Kimball Electronics

Share Owners Meeting

November 9, 2021



Safe Harbor Statement

Certain statements contained within this presentation 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.” These forward-looking statements are subject to risks and uncertainties including, without limitation, global economic conditions, geopolitical environment, global health emergencies including the COVID-19 pandemic, availability or cost of raw materials and components, 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, 2021 and other filings with the Securities and Exchange Commission (the “SEC”).

This presentation contains non-GAAP financial measures. The non-GAAP financial measures contained herein include Adjusted Operating Income/Margin, Adjusted Net Income/Margin, Adjusted EBITDA/Margin, Tangible Book Value, Tangible Book Value per Share, Adjusted 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 Non-GAAP Reconciliation slides.



Don Charron,
Chairman and CEO

Corporate Prayer



John Kahle, Vice President, General Counsel, Chief Compliance Officer, and Secretary



Doug Hass, Associate General Counsel, Assistant Secretary

Proposals for Consideration

- Election of Directors
  - Donald D. Charron
  - Colleen C. Repplier
  - Gregory J. Lampert
- Ratification of Appointment of Auditors
- Advisory Vote for Approval of Compensation of Named Executive Officers



Donald D. Charron



Colleen C. Repplier



Gregory J. Lampert

Adjourn



Reports of Officers

- Chief Financial Officer Report
- CEO Report



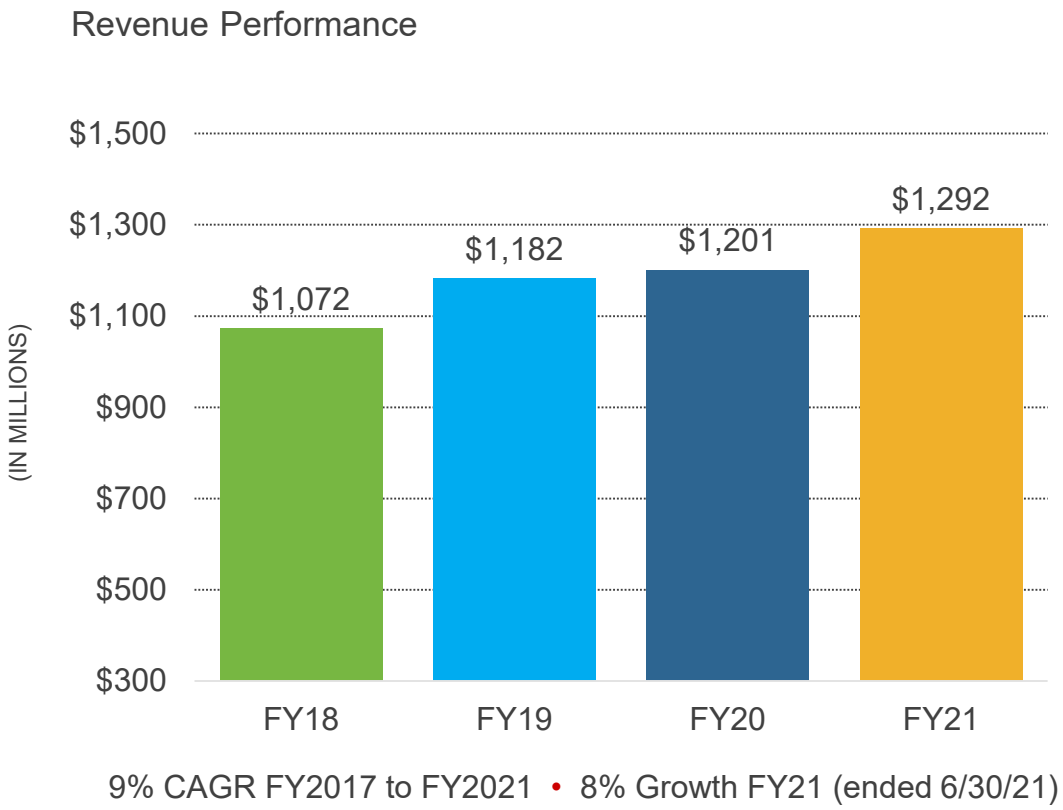
Jana T. Croom, Vice President, Chief Financial Officer

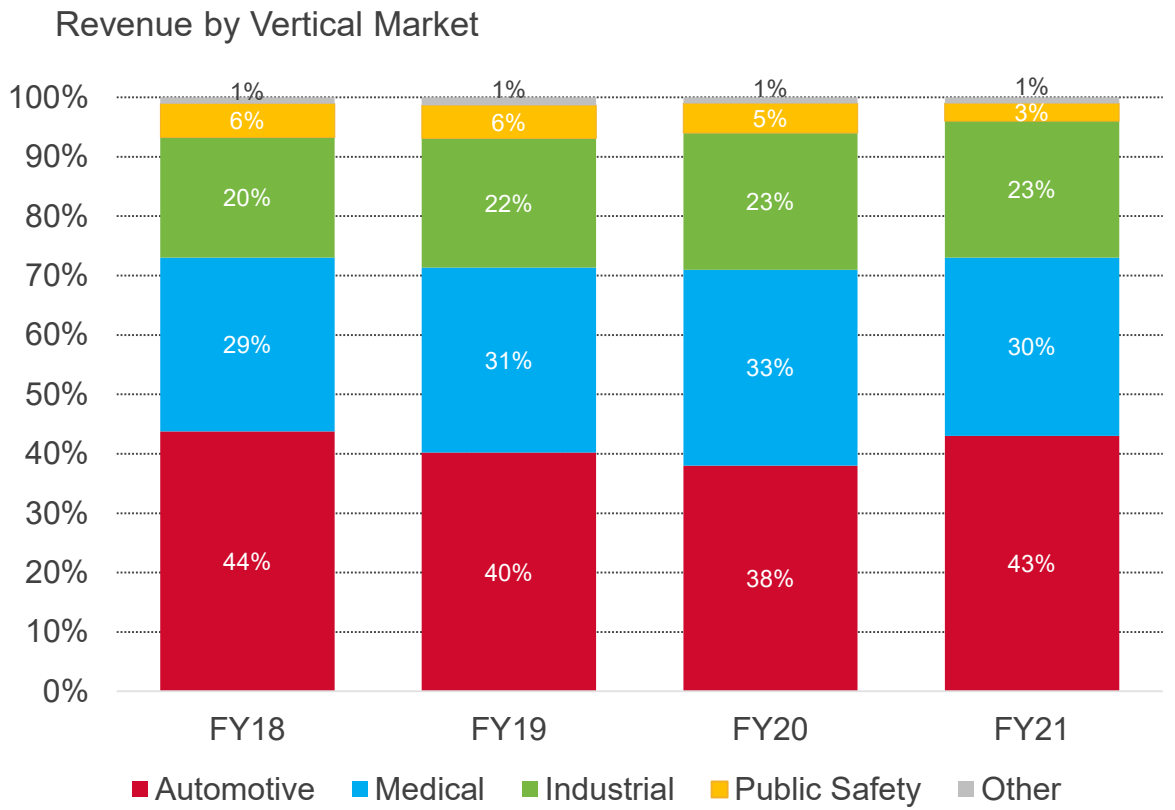


Andy Regrut,
Head of Investor Relations

Kimball Electronics (Nasdaq: KE)

