UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For The Quarterly Period Ended June 30, 2026

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the Transition Period from _____________ to

Commission File Number: 1-4639

CTS CORPORATION

(Exact name of registrant as specified in its charter)

IN	**35-0225010**
(State or other jurisdiction of incorporation or organization)	**(IRS Employer Identification Number)**
4925 Indiana Avenue	
Lisle IL	**60532**
(Address of principal executive offices)	**(Zip Code)**

Registrant's telephone number, including area code: (630) 577-8800

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Trading Symbol(s)	Name of Each Exchange on Which Registered
Common stock, without par value	CTS	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer", "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
Emerging growth company	☐		

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13 (a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of July 21, 2026: 28,556,195.

CTS CORPORATION AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS - UNAUDITED
(In thousands, except per share amounts)

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net sales	$ 144,780	$ 135,309	$ 284,010	$ 261,078
Cost of goods sold	84,732	82,878	168,976	162,099
Gross margin	60,048	52,431	115,034	98,979
Selling, general and administrative expenses	28,390	23,077	54,373	46,700
Research and development expenses	4,763	6,326	11,398	12,515
Restructuring charges	94	297	480	749
Operating earnings	26,801	22,731	48,783	39,015
Other (expense) income:				
Interest expense	(704)	(1,121)	(1,412)	(2,289)
Interest income	571	622	1,051	1,068
Other (expense) income, net	(430)	750	(511)	1,307
Total other (expense) income, net	(563)	251	(872)	86
Earnings before income taxes	26,238	22,982	47,911	39,101
Income tax expense	7,074	4,455	11,550	7,210
Net earnings	$ 19,164	$ 18,527	$ 36,361	$ 31,891
Earnings per share:				
Basic	$ 0.67	$ 0.62	$ 1.27	$ 1.07
Diluted	$ 0.66	$ 0.62	$ 1.26	$ 1.06
Basic weighted – average common shares outstanding:	28,580	29,739	28,634	29,875
Effect of dilutive securities	329	251	317	285
Diluted weighted – average common shares outstanding:	28,909	29,990	28,951	30,160
Cash dividends declared per share	$ 0.04	$ 0.04	$ 0.08	$ 0.08

See notes to unaudited condensed consolidated financial statements.

CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE EARNINGS - UNAUDITED

(In thousands)

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Net earnings	$ 19,164	$ 18,527	$ 36,361	$ 31,891
Other comprehensive (loss) earnings:				
Changes in fair market value of derivatives, net of tax	439	2,847	527	3,723
Changes in unrealized pension cost, net of tax	(10)	(123)	3	(109)
Cumulative translation adjustment, net of tax	(1,329)	8,024	(3,259)	12,672
Other comprehensive (loss) earnings	$ (900)	$ 10,748	$ (2,729)	$ 16,286
Comprehensive earnings	$ 18,264	$ 29,275	$ 33,632	$ 48,177

See notes to unaudited condensed consolidated financial statements.

CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

	(Unaudited) June 30, 2026	December 31, 2025
ASSETS		
Current Assets		
Cash and cash equivalents	$ 107,536	$ 82,295
Accounts receivable, net of allowance of $673 and $910, respectively	92,157	88,096
Inventories, net	59,588	52,854
Other current assets	27,099	29,461
Total current assets	286,380	252,706
Property, plant and equipment, net	89,113	89,741
Operating lease assets, net	32,142	22,542
Other Assets		
Goodwill	208,064	209,611
Other intangible assets, net	144,069	153,562
Deferred income taxes	21,566	25,110
Other	10,196	11,039
Total other assets	383,895	399,322
Total Assets	$ 791,530	$ 764,311
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Accounts payable	$ 49,955	$ 48,220
Operating lease obligations	4,377	3,453
Accrued payroll and benefits	19,279	20,732
Accrued expenses and other liabilities	36,174	37,283
Total current liabilities	109,785	109,688
Long-term debt	55,000	57,500
Long-term operating lease obligations	30,511	21,841
Long-term pension obligations	3,671	3,698
Deferred income taxes	12,531	12,800
Other long-term obligations	7,217	6,998
Total Liabilities	218,715	212,525
Commitments and Contingencies (Note 9)		
Shareholders' Equity		
Common stock	326,815	324,982
Additional contributed capital	43,208	43,303
Retained earnings	747,540	713,467
Accumulated other comprehensive income	11,019	13,748
Total shareholders' equity before treasury stock	1,128,582	1,095,500
Treasury stock	(555,767)	(543,714)
Total shareholders' equity	572,815	551,786
Total Liabilities and Shareholders' Equity	$ 791,530	$ 764,311

See notes to unaudited condensed consolidated financial statements.

CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
(In thousands)

	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 36,361	$ 31,891
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	17,589	17,045
Pension and other post-retirement plan expense	12	117
Stock-based compensation	4,016	2,263
Deferred income taxes	3,406	(84)
Change in fair value of contingent consideration liability	108	(1,523)
(Gain) loss on foreign currency hedges, net of cash	(213)	65
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(4,117)	(5,181)
Inventories	(6,994)	(2,960)
Operating lease assets	(9,600)	1,230
Other assets	1,061	1,404
Accounts payable	2,137	3,017
Accrued payroll and benefits	(1,822)	354
Operating lease liabilities	9,592	(1,282)
Accrued expenses and other liabilities	(774)	(2,402)
Pension and other post-retirement plans	(27)	(84)
Net cash provided by operating activities	50,735	43,870
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(9,577)	(7,745)
Short-term investments	2,888	—
Net cash used in investing activities	(6,689)	(7,745)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Payments of long-term debt	(342,200)	(541,700)
Proceeds from borrowings of long-term debt	339,700	537,400
Purchases of treasury stock	(11,967)	(22,995)
Dividends paid	(2,296)	(2,401)
Taxes paid on behalf of equity award participants	(1,941)	(2,655)
Net cash used in financing activities	(18,704)	(32,351)
Effect of exchange rate changes on cash and cash equivalents	(101)	1,332
Net increase in cash and cash equivalents	25,241	5,106
Cash and cash equivalents at beginning of period	82,295	94,334
Cash and cash equivalents at end of period	$ 107,536	$ 99,440
Supplemental cash flow information:		
Cash paid for interest	$ 1,288	$ 2,169
Cash paid for income taxes, net	$ 7,506	$ 7,092
Non-cash financing and investing activities:		
Capital expenditures incurred but not paid	$ 1,076	$ 1,700
Excise taxes on purchase of treasury stock incurred not paid	$ 88	$ 127

See notes to unaudited condensed consolidated financial statements.

CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY - UNAUDITED
(in thousands, except shares and per share amounts)

The following summarizes the changes in total equity for the three and six months ended June 30, 2026:

	Common Stock	Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balances at December 31, 2025	$ 324,982	$ 43,303	$ 713,467	$ 13,748	$ (543,714)	$ 551,786
Net earnings	—	—	17,197	—	—	17,197
Changes in fair market value of derivatives, net of tax	—	—	—	88	—	88
Changes in unrealized pension cost, net of tax	—	—	—	13	—	13
Cumulative translation adjustment, net of tax	—	—	—	(1,930)	—	(1,930)
Cash dividends of $0.04 per share	—	—	(1,146)	—	—	(1,146)
Acquired 176,909 shares of treasury stock	—	—	—	—	(8,616)	(8,616)
Issued shares on vesting of restricted stock units	1,595	(3,327)	—	—	—	(1,732)
Stock compensation	—	1,815	—	—	—	1,815
Balances at March 31, 2026	$ 326,577	$ 41,791	$ 729,518	$ 11,919	$ (552,330)	$ 557,475
Net earnings	—	—	19,164	—	—	19,164
Changes in fair market value of derivatives, net of tax	—	—	—	439	—	439
Changes in unrealized pension cost, net of tax	—	—	—	(10)	—	(10)
Cumulative translation adjustment, net of tax	—	—	—	(1,329)	—	(1,329)
Cash dividends of $0.04 per share	—	—	(1,142)	—	—	(1,142)
Acquired 63,530 shares of treasury stock	—	—	—	—	(3,437)	(3,437)
Issued shares on vesting of restricted stock units	238	(448)	—	—	—	(210)
Stock compensation	—	1,865	—	—	—	1,865
Balances at June 30, 2026	$ 326,815	$ 43,208	$ 747,540	$ 11,019	$ (555,767)	$ 572,815

See notes to unaudited condensed consolidated financial statements.

