction **, whether or not the transaction is consummated** ; • we may be unable to achieve the anticipated benefits from the transaction; • we may have difficulty integrating the operations, personnel and culture of an acquired business, and may have difficulty retaining the key personnel of the acquired business; • we may have difficulty enforcing restrictive covenants against the seller of the acquired business or former employees or other personnel of the acquired business; **- 13-** • we may have difficulty incorporating acquired technologies or products into our existing solutions; • our ongoing business and management' s attention may be disrupted or diverted by transition or integration issues, and the complexity of managing geographically and culturally diverse locations; and • we may lose customers of those companies, or may lose our customers due to the change in control or for other reasons. The factors noted above could have a material adverse effect on our business, results of operations, and financial condition or cash flows, particularly in the case of a larger acquisition. From time to time, we may enter into negotiations for acquisitions or investments that are not ultimately consummated. These negotiations could result in significant diversion of management time, as well as out- of- pocket costs. Future acquisitions may require us to incur or issue additional indebtedness or issue additional equity. If we were to undertake future substantial acquisitions for cash, these acquisitions would likely need to be financed in part through bank borrowings, or the issuance of public or private debt. This acquisition financing would likely adversely affect certain credit metrics. Our revolving credit facilities require us to obtain the lenders' consent for certain additional debt financing and to comply with other covenants, including the application of specific financial ratios. We cannot assure that the necessary acquisition financing would be available to us on acceptable terms, if and when, required. If we were to make an acquisition with equity, the acquisition may have a dilutive effect on the interests of the holders of our common stock. We may experience difficulties, delays, or unexpected costs in completing our cost reduction programs. To remain competitive, particularly when business conditions are difficult, we sometimes take steps to reduce our cost structure by restructuring our existing businesses to achieve efficiencies, eliminate redundant functions, facilities and staff positions, and move operations, where possible, to reduce labor or other costs. We may not realize, in full or in part, the anticipated benefits of these programs without encountering difficulties, which may include complications in the transfer of production knowledge, loss of key employees and / or customers, and the disruption of ongoing business. Any of these difficulties could delay and / or undermine our ability to realize the benefits of these cost reduction programs, as well as potentially adversely affecting our customer relationships and operations. Our business is cyclical, and in periods of increased economic strength, we may experience intense demand for our products. If our cost reduction programs and related restructuring result in us not being able to satisfy our customer' s demand for products during a rising economy, and our competitors sufficiently expand production, we could lose customers and / or market share. These losses could have an adverse effect on our operations, financial condition, and results of operations. ~~- 14-~~ We may encounter difficulties in the implementation or operation of new enterprise resource planning systems. We have implemented, and continue to implement, new enterprise resource planning (" ERP ") systems in different parts of our business. ERP systems are integral to our ability to accurately and efficiently manage our manufacturing and sales activities, and provide critical business information to management. The implementation of an ERP system may cause us to incur additional costs, shipment delays, and related customer dissatisfaction; expend employee (including Company management) time and attention; and otherwise burden our internal resources. Any difficulties we encounter with the implementation or successful operation of an ERP system could damage the effectiveness of our business processes and could adversely impact our ability to accurately and effectively forecast and manage sales demand, manage our supply chain, and report management information on an accurate and timely basis, any of which could have a material adverse effect on our business and results of operations. Our success is dependent upon our ability to protect our proprietary technology and other intellectual property. We rely on a combination of the protections provided by applicable patent, trademark, copyright, and trade secret laws, as well as on confidentiality procedures and other contractual arrangements, to establish and protect our rights in our technology, and related materials and information. We enter into agreements with our customers and distributors. These agreements contain confidentiality and non- disclosure provisions, a limited warranty covering our products, and indemnification for the customer from infringement actions related to our products. Despite our efforts, it may be possible for others to copy portions of our products, reverse engineer them, or obtain and use information that we regard as proprietary, all of which could adversely affect our competitive position. Furthermore, there can be no assurance that our competitors will not independently develop technology similar to ours. The laws of certain countries in which we manufacture do not protect our intellectual property (" IP ") rights to the same extent as the laws of the United States. In the Office of the United States Trade Representative (" USTR ") annual " Special 301 " Report released in April 2021, the adequacy and effectiveness of intellectual property protection in a number of foreign countries were analyzed. A number of countries in which we manufacture or do business in are identified in the report as being on the Priority Watch List or the Watch List. In China, for instance, the USTR is concerned about the urgent need to remediate a range of IP- related concerns, including trade secret theft, online piracy and counterfeiting, the high- volume manufacture and export of counterfeit **- 14-** goods, technology transfer requirements imposed as a condition to access the Chinese market, the mandatory application of adverse terms to foreign IP licensors, and IP ownership and research and development localization requirements. Structural impediments to administrative, civil, and criminal IP enforcement are also problematic. The USTR also expressed concern that in India there is a lack of sufficient measurable improvements to its IP framework on long- standing and new challenges that have negatively affected U. S. right holders over the past year. Other countries in which we do business were also identified because of problems in intellectual property enforcement. The absence of harmonized intellectual property protection laws and