CTS Investor Presentation

February 2024







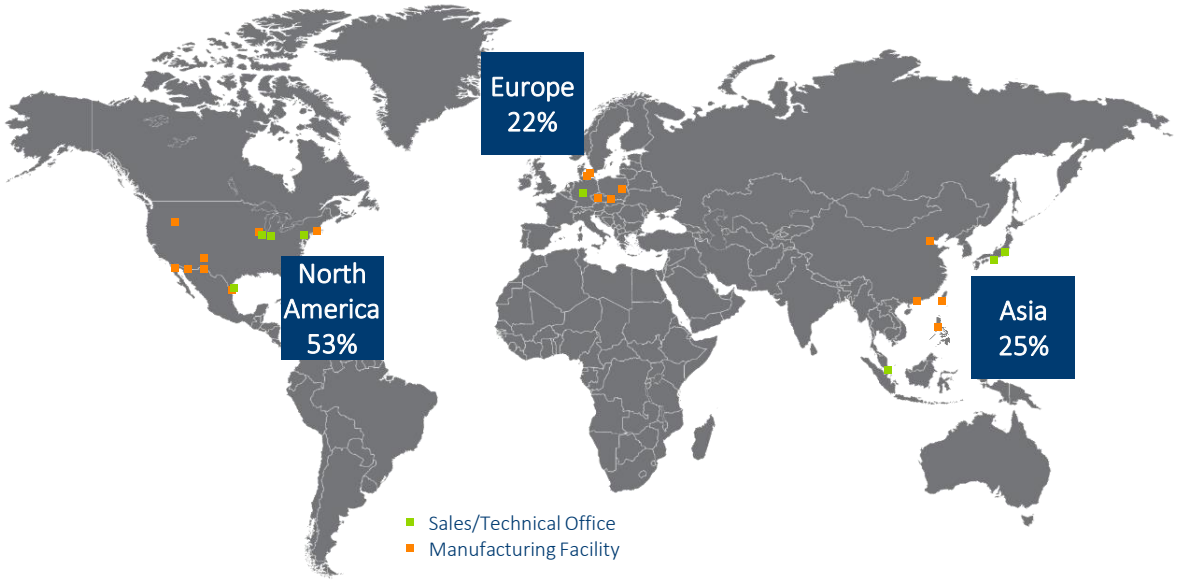
Forward-Looking Statements

This document contains statements that are, or may be deemed to be, forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements include, but are not limited to, any financial or other guidance, statements that reflect our current expectations concerning future results and events, and any other statements that are not based solely on historical fact. Forward-looking statements are based on management's expectations, certain assumptions, and currently available information. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date hereof and are based on various assumptions as to future events, the occurrence of which necessarily are subject to uncertainties. These forward-looking statements are made subject to certain risks, uncertainties, and other factors, which could cause CTS' actual results, performance, or achievements to differ materially from those presented in the forward-looking statements. Examples of factors that may affect future operating results and financial condition include, but are not limited to: supply chain disruptions; changes in the economy generally, including inflationary and/or recessionary conditions, and in respect to the business in which CTS operates; unanticipated issues in integrating acquisitions; the results of actions to reposition CTS' business; rapid technological change; general market conditions in the transportation, as well as conditions in the industrial, aerospace and defense, and medical markets; reliance on key customers; unanticipated public health crises, natural disasters or other events; environmental compliance and remediation expenses; the ability to protect CTS' intellectual property; pricing pressures and demand for CTS' products; risks associated with CTS' international operations, including trade and tariff barriers, exchange rates and political and geopolitical risks (including, without limitation, the potential impact U.S./China relations and the conflict between Russia and Ukraine may have on our business, results of operations and financial condition); the amount and timing of any share repurchases; and the effect of any cybersecurity incidents on our business. Many of these, and other risks and uncertainties, are discussed in further detail in Item 1A. of CTS' most recent Annual Report on Form 10-K and other filings made with the SEC. CTS undertakes no obligation to publicly update CTS' forward-looking statements to reflect new information or events or circumstances that arise after the date hereof, including market or industry changes.

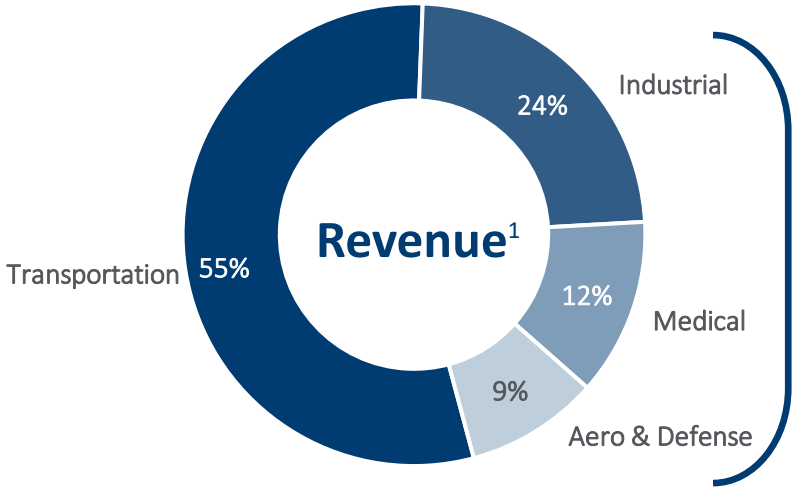
CTS is a Leading Designer and Manufacturer of Custom Engineered Solutions that Sense, Connect and Move - Enabling an Intelligent and Seamless World

LTM Revenue	Non-Transportation	LTM Adj. EBITDA Margin	LTM Adj. EPS
$550 million [1]	45% [1]	22% [2]	$2.22 [2]

Global design and manufacturing capabilities



Technical and application expertise applied across diverse and growing end markets



8% [3]
Non-Transportation Revenue CAGR

Notes:
[1] Last 12 months Revenue as of December 2023
[2] Adj. EBITDA Margin and Adj. EPS are non-GAAP financial measures. Refer to the Appendix for reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.
[3] 2018-2023 including acquisitions