CTS CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY - UNAUDITED
(in thousands, except shares and per share amounts)

The following summarizes the changes in total equity for the three and six months ended June 30, 2025:

	Common Stock	Additional Contributed Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Total
Balances at December 31, 2024	$ 321,979	$ 44,662	$ 652,851	$ (4,266)	$ (487,018)	$ 528,208
Net earnings	—	—	13,367	—	—	13,367
Changes in fair market value of derivatives, net of tax	—	—	—	876	—	876
Changes in unrealized pension cost, net of tax	—	—	—	14	—	14
Cumulative translation adjustment, net of tax	—	—	—	4,648	—	4,648
Cash dividends of $0.04 per share	—	—	(1,201)	—	—	(1,201)
Acquired 143,541 shares of treasury stock	—	—	—	—	(6,472)	(6,472)
Issued shares on vesting of restricted stock units	2,656	(5,290)	—	—	—	(2,634)
Stock compensation	—	1,432	—	—	—	1,432
Balances at March 31, 2025	$ 324,635	$ 40,804	$ 665,017	$ 1,272	$ (493,490)	$ 538,238
Net earnings	—	—	18,527	—	—	18,527
Changes in fair market value of derivatives, net of tax	—	—	—	2,847	—	2,847
Changes in unrealized pension cost, net of tax	—	—	—	(123)	—	(123)
Cumulative translation adjustment, net of tax	—	—	—	8,024	—	8,024
Cash dividends of $0.04 per share	—	—	(1,184)	—	—	(1,184)
Acquired 411,650 shares of treasury stock	—	—	—	—	(16,651)	(16,651)
Issued shares on vesting of restricted stock units	47	(68)	—	—	—	(21)
Stock compensation	—	500	—	—	—	500
Balances at June 30, 2025	$ 324,682	$ 41,236	$ 682,360	$ 12,020	$ (510,141)	$ 550,157

See notes to unaudited condensed consolidated financial statements.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS - UNAUDITED

(in thousands, except for share and per share data)
June 30, 2026

NOTE 1 - Basis of Presentation

The accompanying condensed consolidated financial statements have been prepared by CTS Corporation ("CTS", "we", "our", "us" or the "Company"), without audit, pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been omitted pursuant to such rules and regulations. The unaudited condensed consolidated financial statements should be read in conjunction with the financial statements, notes thereto, and other information included in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

The accompanying unaudited condensed consolidated financial statements reflect, in the opinion of management, all adjustments (consisting of normal recurring items) necessary for a fair statement, in all material respects, of the financial position and results of operations for the periods presented. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ materially from those estimates. The results of operations for the interim periods are not necessarily indicative of the results for the entire year.

During the six months ended June 30, 2026, the Company entered into new agreements for the purchase of platinum used in the manufacturing process of certain products. The purchased platinum is presented in Property, plant and equipment, net on the Consolidated Balance Sheets. The platinum is not depreciated because it has very low physical loss and is repeatedly reclaimed and reused in our manufacturing process over a very long useful life. The physical loss of platinum in the manufacturing and reclamation process is treated as depletion and these losses are accounted for as a period expense based on actual units lost. Platinum is reviewed for impairment as part of our assessment of long-lived assets. This review considers all our platinum that is either in place in the production process; in reclamation, fabrication, or refinement in anticipation of re-use; or awaiting use to support increased capacity. Platinum is only acquired to support our operations and is not held for trading purposes.

There have been no material changes in the Company's significant accounting policies as compared to the significant accounting policies described in the Company's Annual Report on Form 10-K for the year ended December 31, 2025.

Accounting Pronouncements Recently Adopted

ASU No. 2025-05, *"Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets"*

In July 2025, the FASB issued ASU 2025-05, Financial Instruments—Credit Losses (Topic 326): Measurement of Credit Losses for Accounts Receivable and Contract Assets, which allows for a practical expedient election to assume that current conditions as of the balance sheet date do not change for the remaining life of the asset in the development of a reasonable and supportable forecast as part of estimating expected credit losses. The Company adopted ASU 2025-05 effective January 1, 2026 on a prospective basis and elected the practical expedient for the calculation of current expected credit losses. The adoption did not have a material effect on the Company's consolidated financial statements.

Recently Issued Accounting Pronouncements Not Yet Adopted

ASU No. 2024-03, "*Income Statement (Subtopic 220-40): Disaggregation of Income Statement Expenses"*

In November 2024, the FASB issued ASU 2024-03, Income Statement (Subtopic 220-40): Disaggregation of Income Statement Expenses, which requires additional information about certain expenses in the notes to the financial statements. ASU 2024-03 is effective for fiscal years beginning after December 15, 2026, with early adoption permitted. The standard can be applied either prospectively or retrospectively. The Company is currently evaluating the impact of adopting ASU 2024-03.

ASU No. 2025-06, "*Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software*"

In September 2025, the FASB issued ASU 2025-06, Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Targeted Improvements to the Accounting for Internal-Use Software, which is intended to improve the operability and application of guidance related to capitalized software development costs. ASU 2025-06 is effective for fiscal years beginning after December 15, 2027, with early adoption permitted. The Company is currently evaluating the impact of adopting ASU 2025-06.

NOTE 2 – Revenue Recognition

CTS designs and manufactures sensors, actuators, and electronic components for original equipment manufacturers and the U.S. Government. For our customer contracts, we determine the transaction price based on the consideration expected to be received by the Company in exchange for performing its obligations under the applicable contract. We allocate the transaction price to each distinct performance obligation to deliver a good or service, or a collection of goods and/or services, based on the relative standalone selling prices. We usually expect payment from our customers within 30 to 90 days from the shipping date or invoicing date, depending on our terms with the customer. None of our contracts as of June 30, 2026 contained a significant financing component. Differences between the amount of revenue recognized and the amount invoiced, collected from, or paid to our customers are recognized as contract assets or liabilities. Contract assets will be reviewed for impairment when events or circumstances indicate that they may not be recoverable.

To the extent the transaction price includes variable consideration, we estimate the amount of variable consideration that should be included in the transaction price utilizing the most likely value method based on an analysis of historical experience and current facts and circumstances, which may require significant judgment. Variable consideration is included in the transaction price if, in our judgment, it is probable that a significant future reversal of cumulative revenue under the contract will not occur.

Our revenue reserves contain uncertainties because they require management to make assumptions and to apply judgment to estimate the value of future credits to customers for product returns, price adjustments, and stock rotation adjustments. We base these estimates on the most likely value method considering all reasonably available information, including our historical experience and current expectations, and are reflected in the transaction price when sales are recorded.

Approximately 97% of our revenue is derived from contracts for sales of commercial products, which generally contain a single performance obligation. We generally recognize revenue at a point in time on the delivery date based on the shipping terms stipulated in the contract.

We also design, manufacture, and test products for certain customers under contracts that allow the customers to unilaterally terminate the contract for convenience, take control of any work in process, and pay us for costs incurred plus a reasonable profit. Revenue from these contracts is generally recognized over time as the work progresses, either as products are produced or services are rendered, because we generally do not have an alternative use for the completed assets produced and we have an enforceable right to payment for performance completed to date. These contracts may contain a single or multiple performance obligations. The accounting for these contracts involves applying significant judgment with respect to estimating total revenues, costs and profit for each performance obligation. We generally estimate revenue for these contracts using the costs incurred by the Company as we have determined that this method is the most representative of the Company's cumulative efforts relative to the total expected efforts to satisfy the performance obligations. Approximately 3% of the Company's revenue is recognized over time.

See Note 9, "Commitments and Contingencies" for information about our product warranties.

Contract Assets and Liabilities

Contract assets and liabilities included in our Condensed Consolidated Balance Sheets are as follows:

	As of		
	June 30, 2026	December 31, 2025	December 31, 2024
Contract Assets			
Unbilled customer receivables included in Other current assets	$ 5,968	$ 6,688	$ 4,104
Total Contract Assets	$ 5,968	$ 6,688	$ 4,104
Contract Liabilities			
Customer advance payments included in Accrued expenses and other liabilities	$ (1,007)	$ (1,633)	$ (910)
Total Contract Liabilities	$ (1,007)	$ (1,633)	$ (910)

The revenue recognized during the six months ended June 30, 2026 and 2025 that was in contract liabilities at the beginning of the period amounted to $606 and $100, respectively.

Disaggregated Revenue

The following table presents revenues disaggregated by the major markets we serve:

	Three months ended		Six months ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Transportation	$ 59,251	$ 60,674	$ 119,409	$ 119,163
Industrial	39,508	34,110	76,647	66,558
Medical	27,849	19,177	52,366	38,308
Aerospace & Defense	18,172	21,348	35,588	37,049
Total	$ 144,780	$ 135,309	$ 284,010	$ 261,078

NOTE 3 – Accounts Receivable, net

The components of accounts receivable, net are as follows:

	As of	
	June 30, 2026	December 31, 2025
Accounts receivable, gross	$ 92,830	$ 89,006
Less: Allowance for credit losses	(673)	(910)
Accounts receivable, net	$ 92,157	$ 88,096

	As of	
	June 30, 2025	December 31, 2024
Accounts receivable, gross	$ 86,558	$ 78,379
Less: Allowance for credit losses	(980)	(730)
Accounts receivable, net	$ 85,578	$ 77,649

NOTE 4 – Inventories, net

Inventories, net consists of the following:

	As of	
	June 30, 2026	December 31, 2025
Finished goods	$ 11,810	$ 11,390
Work-in-process	26,692	24,404
Raw materials	34,326	30,726
Less: Inventory reserves	(13,240)	(13,666)
Inventories, net	$ 59,588	$ 52,854

NOTE 5 – Property, Plant and Equipment, net

Property, plant and equipment, net is comprised of the following:

	As of	
	June 30, 2026	December 31, 2025
Land and land improvements	$ 399	$ 399
Buildings and improvements	74,402	73,248
Machinery and equipment[1]	283,204	276,416
Less: Accumulated depreciation	(268,892)	(260,322)
Property, plant and equipment, net	$ 89,113	$ 89,741

(1) Includes $4,637 of platinum which is depleted based on actual usage. See Note 1, "Basis of Presentation," for further discussion.

