



First Quarter Fiscal 2026 Results

Quarter Ended September 30, 2025

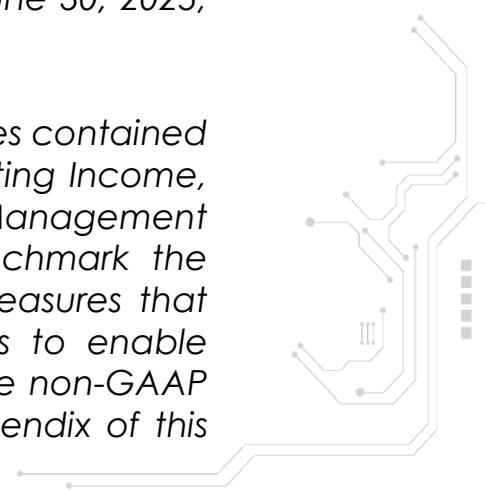
Supplementary Information to the November 6, 2025,
Earnings Conference Call & Webcast

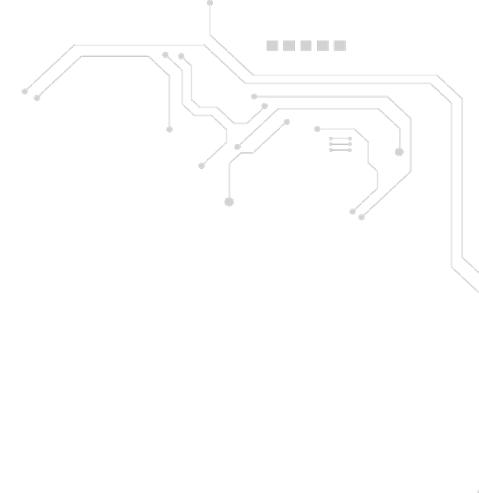


Safe Harbor Statement

Certain statements contained within this supplementary information, including our fiscal year 2026 guidance, and any statements made during our earnings conference call today may be considered forward-looking under the Private Securities Litigation Reform Act of 1995. The statements may be identified by the use of words such as "expect," "should," "goal," "predict," "will," "future," "optimistic," "confident," and "believe." Undue reliance should not be placed on these forward-looking statements. These statements are based on current expectations of future events and thus are inherently subject to uncertainty. If underlying assumptions prove inaccurate or known or unknown risks or uncertainties materialize, actual results could vary materially from our expectations and projections. These forward-looking statements are subject to risks and uncertainties including, without limitation, global economic conditions, geopolitical environment and conflicts such as the war in Ukraine, global health emergencies, availability or cost of raw materials and components, tariffs and other trade barriers, foreign exchange fluctuations, and our ability to convert new business opportunities into customers and revenue. Additional cautionary statements regarding other risk factors that could have an effect on the future performance of Kimball Electronics, Inc. (the "Company") are contained in the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2025, our earnings release, and other filings with the Securities and Exchange Commission (the "SEC").

This supplementary information contains non-GAAP financial measures. The non-GAAP financial measures contained herein include Constant Currency Growth, Adjusted Selling & Administrative Expenses, Adjusted Operating Income, Adjusted Net Income, Adjusted Diluted Earnings Per Share, and Return on Invested Capital ("ROIC"). Management believes these measures are useful and allow investors to meaningfully trend, analyze, and benchmark the performance of the Company's core operations. Many of the Company's internal performance measures that management uses to make certain operating decisions use these and other non-GAAP measures to enable meaningful trending of core operating metrics. Reconciliations of the reported GAAP numbers to these non-GAAP financial measures are included on the Reconciliation of Non-GAAP Results slide, which is in the Appendix of this supplementary information.





Today's speakers

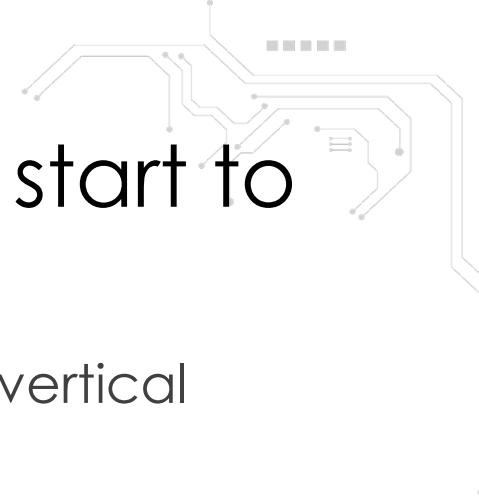
- Opening comments
- Financial results for the quarter
- Guidance for fiscal 2026
- Closing comments
- Q&A



Ric Phillips
CEO



Jana Croom
CFO



Pleased with the results for the first quarter and start to the new fiscal year

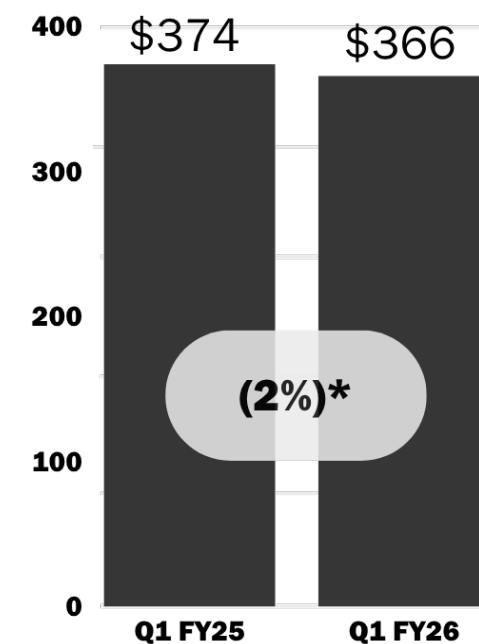
- Sales were in line with expectations, driven by strength in the medical vertical
- Margins improved year-over-year
- Cash from operations was positive for the seventh consecutive quarter
- Debt at the end of Q1 was the lowest level in over three years
 - Ample liquidity to navigate the current operating environment and plenty of dry powder to opportunistically invest in growth
- Solid footing as an EMS provider and our capabilities as a medical CMO are unique
 - Expand through organic and possibly inorganic channels
- This powerful combination will result in a return to profitable top line growth next year... reiterating guidance for fiscal 2026



Net sales for the Company were \$366 million

- A decline of 2% compared to Q1 fiscal 2025
- From an end market perspective:
 - Strong results in Medical
 - Offset by declines in Automotive and Industrial