CTS Positioned to Deliver 10% Organic and Inorganic Growth

Organic Growth 300-600 bps > GDP

- Deep **custom engineered capability** and **long-standing** customer relationships
- Megatrend tailwinds – **automation, healthcare innovation** and **electrification**
- Strong **new product pipeline** – eBrake™, textured piezo, medical applications

Strategic M&A focused on Value Creation

- Clear strategy of **growth and diversification** led by non-transportation end markets
- Transportation acquisition focus on **EV technology** capability
- **Strong balance sheet and cash flow** to support M&A strategy

Global Footprint, Strong Execution Track Record

- **Regional capabilities** to serve customers reducing cross-border challenges
- Strong **leadership team** leveraging **operational excellence** to drive profitable growth
- Strengthening and aligning **organizational capabilities** through **Focus 2025** initiative

Secular Themes Drive Growth Across End Markets

Automation






Industry 4.0
Factory Automation
Passenger Safety
Defense Automation

Healthcare Innovation






Improved Diagnostics
Minimally Invasive
Therapeutics
Patient Experience

Sustainability

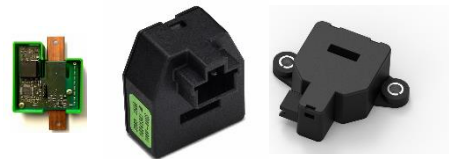
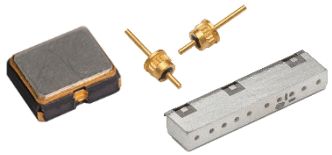




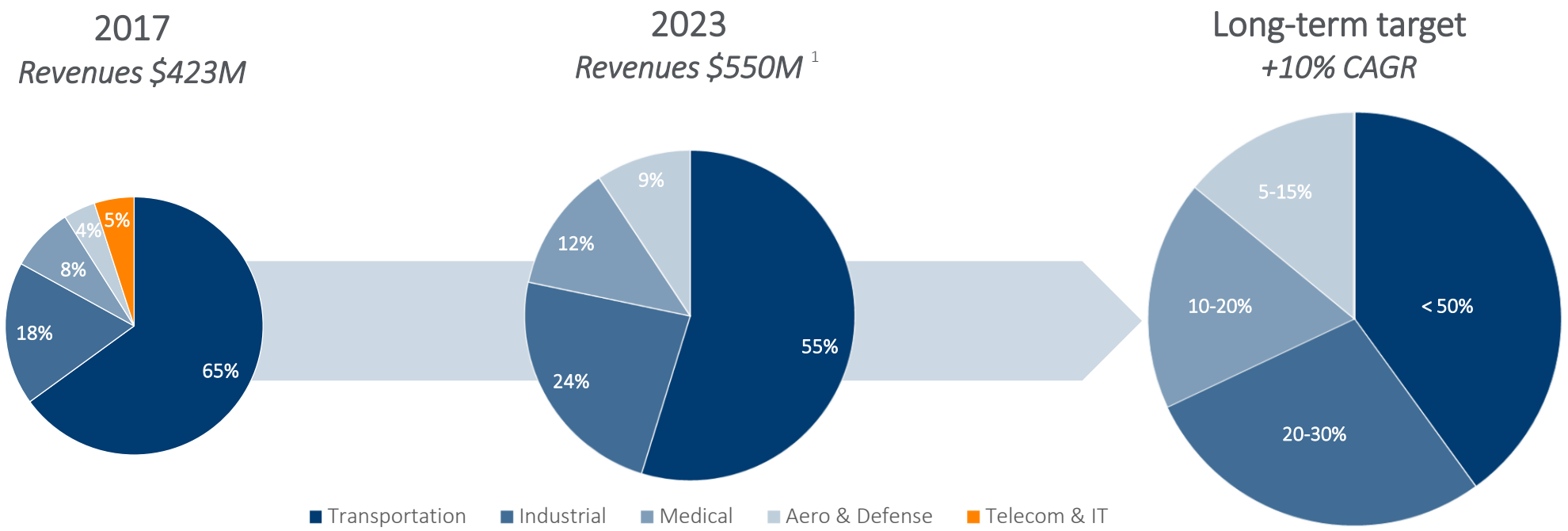

Electrification
Reduced Emissions
Energy Efficiency
Fluid Metering

Applying deep domain expertise to solve today's most pressing challenges

Deep Technical Expertise Provides a Sustainable Advantage

	Capabilities	Key Technologies		Applications		
Magnetics	Position Sensing	• Hall Effect • Inductive • Force		• Vehicle Controls • Pro Audio / Video • Medical Devices		
	Current Sensing	• Ferromagnetics • Circuit Design • Core and busbar		• Electric Vehicles • Renewable Energy • Industrial		
Advanced Ceramics	Piezoelectric Ceramic	• Bulk • Tapecast • Single Crystal • Textured		• Imaging: Medical, Defense • Medical Therapeutics • Micro-actuation		
	Temperature Sensing	• NTC Thermistors		• HVAC-R • Medical Devices • Condition Monitoring		
	Signal Processing	• RF Filters • EMI/EMC • Crystal Oscillators		• Aerospace and Defense • Communications Infrastructure		

Diversifying Revenue in Growing End Markets Outside of Transportation



Notes:
[1] Beginning in 2022, sales to Telecom & IT end-market are included in the Industrial end-market.

