



3Q24 Earnings Call

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November 5, 2024

Safe Harbor Statement

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

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

Non-GAAP Measures

This presentation includes discussion of adjusted free cash flow, adjusted gross profit and adjusted operating income and their corresponding margins, as well as adjusted net earnings, EBITDA, adjusted EBITDA, and adjusted net diluted earnings per share. These are financial measures that were not prepared in accordance with generally accepted accounting principles in the United States (non-GAAP measures). Management believes that these non-GAAP measures are useful to investors because each presents what management views as our core operating results for the relevant period. The adjustments to the applicable GAAP measures relate to occurrences or events that are outside of our core operations, and management believes that the use of these non-GAAP measures provides a consistent basis to evaluate our operating profitability and performance trends across comparable periods. These reconciling items are indicated on the accompanying reconciliation schedules and are more fully described in VPG's financial statements presented in our Annual Report on Form 10-K and its Quarterly Reports on Forms 10-Q.

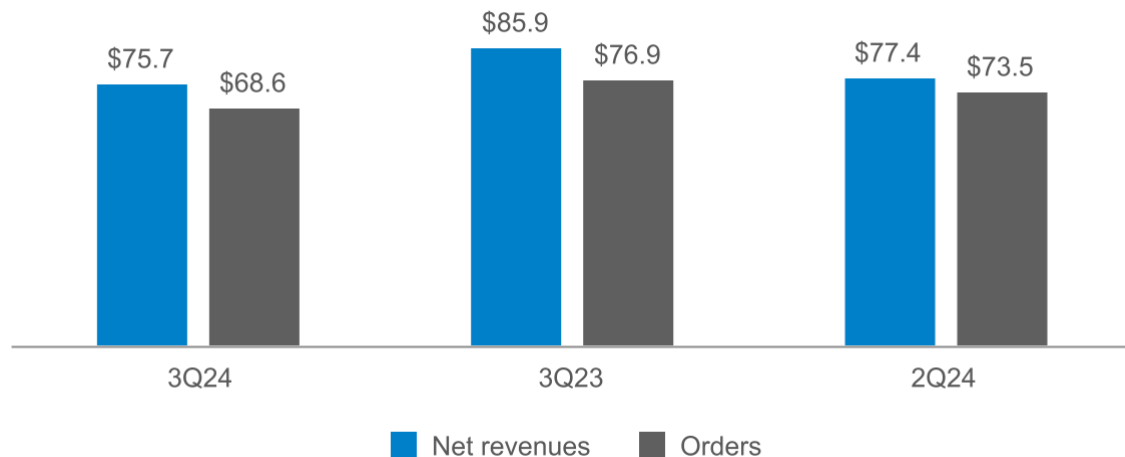
Third Quarter 2024 Overview

- Total 3Q24 sales were stable sequentially.
- Business environment remains mixed.
- Continued focus on broadening the funnel of new business opportunities.
- Streamlining operations mainly in Sensors and Weighing Solutions segments.
- Acquisition of Nokra expands product offering in the Steel market.



Fiscal Third Quarter 2024 Highlights

Consolidated Financial Highlights (in \$ millions)