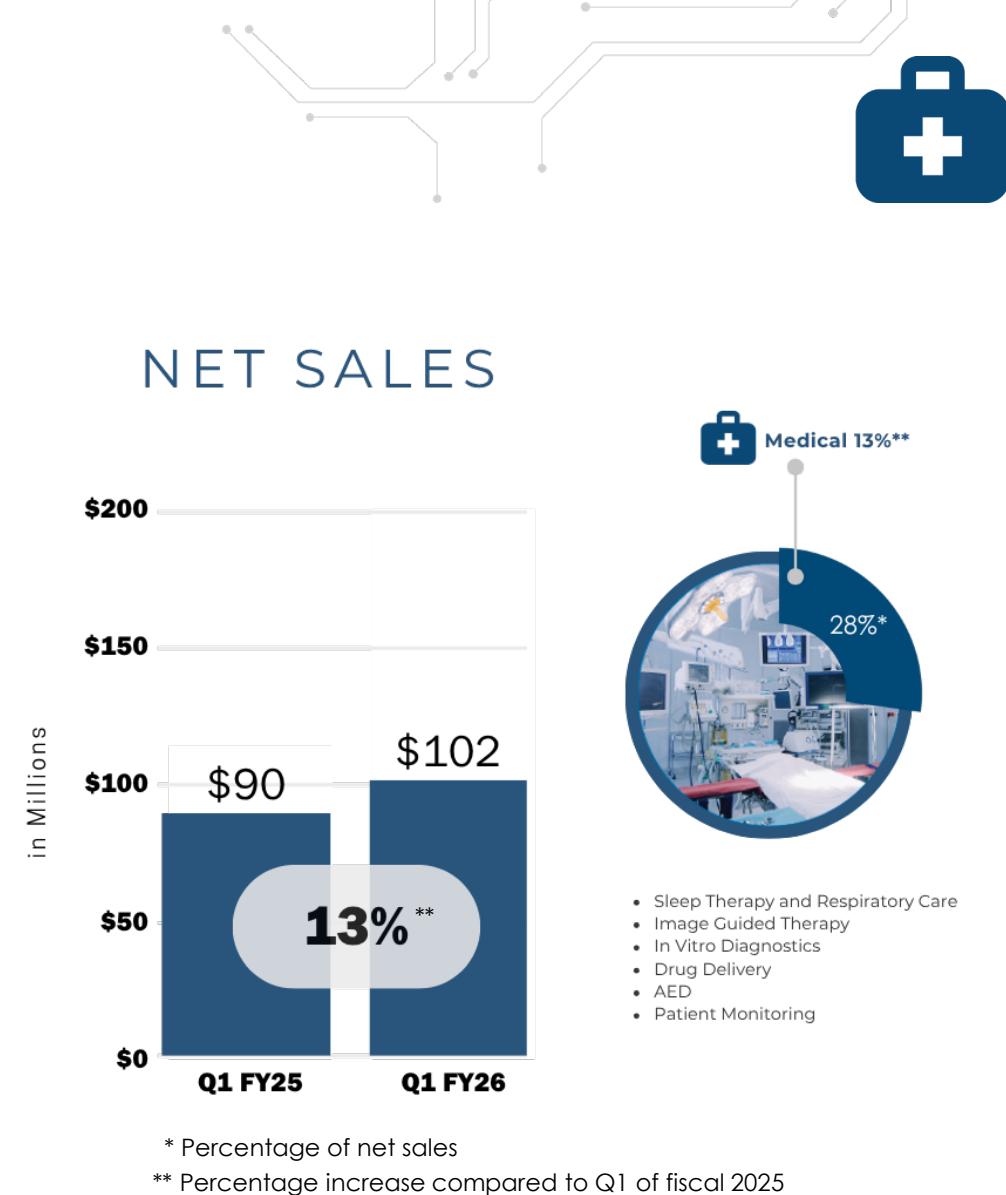
NET SALES

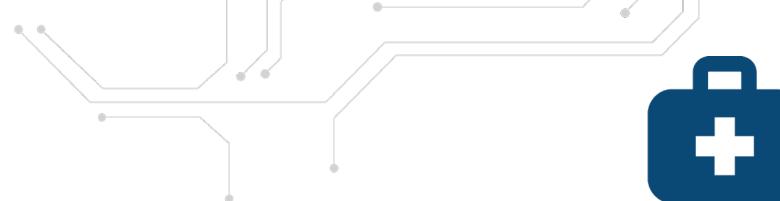


* Percentage decrease compared to Q1 of fiscal 2025

Sales in Medical were \$102 million

- Up 13% compared to the same period last year
- 28% of total company revenue
- Nearly half of our medical sales were in North America...
 - The other half roughly split between Asia and Europe
- Increase in Q1 driven by robust sales growth – of approximately the same amount – in both Asia and Europe
 - North America up mid-single digits





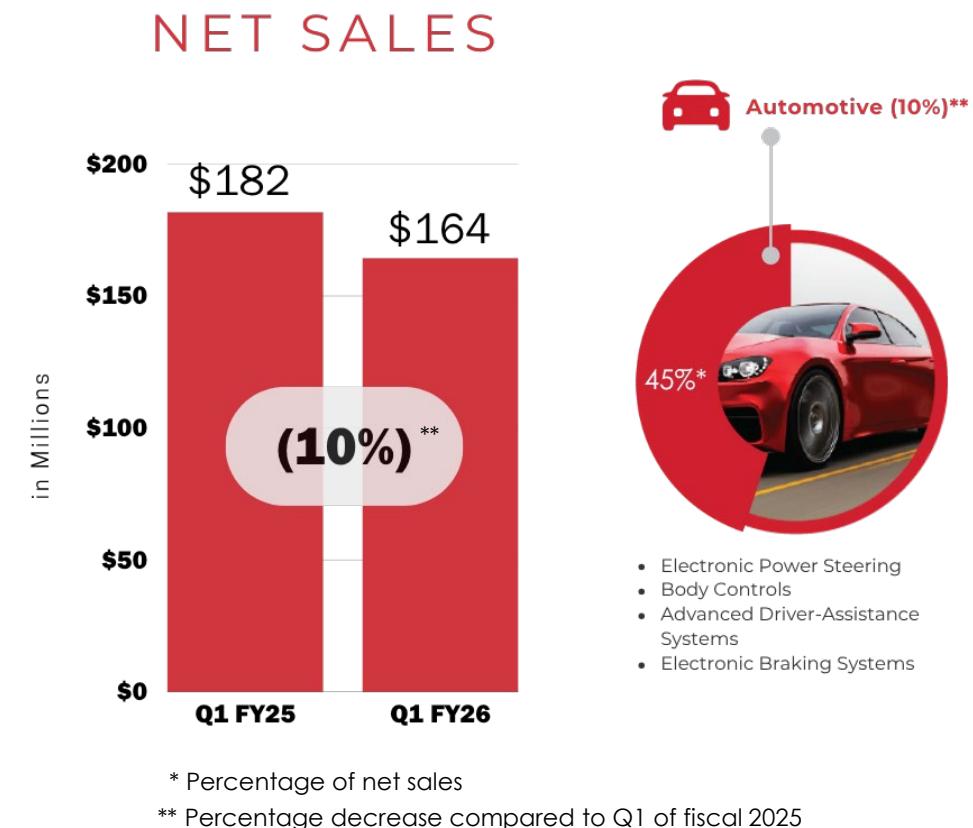
We expect the growth to continue...

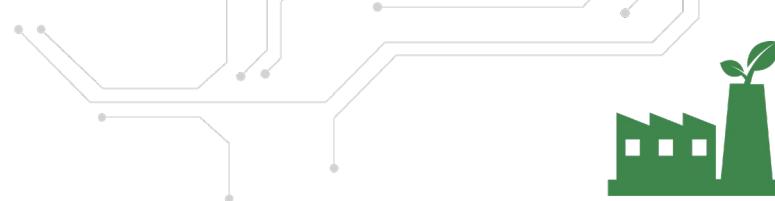
- Leaning further into the medical space with production capabilities beyond electronics and printed circuit boards
- Expanding into Higher Level Assemblies and Finished Medical Devices
- New medical facility in Indianapolis will add capacity for manufacturing medical products, single-use surgical instruments, and drug delivery devices... such as auto injectors
- Focus efforts on inorganic growth, potentially adding new end markets, customers, or even new geographies
- Continue to view the medical market as a compelling opportunity to diversify revenue and leverage core strengths as a trusted partner in a complex and highly regulated industry



Automotive sales of \$164 million

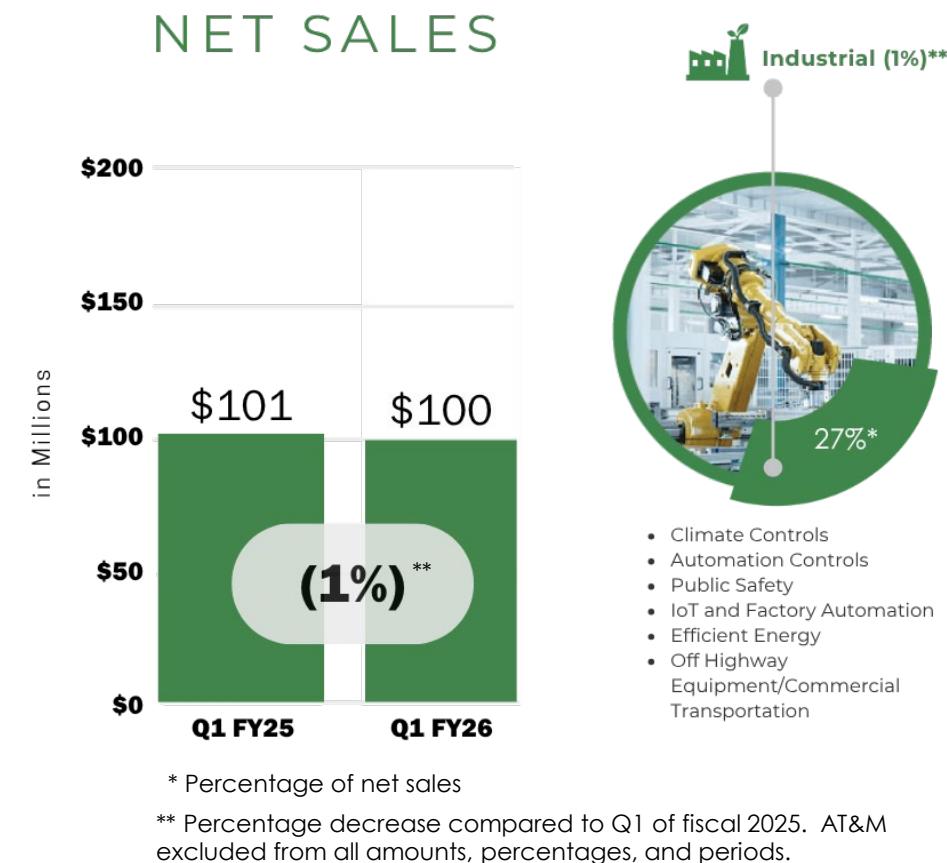
- Down 10% compared to the first quarter of last year
- 45% of total company sales
- Decline driven by North America – a result of the braking program transferred out of Reynosa in mid fiscal 2025, and a decline in Asia
- Combined impact was partially offset by sales growth in Europe as the new braking platform in Romania continues to ramp-up
- Expect a return to growth as new systems & technology – such as “steer by wire” and “brake by wire” or electronic mechanical braking – continue to increase electronic content in vehicles





