







BUILDING TOMORROW, TOGETHER

Kimball® Electronics

Third Quarter Fiscal 2026 Results

Quarter Ended March 31, 2026

Supplementary Information to the May 6, 2026, Earnings Conference Call & Webcast

Kimball Electronics Confidential

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 war, 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, Return on Invested Capital ("ROIC"), and Adjusted Net Sales Growth. 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



Ric Phillips
CEO



Jana Croom
CFO

Agenda

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

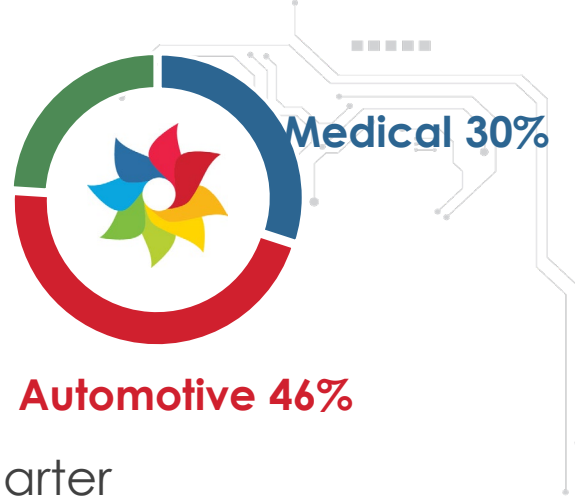
Results For The Third Quarter Were In-line With Expectations

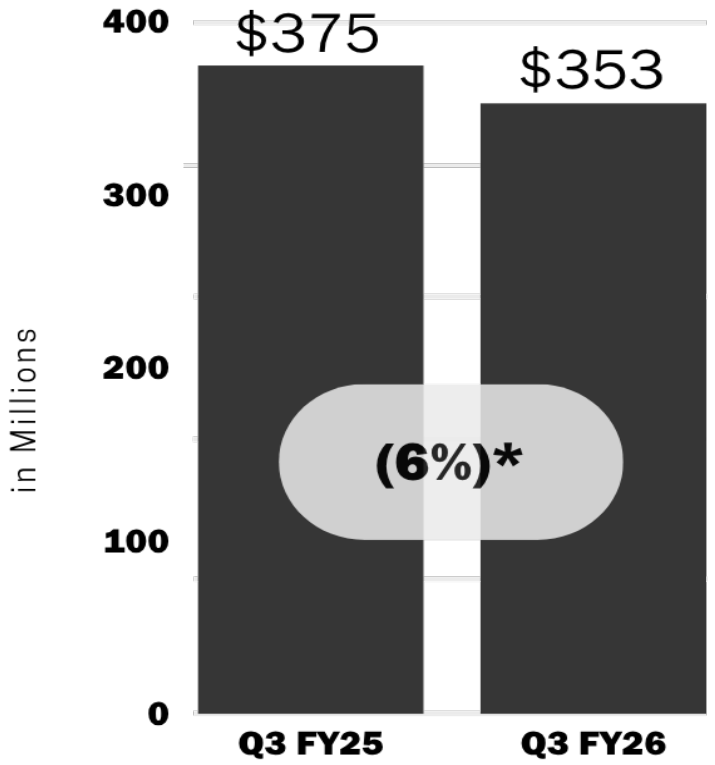
- Sales increased sequentially when compared with Q2
  - Driven by strong growth in our medical market
- Margins remain solid
- Cash from operations was positive for the ninth consecutive quarter
- Expecting Q4 to be a good finish to the year
- Affirming Fiscal Year 2026 guidance, estimated at the high end of the Adj OI Margin range

Medical CMO Continues to be Key Part of Our Strategy

- Deliberate investments in our capabilities, operating capacity and commercial focus
- When volumes ramp, we expect it to become a meaningful driver to both top line growth and margin expansion
- Focus on inorganic growth as a possible complement to the strategy
- Powerful combination for the future of our company

$353M Net Sales





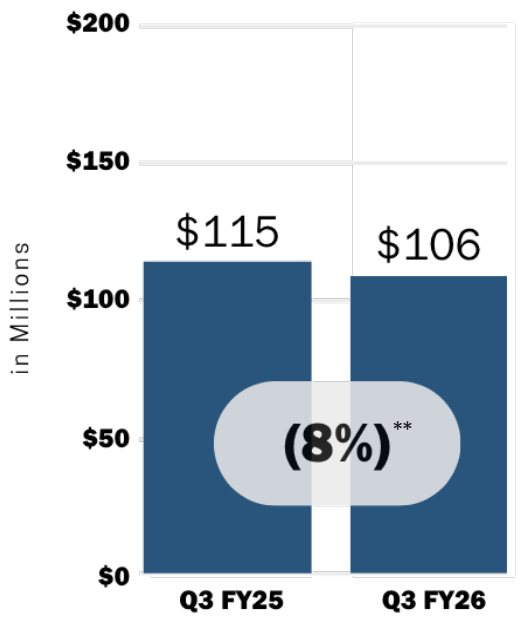
* Percentage decrease compared to Q3 of fiscal 2025

- Increase of +3.4% compared to the prior quarter
  - Medical vertical up +10%
- 6% decline compared to Q3 last year
  - All three market verticals were down
- Q3 FY25 included $24M of non-recurring inventory sale in the medical market
  - Normalized for the inventory sale, total sales this quarter grew 1%**
    - Robust Medical vertical growth of +17%**
    - 3rd consecutive quarter of double-digit medical growth**
    - Year-to-Date growth of +15%**

**Normalizing large one-time inventory consignment in prior year of $24M

$106M Medical Net Sales

NET SALES





- Sleep Therapy and Respiratory Care
- Image Guided Therapy
- In Vitro Diagnostics
- Drug Delivery
- AED
- Patient Monitoring

* Percentage of net sales
** Percentage decrease compared to Q3 of fiscal 2025

- 30% of our company, reaching nearly one third of our total portfolio
  - An important Milestone in our strategic objective to balance the verticals with a higher concentration of medical business
- North America represented just under half of sales, with Asia and Europe splitting the remainder
- Growth in Q3* due to:
  - Respiratory care
  - Imaging systems
  - Drug Delivery Devices
  - Blood Separation
  - Patient Monitoring Systems

*Normalizing large one-time inventory consignment in prior year of $24M

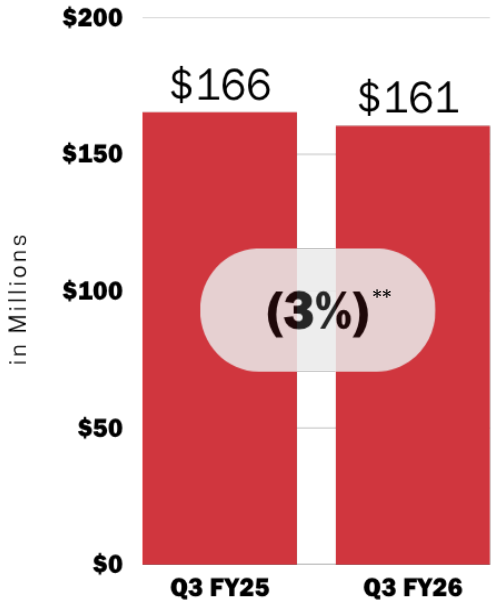
Medical Remains a Compelling Opportunity to Diversify Our Top Line and Leverage Our Core Strengths