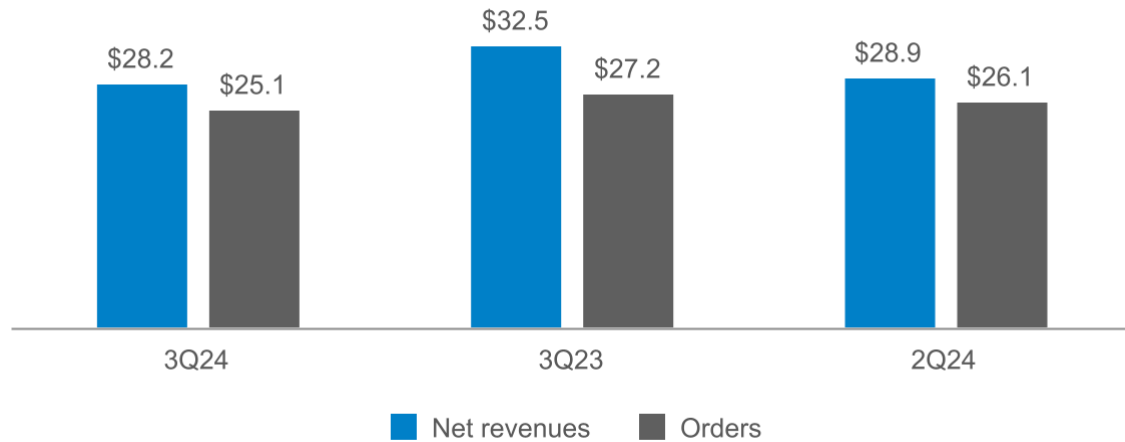


(\$ in millions, except margin data and book-to-bill ratio)	3Q24	3Q23	2Q24
Net revenues	\$ 75.7	\$ 85.9	\$ 77.4
Gross margin	40.0 %	41.9 %	41.9 %
Adjusted gross margin	40.0 %	42.1 %	41.9 %
Net Earnings per Diluted Share	\$ (0.10)	\$ 0.46	\$ 0.34
Adj. Net Earnings per Diluted Share	\$ 0.19	\$ 0.47	\$ 0.31
Adj. EBITDA	\$ 8.1	\$ 13.7	\$ 10.2
Book-to-Bill	0.91	0.90	0.95
End-of-period backlog	\$ 100.2	\$ 128.8	\$ 104.9

- Revenue of \$75.7 million, declined 11.8% from the prior year and 2.1% sequentially.
- Adj. gross margin of 40.0% declined from 42.1% a year ago and 41.9% in 2Q24. The sequentially lower adj. gross margin primarily reflected lower revenue and temporary labor inefficiencies.
- Adj. net earnings per diluted share were \$0.19.
- Third-quarter Adj. EBITDA was \$8.1 million.
- Third-quarter orders of \$68.6 million were mixed as some cyclical markets such as steel and consumer were soft, while orders in test and measurement and avionics, military & space were higher.

Sensors: Third Quarter 2024 Highlights

(in \$ millions)

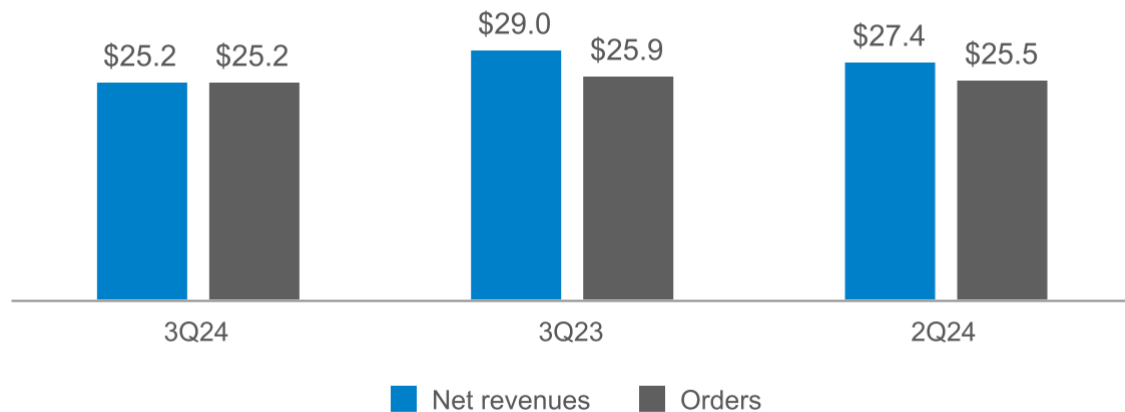


(\$ in millions, except margin data and book-to-bill ratio)	3Q24	3Q23	2Q24
Net revenues	\$ 28.2	\$ 32.5	\$ 28.9
Book-to-Bill	0.89	0.83	0.90
Gross profit	\$ 8.7	\$ 11.7	\$ 11.1
Gross profit margin	31.0 %	35.9 %	38.3 %

- Sensors 3Q24 revenues decreased 2.3% sequentially, as lower sales of advanced sensors in the Other markets, mainly for consumer applications, was partially offset by higher sales of precision resistors in the AMS market.
- Sequentially, 3Q24 Sensors' gross margin of 31.0% declined from 38.3% reflecting lower volume and temporary operational and labor inefficiencies.
- Orders of \$25.1 million declined 3.7% sequentially, as lower bookings for consumer-related applications offset higher orders in Test & Measurement and AMS.

