



**BUILDING
TOMORROW,
TOGETHER**

 **Kimball**® Electronics

Second Quarter Fiscal 2026 Results

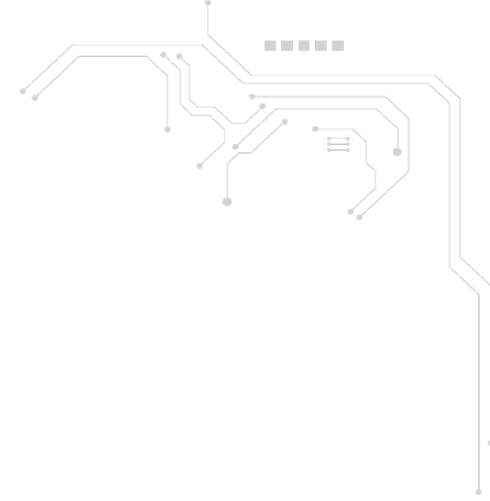
Quarter Ended December 31, 2025

Supplementary Information to the February 5, 2026,
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 second quarter and updated guidance for fiscal 2026

- Sales in Q2 were in line with expectations
 - Highlighted by another quarter of strong double-digit, year-over-year, growth in the medical vertical
- Margins improved compared to the same period last year
- Cash from operations was positive for the eighth consecutive quarter



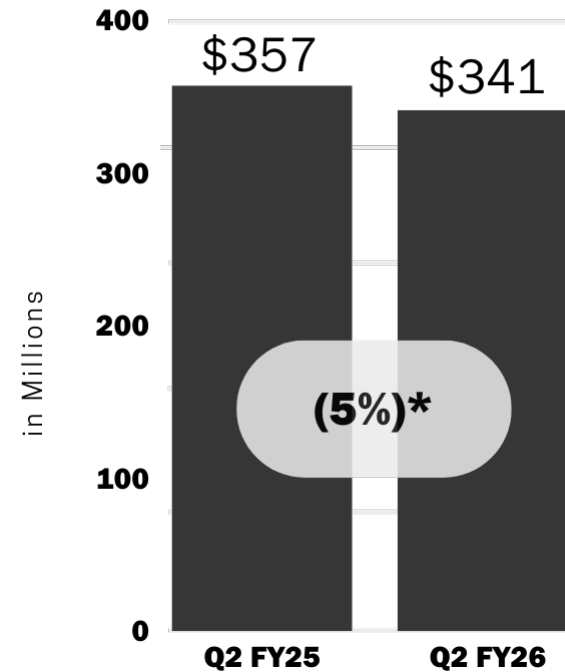
Focus as a medical CMO continues to gain momentum

- Leverage our unique capabilities in the industry
- Expect top-line growth in medical to outpace our other two verticals
- Balance our portfolio across the markets we serve
- Rebrand as Kimball Solutions
 - Grand opening of the new medical manufacturing facility in Indianapolis
 - Reflects this strategy and our expanded offering of capabilities and services

Net sales for the Company were \$341 million

- A decline of 5% compared to Q2 last year
- From an end market perspective:
 - Strong results in Medical
 - Offset by declines in Automotive and Industrial

NET SALES

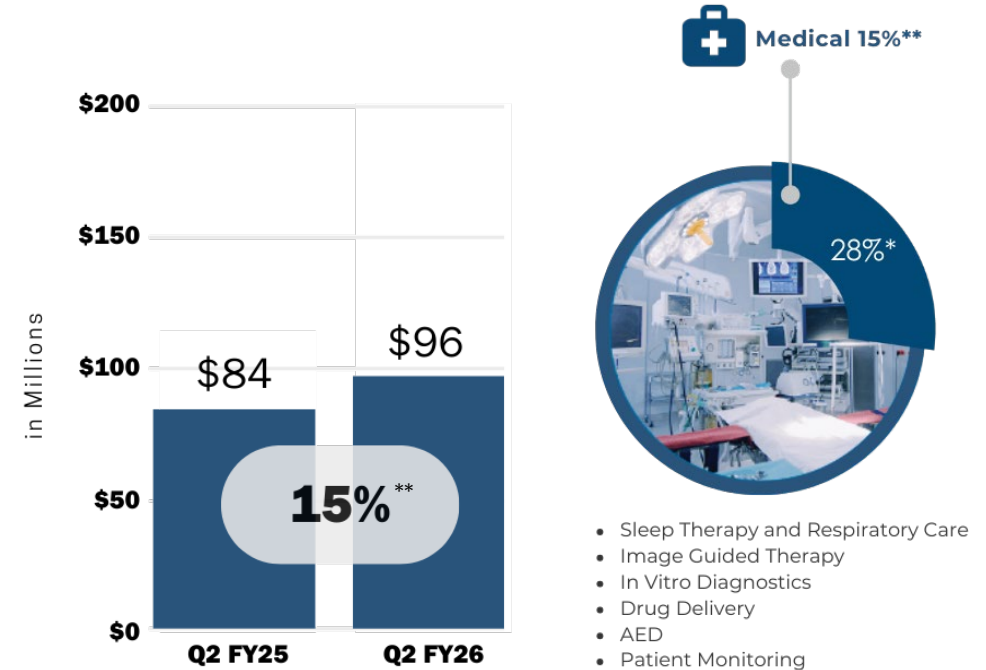


* Percentage decrease compared to Q2 of fiscal 2025

Sales in Medical were \$96 million

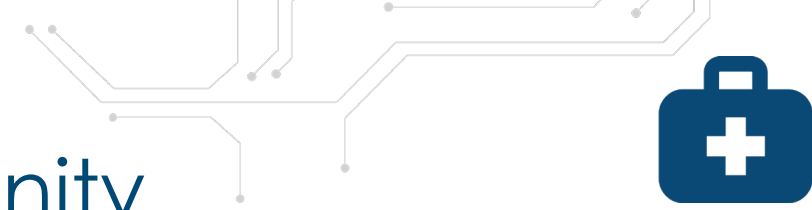
- Up 15% compared to the same period last year
- 28% of total company sales
- 4th consecutive quarter of year-over-year revenue growth
- ~1/2 of our medical business is in North America
- Other 1/2 roughly split between Asia & Europe
- Increase in Q2 was driven by growth in Poland and Thailand
 - North America was “flattish” in the quarter

NET SALES



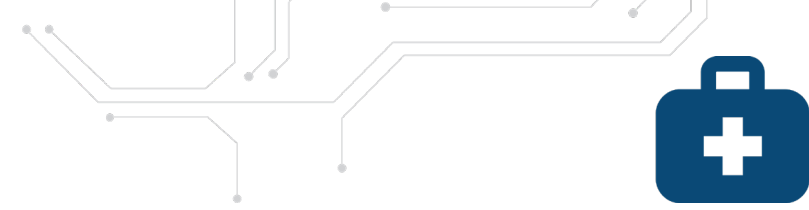
* Percentage of net sales

** Percentage increase compared to Q2 of fiscal 2025



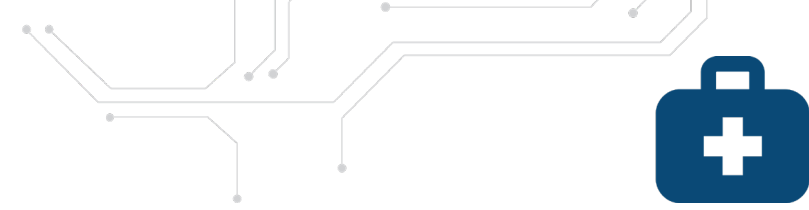
Medical vertical is compelling opportunity...

- Diversify our top line
- Leverage our core strengths as a trusted partner in complex and highly regulated industry
- Megatrends expected to fuel growth:
 - Aging population
 - Increasing access & affordability to healthcare
 - Smaller medical devices requiring higher levels of precision and accuracy



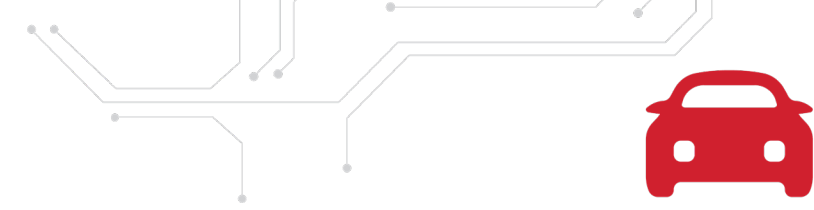
Our strategy...

- Align with new – and existing – blue chip customers in need of manufacturing capacity for products with long life cycles and high degrees of visibility
- Great example is our new facility in Indianapolis
 - Celebrating the grand opening with a ribbon-cutting ceremony
 - Showcase our state-of-the-art facility that adds capacity to our US footprint for manufacturing medical products, single-use surgical instruments, and drug devices – such as auto injectors
- Thailand, Poland, Mexico, and Jasper also serve the medical market with HLAs and finished medical products



To compliment our organic growth...