Depreciation expense for the three months ended June 30, 2026 and June 30, 2025 was $4,750 and $4,508, respectively. Depreciation expense for the six months ended June 30, 2026 and June 30, 2025 was $9,522 and $8,970, respectively.

NOTE 6 – Goodwill and Other Intangible Assets

Goodwill

Changes in the net carrying amount of goodwill were as follows:

	Total
Goodwill as of December 31, 2025	$ 209,611
Foreign exchange impact	(1,547)
Goodwill as of June 30, 2026	$ 208,064

Other Intangible Assets

Other intangible assets, net consist of the following components:

	As of June 30, 2026		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer lists/relationships	$ 215,153	$ (92,475)	$ 122,678
Technology and other intangibles	61,933	(40,542)	21,391
Other intangible assets, net	$ 277,086	$ (133,017)	$ 144,069

	As of December 31, 2025		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Customer lists/relationships	$ 216,927	$ (86,526)	$ 130,401
Technology and other intangibles	62,167	(39,006)	23,161
Other intangible assets, net	$ 279,094	$ (125,532)	$ 153,562

Amortization expense for the three months ended June 30, 2026 and June 30, 2025 was $4,029 and $4,044, respectively. Amortization expense for the six months ended June 30, 2026 and June 30, 2025 was $8,067 and $8,075, respectively.

Remaining amortization expense for other intangible assets as of June 30, 2026 is as follows:

	Amortization expense
Remaining 2026	$ 8,003
2027	15,947
2028	15,912
2029	14,744
2030	14,570
Thereafter	74,893
Total amortization expense	$ 144,069

NOTE 7 – Costs Associated with Exit and Restructuring Activities

Restructuring charges are reported as a separate line within operating earnings in the Condensed Consolidated Statements of Earnings.

Total restructuring charges are as follows:

	Three Months Ended	
	June 30, 2026	June 30, 2025
Restructuring charges	$ 94	$ 297

	Six Months Ended	
	June 30, 2026	June 30, 2025
Restructuring charges	$ 480	$ 749

During the three months ended June 30, 2026, we incurred total restructuring charges of $94, comprised of $74 and $20 in workforce reduction costs and building and equipment relocation costs, respectively. During the six months ended June 30, 2026, we incurred total restructuring charges of $480, comprised of $460 and $20 in workforce reduction and building and equipment relocation costs, respectively. The workforce reduction charges incurred are for restructuring activities used to adjust our business in response to reduced demand across certain locations and products. Restructuring charges incurred in relation to building and equipment relocation costs and other charges are for activities intended to consolidate operations across our site locations. The remaining liability associated with our restructuring actions was $89 and $192 at June 30, 2026 and December 31, 2025, respectively.

The following table displays the restructuring liability activity included in accrued expenses and other liabilities for the six months ended June 30, 2026:

Restructuring liability at December 31, 2025	$ 192
Restructuring charges	480
Costs paid	(583)
Restructuring liability at June 30, 2026	$ 89

NOTE 8 – Accrued Expenses and Other Liabilities

The components of accrued expenses and other liabilities are as follows:

	As of June 30, 2026	As of December 31, 2025
Accrued product-related costs	$ 2,124	$ 1,789
Accrued income taxes	7,737	7,175
Accrued property and other taxes	1,166	1,071
Accrued professional fees	1,263	1,454
Accrued customer-related liabilities	1,735	2,602
Dividends payable	1,142	1,151
Remediation reserves	16,468	16,450
Derivative liabilities	372	786
Other accrued liabilities	4,167	4,805
Total accrued expenses and other liabilities	$ 36,174	$ 37,283

NOTE 9 – Commitments and Contingencies

Certain processes in the manufacture of our current and past products may create by-products classified as hazardous waste. As a result, we have been notified by the U.S. Environmental Protection Agency ("EPA"), state environmental agencies and in some cases, groups of potentially responsible parties, that we may be potentially liable for environmental contamination at several sites currently or formerly owned or operated by us. Currently, none of these costs and accruals relate to sites that provide revenue generating activities for the Company. Two of those sites, Asheville, North Carolina (the "Asheville Site") and Mountain View, California, are designated National Priorities List sites under the EPA's Superfund program. We accrue a liability for probable remediation activities, claims, and proceedings against us with respect to environmental matters if the amount can be reasonably estimated, and provide disclosures including the nature of a loss whenever it is probable or reasonably possible that a potentially material loss may have occurred but cannot be estimated. We record contingent loss accruals on an undiscounted basis.

A roll-forward of remediation reserves included in accrued expenses and other liabilities on the Condensed Consolidated Balance Sheets is comprised of the following:

	As of June 30, 2026	As of December 31, 2025
Balance at beginning of period	$ 16,450	$ 12,192
Remediation expense	647	5,465
Net remediation payments	(629)	(1,213)
Other activity(1)	-	6
Balance at end of the period	$ 16,468	$ 16,450

(1) Other activity includes currency translation adjustments not recorded to remediation expense.

The Company operates under and in accordance with a federal consent decree, dated March 7, 2017, with the EPA for the Asheville Site. On February 8, 2023, the Company received a letter from the EPA (the "EPA Letter") seeking reimbursement of its past response costs and interest thereon relating to any release or threatened release of hazardous substances at the Asheville Site in the aggregate amount of $9,955 from the three potentially responsible parties associated with the Asheville Site, including the Company. Subsequently, the Department of Justice (the "DOJ") re-evaluated the EPA's past response costs and interest thereon and adjusted the amount of the costs to $8,288. On October 3, 2025, the Company presented a settlement offer as part of pre-litigation mediation and on March 16, 2026, the Company, the other potentially responsible parties, and the EPA agreed in principle on a settlement agreement in the amount of $7,610 (plus additional interest accrued on the unpaid principal from the settlement date) subject to final approval by the EPA, including a notice and comment period. The Company has updated the estimate of its portion of the settlement agreement to be $6,711, which has been recorded as of June 30, 2026. As of December 31, 2025 the liability recorded for the Asheville Site was $6,575.

Unrelated to the environmental claims described above, certain other legal claims are pending against us with respect to matters arising out of the ordinary conduct of our business.

We provide product warranties when we sell our products and accrue for estimated liabilities at the time of sale. Warranty estimates are forecasts based on the best available information and historical claims experience. We accrue for specific warranty claims if we believe that the facts of a specific claim make it probable that a liability in excess of our historical experience has been incurred, and provide disclosures for specific claims whenever it is reasonably possible that a material loss may be incurred which cannot be estimated.

We cannot provide assurance that the ultimate disposition of environmental, legal, and product warranty claims will not materially exceed the amount of our accrued losses and adversely impact our consolidated financial position, results of operations, or cash flows. Our accrued liabilities and disclosures will be adjusted accordingly if additional information becomes available in the future.

NOTE 10 - Debt

Long-term debt is comprised of the following:

	As of	
	June 30, 2026	December 31, 2025
Total credit facility	$ 300,000	$ 300,000
Balance outstanding	55,000	57,500
Standby letters of credit	1,540	1,640
Amount available, subject to covenant restrictions	$ 243,460	$ 240,860
Weighted-average interest rate	4.73%	5.48%

On November 24, 2025, we entered into a five-year revolving credit agreement (the "Revolving Credit Facility") with a group of banks for a total credit facility availability of $300,000, which may be increased by at least $125,000 pursuant to the Revolving Credit Facility subject to the administrative agent's approval. The Revolving Credit Facility is unsecured and replaced the prior $400,000 revolving credit facility, which would have expired on December 15, 2026. The Revolving Credit Facility matures on November 24, 2030 and modified the financial and non-financial covenants to provide the Company additional flexibility.

Borrowings in U.S. dollars under the Revolving Credit Facility bear interest, at a per annum rate equal to the applicable Term SOFR rate (but not less than 0.0%), plus the Term SOFR adjustment, plus an applicable margin, which ranges from 1.00% to 1.75%, based on our net leverage ratio. Similarly, borrowings of alternative currencies under the Revolving Credit Facility bear interest equal to a defined risk-free reference rate, plus the applicable risk-free rate adjustment plus an applicable margin, which ranges from 1.00% to 1.75%, based on our net leverage ratio. We use interest rate swaps to convert a portion of our revolving credit facility's outstanding balance from a variable rate of interest to a fixed rate. The contractual rate of these arrangements ranges from 2.45% to 3.36%. Refer to Note 11, "Derivative Financial Instruments," for further discussion on the impact of interest rate swaps.