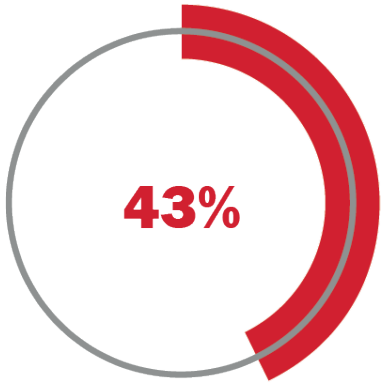
Revenue Performance





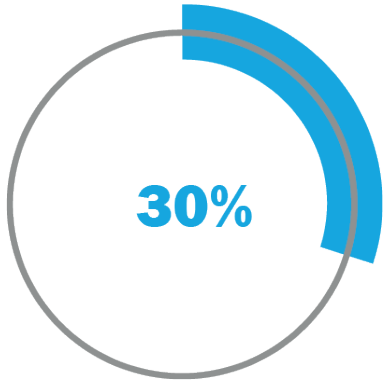
Kimball Electronics (Nasdaq: KE)

Diversified Portfolio and End Market Services



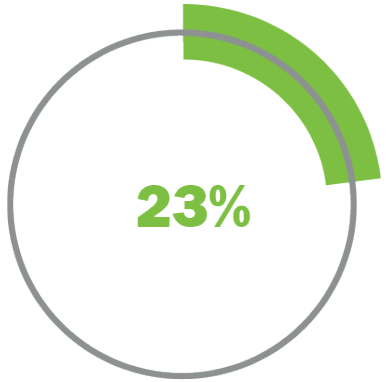
AUTOMOTIVE

21% in Net Sales



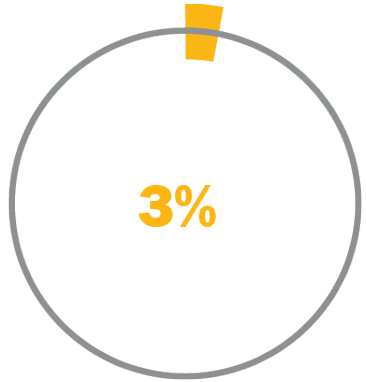
MEDICAL

3% in Net Sales



INDUSTRIAL

8% in Net Sales



PUBLIC SAFETY

14% in Net Sales

1% OTHER

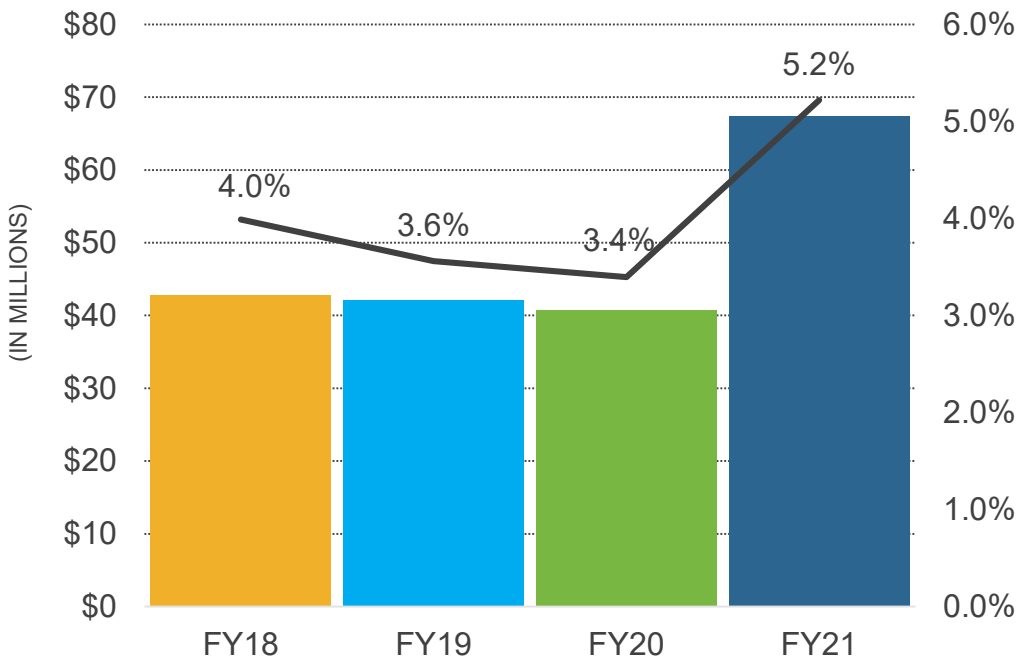
$1.3B FY2021 NET SALES

Up 8% from FY 2020

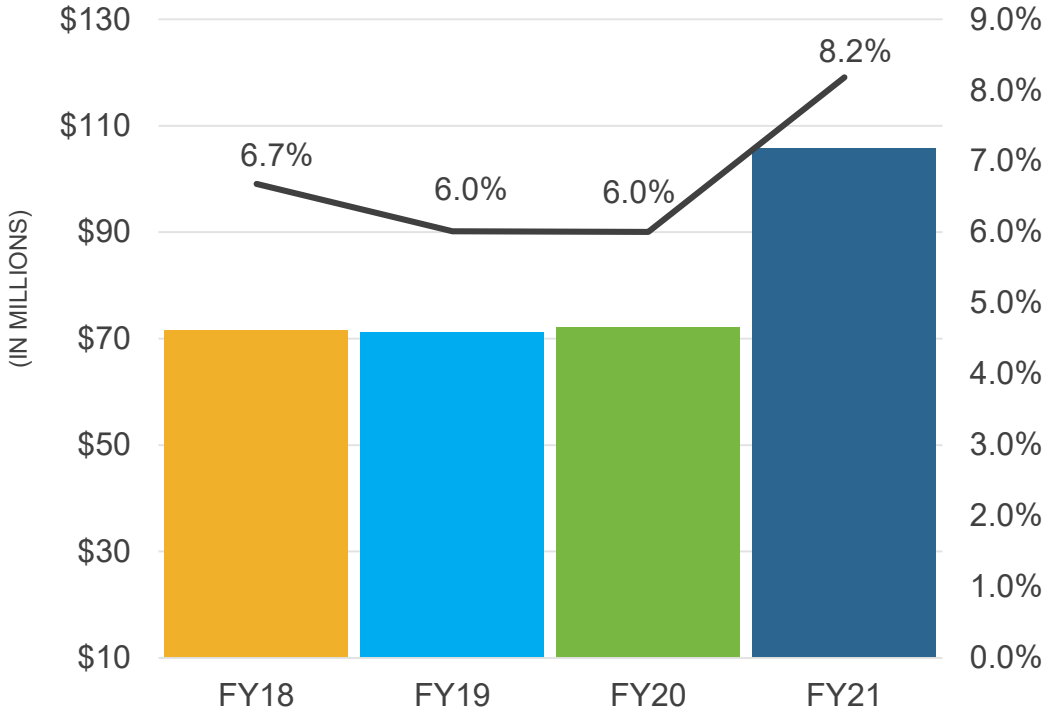
Kimball Electronics (Nasdaq: KE)