- Utilizing core capabilities and domain expertise in fast-growing end markets
- Investing in business development resources, process and technology capabilities
- Disciplined capital investments to support diversification strategy

Non-transportation revenue is up from 35% to 45% with a goal of >50%

Enabling Efficiency and Automation in Industrial Markets

INDUSTRIAL

Addressable Market Size:	$2.9B
LTM Revenue:[1]	$129M (24)% YOY
Estimated Market Growth:	Mid-single Digit
Drivers of Outperformance:	• Efficiency • Material Expertise • Up integration into sensors and transducers

[1] *LTM through December 2023.*

Sustainability

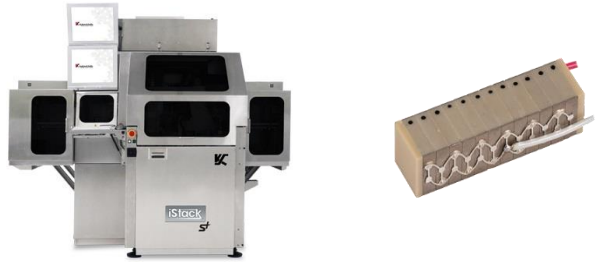


Stratified Air (HVAC)



Accuracy (Metering)

Productivity



Micro-positioning (Automation)



Actuation (Industrial Printing)

Tailwinds from Sustainability and Efficiency-focused Macrotrends

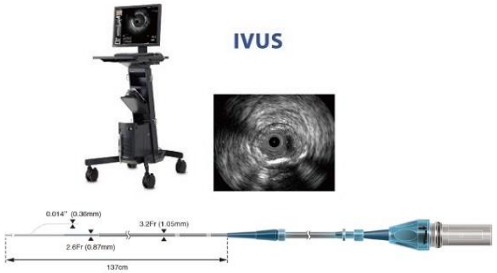
Unlocking Important Innovation in Medical Markets

MEDICAL

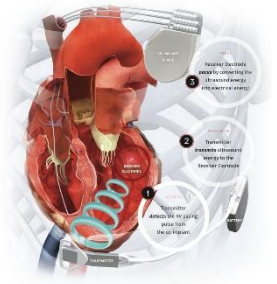
Addressable Market Size:	$1.5B
LTM Revenue:[1]	$68M +6% YOY
Estimated Market Growth:	Mid-single Digit
Drivers of Outperformance:	• Strong growth in ultrasound modality • Superior material performance enables share gains

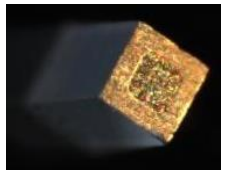
[1] *LTM through December 2023.*

Minimally Invasive



Intravenous Ultrasound





Cardiac Rhythm (Wireless Pacemaker)

Highly Precise





High Resolution Ultrasound





Drug Delivery

Utilizing Technology to Enhance Patient Care and Experience

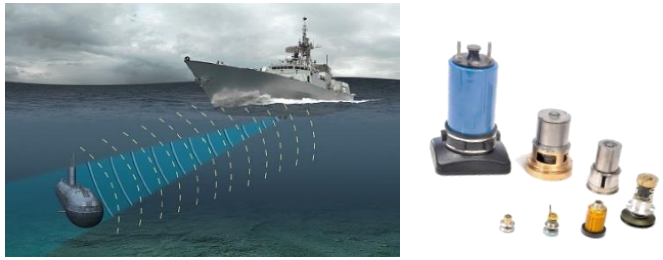
Ensuring Performance and Reliability in Aerospace and Defense

AEROSPACE & DEFENSE

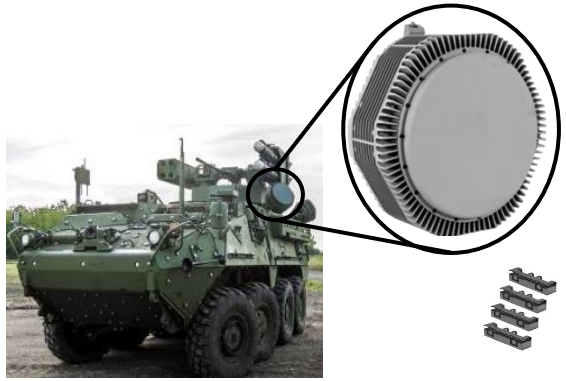
Addressable Market Size:	$0.7B
LTM Revenue:[1]	$51M +7% YOY
Estimated Market Growth:	Mid-single Digit
Drivers of Outperformance:	• Increase in defense spending • EU market expansion opportunities

[1] *LTM through December 2023.*

Enhanced Performance

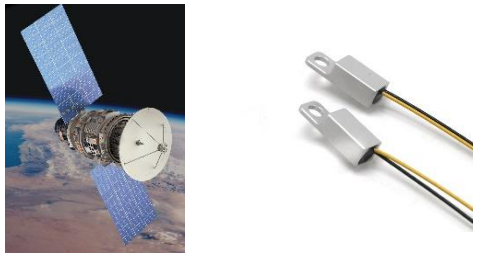


Underwater Sonar

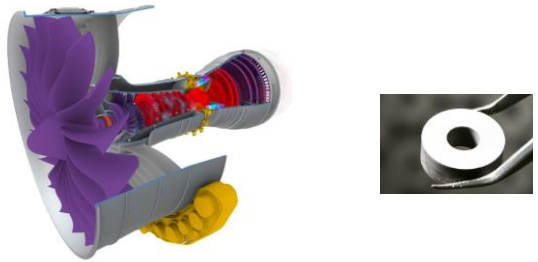


Radar

Reliability



Space Temperature Applications



Vibration Monitoring

Higher Performance and Reliability in Mission Critical Harsh Environments

Electrification Creating Growth Opportunity in Transportation

TRANSPORTATION

Addressable Market Size:	$2.7B
LTM Revenue:[1]	$301M (1)% YOY
Estimated Market Growth:	Mid-single Digit
Drivers of Outperformance:	• Increased Content with New Products for EVs leading to expanded SAM

[1] *LTM through December 2023.*

95% of existing light vehicle portfolio transitions to EVs


Accelerator Modules


Chassis Height Sensor


Seat Belt Buckle Switch Sensor


Seat Track Position Sensor


Brake Position Sensor


Belt Tension Sensor

New products expand future content per vehicle[1]


eBrake™

First Award Secured


Drive-Pad ™

In Development


AC Motor Current Sensor

Secured Awards


AC Motor Position Sensor

Development Award Won

[1] Multiple patent applications pending on eBrake ™ and Drive-Pad ™ products

Won first awards for eBrake™ and Accelerometer
Won development award for Motor Position Sensor