- Strategic focus on supporting new and existing blue-chip customers in need of manufacturing capacity, keeping pace with the overall market growth with our state-of-the-art manufacturing facility in Indianapolis
- Provide capabilities in precision molded plastics, complete device assembly, and cold chain management
- Uniquely positions us to produce medical disposables, surgical instruments, and selected drug delivery devices, such as auto-injectors
- Our recent new facility underscores our deep commitment to the Medical CMO market

Automotive Net Sales

$161M

NET SALES



Automotive (3%)**



- Electronic Power Steering
- Body Controls
- Advanced Driver-Assistance Systems
- Electronic Braking Systems

* Percentage of net sales

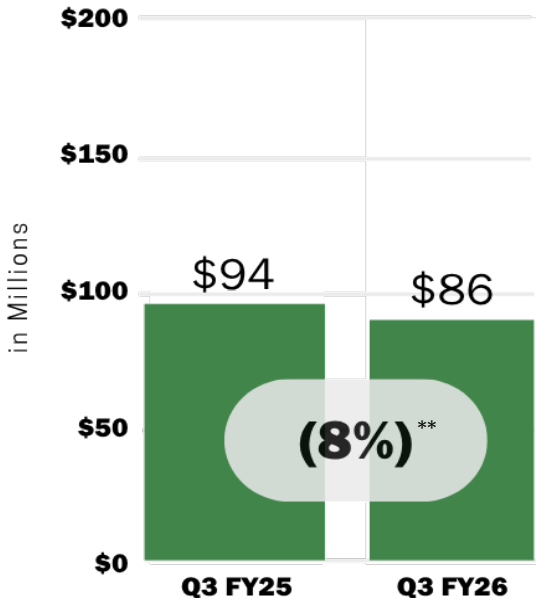
** Percentage decrease compared to Q3 of fiscal 2025

- Decline primarily in Asia and North America, partially offset by growth in Europe
- Ramping new programs in steering and braking systems in Europe, up +20% in this quarter; we expect this strength to continue for the balance of ‘26
- Carefully monitoring electronic steering systems for EVs, particularly in the United States

Industrial Net Sales

$86M

NET SALES



Industrial (8%)**



- Climate Controls
- Automation Controls
- Public Safety
- IoT and Factory Automation
- Efficient Energy
- Off Highway Equipment/Commercial Transportation

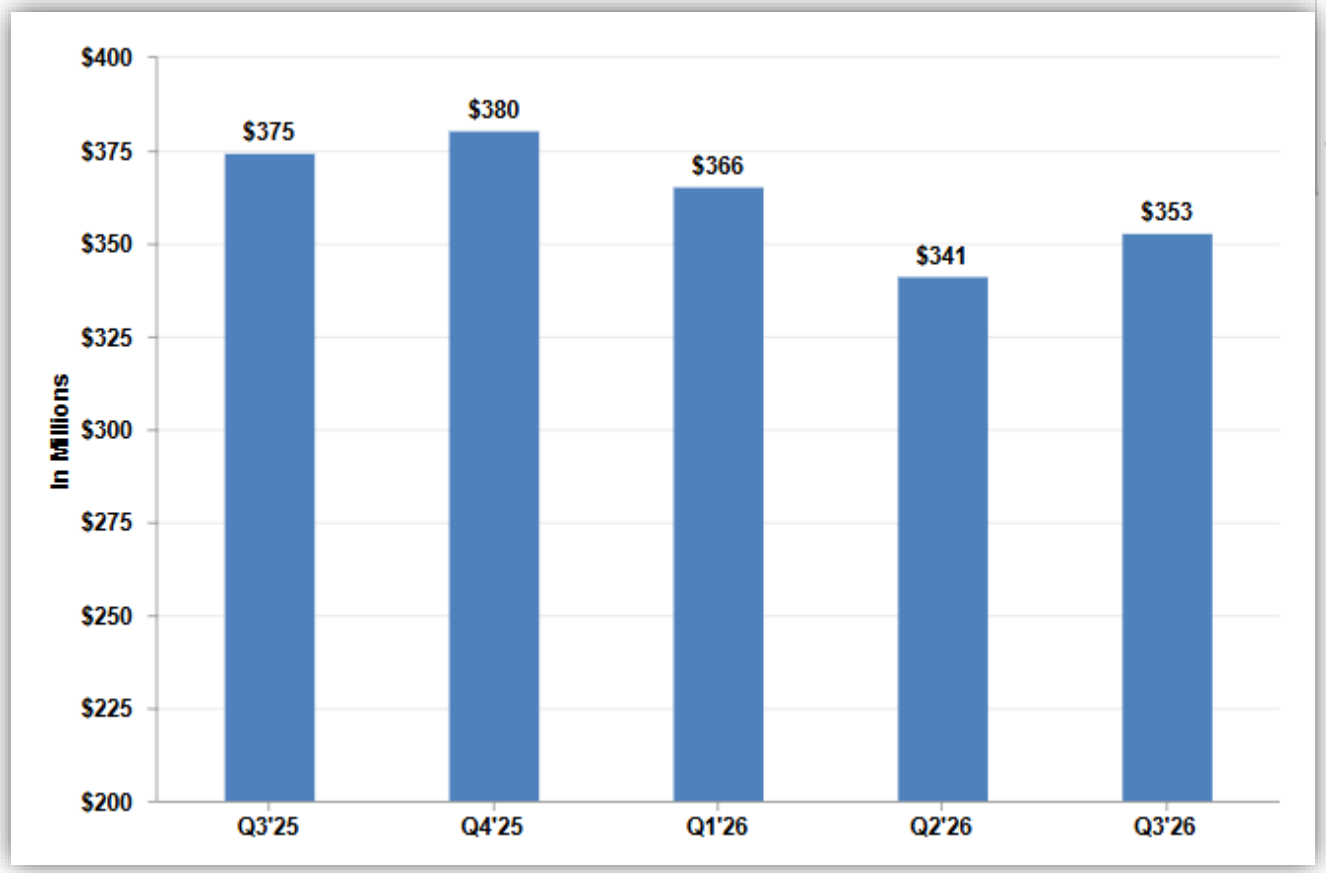
- Lower demand for HVAC systems, mainly in North America
- Decline in off highway equipment and green energy
- Partially offset by higher sales in:
  - Public safety
  - Rebound of the smart metering business in Europe
    - May be impacted near-term by a protracted war in the Middle East