Sales in Industrial totaled \$100 million

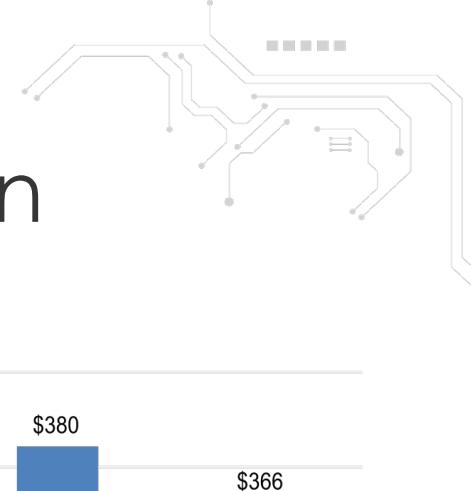
- 1% decrease compared to Q1 last year
- 27% of total company sales
- Industrial business heavily concentrated in North America
 - Decline this quarter was in the low single digit range due to softening demand for HVAC driven by the slowing housing market
- Europe – which is a much smaller business – was down more significantly
- Asia reported strong sales growth in Q1





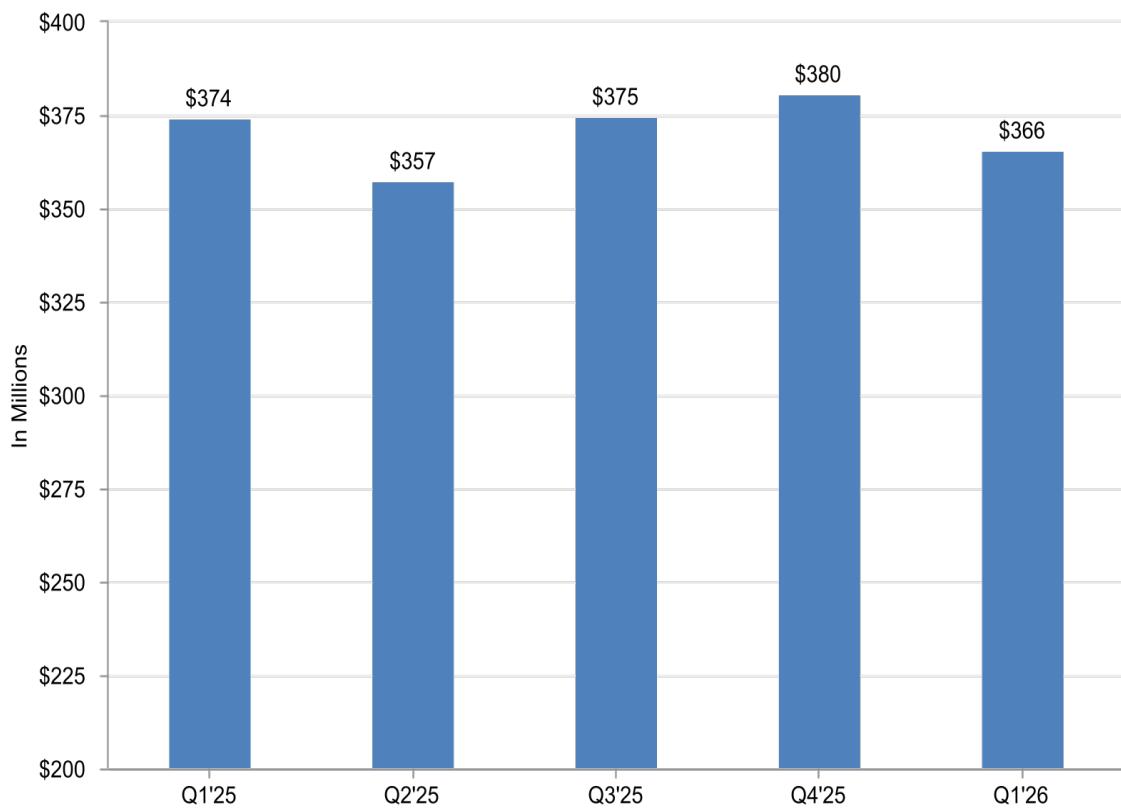
Beginning in February 2025, the U.S. implemented tariffs on a variety of countries and commodities

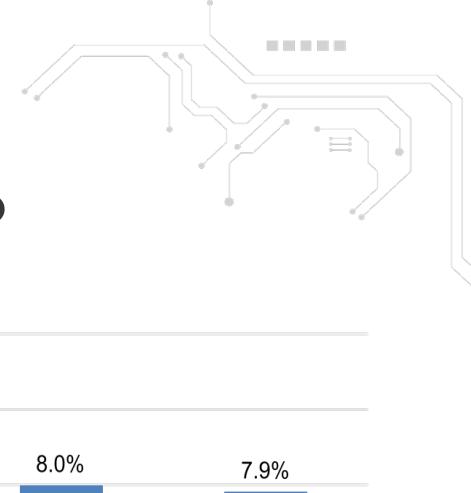
- Global tariff landscape is evolving at a rapid pace, with changes impacting businesses and markets around the world
- While increased tariffs have and may continue to impact end customer demand, we expect to recover the tariff costs by passing them on to our customers
- If we are unable to fully recover these costs, our operating results and cash flows could be adversely impacted
- Working closely with manufacturing constituents and law makers to address these challenges real-time
- Committed to profitability and expect to incur additional restructuring costs over the course of the fiscal year as necessary



Net sales in the first quarter were \$365.6 million

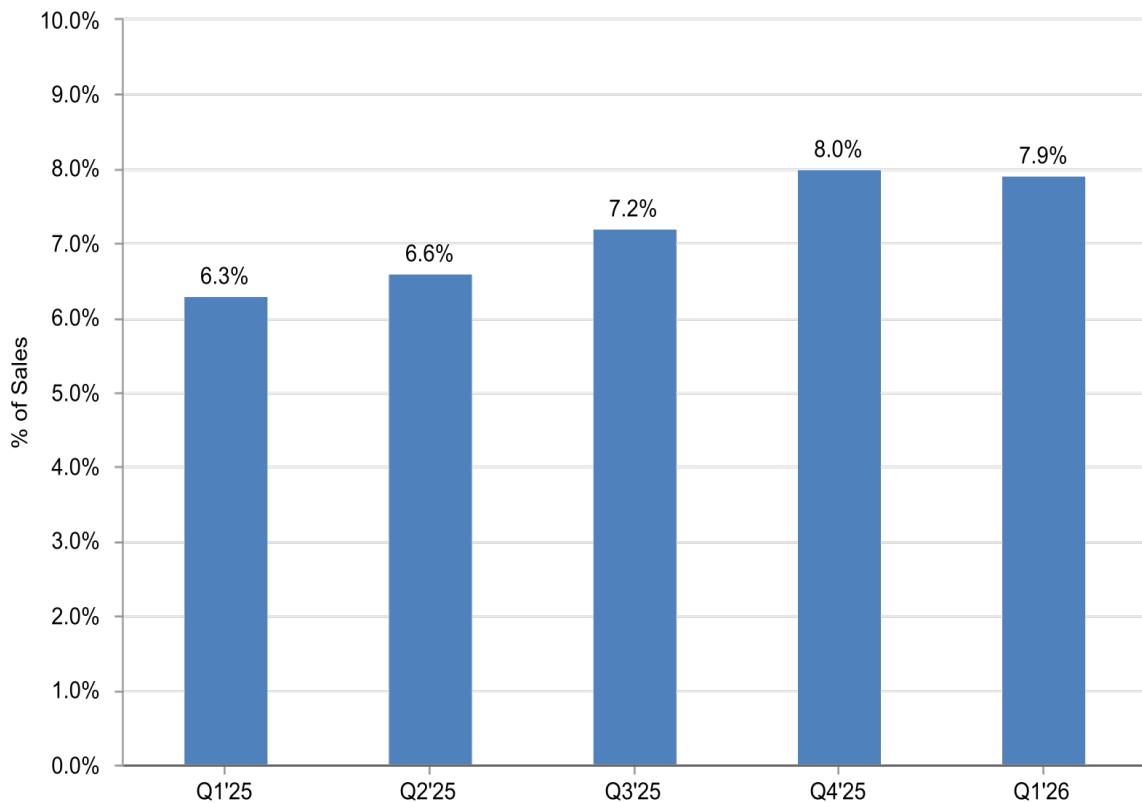
- 2% decrease year-over-year
- Foreign exchange had a 1% favorable impact
- Beginning this quarter:
 - Certain customers previously included in Automotive were reclassified to Industrial
 - Our work for these customers is more aligned with commercial vehicle applications vs. passenger vehicles