Light Vehicle Content Grows > 2x with EV Applications

Strong Execution Capabilities

Improved Operational Efficiency

- Adj. Gross Margin +472 bps[1]
- Adj. SG&A (488) bps[1]
- Enhanced process improvement capability, business intelligence

Strengthened Balance Sheet

- 74% operating cashflow[2]
- 106% free cash flow[3]
- $190 million returned to shareholders[4]
- Solid acquisition capacity

Strategic Investments For Growth

- Enhanced front-end selling and marketing capabilities, tools
- Continued R&D investments for organic growth
- 8 acquisitions since 2013

Notes:

1. Full Year 2023 compared to full year 2012 for Adjusted Gross Margin and Adjusted SG&A.
2. Full year 2023 operating cash flow as % of Adjusted EBITDA.
3. Full year 2023 free cash flow as % of Adjusted Net Earnings. Free Cash Flow is a non-GAAP financial measure. Refer to Appendix for the reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.
4. Cumulative from 2013 to Q4 2023 through dividends & share repurchases.

Capital Allocation Framework

Capital Allocation Priorities

- Maintain healthy Balance Sheet
- Disciplined organic investments
  - Growth resources and tools
  - IT systems – ERP, analytics capabilities
  - CTS OS – Operational improvements
- Strategic M&A – a growth priority
- Return capital to shareholders

Operating Cash Flow
15-17% of Sales

Capital Structure
Leverage 1.0 – 2.5x

Growth
Capex ~4% of Sales
Acquisitions 60-80% of FCF

Cash Returned to Shareholders
Dividend & Repurchases 20-40% of FCF

$190 million in cash returned to shareholders since 2013

Strategic Approach to M&A



Disciplined approach to acquisitions

- ROI in excess of cost of capital
- Synergistic opportunities
- Maintain balance sheet strength
- Accretive to earnings

Strategic Acquisitions Fueling Diversification – M&A as a Catalyst

Enhancing Piezoceramic Technology and Geographic Reach

Pre 2016	2016	2017	2022	Current
CTS	+ HC Materials Channel Technologies Advanced Materials Division	+ noliac	+ Ferroperm Piezoceramics	= CTS
Bulk Technology	Single Crystal Technology	Tape Cast Technology	Medical Therapeutics Europe Defense	Growing Piezoceramic Platform

Building a Strong Global Temperature Sensing Platform

2019	2020	2022	Current
QTI SENSING SOLUTIONS	+ Sensor Scientific, Inc.	+ TEWA TEMPERATURE SENSORS	= CTS
Industrial Applications	Medical Applications	Industrial + Medical Europe Expansion	Growing Temperature Platform

[1] Last 12 months Revenue as of December 2023

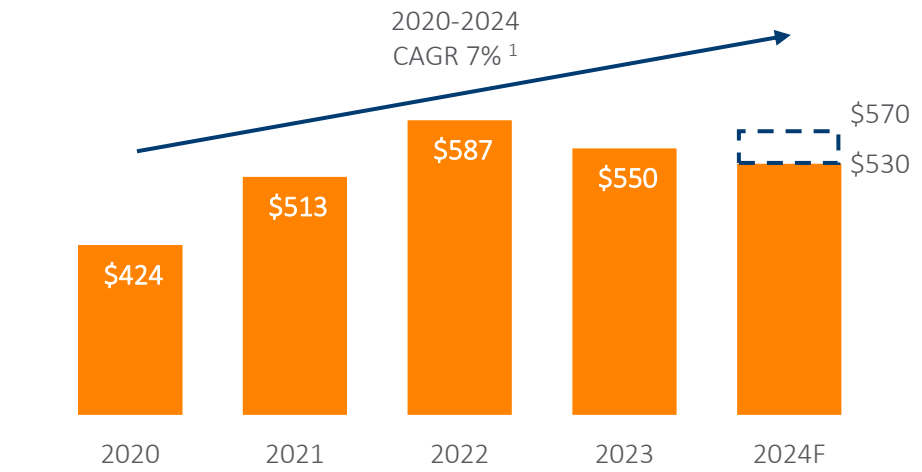
CTS

45%[1] of sales from Non-Transportation end markets … +1030 bps vs. 2017

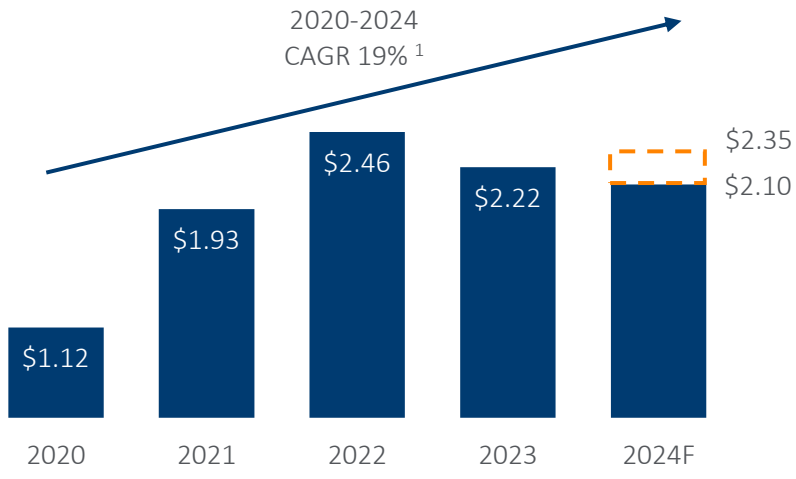
FY 2024 Guidance

Revenue

($ Millions)



Adjusted Diluted EPS 2



Key Outlook Assumptions

- Stable medical & aerospace/defense end markets
- Softness in industrial and distribution end market expected to continue into 1st half of 2024
- Softness in commercial vehicle related sales in 2024
- Light vehicle market 2024 forecasts - NA 15.5-16M, China 28M, Europe 17M units, predicted slightly below 2023
- Tax rate expected in the range of 20-23% excluding discrete items

Notes:

[1] CAGR based on mid point of 2024 guidance

[2] Adjusted Diluted EPS is a non-GAAP financial measure. Refer to the Appendix for reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

Financial Framework

	2012[1]	LTM[2]	Long-Term Target
Revenue	$304M	$550M	+10% per year
Adj Gross Margin %[3]	30.1%	34.8%	35-38%
Adj SG&A Expense %[3]	19.4%	14.5%	13-15%
R&D Expense %	6.9%	4.5%	5-7%
CapEx %	4.4%	2.7%	~4%

Notes:
[1] 2012 Financials from Continuing Operations.
[2] LTM through December 2023.
[3] Adj. Gross Margin and Adj. SG&A Expense are non-GAAP financial measures. Refer to the Appendix for reconciliations of non-GAAP financial measures to the most directly comparable financial measures calculated and presented in accordance with GAAP.

