

To: All Worldwide Customers

Oct 17, 2023

Subject: Contingency Plan for VFR/ Factory in Israel

Dear Valued Customers,

Please see attached herewith a separate letter from our President & CEO of VPG, Ziv Shoshani in regards to the Situation in Israel.

In addition please see our "Contingency Plan" for the manufacturing plant, VFR /Israel:

1. Redundancy in critical areas for back-ups, including extra portable hardware and off-site availabilities to run business and manufacturing.
2. Alternative methods including close substitution of part models, temporary work force in Alpha Electronics, Japan and Powertron, Germany.
3. Multiple sources for raw materials and multiple stock hubs of material supply chain needed to support operations.
4. We believe that with the combined effort of our chip stock held and capacity allocations reserved with upswing capabilities; a relocation plan of VFR factory support to sites in Japan & Germany would be up and running in full within a reasonable time frame from a critical disaster.
5. The primary carrier for VPG Israel exports is DHL Express. They utilize their own cargo aircrafts and also operate under emergency situations.
6. DHL Express's contingency plan includes multiple options amongst diverting their aircrafts to a different airport. Should they have to cancel their flights to Israel, they have established agreements with Israeli airline freight carriers to ensure a seamless and coordinated response during emergencies, allowing us to maintain our services and uphold our commitment to our customers even under challenging circumstances.
7. In the case all air traffic into/out of Israel is stopped, we have a plan with DHL Global Forwarding to utilize combination of air, ocean, or inland service to any nearby country such as Jordan, Cyprus or Greece. The route will be coordinated based on the situation and on what the state of Israel allows.

8. Please note VPG Foil Resistors is taking additional extra precautions (due to #6 & #7 above) and starting from tomorrow VFR will be shipping out shipments that are in FGS (Finished Goods) at VFR/Israel manufacturing plant to our customers worldwide.

If you are in the need of additional clarification, please let us know.



Ilanit Gedalyoviche
Sr. Director, BD Sales & Marketing



Yaron Kadim
Sr. VP, Division Head