Gross margin rate in the first quarter was 7.9%

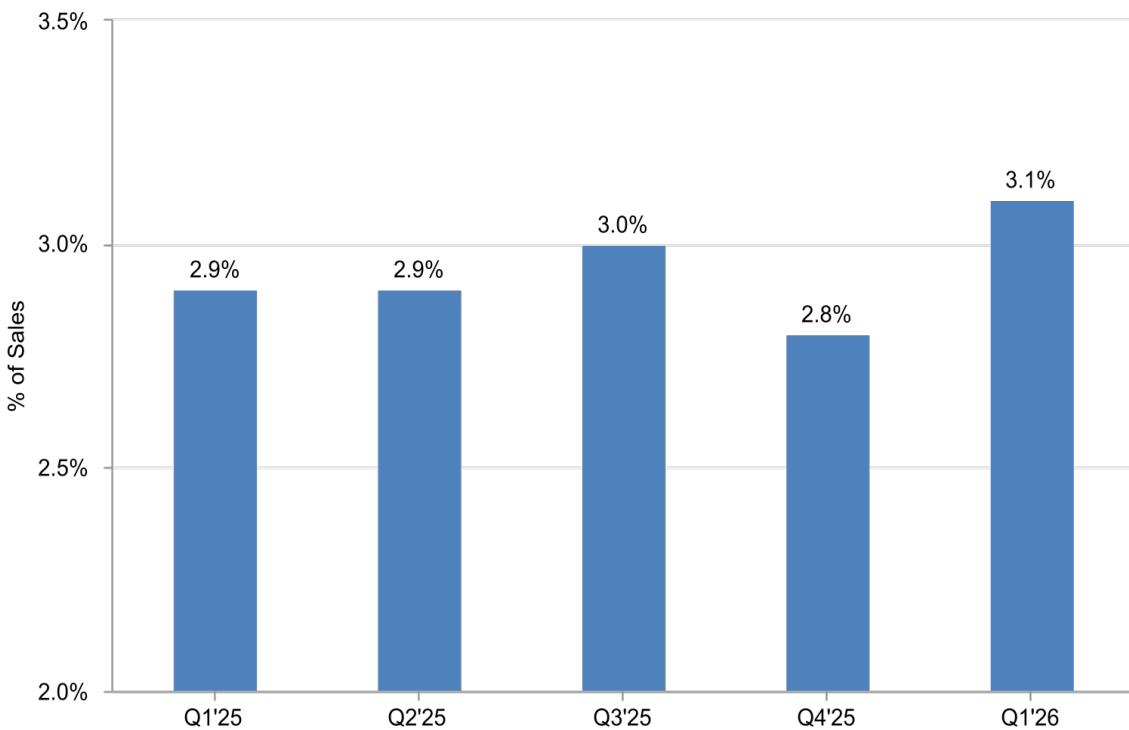
- 160 bps increase compared to the same period of fiscal 2025
- Improvement driven by
 - Favorable product mix
 - The closure of our Tampa facility
 - Global restructuring efforts



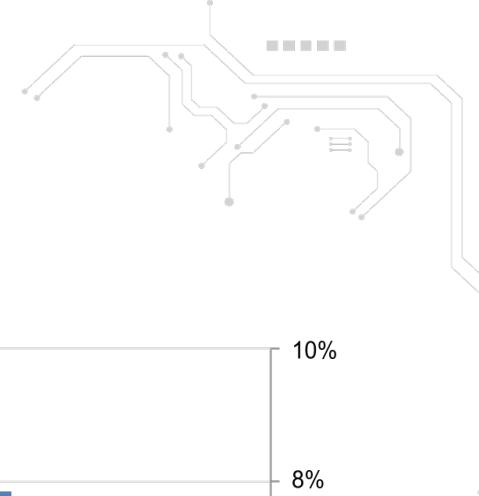


Adjusted selling & administrative expense (%)⁽¹⁾

- First quarter totaled \$11.3 million
- When measured as percent of sales the rate was 3.1% this year compared to 2.9% last year
- Received \$2 million for the recovery of costs incurred associated with a customer program termination
- Anticipate adjusted S&A will increase as a percentage of sales over the course of the year
- Strategic investments to support long-term needs of the business as we return to growth

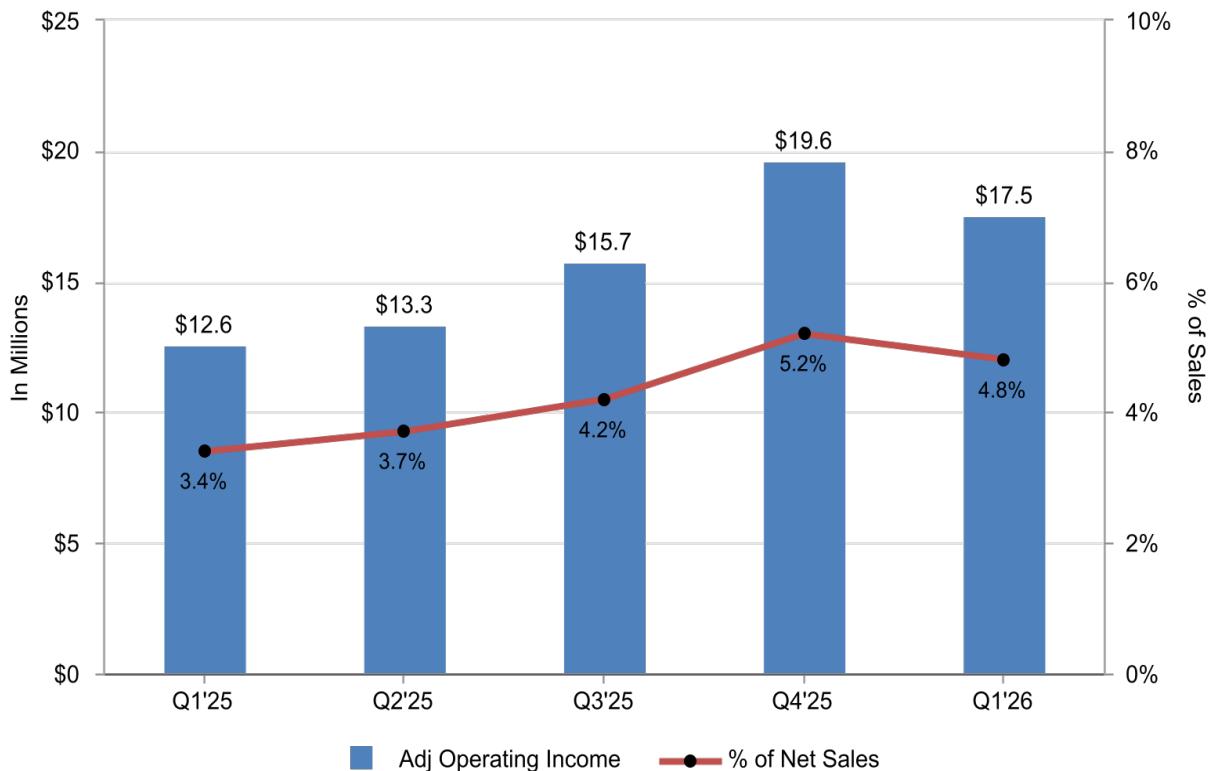


(1) Adjusted Selling & Administrative Expense is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results in the supplementary information..

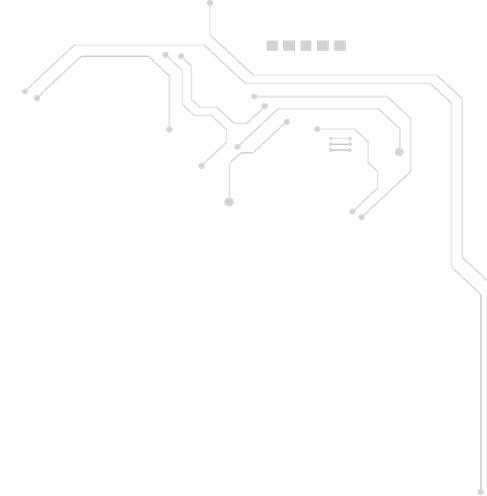


Adjusted operating income ⁽¹⁾

- \$17.5 million, or 4.8% of net sales
- Last year's adjusted result of \$12.6 million, or 3.4% of net sales
- Expect Q1 to be the strongest quarter as demand and costs related to tariffs and softening in the U.S. housing market pressure margin in North America

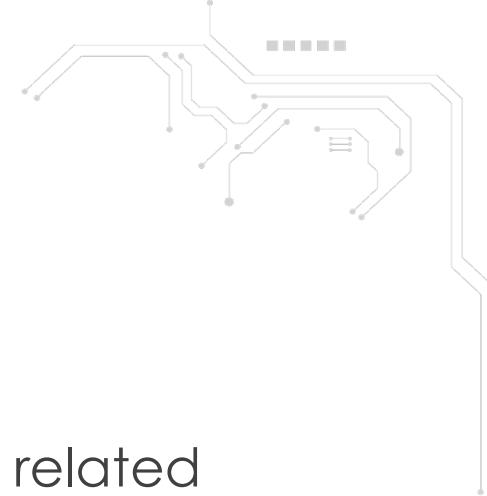


(1) Adjusted Operating Income is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results in the supplementary information.