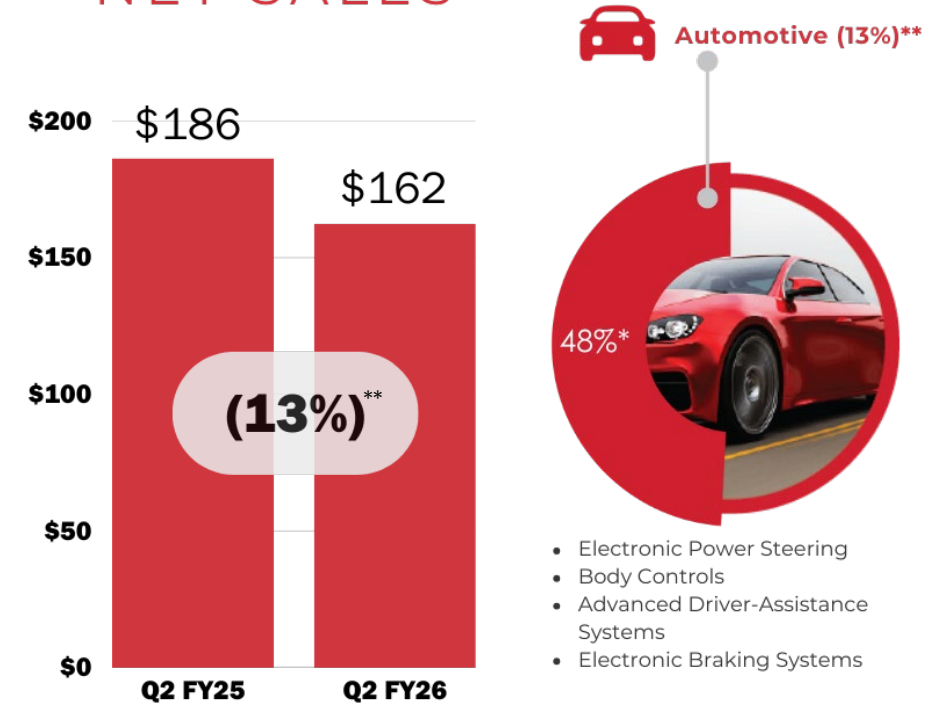
- Actively pursuing targeted, disciplined, “tuck-in” acquisitions that could:
 - Bring new customers
 - Increase exposure to faster-growing end-markets
 - Expand our geographic reach
 - Add manufacturing capabilities including opportunities for vertical integration
- Together, these strategies strengthen our global platform and position the Company for a sustainable return to profitable growth



Automotive sales of \$162 million

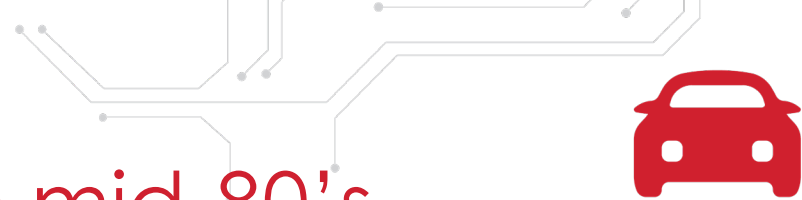
- Down 13% compared to the 2nd quarter of last year
- 48% of total company sales
- Decline driven by lower sales in North America
 - Result of the braking program transferred out of Reynosa in mid fiscal 2025
 - Recent pressure in the US related to tariffs
- Combined impact represented the majority of the decrease although, automotive sales down in China
- Partially offset by growth in Poland and Romania with programs in steering and braking respectively

NET SALES



* Percentage of net sales

** Percentage decrease compared to Q2 of fiscal 2025



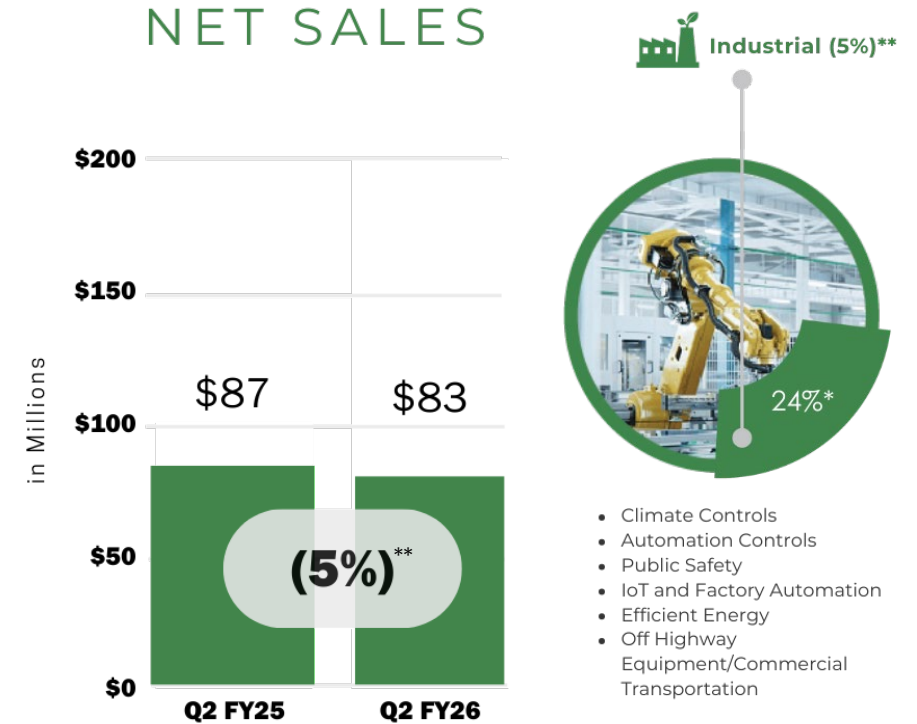
Supported automotive market since the mid-80's

- Very good business for us – generating strong cash flow when production volumes are at or above planned levels
- Electronic steering and braking applications continue to be “sweet spot”
 - Advances such as steer by wire and brake by wire – or electronic mechanical braking – increasing electronic content on vehicles
- Early stages of growth from the full assembly of an EPP – or Electronic Power Pack
 - Steering system that integrates the motor and the ECU
- OEMs are starting to “design-in” a 2nd steering system in vehicles
 - In the rear of certain higher-end cars and trucks

Sales in Industrial totaled \$83 million

- 5% decrease compared to Q2 last year
- 24% of total company sales
- Industrial business heavily concentrated in North America
 - Majority of the decline occurred with lower demand for HVAC systems
- Partially offset by higher sales in Europe
 - Rebound of the smart meter business for us in that region

