Risk Factors Comparison 2024-02-16 to 2023-02-22 Form: 10-K

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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 " 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. Set forth below are important factors that could cause our results, performance, or achievements to differ materially from those in any forward-looking statements made by us or on our behalf. You should understand that it is not possible to predict or identify all such factors. Consequently, you should not consider the following to be a complete discussion of all potential risks or uncertainties. Risks relating to our business Our business may be adversely affected by......, intangible assets, or goodwill. Our business is cyclical and future periods of decline and increased demand are not predictable. The electronic component industry is highly cyclical and experiences periods of decline from time to time. We and others in the electronic components industry have experienced these conditions in the recent past and cannot predict when we may experience downturns in the future. Market conditions, such as during a decline in product demand on a global basis, could result in order cancellations and deferrals, lower average selling prices, and a material and adverse impact on our results of operations. These declines in demand are usually driven by market conditions in the end markets for our products, but may also result from distributors not appropriately managing their inventory levels. We may also experience intense demand for our products in periods of a rising economy and we may have difficulty expanding our manufacturing capacity to satisfy demand during such periods. Factors which could limit such expansion include delays in procurement of manufacturing equipment, shortages of skilled personnel, and physical constraints on expansion of our facilities. Changes in the demand mix, needed technologies, and these end markets may adversely affect our ability to match our products, inventory, and capacity to meet customer demand and could adversely affect our operating results and financial condition. A slowdown in demand or recessionary trends in the global economy makes it more difficult for us to predict our future sales and manage our operations, and could adversely impact our results of operations. Capacity that we add during upturns in the business cycle may result in excess capacity during periods when demand for our products recede, resulting in inefficient use of capital which could also adversely affect us. A downturn in our business in general, or isolated to a particular sector, could require us to incur restructuring and severance charges and / or asset write-downs ~~.K.There is no assurance that we will be able to close the transaction for the Nexperia wafer fabrication facility.There are demand- related risks associated with all growth initiatives.There are also inherent execution risks in building and starting new wafer fabs,acquiring existing wafer fabs,and expanding production capacity at our own facilities or that of new or existing subcontractors that could significantly increase costs and negatively impact our operating results.The risks include,but are not limited to,the following:• design and construction delays and cost overruns;• issues installing and qualifying new equipment and ramping production;• poor production process yields and reduced quality control;and • insufficient personnel with requisite expertise and experience to operate the facilities.~~ Our business may be adversely affected by the widespread outbreak of diseases **,including the COVID- 19 pandemic,** and the mitigation efforts by governments worldwide to control ~~their~~ **its** spread **.Although the widespread economic impact of the COVID- 19 pandemic on Vishay was temporary,the pandemic continues to adversely affect global business.Impacts have included disruptions in our ability to manufacture products and disruptions in the operations of our customers and modes of shipping.While we are unable to accurately predict the full extent to which the COVID- 19 pandemic and the mitigation efforts by governments to attempt to control its spread will have on our business due to numerous uncertainties,thus far the impacts have resulted in increased costs and a reduction in sales to certain regions and end- markets** .We cannot predict when **the impact of the COVID- 19 pandemic will end globally or when** future ~~disease~~ **coronavirus** outbreaks or pandemics will occur.The potential risks and effects of **the COVID- 19 or** future **pandemics** ~~disease outbreaks~~ and the related economic impact that could have an adverse effect on our business include,but are not limited to:• Adverse impact on our customers and supply channels;• Decrease in sales,product demand and pricing and unfavorable economic and market conditions;• Increased costs,including higher shipping costs due to reduced shipping capacity;• Restrictions on our manufacturing,support operations or workforce,or similar limitations for our customers,vendors,and suppliers,that could limit our ability to meet customer demand;• Potential increased credit risk if customers,distributors,and resellers are unable to pay us,or must delay paying their obligations to us;• Restrictions or disruptions of transportation,such as reduced availability of air transport,port closures,and increased border controls or closures could result in delays;• Impact on our workforce / employees due to the spread of the virus and any shelter- in- place orders;and • Cybersecurity risks as a result of extended periods of remote work arrangements.Such effects could result in us being required to record impairment charges related to our property and equipment,intangible assets **,or goodwill.