Other income and expense

- Expense of \$3.5 million
- Compared to \$6.2 million of expense last year
- Once again, this quarter interest expense drove the decrease, down 50% year-over-year

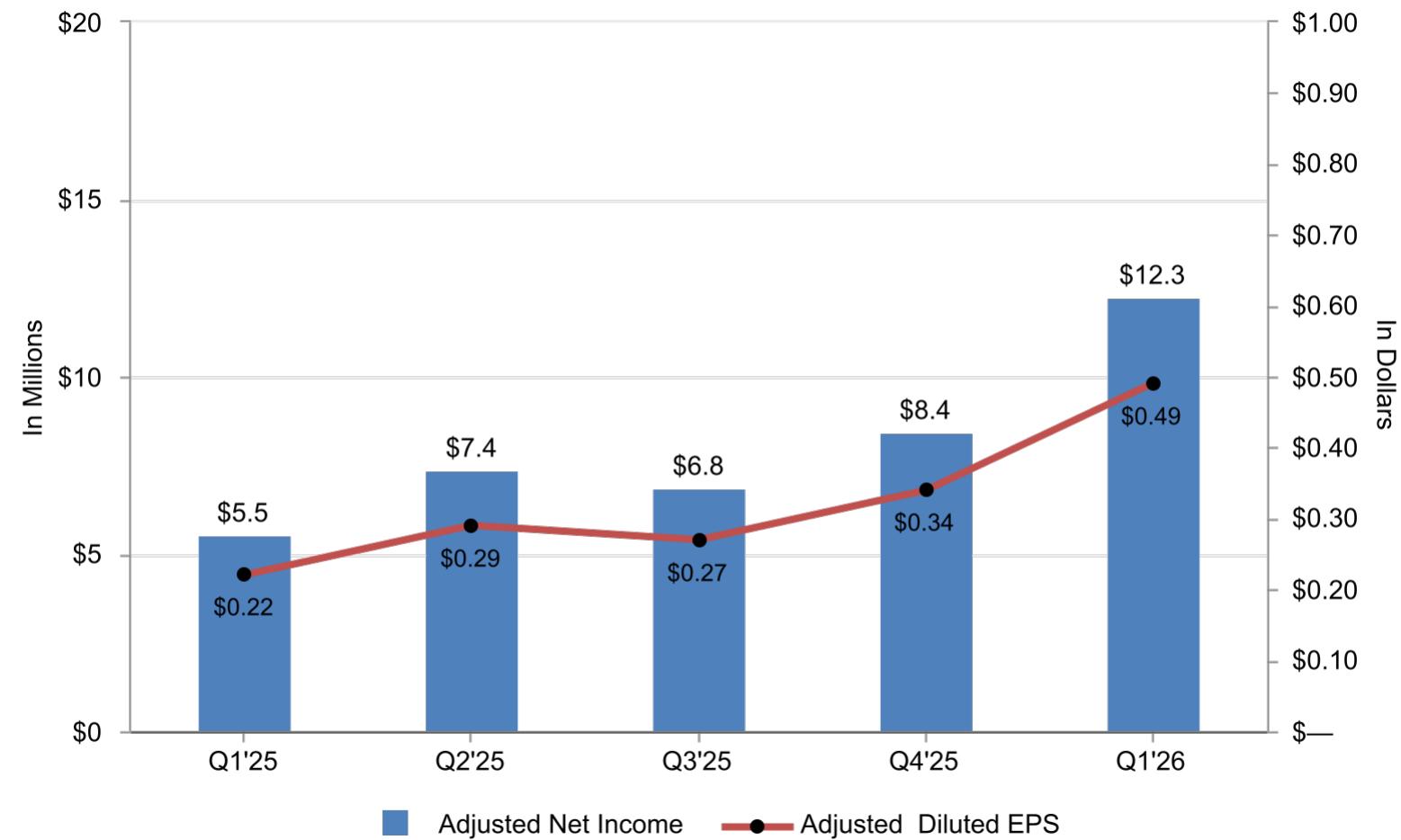


Effective tax rate

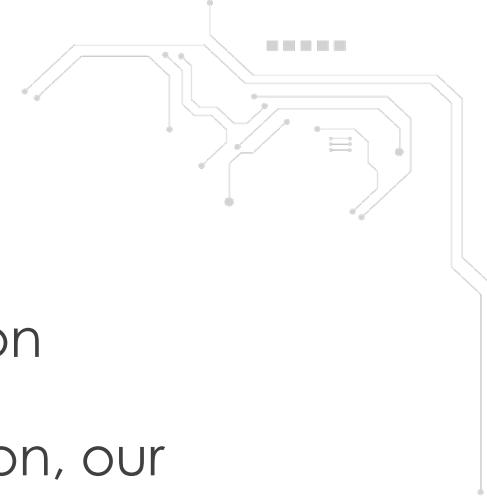
- 8.3%, compared to a tax benefit of 9.4% last year
- Lower tax rate in Q1 of this fiscal year was driven by tax opportunity related to OBBA
- Last year's negative rate was a result of a favorable ruling on a prior period audit
- For the full year of fiscal 2026, we continue to expect an effective tax rate in the low 30%'s



Adjusted net income and adjusted diluted EPS ⁽¹⁾

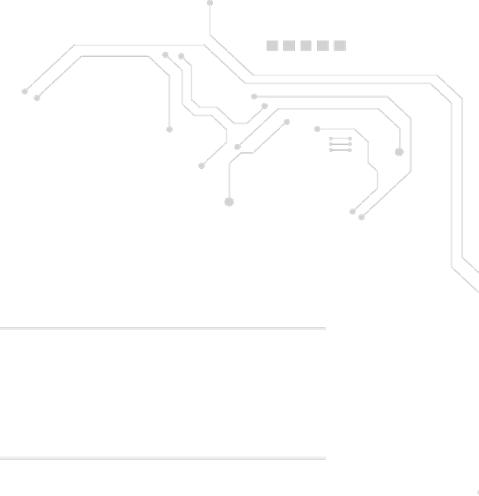


(1) Adjusted Net Income and Adjusted Diluted EPS are Non-GAAP measures – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information.