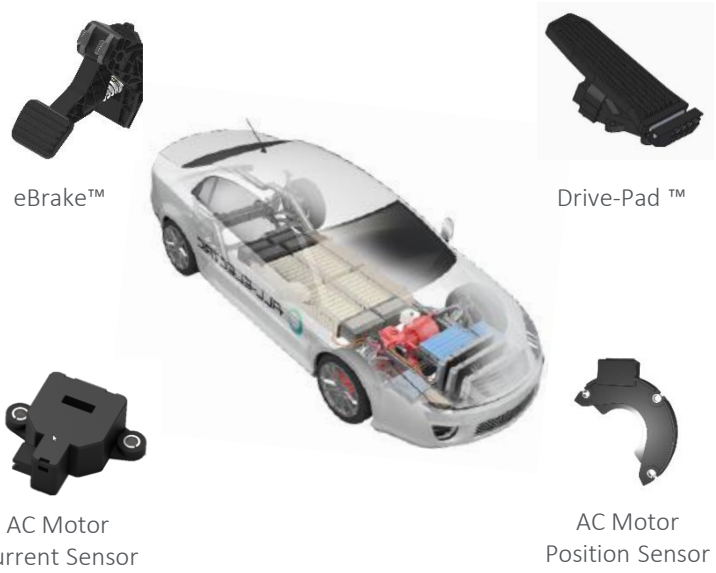
ESG Initiatives



Published inaugural ESG Report highlighting ESG progress

Continued advancing our goal of deriving more than 25% of sales of components for light vehicles from electrified platforms.

40 new wins for electrified vehicle platforms in 2023





Employees devoted over 5,539 hours to community service events and projects in 2023 through our CTS Cares Platform.

CTS | Cares

Multiple patent applications pending on eBrake™ and Drive-Pad™ products

Creating long-term value for stakeholders and communities

Appendix

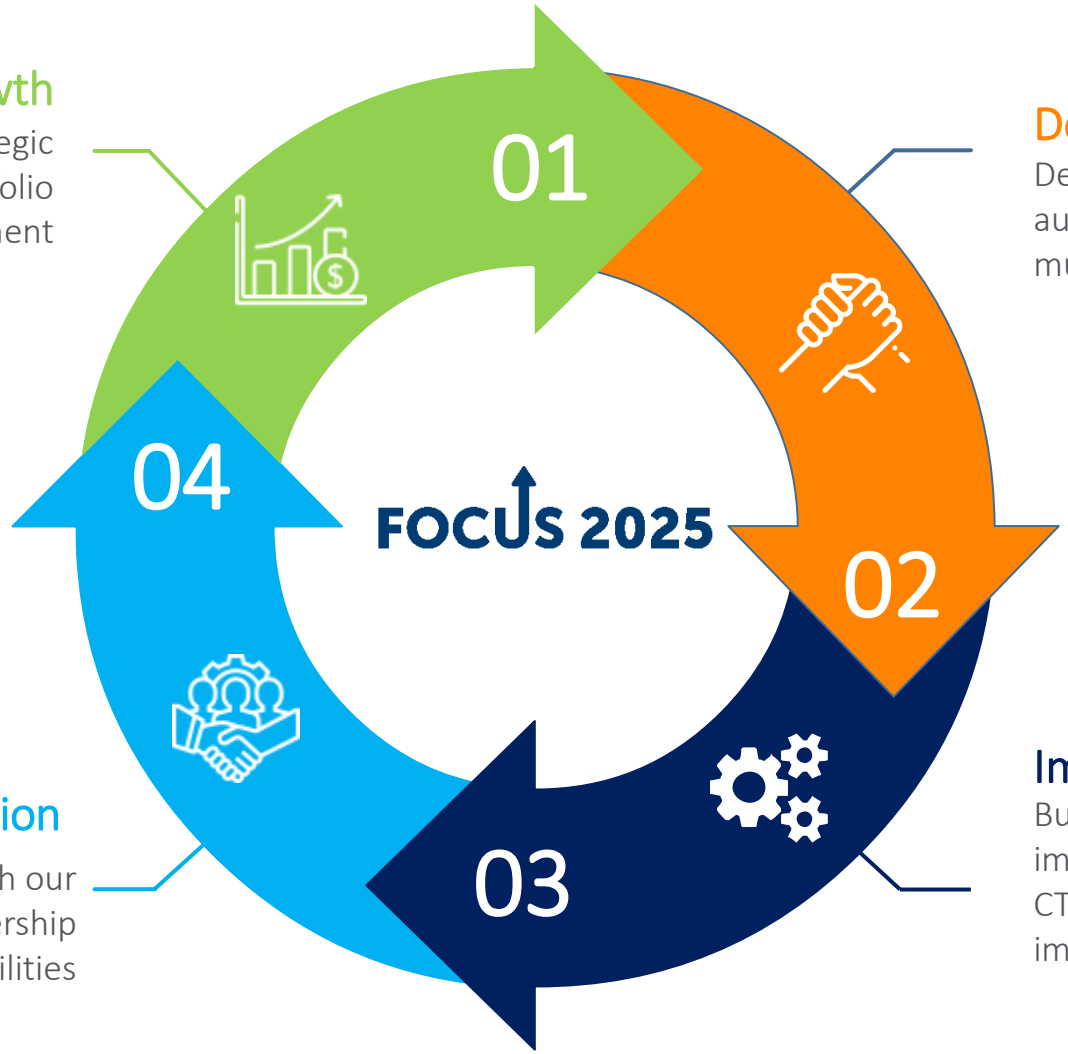
Focus 2025

Profitable Growth

Improve revenue growth through strategic plan execution, M&A and active portfolio management