The Revolving Credit Facility includes a swing line sublimit of $20,000, letter of credit sublimit of $20,000, and an alternative currency sublimit of $150,000. We also pay a quarterly commitment fee on the unused portion of the Revolving Credit Facility. The commitment fee ranges from 0.175% to 0.25% based on our net leverage ratio.

The Revolving Credit Facility requires, in addition to customary representations and warranties, that we comply with a maximum net leverage ratio and a minimum interest coverage ratio. Failure to comply with these covenants could reduce the borrowing availability under the Revolving Credit Facility. We were in compliance with all debt covenants at June 30, 2026. The Revolving Credit Facility requires that we deliver quarterly financial statements, annual financial statements, auditor certifications, and compliance certificates within a specified number of days after the end of a quarter and year. Additionally, the Revolving Credit Facility contains restrictions limiting our ability to: dispose of assets; incur certain additional debt; repay other debt or amend subordinated debt instruments; create liens on assets; make investments, loans or advances; make acquisitions or engage in mergers or consolidations; engage in certain transactions with our subsidiaries and affiliates; and make stock repurchases and dividend payments.

We have debt issuance costs related to our long-term debt that are being amortized using the straight-line method over the life of the debt, which approximates the effective interest method. Amortization expense for three and six months ended June 30, 2026 was $61 and $123, respectively. Amortization expense for the three and six months ended June 30, 2025 was $48 and $97, respectively. These costs are included in interest expense in our Consolidated Statements of Earnings.

Note 11 - Derivative Financial Instruments

Our earnings and cash flows are subject to fluctuations due to changes in foreign currency exchange rates and interest rates. We selectively use derivative financial instruments including foreign currency forward contracts as well as interest rate and cross-currency swaps to manage our exposure to these risks.

The use of derivative financial instruments exposes the Company to credit risk, which relates to the risk of nonperformance by a counterparty to the derivative contracts. We manage our credit risk by entering into derivative contracts with only highly-rated financial institutions and by using netting agreements.

The effective portion of derivative gains and losses is recorded in accumulated other comprehensive income (loss) until the hedged transaction affects earnings upon settlement, at which time it is reclassified to cost of goods sold or net sales. If it is probable that an anticipated hedged transaction will not occur by the end of the originally specified time period, we reclassify the gains or losses related to that hedge from accumulated other comprehensive income (loss) to other (expense) income, net.

We assess hedge effectiveness qualitatively by verifying that the critical terms of the hedging instrument and the forecasted transaction continue to match, and that there have been no adverse developments that have increased the risk that the counterparty will default. No recognition of ineffectiveness was recorded in our Condensed Consolidated Statements of Earnings for the three and six months ended June 30, 2026.

Foreign Currency Hedges

We use forward contracts to mitigate currency risk related to a portion of our forecasted foreign currency revenues and costs. The currency forward contracts are designed as cash flow hedges and are recorded in the Condensed Consolidated Balance Sheets at fair value.

We continue to monitor the Company's overall currency exposure and may elect to add cash flow hedges in the future. At June 30, 2026, we had a net unrealized gain of $4,959 in accumulated other comprehensive income (loss), $4,415 of which is expected to be reclassified to earnings within the next 12 months. The notional amount of foreign currency forward contracts outstanding was $63,972 at June 30, 2026.

Interest Rate Swaps

We use interest rate swaps to convert a portion of our Revolving Credit Facility's outstanding balance from a variable rate of interest to a fixed rate. As of June 30, 2026, we have agreements to fix interest rates on $50,000 of long-term debt until December 2030. The difference to be paid or received under the terms of the swap agreements will be recognized as an adjustment to interest expense when settled.

These swaps are treated as cash flow hedges and consequently, the changes in fair value are recorded in other comprehensive earnings (loss). The estimated net amount of the existing gains that are reported in accumulated other comprehensive income (loss) that are expected to be reclassified into earnings within the next twelve months is approximately $500.

Cross-Currency Swap

The Company has operations and investments in various international locations and is subject to risks associated with changing foreign exchange rates. In order to hedge the Krone-based purchase price for the acquisition of Ferroperm Piezoceramics, A.S. ("Ferroperm"), the Company entered into a cross-currency interest rate swap agreement on June 27, 2022 that synthetically swapped $25,000 of variable rate debt to Krone denominated variable rate debt. Upon completion of the Ferroperm acquisition on June 30, 2022, the transaction was designated as a net investment hedge for accounting purposes and will mature on June 30, 2027.

Accordingly, any gains or losses on this derivative instrument are included in the foreign currency translation component of other comprehensive earnings (loss) until the net investment is sold, diluted or liquidated. As of June 30, 2026, we had a net unrealized loss of $1,498 in accumulated other comprehensive income (loss). Interest payments received for the cross-currency swap are excluded from the net investment hedge effectiveness assessment and are recorded in interest expense in the Condensed Consolidated Statements of Earnings. The assumptions used in measuring fair value of the cross-currency swap are considered level 2 inputs, which are based upon the Krone to U.S. Dollar exchange rate market.

The location and fair values of derivative instruments designated as hedging instruments in the Condensed Consolidated Balance Sheets as of June 30, 2026, are shown in the following table:

	As of	
	June 30, 2026	December 31, 2025
Interest rate swaps reported in Other current assets	$ 500	$ 455
Interest rate swaps reported in Other assets	723	-
Cross-currency swap reported in Accrued expenses and other liabilities	(372)	(786)
Foreign currency hedges reported in Other current assets	4,707	4,767

The Company has elected to net its foreign currency derivative assets and liabilities in the balance sheet in accordance with ASC 210-20 (*Balance Sheet, Offsetting*). On a gross basis, there were foreign currency derivative assets of $4,710 and foreign currency derivative liabilities of $3 at June 30, 2026.

The effect of derivative instruments on the Condensed Consolidated Statements of Earnings is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Foreign Exchange Contracts:				
Amounts reclassified from AOCI to earnings:				
Net sales	$ (148)	$ (232)	$ (416)	$ (272)
Cost of goods sold	1,882	(315)	3,492	(946)
Total net gain (loss) reclassified from AOCI to earnings	1,734	(547)	3,076	(1,218)
Total derivative gain (loss) on foreign exchange contracts recognized in earnings	$ 1,734	$ (547)	$ 3,076	$ (1,218)
Interest Rate Swaps:				
Income recorded in Interest expense	$ 151	$ 236	$ 305	$ 471
Cross-Currency Swap:				
Income recorded in Interest expense	$ 41	$ 6	$ 84	$ 78
Total net gain (loss) on derivatives	$ 1,926	$ (305)	$ 3,465	$ (669)

NOTE 12 – Accumulated Other Comprehensive Income (Loss)

Shareholders' equity includes certain items classified as accumulated other comprehensive income (loss) ("AOCI") in the Condensed Consolidated Balance Sheets, including:

- **Unrealized gains (losses) on hedges** relate to interest rate swaps to convert a portion of our Revolving Credit Facility's outstanding balance from a variable rate of interest into a fixed rate, foreign currency forward contracts used to hedge our exposure to changes in exchange rates affecting certain revenues and costs denominated in foreign currencies, as well as a cross-currency swap that synthetically converts our U.S. Dollar variable rate debt to Krone denominated variable rate debt. These hedges are designated as cash flow hedges, and we have deferred income statement recognition of gains and losses until the hedged transactions occur, at which time amounts are reclassified into earnings. Further information related to our derivative financial instruments is included in Note 11 – "Derivative Financial Instruments" and Note 15 – "Fair Value Measurements".
- **Unrealized gains (losses) on pension obligations** are deferred from income statement recognition until the gains or losses are realized. Amounts reclassified to income from AOCI are included in net periodic pension income (expense).
- **Cumulative translation adjustments** relate to our non-U.S. subsidiary companies that have designated a functional currency other than the U.S. Dollar. We are required to translate the subsidiary functional currency financial statements to dollars using a combination of historical, period-end, and average foreign exchange rates. This combination of rates creates the foreign currency translation adjustment component of other comprehensive earnings (loss).

Changes in exchange rates between the functional currency and the currency in which a transaction is denominated are foreign exchange transaction gains or losses. Transaction losses for the three and six months ended June 30, 2026 were $(432) and $(512), respectively. Transaction gains for the three and six months ended June 30, 2025 were $770 and $1,304, respectively. The impact of these changes are included in Other (expense) income in the Condensed Consolidated Statements of Earnings.