NET SALES



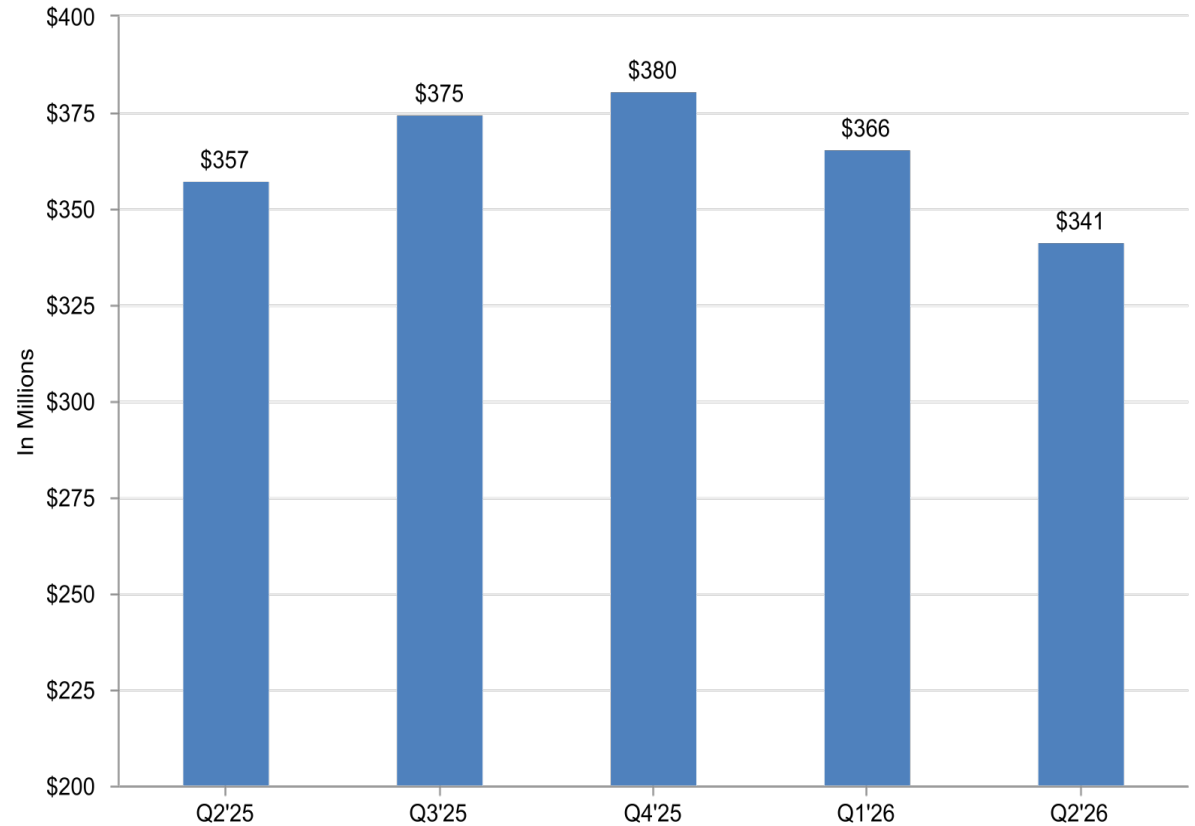
* Percentage of net sales

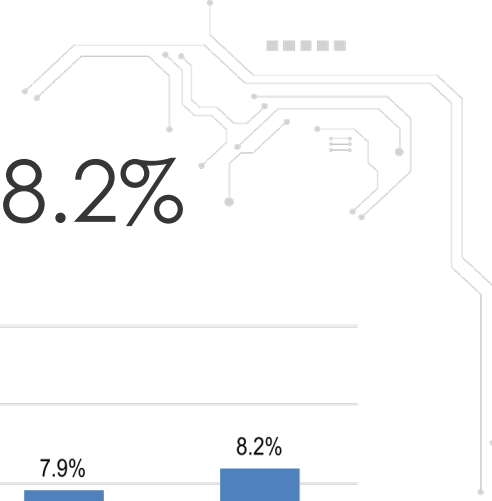
** Percentage decrease compared to Q2 of fiscal 2025. AT&M excluded from all amounts, percentages, and periods.



Net sales in the second quarter were \$341.3 million

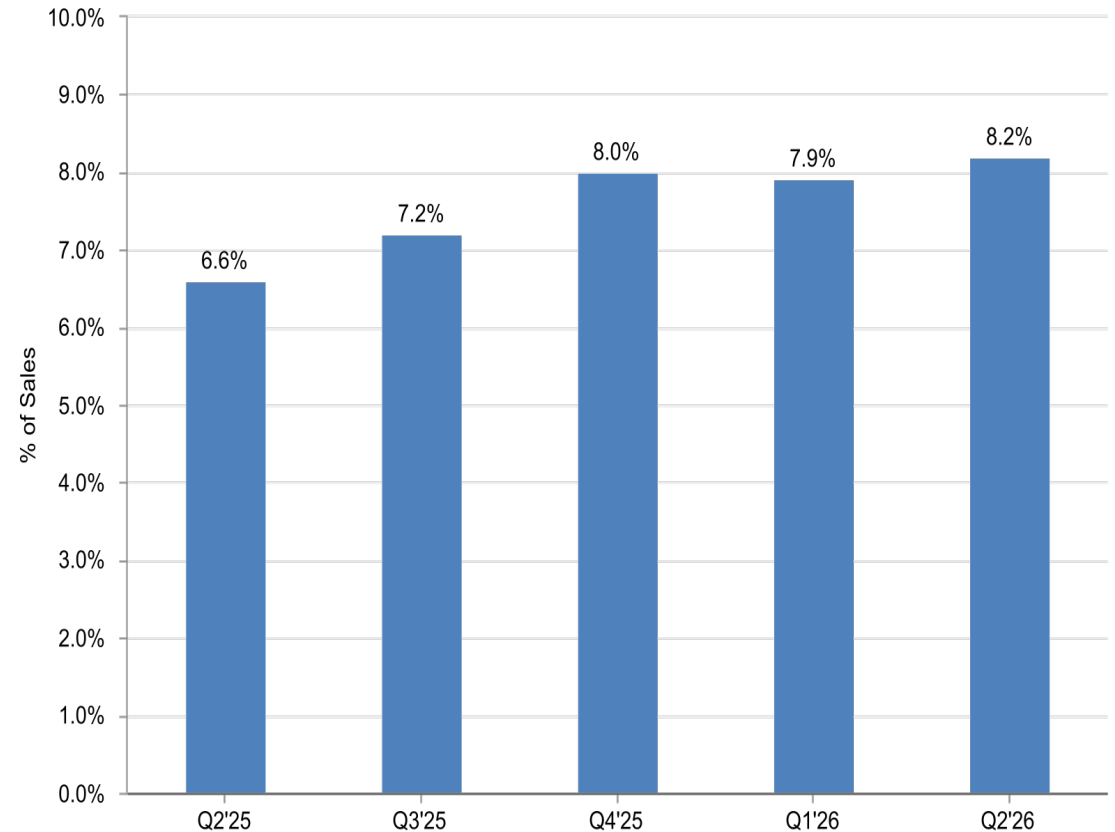
- 5% decrease year-over-year
- Foreign exchange had a 2% favorable impact
- On a sequential basis, sales were down ~6% compared to Q1
 - Decline primarily occurring in the Industrial vertical, driven by reduced sales in the North America climate control submarket

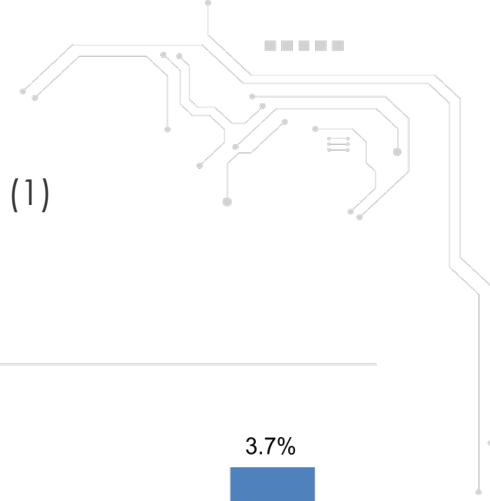




Gross margin rate in the second quarter was 8.2%

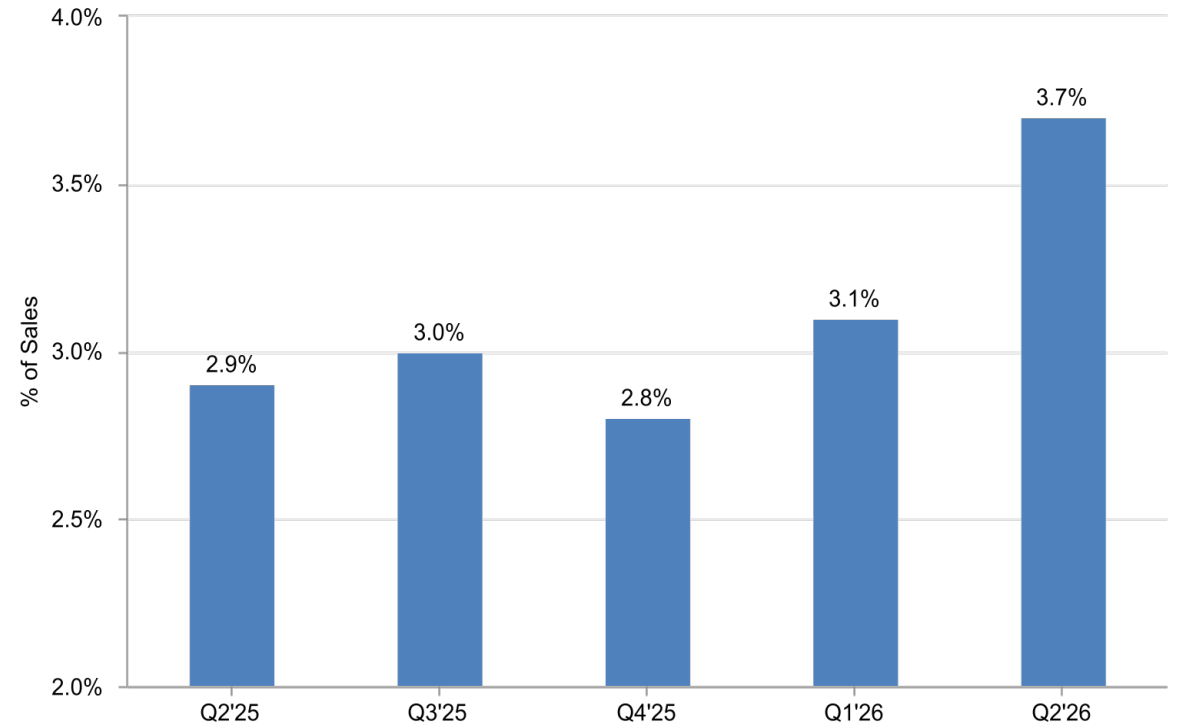
- 160 bps improvement compared to 6.6% in the same period of fiscal 2025
- Improvement driven by
 - Favorable mix
 - The closure of our Tampa facility
 - Favorable FX rates
 - Global restructuring efforts



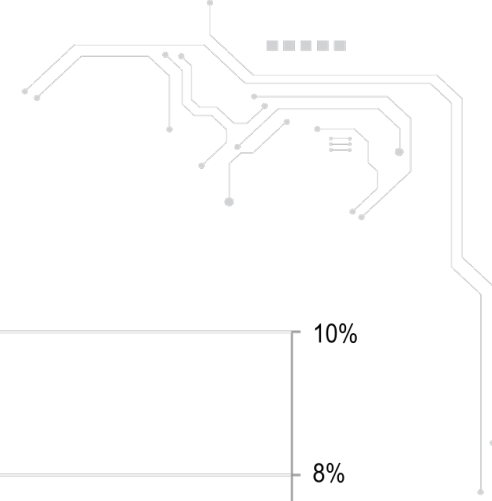


Adjusted selling & administrative expense (%)⁽¹⁾

- Second quarter totaled \$12.6 million
- \$2.5 million increase year-over-year
- When measured as percent of sales the rate was 3.7% this year compared to 2.9% last year
- Expense will be higher in FY26 as we make strategic investments in business transformation, IT solutions, and business development