Profitability Trends

Adjusted Operating Income/Margin*



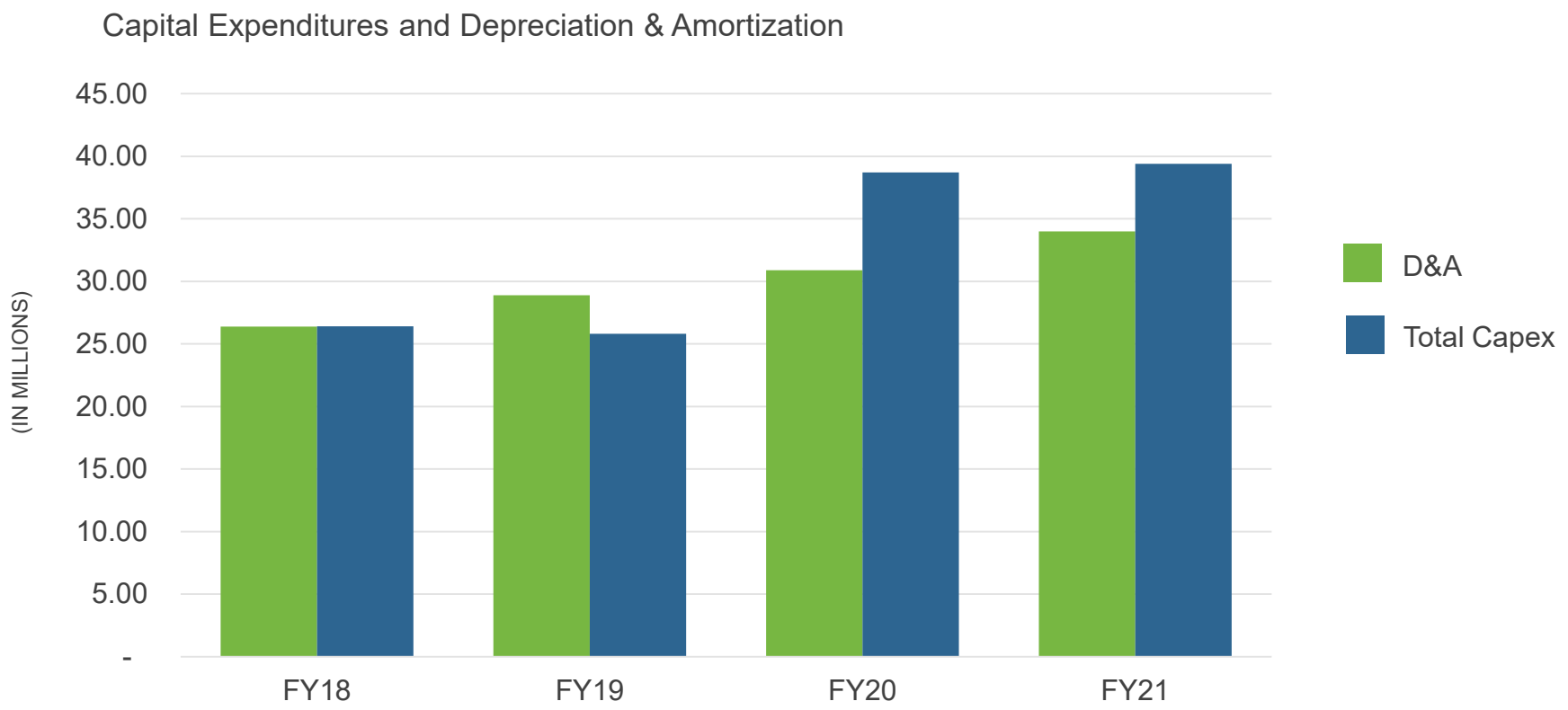
Adjusted EBITDA/Margin**



* Adjusted Operating Income and Margin are Non-GAAP terms. A reconciliation is provided in the appendix of this presentation.
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Kimball Electronics (Nasdaq: KE)

Capital Expenditures & Depreciation and Amortization

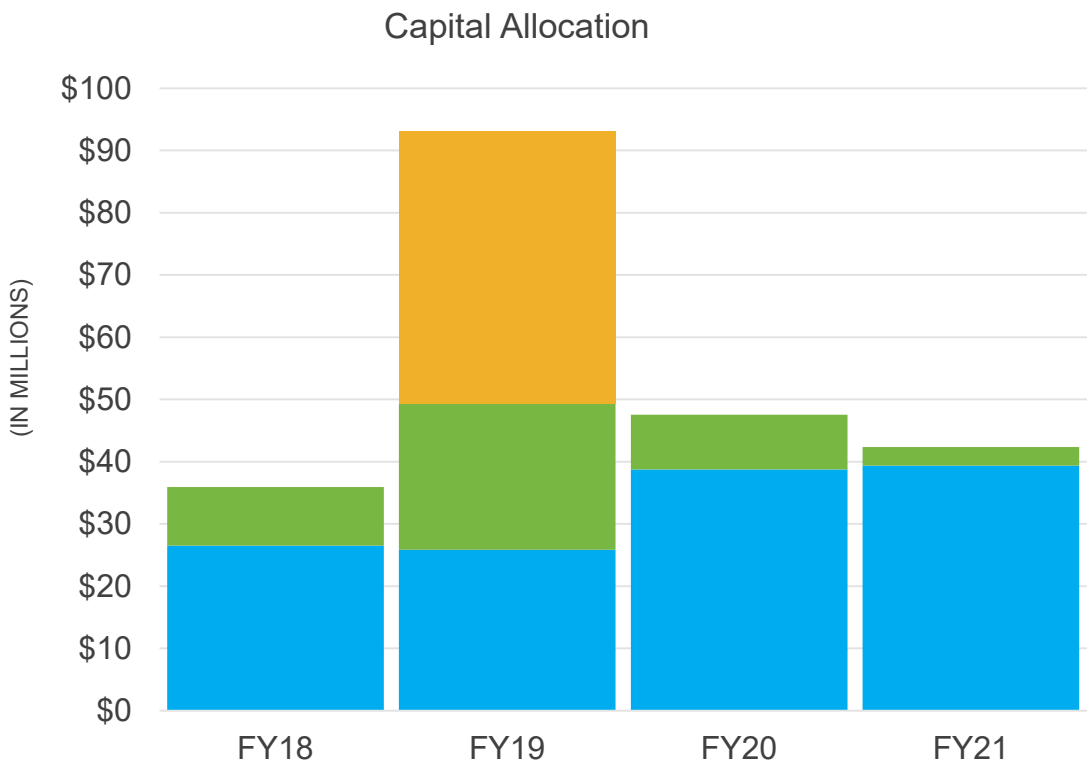


Significant capex spending to fuel multi-year organic growth and expansion in ROIC

(Unaudited)