** . In the past we have grown through successful integration of acquired businesses, but this may not continue. Our long- term historical growth in revenues and net earnings has resulted in large part from our strategy of expansion through acquisitions. Despite our plan to continue to grow, in part, through targeted acquisitions, we may be unable to continue to identify, have the financial capabilities to acquire, or successfully complete transactions with suitable acquisition candidates. The rapid consolidation that our industry has experienced may further decrease our ability to identify attractive opportunities for acquisition. We are subject to various U. S. and foreign competition laws and regulations that may affect our ability to complete certain acquisitions. Also, if an acquired business fails to operate as anticipated, cannot be successfully integrated with our other businesses, or we cannot effectively mitigate the assumed, contingent, and unknown liabilities acquired, our results of operations, financial condition, enterprise value, market value, and prospects could all be materially adversely affected. To remain successful, we must continue to innovate, and our investments in new technologies may not prove successful. Our future operating results are dependent 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 or that we will be unable to develop and market new products and applications in a timely fashion to satisfy customer demands. If this occurs, we could lose customers and experience adverse effects on our financial condition and results of operations. In addition to our own research and development initiatives, we periodically invest in technology start- up enterprises, in which we may acquire a controlling or noncontrolling interest but whose technology would be available to be commercialized by us. There are numerous risks in investments of this nature including the limited operating history of such start- up entities, their need for capital, and their limited or absence of production experience, as well as the risk that their technologies may prove ineffective or fail to gain acceptance in the marketplace. Certain of our historical investments in start- up companies have not succeeded, and there can be no assurance that our current and future investments in start- up enterprises will prove successful. Our business and our results of operations are sensitive to supply chain disruptions. The production and sale of our products is reliant on a complex global interconnected supply chain of vendors, manufacturing facilities, third- party foundries and subcontractors, shipping partners, distributors, and end market customers. Disruption in one part of the supply chain could cause disruption in all other parts of the supply chain. Global shipping impacts several parts of the supply chain and the disruptions experienced in recent years have, at times, negatively impacted our ability to manufacture products and to deliver them to customers. Although most materials incorporated into our products are available from a number of sources, certain materials, including plastics and metals, are produced in only a limited number of regions around the world or are available from only a limited number of suppliers. Suppliers periodically extend lead times, face capacity constraints, limit supplies, increase prices, experience quality issues, or encounter cybersecurity or other issues that can interrupt or increase the cost of our supply. The unavailability or reduced availability of these materials could require us to temporarily cease or reduce production or incur additional costs. Customer requirements and certain laws pertaining to the responsible sourcing of materials, including tantalum, tungsten, tin, gold, and cobalt, all of which are used in the Company' s products, are increasing and becoming more stringent. Responsible sourcing efforts may result in increased prices and decreased availability of these materials. Many of the metals used in the manufacture of our products, including gold, copper, and palladium, are traded on active markets and can be subject to significant price volatility. To ensure adequate supply and to provide cost certainty, our policy is to enter into short- term commitments to purchase defined portions of annual consumption of the raw materials utilized if market prices decline below budget. In certain circumstances, we purchase precious metals bullion in excess of our immediate manufacturing needs to mitigate the risk of supply shortages or volatile price fluctuations. If after entering into these commitments or purchasing the metals bullion, the market prices for these raw materials decline, we must recognize losses on these adverse purchase commitments and metals bullion purchases. Our production can be disrupted by the unavailability of resources, such as water, energy, and gases. The unavailability or reduced availability of these resources could require us to reduce production or incur additional costs. We use third- party foundries and subcontractors for certain of our manufacturing activities, primarily wafer fabrication and the assembly and testing of finished goods. Establishing third- party contract manufacturer relationships can be time consuming and costly, and the number of qualified providers is limited. Our agreements with these manufacturers typically require us to commit to purchase services based on forecasted product needs, which may be inaccurate, and, in some cases, require us to recognize losses on these adverse purchase commitments. Our agreements may limit our ability to increase production, particularly during periods of growing demand for our products. Due to our global supply chain, we are impacted by global trade disputes. The governments of the U. S. and the People' s Republic of China remain in a trade dispute that has resulted in tariffs and other trade restrictions including import / export prohibitions. Disruptions to global trade could result in customers seeking different sources of product or requiring us to seek different sources of supply. New or revised trade agreements could require changes in operations in the long- term. We remain cognizant of these supply chain challenges and seek to minimize their effects whenever possible. Despite our best efforts, there can be no assurances we will be successful in mitigating these risks and if we are unable to do so, they may have material negative impacts on our business and results of operations. Our ability to compete effectively with other companies depends, in part, on our ability to maintain the proprietary nature of our technology and to operate our business without infringing or violating the intellectual property rights of others. Protection of intellectual property often involves complex legal and factual issues. We will be able to protect our proprietary rights from unauthorized use by third parties only to the extent that our proprietary technologies are covered by valid and enforceable patents or are effectively maintained as trade secrets. We have applied, and will continue to apply, for patents covering our technologies and products, as we deem appropriate. However, our applications may not result in issued patents. Also, our existing patents and any future patents may not be sufficiently broad to prevent others from practicing our technologies or from developing