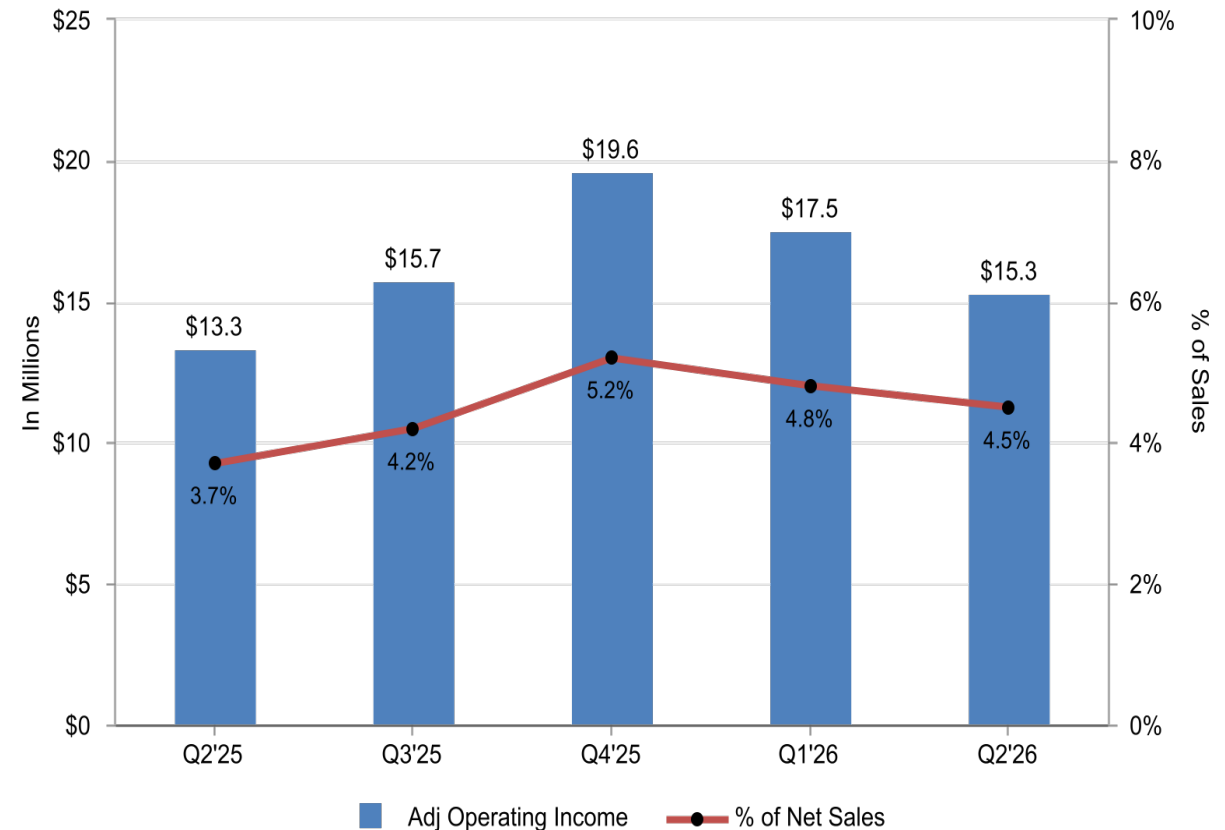


(1) Adjusted Selling & Administrative Expense is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results in the supplementary information.

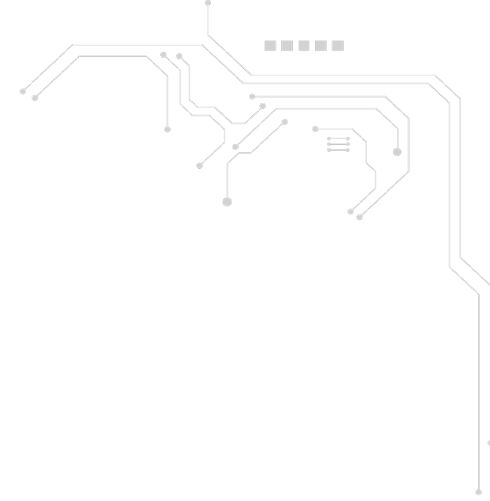


Adjusted operating income ⁽¹⁾

- \$15.3 million, or 4.5% of net sales
- Compares to last year's adjusted result of \$13.3 million, or 3.7% of net sales
- Our improved guidance for adjusted operating income reflects the impact of higher sales as well as the S&A investments
- New facility in Indianapolis will result in higher depreciation and other expenses related to opening



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



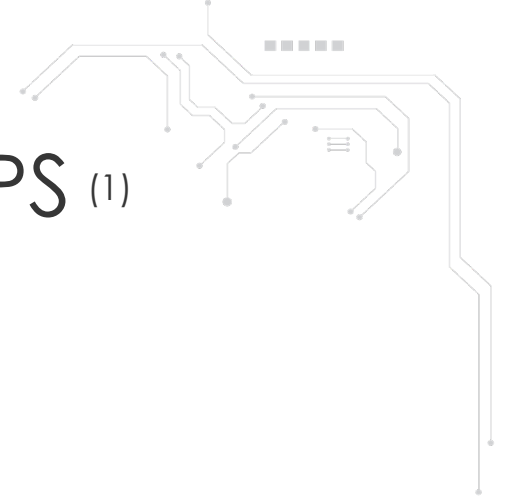
Other income and expense

- Expense of \$3.8 million
- Compared to \$4.8 million of expense last year
- Once again this quarter, interest expense drove the decrease, down 50% year-over-year