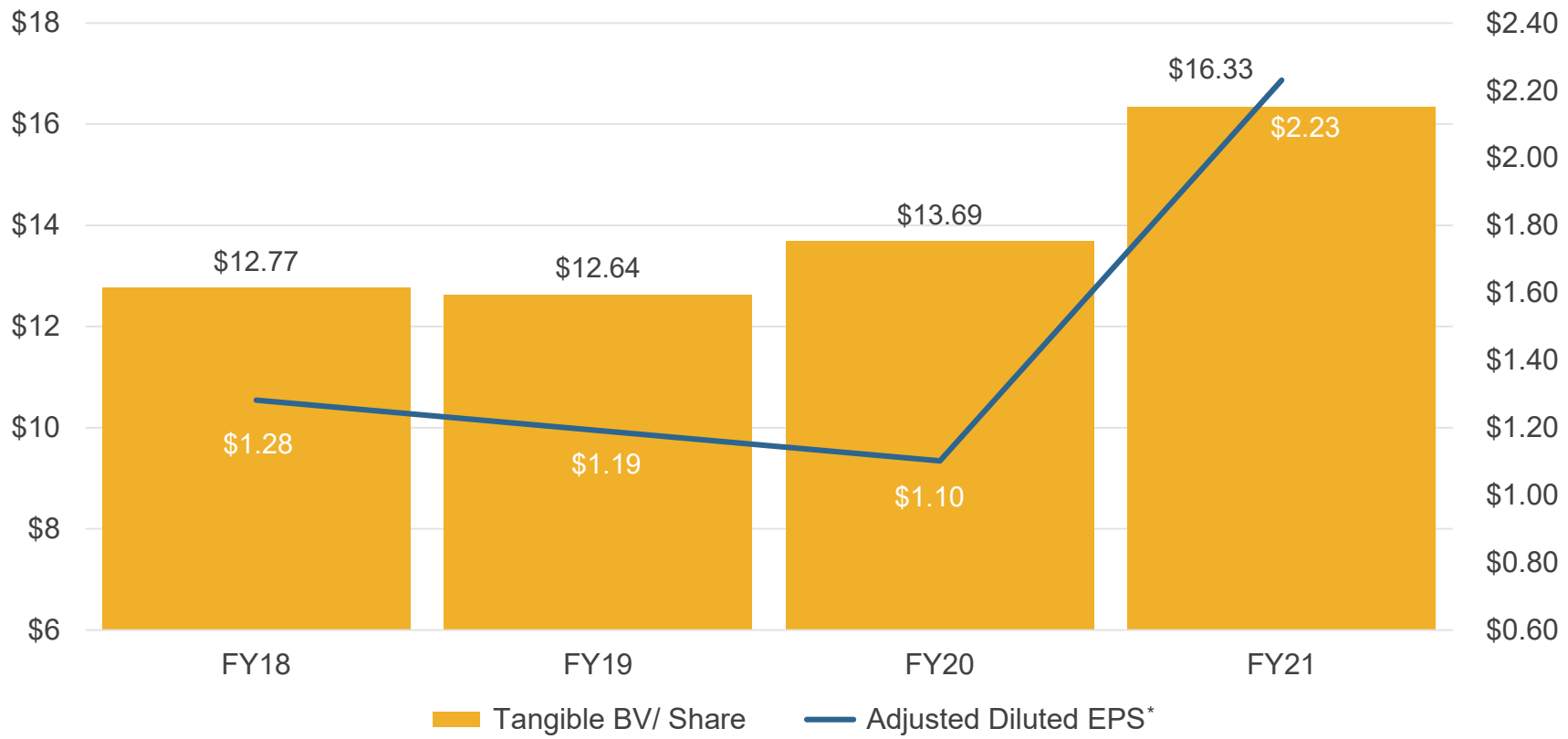
Capital Allocation

- **Reinvest in the business** – Significant capex spending of approximately $30 million/year to fuel multi-year organic growth and expansion in ROIC
- **Acquisitions** – $50+ million of acquisitions over past six years. Going forward M&A will play an important role in strategic direction of the firm
- **Share Repurchase** – $79.7 million of common stock repurchases representing 5.3 million shares since October of 2015



Kimball Electronics (Nasdaq: KE)

Consistent Growth in Book Value and Solid EPS Performance



* EPS presented is Adjusted Diluted Earnings Per Share. Adjusted Diluted Earnings Per Share and Tangible Book Value per Share are Non-GAAP terms. A reconciliation is provided in the appendix of this presentation.

Kimball Electronics (Nasdaq: KE)