The components of accumulated other comprehensive income (loss) for the three months ended June 30, 2026, are as follows:

	As of March 31, 2026	Gain (Loss) Recognized in OCI	(Gain) Loss Reclassified from AOCI to Earnings	As of June 30, 2026
Changes in fair market value of derivatives:				
Gross	$ 5,607	$ 2,458	$ (1,885)	$ 6,180
Income tax (expense) benefit	(1,327)	(578)	444	(1,461)
Net	4,280	1,880	(1,441)	4,719
Changes in unrealized pension cost:				
Gross	(289)	—	(20)	(309)
Income tax benefit	262	—	10	272
Net	(27)	—	(10)	(37)
Cumulative translation adjustment:				
Gross	7,666	(1,329)	—	6,337
Income tax benefit (expense)	—	—	—	—
Net	7,666	(1,329)	—	6,337
Total accumulated other comprehensive income (loss)	$ 11,919	$ 551	$ (1,451)	$ 11,019

The components of accumulated other comprehensive income (loss) for the three months ended June 30, 2025 are as follows:

	As of March 31, 2025	Gain (Loss) Recognized in OCI	(Gain) Loss Reclassified from AOCI to Earnings	As of June 30, 2025
Changes in fair market value of derivatives:				
Gross	$ (585)	$ 3,410	$ 311	$ 3,136
Income tax benefit (expense)	128	(801)	(73)	(746)
Net	(457)	2,609	238	2,390
Changes in unrealized pension cost:				
Gross	(395)	—	(128)	(523)
Income tax benefit	300	—	5	305
Net	(95)	—	(123)	(218)
Cumulative translation adjustment:				
Gross	1,824	8,024	—	9,848
Income tax benefit (expense)	—	—	—	—
Net	1,824	8,024	—	9,848
Total accumulated other comprehensive income (loss)	$ 1,272	$ 10,633	$ 115	$ 12,020

The components of accumulated other comprehensive income (loss) for the six months ended June 30, 2026 are as follows:

	As of December 31, 2025	Gain (Loss) Recognized in OCI	(Gain) Loss Reclassified from AOCI to Earnings	As of June 30, 2026
Changes in fair market value of derivatives:				
Gross	$ 5,492	$ 4,070	$ (3,382)	$ 6,180
Income tax (expense) benefit	(1,300)	(956)	795	(1,461)
Net	4,192	3,114	(2,587)	4,719
Changes in unrealized pension cost:				
Gross	(301)	—	(8)	$ (309)
Income tax benefit (expense)	261	—	11	272
Net	(40)	—	3	(37)
Cumulative translation adjustment:				
Gross	9,596	(3,259)	—	$ 6,337
Income tax benefit (expense)	—	—	—	—
Net	9,596	(3,259)	—	6,337
Total accumulated other comprehensive income (loss)	$ 13,748	$ (145)	$ (2,584)	$ 11,019

The components of accumulated other comprehensive income (loss) for the six months ended June 30, 2025 are as follows:

	As of December 31, 2024	Gain (Loss) Recognized in OCI	(Gain) Loss Reclassified from AOCI to Earnings	As of June 30, 2025
Changes in fair market value of derivatives:				
Gross	$ (1,730)	$ 4,118	$ 748	$ 3,136
Income tax benefit (expense)	397	(968)	(175)	(746)
Net	(1,333)	3,150	573	2,390
Changes in unrealized pension cost:				
Gross	(409)	—	(114)	(523)
Income tax benefit (expense)	300	—	5	305
Net	(109)	—	(109)	(218)
Cumulative translation adjustment:				
Gross	(2,824)	12,672	—	9,848
Income tax benefit (expense)	—	—	—	—
Net	(2,824)	12,672	—	9,848
Total accumulated other comprehensive (loss) income	$ (4,266)	$ 15,822	$ 464	$ 12,020

NOTE 13 – Shareholders' Equity

Share count and par value data related to shareholders' equity are as follows:

	As of	
	June 30, 2026	December 31, 2025
Preferred Stock		
Par value per share	No par value	No par value
Shares authorized	25,000,000	25,000,000
Shares outstanding	—	—
Common Stock		
Par value per share	No par value	No par value
Shares authorized	75,000,000	75,000,000
Shares issued	57,677,689	57,628,332
Shares outstanding	28,567,018	28,758,100
Treasury stock		
Shares held	29,110,671	28,870,232

In November 2025, our Board of Directors approved a new share repurchase program authorizing the Company to repurchase up to $100,000 of its common stock ("2025 Repurchase Program"). This program replaces the prior share repurchase program that was approved in February 2024. The 2025 Repurchase Program has no set expiration date and authorizes repurchases from time to time in the open market (including, without limitation, the use of Rule 10b5-1 plans), or through privately negotiated transactions, and repurchases will depend on various factors, including our evaluation of general market and economic conditions, our financial condition and the trading price of our common stock. The 2025 Repurchase Program may be extended, modified, suspended or discontinued at any time.

During the three and six months ended June 30, 2026, 63,530 and 240,439 shares of common stock were repurchased for $3,457 and $12,101, respectively. During the three and six months ended June 30, 2025, 411,650 and 555,191 shares of common stock were repurchased for $16,694 and $23,345, respectively. As of June 30, 2026, approximately $78,266 remains available for future purchases.

We are subject to a 1% excise tax on stock repurchases under the United States Inflation Reduction Act of 2022 which we include in the cost of stock repurchases as a reduction of shareholders' equity. As of June 30, 2026 and December 31, 2025, we had $115 and $517, respectively, recorded in Accrued expenses and other liabilities in the Consolidated Balance Sheet.

A roll-forward of common shares outstanding is as follows:

	Six Months Ended	
	June 30, 2026	June 30, 2025
Balance at the beginning of the year	28,758,100	30,026,045
Repurchases	(240,439)	(555,191)
Restricted share issuances	49,357	77,883
Balance at the end of the period	28,567,018	29,548,737

Certain restricted stock units are excluded from diluted earnings per share because they are anti-dilutive. The number of outstanding awards that were anti-dilutive shares for the three and six months ended June 30, 2026 was 72 and 113. The number of outstanding awards that were anti-dilutive for the three and six months ended June 30, 2025 was 3,652 and 908.

NOTE 14 - Stock-Based Compensation

At June 30, 2026, we had five active stock-based compensation plans: the Non-Employee Directors' Stock Retirement Plan ("Directors' Plan"); the 2004 Omnibus Long-Term Incentive Plan ("2004 Plan"); the 2009 Omnibus Equity and Performance Incentive Plan ("2009 Plan"); the 2014 Performance and Incentive Compensation Plan ("2014 Plan"); and the 2018 Equity and Incentive Compensation Plan ("2018 Plan"). Future grants can only be made under the 2018 Plan.

The 2018 Plan allows for grants of stock options, stock appreciation rights, restricted stock, restricted stock units ("RSUs"), performance shares, performance units, and other stock awards subject to its terms.

The following table summarizes the compensation expense included in selling, general and administrative expenses in the Condensed Consolidated Statements of Earnings related to stock-based compensation plans:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Service-based RSUs	$ 1,066	$ 643	$ 2,070	$ 1,591
Performance-based RSUs	799	(143)	1,610	341
Cash-settled RSUs	139	116	336	331
Total	$ 2,004	$ 616	$ 4,016	$ 2,263
Income tax benefit	471	145	944	532
Net expense	$ 1,533	$ 471	$ 3,072	$ 1,731

The following table summarizes the unrecognized compensation expense related to unvested RSUs by type and the weighted-average period in which the expense is to be recognized:

	Unrecognized Compensation Expense at June 30, 2026	Weighted-Average Period (years)
Service-based RSUs	$ 4,016	1.47
Performance-based RSUs	5,460	2.08
Total	$ 9,476	1.82

We recognize expense on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

The following table summarizes the status of these plans as of June 30, 2026:

	2018 Plan	2014 Plan	2009 Plan	2004 Plan	Directors' Plan
Awards originally available	2,500,000	1,500,000	3,400,000	6,500,000	N/A
Maximum potential awards outstanding	732,428	35,100	30,000	14,545	4,722
RSUs and cash-settled awards vested and released	874,505	—	—	—	—
Awards available for grant	893,067	—	—	—	—

Service-Based Restricted Stock Units

The following table summarizes the service-based RSU activity for the six months ended June 30, 2026:

	Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2025	320,640	$ 34.82
Granted	60,116	56.75
Vested and released	(60,407)	44.75
Forfeited	(2,764)	47.50
Outstanding at June 30, 2026	317,585	$ 37.00
Releasable at June 30, 2026	169,267	$ 26.42

Performance-Based Restricted Stock Units

The following table summarizes the performance-based RSU activity for the six months ended June 30, 2026:

	Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2025	200,598	$ 44.07
Granted	72,620	57.09
Attained by performance	5,400	43.80
Released	(24,466)	43.80
Forfeited	(31,373)	43.59
Outstanding at June 30, 2026	222,779	$ 48.44
Releasable at June 30, 2026	—	$ —

Cash-Settled Restricted Stock Units

Cash-Settled RSUs entitle the holder to receive the cash equivalent of one share of common stock for each unit when the unit vests. These RSUs are issued to key employees residing in foreign locations as direct compensation. Generally, these RSUs vest over a three-year period. Cash-Settled RSUs are classified as liabilities and are remeasured at each reporting date until settled. At June 30, 2026 and December 31, 2025, we had 36,695 and 39,661 cash-settled RSUs outstanding, respectively. At June 30, 2026 and December 31, 2025 liabilities of $446 and $594, respectively, were included in Accrued expenses and other liabilities on our Condensed Consolidated Balance Sheets.