competing products. Others may independently develop similar or alternative technologies, design around our patented technologies, or may challenge or seek to invalidate our patents. Also, the legal system in certain countries in which we operate may not provide or may not continue to provide sufficient, intellectual property legal protections and remedies. Litigation regarding patent and other intellectual property rights is prevalent in the electronic components industry, particularly the discrete semiconductor sector. We have on occasion been notified that we may be infringing on patent and other intellectual property rights of others. In addition, customers purchasing components from us have rights to indemnification under certain circumstances if such components violate the intellectual property rights of others. Further, we have observed that in the current business environment, electronic component and semiconductor companies have become more aggressive in asserting and defending patent claims against competitors. We will continue to vigorously defend our intellectual property rights, and may become party to disputes regarding patent licensing and cross patent licensing. Although licenses are generally offered in such situations and we have successfully resolved these situations in the past, there can be no assurance that we will not be subject to future litigation alleging intellectual property rights infringement, or that we will be able to obtain licenses on acceptable terms. An unfavorable outcome regarding one of these matters could have a material adverse effect on our business and results of operations. We face intense competition in our business, and are susceptible to certain concentrations. Our business is highly competitive worldwide, with low transportation costs and few import barriers. We compete principally on the bases of product quality and reliability, availability, customer service, technological innovation, timely delivery, and price. Our ability to compete successfully also depends on elements out of our control. We face significant competition within each of our product segments from larger global manufacturers and smaller manufacturers focused on specific market niches. The electronic component industry has become increasingly concentrated and globalized in recent years as many of our primary competitors have been acquired. The acquiring companies, most of which are larger than us, have significant financial resources and technological capabilities. A material portion of our revenues are derived from the worldwide industrial, automotive, telecommunications, and computing markets. These markets have historically experienced wide variations in demand for end products. If demand for these end products should decrease, the producers thereof could reduce their purchases of our products, which could have an adverse effect on our results of operations and financial position. While no customer comprises over 10 % of our consolidated net revenues, certain subsidiaries and product lines are susceptible to customer concentrations and have customers which comprise greater than 10 % of the subsidiary' s or product line' s net revenues. The loss of one of these customers could have a material effect on the results of operations of the subsidiary or product line and financial position of the subsidiary, which could result in an impairment charge which could be material to our consolidated financial statements. 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 may on occasion double and triple order components from multiple sources to ensure timely delivery when demand exceeds global supply. They often cancel orders when business is weak and inventories are excessive. Therefore, we cannot be certain that the amount of our backlog accurately reflects the level of orders that we will ultimately deliver. Our results of operations could be adversely impacted if customers cancel a material portion of orders in our backlog. Our future success is substantially dependent on our ability to attract and retain highly qualified technical, managerial, marketing, finance, and administrative personnel. Rapid changes in technologies, frequent new product introductions, and declining average selling prices over product life cycles require us to attract and retain highly qualified personnel to develop and manufacture products that feature 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, financial reporting, auditing, and treasury. The market for personnel with such qualifications is highly competitive. While we have employment agreements with certain of our executives, we have not entered into employment agreements with all of our key personnel. The loss of the services of or the failure to effectively recruit qualified personnel could have a material adverse effect on our business. Significant fluctuations in interest rates could adversely affect our results of operations and financial position. We are exposed to changes in interest rates as a result of our borrowing activities and our cash balances. Our credit facility bears interest at variable rates based on ~~LIBOR~~ **Secured Overnight Financing Rate (" SOFR") and other currency- specific reference rates** . A significant increase in ~~LIBOR~~ **such reference rates** would significantly increase our interest expense. A general increase in interest rates would be largely offset by an increase in interest income earned on our cash and short- term investment balances, which are currently greater than our debt balances. However, there can be no assurance that the interest rate earned on cash and short- term investments will move in tandem with the interest rate paid on our variable rate debt. Cyberattacks and other 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. We are exposed to, and may be adversely affected by, potential cyberattacks or other disruptions to our information technology systems and data security. Any significant system or network disruption, including, but not limited to, new system implementations, computer viruses, security breaches, phishing, spoofing, cyberattacks, facility issues or energy blackouts could have a material adverse impact on our operations and results of operations. These incidents, which might be related to industrial or other espionage, include covertly introducing malware and spyware to our computers and networks (or to an electronic system operated by a third party for our benefit) and impersonating authorized users, among others. Such a network disruption could result in a loss of the confidentiality of our