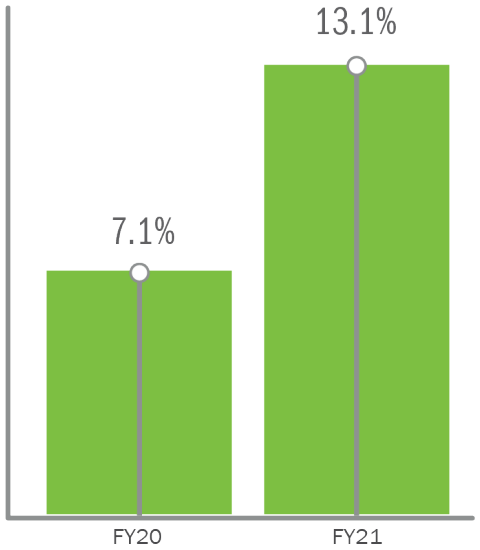
Share Owner Value

$1,292M
NET SALES
+8% YOY

5.2%
ADJUSTED OPERATING* INCOME
+180 BPS YOY

$2.23
ADJUSTED DILUTED EPS*
+100% YOY

ROIC *

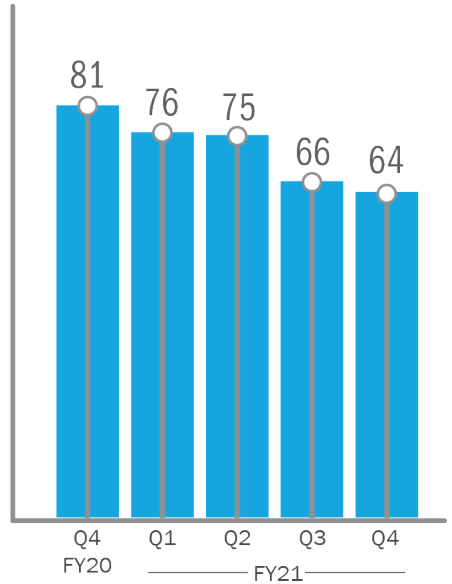


SHORT-TERM LIQUIDITY



- $106M of Cash & Cash Equivalents
- $101M Available on Credit Facilities

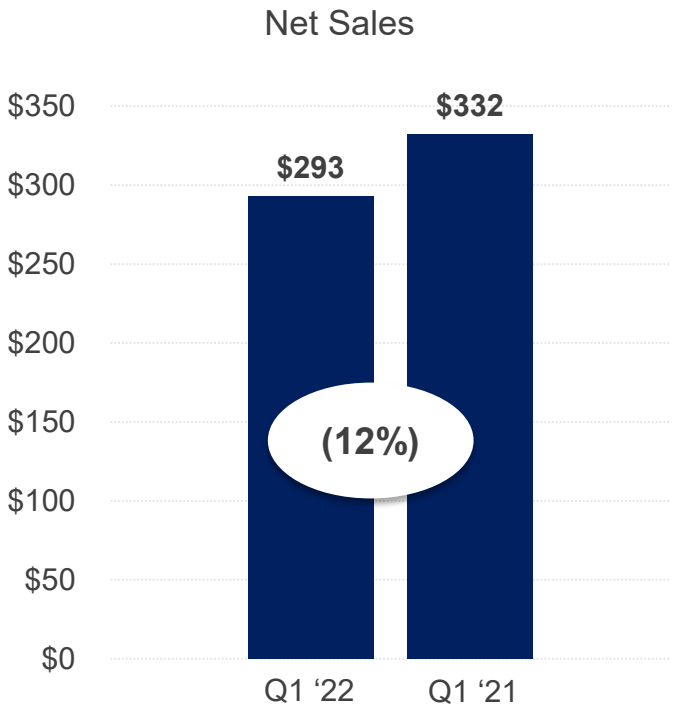
CASH CONVERSION DAYS



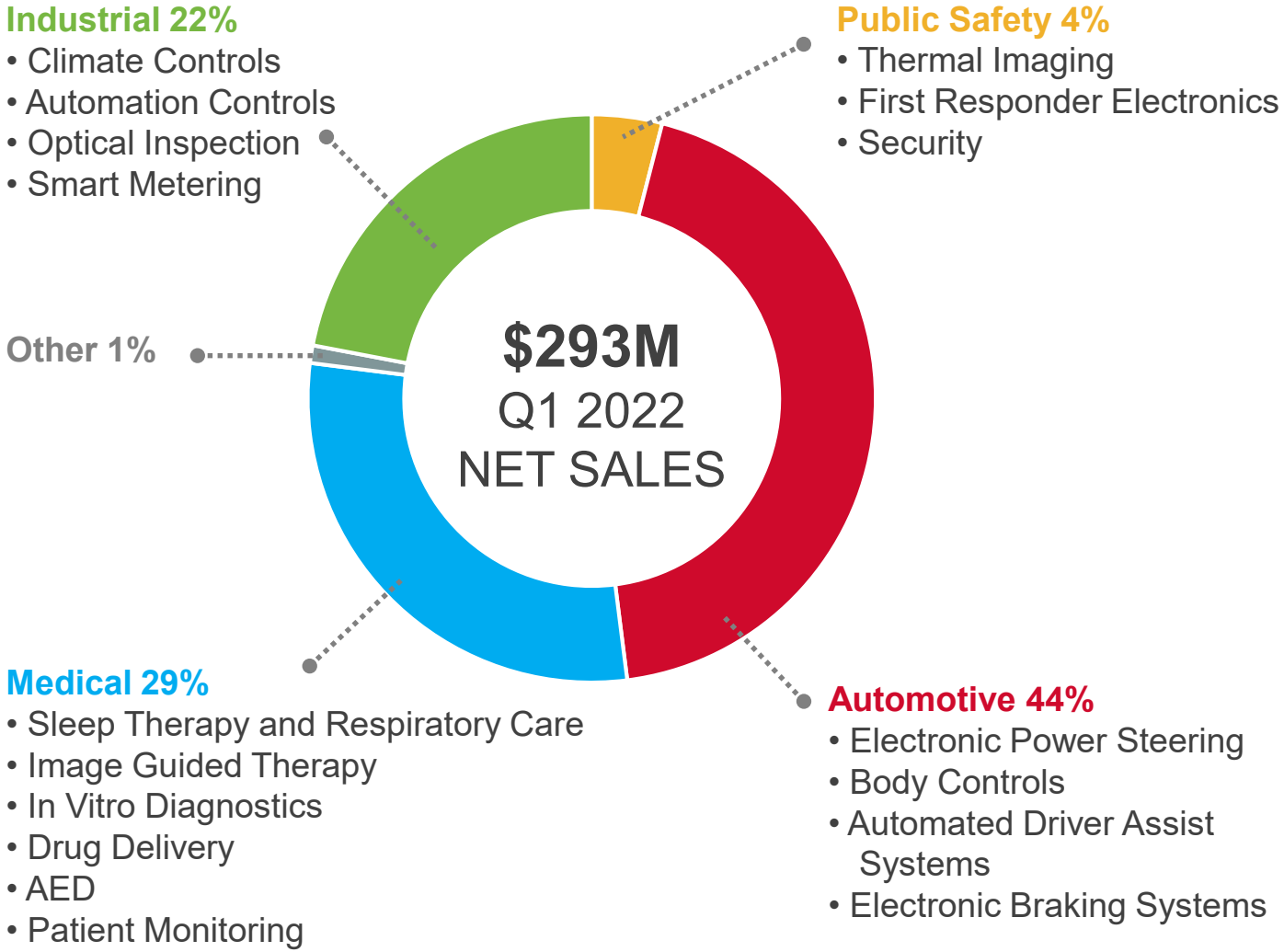
* These measures are Non-GAAP terms. A reconciliation is provided in the appendix of this presentation.

Kimball Electronics (Nasdaq: KE)