* Percentage of net sales

** Percentage decrease compared to Q3 of fiscal 2025.

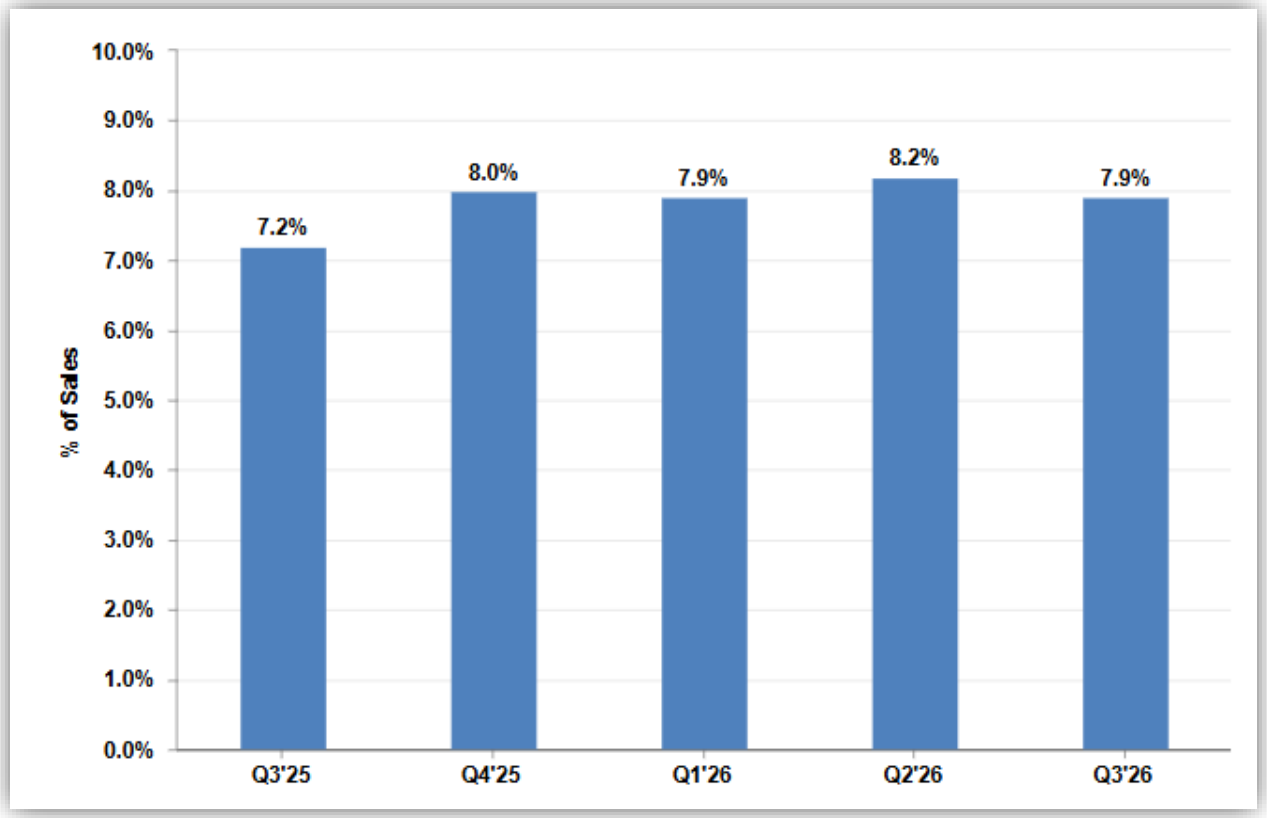
Net Sales in the Third Quarter were $352.9 million

- (6%) decrease year-over-year
- Foreign exchange +3% favorable impact
- On a sequential basis, sales increased +3.4%
  - Driven by growth in the Medical vertical



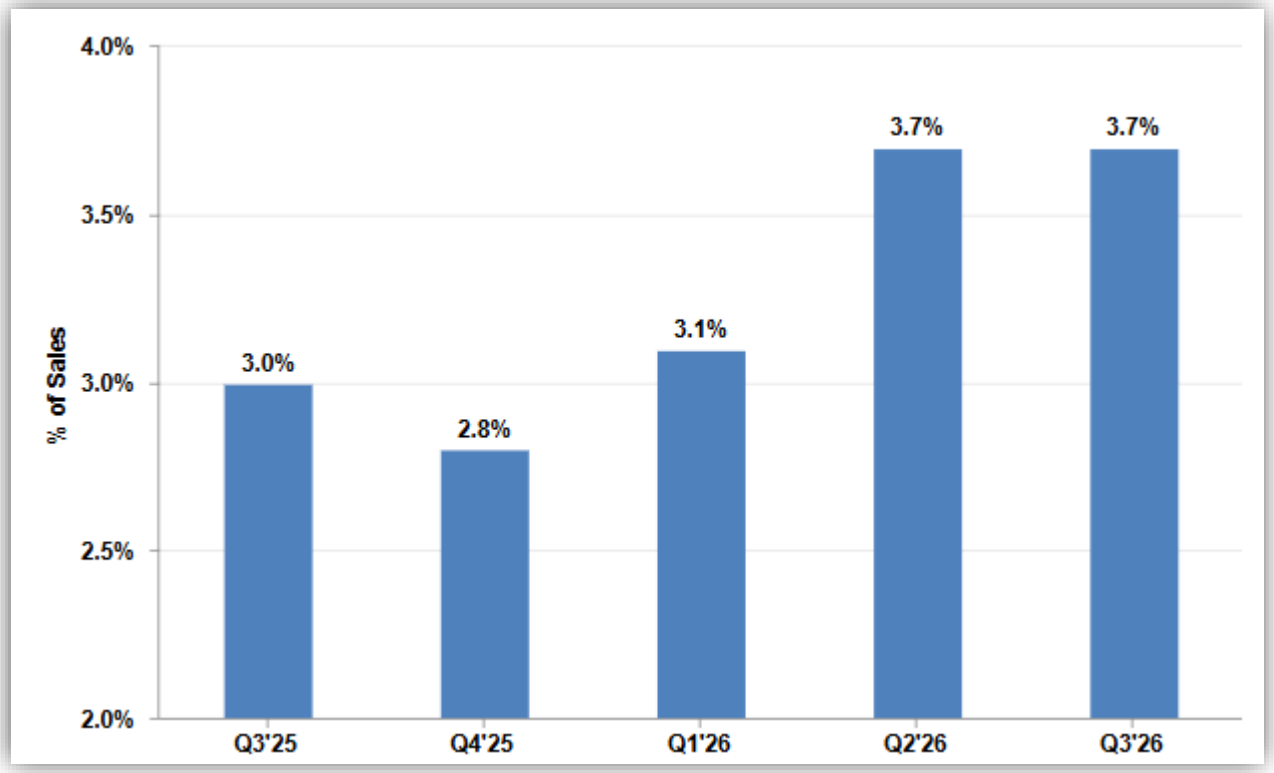
Gross Margin in the Third Quarter was 7.9%

- +70 bps improvement compared to 7.2% in Q3 fiscal year 2025
- Increase resulting from favorable mix
- Offset by:
  - The ramp up of the medical CMO
  - A somewhat easier comparison as the inventory sales we experienced in Q3 of FY25 had very little margin
- We expect gross margin to remain under some pressure in FY27
  - Cost of expansion fully ramps in Q4 this year
  - CMO revenue path of 18-36 months for new programs
  - Expect impact to abate over time as new business grows, improving margins



Adjusted Selling & Administrative Expense(1)