intellectual property or the release of sensitive competitive information or customer, supplier 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 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 disruptions and any such disruption could have a material adverse impact on our business and results of operations. We are subject to numerous laws and regulations regarding privacy and data protection. The scope of these laws and regulations is evolving rapidly and is subject to differing interpretations, and thus may be inconsistent among jurisdictions. Such laws and regulations have resulted and will continue to result in significantly greater compliance burdens and costs for us. Third- party service providers, such as foundries, 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. Future acquisitions could require us to issue additional indebtedness or equity. If we were to undertake a substantial acquisition for cash, the acquisition would likely need to be financed in part through bank borrowings or the issuance of public or private debt. This acquisition financing would likely decrease our ratio of earnings to fixed charges and adversely affect other leverage criteria. Under our credit facility, we are required 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 make any assurances that the necessary acquisition financing would be available to us on acceptable terms if and when required. If we were to undertake an acquisition for equity, the acquisition may have a dilutive effect on the interests of the holders of our common stock. Regulatory and compliance related risks Future changes in our environmental liability and compliance obligations may harm our ability to operate or increase our costs. Our operations, products and / or product packaging are subject to, among other matters, environmental laws and regulations governing, among other matters, air emissions, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals used or generated in our manufacturing processes, employee health and safety labeling or other notifications with respect to the content or other aspects of our processes, products or packaging, restrictions on the use of certain materials in or on design aspects of our products or product packaging, and responsibility for disposal of products or product packaging. We establish reserves for specifically identified potential environmental liabilities. Nevertheless, we have in the past and may in the future inherit certain pre- existing environmental liabilities, generally based on successor liability doctrines, or otherwise incur environmental liabilities. We are involved in remediation programs and related litigation at various current and former properties and at third- party disposal sites both within and outside of the United States, including involvement as a potentially responsible party at Superfund sites. 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 acquisition, future developments, including related to our remediation programs, or otherwise, we will not be obligated to address environmental matters that could have a material adverse impact on our results of operations. In addition, more stringent environmental laws and regulations may be enacted in the future, and we cannot presently determine the modifications, if any, in our operations that any such future regulations might require, or the cost of compliance with current and future laws and regulations. In order to resolve liabilities at various sites, we have entered into various administrative orders and consent decrees, some of which may be, under certain conditions, reopened or subject to renegotiation. Our products are sold to or used in goods sold to the U. S. government and other governments. By virtue of such sales, we are subject to various regulatory requirements and risks in the event of non- compliance. We sell products under prime and subprime contracts with the U. S. government and other governments. Many of these products are used in military applications. Government contractors must comply with specific procurement regulations and other requirements. These requirements, although customary in government contracts, impact our performance and compliance costs. Failure to comply with these regulations and requirements could result in contract modifications or termination, and the assessment of penalties and fines, which could negatively impact our results of operations and financial condition. Our failure to comply with these regulations and requirements could also lead to suspension or debarment, for cause, from government contracting or subcontracting for a period of time. Among the causes for debarment are violations of various statutes, including those related to procurement integrity, export control, government security regulations, employment practices, protection of the environment, accuracy of records and the recording of costs, and foreign corruption. The termination of a government contract as a result of any of these acts could have a negative impact on our results of operations and financial condition and could have a negative impact on our reputation and ability to procure other government contracts in the future. We have qualified certain of our products under various military specifications approved and monitored by the United States Defense Electronic Supply Center and under certain European military specifications. These products are assigned certain classification levels. In order to maintain the classification level of a product, we must continuously perform tests on the products and the results of these tests must be reported to governmental agencies. If a product fails to meet the requirements of the applicable classification level, its classification may be reduced to a lower level. A decrease in the classification level for a product with a military application could have an adverse impact on the net revenues and earnings attributable to that product. Our credit facility restricts our current and future operations and requires compliance with certain financial covenants. Our credit facility includes restrictions on, among other things, incurring indebtedness, incurring liens on assets, making investments and acquisitions, making asset sales, and paying cash dividends and making other restricted payments. Our credit facility also requires us to comply with other covenants, including the maintenance of specific financial ratios. If we are not in compliance with all of such covenants, the credit facility could be terminated by the lenders, and all amounts outstanding pursuant to the credit