Weighing Solutions: Third Quarter 2024 Highlights

(in \$ millions)

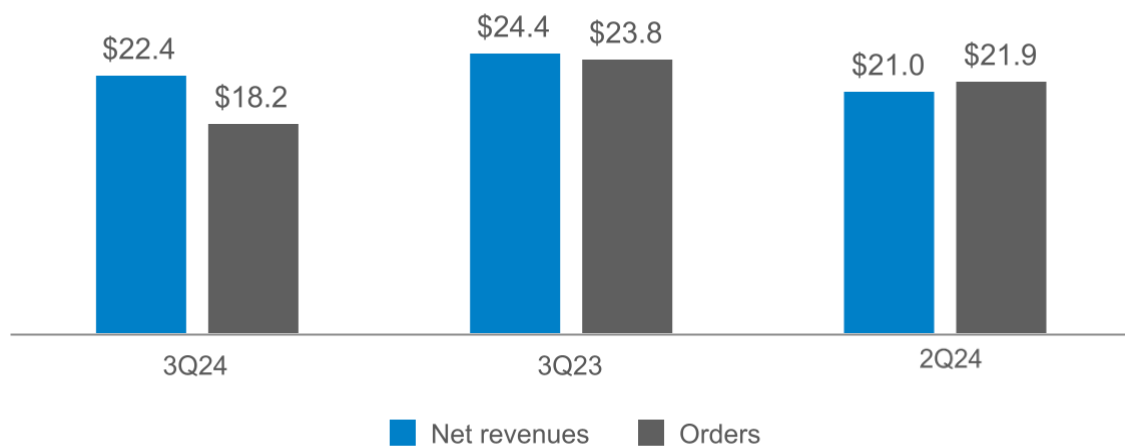


(\$ in millions, except margin data and book-to-bill ratio)	3Q24	3Q23	2Q24
Net revenues	\$ 25.2	\$ 29.0	\$ 27.4
Book-to-Bill	1.00	0.89	0.93
Gross profit	\$ 8.8	\$ 11.2	\$ 10.3
Gross profit margin	35.1 %	38.7 %	37.6 %

- 3Q24 revenues decreased 8.3% sequentially and 13.1% from the prior year.
- Sequentially, the decline in revenue reflected primarily lower sales in the Industrial Weighing, Transportation, and Other markets.
- Gross margin of 35.1% declined from 37.6% primarily due to lower volume and unfavorable product mix.
- Orders of \$25.2 million declined modestly from 2Q24 as lower orders in the Transportation market offset higher bookings in the Industrial Weighing and Other markets.

Measurement Systems: Third Quarter 2024 Highlights

(in \$ millions)



(\$ in millions, except margin data and book-to-bill ratio)	3Q24	3Q23	2Q24
Net revenues	\$ 22.4	\$ 24.4	\$ 21.0
Book-to-Bill	0.82	0.98	1.04
Gross profit	\$ 12.7	\$ 13.0	\$ 11.0
Gross profit margin	56.8 %	53.6 %	52.4 %
Adjusted gross profit margin	56.8 %	54.5 %	52.4 %

- 3Q24 revenues of \$22.4 million rose 6.2% sequentially primarily due to higher sales of DTS products in the AMS and Transportation markets, which offset weaker revenues in our Other markets and in the Steel market.
- 3Q24 gross margin of 56.8% grew sequentially reflecting higher volume and favorable product mix.
- Orders of \$18.2 million declined 16.9% from 2Q24, primarily due to lower orders in Steel and Transportation.

VPG Acquires Nokra

- Strategically expands product offering to the steel and metal processing market for VPG's KELK business.
- Nokra's laser-based systems provide customers an effective alternative to precisely measure the thickness and flatness of metal sheets.
- Leverages KELK's sales channels and existing customer base, which we believe will help increase Nokra revenue in 2025.
- Accretive immediately, with healthy margins.
- Transaction financed with cash.