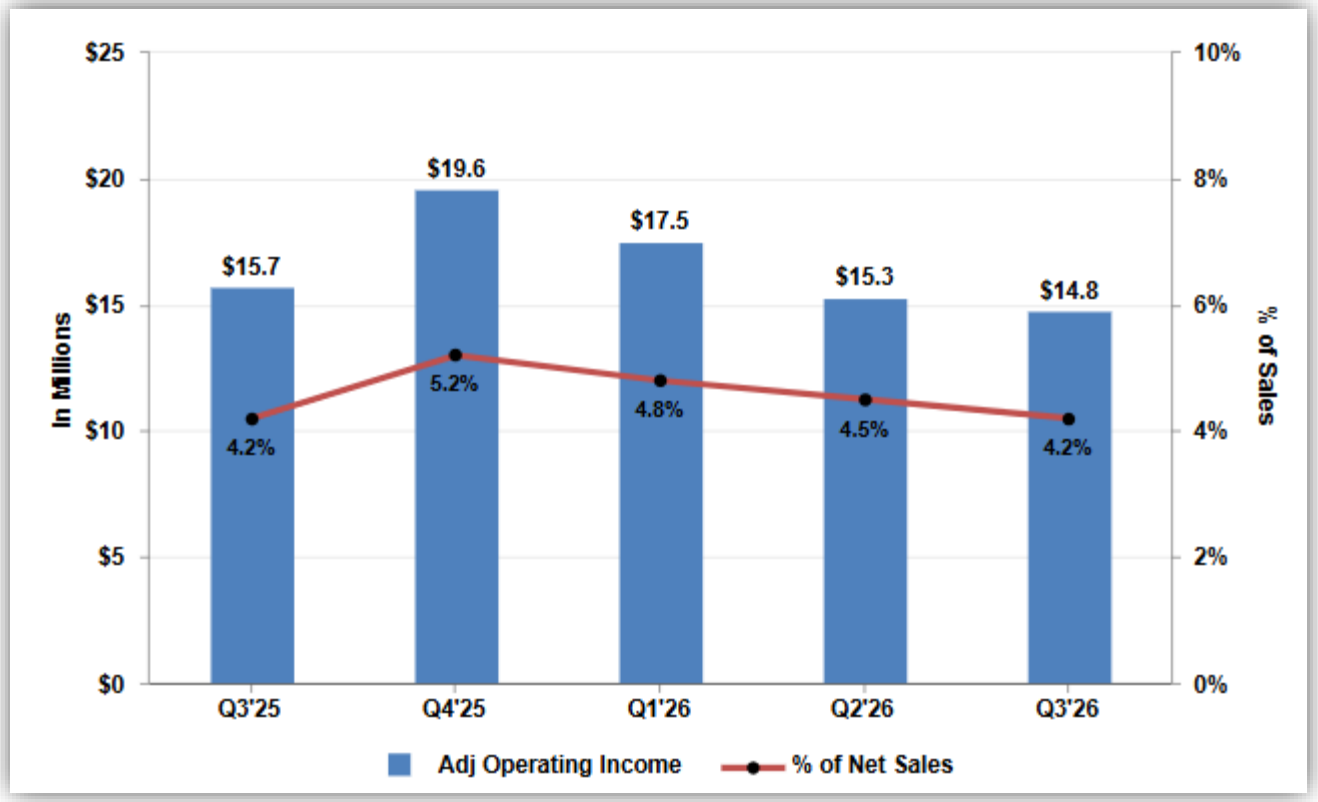
- Second quarter $13 million
- +$1.8 million increase year-over-year
- When measured as percent of sales the rate was 3.7% this year compared to 3.0% last year
- Higher FY26 expense as we make strategic investments for the future
  - Business transformation and IT solutions, driving innovation and efficiencies
  - 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 in the Third Quarter of 4.2%(1)

- $14.8 million, or 4.2% of net sales
- Compares to last year's adjusted result of $15.7 million, or 4.2% of net sales



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

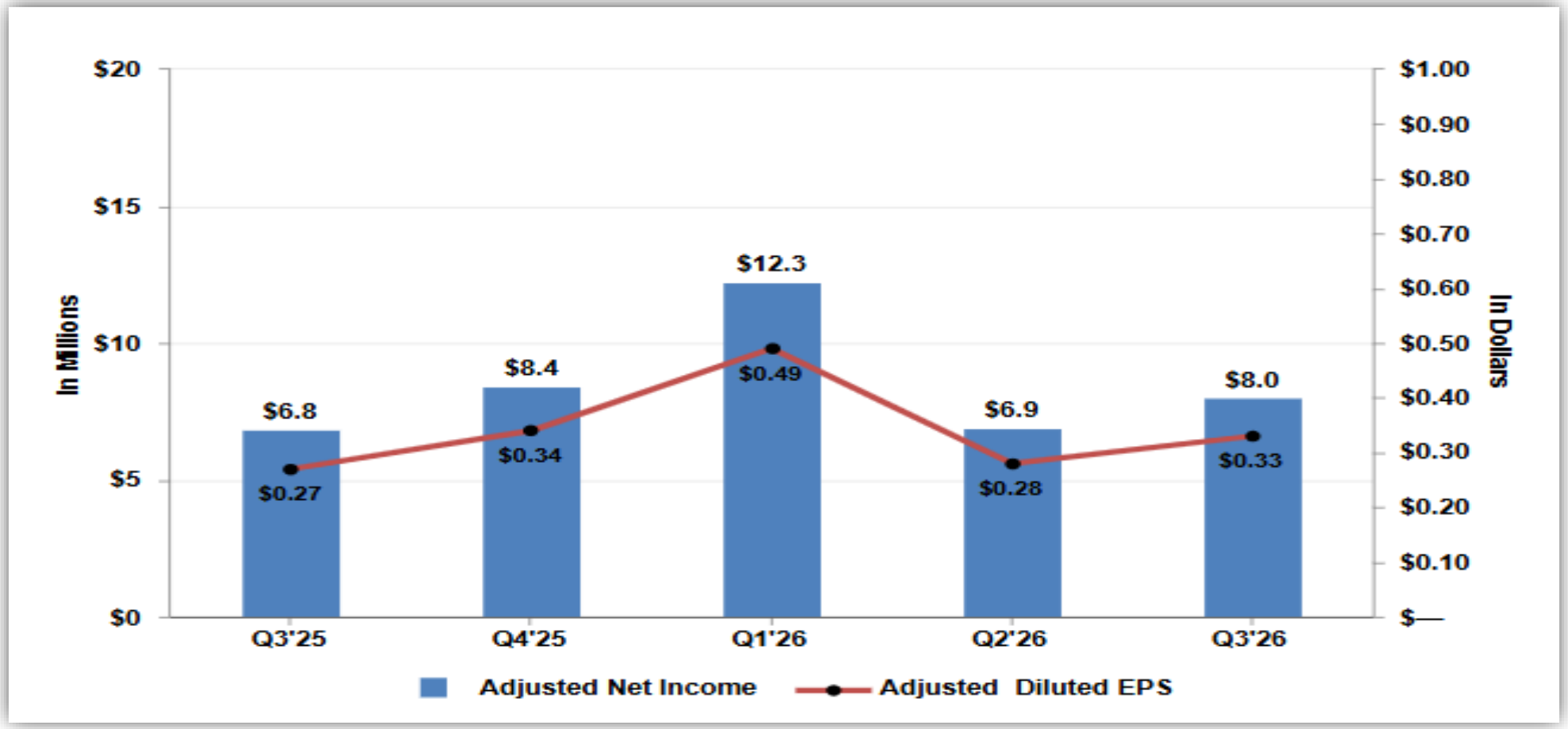
Other Income / Expense

- Expense of $3.0 million, compared to $4.6M of expense last year
- Interest expense drove the decrease, down nearly 30% year-over-year

Effective Tax Rate

- 34.9%, compared to 46.6% last year
- Q3 of last year was driven by the limitation of the tax deductibility of our interest expense
  - Cannot exceed a certain percentage of domestic EBIT
- For the full year of fiscal 2026, we continue to expect an effective tax rate of approx. 30%

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.