facility could become immediately payable. Additionally, our convertible debt instruments have cross- default provisions that could accelerate repayment in the event the indebtedness under the credit facility is accelerated. Risks associated with our operations outside the United States We are subject to the risks of political, economic, and military instability in countries outside the United States in which we operate. We have substantial operations outside the United States, and approximately ~~71~~ **74** % of our revenues during ~~2022~~ **2023** were derived from sales to customers outside the United States. Certain of our assets are located, and certain of our products are produced, in countries which are subject to risks of social, political, economic, and military instability. This instability could result in wars, riots, nationalization of industry, currency fluctuation, and labor unrest. These conditions could have an adverse impact on our ability to operate in these regions and, depending on the extent and severity of these conditions, could materially and adversely affect our overall financial condition, results of operations, and our ability to access our liquidity. Our business has been in operation in Israel for ~~52~~ **53** years, where we have substantial manufacturing operations. Although 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 with Hamas** , our financial condition and results of operations might be adversely affected if events were to occur in the Middle East that interfered with our operations in Israel. Our global operations are subject to extensive anti- corruption laws and other regulations. The U. S. Foreign Corrupt Practices 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 or violations under other regulations relating to limitations on or licenses required for sales made to customers located in certain countries. Violations of these laws may result in severe criminal or civil sanctions, could disrupt our business, and result in a material adverse effect on our reputation, business and results of operations or financial condition. We attempt to improve profitability by controlling labor costs, but these activities could result in labor unrest or considerable expense. Historically, our primary labor cost controlling strategy was to transfer manufacturing operations to countries with lower production costs, such as the Dominican Republic, India, Malaysia, Mexico, the People' s Republic of China, and the Philippines. We believe that our manufacturing footprint is suitable to serve our customers and end markets, while maintaining lower manufacturing costs. We do not anticipate further transferring any significant existing operations to lower- labor- cost countries; however, acquired operations may be transferred to lower- labor- cost countries when integrated into Vishay. Currently, our primary labor cost controlling strategy involves reducing hours and limiting the use of subcontractors and foundries when demand for our products decreases. Shifting operations to lower- labor- cost countries, reducing hours, or limiting the use of subcontractors and foundries could result in production inefficiencies, higher costs, and / or strikes or other types of labor unrest. 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. From time to time, we utilize forward contracts to hedge a portion of projected cash flows from these exposures. Our significant foreign subsidiaries are located in Germany, Israel, and Asia. We finance our operations in Europe and certain locations in Asia in local currencies. Our operations in Israel and most significant locations in Asia are largely financed in U. S. dollars, but these subsidiaries also have significant transactions in local currencies. Our exposure to foreign currency risk is mitigated to the extent that the costs incurred and the revenues earned in a particular currency offset one another. Our exposure to foreign currency risk is more pronounced in situations where, for example, production labor costs are predominantly paid in local currencies while the sales revenue for those products is denominated in U. S. dollars. This is particularly the case for products produced in Israel, the Czech Republic, and China. 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. Most of our operating cash is generated by our non- U. S. subsidiaries, and our U. S. parent company and U. S. subsidiaries have significant payment obligations. We generate a significant amount of cash and profits from our non- U. S. subsidiaries. ~~We used substantially all of the amounts repatriated from 2018 to 2020 to significantly re- shape the capital structure of the Company.~~ As of December 31, ~~2022~~ **2023** , ~~substantially all~~ **65. 5 %** of our cash and cash equivalents and short- term investments were held by subsidiaries outside of the United States. Our revolving credit facility provides us with additional U. S. liquidity. U. S. tax obligations, cash dividends to stockholders, share repurchases, additional convertible debt repurchases, and principal and interest payments on our debt instruments need to be paid by our U. S. parent company, Vishay Intertechnology, Inc **. A U. S.- domiciled subsidiary is expected to be the acquiring entity of Nexperia' s wafer fabrication facility and operations in Newport, South Wales, U. K** . Our U. S. subsidiaries have other operating cash needs. If our U. S. cash and cash equivalents and short- term investment and other liquidity sources are inadequate to satisfy these obligations, we may be required to repatriate additional cash to the United States and would be required to accrue and pay additional taxes. If we are unable to repatriate adequate cash to the United States to satisfy these obligations, it could materially and adversely affect our overall financial condition, results of operations and our liquidity. Changes in U. S. trade policies, and related factors beyond our control, may adversely impact our business, financial condition, and results of operations. Our business is subject to risks associated with U. S. and foreign legislation and regulations relating to imports, including quotas, duties, tariffs or taxes, and other import charges or restrictions, which could adversely affect our operations and our ability to import products. The U. S. has taken actions that impact U. S. trade with China, including restricting the export of certain goods and equipment to China, imposing tariffs on certain goods manufactured in China and imported into the U. S., including certain of our products. Such actions may impact