NOTE 15 - Fair Value Measurements

The table below summarizes our financial assets and liabilities that were measured at fair value on a recurring basis as of June 30, 2026:

	Asset (Liability) Carrying Value at June 30, 2026	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swaps	$ 1,223	$ —	$ 1,223	$ —
Foreign currency hedges	$ 4,707	$ —	$ 4,707	$ —
Cross-currency swap	$ (372)	$ —	$ (372)	$ —
Qualified replacement plan assets	$ 7,439	$ 7,439	$ —	$ —
Contingent consideration	$ (3,561)	$ —	$ —	$ (3,561)

The table below summarizes the financial assets and liabilities that were measured at fair value on a recurring basis as of December 31, 2025:

	Asset (Liability) Carrying Value at December 31, 2025	Quoted Prices in Active Markets for Identical (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Interest rate swaps	$ 455	$ —	$ 455	$ —
Foreign currency hedges	$ 4,767	$ —	$ 4,767	$ —
Cross-currency swap	$ (786)	$ —	$ (786)	$ —
Qualified replacement plan assets	$ 8,991	$ 8,991	$ —	$ —
Contingent consideration	$ (3,453)	$ —	$ —	$ (3,453)

We use interest rate swaps to convert a portion of our Revolving Credit Facility's outstanding balance from a variable rate of interest into a fixed rate and foreign currency forward contracts to hedge the effect of foreign currency changes on certain revenues and costs denominated in foreign currencies. The Company entered into a cross-currency swap agreement in order to manage its exposure to changes in interest rates related to foreign debt. These derivative financial instruments are measured at fair value on a recurring basis. The fair value of our interest rate swaps and foreign currency hedges were measured using standard valuation models using market-based observable inputs over the contractual terms, including forward yield curves, among others. There is a readily determinable market for these derivative instruments, but that market is not active and therefore they are classified within Level 2 of the fair value hierarchy.

The fair value of the contingent consideration requires significant judgment. The Company's fair value estimates used in the contingent consideration valuation are considered Level 3 fair value measurements. The fair value estimates were based on assumptions management believes to be reasonable, but that are inherently uncertain, including estimates of future revenues and timing of events and activities that are expected to take place.

A roll-forward of the contingent consideration is as follows:

	Contingent Consideration
Balance at December 31, 2025	$ 3,453
Change in fair value	108
Balance at June 30, 2026	$ 3,561

As of June 30, 2026, $3,561 was recorded in Other long-term obligations on our Condensed Consolidated Balance Sheets.

Our long-term debt consists of the Revolving Credit Facility, which is recorded at its carrying value. There is a readily determinable market for our long-term debt and it is classified within Level 2 of the fair value hierarchy as the market is not deemed to be active. The fair value of long-term debt approximates its carrying value and was determined by valuing a similar hypothetical coupon bond and attributing that value to our long-term debt under the Revolving Credit Facility.

The qualified replacement plan assets consist of investment funds maintained for future contributions to the Company's U.S. 401(k) program. The investments are Level 1 marketable securities and are recorded in Other Assets on our Condensed Consolidated Balance Sheets.

NOTE 16 - Income Taxes

The effective income tax rates for the three and six months ended June 30, 2026 and 2025 are as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Effective tax rate	27.0%	19.4%	24.1%	18.4%

Our effective income tax rate was 27.0% and 19.4% in the second quarter of 2026 and 2025, respectively. The increase in the effective income tax rate is primarily attributable to the establishment of valuation allowances against certain tax credits. The second quarter 2026 effective income tax rate was higher than the U.S. statutory federal tax rate for this same reason. The second quarter 2025 effective income tax rate was lower than the U.S. statutory federal tax rate primarily due to foreign earnings that are taxed at lower rates.

Our effective income tax rate was 24.1% and 18.4% in the six months ended June 30, 2026 and 2025, respectively. The increase in the effective income tax rate is primarily attributable to the establishment of valuation allowances against certain tax credits. The effective income tax rate in the first six months of 2026 was higher than the U.S. statutory federal income tax rate for this same reason. The effective income tax rate in the first six months of 2025 was lower than the U.S. statutory federal income tax rate primarily due to foreign earnings that are taxed at lower rates and tax benefits recorded upon the vesting of restricted stock units.

NOTE 17 - Segment Information

The Company designs, manufactures, and sells a broad line of sensors, connectivity components, and actuators across multiple end markets in North America, Asia, and Europe. Our Chief Operating Decision Maker ("CODM"), who is our Chief Executive Officer, analyzes the results of our business through one reportable segment. Our CODM evaluates the operating results and performance through Net earnings, which are reported on the Consolidated Statements of Earnings. These financial metrics are used to view operating trends, perform analytical comparisons and benchmark performance between periods and to monitor budget-to-actual variances on a monthly basis. To manage operations and make decisions regarding resources, our CODM is regularly provided and reviews expense information at a consolidated level for our Cost of goods sold, Selling, general, and administrative expenses and Research and Development expenses, which are reported on the Consolidated Statements of Earnings. As part of our strategic planning and annual operating plan, a focus is on sales growth, diversification, and profitability. The measure of segment assets is reported on the Consolidated Balance Sheet as Total Assets, but the CODM does not use discrete balance sheet information in assessing performance and allocating resources.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations (“MD&A”)
(in thousands, except percentages and per share amounts)

The following discussion should be read in conjunction with our unaudited Condensed Consolidated Financial Statements and notes included under Item 1, as well as our Consolidated Financial Statements and notes and related Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 10-K for the year ended December 31, 2025.

Overview

CTS is a global manufacturer of sensors, connectivity components, and actuators. CTS was established in 1896 as a provider of high-quality telephone products and was incorporated as an Indiana corporation in February 1929. Our principal executive offices are located in Lisle, Illinois.

We design, manufacture, and sell a broad line of sensors, connectivity components, and actuators primarily to original equipment manufacturers (“OEMs”), tier one suppliers and distributors for the aerospace and defense, industrial, medical, and transportation markets, and the U.S. Government. Our vision is to be a leading provider of sensing and motion devices as well as connectivity components, enabling an intelligent and seamless world. These devices are categorized by their ability to Sense, Connect or Move. Sense products provide vital inputs to electronic systems. Connect products allow systems to function in synchronization with other systems. Move products ensure required movements are effectively and accurately executed. We are committed to achieving our vision by continuing to invest in the development of products, technologies, and talent within these categories.

We operate manufacturing facilities in North America, Asia, and Europe. Sales and marketing are accomplished through our sales engineers. We also utilize independent manufacturers' representatives and distributors to extend our sales capability.

There is an increasing proliferation of sensing and motion applications within various markets we serve. In addition, the increasing connectivity of various devices to the internet results in greater demand for communication bandwidth and data storage, increasing the need for our connectivity products. Our success is dependent on the ability to execute our strategy to support these trends. We are subject to a number of challenges including, without limitation, periodic market softness, competition from other suppliers, changes in technology, and changes in the economy generally, including inflationary and/or recessionary conditions and increased tariffs, as well as the ability to add new customers, launch new products or penetrate new markets. Many of these, and other risks and uncertainties relating to the Company and our business, are discussed in further detail in Item 1A. of our Annual Report on Form 10-K and other filings made with the SEC.

Recent Developments

On June 25, 2026 we announced the promotion of Pratik Trivedi to President and Chief Executive Officer, effective July 6, 2026. Mr. Trivedi succeeds Kieran O’Sullivan, who will remain on the Board of Directors (the “Board”) and serve as Executive Chair. Mr. Trivedi became a member of the Board, effective July 6, 2026.

Results of Operations: Second Quarter 2026 versus Second Quarter 2025

The following table highlights changes in significant components of the Unaudited Condensed Consolidated Statements of Earnings for the quarters ended June 30, 2026 and June 30, 2025:

	Three Months Ended				
	June 30, 2026	June 30, 2025	Percent Change	Percentage of Net Sales – 2026	Percentage of Net Sales – 2025
Net sales	$ 144,780	$ 135,309	7.0%	100.0%	100.0%
Cost of goods sold	84,732	82,878	2.2	58.5	61.3
Gross margin	60,048	52,431	14.5	41.5	38.7
Selling, general and administrative expenses	28,390	23,077	23.0	19.6	17.1
Research and development expenses	4,763	6,326	(24.7)	3.3	4.7
Restructuring charges	94	297	(68.4)	0.1	0.2
Total operating expenses	33,247	29,700	11.9	23.0	21.9
Operating earnings	26,801	22,731	17.9	18.5	16.8
Total other (expense) income, net	(563)	251	(324.3)	(0.4)	0.2
Earnings before income taxes	26,238	22,982	14.2	18.1	17.0
Income tax expense	7,074	4,455	58.8	4.9	3.3
Net earnings	$ 19,164	$ 18,527	3.4%	13.2%	13.7%
Earnings per share:					
Diluted net earnings per share	$ 0.66	$ 0.62			

Net sales were $144,780 in the second quarter of 2026, an increase of $9,471, or 7.0%, from the second quarter of 2025. Net sales to the diversified end markets increased $10,894, or 14.6%. We achieved continued growth in the medical and industrial end markets, while the aerospace and defense end market declined primarily due to the timing of contract awards. Net sales to the transportation end market decreased $1,423 or 2.3%. Changes in foreign exchange rates increased net sales by $1,354, net of hedges.