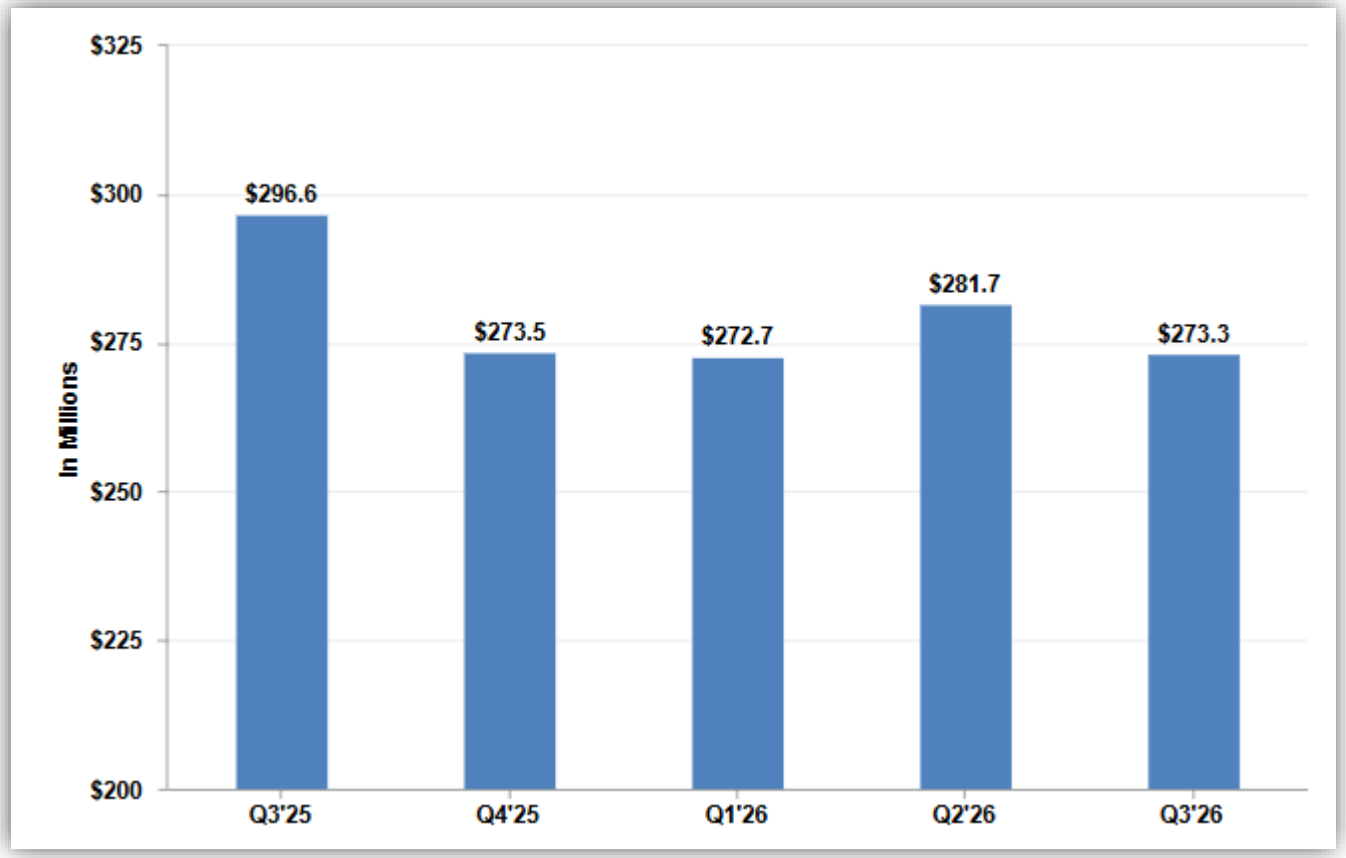
Our Balance Sheet Remains Strong

- Cash and cash equivalents at March 31, 2026, were $82.5 million
- Cash generated by operating activities in the quarter was $14.9 million, our ninth consecutive quarter of positive cash flow
- Cash conversion days were 90, 1-day improvement compared to last quarter, and a 9-day* improvement compared to Q3 of fiscal 2025
  - Continued focus on actively managing the components

* CCD calculation for Q3FY25 excludes consigned inventory sale

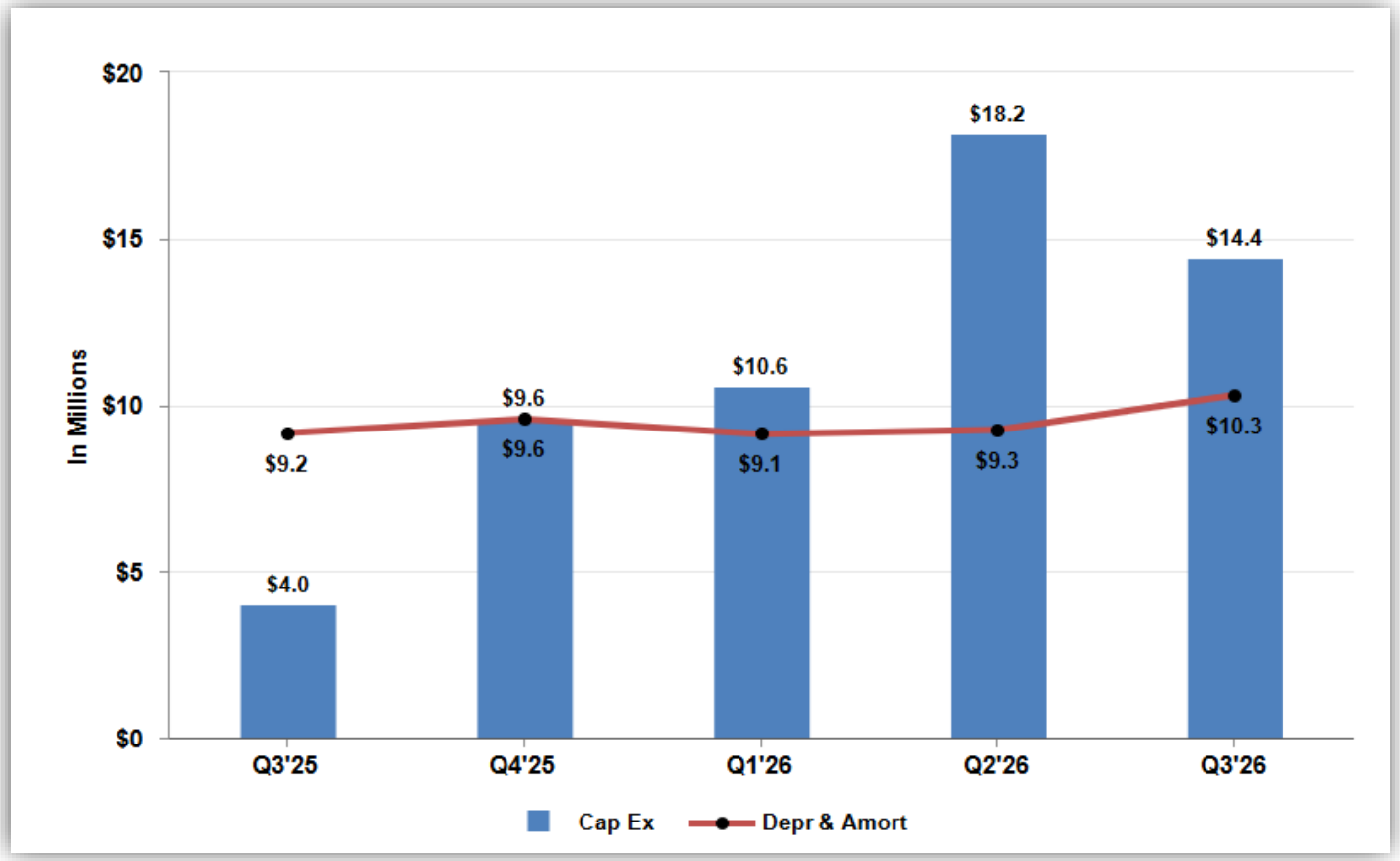
Inventory Ended the Quarter at $273.3 million