our competitiveness and adversely affect the demand for these products, or if those costs cannot be passed on to our customers, could adversely impact our results of operations for affected segments and the Company as a whole. Further changes in U. S. trade policy could trigger additional retaliatory actions by affected countries. If these consequences are realized, it could result in a general economic downturn or otherwise have a material adverse effect on our business. Risks related to our capital ~~structure~~ **structureThe** ~~The~~ holders of our Class B common stock have effective voting control of our company, giving them the effective ability to prevent a change in control transaction. We have two classes of common stock: common stock and Class B common stock. The holders of common stock are entitled to one vote for each share held, while the holders of Class B common stock are entitled to 10 votes for each share held. At December 31, ~~2022~~ **2023** , the holders of Class B common stock held approximately ~~48~~ **49** . ~~5~~ **1** % of the voting power of the Company. The ownership of Class B common stock is highly concentrated, and holders of Class B common stock effectively can cause the election of directors and approve other actions as stockholders. Mrs. Ruta Zandman (a member of our Board of Directors) controls the voting of, solely or on a shared basis with Marc Zandman (our Executive Chairman) and Ziv Shoshani (a member of our Board of Directors), approximately 89. 7 % of our Class B common stock and ~~43~~ **44** . ~~5~~ **0** % of the total voting power of our capital stock as of December 31, ~~2022~~ **2023** . Holders of our Class B 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 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. Our acquisition strategy could be impeded if our Board of Directors were reluctant to authorize the issuance of substantial additional shares. Our overall long- term business strategy has historically included a strong focus on acquisitions financed alternatively through cash on hand or the incurrence of indebtedness. We may in the future be presented with attractive investment or strategic opportunities that, because of their size and our financial condition at the time, would require the issuance of substantial additional amounts of our common stock. If such opportunities were to arise, our Board of Directors may consider the potentially dilutive effect on the interests and voting power of our existing stockholders, including our Class B stockholders, and may therefore be reluctant to authorize the issuance of additional shares. Any such reluctance could impede our ability to complete certain transactions. Our outstanding convertible debt instruments may impact the trading price of our common stock. We believe that many investors in, and potential purchasers of, convertible debt instruments employ, or seek to employ, a convertible arbitrage strategy with respect to these instruments. Investors that employ a convertible arbitrage strategy with respect to convertible debt instruments typically implement that strategy by selling short the common stock underlying the convertible instrument and dynamically adjusting their short position while they hold the instrument. The implementation of this strategy by investors in our convertible debt instruments, as well as related market regulatory actions, could have a significant impact on the trading prices of our common stock, and the trading prices and liquidity of our convertible debt instruments. The price of our common stock and our convertible debt instruments could also be affected by possible sales of our common stock by investors who view our convertible debt instruments as more attractive means of equity participation in us. **Conversion of our outstanding 2025 Notes and 2030 Notes may dilute the ownership interest of our existing stockholders, including holders who had previously converted their notes. The conversion of some or all of our outstanding 2. 25 % convertible senior notes due 2025 (the" 2025 Notes") or our outstanding 2. 25 % convertible senior notes due 2030 (the" 2030 Notes") may dilute the ownership interests of our existing stockholders. Any sales in the public market of the common stock issuable upon such conversion could adversely affect prevailing market prices of our common stock. We may not have the ability to raise the funds necessary to settle conversions of our outstanding 2025 Notes and 2030 Notes in cash or to repurchase the notes upon a fundamental change or on a repurchase date, as applicable, and our current debt contains, and our future debt may contain, limitations on our ability to pay cash upon conversion or repurchase of the 2025 Notes or 2030 Notes. Holders of our outstanding 2025 Notes and 2030 Notes have the right to require us to repurchase all or a portion of their 2025 Notes or 2030 Notes, as the case may be, upon the occurrence of a fundamental change at a fundamental change repurchase price equal to 100 % of the principal amount of the 2025 Notes or 2030 Notes, as the case may be, to be repurchased, plus accrued and unpaid interest, if any. In addition, upon conversion of the 2030 Notes, we will be required to make cash payments for each $ 1, 000 in principal amount of 2030 Notes converted of at least the lesser of $ 1, 000 and the sum of the daily conversion values as described in the indenture governing the 2030 Notes. Our outstanding 2025 Notes contain similar provisions concerning the holders' rights to require us to repurchase their 2025 Notes upon a fundamental change and to pay cash to settle conversions of their 2025 Notes. However, we may not have enough available cash or be able to obtain financing at the time we are required to make repurchases of the 2030 Notes or the 2025 Notes surrendered therefor or notes being converted. In addition, our ability to repurchase the 2025 Notes or the 2030 Notes or to pay cash upon conversions of the 2025 Notes or 2030 Notes may be limited by law, by regulatory authority or by agreements governing our existing and future indebtedness, as described below. For example, our credit facility in effect from time to time may prohibit us from making any cash payments on the conversion or repurchase of the 2025 Notes or the 2030 Notes, as the case may be, upon a fundamental change repurchase if, after giving effect to such conversion or repurchase (and any additional indebtedness incurred in connection with such conversion or a repurchase), we would not be in pro forma compliance with the applicable financial covenants