Deeper Customer Relationships

Develop customer partnerships that are authentic and collaborative, resulting in mutually beneficial revenue growth



Organization

Foster a culture aligned with our vision and values, Build leadership capabilities

Improved Operating Systems

Build a culture of continuous improvement through the development of CTS Operation Systems and process improvement mindset

Target 10% Revenue CAGR with 23% Adjusted EBITDA

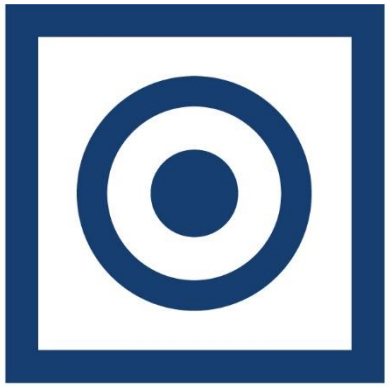
CTS Core Values



Play to Win



Responsiveness



Simplicity



Solution Oriented

Non-GAAP Financial Measures

From time to time, CTS may use non-GAAP financial measures in discussing CTS' business. These measures are intended to supplement, not replace, CTS' presentation of its financial results in accordance with U.S. GAAP. CTS believes that the non-GAAP financial measures presented are commonly used by financial analysts and others in the industries in which CTS operates, and thus further provide useful information to investors. CTS' definitions of these non-GAAP financial measures may differ from those terms as defined or used by other companies. Non-GAAP measures should not be used by investors or third parties as the sole basis for formulating investment decisions, as they may exclude a number of important cash and non-cash recurring items.

CTS has presented these non-GAAP financial measures as it believes that the presentation of its financial results that exclude (1) restructuring charges; (2) restructuring-related charges; (3) environmental charges; (4) acquisition-related costs; (5) inventory fair value step-up costs; (6) foreign exchange (gains) losses; (7) non-cash pension expenses (income); and (8) certain discrete tax items are useful and assist in comparing CTS' current operating results with past periods and with the operational performance of other companies in its industry. Included below is a description of the expenses that CTS has determined are not normal, recurring cash operating expenses necessary to operate its business and the rationale for why providing financial measures for its business with such expenses excluded or adjusted is useful to investors as a supplement to the U.S. GAAP measures.

- Restructuring charges – costs primarily relating to workforce reduction costs, building and equipment relocation costs, asset impairment charges and other facility closure costs in connection with our continued optimization of our organization.
- Restructuring-related charges – costs related to restructuring actions that do not qualify as direct restructuring charges under US GAAP. These include duplicative expenses incurred due to the plant consolidation related transition activities such as excess rent, utilities, personnel related and other costs prior to start of production at the new location.
- Environmental charges – costs associated with our non-operating facilities that are unrelated to ongoing operations. Currently, none of these costs and accruals relate to sites that provide revenue generating activities for the Company.
- Acquisition-related costs – diligence and transaction costs related to acquisitions including related contingent earnout adjustments.
- Inventory fair value step-up costs – purchase accounting-related inventory costs from acquisitions.
- Foreign exchange (gains) losses – remeasurement income and expenses for non-U.S. subsidiaries with the U.S. dollar as the functional currency.
- Non-cash pension expenses (income) – pension income and expenses relating to the non-operating U.S. pension and post-retirement life insurance plans, including historical plan settlement activities.
- Discrete tax items – non-recurring, infrequent, or unusual tax adjustments (e.g., valuation allowances, uncertain tax position changes, unremitted assertion changes and discrete impacts associated with pre-tax non-GAAP items or due to tax law changes, etc.).

At times, the reconciliations below have been intentionally rounded to the nearest thousand, or $0.01 for EPS figures, and, therefore, may not sum.

CTS does not provide reconciliations of forward-looking non-GAAP financial measures, such as estimated adjusted diluted earnings per share, to the most comparable GAAP financial measures on a forward-looking basis because CTS is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of certain items, such as, but not limited to, restructuring costs, environmental remediation costs, acquisition-related costs, foreign exchange rates and other non-routine costs. Each of such adjustments has not yet occurred, are out of CTS' control and/or cannot be reasonably predicted. For the same reasons, CTS is unable to address the probable significance of the unavailable information.

Regulation G Schedules

Adjusted Gross Margin

($ Millions, except percentages)

	Three Months Ended December 31,		Twelve Months Ended December 31,			
	2023	2022	2023	2022	2021	2012
Gross margin	$ 42.1	$ 51.0	$ 190.9	$ 210.5	$ 184.6	$ 91.5
Net sales	$ 124.7	$ 142.3	$ 550.4	$ 586.9	$ 512.9	$ 304.5
Gross margin as a % of net sales	**33.7%**	**35.8%**	**34.7%**	**35.9%**	**36.0%**	**30.1%**
Adjustments to reported gross margin:						
Restructuring related charges (b)	0.6	—	0.6	—	—	—
Inventory fair value step-up (b)	—	0.7	—	4.0	—	—
Adjusted gross margin	$ 42.6	$ 51.7	$ 191.4	$ 214.5	$ 184.6	$ 91.5
Adjusted gross margin as a % of net sales	**34.2%**	**36.3%**	**34.8%**	**36.5%**	**36.0%**	**30.1%**

Regulation G Schedules

Adjusted SG&A Expenses

($ Millions, except percentages)