effective enforcement makes it difficult to ensure consistent respect for patent, trade secret, and other intellectual property rights on a worldwide basis. As a result, it is possible that we will not be able to enforce our rights against third parties that misappropriate our proprietary technology in those countries. The success of our business is highly dependent on maintenance of intellectual property rights. The unauthorized use of our IP rights may increase the cost of protecting these rights or reduce our revenues. We seek to protect trade secrets and our other proprietary technology, in part, by requiring each of our employees to enter into non- disclosure and IP assignment agreements. In these agreements, the employee agrees to maintain the confidentiality of all of our proprietary information and, subject to certain exceptions, to assign to us all rights in any proprietary information or technology made, or contributed, by the employee during his or her employment. Generally, we do not enter into non- compete arrangements with our employees, with the exception of certain executives, senior managers and, in some cases, one or more of the principals of the businesses that we acquire. All of these types of agreements may be breached or be found unenforceable (including in light of potential regulations proposed by the United States Federal Trade Commission), and we may not have an adequate remedy for any such breach of, or inability to enforce, these agreements. We may initiate, or be subject to, claims or litigation for infringement of proprietary rights, or to establish the validity of our proprietary rights, which could result in significant expense to us, cause product shipment delays, require us to enter royalty or licensing agreements, and divert the efforts of our technical and management personnel from productive tasks, whether or not such litigation were determined in our favor. We may be exposed to product liability claims. While our agreements with our customers and distributors typically contain provisions designed to limit our exposure to potential material product liability claims, including appropriate warranty, indemnification, damages waiver, and limitation of liability provisions, it is possible that such provisions may not be effective under the laws of some jurisdictions, thus exposing us to substantial liability. Moreover, defending a suit, regardless of its merits, could entail substantial expense, and require the ~~-15-~~ time and attention of key management personnel. If product liability claims are brought against us, the costs associated with defending such claims may adversely affect our results of operations and future cash flows. We must expend significant resources to obtain design wins without assurance that we will be successful. In many cases, we must initiate communication with our customers, and convince the customer that our products and systems will offer solutions for its business that are technically superior and more cost effective compared to their existing arrangements. To do so, we must often expend significant financial and human resources to develop technologically compelling products or systems with no guarantee that they will be adopted by our customers. The non- recurring engineering (" NRE ") costs for product development in these cases could be substantial, and may adversely affect our profitability if we are unable to recover these costs. Also, customers will often require a lengthy period of on- site testing before committing to purchase a product or system, during which period we will not receive material revenue from the customer. While a design win for our products and systems may result in a long period of recurring revenue during which we hope to recover our costs, we must often internally finance our development costs over significant time periods. If our products or systems fail to gain acceptance with our customers, we will be forced to absorb any NRE costs, which could adversely affect our business if these costs are substantial. The long development times for certain of our products and systems may result in unpredictable fluctuations in revenue and results of operations. Our Weighing Solutions products and Measurement Systems products often have long product development cycles, both to develop the product or system and to secure customer acceptance following what may be a lengthy on- site testing period. During product development and testing, we may incur substantial costs without corresponding revenues. If our custom product or system is ultimately accepted by the customer, we may then begin to realize substantial revenues from our development efforts. In particular, our Measurement Systems business segment which produces highly specialized systems, can be priced for **ten** ~~several hundred~~ thousand dollars **to $ 1 million or more** per unit, so that a contract to acquire one or more units can materially contribute to our revenues during the period or periods that we are permitted to recognize the contract revenues for accounting purposes. The nature of our measurement systems business segments, and in particular, the products and systems manufactured for the steel **-15-** industry, may therefore result in substantial fluctuations in our operating results, including revenues and profitability, from period to period, even though there has been no fundamental change in our business or its prospects. Further, customers may request a delay in shipping a product they have ordered due to changes in their business needs, which may delay the revenue recognition for the product until shipment occurs. This may make it difficult for investors to undertake period- to- period comparisons of our performance. Also, the fluctuating nature of key components of our revenues may limit the visibility of our management regarding performance in future periods, and make it more difficult for our management to provide guidance to our investors. We may not have adequate manufacturing capacity to satisfy future increases in demand for our products. Our business is cyclical and in periods of a rising economy, we may experience intense demand for our products. During such periods, we may have difficulty expanding our manufacturing capacity to satisfy demand. Factors which could limit such expansion include delays in procurement of manufacturing equipment, shortages of skilled personnel, and physical constraints on expansion at our facilities. If we are unable to meet our customers' requirements and our competitors sufficiently expand production, we could lose customers and / or market share. These losses could have an adverse effect on our financial condition and results of operations. Also, capacity that we add during upturns in the business cycle may result in excess capacity during periods when demand for our products recedes, resulting in inefficient use of capital, adversely affecting our business. The nature of the market for our products may render them particularly susceptible to downturns in the economic environment. Our products are designed to replace and provide superior functionality over existing product infrastructure utilized by our customers. Often, it is only after