Q1FY22: Net Sales Declined 12% Compared to Q1 2021

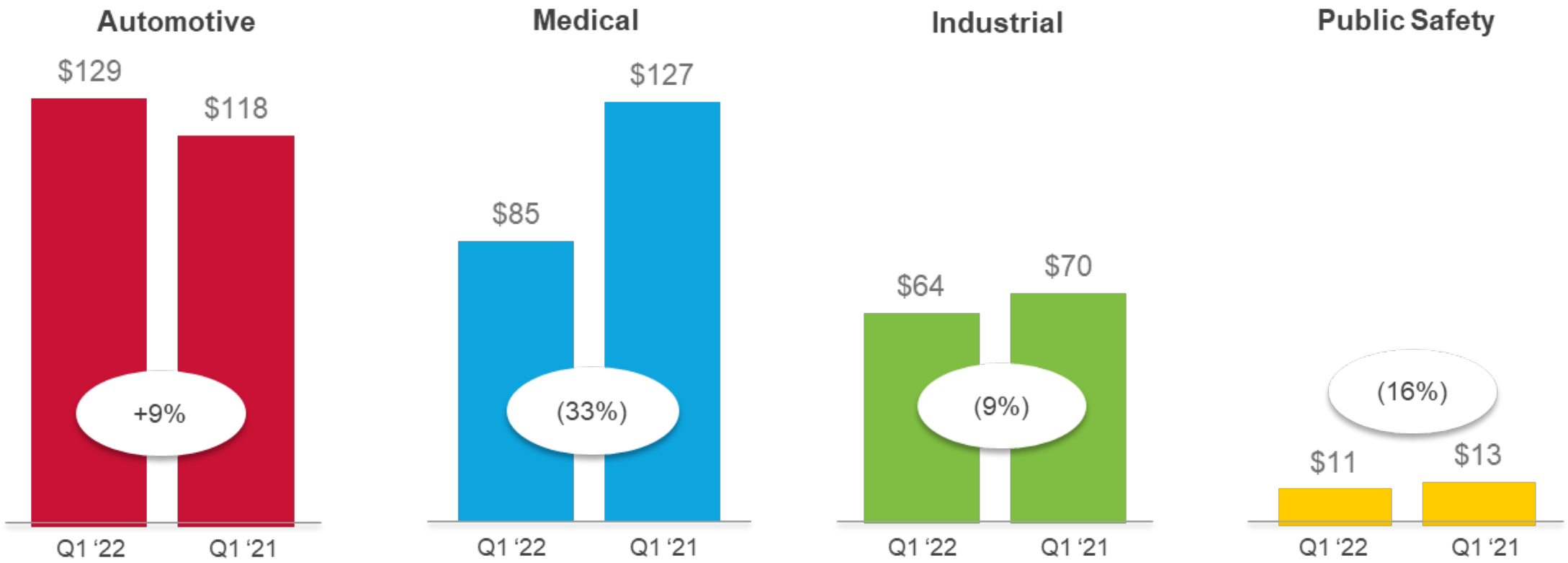


The decline occurred in 3 of 4 vertical markets



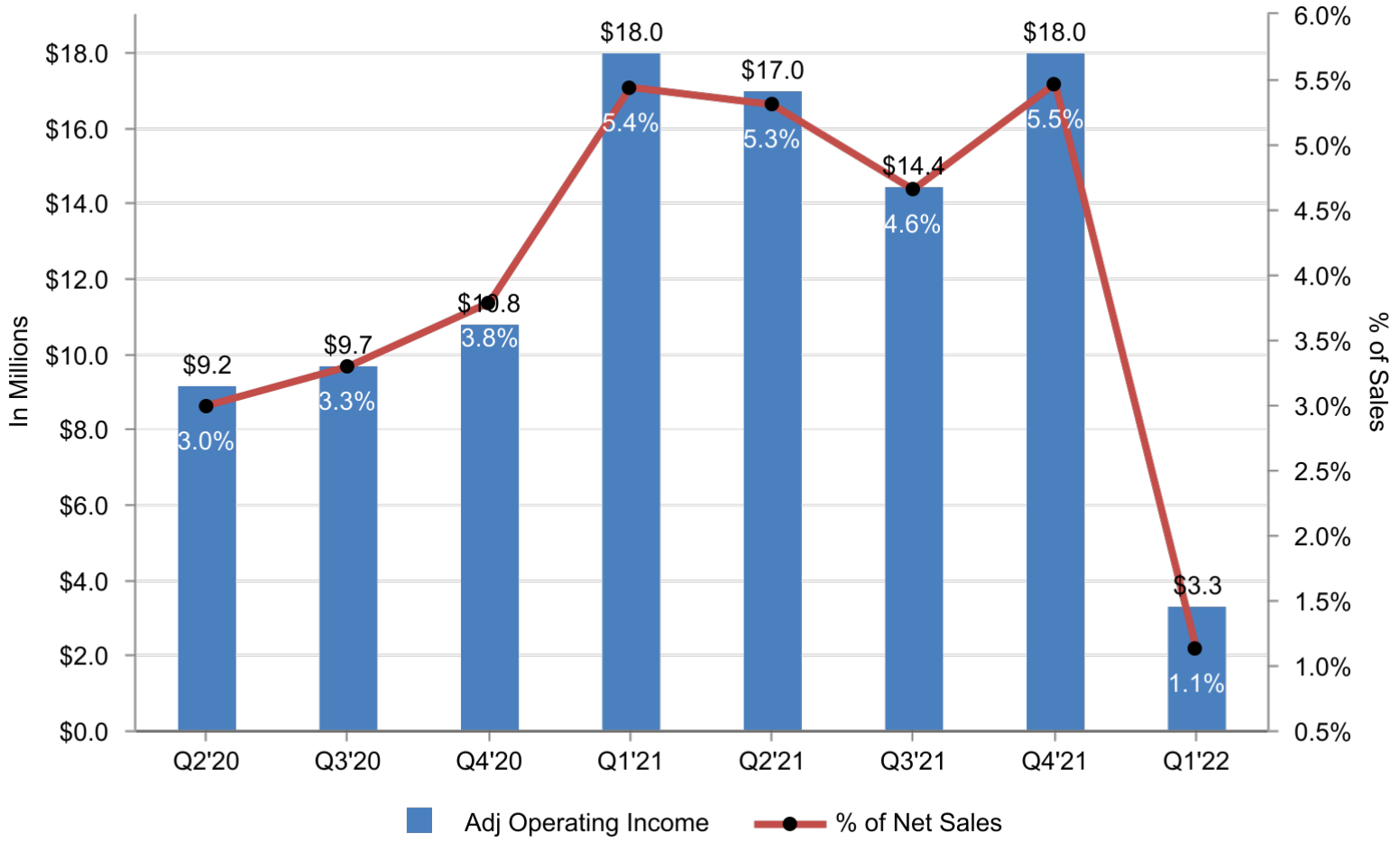
Kimball Electronics (Nasdaq: KE)

Q1FY22: Net Sales by Vertical Market



Kimball Electronics (Nasdaq: KE)

Adjusted Operating Income (1)



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

Guidance for Fiscal Year 2022

- Net sales in the range of $1.4 - $1.5 billion, an 8% - 16% increase compared to fiscal 2021
- Operating income expected to be 4.5% - 5.0% of net sales
- CapEx of $60 - $70 million



Don Charron,
Chairman and CEO

Kimball Electronics (Nasdaq: KE)

Covid-19

Various COVID-19 protocols continue to be used in our facilities, in accordance with country-specific, state and local health recommendations.

MEASURES WE CONTINUE TO TAKE



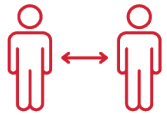
MANDATORY FACE MASKS IN ALL FACILITIES AND UTILIZATION OF PROTECTION SHIELDS



PROPER HYGIENE PRACTICES AND SANITIZATION OF FACILITIES



BODY TEMPERATURE SCANNING



SOCIAL DISTANCING PRACTICES



VIRTUAL VISITS FOR SUPPLIERS AND CUSTOMERS



WORK-FROM-HOME AND REMOTE WORK APPROACH WHERE POSSIBLE



ENCOURAGING VACCINATION

Celebrating You. 60 Years Strong.

The successes of Kimball Electronics are derived from a culture that fuses the foundational principles that drove our first 60 years with an entrepreneurial mindset that will carry us beyond the next 60. While we take time to reflect on our stakeholder stories, we recognize our innovative approach to business is ever evolving. It is with that mindset that we move forward, knowing we've only just begun.

In this report, we celebrate the contributions that each of you — **our Customers**, **our Employees**, **our Communities**, **our Suppliers**, and **our Share Owners** — has made in Creating Quality For Life.



1961 2021

Celebrating You. Our Customers.

From cultivating customer relationships to developing unique end-to-end partnership solutions, we celebrate the quality for life we help our customers create for end users.

Foundational Principle:

Innovative Solutions

From the foundation of our company, customers have turned to us for innovative solutions. As technology has evolved and as our customers have innovated, Kimball Electronics has adapted to offer more innovative solutions in support of rapidly changing markets.

"Kimball Electronics is one of our Preferred Supplier Partners and has provided award-winning support and trusted collaboration throughout our long relationship. We look forward to continuing and growing our relationship for many years to come."

Richard Crane, Chief Procurement Officer, Philips Healthcare
16 Year Customer Relationship with Kimball Electronics



+3.5M
Medical Electronics Assemblies Shipped Annually

+10M
Single-use and Surgical Assemblies Shipped Annually

Foundational Principle

Culture of Excellence

Our culture of excellence is rooted in our guiding principle: Our customer is our business. We know we must provide innovative products and services that excite our customers and exceed their expectations of quality, features, and enduring value.

Our Industry 4.0 Strategy:

- Leverage a digital framework
- Meet customer requirements
- Enhance competitiveness
- Accelerate continuous improvement
- Share best practices