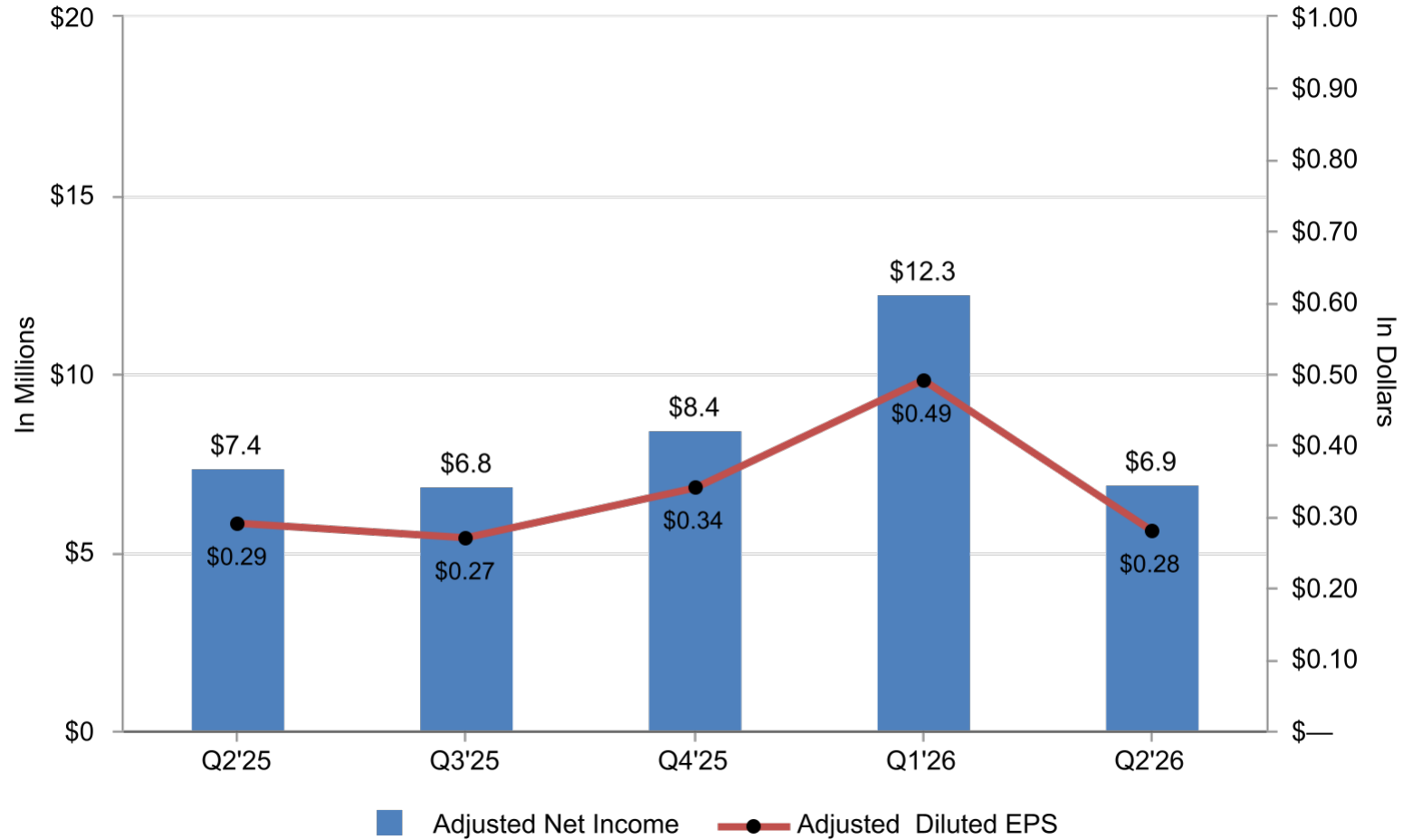


Effective tax rate

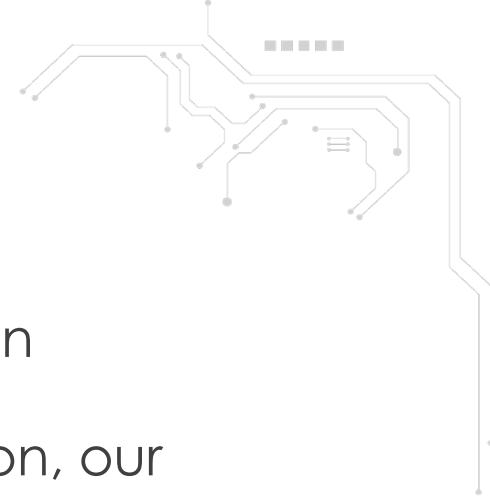
- 47.9%, compared to 1.2% last year
- Higher rate driven by the impact of provision to tax return adjustments and a valuation allowance adjustment associated with the expected sale of the Tampa facility
- For the full year of fiscal 2026, we continue to expect an effective tax rate in the high 20's to low 30%'s



Adjusted net income and adjusted diluted EPS ⁽¹⁾

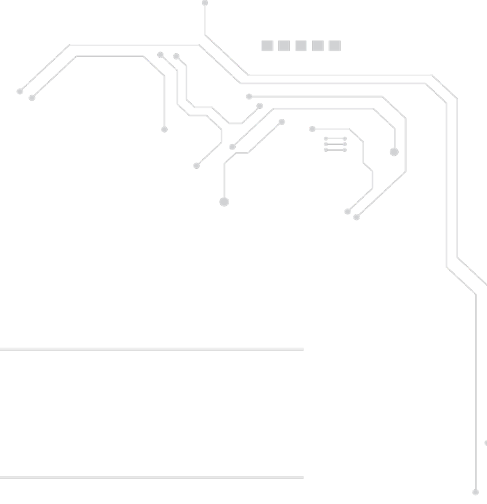


(1) Adjusted Net Income and Adjusted Diluted EPS are Non-GAAP measures – refer to Reconciliation of Non-GAAP Results in the supplementary information.



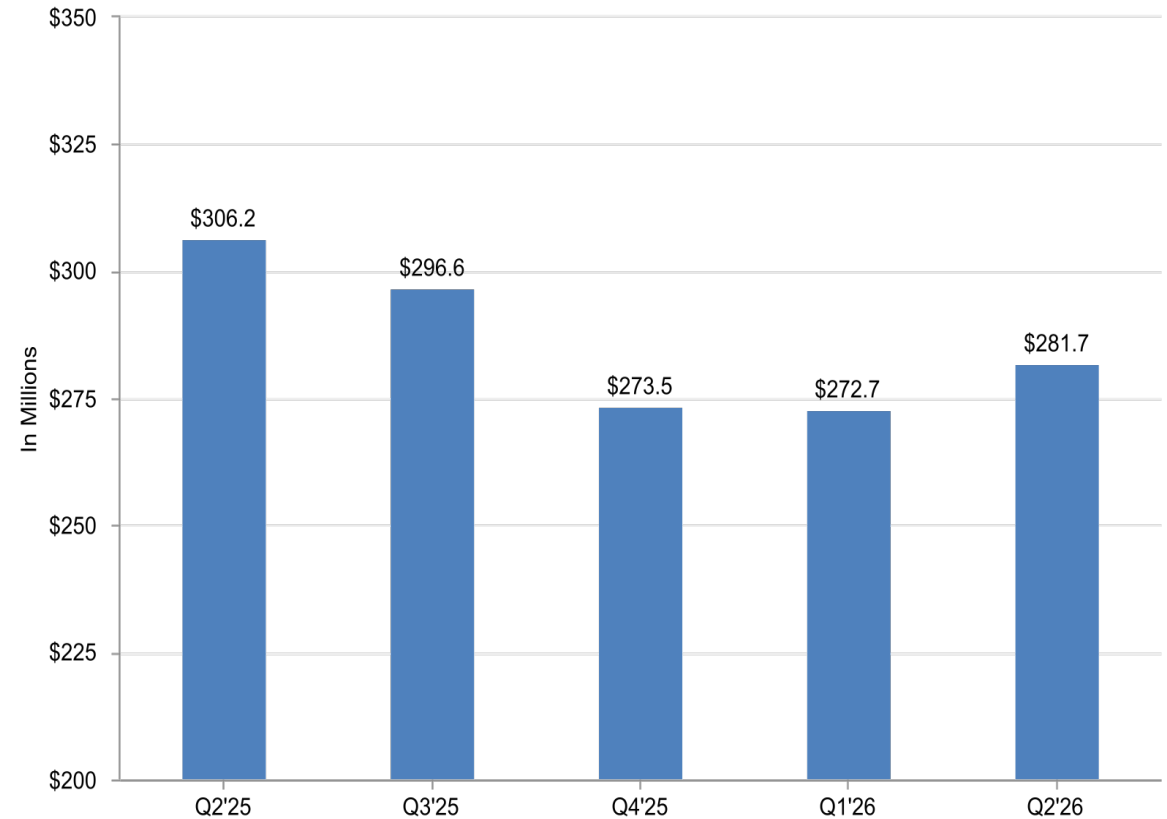
Balance sheet

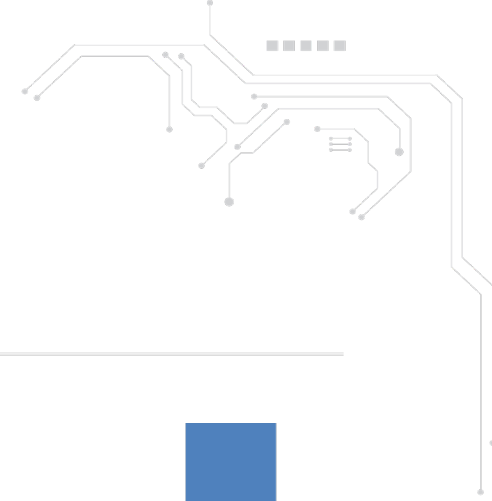
- Cash and cash equivalents at December 31, 2025, were \$77.9 million
- Cash generated by operating activities in the quarter was \$6.9 million, our eighth consecutive quarter of positive cash flow
- Cash conversion days were 91, an 8-day increase compared to last quarter, but 16-day improvement compared to Q2 of fiscal 2025
- Continuing to focus on improving cash conversion days by actively managing the components



Inventory ended the quarter at \$281.7 million

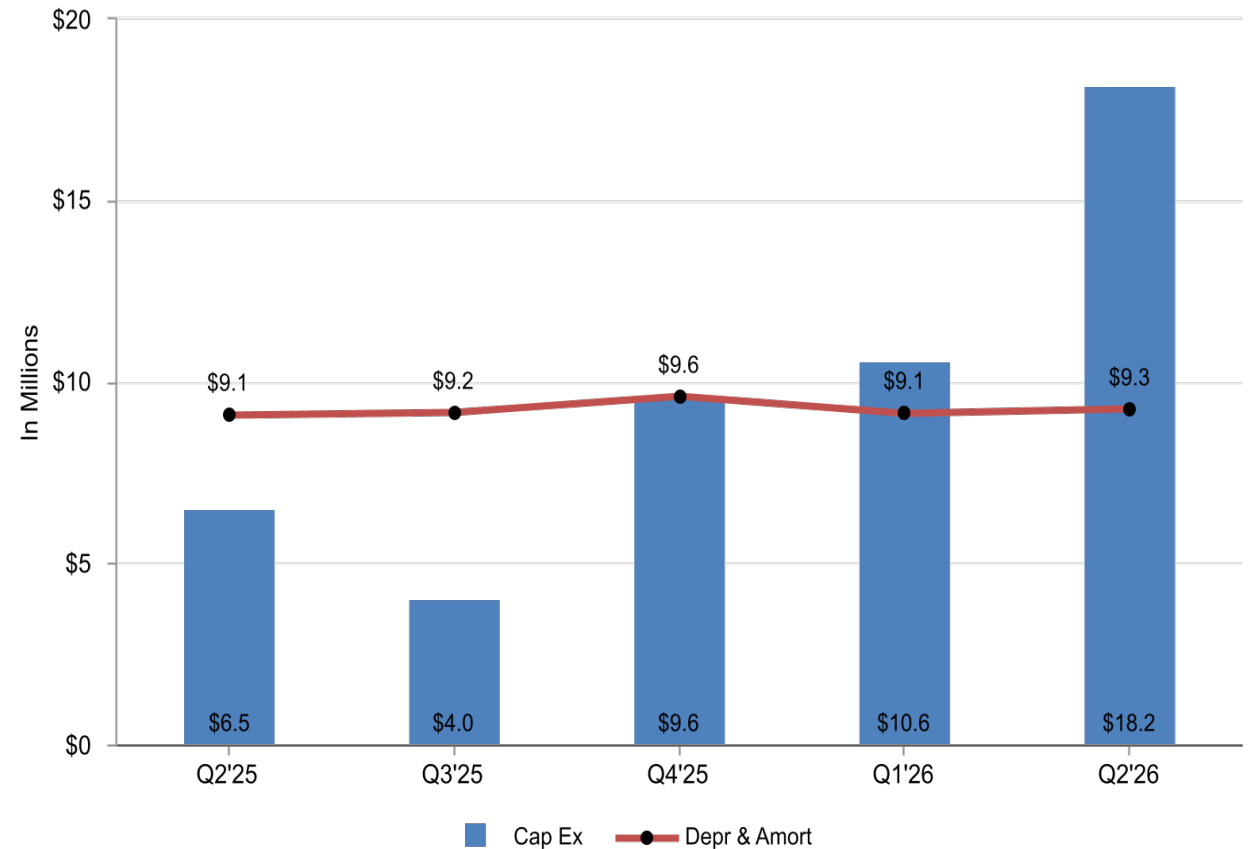
- Marginally higher than Q1
- Down \$24.5 million - or 8% - from a year ago