introductory demonstrations by our sales and engineering teams that our customers come to appreciate the advantages of our products and systems, and the long- term benefits of their adoption. An economic downturn or extended period of economic uncertainty may make customers less receptive to adopting new technological solutions at our suggestion- even ones with demonstrated operational and financial advantages. During these periods, customers may defer, or even cancel, orders for products and systems for which they have previously contracted, or given indications of interest. Also, because our business is concentrated largely in the industrial sector, we do not benefit from countervailing fluctuations in consumer demand. As a result, our business may be more significantly affected by the consequences of a general economic slowdown than other segments of our industry, and may also take longer to recover from the effects of a slowdown. Our backlog is subject to customer cancellation. Many of the orders that comprise our backlog may be canceled by our customers without penalty. Our customers, particularly for our sensors segment products, often cancel orders when business is weak and inventories are excessive, a situation that we ~~- 16-~~ have previously experienced during periods of economic slowdown. Therefore, we cannot be certain that the amount of our backlog accurately forecasts the level of orders that will ultimately be delivered. Our results of operations could be adversely impacted if customers cancel a material portion of orders in our backlog. The complexity of our sophisticated measurement systems may require costly corrections if design flaws are found. Our measurement systems combine sophisticated electronic hardware and computer software. We believe that the sophistication of our systems contributes to their competitive advantage over similar products offered by other system integrators. We go to substantial lengths to assure that our systems are free of design flaws when they are delivered to our customers for installation and testing. However, due to the systems' complexity, design flaws may occur and require correction. If the requisite corrections are substantial, or difficult to implement due to the systems' complexity, we may not be able to recover the costs of correction and retesting, with the result that our profit margins on these systems could be substantially reduced, or even negated by losses, and our results of operations could be materially and adversely affected. Our results are sensitive to raw material availability, quality, and cost. Although most materials incorporated in our products are available from a number of sources, certain materials are available only from a relatively limited number of suppliers. We generally maintain a supply of strategic raw materials for continuity and risk management. Our customers would need significant advance notification to qualify alternative materials, if we had to use them. Alternative suppliers are available worldwide for most of our raw materials, but significant time (up to 12 months) would be required to qualify new suppliers and establish efficient production scheduling. Certain metals used in the manufacture of our products are traded on active markets, and can be subject to significant price volatility and sourcing challenges. Our results of operations may be materially and adversely affected if we have difficulty obtaining certain raw materials, if the quality of available raw materials deteriorates, if there are significant price changes for these raw materials, or if compliance with the laws and regulations described below proves costly and time- consuming. For periods in which the prices of these raw materials are rising, we may be unable to pass on the increased cost to our customers, which would result in decreased margins for the products in which they are used. For periods in which the prices are declining, we may be required to write down our **- 16-** inventory carrying cost of these raw materials, since we record our inventory at the lower of cost or market. Depending on the extent of the difference between market price and our carrying cost, this write- down could have a material adverse effect on our net earnings. We also may need to record losses for adverse purchase commitments for these materials in periods of declining prices. Pursuant to the SEC' s " conflict minerals " rules, reporting companies that determine that certain metals, dubbed " conflict minerals " by the SEC (which include tantalum, gold, tin, and tungsten sourced from the Democratic Republic of the Congo or adjoining countries), are necessary to the functionality or production of a product they manufacture, or contract to have manufactured, must file a specialized disclosure form with the SEC. We use raw materials that are subject to conflict minerals rules. The compliance with the SEC' s related disclosure requirements may affect the sourcing and availability of minerals used in the manufacture of our products. Also, because our supply chain is complex, we may face reputational challenges with our customers and other stakeholders if we are unable to materially verify the origins of all " in scope " metals used in our products. Our product sales may be adversely affected by changes in product classification levels under various qualification and specification standards. Certain of our products must be qualified or approved under various military and aerospace specifications and other standards. We have qualified certain of our foil resistor products under various military specifications approved and monitored by the DLA, and under certain European military specifications, and various aerospace standards approved by NASA and the ESA. Qualification and specification levels are based in part upon product failure rate. We must continuously perform tests on our products, and for products that are qualified, the results of these tests must be reported to the qualifying organization. Certain of our force sensor products are approved by the NTEP and OIML. Our on- board weighing systems must meet approved standards to make them legal- for- trade. If a product fails to meet the requirements for the applicable classification level or other approval, the product' s classification or approval may be suspended or reduced to a lower level. During the time that the classification is suspended or reduced to a lower level, net revenues and earnings attributable to that product may be adversely affected. Failure to maintain effective internal control over financial reporting could adversely affect our ability to meet our reporting requirements. Effective internal control over financial reporting is necessary for us to provide reasonable assurance with respect to our financial reports, and to effectively prevent fraud. Internal control over financial reporting may not prevent or detect misstatements because of inherent limitations, including the possibility of human error, the circumvention or overriding of controls, or fraud. Therefore, even effective internal control over financial reporting can provide only reasonable assurance with ~~- 17-~~ respect to the preparation and fair presentation