under that facility. Any new credit facility into which we may enter may have similar restrictions unless certain conditions are met. Our failure to make cash payments upon the conversion or repurchase of the 2025 Notes or the 2030 Notes, as the case may be, as required under the terms of the applicable indenture governing such notes would permit holders of the 2025 Notes or the 2030 Notes, as the case may be, to accelerate our obligations under the 2025 Notes or the 2030 Notes, as the case may be. Our failure to repurchase the 2025 Notes or 2030 Notes at a time when the repurchase is required by the applicable indenture or to pay any cash payable on future conversions of the 2025 Notes or the 2030 Notes as required by the applicable indenture would constitute a default under such indenture. A default under such indenture or the fundamental change itself could also lead to a default under agreements governing our existing and future indebtedness, including our credit facility. If the repayment of the related indebtedness were to be accelerated after any applicable notice or grace periods, we may not have sufficient funds to repay the indebtedness and repurchase the notes or make cash payments upon conversions thereof. The conditional conversion feature of our outstanding 2025 Notes and 2030 Notes, if triggered, may adversely affect our financial condition and operating results. In the event the conditional conversion feature of the 2025 Notes or 2030 Notes is triggered, holders of such notes will be entitled to convert the notes at any time during specified periods at their option. If one or more holders elect to convert their notes, we would be required to settle any converted principal through the payment of cash, which could adversely affect our liquidity. In addition, even if holders do not elect to convert their notes, we could be required under applicable accounting rules to reclassify all or a portion of the outstanding principal of the notes as a current rather than long- term liability, which would result in a material reduction of our net working capital. Certain provisions in the indentures governing the 2025 Notes and 2030 Notes could delay or prevent an otherwise beneficial takeover or takeover attempt of us. Certain provisions in the 2025 Notes and 2030 Notes and the applicable indenture could make it more difficult or more expensive for a third party to acquire us. For example, if a takeover would constitute a fundamental change, holders of the notes will have the right to require us to repurchase their notes in cash. In addition, if a takeover constitutes a make- whole fundamental change, we may be required to increase the conversion rate for holders who convert their notes in connection with such takeover. In either case, and in other cases, our obligations under the notes and the applicable indenture could increase the cost of acquiring us or otherwise discourage a third party from acquiring us or removing incumbent management, including in a transaction that holders of the notes or holders of our common stock may view as favorable. The capped call transactions may affect the market price of our common stock. In connection with the pricing of, and the initial purchasers' exercise in full of their option to purchase additional, 2030 Notes, we entered into capped call transactions**

with the option counterparties. The capped call transactions are expected generally to reduce potential dilution to our common stock upon conversion of any 2030 Notes and to offset any cash payments made in excess of the principal amount of converted 2030 Notes, as the case may be, with such reduction and / or offset subject to a cap. In connection with establishing their initial hedges of the capped call transactions, we expect the option counterparties or their respective affiliates to have purchased shares of our common stock and / or entered into various derivative transactions with respect to our common stock concurrently with or shortly after the pricing of the 2030 Notes. In addition, the option counterparties and / or their respective affiliates may modify their hedge positions by entering into or unwinding various derivatives with respect to our common stock and / or purchasing or selling our common stock or other securities of ours in secondary market transactions following the pricing of the 2030 Notes and prior to the maturity of the 2030 Notes (and are likely to do so on each exercise date for the capped call transactions or following any termination of any portion of the capped call transactions in connection with any repurchase, redemption or early conversion of the 2030 Notes). This activity could cause or avoid an increase or decrease in the market price of our common stock. In addition, if any such capped call transactions fail to become effective, the option counterparties or their respective affiliates may unwind their hedge positions with respect to our common stock, which could adversely affect the value of our common stock. We do not make any representation or prediction as to the direction or magnitude of any potential effect that the transactions described above may have on the price of our common stock. In addition, we do not make any representation that the option counterparties will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice. We are subject to counterparty risk with respect to the capped call transactions. The option counterparties are financial institutions, and we will be subject to the risk that any or all of them might default under the capped call transactions. Our exposure to the credit risk of the option counterparties will not be secured by any collateral. Past global economic conditions have resulted in the actual or perceived failure or financial difficulties of many financial institutions. If an option counterparty becomes subject to insolvency proceedings, we will become an unsecured creditor in those proceedings with a claim equal to our exposure at that time under the capped call transactions with such option counterparty. Our exposure will depend on many factors but, generally, an increase in our exposure will be correlated to an increase in the market price and in the volatility of our common stock. In addition, upon a default by an option counterparty, we may suffer more dilution than we currently anticipate with respect to our common stock. We can provide no assurance as to the financial stability or viability of the option counterparties. Anti- takeover defenses in our amended and restated certificate of incorporation, our amended and restated bylaws and under