- Reduction of $8.4M compared to Q2, and down $23.3 million - or 8% - from a year ago



Capital Expenditures for the Quarter $14.4 million (1)

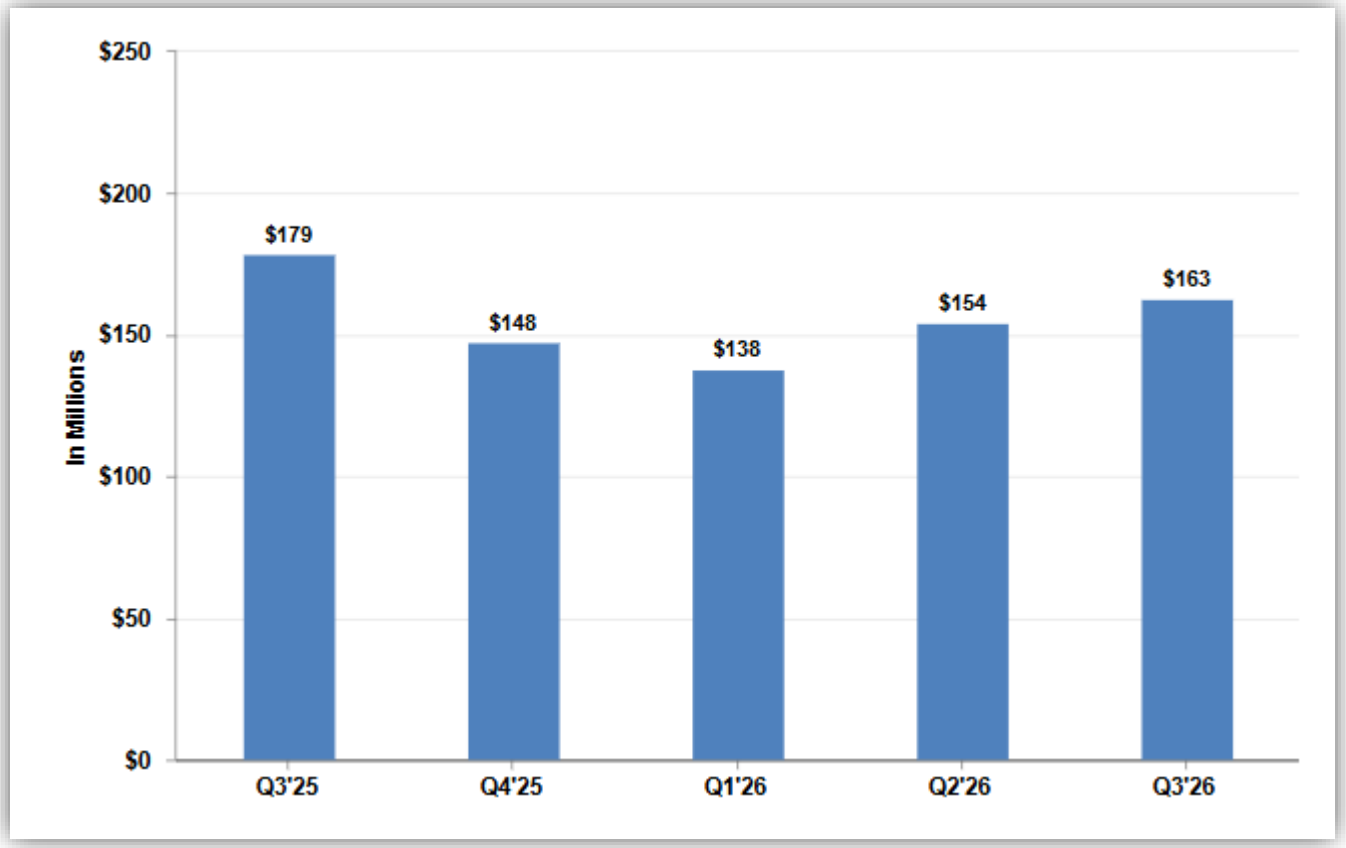
- Spend on leasehold improvements in the new facility in Indianapolis
- Balanced by spend to support new programs in Europe
- Expecting capex for fiscal year 2026 to be in the guidance range of $50-$60M



(1) Capital Expenditures include purchases of capitalized software.

Borrowings at March 31, 2026, were $163 million

- Up $8.8 million from the second quarter
- Down $15.8 million, or ~9%, from a year ago
- Short-term liquidity totaled $358.5 million at the end of the third quarter
- In April, we renewed our $300M revolver
- Maintaining strong balance sheet to support the future growth of the business



Share Repurchases

- Invested $4.0 million to repurchase 165,000 shares
- Since October 2015, under our Board authorized share repurchase program:
  - A total of $113.5 million returned to Share Owners by repurchasing 7 million shares of common stock
  - $6.5 million remaining on the repurchase program

Affirming FY26 Guidance, Expect Adjusted OI Margin Range at the High End of the Range

FY26 Guidance	
Sales	$1.40-$1.46B
Adj OI Margin	4.2%-4.5%
Capital Investments	$50-$60M

- Expecting a good finish to Q4:
  - Sales $370-$380M
  - Adj OI margin 4.4%-4.6%

Expecting a Good Finish to the Fiscal Year

- Expecting another sequential increase in sales in Q4
- Medical Vertical continues to outpace the other two verticals
- Monitoring impacts of the war in Iran
    - Higher freight and raw materials costs
    - Higher energy prices
    - Consumer sentiment

Looking Ahead

- Evaluate strategic opportunities, that could accelerate the expansion of our medical CMO business
- Strong inorganic growth potential
  - Established medical manufacturers – outside the US – seeking domestic market entry and scaled US production
  - Adding complementary capabilities such as micro-molding, advance precision injection and high-automation engineering expertise
  - Benefiting from cost-efficient operations in lower-cost geographies
  - Broadening our capabilities, deepen customer relationships and position us as a differentiated medical manufacturing partner creates a powerful combination that will drive profitable growth in the future
  - We believe this is a powerful combination for the future

Questions



For more information, please contact:

