

KIMBALL ELECTRONICS, INC.

AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

CHARTER

I. PURPOSE

The purpose of the Audit Committee is to assist the Board in fulfilling its responsibility to provide independent and objective oversight of:

- (i) the quality and integrity of Kimball Electronics, Inc's (the "Company") financial statements and disclosures;
- (ii) the Company's financial reporting process, including management's internal accounting, financial and disclosure controls;
- (iii) the Company's compliance with legal and regulatory requirements and ethical standards;
- (iv) the qualifications, performance and independence of the Company's independent registered auditors (the "independent auditors");
- (v) the design and performance of the Company's internal audit function; and
- (vi) the identification and management of risks facing the company, including information technology risks.

The Committee, in carrying out its role, relies on senior management, including senior financial management, for the preparation and accuracy of the Company's financial statements; both management and the internal audit function for establishing effective internal controls and procedures to ensure the Company's compliance with applicable standards, procedures, laws, and regulations; the independent auditors for an unbiased, diligent audit of the Company's financial statements and the effectiveness of the Company's internal controls, and other parties as the Audit Committee deems appropriate. The Committee members are not Company employees and are not responsible for conducting audits or performing other accounting procedures.

II. COMPOSITION AND APPOINTMENT

The Committee shall be comprised of at least three members of the Board. Each of the Committee members shall be independent directors as defined in the rules of the Nasdaq Stock Market Listing Standards and the Securities and Exchange Commission ("SEC"). No member of the Committee shall have participated in the preparation of the Company's or any subsidiary's financial statements within the prior three years.

Each member of the Committee shall have the ability to understand fundamental financial statements. At least one member shall have past employment experience in finance or

accounting, requisite professional certification in accounting, or other comparable experience or background that leads to financial sophistication, including being or having been a chief executive officer, chief financial officer or other senior officer with financial oversight responsibilities as required by Nasdaq Stock Market Listing Standards and qualifying as an “audit committee financial expert” per the SEC.

The members of the Audit Committee and the Chair shall be appointed by the Board of Directors at the annual organizational meeting of the Board. The members and Chair shall serve for such terms as the Board may determine and the Board may remove any member at any time with or without cause.

III. MEETINGS

The Audit Committee shall meet as often as its members deem necessary to perform the Committee’s responsibilities. Typically, the Committee holds four regular meetings and five sessions to discuss results and review the appropriate regulatory security filings, earnings press releases, and the filing of the Form 10-K.

A majority of the total number of members of the Committee will constitute a quorum for all Committee meetings. When it deems appropriate, the Committee may form and delegate any of its responsibilities, along with the authority to act in relation to those responsibilities, to one or more subcommittees.

The Committee may request that any directors, officers or other employees of the Company, independent auditors, consultants, or any other persons whose advice and counsel are sought by the Committee, attend any meeting of the Committee to provide such pertinent information as the Committee requests. The Committee may exclude from its meetings any persons it deems appropriate.

As part of its responsibility to foster open communication, the Audit Committee shall meet at least annually with management, the director of internal audit, and the independent auditors, in separate executive sessions, to discuss any matters that the Audit Committee or each of these groups believe should be discussed privately.

Minutes shall be kept of each meeting of the Committee. The Company’s Corporate Secretary, or his designee, shall take the minutes of these meetings. The Committee Chair will report on the proceedings of the Committee to the full Board of Directors.

IV. RESPONSIBILITIES & DUTIES

The following are the principal recurring responsibilities of the Committee. These items are set forth as a guide with the understanding that the Board or Committee may supplement them as appropriate and the Committee may establish policies and procedures from time to time that it deems necessary or advisable in fulfilling its purpose.

Oversight of Financial Reporting Process and Financial Statements

Review and discuss with management, the internal audit function, and the independent auditors prior to filing with the SEC the Company's Annual Report on Form 10-K and Quarterly Reports on Form 10-Q, including the financial statements and disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein.

Review and discuss with the Company's independent auditors, the internal audit function, and management the Company's annual audited financial statements (including the related notes) and the form of audit opinion to be issued by the auditors on the financial statements before the Form 10-K is filed.

Review any significant issues regarding accounting principles and financial statement presentation as presented by management, the internal audit function, and/or the independent auditors. This includes any changes in the selection or application of accounting principles and the effects of regulatory or accounting standard initiatives on the financial statements, including the effects of any alternative GAAP methods.

Review on a quarterly basis (i) the adequacy of the Company's system of internal control over financial reporting, including meeting periodically with the Company's management, the head of the Company's internal audit function and independent auditors to review the adequacy and effectiveness of such controls (including any significant deficiencies or material weaknesses); (ii) any material changes to accounting or financial management processes, controls and procedures; and (iii) the adequacy and effectiveness of the Company's disclosure controls and procedures.

Review each earnings release with management prior to public release, as well as any earnings guidance provided by the Company, including, without limitation, the use of pro forma, adjusted, or other non-GAAP financial measures.

Provide a report for the annual proxy statement that includes the Committee's review and recommendation to the Board whether the annual audited financial statements of the Company should be included in the Company's Annual Report on Form 10-K.

Oversee the policies and procedures governing transactions with affiliates and related parties, including the Company's processes to identify transactions; review all "related person transactions" required to be disclosed pursuant SEC and Nasdaq Stock Market Listing requirements; provide oversight of potential conflict of interest situations on an ongoing basis; keep the Company's independent auditors informed of the Committee's understanding of such significant relationships and transactions; and review and discuss with the Company's independent auditors the auditors' evaluation of the Company's identification of, accounting for, and disclosure of such relationships and transactions.