of financial statements. If we cannot provide reasonable assurance with respect to our financial reports and effectively prevent fraud, our operating results could be harmed. We are subject to costs and liabilities related to current and future environment, health and safety laws and regulations, as well as changes in the global climate, that could adversely affect our business. Our manufacturing operations, products and packaging are subject to environmental laws, rules, regulations and standards. These laws govern air emissions, wastewater discharges, the handling, disposal, and remediation of hazardous substances, wastes, and certain chemicals used or generated in our manufacturing processes, and workplace health and safety. Compliance with these laws, rules, regulations and standards can require significant expenditure of financial and employee resources. In addition, changes to such laws, rules, regulations, and standards are made or proposed regularly, and some of the proposals, if adopted, might, directly or indirectly, adversely affect the operating results of one or more of our operating segments. Additionally, increased regulation of emissions linked to climate change, including greenhouse gas (carbon) emissions and other climate- related regulations, could potentially increase the cost of our operations due to increased costs of compliance, increased cost of fossil fuel- based inputs and increased cost of energy intensive raw material inputs. Federal, state, provincial, and local laws and requirements pertaining to workplace health and safety conditions are significant factors in our business. Changes to these laws and requirements may result in additional costs and actions across the affected country or region. Various government agencies may promulgate new or modified legislation, and implement special emphasis programs and enforcement actions that could impact particular Company operations. Federal, state, provincial, foreign, and local environmental requirements relating to air, soil, and water quality, handling, discharge, storage, and disposal of a variety of substances (including per- and polyfluoroalkyl substances, or PFAS), and climate change are also significant factors in our business, and changes to such requirements generally result in an increase to our costs of operations. Although we have never been involved in any environmental matter that has had a material adverse impact on our overall operations, there can be no assurance that in connection with any past or future operation, acquisition or **- 17-** otherwise, we will not be obligated to address environmental matters that could have a material adverse impact on our business, financial condition, and results of operations. The failure by us to comply with applicable environmental, health and safety requirements could result in fines, penalties, enforcement actions, third- party claims for property damage and personal injury, requirements to clean up property or to pay for the costs of cleanup, or regulatory or judicial orders requiring corrective measures, which could have a material adverse effect on our business, financial condition or results of operations. Additionally, such actions could negatively impact our reputation in the impacted geographic market and more broadly. Our credit facilities subject us to financial and operating restrictions. We maintain a revolving credit facility with banks that we use, or may use, for working capital, acquisition financing, and other purposes. This credit facility subjects us to certain restrictions which may affect, and in some cases significantly limit or prohibit, among other things, our ability to: • borrow additional funds; • pay dividends or make other distributions; • repurchase our common stock; • make investments, including capital expenditures; • engage in transactions with affiliates or subsidiaries; or • create liens on our assets. Our credit facility requires us to maintain certain financial ratios. If we fail to comply with the covenant restrictions contained in the credit facility, that failure could result in termination of the facility, and all amounts outstanding could become immediately payable. A significant portion of our cash and cash equivalents and short- term investments balances are held by our non- U. S. subsidiaries. We generate a significant amount of cash and profits from our non- U. S. subsidiaries. As of December 31, ~~2022~~ **2023** , ~~83~~ **92** % of our cash and cash equivalents and short- term investments were held by subsidiaries outside of the United States. Any repatriation of such funds could incur local withholding tax in the source and intervening foreign jurisdictions. These amounts could also be subject to certain U. S. state taxes. ~~- 18-~~ Changes in our tax rate or exposure to additional income tax liabilities could affect our profitability. In addition, audits by tax authorities could result in additional tax payments for prior periods. We are subject to income taxes in the U. S. and in various foreign jurisdictions. Domestic and international tax liabilities are subject to the allocation of income among various tax jurisdictions. Our effective tax rate can be affected by changes in the mix of earnings in countries with differing statutory tax rates (including as a result of business acquisitions and dispositions), changes in the valuation of deferred tax assets and liabilities, accruals related to contingent tax liabilities, the results of audits and examinations of previously filed tax returns, and changes in tax laws. For example, in August 2022, the Inflation Reduction Act of 2022 (" IRA ") was enacted into law. The IRA includes a 15 % corporate alternative minimum tax that applies to companies that have a three- year average of at least $ 1 billion in adjusted profits and is effective for taxable years beginning after December 31, 2022. The IRA also includes a 1 % excise tax on repurchases of stock occurring after December 31, 2022. Any of these factors may adversely affect our tax rate and decrease our profitability. The amount of income taxes we pay is subject to audit by U. S. federal, state, local, and foreign tax authorities. If these tax audits result in assessments, our future results may be unfavorably impacted. As a global business, we have a complex tax structure, and there is a risk that the tax authorities will disagree with our transfer pricing. We are subject to complex transfer pricing regulations in the U. S. and foreign countries in which we operate. Transfer pricing regulations generally require that transactions between related companies be determined comparable to transactions on an arm' s length basis and that contemporaneous documentation be maintained to support the pricing used. Although transfer pricing standards are generally similar in many of the countries in which we operate, there is still a relatively high degree of uncertainty and inherent subjectivity in complying with these requirements. This topic has received additional scrutiny in recent years, including the Organization for Economic Co- operation and Development' s Base Erosion and Profit Shifting project. To the extent that any tax authority disagrees with our