Delaware law may impede or discourage a merger, a takeover attempt or other business combinations, which could also reduce the market price of our common stock. We are a Delaware corporation, and the anti- takeover provisions of Delaware law impose various impediments to the ability of a third party to acquire control of us, even if a change in control would be beneficial to our existing stockholders. Our amended and restated certificate of incorporation and amended and restated bylaws also contain provisions that could delay or prevent a change in control of our company. These provisions could also make it difficult for stockholders to elect directors that are not nominated by the current members of our Board of Directors or take other corporate actions, including effecting changes in our management. These provisions include: • the provision that our Class B common stock is generally entitled to ten votes per share, while our common stock is entitled to one vote per share, enabling the holders of our Class B common stock to effectively control the outcome of substantially all matters submitted to a vote of our stockholders, including the election of directors and change of control transactions; • the provision establishing a classified board of directors with three- year staggered terms and the provision that a director may be removed only for cause, each of which could delay the ability of stockholders to change the membership of a majority of our board of directors; • the ability of our board of directors to issue shares of preferred stock and to determine the price and other terms of those shares, including preferences and voting rights, without stockholder approval, which could be used to significantly dilute the ownership of a hostile acquirer; • the right of our board of directors to elect a director to fill a vacancy created by the expansion of our board of directors or the resignation, death or removal of a director, which prevents stockholders from being able to fill vacancies on our board of directors; • the requirement that a special meeting of stockholders may be called only by the directors or by any officer instructed by the directors to call the meeting, which could delay the ability of our stockholders to force consideration of a proposal or to take action, including the removal of directors; and • the ability of our board of directors, by majority vote, to amend the bylaws, which may allow our board of directors to take additional actions to prevent an unsolicited takeover and inhibit the ability of an acquirer to amend the bylaws to facilitate an unsolicited takeover attempt. In addition, as a Delaware corporation, we are subject to Section 203 of the Delaware General Corporation Law. This statute prohibits a Delaware corporation listed on a national securities exchange from engaging in a business combination with an interested stockholder (generally a person who, together with its affiliates, owns or within the last three years has owned 15 % or more of our voting stock subject to certain exceptions) for a period of three years after the date of the transaction in which the person became an interested stockholder, unless the business combination is approved in a prescribed manner. The application of Section 203 also could have the effect of delaying or preventing a change in control of us. Any of these provisions could, under certain circumstances, depress the market price of our common stock. The ability of our board of directors or a committee thereof to create and issue a new series of preferred stock and certain provisions of Delaware law and our certificate of incorporation and bylaws could impede a merger, takeover attempt or other business combination involving us or discourage a potential acquirer from making a tender offer for our common stock, which, under certain circumstances, could reduce the market price of our common stock. Risks related to the spin- off of the Vishay Precision Group Vishay Precision Group is using the Vishay name under license from us, which could result in product and market confusion or the loss of certain of our rights to the Vishay name. VPG has a worldwide, perpetual and royalty- free license from us to use the " Vishay " mark as part of its corporate name and in connection with the manufacture, sale, and marketing of the products and services that comprise its measurements and foil resistors businesses. The license of the Vishay name to VPG is important to VPG because the success of VPG depends on the reputation of the Vishay brand for these products and services built over many years. Nonetheless, there exists the risk that the use by VPG could cause confusion in the marketplace over the products of the two companies, that any negative publicity associated with a product or service of VPG following the spin- off could be mistakenly attributed to our company or that we could lose our own rights to the " Vishay " mark if we fail to impose sufficient controls on VPG' s use of the mark. General Risk Factors In addition to the risks relating specifically to our business, a variety of other factors relating to general conditions could cause actual results, performance, or achievements to differ materially from those expressed in any of our forward-looking statements. These factors include: • overall economic and business conditions; • competitive factors in the industries in which we conduct our business; • changes in governmental regulation; • changes in tax requirements, including tax rate changes, new tax laws, and revised tax law interpretations; • changes in GAAP or interpretations of GAAP by governmental agencies and self- regulatory groups; • interest rate fluctuations, foreign currency rate fluctuations, and other capital market conditions; and • economic and political conditions in international markets, including governmental changes and restrictions on the ability to transfer capital across borders. Our common stock, traded on the New York Stock Exchange, has in the past experienced, and may continue to experience, significant fluctuations in price and volume. We believe that the financial performance and activities of other publicly traded companies in the electronic component industry could cause the price of our common stock to fluctuate substantially without regard to our operating performance. We operate in a continually changing business environment, and new factors emerge from time to time. Other unknown and unpredictable factors also could have a material adverse effect on our future financial condition and results of operations. ~~22~~ **23**