Appointment, Retention and Oversight of Independent Auditors

Appoint, retain, oversee the work done by, and, if necessary, replace the independent auditors or any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attestation services for the Company. The independent auditors shall report directly to the Audit Committee.

Perform an annual review of the proposed scope, risk assessment and general extent of the independent auditors' plan, including the engagement letter. The Committee Chair shall be authorized to sign the engagement letter on behalf of the Committee.

Provide an open avenue of communication between the independent auditors, financial management, the internal audit group and the Board of Directors.

Discuss with the independent auditor matters required to be discussed by auditing standards, including any difficult or contentious matters, significant adjustments, significant unusual transactions, management judgments and critical accounting estimates, critical audit matters, critical and/or significant accounting policies and practices, disagreements with management, as well as the auditor evaluation of the quality of the Company's financial reporting. As a part of this discussion, review with both the Company management and the independent auditors (1) the selection, application and disclosure of critical accounting policies; and (2) all alternative treatments within GAAP for policies and practices related to material items that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditors.

Review and discuss with the Company's independent auditors any other matters required to be discussed by PCAOB Auditing Standards No. 1301, "Communications with Audit Committees" (or any successor statements or standards), as amended or supplemented, and other applicable requirements of the PCAOB and the SEC.

Review and discuss any difficulties or disputes with management encountered during the independent audit process, including any restrictions on the scope of activities or access to required information.

On an annual basis, ensure the receipt of a written statement from the independent audit firm delineating all relationships between the firm and the Company, and a letter confirming that in the firm's judgment, it is independent of the Company. The Audit Committee will actively engage in a dialogue with the independent audit firm with respect to any disclosed relationships or services which may impact the objectivity and independence of the firm. Based upon the information received from and discussions conducted with the independent audit firm, the Audit Committee will make a resolution that the firm is independent or, if necessary, take appropriate action to ensure the independence of the firm.

Annually review the independent audit firm's internal quality control procedures and related material issues resulting from recent reviews.

Monitor and manage the rotation of the lead audit partner and other partners as required by applicable law.

Review the Company's hiring practice for employees and former employees of the independent auditors to ensure adherence to independence requirements.

Review and approve all fees and other compensation to be paid to the independent audit firm for all audit and permitted non-audit and tax services. The Audit Committee may delegate to one or more designated members of the Committee the authority to pre-approve audit and permissible non-audit services, provided such pre-approval decision is presented to the full Audit Committee at its scheduled meetings.

Oversight of the Internal Audit Function

Oversee the internal audit function, including reviewing with management and the head of the internal audit function (i) the internal audit risk assessment, (ii) the scope of the resulting internal audit plan, (iii) progress against the plan throughout the year and (iv) any significant changes required in the scope of the plan.

Review and discuss significant audit findings during the year, including the status of previous internal audit recommendations and management's responses.

Review and discuss any difficulties or disputes with management encountered in the course of the internal audit process, including any restrictions on the scope of activities or access to required information.

Review the performance, responsibilities, budget and staffing of the internal audit department. The Committee shall also review and approve the appointment, reassignment or dismissal of the director of the Company's internal audit function.

Compliance with Laws, Regulations and Ethical Standards

Oversee the Company's compliance with the Code of Business Conduct and Ethics and the administration of the Company's compliance program.

Review, in conjunction with counsel, any legal, regulatory, or compliance investigations or matters that could have a significant effect on the Company's financial statements.

Establish procedures for, and monitor, the receipt, retention, investigation and resolution of complaints received through the whistleblower reporting program regarding accounting, internal accounting controls, or auditing matters. Ensure that concerns raised by employees or others regarding accounting or auditing matters are treated confidentially and anonymously. The

Committee shall ensure that the appropriate measures are taken to correct such matters and shall inform the Board and have the complainant informed, if feasible, of such corrective actions.

Review and discuss with management and internal audit the Company's procedures and policies designed to ensure that the Company's books, records, accounts and internal accounting controls are established and maintained in compliance with the Foreign Corrupt Practices Act of 1977.

Risk Management

Review and discuss with management and internal audit the Company's material financial and operational risk exposures at the enterprise level and the steps management has taken to monitor and control such exposures.

Review and discuss the effectiveness of the Company's governance and management of information technology risks, including those relating to business continuity and cybersecurity.

Additional Responsibilities

Review and reassess the adequacy of the Audit Committee Charter at least annually or as conditions dictate and recommend any proposed changes to the Board for approval.

The Committee shall perform any other activities required by applicable law, rules or regulations and perform other activities that are consistent with this charter, the Company's Corporate Governance Principles, as the Committee or the Board deems necessary or appropriate.

V. Authority

The Committee shall have the authority to conduct or authorize investigations into any matters within the Committee's scope of responsibilities.

In order to carry out its duties, the Audit Committee has the authority to engage independent counsel, accountants and other advisers as it determines necessary to carry out its duties. The Company is responsible for providing appropriate funding, as determined by the Audit Committee, in its capacity as a committee of the Board of Directors, for payment of (i) compensation to any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company; (ii) compensation to any advisers employed by the Audit Committee; and (iii) ordinary administrative expenses of the Audit Committee that are necessary or appropriate in carrying out the Audit Committee's duties.

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