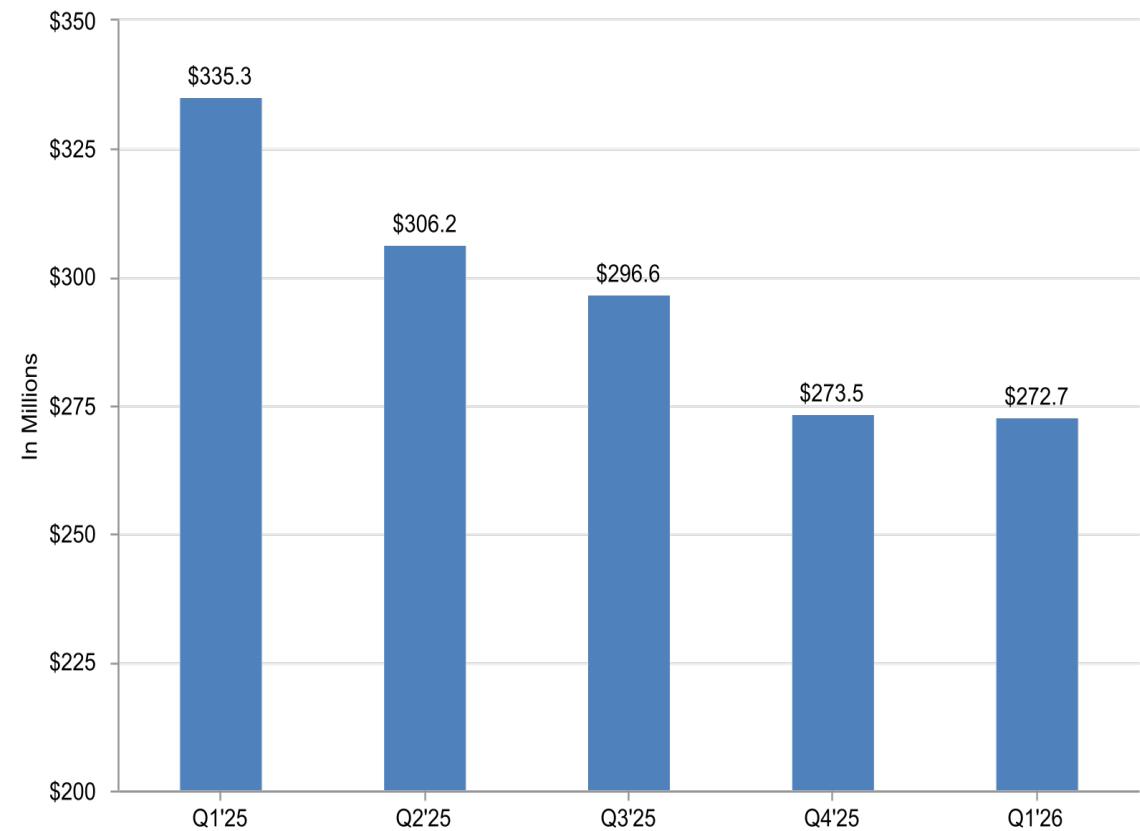
Balance sheet

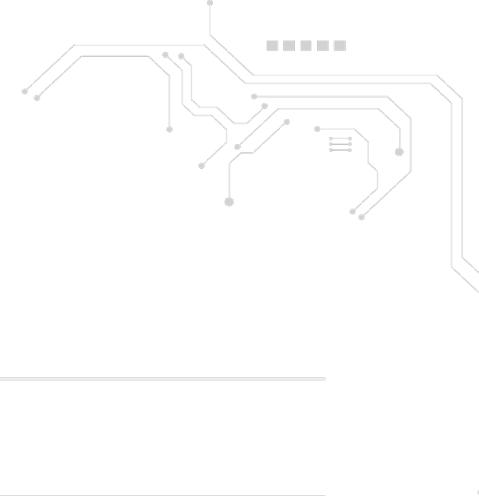
- Cash and cash equivalents at September 30, 2025, were \$75.7 million
- Cash generated by operating activities in the quarter was \$8.1 million, our seventh consecutive quarter of positive cash flow
- Cash conversion days were 83, a 2-day improvement compared to Q4 of fiscal 2025, and 25-day improvement year-over-year
- Represents our lowest CCD in over 3-years with receivables and payables posting the largest improvement in the quarter



Inventory ended the quarter at \$272.7 million

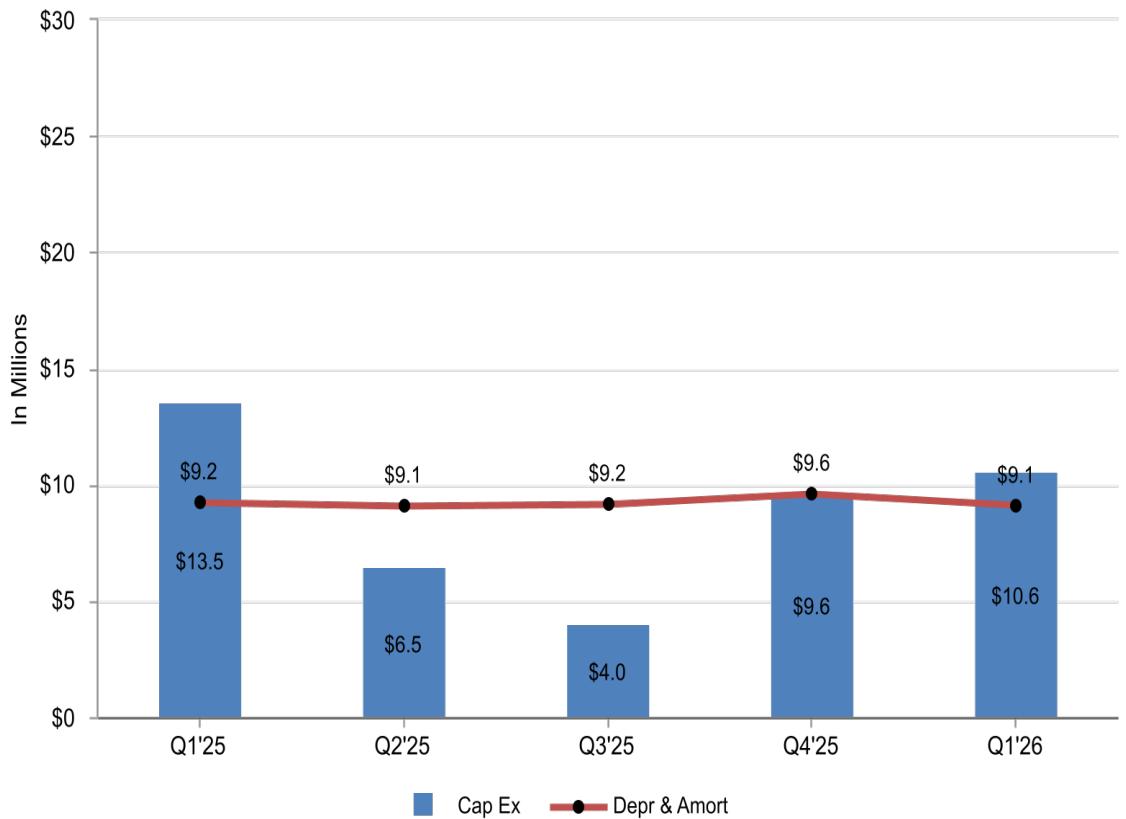
- Roughly flat vs. Q4
- \$62.6 million, or 19%, lower than a year ago



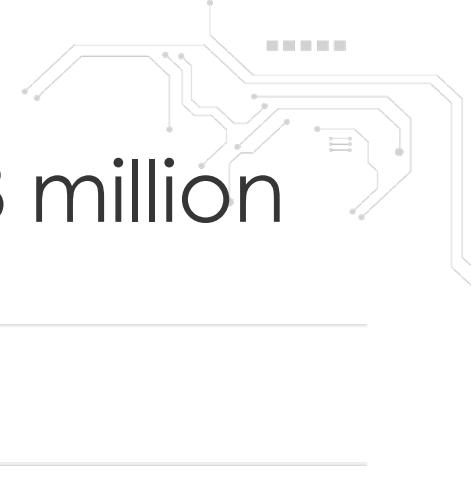


Capital expenditures were \$10.6 million ⁽¹⁾

- Much of the spend on leasehold improvements in the new facility in Indianapolis

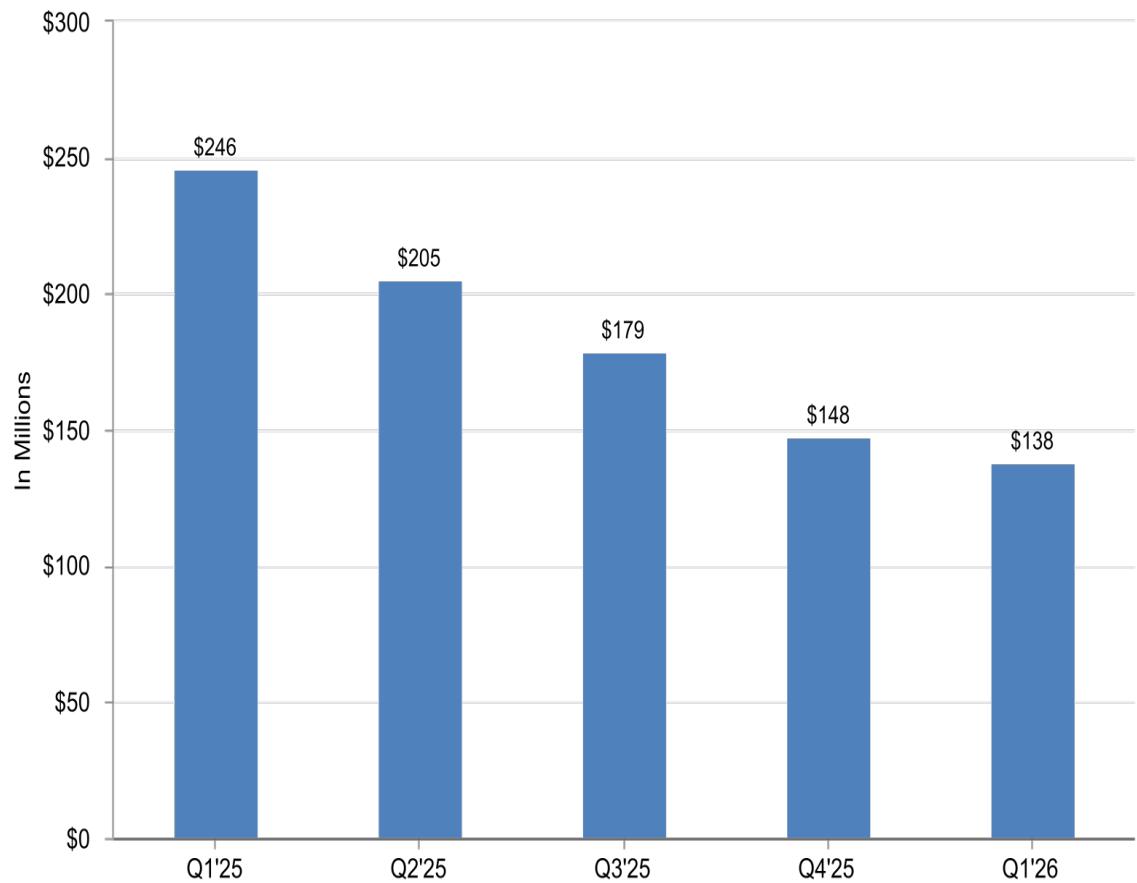


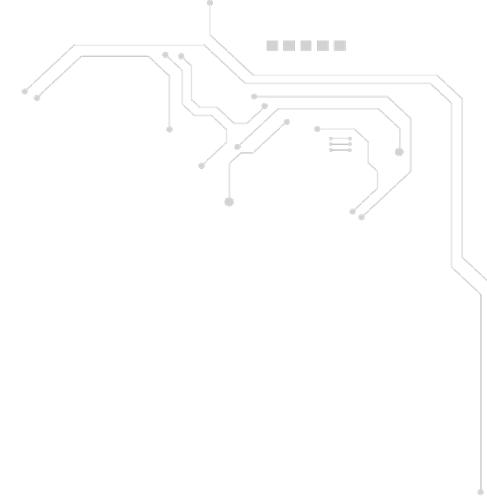
(1) Capital Expenditures include purchases of capitalized software.