transfer pricing practices, we could incur significant costs to defend our position and could be subject to significant additional tax liabilities, interest, and penalties. **- 18-** We may not be able to realize our deferred tax assets which would adversely impact tax expense in future periods. We regularly assess the ability to realize deferred tax assets in each jurisdiction in which we operate based on a number of factors, including historic operating results, estimates of future earnings, the economic environment, the nature and character of the income, and the existence of cost effective tax planning strategies. This assessment requires significant judgment. If we determine that deferred tax assets are not " more likely than not " to be realized, we record a valuation allowance to reduce deferred tax assets to a level that is expected to be realized. If we subsequently determine that realization becomes " more likely than not ", a valuation allowance will be reversed. Any increase or decrease in our valuation allowances could have a significant impact on our financial results. We use the mark Vishay under license from Vishay Intertechnology, which could result in product and market confusion. We use the mark Vishay as part of our name and in connection with many of our products. Our use of the Vishay mark is governed by an agreement between us and Vishay Intertechnology, giving us a perpetual, royalty- free, worldwide license for the use of the mark. We believe that it is important that we continue the use of the Vishay name, to a certain extent, in order to benefit from the reputation of the Vishay brand, which was first used in connection with our foil resistors and strain gages when Vishay Intertechnology was founded over 50 years ago. There are risks associated with our use of the Vishay mark, however, because both we, and Vishay Intertechnology, use the Vishay mark, confusion could arise in the market regarding the products offered by the two companies, and there could be a misplaced perception of our continuing to be associated with Vishay Intertechnology. Also, any negative publicity associated with one of the two companies in the future could adversely affect the public image of the other. Finally, Vishay Intertechnology will have the right to terminate the license agreement, in certain extreme circumstances, if we are in material and repeated breach of the terms of the agreement, which would likely have an adverse effect on us and our business. Risks relating to our operations outside the United States We attempt to improve profitability by operating in countries in which manufacturing efficiencies may be achieved, but the shift of operations to these regions may entail considerable expense. Our strategy is aimed at achieving significant production cost savings through the transfer and expansion of manufacturing operations to and in countries in which we have existing capacity, as well as countries with lower production costs or other benefits, such as India. During this process, we may experience under- utilization of certain plants and factories in higher- cost regions, and capacity constraints in plants and factories located in lower- cost regions. Also, we may experience delays in the expected transition from a higher- cost location to a lower- cost one that results in greater than expected use of the higher- cost ~~- 19-~~ facility. This transitional utilization may result initially in production inefficiencies and higher costs. These costs include those associated with compensation in connection with workforce reductions and plant closings in the higher- cost regions, start- up expenses, manufacturing and construction delays, and increased depreciation costs in connection with the initiation or expansion of production in lower- cost regions. In addition, as we implement transfers of certain of our operations, we may experience strikes or other types of labor unrest as a result of layoffs or termination of our employees in higher- cost countries. In connection with the transfer of manufacturing operations to lower- cost countries, and upgrading of existing facilities in higher- cost countries, we are also increasing the level of automation in our plants to optimize our capital and labor resources in production, inventory management, quality control, and warehousing. Although we have substantial experience with automation in several of our plants in higher- cost countries, there are risks in automating plants which previously did not use a significant amount of automation, including the possibility of inefficiencies and higher operating costs in the transition from manual to automated operations. If the transition extends longer than anticipated, we could suffer product yield inefficiencies, contributing to higher product costs and increasing the time it will take for us to achieve a return on our investment in the capital equipment involved in the automation process. Furthermore, any layoffs or termination of our employees as a result of increased automation may lead to strikes or other types of labor unrest. If we experience these types of inefficiencies, they could have an adverse effect on our operating results, customer relationships, and financial condition. Current and future tariffs, trade regulation or other restrictions may adversely impact our business, financial condition and results of operations. We have manufacturing operations in **India,** China, Europe, Canada, Israel and the United States, as well as in other countries. Significant tariffs or other restrictions which are placed on **Indian,** Chinese, European, Canadian or Israeli imports to the United States, or any related counter- measures which are taken by the countries involved, may materially harm our revenues and results of operations. Tariffs, or other changes in U. S. trade policy, could trigger retaliatory actions by affected countries. Certain foreign governments have instituted or are considering imposing trade sanctions on certain U. S. goods. We cannot predict future trade policy or the terms of any renegotiated trade agreements and their impacts on our business. The adoption and expansion of trade restrictions, the occurrence of a trade war, or other governmental actions related to tariffs, quotas, duties, taxes or trade **- 19-** agreements or policies has the potential to adversely impact demand for our products, our costs, our customers, and our suppliers, which in turn could adversely impact our business, financial condition and results of operations. We are subject to the risks of political, economic, health, and military instability in countries outside the United States in which we operate. Some of our products are produced in Israel, India, China, and other countries which are particularly subject to risks of political, economic, health and military instability. This instability could result in wars, riots, nationalization of industry, currency fluctuations, and labor unrest or unavailability. These conditions could have an adverse impact on our ability to manufacture, ship and operate in these regions and, depending on the extent and severity of these conditions, could result in a reduction in customer orders and sales to