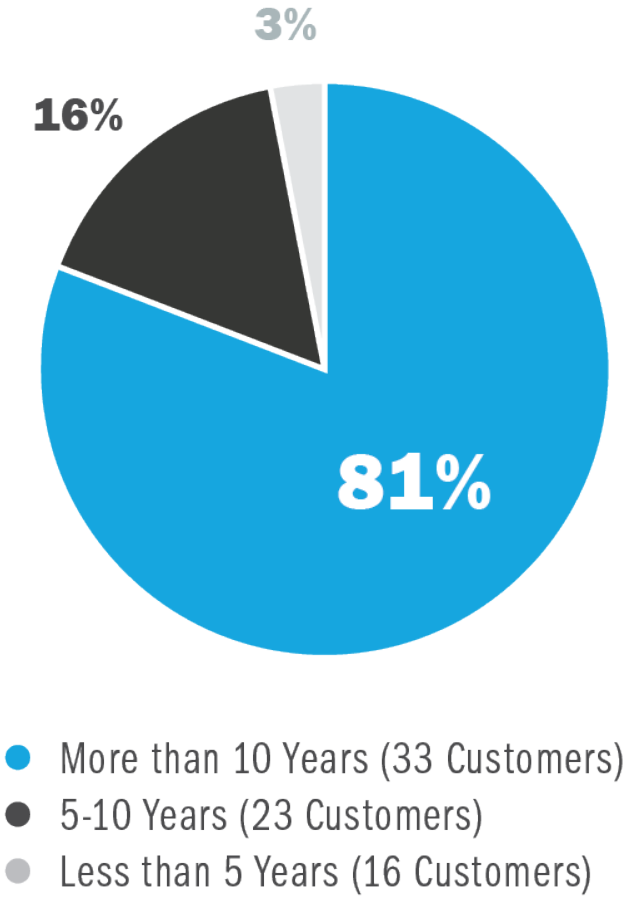
How We Deliver

Kimball Electronics has participated in the Circuits Assembly Service Excellence Awards for eight consecutive years, winning awards for excellence in multiple categories, including:

- Quality
- Dependability/Timely Delivery
- Responsiveness
- Value for Price,
- and Technology

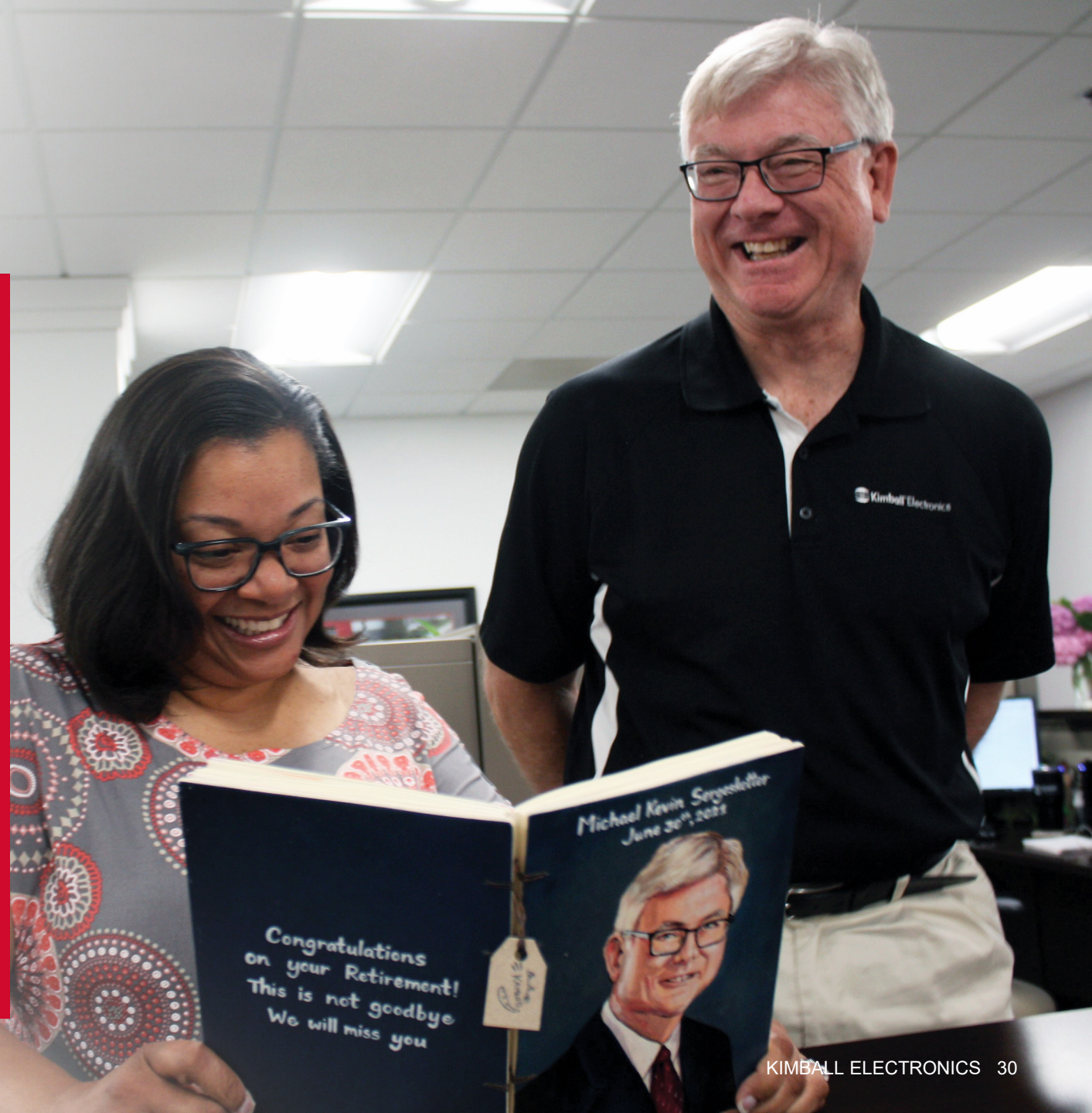
The award results, based solely on direct customer input, are an indication of outstanding achievement in service excellence.

PERCENT OF FY21 NET SALES BY LENGTH OF CUSTOMER RELATIONSHIP



Celebrating You. Our Employees.

We work at our collective best when we draw inspiration from both the institutional knowledge of our longest-tenured team members and the fresh-minded enthusiasm of our most recent hires.



Foundational Principle

Resilience



At Kimball Electronics, our people adapt and respond to change in a way that honors our past and prepares us for the future. Throughout our history, our people have applied their efforts and knowledge by working together to take advantage of opportunities and challenges to help us become the company we are today. For that we are proud and grateful.

Our Guiding Principles:

- unite our employees
- delight our customers
- create long-term value for our Share Owners
- enhance our communities
- and foster partnership with our suppliers

8.15 OUT OF 10

THE COLLECTIVE SCORE BY KIMBALL ELECTRONICS EMPLOYEES IN OUR GUIDING PRINCIPLES SURVEY

The Next 60 Years of Talent Development

Through rigor from our talent management and empathy in our managers, we are skilling and scaling the organization to strengthen execution of our enterprise business strategy. We equip our employees, organize our teams, and create systems that empower a digital workforce.



60 years of promoting a culture that ensures the sustainability of our long-term talent pipeline. Our employees share in our success, both financially and through personal growth and fulfillment.

Diversity, Equity and Inclusion:

As a global company, Kimball Electronics recognizes the benefits of a diverse workforce and inclusive work environment. By developing an atmosphere of mutual respect, dignity for the individual, and a sense of family, we are better able to meet the unique needs of our employees, Share Owners, customers, communities, and suppliers.

50% OF OUR EXECUTIVE MANAGEMENT TEAM IS FEMALE

20% OF OUR EXECUTIVE MANAGEMENT TEAM IS ETHNICALLY DIVERSE





2014 2021

Celebrating You. Our Communities.

Our company and community pride intertwine. We share, but never impose, our values within our communities. Each Kimball Electronics facility strives to help make its community a great place to live through positive societal and environmental impact.

Foundational Principle

Social Responsibility

Volunteering our time and donating to worthy causes are ways we Create Quality for Life in the communities where we operate.

Celebrating 1961

KEI recognized “1961” to celebrate our historical commitment to our communities. We gave each of our 13 geographic locations $1,961 to donate to worthy causes.