Capital expenditures were \$18.2 million ⁽¹⁾

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

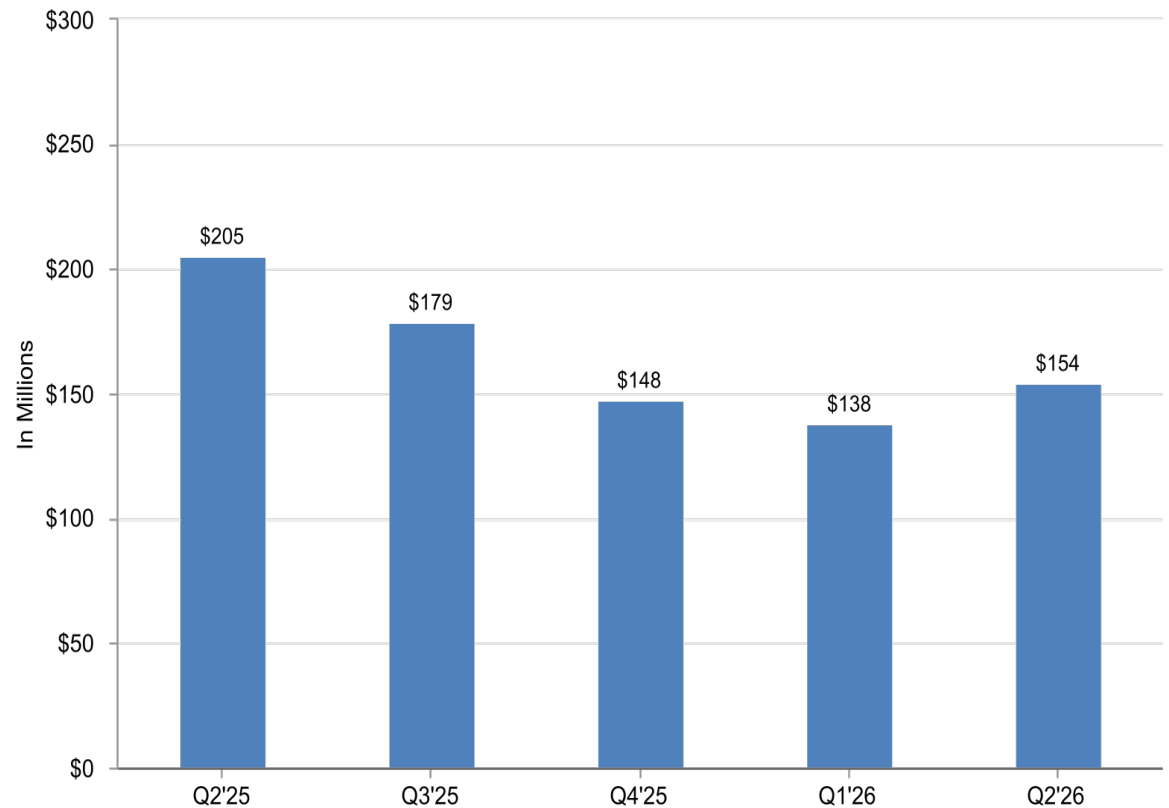


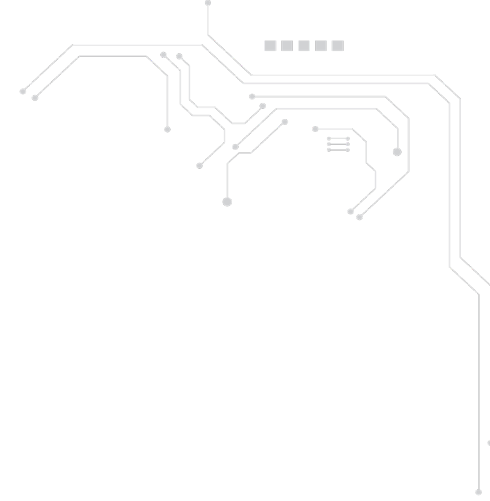
(1) Capital Expenditures include purchases of capitalized software.



Borrowings at December 31, 2025, were \$154 million

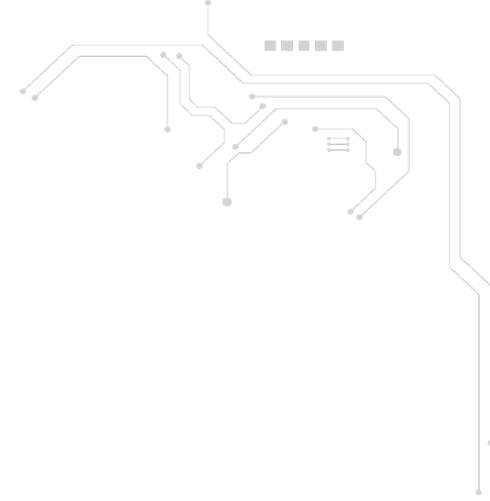
- Up \$16 million from the first quarter
- Down \$51 million, or ~25%, from a year ago
- Short-term liquidity totaled \$363 million at the end of the second quarter





Share repurchases

- Invested \$4.3 million to repurchase 149,000 shares
- Since October 2015, under our Board authorized share repurchase program:
 - A total of \$109.5 million returned to Share Owners by repurchasing 6.8 million shares of common stock
 - \$10.5 million remaining on the repurchase program



Raising our guidance for fiscal 2026

- Net sales of \$1.40 - \$1.46 billion
 - Compares to our previous guidance of \$1.35 - \$1.45 billion
- Adjusted operating income of 4.2% - 4.5% of net sales
 - Prior estimate was 4.0% - 4.25%
- Capital expenditure guidance did not change with a range of \$50 - \$60 million



Pleased with our raised outlook for the fiscal year

- Driven by strength in the medical vertical
- Continue to monitor FY27, particularly in the North America automotive and industrial verticals
 - Consumer continues to respond to tariff impacts, changes in US tax subsidies, and economic concerns



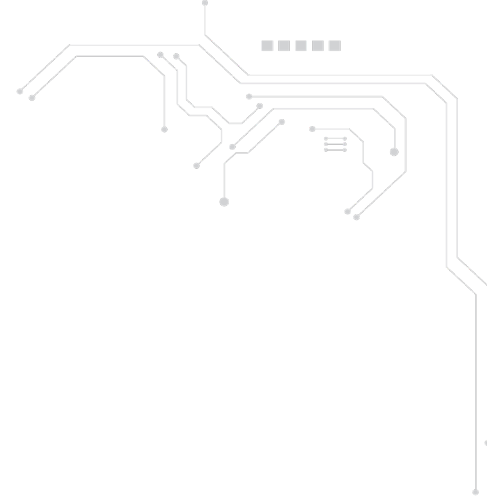
2026 is a year of milestones for our Company

- Romania celebrating 10-years of operations, China 20-years, and the 65th anniversary for the Enterprise
- Celebrating this anniversary – and embracing our future –with a new company name - Kimball Solutions
- Rebrand is a strategic move that reflects our evolution beyond traditional Electronics Manufacturing Services
 - Expanded portfolio of capabilities that includes design & engineering support, supply chain management, precision plastics for medical applications, high-level and final product assemblies
 - Customer-centric approach to long-lasting partnerships providing end-to-end solutions from design and prototyping, to new product introduction, manufacturing, and aftermarket support