certain regions and end- markets and materially and adversely affect our overall financial condition and operating results. We have principal manufacturing facilities and operations located in Israel. Accordingly, our business **is** ~~will be~~ directly influenced by the political, economic and military conditions affecting Israel at any given time. Since the establishment of the State of Israel in 1948, a number of armed conflicts have occurred between Israel and its neighboring countries **, terrorist organizations and other militant groups, including the current war between Israel and Hamas** . We have never experienced any material interruption in our operations attributable to these factors, in spite of several Middle East crises, including **the current** ~~wars~~ **war. In response to conflict in or around Israel, we could in the future temporarily discontinue production in Israel for the safety of our employees. We could also face future production slowdowns or interruptions at either of our manufacturing locations in Israel due to the impacts of conflicts, such as the war between Israel and Hamas, 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. The intensity and duration of Israel' s current war against Hamas are difficult to predict as are such war' s implications on our operations and on the global economy** . A change in the security and political situation in Israel and in the economy could have a material adverse effect on our business, operating results and financial condition. We are subject to foreign currency exchange rate risks which may impact our results of operations. We are exposed to foreign currency exchange rate risks, particularly due to market values of transactions in currencies other than the functional currencies of certain subsidiaries. Our significant foreign subsidiaries are located in the United Kingdom, Canada, Germany, Israel, Japan, and India. Our operations in Europe, Canada and certain locations in Asia primarily generate and expend cash in local currencies. Our operations in Israel and certain locations in Asia primarily generate cash in U. S. dollars, but these subsidiaries also have significant transactions in local currencies. Our exposure to foreign currency exchange rate risk is more pronounced in situations such as our operations in Canada, India, Israel, and China- where costs, such as production labor costs are predominantly paid in local currencies while the sales revenue for those products is predominantly denominated in U. S. dollars. As of December 31,

~~2022~~ **2023**, we did not have in place any arrangements to mitigate or hedge against exposures relating to fluctuations in foreign currency exchange rate. ~~- 20 -~~ A change in the mix of the currencies in which we transact our business could have a material effect on results of operations. Furthermore, the timing of cash receipts and disbursements could have a material effect on our results of operations, particularly if there are significant changes in exchange rates in a short period of time. Our global operations are subject to extensive anti- corruption laws and other regulations. The U. S. Foreign Corrupt Practices Act, U. K. Bribery Act and similar foreign anti- corruption laws generally prohibit companies and their intermediaries from making improper payments or providing anything of value to improperly influence foreign government officials for the purpose of obtaining or retaining business, or obtaining an unfair advantage. Recent years have seen a substantial increase in the global enforcement of anti- corruption laws. Our continued operation and expansion outside the United States, including in developing countries, could increase the risk of such violations. Despite meaningful measures that we undertake to facilitate lawful conduct, these measures may not always prevent reckless or criminal acts by our employees or agents. Any such improper actions could damage our reputation and subject us to civil or criminal investigation in the United States and in other jurisdictions, could lead to substantial civil and criminal, monetary and non- monetary penalties and could cause us to incur significant legal and investigative fees. Our business and results of operations may be materially adversely affected by compliance with import and export laws. We must comply with various laws and regulations relating to the import and export of products, services and technology from the U. S. and other countries having jurisdiction over our operations, which may affect our transactions with certain customers, business partners and other persons. In certain circumstances, export control and economic sanctions regulations may prohibit the export of certain products, services, and technologies and in other circumstances, we may be required to obtain an export license before exporting a controlled item. The length of time required by the licensing processes can vary, potentially delaying the shipment of products or performance of services and the recognition of the corresponding revenue. In addition, failure to comply with any of these regulations could result in substantial civil and criminal, monetary and non- monetary penalties, **- 20-** disruptions to our business, limitations on our ability to import and export products and services and damage to our reputation. In 2022, we determined that certain export shipments of products from one of our subsidiaries did not comply with the filing requirements of U. S. export administration and foreign trade regulations, and we voluntarily self- disclosed such non- compliance to the U. S. federal government. While non- compliance with such filing requirements could result in fines and penalties, we do not believe that the foregoing matters will have a material adverse effect on our business or results of operations, cash flows or financial condition. Moreover, any changes in export control or sanctions regulations may further restrict the export of our products or services, and the possibility of such changes requires constant monitoring to ensure we remain compliant. Any restrictions on the export of our products or product lines could have a material adverse effect on our competitive position, results of operations, cash flows or financial condition. Risks Relating to Our Common Stock The holders of Class B convertible common stock have effective voting control of our company. We have two classes of common stock: common stock and Class B convertible common stock. The holders of common stock are entitled to one vote for each share held, while the holders of Class B convertible common stock are entitled to 10 votes for each share held. The ownership of Class B convertible common stock is highly concentrated, and holders of Class B convertible common stock effectively can cause the election of directors and the approval or disapproval of other matters requiring stockholder approval. Mrs. Ruta Zandman, the widow of the late founder of our technology, Dr. Felix Zandman, controls the voting of, solely or on a shared basis with Marc Zandman (Dr. Felix Zandman' s son and a member of our Board of Directors) and Ziv Shoshani (Mrs. Ruta Zandman' s nephew and our Chief Executive Officer and a member of our Board of Directors), approximately 76. 