Gross margin was $60,048 in the second quarter of 2026, an increase of $7,617, or 14.5%, from the second quarter of 2025. Our gross margin percentage increased from 38.7% for the second quarter of 2025 to 41.5% for the second quarter of 2026 due to improved mix of sales by end market, operational improvements and the favorable impact of changes in foreign exchange rates of approximately $961, net of hedges.

Selling, general and administrative ("SG&A") expenses were $28,390, or 19.6% of net sales, in the second quarter of 2026 versus $23,077, or 17.1% of net sales, in the second quarter of 2025. The increase in SG&A expenses was primarily driven by higher incentive compensation expense in the second quarter of 2026 due to company performance and a reduction to an acquisition earnout liability in the second quarter of 2025.

Research and development ("R&D") expenses were $4,763, or 3.3% of net sales, in the second quarter of 2026 compared to $6,326, or 4.7% of net sales, in the comparable quarter of 2025. R&D expenses were lower in the second quarter of 2026 due to a $1,634 one-time customer reimbursement.

Restructuring charges were $94 or 0.1% of net sales in the second quarter of 2026 compared to $297 or 0.2% of net sales in the second quarter of 2025. See Note 7 "Costs Associated with Exit and Restructuring Activities" in the Notes to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for further information.

Other income and expense items are summarized in the following table:

	Three Months Ended	
	June 30, 2026	June 30, 2025
Interest expense	$ (704)	$ (1,121)
Interest income	571	622
Other (expense) income, net	(430)	750
Total other (expense) income, net	$ (563)	$ 251

Other (expense) income, net is due to foreign currency losses, primarily related to the Euro. Interest expense decreased due to lower borrowings on our Revolving Credit Facility during the second quarter of 2026.

	Three Months Ended	
	June 30, 2026	June 30, 2025
Effective tax rate	27.0%	19.4%

Our effective income tax rate was 27.0% and 19.4% in the second quarters of 2026 and 2025, respectively. The increase in the effective income tax rate is primarily attributable to the establishment of valuation allowance against certain tax credits.

Results of Operations: Six Months ended June 30, 2026 versus Six Months Ended June 30, 2025

The following table highlights changes in significant components of the Unaudited Condensed Consolidated Statements of Earnings for the six months ended June 30, 2026, and June 30, 2025:

	Six Months Ended				
	June 30, 2026	June 30, 2025	Percent Change	Percentage of Net Sales – 2026	Percentage of Net Sales – 2025
Net sales	$ 284,010	$ 261,078	8.8%	100.0%	100.0%
Cost of goods sold	168,976	162,099	4.2	59.5	62.1
Gross margin	115,034	98,979	16.2	40.5	37.9
Selling, general and administrative expenses	54,373	46,700	16.4	19.1	17.9
Research and development expenses	11,398	12,515	(8.9)	4.0	4.8
Restructuring charges	480	749	(35.9)	0.2	0.3
Total operating expenses	66,251	59,964	10.5	23.3	23.0
Operating earnings	48,783	39,015	25.0	17.2	14.9
Total other (expense) income, net	(872)	86	(1114.0)	(0.3)	—
Earnings before income taxes	47,911	39,101	22.5	16.9	15.0
Income tax expense	11,550	7,210	60.2	4.1	2.9
Net earnings	$ 36,361	$ 31,891	14.0%	12.8%	12.2%
Earnings per share:					
Diluted net earnings per share	$ 1.26	$ 1.06			

Net sales were $284,010 in the six months ended June 30, 2026, an increase of $22,932 or 8.8% from the six months ended June 30, 2025. Net sales to the diversified end markets increased $22,686, or 16%. We achieved continued growth in the medical and industrial end markets, while the aerospace and defense end market declined primarily due to the timing of contract awards. Net sales to the transportation end market increased $246, or 0.2%. Changes in foreign exchange rates increased net sales by $4,252, net of hedges.

Gross margin was $115,034 for the six months ended June 30, 2026, an increase of $16,055 or 16.2% from the six months ended June 30, 2025. Our gross margin percentage increased from 37.9% for the six months ended June 30, 2025 to 40.5% for the six months ended June 30, 2026 due to an improved mix of sales by end market, operational improvements, and a favorable impact of changes in foreign exchange rates had a net benefit on our gross margin of approximately $1,632 net of hedges.

SG&A expenses were $54,373 or 19.1% of net sales for the six months ended June 30, 2026 versus $46,700 or 17.9% of net sales for the six months ended June 30, 2025. The increase in SG&A expenses was primarily driven by higher employee incentive expense for the six months ended June 30, 2026 due to company performance and a reduction to an acquisition earnout liability in the six months ended June 30, 2025.

R&D expenses were $11,398 or 4.0% of net sales for the six months ended June 30, 2026 compared to $12,515 or 4.8% of net sales for the six months ended June 30, 2025. R&D expenses were lower in the six months ended June 30, 2026 due to a $1,634 one-time customer reimbursement.

Restructuring charges were $480 or 0.2% of net sales for the six months ended June 30, 2026 compared to $749 or 0.3% of net sales for the six months ended June 30, 2025. The restructuring charges in the six months ended June 30, 2026 were primarily related to efficiency enhancements. See Note 7 "Costs Associated with Exit and Restructuring Activities" in the Notes to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q for further information.

Other income and expense items are summarized in the following table:

	Six Months Ended	
	June 30, 2026	June 30, 2025
Interest expense	$ (1,412)	$ (2,289)
Interest income	1,051	1,068
Other (expense) income, net	(511)	1,307
Total other (expense) income, net	$ (872)	$ 86

Other (expense) income, net is due to foreign currency losses, primarily related to the Euro. Interest expense decreased due to lower borrowings on our Revolving Credit Facility during the second quarter of 2026.

	Six Months Ended	
	June 30, 2026	June 30, 2025
Effective tax rate	24.1%	18.4%

Our effective income tax rate was 24.1% and 18.4% for the six months ended June 30, 2026 and 2025, respectively. The increase in the effective income tax rate is primarily attributable to the establishment of valuation allowances against certain tax credits.

Liquidity and Capital Resources

We historically have funded our capital and operating needs primarily through cash flows from operating activities, supported by available credit under our Revolving Credit Facility (as defined below). We believe that cash flows from operating activities and available borrowings under our Revolving Credit Facility will be adequate to fund our working capital needs, capital expenditures, investments, and debt service requirements for at least the next twelve months and for the foreseeable future thereafter. However, we may choose to pursue additional equity and debt financing to provide additional liquidity or to fund acquisitions.

Cash and cash equivalents were $107,536 at June 30, 2026, and $82,295 at December 31, 2025, of which $97,612 and $75,943, respectively, were held outside the United States. Total long-term debt was $55,000 as of June 30, 2026 and $57,500 as of December 31, 2025.

Cash Flow Overview

Cash Flows from Operating Activities

Net cash provided by operating activities was $50,735 during the six months ended June 30, 2026. Components of net cash provided by operating activities included net earnings of $36,361, depreciation and amortization expense of $17,589, other net non-cash items of $7,329, and a net cash outflow from changes in assets and liabilities of $10,544.

Net cash provided by operating activities was $43,870 during the six months ended June 30, 2025. Components of net cash provided by operating activities included net earnings of $31,891, depreciation and amortization expense of $17,045, other net non-cash items of $838, and a net cash outflow from changes in assets and liabilities of $5,094.

Cash Flows from Investing Activities

Net cash used in investing activities for the six months ended June 30, 2026 was $6,689 for capital expenditures of $9,577 partially offset by the maturity of short term investments of $2,888.

Net cash used in investing activities for the six months ended June 30, 2025 was $7,745.

Cash Flows from Financing Activities

Net cash used in financing activities for the six months ended June 30, 2026 was $18,704. The net cash outflow was the result of treasury stock purchases of $11,967, net cash payments of long-term debt of $2,500, dividends paid of $2,296, and taxes paid on behalf of equity award participants of $1,941.

Net cash used in financing activities for the six months ended June 30, 2025 was $32,351. The net cash outflow was the result of treasury stock purchases of $22,995, net cash payments of long-term debt of $4,300, taxes paid on behalf of equity award participants of $2,655, dividends paid of $2,401.

Capital Resources

Revolving Credit Facility

Long-term debt is comprised of the following:

	As of	
	June 30, 2026	December 31, 2025
Total credit facility	$ 300,000	$ 300,000
Balance outstanding	55,000	57,500
Standby letters of credit	1,540	1,640
Amount available, subject to covenant restrictions	$ 243,460	$ 240,860

On November 24, 2025, we entered into a five-year revolving credit agreement (the "Revolving Credit Facility") with a group of banks for a total credit facility availability of $300,000, which may be increased by at least $125,000 pursuant to the Revolving Credit Facility subject to the administrative agent's approval. The Revolving Credit Facility is unsecured and replaced the prior $400,000 revolving credit facility, which would have expired on December 15, 2026. The Revolving Credit Facility matures on November 24, 2030 and modified the financial and non-financial covenants to provide the Company additional flexibility.