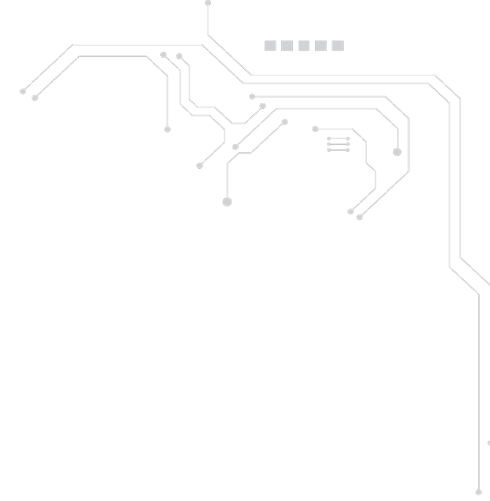


Rebrand will occur in a phased rollout

- Starting at locations across the global footprint beginning in July of 2026
- Completed when Company officially changes its name a year later
 - Pending Share Owners' approval
- This change – along with recent investments in Indianapolis – demonstrate our commitment to innovation and the vision to deliver comprehensive solutions worldwide
- While the name of the Company is changing, our core values of integrity, quality, and continuous improvement remain steadfast
- Celebration of our heritage and a move toward the future
 - Building Tomorrow, Together



Questions



For more information, please contact:

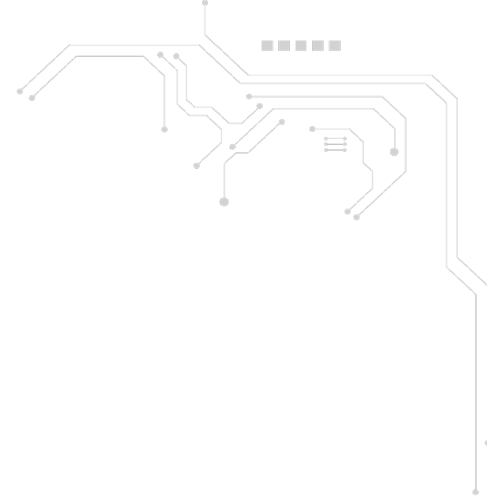


Andy Regrut

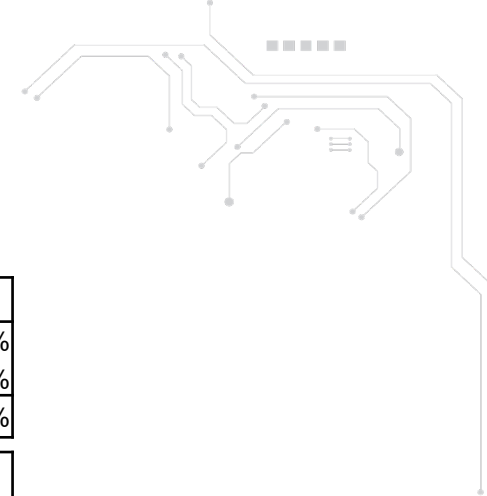
Vice President, Investor Relations,
Strategic Development, and Treasurer

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andy.regrut@kimballelectronics.com

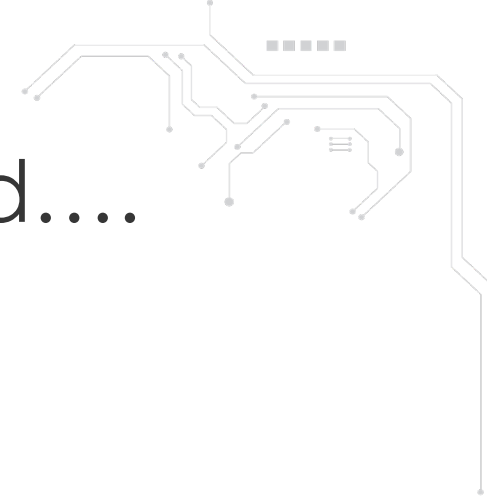


Appendix



Reconciliation of non-GAAP results

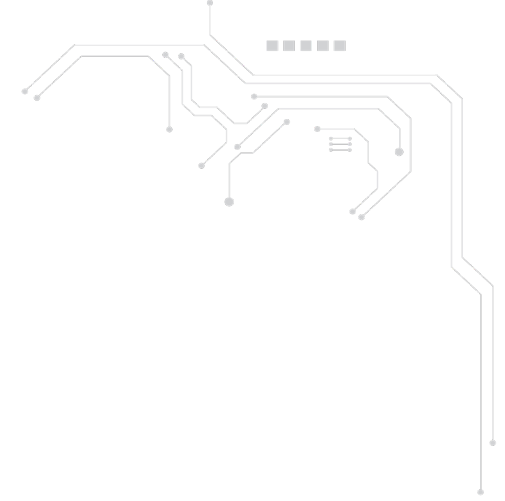
(Unaudited, Amounts in Thousands, Except Per Share Data)	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26
Net Sales Growth (vs. same quarter in prior year)	(15)%	(12)%	(12)%	(2)%	(5)%
Foreign Currency Exchange Impact	— %	(1)%	1 %	1 %	2 %
Constant Currency Growth	(15)%	(11)%	(13)%	(3)%	(7)%
Selling & Administrative Expenses, as reported	\$ 10,526	\$ 13,154	\$ 13,163	\$ 13,090	\$ 14,862
Less: Stock Compensation Expense	501	1,955	1,991	1,563	2,217
Less: SERP	(69)	9	329	225	85
Adjusted S&A Expense	\$ 10,094	\$ 11,190	\$ 10,843	\$ 11,302	\$ 12,560
Operating Income, as reported	\$ 8,230	\$ 11,716	\$ 16,474	\$ 14,454	\$ 10,767
Add: Stock Compensation Expense	501	1,955	1,991	1,563	2,217
Add: SERP	(69)	9	329	225	85
Add: Restructuring Expense	4,671	2,026	1,971	1,416	1,817
Add: Asset Impairment (Gain on Disposal)	—	—	(1,127)	(124)	422
Adjusted Operating Income	\$ 13,333	\$ 15,706	\$ 19,638	\$ 17,534	\$ 15,308
Net Income, as reported	\$ 3,432	\$ 3,817	\$ 6,581	\$ 10,086	\$ 3,637
Add: Stock Compensation Expense, After-Tax	380	1,483	1,510	1,185	1,681
Add: Restructuring Expense, After-Tax	3,542	1,537	1,474	1,073	1,287
Add: Asset Impairment (Gain on Disposal), After-Tax	—	—	(1,127)	(94)	320
Adjusted Net Income	\$ 7,354	\$ 6,837	\$ 8,438	\$ 12,250	\$ 6,925
Diluted Earnings per Share, as reported	\$ 0.14	\$ 0.15	\$ 0.26	\$ 0.40	\$ 0.15
Add: Stock Compensation Expense	\$ 0.01	\$ 0.06	\$ 0.06	\$ 0.05	\$ 0.07
Add: Restructuring Expense	\$ 0.14	\$ 0.06	\$ 0.06	\$ 0.04	\$ 0.05
Add: Asset Impairment (Gain on Disposal)	\$ —	\$ —	\$ (0.04)	\$ —	\$ 0.01
Adjusted Diluted Earnings per Share	\$ 0.29	\$ 0.27	\$ 0.34	\$ 0.49	\$ 0.28



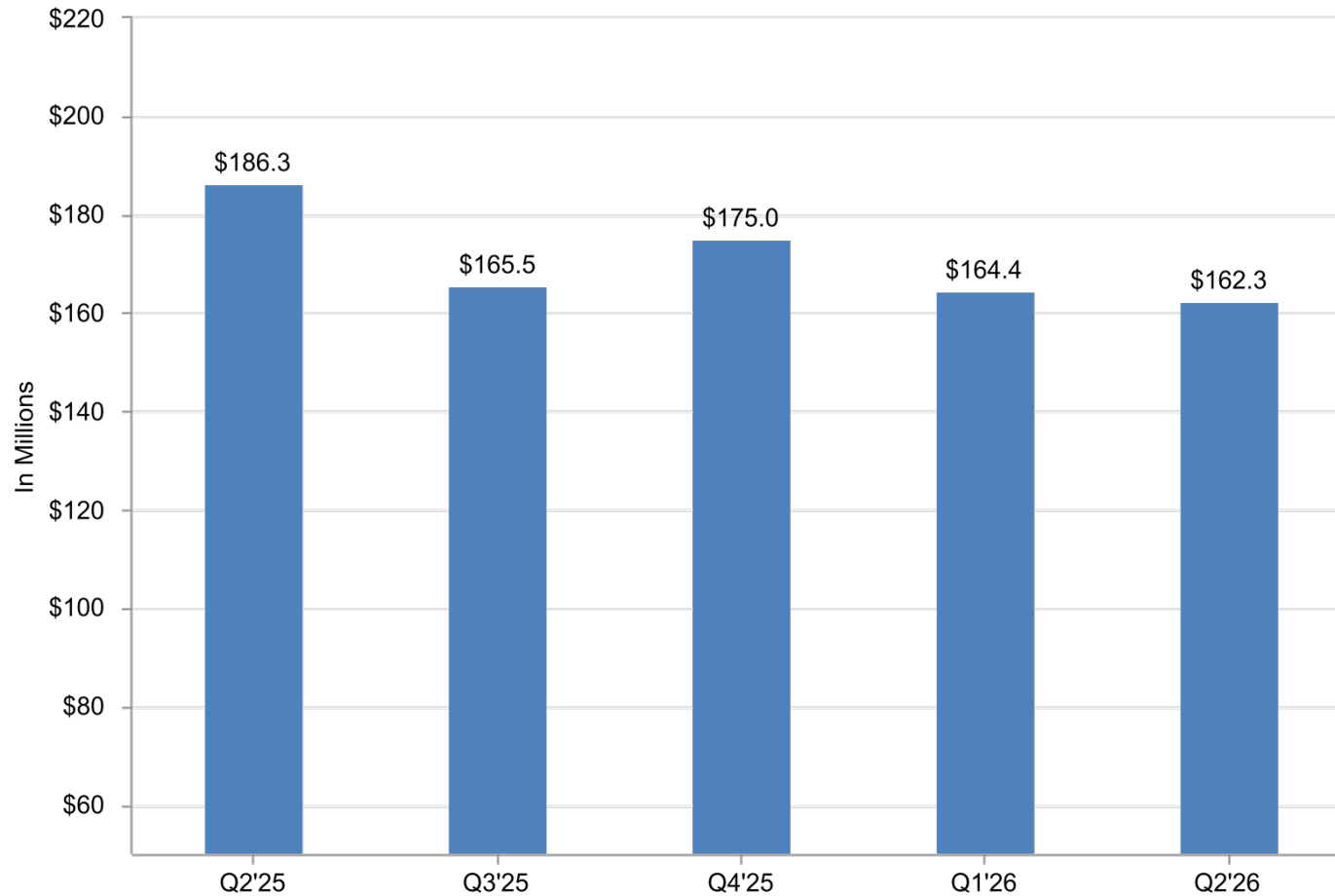
Reconciliation of non-GAAP results continued....