9 % of our Class B convertible common stock, representing 34. ~~5~~ **9** % of the total voting power of our capital stock as of December 31, ~~2022~~ **2023**. Holders of our Class B convertible common stock may act in ways that are contrary to, or not in the best interests of, holders of our common stock. The voting rights of the holders of our Class B convertible common stock effectively give such holders the ability to prevent transactions that would result in a change in control of us, including transactions in which holders of our common stock might otherwise receive a premium for their shares over the then- current market price. Certain provisions of our certificate of incorporation and bylaws may reduce the likelihood of any unsolicited acquisition proposal or potential change of control that you might consider favorable. Our bylaws contain provisions that could be considered " anti- takeover " provisions because they make it harder for a third party to acquire us without the consent of our incumbent board of directors. Under these by- law provisions: • stockholders may not change the size of the board of directors or, except in limited circumstances, fill vacancies on the board of directors; • stockholders may not call special meetings of stockholders; • stockholders must comply with advance notice provisions for nominating directors or presenting other proposals at stockholder meetings; and • our Board of Directors, may without stockholder approval, issue preferred shares and determine their rights and terms, including voting rights, or adopt a stockholder rights plan. ~~- 21 -~~ These provisions could have the effect of discouraging an unsolicited acquisition proposal or delaying, deferring, or preventing a change of control transaction that might involve a premium price or otherwise be considered favorable by our stockholders. General Risk Factors Difficult and volatile conditions in the capital, credit and commodities markets and in the overall economy could adversely affect our financial position, results of operations and cash flows. Our financial position, results of operations and cash flows could be adversely affected by difficult conditions and significant volatility in the capital, credit and commodities markets and in the overall worldwide economy. ~~Disruptions in supply chains~~ **Recent global events have adversely affected and are continuing to adversely affect workforces, organizations, economies, and financial markets globally, leading to economic downturns**, inflation, and ~~rising~~ **increased market volatility. The ongoing wars between Israel and Hamas and between Russia and Ukraine, escalating tensions in the South China Sea, Red Sea and Yemen, high inflation, increasing** interest rates **, bank failures and associated financial instability and crises, and supply chain issues** have **added to global** ~~a negative effect on economies~~ **economic** and ~~the performance of stock markets~~ - **market volatility**. Any uncertainty about the federal budget or the debt limit in the United States could have a negative effect on the United States and global economy. The impact that these factors might have on us and our business is uncertain and cannot be estimated at this time. The difficult conditions in these markets and the overall economy affect our business in a number of ways. For example: • Although we believe we have sufficient liquidity to run our business, under extreme market conditions, there can be no assurance that financing, if needed, would be available or sufficient, and, in such a case, we may not be able to successfully obtain financing on favorable terms, or at all. **- 21-** • Continuing market volatility can exert downward pressure on our stock price, which could make it more difficult or unfavorable for us to raise additional capital in the future. • Economic conditions could result in customers in our markets experiencing financial difficulties, including limited liquidity and their inability to obtain financing or electing to limit spending because of the economy which may result, for example, in customers' inability to pay us at all or on a timely basis. We might require additional capital to support business growth and this capital might not be available. We intend to continue to make investments to support our business growth and may require additional funds to respond to business challenges or opportunities, including the need to develop new offerings or enhance our existing offerings, enhance our operating infrastructure, or acquire complementary businesses and technologies. Accordingly, we may need to engage in equity or debt financings to secure additional funds. If we raise additional funds through further issuances of equity or convertible debt securities, our existing stockholders could suffer significant dilution, and any new equity securities we issue could have rights, preferences, and privileges superior to those of holders of our common stock. Any debt financing secured by us in the future could involve additional restrictive covenants relating to our capital raising activities and other financial and operational matters, which may make it more difficult for us to obtain additional capital and to pursue business opportunities, including potential acquisitions. In addition, obtaining financing may be adversely affected by rising interest rates or other factors. We may not be able to obtain additional financing on terms favorable to us, if at all. If we are unable to obtain adequate financing or financing on terms satisfactory to us, when we require it, our ability to continue to support our business growth and to respond to business challenges could be significantly limited. Our future success is substantially dependent on our ability to attract and retain highly qualified technical, managerial, marketing, finance, and administrative personnel. The competitive environment of our business requires us to attract and retain highly qualified personnel to develop technological innovations and bring them to market on a timely basis. Our complex operations also require us to attract and retain highly qualified administrative personnel in functions such as legal, tax, accounting, business development, financial reporting, and treasury. The market for personnel with such qualifications is highly competitive. We have not entered into employment or non- competition agreements with many of our key personnel. The loss of the services of, or the failure to effectively recruit, qualified personnel, including for key executive positions, could have a material adverse effect on our business. We are exposed to, and may be adversely affected by, interruptions to our computer and information technology systems and sophisticated cyber- attacks. We rely on our information technology systems and networks in connection with many of our business activities. Some of these networks and systems are managed by third party service providers and are not under our direct control. Our operations routinely involve receiving, storing, processing, and transmitting sensitive information pertaining to our business, customers, suppliers, employees, and