

**CTS CORPORATION AND SUBSIDIARIES**  
**OTHER SUPPLEMENTAL INFORMATION - UNAUDITED**

**Earnings Per Share**

The following table reconciles GAAP diluted earnings per share to adjusted diluted earnings per share for the Company:

	<b>Three Months Ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
GAAP diluted earnings per share	\$ 0.37	\$ 0.12
Tax affected charges to reported diluted earnings per share:		
Foreign currency loss	0.04	0.04
Non-cash pension expense	0.04	0.01
Environmental charges	0.01	—
Discrete tax items	—	0.02
Adjusted diluted earnings per share	\$ 0.46	\$ 0.19

**Free Cash Flow**

The following table reconciles GAAP operating cash flow to free cash flow for the Company:

	<b>Three Months Ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<i>(in thousands)</i>		
Net cash provided by operating activities	\$ 20,110	\$ 11,927
Capital expenditures	(1,638)	(4,570)
Free cash flow	\$ 18,472	\$ 7,357

**Additional Information**

The following table includes other financial information not presented in the preceding financial statements.

	<b>Three Months Ended</b>	
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<i>(in thousands)</i>		
Depreciation and amortization expense	\$ 6,800	\$ 6,532
Stock-based compensation expense	\$ 1,219	\$ 228

**Non-GAAP Financial Measures**

Adjusted earnings per share is a non-GAAP financial measure. The most directly comparable GAAP financial measure is diluted earnings per share.

CTS adjusts for these items because they are discrete events, which have a significant impact on comparable GAAP financial measures and could distort an evaluation of our normal operating performance.

CTS uses an adjusted earnings per share measure to evaluate overall performance, establish plans and perform strategic analysis. Using this measure avoids distortion in the evaluation of operating results by eliminating the impact of events which are not related to normal operating performance. Because this measure is based on the exclusion or inclusion of specific items, they may not be comparable to measures used by other companies which have similar titles. CTS' management compensates for this limitation when performing peer comparisons by evaluating both GAAP and non-GAAP financial measures reported by peer companies. CTS believes that this measure is useful to its management, investors and stakeholders in that it:

- provides a meaningful measure of CTS' operating performance,
- reflects the results used by management in making decisions about the business, and
- helps review and project CTS' performance over time.

Free cash flow is a non-GAAP financial measure. The most directly comparable GAAP financial measure is net cash provided by operating activities. CTS believes free cash flow is a useful measure of its ability to generate cash.

We recommend that investors consider both actual and adjusted measures in evaluating the performance of CTS with peer companies.