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Appendix

Reconciliation of non-GAAP results

(Unaudited, Amounts in Thousands, Except Per Share Data)	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Net Sales Growth (vs. same quarter in prior year)	(12)%	(12)%	(2)%	(5)%	(6)%
Foreign Currency Exchange Impact	(1)%	1 %	1 %	2 %	3 %
Constant Currency Growth	(11)%	(13)%	(3)%	(7)%	(9)%
Selling & Administrative Expenses, as reported	$ 13,154	$ 13,163	$ 13,090	$ 14,862	$ 15,214
Less: Stock Compensation Expense	1,955	1,991	1,563	2,217	2,256
Less: SERP	9	329	225	85	(76)
Adjusted S&A Expense	$ 11,190	$ 10,843	$ 11,302	$ 12,560	$ 13,034
Operating Income, as reported	$ 11,716	$ 16,474	$ 14,454	$ 10,767	$ 11,755
Add: Stock Compensation Expense	1,955	1,991	1,563	2,217	2,256
Add: SERP	9	329	225	85	(76)
Add: Restructuring Expense	2,026	1,971	1,416	1,817	850
Add: Asset Impairment (Gain on Disposal)	—	(1,127)	(124)	422	(4)
Adjusted Operating Income	$ 15,706	$ 19,638	$ 17,534	$ 15,308	$ 14,781
Net Income, as reported	$ 3,817	$ 6,581	$ 10,086	$ 3,637	$ 5,719
Add: Stock Compensation Expense, After-Tax	1,483	1,510	1,185	1,681	1,711
Add: Restructuring Expense, After-Tax	1,537	1,474	1,073	1,287	606
Add: Asset Impairment (Gain on Disposal), After-Tax	—	(1,127)	(94)	320	(3)
Adjusted Net Income	$ 6,837	$ 8,438	$ 12,250	$ 6,925	$ 8,033
Diluted Earnings per Share, as reported	$ 0.15	$ 0.26	$ 0.40	$ 0.15	$ 0.23
Add: Stock Compensation Expense	$ 0.06	$ 0.06	$ 0.05	$ 0.07	$ 0.07
Add:Restructuring Expense	$ 0.06	$ 0.06	$ 0.04	$ 0.05	$ 0.03
Add: Asset Impairment (Gain on Disposal)	$ —	$ (0.04)	$ —	$ 0.01	$ —
Adjusted Diluted Earnings per Share	$ 0.27	$ 0.34	$ 0.49	$ 0.28	$ 0.33

Reconciliation of non-GAAP results continued….

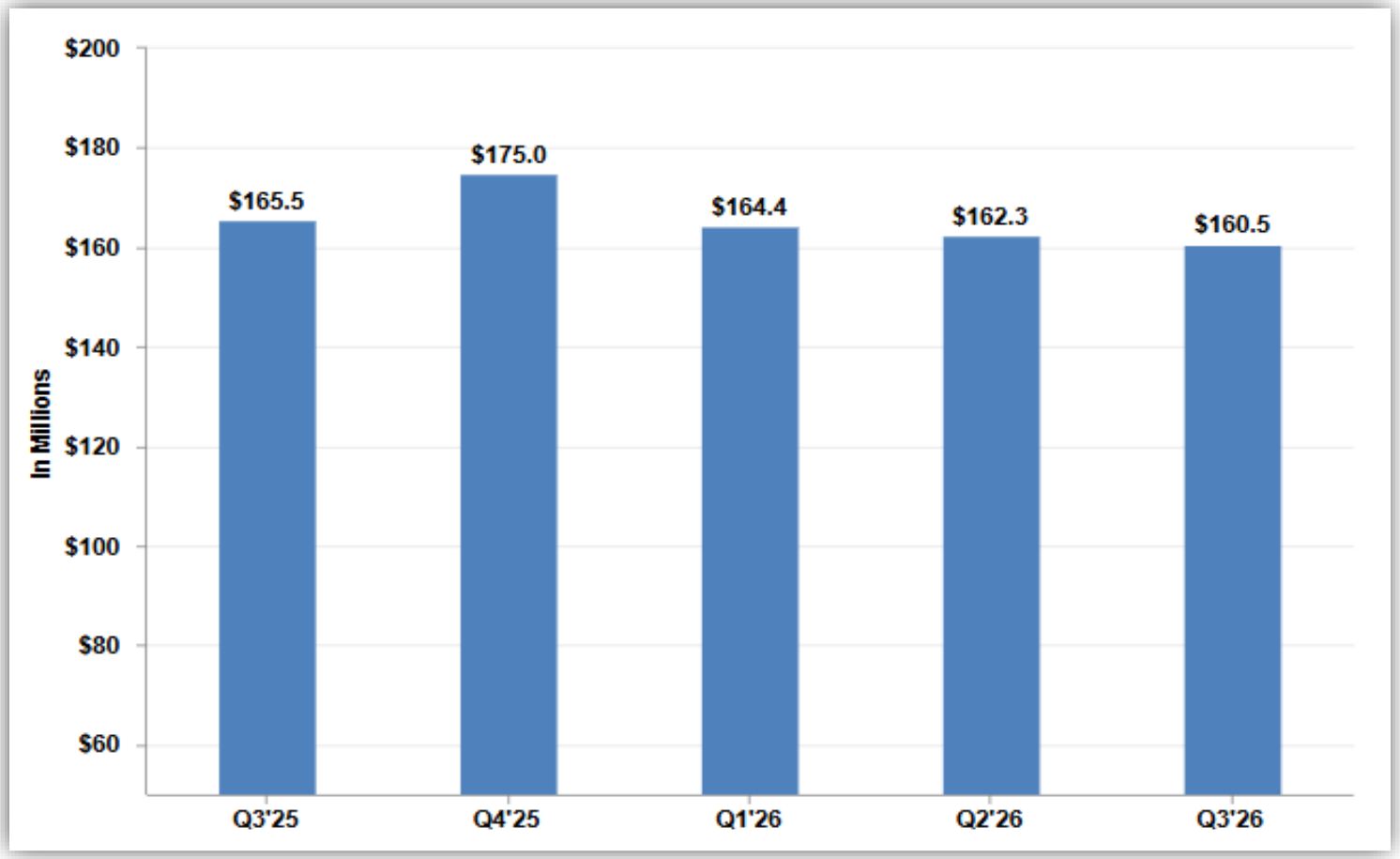
(Unaudited, Amounts in Thousands, Except Per Share Data)	Q3'25	Q4'25	Q1'26	Q2'26	Q3'26
Operating Income (GAAP) (TTM)	$ 48,669	$ 45,535	$ 50,874	$ 53,411	$ 53,450
Add: Asset Impairment (Gain on Disposal) (TTM)	(788)	(2,391)	(1,251)	(829)	(833)
Add: Restructuring Expense (TTM)	9,783	10,990	10,084	7,230	6,054
Add: SERP (TTM)	381	614	494	648	563
Add: Stock Compensation Expense (TTM)	6,278	6,519	6,010	7,726	8,027
Adj. Operating Income (non-GAAP) (TTM)	$ 64,323	$ 61,267	$ 66,211	$ 68,186	$ 67,261
Tax Effect (TTM)	20,174	24,508	23,511	23,836	20,770
After-Tax Adj. Operating Income (TTM)	$ 44,149	$ 36,759	$ 42,700	$ 44,350	$ 46,491
Average Invested Capital (1)	$ 726,208	$ 693,144	$ 669,471	$ 657,074	$ 650,994
ROIC	6.1 %	5.3 %	6.4 %	6.7 %	7.1 %

(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.

	Three Months Ended March 31, 2026	Nine Months Ended March 31, 2026
Net Sales Growth, Consolidated	(6)%	(4)%
Impact of Non-recurring Consignment Inventory Sales (1)	7%	2%
Adjusted Net Sales Growth, Consolidated	1%	(2)%
Net Sales Growth, Medical	(8)%	5%
Impact of Non-recurring Consignment Inventory Sales (1)	25%	10%
Adjusted Net Sales Growth, Medical	17%	15%