Borrowings in U.S. dollars under the Revolving Credit Facility bear interest, at a per annum rate equal to the applicable Term SOFR rate (but not less than 0.0%), plus the Term SOFR adjustment, plus an applicable margin, which ranges from 1.00% to 1.75%, based on our net leverage ratio. Similarly, borrowings of alternative currencies under the Revolving Credit Facility bear interest equal to a defined risk-free reference rate, plus the applicable risk-free rate adjustment plus an applicable margin, which ranges from 1.00% to 1.75%, based on our net leverage ratio. We use interest rate swaps to convert a portion of our revolving credit facility's outstanding balance from a variable rate of interest to a fixed rate. The contractual rate of these arrangements ranges from 2.45% to 3.36%.

The Revolving Credit Facility includes a swingline sublimit of $20,000, letter of credit sublimit of $20,000, and an alternative currency sublimit of $150,000. We also pay a quarterly commitment fee on the unused portion of the Revolving Credit Facility. The commitment fee ranges from 0.175% to 0.25% based on our net leverage ratio. We were in compliance with all debt covenants at June 30, 2026.

Critical Accounting Policies and Estimates

The Company's Condensed Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles. In connection with the preparation of the Condensed Consolidated Financial Statements, the Company uses estimates and makes judgments and assumptions about future events that affect the reported amounts of assets, liabilities, revenue, expenses, and the related disclosures. The assumptions, estimates, and judgments are based on historical experience, current trends, and other factors the Company believes are relevant at the time it prepares the Condensed Consolidated Financial Statements.

The critical accounting policies and estimates are consistent with those discussed in Note 1, Summary of Significant Accounting Policies, to the Consolidated Financial Statements and the MD&A section of the Company's Annual Report on Form 10-K for the year ended December 31, 2025. During and as of the three and six months ended June 30, 2026, there were no significant changes in the application of critical accounting policies or estimates.

Significant Customers

Our net sales to customers representing at least 10% of total net sales is as follows:

	Three Months Ended		Six Months Ended	
	June 30, 2026	June 30, 2025	June 30, 2026	June 30, 2025
Toyota Motor Corporation	8.1%	12.0%	8.3%	12.0%

No other customer accounted for 10% or more of total net sales during these periods. We continue to focus on broadening our customer base to grow our non-transportation end market exposure at a faster rate.

Forward-Looking Statements

Readers are cautioned that the statements contained in this document regarding expectations of our performance or other matters that may affect our business, results of operations, or financial condition are, or may be deemed to be, "forward-looking statements" as defined by the "safe harbor" provisions in the Private Securities Litigation Reform Act of 1995. Such statements are made in reliance on the safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements, other than statements of historical fact, included or incorporated in this document, including statements regarding our strategy, financial position, guidance, funding for continued operations, cash reserves, liquidity, projected costs, plans, projects, awards and contracts, and objectives of management, among others, are forward-looking statements. Words such as "expect," "anticipate," "should," "believe," "hope," "target," "continued," "project," "plan," "goals," "opportunity," "appeal," "estimate," "potential," "predict," "demonstrates," "may," "will," "might," "could," "intend," "shall," "possible," "would," "approximately," "likely," "outlook," "schedule," "on track," "poised," "pipeline," and variations of these terms or the negative of these terms and similar expressions are intended to identify these forward-looking statements, but the absence of these words does not mean that a statement is not forward-looking. These forward-looking statements are not guarantees of future performance, conditions or results. 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 (including, but not limited to, the availability and cost of rare earth elements, minerals and metals); changes in the economy generally, including inflationary and/or recessionary conditions and increased tariffs, and in respect to the businesses in which CTS operates; unanticipated issues in integrating acquisitions; the funding of contracts by the U.S. Government; 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, trade pacts, including the future of the USMCA, exchange rates and political and geopolitical risks (including, without limitation, the impact of tariffs on China, Canada and Mexico, and other nations); the potential impact of U.S./China relations and the impact of geopolitical conflicts may have on our business, results of operations and financial condition; write offs of goodwill on our balance sheet; 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's 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.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

See Item 7A, Quantitative and Qualitative Disclosures about Market Risk, of our Annual Report on Form 10-K for the year ended December 31, 2025. During the six months ended June 30, 2026, there have been no material changes in our exposure to market risk.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, evaluated the effectiveness of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures as of the end of the period covered by this Quarterly Report on Form 10-Q were effective in providing reasonable assurance that information required to be disclosed by us in reports that we file or submit under the Exchange Act, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures.

Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that our disclosure controls and procedures or our internal controls will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within CTS have been detected.

Changes in Internal Control Over Financial Reporting

There were no changes in our internal control over financial reporting for the quarter ended June 30, 2026 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in litigation with respect to matters arising from the ordinary conduct of our business, and currently certain claims are pending against us. In the opinion of management, we believe we have established adequate accruals pursuant to U.S. generally accepted accounting principles for our expected future liability with respect to pending lawsuits, claims and proceedings, where the nature and extent of any such liability can be reasonably estimated based on presently available information. However, there can be no assurance that the final resolution of any existing or future lawsuits, claims or proceedings will not have a material adverse effect on our business, results of operations, financial condition, or cash flows.

See Note 9 "Commitments and Contingencies" in the Notes to the Condensed Consolidated Financial Statements in this Quarterly Report on Form 10-Q.

Item 1A. Risk Factors

There have been no changes to our risk factors from those contained in our Annual Report on Form 10-K for the year ended December 31, 2025.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

On November 7, 2025, the Board of Directors approved a new share repurchase program ("2025 Repurchase Program") that authorizes the Company to repurchase up to $100 million of its common stock. The 2025 Repurchase Program has no set expiration date and supersedes and replaces the $100 million repurchase program approved by the Board of Directors in February 2024.

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs		Maximum Dollar Value of Shares That May Yet Be Purchased Under Publicly Announced Plans or Programs
April 1, 2026 - April 30, 2026	44,000	$	52.51	44,000	$	79,412,130
May 1, 2026 - May 31, 2026	19,530	$	58.69	19,530	$	78,265,872
June 1, 2026 - June 30, 2026	—	$	—	—	$	78,265,872
Total	**63,530**			**63,530**		

Item 5. Other Information

From time to time, our directors and officers may purchase or sell shares of our common stock in the market, including pursuant to plans intended to satisfy the affirmative defense conditions of Rule 10b5-1(c) under the Securities Exchange Act of 1934, as amended ("Rule 10b5-1 Plans").

During the quarter ended June 30, 2026, no director or officer (as defined in Rule 16a-1(f) under the Exchange Act) of the Company adopted, modified or terminated a "Rule 10b5-1 trading arrangement" or "non-Rule 10b5-1 trading arrangement" (as each term is defined in Item 408 of Regulation S-K).

Item 6. Exhibits

(31)(a)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(31)(b)	Certification pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
(32)(a)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
(32)(b)	Certification pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.1	The following information from CTS Corporation's Quarterly Report on Form 10-Q for the quarter ended June 30, 2026 formatted in Inline XBRL: (i) Condensed Consolidated Statements of Earnings; (ii) Condensed Consolidated Statements of Comprehensive Earnings; (iii) Condensed Consolidated Balance Sheets; (iv) Condensed Consolidated Statements of Cash Flows; (v) Condensed Consolidated Statements of Shareholders' Equity; (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.
104	The cover page from this Current Report on Form 10-Q formatted as inline XBRL

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

CTS Corporation

/s/ Ashish Agrawal

Ashish Agrawal
Vice President and Chief Financial Officer
(Principal Financial Officer & Principal Accounting Officer)

Dated: July 28, 2026

EXHIBIT (31)(a)

CERTIFICATION

I, Pratik Trivedi, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CTS Corporation:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles; and

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2026

/s/ Pratik Trivedi

Pratik Trivedi

President and Chief Executive Officer

EXHIBIT (31)(b)

CERTIFICATION

I, Ashish Agrawal, certify that:

1. I have reviewed this quarterly report on Form 10-Q of CTS Corporation:

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared; and

    (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statement for external purposes in accordance with generally accepted accounting principles; and

    (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusion about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

    (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: July 28, 2026

/s/Ashish Agrawal

Ashish Agrawal

Vice President and Chief Financial Officer

EXHIBIT (32)(a)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of CTS Corporation (the Company) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 28, 2026	*/s/ Pratik Trivedi*
	Pratik Trivedi
	President and Chief Executive Officer

A signed original of this written statement required by Section 906 has been provided to CTS Corporation and will be retained by CTS Corporation and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT (32)(b)

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the quarterly report of CTS Corporation (the Company) on Form 10-Q for the quarter ended June 30, 2026, as filed with the Securities and Exchange Commission on the date hereof (the Report), the undersigned officer of the Company certifies, pursuant to 18 U.S.C. ss. 1350, as adopted pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: July 28, 2026

/s/Ashish Agrawal

Ashish Agrawal

Vice President and Chief Financial Officer

A signed original of this written statement required by Section 906 has been provided to CTS Corporation and will be retained by CTS Corporation and furnished to the Securities and Exchange Commission or its staff upon request.