Nokra has more than 150 installations around the world.

VPG Releases Initial Sustainability Report

Report highlights VPG's performance on material topics including:

- Energy Management
- Product Quality
- Business Ethics
- Information Security
- Health & Safety

Key highlights include:

- Disclosure of Scope 1 and 2 Emissions for 2023.
- 13% reduction in electrical energy use intensity from 2021 baseline.
- Zero product recalls for potential manufacturing or design defects in 2023.
- Update and training provided to senior level employees to the revised Anti-Bribery and Anti-Corruption policies in 2023.
- Zero material information security breaches, penalties or settlements in 2023.



"We are proud to introduce our first Sustainability Report. This report marks a significant milestone in VPG's sustainability journey." – Ziv Shoshani, CEO

Financial Results

(\$ in millions, except margin data and per share amounts)

	Fiscal quarter ended		
	September 28, 2024	September 30, 2023	June 29, 2024
Net revenues	\$ 75.7	\$ 85.9	\$ 77.4
Gross profit	\$ 30.3	\$ 35.9	\$ 32.4
Gross profit margin	40.0 %	41.9 %	41.9 %
Adjusted gross profit	\$ 30.3	\$ 36.1	\$ 35.1
Adjusted gross profit margin	40.0 %	42.1 %	41.9 %
Selling, general, and administrative expenses	\$ 26.3	\$ 26.6	\$ 26.5
Operating income	\$ 3.8	\$ 8.2	\$ 5.9
Operating margin	5.1 %	9.6 %	7.6 %
Adjusted operating income	\$ 3.9	\$ 9.6	\$ 8.0
Adjusted operating margin	5.2 %	11.2 %	10.0 %
Net earnings attributable to VPG stockholders	\$ (1.4)	\$ 6.3	\$ 4.6
Diluted earnings per share attributable to VPG stockholders	\$ (0.10)	\$ 0.46	\$ 0.34
Adjusted net earnings attributable to VPG stockholders	\$ 2.5	\$ 6.4	\$ 5.7
Adjusted net earnings per diluted share	\$ 0.19	\$ 0.47	\$ 0.31

Selected Balance Sheet Items

(\$ in Millions)

	September 28, 2024	September 30, 2023	June 29, 2024
Cash & cash equivalents	\$ 81.1	\$ 94.6	\$ 84.1
Total assets	\$ 462.5	\$ 484.3	\$ 462.8
Total long-term debt	\$ 31.4	\$ 53.8	\$ 31.9
Total liabilities	\$ 131.9	\$ 160.1	\$ 135.8

Q&A

Appendix

Third Quarter 2024 Market Trends

Consolidated Revenue by Market

\$ in millions	3Q24	3Q23	2Q24
Test & Measurement	\$ 14.3	\$ 17.1	\$ 14.0
Avionics, Military, Space	8.6	8.3	6.2
Transportation	12.8	15.5	11.8
Industrial Weighing	8.6	10.5	9.6
General Industrial	4.5	4.6	4.8
Steel	12.1	13.4	13.0
Other Markets	14.9	16.4	18.0
Total	<u>\$ 75.7</u>	<u>\$ 85.9</u>	<u>\$ 77.4</u>

Reconciliation of Adjusted Gross Profit, Operating Income, Net Earnings and Diluted Earnings Per Share - Quarter

Three months ended	Gross Profit		Operating Income		Net Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
As reported - GAAP	\$ 30,260	\$ 35,935	\$ 3,841	\$ 8,224	\$ (1,351)	\$ 6,280	\$ (0.10)	\$ 0.46
As reported - GAAP Margins	40.0 %	41.9 %	5.1 %	9.6 %				
Acquisition purchase accounting adjustments	—	214	—	214	—	214	—	0.02
Restructuring costs	—	—	82	1,153	82	1,153	0.01	0.08
Severance cost	—	—	—	—	—	—	—	—
Foreign currency exchange gain (loss)	—	—	—	—	2,912	(1,283)	0.22	(0.09)
Less: Tax effect of reconciling items and discrete tax items	—	—	—	—	\$ (839)	\$ (77)	\$ (0.06)	\$ —
As Adjusted - Non GAAP	\$ 30,260	\$ 36,149	\$ 3,923	\$ 9,591	\$ 2,482	\$ 6,441	\$ 0.19	\$ 0.47
As Adjusted - Non GAAP Margins	40.0 %	42.1 %	5.2 %	11.2 %				