	Three Months Ended December 31,		Twelve Months Ended December 31,			
	2023	2022	2023	2022	2021	2012
SG&A Expense	$ 19.5	$ 23.5	$ 83.8	$ 91.5	$ 82.6	$ 63.1
Net sales	$ 124.7	$ 142.3	$ 550.4	$ 586.9	$ 512.9	$ 304.5
SG&A expense as a % of net sales	**15.6%**	**16.5%**	**15.2%**	**15.6%**	**16.1%**	**20.7%**
Adjustments to reported SG&A expense:						
Environmental charges (a)	0.4	1.0	3.5	2.8	2.3	—
Acquisition-related costs (a)	0.2	—	0.4	0.8	—	—
Additional CEO search, legal costs and acquisition (a)	—	—	—	—	—	2.5
Additional legal costs (a)	—	—	—	—	—	1.5
Total adjustments to reported SG&A expense	$ 0.6	$ 1.0	$ 3.9	$ 3.5	$ 2.3	$ 4.0
Adjusted SG&A expense	$ 18.9	$ 22.5	$ 80.0	$ 88.0	$ 80.3	$ 59.1
Adjusted SG&A expense as a % of net sales	**15.2%**	**15.8%**	**14.5%**	**15.0%**	**15.7%**	**19.4%**

Regulation G Schedules

Adjusted Operating Earnings

($ Millions, except percentages)

	Three Months Ended December 31,		Twelve Months Ended December 31,		
	2023	2022	2023	2022	2021
Operating earnings	$ 16.3	$ 21.6	$ 75.1	$ 93.0	$ 76.5
Net sales	$ 124.7	$ 142.3	$ 550.4	$ 586.9	$ 512.9
Operating earnings as a % of net sales	**13.0%**	**15.2%**	**13.6%**	**15.8%**	**14.9%**
Adjustments to reported operating earnings:					
Restructuring charges (c)	1.0	0.5	7.1	1.9	1.7
Restructuring related charges (b)	0.6	—	0.6	—	—
Environmental charges (a)	0.4	1.0	3.5	2.8	2.3
Acquisition-related costs (a)	0.2	—	0.4	0.8	—
Inventory fair value step-up (b)	—	0.7	—	4.0	—
Total adjustments to reported operating earnings	$ 2.2	$ 2.2	$ 11.5	$ 9.5	$ 3.9
Adjusted operating earnings	$ 18.4	$ 23.8	$ 86.6	$ 102.5	$ 80.4
Adjusted operating earnings as a % of net sales	**14.8%**	**16.7%**	**15.7%**	**17.5%**	**15.7%**

Regulation G Schedules

Adjusted EBITDA Margin

($ Millions, except percentages)

	Three Months Ended December 31,		Twelve Months Ended December 31,		
	2023	2022	2023	2022	2021
Net earnings (loss)	$ 15.3	$ 14.9	$ 60.5	$ 59.6	$ (41.9)
Net sales	$ 124.7	$ 142.3	$ 550.4	$ 586.9	$ 512.9
Net earnings (loss) margin	**12.3%**	**10.5%**	**11.0%**	**10.2%**	**-8.2%**
Depreciation and amortization expense	7.3	8.0	28.7	29.8	26.9
Interest expense	0.8	0.7	3.3	2.2	2.1
Tax expense (benefit)	2.3	5.8	14.6	21.2	(19.0)
EBITDA	25.7	29.5	107.2	112.7	(31.8)
Adjustments to EBITDA:					
Restructuring charges (c)	1.0	0.5	7.1	1.9	1.7
Restructuring related charges (b)	0.6	—	0.6	—	—
Environmental charges (a)	0.4	1.0	3.5	2.8	2.3
Acquisition-related costs (a)	0.2	—	0.4	2.5	—
Inventory fair value step-up (b)	—	0.7	—	4.0	—
Non-cash pension and related expense (d)	—	—	—	4.8	132.4
Foreign currency (gain) loss (d)	(0.3)	0.9	2.0	4.9	3.3
Total adjustments to EBITDA	1.8	3.1	13.5	20.9	139.7
Adjusted EBITDA	$ 27.6	$ 32.6	$ 120.7	$ 133.6	$ 107.9
Adjusted EBITDA Margin	**22.1%**	**22.9%**	**21.9%**	**22.8%**	**21.0%**

Regulation G Schedules

Adjusted Net Earnings and Adjusted Diluted Earnings Per Share

($ Millions, except percentages and per share amounts)

	Three Months Ended December 31,			
	2023	2023 Per share	2022	2022 Per share
Net earnings (A)	$ 15.3	$ 0.49	$ 14.9	$ 0.47
Adjustments to reported net earnings:				
Restructuring charges (c)	1.0	0.03	0.5	0.01
Restructuring related charges (a)	0.6	0.02	—	—
Environmental charges (a)	0.4	0.01	1.0	0.03
Acquisition-related costs (a)	0.2	0.01	—	—
Inventory fair value step-up (b)	—	—	0.7	0.02
Foreign currency (gain) loss (d)	(0.3)	(0.01)	0.9	0.03
Total pretax adjustments to reported net earnings	$ 1.8	$ 0.06	$ 3.1	$ 0.10
Income tax effect of above adjustments (f)	(0.8)	(0.03)	(0.4)	(0.01)
Total adjustments, tax affected (f) **(B)**	$ 1.0	$ 0.03	$ 2.6	$ 0.08
Tax adjustments:				
Other discrete tax items (e)	(1.6)	(0.05)	0.2	0.01
Total tax adjustments **(C)**	$ (1.6)	$ (0.05)	$ 0.2	$ 0.01
Adjusted net earnings (A+B+C) and Adjusted net earnings per share	$ 14.7	0.47	$ 17.8	0.56
Net sales	$ 124.7		$ 142.3	
Net earnings as a % of net sales	**12.3%**		**10.5%**	
Adjusted net earnings as a % of net sales	**11.8%**		**12.5%**	

Regulation G Schedules

Adjusted Net Earnings and Adjusted Diluted Earnings Per Share

($ Millions, except percentages and per share amounts)