Borrowings at September 30, 2025, were \$138 million

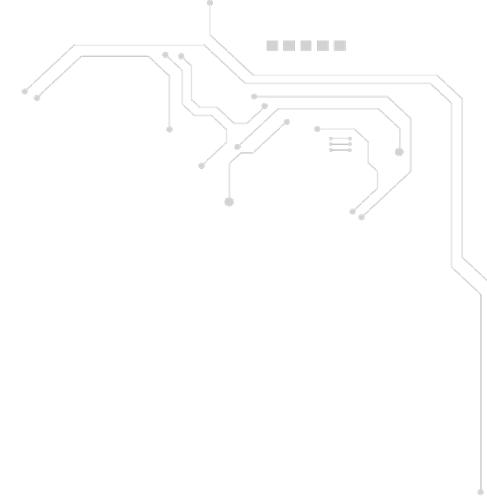
- \$9.5 million reduction from the fourth quarter
- Down \$108 million, or 44%, from a year ago
- Short-term liquidity totaled \$370 million at the end of the first quarter





Share repurchases

- Invested \$1.5 million to repurchase 49,000 shares
- Since October 2015, under our Board authorized share repurchase program:
 - A total of \$105.2 million returned to Share Owners by repurchasing 6.7 million shares of common stock
 - \$14.8 million remaining on the repurchase program



Reiterating our guidance for fiscal 2026

- Net sales of \$1.35 - \$1.45 billion
- Adjusted operating income of 4.0% - 4.25% of net sales
- Capital expenditures of \$50 - \$60 million



Profit sharing bonus tour

- Opportunity to travel to each location in our global footprint, connect with the teams, and experience the strides we're making to return to profitable growth
 - Winning new business – in all verticals
 - Improvements in operations
 - Quality
 - On-time delivery
 - Cost initiatives



Early impacts on the top line in the Medical business

- Accelerated growth and higher margins over time
- Strategy is to pursue growth with blue chip customers with long product life cycles and a high degree of visibility
- Scalable platform that supports the work we already do well, creates opportunities for vertical integration, positions us to take on more complex programs that align with our strengths
- Great example is the new facility in Indianapolis – adding production capabilities and capacity
- Medical businesses in Thailand and Poland – focused on HLAs and Finished Devices - are also having a meaningful impact



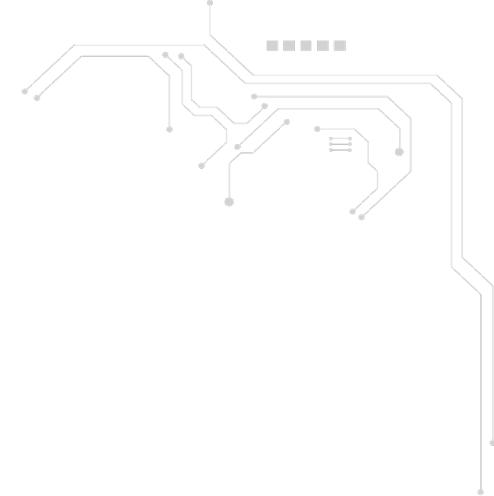
Augment this growth with a tuck-in acquisition strategy

- Add new end-markets
- Manufacturing capabilities
- New customer relationships

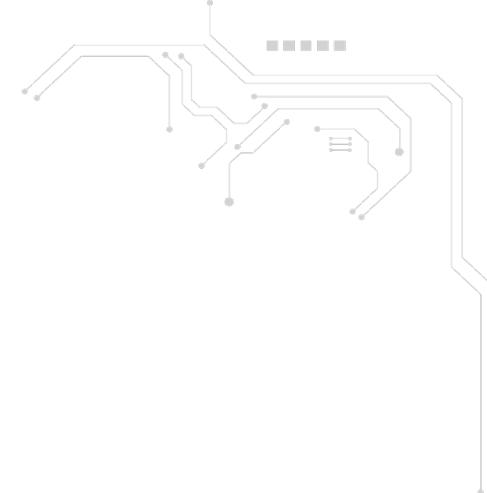


Proud of how our entire organization addressed the challenges of the past two years....

- Look forward to a return to growth in FY27
- Centered on the medical space
- Aligning with our goal to even out our verticals and improve margins



Questions



For more information, please contact:

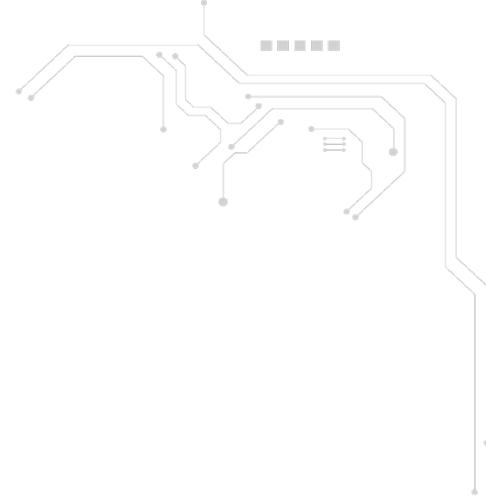


Andy Regrut

Treasurer and Investor Relations Officer

812-827-4151

andy.regrut@kimballelectronics.com

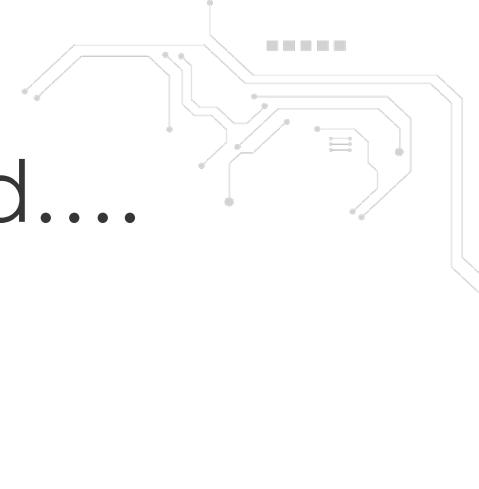


Appendix

Reconciliation of non-GAAP results



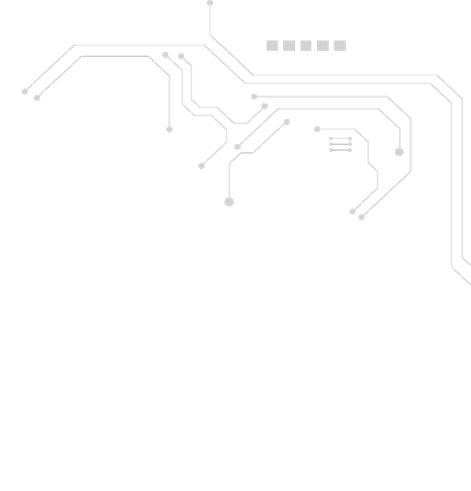
(Unaudited, Amounts in Thousands, Except Per Share Data)	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
Net Sales Growth (vs. same quarter in prior year)	(15)%	(15)%	(12)%	(12)%	(2)%
Foreign Currency Exchange Impact	— %	— %	(1)%	1 %	1 %
Constant Currency Growth	(15)%	(15)%	(11)%	(13)%	(3)%
 Selling & Administrative Expenses, as reported	\$ 13,427	\$ 10,526	\$ 13,154	\$ 13,163	\$ 13,090
Less: Stock Compensation Expense	2,072	501	1,955	1,991	1,563
Less: SERP	345	(69)	9	329	225
Adjusted S&A Expense	\$ 11,010	\$ 10,094	\$ 11,190	\$ 10,843	\$ 11,302
 Operating Income, as reported	\$ 9,115	\$ 8,230	\$ 11,716	\$ 16,474	\$ 14,454
Add: Stock Compensation Expense	2,072	501	1,955	1,991	1,563
Add: SERP	345	(69)	9	329	225
Add: Restructuring Expense	2,322	4,671	2,026	1,971	1,416
Add: Asset Impairment (Gain on Disposal)	(1,264)	—	—	(1,127)	(124)
Adjusted Operating Income	\$ 12,590	\$ 13,333	\$ 15,706	\$ 19,638	\$ 17,534
 Net Income, as reported	\$ 3,154	\$ 3,432	\$ 3,817	\$ 6,581	\$ 10,086
Add: Stock Compensation Expense, After-Tax	1,571	380	1,483	1,510	1,185
Add: Restructuring Expense, After-Tax	1,761	3,542	1,537	1,474	1,073
Add: Asset Impairment (Gain on Disposal), After-Tax	(959)	—	—	(1,127)	(94)
Adjusted Net Income	\$ 5,527	\$ 7,354	\$ 6,837	\$ 8,438	\$ 12,250
 Diluted Earnings per Share, as reported	\$ 0.12	\$ 0.14	\$ 0.15	\$ 0.26	\$ 0.40
Add: Stock Compensation Expense	\$ 0.06	\$ 0.01	\$ 0.06	\$ 0.06	\$ 0.05
Add: Restructuring Expense	\$ 0.07	\$ 0.14	\$ 0.06	\$ 0.06	\$ 0.04
Add: Asset Impairment (Gain on Disposal)	\$ (0.03)	\$ —	\$ —	\$ (0.04)	\$ —
Adjusted Diluted Earnings per Share	\$ 0.22	\$ 0.29	\$ 0.27	\$ 0.34	\$ 0.49



Reconciliation of non-GAAP results continued....