other sensitive matters. Any cyber incidents could materially disrupt operational systems; result in ~~- 22-~~ loss of trade secrets or other proprietary or competitively sensitive information; compromise personally identifiable information regarding customers ~~or~~ **,** employees **or other persons** ; and jeopardize the security of our facilities. Because techniques used to obtain unauthorized access, or to sabotage systems, change frequently and generally are not recognized until they are launched against a target, we may be unable to anticipate these techniques, or to implement adequate preventative measures. Information technology security threats, including security breaches, computer malware, and other cyber- attacks are increasing in both frequency and sophistication, **including as a result of ongoing military conflicts, certain U. S. foreign relations, and increased remote work arrangements,** and could create financial liability, subject us to legal or regulatory sanctions, or damage our reputation with customers, suppliers, and other stakeholders. We continuously seek to maintain a robust program of information security and controls, but the impact of a material information technology event could have a material adverse effect on our competitive position, reputation, results of operations, financial condition, and cash flows. Interruptions in our information technology systems could adversely affect our business. We rely on the efficient and uninterrupted operation of complex information technology systems and networks to operate our business. Any significant system or network disruption, including, but not limited to, new system implementations, computer viruses, security breaches, facility issues or energy blackouts could have a material adverse impact on our operations and results of operations. Such network disruption could result in a loss of the confidentiality of our intellectual property or the release of sensitive competitive information or customer or employee personal data. Any loss of such information could harm our competitive position, result in a loss of customer confidence, and cause us to incur significant costs to remedy the damages caused by the disruptions or security breaches. We have implemented protective measures to prevent against and limit the **- 22-** effects of system or network disruptions, but there can be no assurance that such measures will be sufficient to prevent or limit the damage from any future disruptions and any such disruption could have a material adverse impact on our business and results of operations. Third- party service providers, such as subcontractors, distributors and vendors have access to certain portions of our sensitive data. In the event that these service providers do not properly safeguard our data that they hold, security breaches and loss of our data could result. Any such loss of data by our third- party service providers could have a material adverse impact on our business and results of operations. **We may use artificial intelligence in our business, and challenges with properly managing its use could adversely affect our business. We may incorporate artificial intelligence (" AI ") solutions into our business, processes, or products, and applications of AI may become important in our operations over time. Our competitors or other third parties may incorporate AI into their businesses more quickly or more successfully than us, which could impair our ability to compete effectively and adversely affect our results of operations. Additionally, if the types of information that AI applications assist in producing are or are alleged to be deficient, inaccurate, or biased, our business, financial condition, and results of operations may be adversely affected. The rapid evolution of AI, including potential government regulation of AI, may**

require significant resources to develop, test and maintain our implementations of AI. Unexpected events, such as a natural disaster, could disrupt our operations and adversely affect our results of operations. We have manufacturing and other facilities in countries around the world. Unexpected events, including fires or explosions at facilities; natural disasters, such as flooding, hurricanes, and earthquakes **; pandemics; outbreaks of disease or illness** ; war or terrorist activities; civil unrest; unplanned outages; supply or labor disruptions; and failures of equipment or systems at any of our facilities could adversely affect our results of operation. If adverse conditions were to arise with respect to any of our facilities as a result of a natural disaster or other unexpected event, they may result in customer disruption, physical damage to one or more key operating facilities, the temporary closure of one or more key operating facilities, the temporary disruptions of information systems, and / or an adverse effect on our results of operations. Our stock price could become more volatile and investments could lose value. The market price of our common stock, and the number of shares traded each day, has experienced significant fluctuations and may continue to fluctuate significantly. The market price for our common stock may be affected by a number of factors, including, but not limited to: • shortfalls in our expected net revenue, earnings or key performance metrics; • changes in recommendations or estimates by securities analysts; • the announcement of new products by us or our competitors; • quarterly variations in our or our competitors' results of operations; • a change in our dividend or stock repurchase activities; • developments in our industry or changes in the market for technology stocks; • changes in rules or regulations applicable to our business; and • other factors, including economic instability, inflation, COVID- 19, labor shortages, supply chain disruptions and changes in political or market conditions. A significant drop in our stock price could expose us to costly and time consuming litigation, which could result in substantial costs, and divert management' s attention and resources, resulting in an adverse effect on our business. Also, given our market capitalization and trading volume fluctuations, it is possible that there will be less market and institutional interest in our shares, and that we will not attract substantial coverage in the analyst community. As a result, the trading market for our shares may be less liquid, making it more difficult for investors to dispose of their shares at favorable prices, and investors may have less independent information and analysis available to them concerning our company. ~~- 23-~~ Your percentage ownership of our common stock may be diluted in the future. Your percentage ownership of our common stock may be diluted in the future because of equity awards that we expect will be granted to our directors, officers, and employees. The Vishay Precision Group, Inc. 2022 Stock Incentive Program, as may be amended from time to time, provides for the grant of equity-based awards, including restricted stock, restricted stock units, stock options, and other equity- based awards to our directors, officers, and other employees, advisors and consultants. **- 23-**