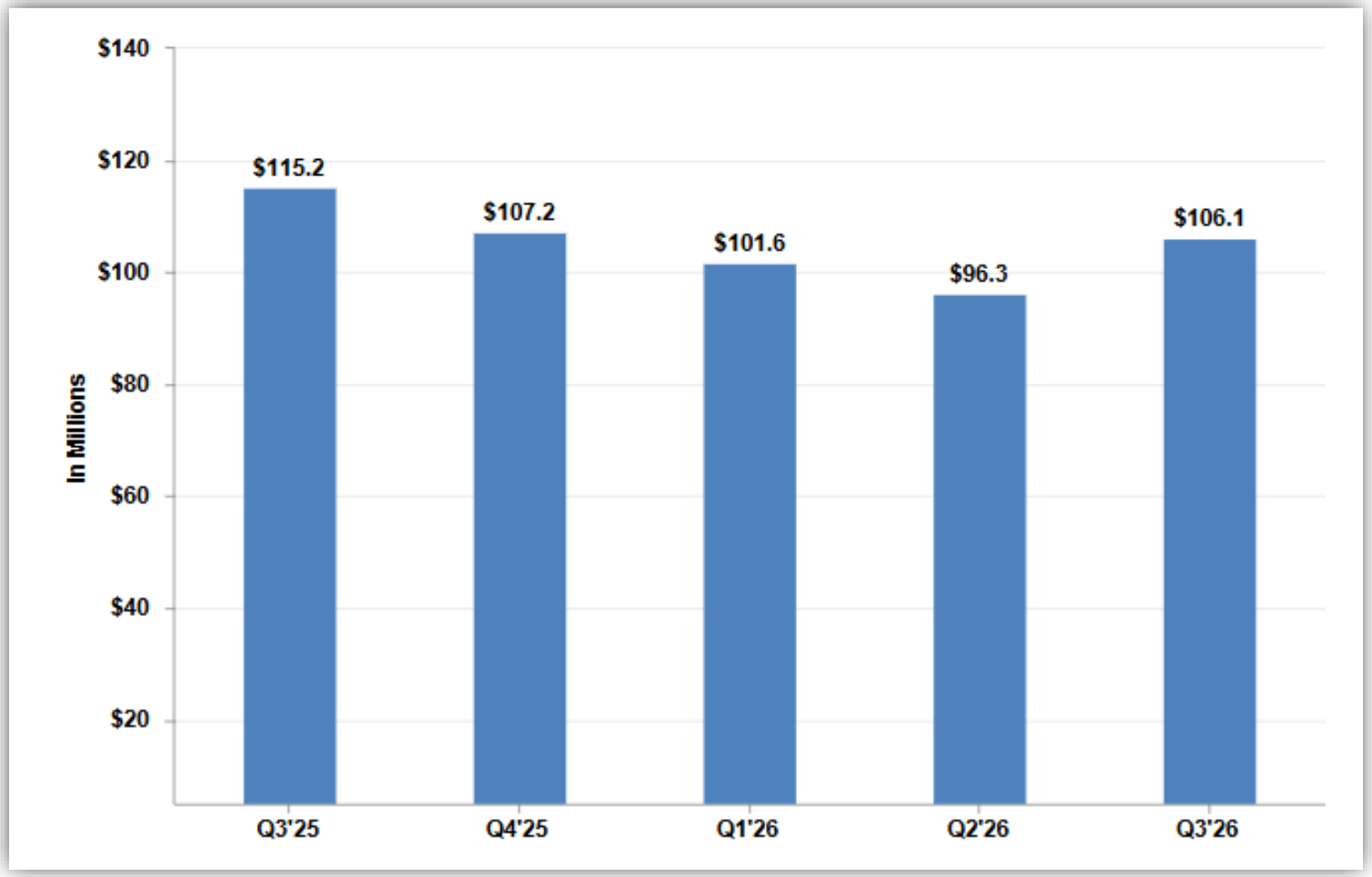
(1) Q3'25 included a non-recurring consignment inventory sale of $24 million to a customer for completed programs.

Net Sales in Automotive (1)



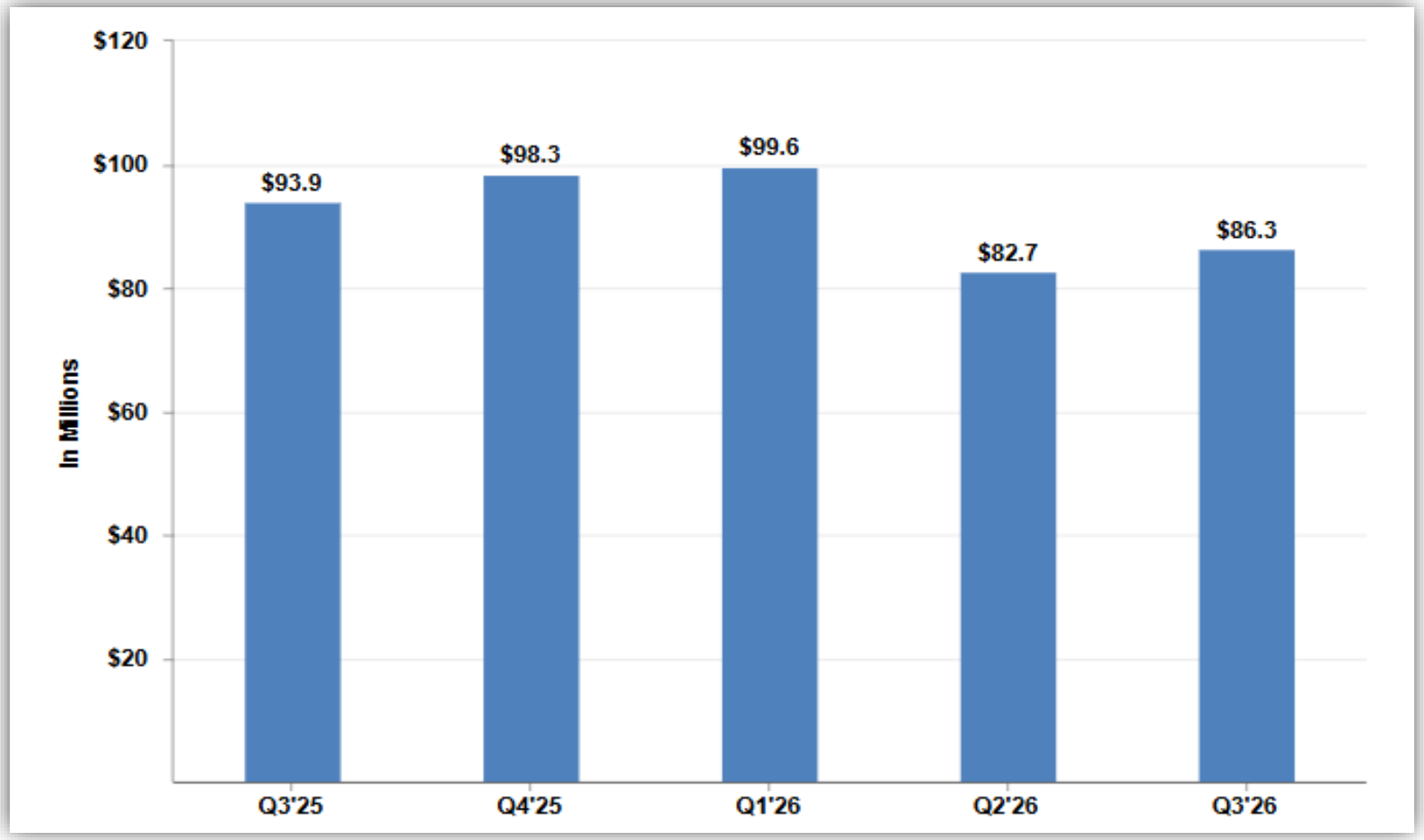
(1) Beginning in the first quarter of fiscal year 2026, sales to customers related to commercial transportation, previously included in the automotive vertical, are now reflected in the industrial vertical. Prior periods have been recast to conform to current period presentation.

Net Sales in Medical (1)



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

Net Sales in Industrial (1)



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