	Twelve Months Ended December 31,							
	2023	2023 Per share	2022	2022 Per share	2021	2021 Per share	2020	2020 Per share
Net earnings (loss) (A)	$ 60.5	$ 1.92	$ 59.6	$ 1.85	$ (41.9)	$ (1.30)	$ 34.7	$ 1.06
Adjustments to reported net earnings (loss):								
Restructuring charges (c)	7.1	0.22	1.9	0.06	1.7	0.06	1.8	0.06
Restructuring related charges (a)	0.6	0.02	—	—	—	—	—	—
Environmental charges (a)	3.5	0.11	2.8	0.09	2.3	0.07	2.8	0.08
Acquisition-related costs (a)	0.4	0.01	2.5	0.08	—	—	0.3	0.01
Inventory fair value step-up (b)	—	—	4.0	0.12	—	—	—	—
Non-cash pension and related expense (d)	—	—	4.8	0.15	132.4	4.10	2.5	0.08
Foreign currency loss (d)	2.0	0.06	4.9	0.15	3.3	0.10	(5.3)	(0.16)
Total pretax adjustments to reported net earnings (loss)	$ 13.5	$ 0.42	$ 20.9	$ 0.65	$ 139.7	$ 4.33	$ 2.1	$ 0.07
Income tax effect of above adjustments (f)	(2.4)	(0.07)	(1.6)	(0.05)	(31.1)	(0.99)	(1.7)	(0.05)
Total adjustments, tax affected (f) **(B)**	$ 11.1	$ 0.35	$ 19.3	$ 0.60	$ 108.6	$ 3.34	$ 0.4	$ 0.02
Tax adjustments:								
Increase in valuation allowances (e)	—	—	—	—	0.9	0.0	0.2	0.01
Other discrete tax items (e)	(1.6)	(0.05)	0.2	0.01	(4.7)	(0.14)	1.2	0.03
Total tax adjustments **(C)**	$ (1.6)	$ (0.05)	$ 0.2	$ 0.01	$ (3.8)	$ (0.11)	$ 1.4	$ 0.04
Adjusted net earnings (A+B+C) and Adjusted Net Earnings Per Share	$ 70.0	2.22	$ 79.1	2.46	$ 63.0	1.93	$ 36.5	1.12
Net sales	$ 550.4		$ 586.9		$ 512.9		$ 424.1	
Net earnings (loss) as a % of net sales	**11.0%**		**10.2%**		**-8.2%**		**8.2%**	
Adjusted net earnings as a % of net sales	**12.7%**		**13.5%**		**12.3%**		**8.6%**	

NOTE: CTS believes that adjusted gross margin, adjusted operating earnings, adjusted EBITDA margin, adjusted net earnings and adjusted diluted earnings per share provide useful information to investors regarding its operational performance because they enhance an investor's overall understanding of CTS' core financial performance and facilitate comparisons to historical results of operations, by excluding items that are not related directly to the underlying performance of CTS' fundamental business operations (such as those items noted above in the paragraph titled "Non-GAAP Financial Measures") or were not part of CTS' business operations during a comparable period.

Regulation G Schedules

a) Reflected in selling, general and administrative and other (expense) income, net.
b) Reflected in cost of goods sold.
c) Reflected in restructuring charges.
d) Reflected in other (expense) income, net.
e) Reflected in income tax expense (income). For 2020, the discrete tax items relate to items we deemed outside normal cash-generating operations including, $0.9 million from our change in permeant reinvestment of earnings associated with Taiwan, $0.8 million of restructuring related discrete tax impacts, partially offset by $0.5 million of discrete tax benefits from net FIN48 reserve adjustments. For 2021, the discrete tax items relate to items we deemed outside normal cash-generating operations including, $5.4 million of a stranded tax benefit from the U.S. Pension termination offset by $0.7 million of tax expense from tax costs associated with a one-time internal cash movement, and $0.9 million related to the addition of a valuation allowance for a foreign subsidiary. For 2022, the discrete tax items relate to the net impact to tax expense of expired R&D credits, including the release of associated reserves. For 2023, discrete tax items include adjusting for tax benefits resulting from $0.6 million for research and development tax credits from prior years, $0.8 million in foreign tax credits related to prior years from a 2023 tax law change, as well as $0.2 million from the release of uncertain tax benefits.
f) We determine the tax effect of non-GAAP adjustments by considering the tax laws and statutory income tax rates applicable in the tax jurisdictions of the underlying non-GAAP adjustments. For all periods presented, we applied the statutory income tax rates to the taxable portion of all of our adjustments. Our acquisition costs and foreign currency gains and losses included in our non-GAAP adjustments were not deductible for income tax purposes; therefore, no statutory income tax rate was applied to such costs.

Regulation G Schedules

Free Cash Flow

($ Millions, except percentages)

	Three Months Ended December 31,		Twelve Months Ended December 31,		
	2023	2022	2023	2022	2021
Net cash provided by operating activities	$ 32.1	$ 25.5	$ 88.8	$ 121.2	$ 86.1
Capital expenditures	(3.5)	(5.1)	(14.7)	(14.3)	(15.6)
Free cash flow	**$ 28.6**	**$ 20.4**	**$ 74.1**	**$ 106.9**	**$ 70.5**
Operating cash flow as a percentage of net earnings	209%	170%	147%	203%	-206%
Free cash flow as a percentage of adjusted net earnings	195%	115%	106%	135%	112%

NOTE: CTS believes the controllable working capital ratio is a useful measure because it provides an objective measure of the efficiency with which CTS manages its short-term capital needs.

Controllable Working Capital

($ Millions, except percentages)

	December 31,		
	2023	2022	2021
Net accounts receivable	$ 78.6	$ 90.9	$ 82.2
Net inventory	$ 60.0	$ 62.3	$ 49.5
Accounts payable	$ (43.5)	$ (53.2)	$ (55.5)
Controllable working capital	$ 95.1	$ 100.0	$ 76.2
Quarter sales	$ 124.7	$ 142.3	$ 132.5
Multiplied by 4	4	4	4
Annualized sales	$ 498.8	$ 569.1	$ 530.0
Controllable working capital as a % of annualized sales	**19.1%**	**17.6%**	**14.4%**

NOTE: CTS believes that free cash flow is a useful measure because it demonstrates the company's ability to generate cash. Free cash flow is a non-GAAP measure and should be considered in addition to, but not as a substitute for, information contained in the company's condensed consolidated statement of cash flows as a measure of liquidity.