(Unaudited, Amounts in Thousands, Except Per Share Data)	Q2'25	Q3'25	Q4'25	Q1'26	Q2'26
Operating Income (GAAP) (TTM)	\$ 30,522	\$ 48,669	\$ 45,535	\$ 50,874	\$ 53,411
Add: Goodwill Impairment (TTM)	5,820	—	—	—	—
Add: Asset Impairment (Gain on Disposal) (TTM)	15,776	(788)	(2,391)	(1,251)	(829)
Add: Restructuring Expense (TTM)	9,379	9,783	10,990	10,084	7,230
Add: SERP (TTM)	649	381	614	494	648
Add: Stock Compensation Expense (TTM)	6,096	6,278	6,519	6,010	7,726
Add: Lawsuit Settlements (Recovery) (TTM)	(892)	—	—	—	—
Adj. Operating Income (non-GAAP) (TTM)	\$ 67,350	\$ 64,323	\$ 61,267	\$ 66,211	\$ 68,186
Tax Effect (TTM)	17,019	20,174	24,508	23,511	23,836
After-Tax Adj. Operating Income (TTM)	\$ 50,331	\$ 44,149	\$ 36,759	\$ 42,700	\$ 44,350
Average Invested Capital ⁽¹⁾	\$ 756,966	\$ 726,208	\$ 693,144	\$ 669,471	\$ 657,074
ROIC	6.6 %	6.1 %	5.3 %	6.4 %	6.7 %

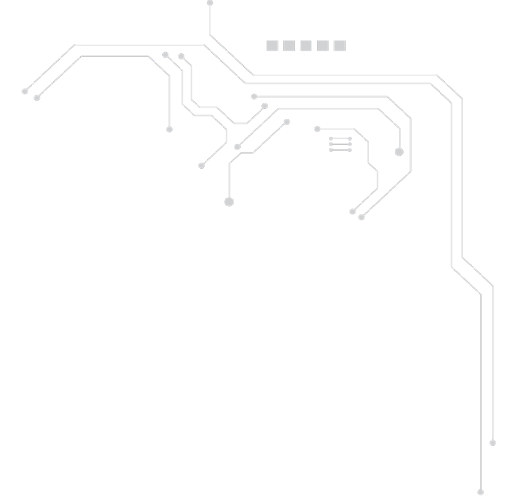
(1) Average Invested Capital is computed using the Share Owners equity plus current and non-current debt less cash and cash equivalents averaged for the last five quarters.



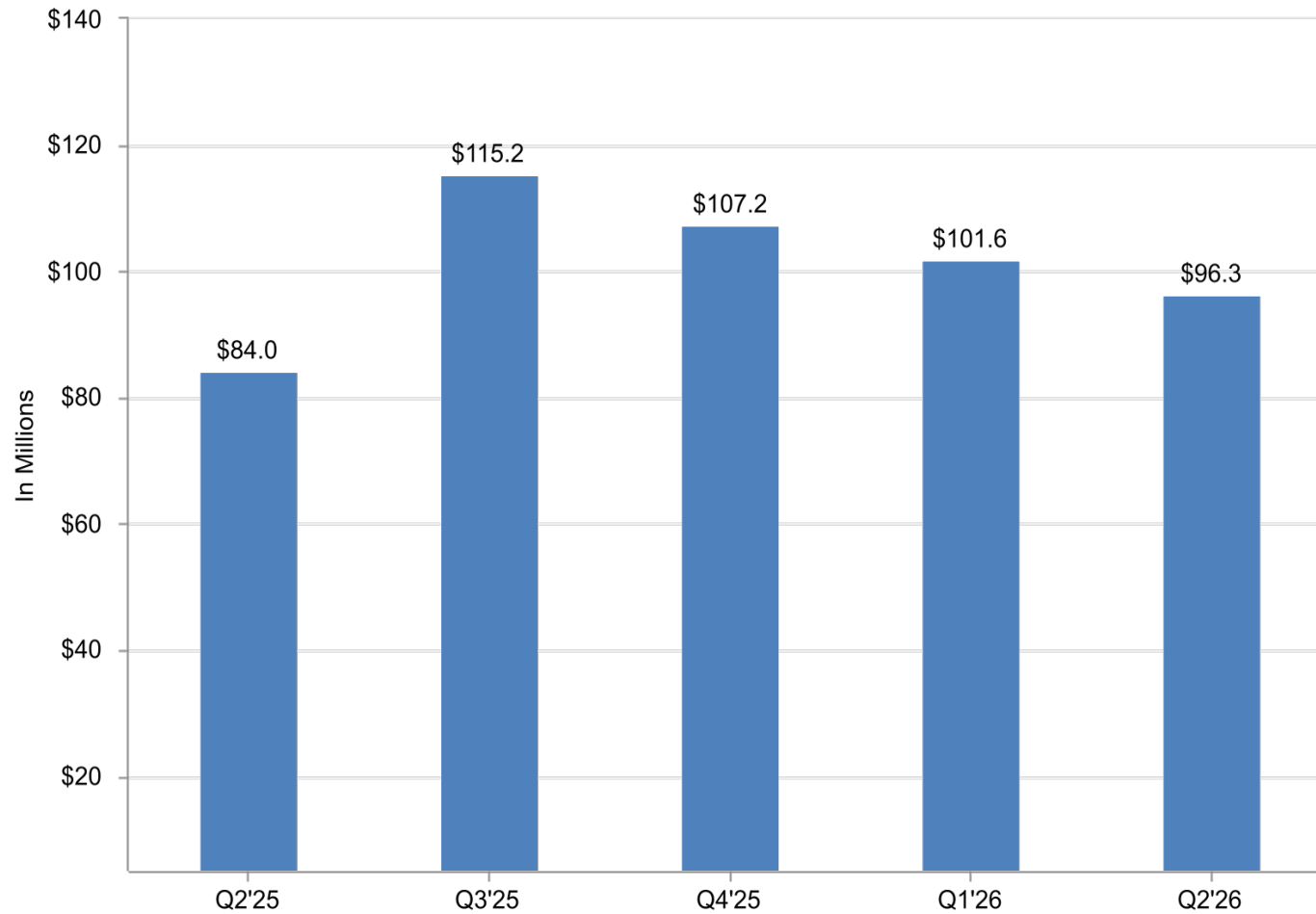
Net Sales in Automotive ⁽¹⁾



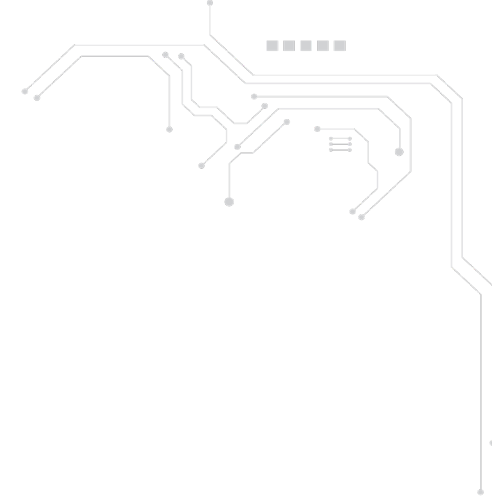
(1) Beginning in the first quarter of fiscal year 2026, sales to customers related to commercial transportation, previously included in the automotive vertical, are now reflected in the industrial vertical. Prior periods have been recast to conform to current period presentation.



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.