Reconciliation of Adjusted Gross Profit, Operating Income, Net Earnings and Diluted Earnings Per Share - YTD

Nine fiscal months ended	Gross Profit		Operating Income		Net (loss) Earnings Attributable to VPG Stockholders		Diluted Earnings Per share	
	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023	September 28, 2024	September 30, 2023
As reported - GAAP	97,761	111,846	16,665	29,943	\$ 9,143	\$ 21,480	\$ 0.68	\$ 1.57
As reported - GAAP Margins	41.8 %	42.1 %	7.1 %	11.3 %				
Acquisition purchase accounting adjustments	—	304	—	304	—	304	—	0.02
Restructuring costs	—	—	864	1,431	864	1,431	0.06	0.11
Severance cost	—	—	347	—	347	—	0.03	—
Foreign currency exchange gain (loss)	—	—	—	—	34	(2,139)	—	(0.16)
Less: Tax effect of reconciling items and discrete tax items	\$ —	\$ —	\$ —	\$ —	\$ (1,913)	\$ (357)	\$ (0.14)	\$ (0.03)
As Adjusted - Non GAAP	\$ 97,761	\$ 112,150	\$ 17,876	\$ 31,678	\$ 12,301	\$ 21,433	\$ 0.92	\$ 1.57
As Adjusted - Non GAAP Margins	41.8 %	42.2 %	7.6 %	11.9 %				

Non-GAAP Reconciliation – EBITDA and Adjusted EBITDA

	Fiscal quarter ended		
	September 28, 2024	September 30, 2023	June 29, 2024
In \$ thousands, except margin data			
Net (loss) earnings attributable to VPG stockholders	\$ (1,351)	\$ 6,280	\$ 4,603
Interest Expense	648	1,119	649
Income tax expense	1,874	2,419	2,316
Depreciation	2,988	2,954	2,992
Amortization	925	880	924
EBITDA	\$ 5,084	\$ 13,652	\$ 11,484
EBITDA MARGIN	6.7 %	15.9 %	14.8 %
Acquisition purchase accounting adjustments	—	214	—
Restructuring costs	82	1,153	—
Foreign currency exchange gain (loss)	2,912	(1,283)	(1,289)
ADJUSTED EBITDA	\$ 8,079	\$ 13,736	\$ 10,195
ADJUSTED EBITDA MARGIN	10.7 %	16.0 %	13.2 %

Reconciliation of Adjusted Gross Profit by Segment

<i>In \$ thousands except margin data</i>	Fiscal quarter ended		
	September 28, 2024	September 30, 2023	June 29, 2024
Sensors			
As reported - GAAP	\$ 8,730	\$ 11,681	\$ 11,066
As reported - GAAP Margins	31.0 %	35.9 %	38.3 %
As Adjusted - Non GAAP	\$ 8,730	\$ 11,681	\$ 11,066
As Adjusted - Non GAAP Margins	31.0 %	35.9 %	38.3 %
Weighing Solutions			
As reported - GAAP	\$ 8,840	\$ 11,207	\$ 10,310
As reported - GAAP Margins	35.1 %	38.7 %	37.6 %
As Adjusted - Non GAAP	\$ 8,840	\$ 11,207	\$ 10,310
As Adjusted - Non GAAP Margins	35.1 %	38.7 %	37.6 %
Measurement Systems			
As reported - GAAP	\$ 12,690	\$ 13,047	\$ 11,031
As reported - GAAP Margins	56.8 %	53.6 %	52.4 %
Acquisition purchase accounting adjustments	—	214	—
As Adjusted - Non GAAP	\$ 12,690	\$ 13,261	\$ 11,031
As Adjusted - Non GAAP Margins	56.8 %	54.5 %	52.4 %