(Unaudited, Amounts in Thousands, Except Per Share Data)	Q1'25	Q2'25	Q3'25	Q4'25	Q1'26
Operating Income (GAAP) (TTM)	\$ 38,902	\$ 30,522	\$ 48,669	\$ 45,535	\$ 50,874
Add: Goodwill Impairment (TTM)	5,820	5,820	—	—	—
Add: Asset Impairment (Gain on Disposal) (TTM)	15,776	15,776	(788)	(2,391)	(1,251)
Add: Restructuring Expense (TTM)	4,708	9,379	9,783	10,990	10,084
Add: SERP (TTM)	1,202	649	381	614	494
Add: Stock Compensation Expense (TTM)	7,564	6,096	6,278	6,519	6,010
Add: Lawsuit Settlements (Recovery) (TTM)	(892)	(892)	—	—	—
Adj. Operating Income (non-GAAP) (TTM)	\$ 73,080	\$ 67,350	\$ 64,323	\$ 61,267	\$ 66,211
Tax Effect (TTM)	16,285	17,019	20,174	24,508	23,511
After-Tax Adj. Operating Income (TTM)	\$ 56,795	\$ 50,331	\$ 44,149	\$ 36,759	\$ 42,700
Average Invested Capital ⁽¹⁾	\$ 773,016	\$ 756,966	\$ 726,208	\$ 693,144	\$ 669,471
ROIC	7.3 %	6.6 %	6.1 %	5.3 %	6.4 %

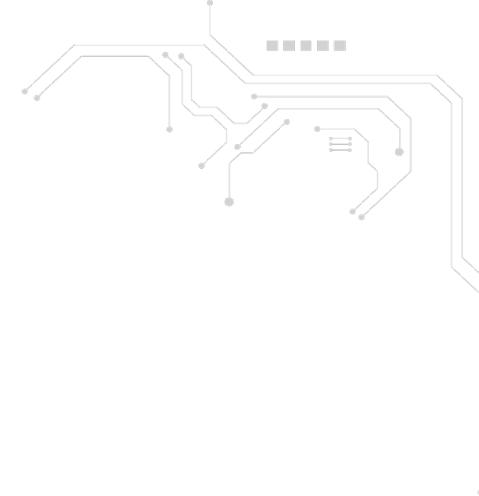
(1) Average Invested Capital is computed using the Share Owners equity plus current and non-current debt less cash and cash equivalents averaged for the last five quarters.



Net Sales in Automotive ⁽¹⁾



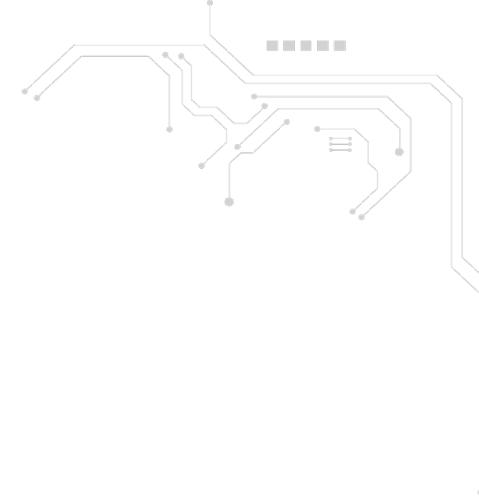
(1) Beginning in the first quarter of fiscal year 2026, sales to customers related to commercial transportation, previously included in the automotive vertical, are now reflected in the industrial vertical. Prior periods have been recast to conform to current period presentation.



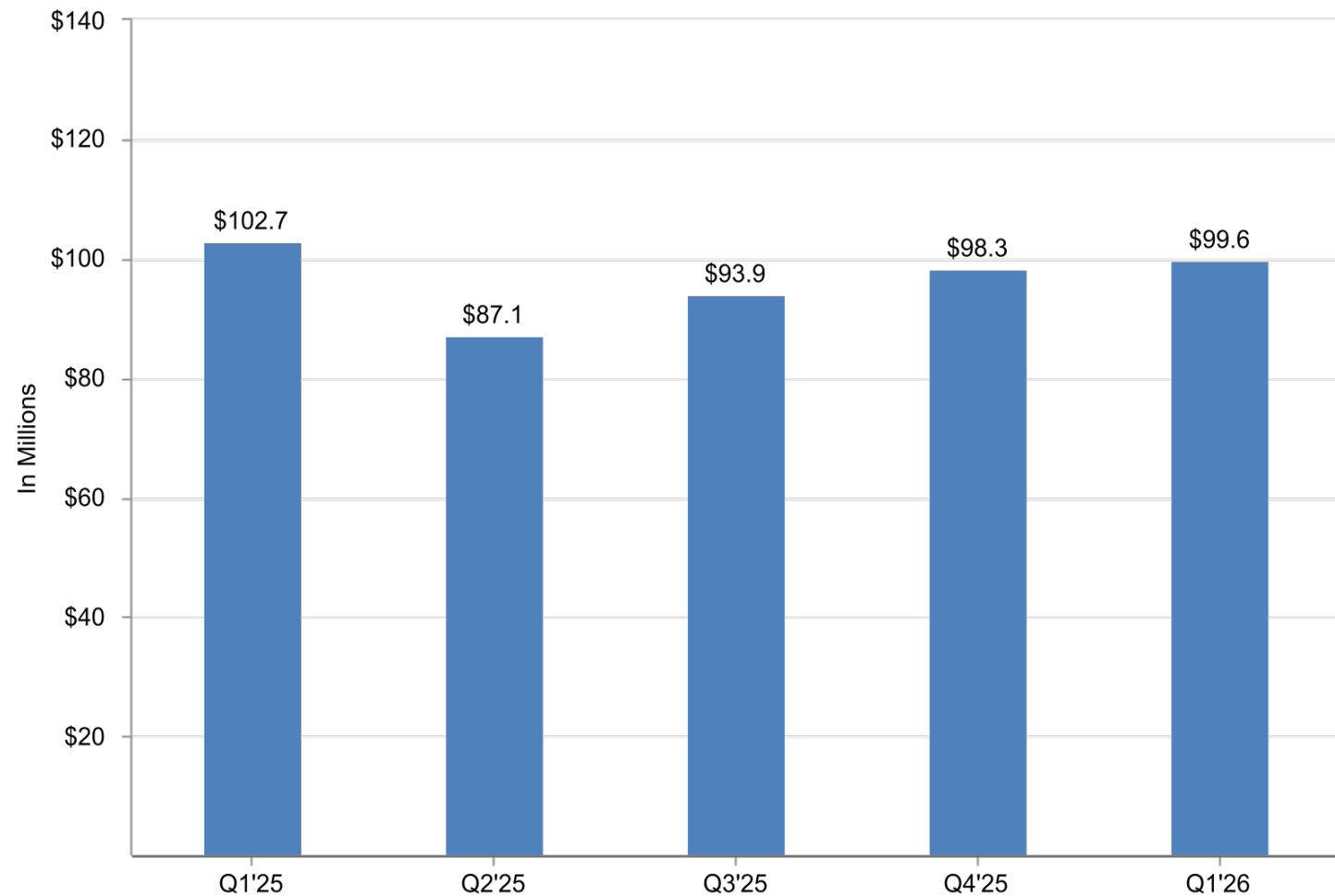
Net Sales in Medical ⁽¹⁾



(1) Q3'25 includes \$24 million of non-recurring consignment inventory sales.



Net Sales in Industrial ⁽¹⁾



(1) Beginning in the first quarter of fiscal year 2026, sales to customers related to commercial transportation, previously included in the automotive vertical, are now reflected in the industrial vertical. Prior periods have been recast to conform to current period presentation.