Indianapolis Meal Movement

Our Indianapolis campus packaged meals for the Million Meal Movement program. We provided employees the opportunity to volunteer during work hours.



80,000

ESTIMATED TOTAL LIVES IMPACTED BY OUR MILLION MEAL MOVEMENT EFFORTS

Environmental Success

Our impact on global climate is real. We strive to reduce our energy usage and greenhouse gas footprint, and that starts with our local environment, health and safety teams, and the subsequent sharing of best practices globally.

15.9%
Increase in Recycling

23.1%
Reduction in Air Emissions

24.3%
Reduction in Water Usage

70.7%
Reduction in Greenhouse Gas

81.8%
Reduction in Hazardous Waste



Overall, we recycled 92.2% of all our waste





1974 2021

Celebrating You. Our Suppliers.

As we approach nearly two years of continuous demand pressure, our team remains steadfast in their commitment to managing the supply chain for mutual collaboration and trust between our customers and suppliers.

Foundational Principle

Trust

We continue to see pressures across the supply chain through 2021 and beyond. Our global materials teams continue to work to foster relationship growth and partnerships with our suppliers to offset potential challenges. We know there aren't always easy solutions, but trust and mutual respect are the key to working through these challenges together.

- We are focused on collaboration and execution
- Our Global Materials Council mitigates market constraints and global capacity issues
- We tailor our strategies to the unique needs of each customer



150+

GLOBAL MATERIALS TEAM MEMBERS WORKING TO POSITIVELY IMPACT, AND MITIGATE RISK FOR, THE SUPPLY CHAIN DAILY

Celebrating You.
Our Share Owners.

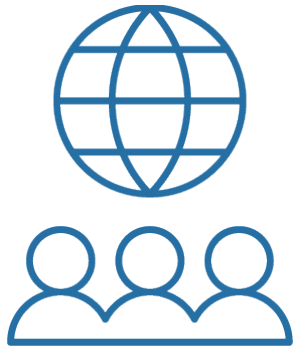
Fiscal 2021 was a record year for our company with many financial metrics, including net sales, margin rates, earnings, cash flow from operating activities, and return on invested capital, reaching all-time highs. Our Share Owners benefited from this performance with Kimball Electronics stock generating the best Total Shareholder Return in five years.



Foundational Principle

Entrepreneurial Spirit

Our Guiding Principles state: We seek to promote and reinforce an entrepreneurial spirit — a conviction that growth and continuous improvement is everyone's job. This spirit is further reflected in the recognition that profits are the ultimate measure of how efficiently and effectively we serve our customers.



MAKING INVESTMENTS FOR OUR FUTURE



LEVERAGING OUR STRONG BALANCE SHEET FOR GROWTH



CREATING OPPORTUNITIES TO EXPAND PROFITABILITY AND RETURNS

Questions?



Thank You!



Appendix



Kimball Electronics (Nasdaq: KE)

Non-GAAP Reconciliation

(In Millions)	FY18	FY19	FY20	FY21
Revenue, as reported	$ 1,072.06	$ 1,182	$ 1,201	$ 1,292
Operating Income (GAAP)	42.038	42.060	31.996	65.703
SERP	0.712	0.327	0.848	2.073
Goodwill Impairment	-	-	7.925	-
Lawsuit Settlements (Recovery)	-	(0.307)	-	(0.372)
Adjusted Operating Income (non-GAAP)	$ 42.750	$ 42.080	$ 40.769	$ 67.404
Adjusted Operating Margin (non-GAAP)	4.0%	3.6%	3.4%	5.2%
Revenue, as reported	$1,072	$1,182	$1,201	$1,292
Net Income (GAAP)	16.752	31.558	18.196	56.791
After-Tax Goodwill Impairment	-	-	6.947	-
After-Tax Adjustments after Measurement Period of GES Acquisition	-	-	2.871	(0.121)
Tax Adj. from Tax Reform	17.859	(0.251)	-	-
After-Tax Lawsuit Settlements (Recovery)	-	(0.233)	-	(0.282)
Adjusted Net Income (non-GAAP)	$ 34.611	$ 31.074	$ 28.014	$ 56.388
Adjusted Net Income Margin (non-GAAP)	3.2%	2.6%	2.3%	4.4%
Revenue, as reported	$1,072	$1,182	$1,201	$1,292
Adjusted Net Income (non-GAAP)	34.611	31.074	28.014	56.388
Interest, net	0.454	4.007	4.361	2.063
Depreciation & Amortization	26.376	28.873	30.872	34.020
Taxes	10.164	7.104	8.853	13.241
Adjusted EBITDA (non-GAAP)	$ 71.605	$ 71.058	$ 72.100	$ 105.712
Adjusted EBITDA Margin (non-GAAP)	6.7%	6.0%	6.0%	8.2%

* Prior periods have been revised to reflect adjusted operating income excluding changes in the fair value of SERP.

Non-GAAP Reconciliation

(In Millions, except per share data)	FY18	FY19	FY20	FY21
Shareholders Equity, as reported	$ 355.527	$ 369.854	$ 379.365	$ 441.972
Goodwill & Intangibles	10.566	40.292	31.354	29.019
Tangible Book Value	$ 344.961	$ 329.562	$ 348.011	$ 412.953
Average Shares Outstanding (Dilluted)	27.007	26.082	25.428	25.284
Tangible BV/Share	$ 12.77	$ 12.64	$ 13.69	$ 16.33
Diluted Earnings per Share, as reported	$ 0.62	$ 1.21	$ 0.71	$ 2.24
Goodwill Impairment	-	-	0.28	-
Adjustments after measurement period on GES Acquisition	-	-	0.11	-
Tax Adj. from Tax Reform	0.66	(0.01)	-	-
Lawsuit Settlements (Recovery)	-	(0.01)	-	(0.01)
Adjusted Diluted Earnings per Share	$ 1.28	$ 1.19	$ 1.10	$ 2.23

Kimball Electronics (Nasdaq: KE)

Non-GAAP Reconciliation

(In Thousands)	FY18	FY19	FY20	FY21
Operating Income (GAAP)	$ 42,038	$ 42,060	$ 31,996	$ 65,703
SERP	$ 712	$ 327	$ 848	$ 2,073
Goodwill Impairment	-	-	$ 7,925	$ -
Legal Settlements (Recovery)	-	$ (307)	-	$ (372)
Adjusted Operating Income (non-GAAP)	$ 42,750	$ 42,080	$ 40,769	$ 67,404
Tax Effect	$ 9,878	$ 7,775	$9,831	$12,844
After Tax Adj. Operating Income	$ 32,872	$ 34,305	$ 30,938	$ 54,560
Average Invested Capital *	$ 319,074	$ 390,528	$437,263	$415,999
ROIC	10.3%	8.8%	7.1%	13.1%

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

Non-GAAP Reconciliation

(In Millions)	Q2'20	Q3'20	Q4'20	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22
Revenue, as reported	307.084	$ 293.925	$ 286.156	$ 331.749	$ 320.604	$ 310.329	$ 329.125	$ 292.717
Operating Income (GAAP)	8.684	10.588	1.609	17.807	16.179	14.638	17.079	4.780
SERP	0.502	(0.914)	1.282	0.550	0.811	0.164	0.548	(0.087)
Goodwill Impairment	-	-	7.925	-	-	-	-	-
Lawsuit Settlements (Recovery)	-	-	-	(0.341)	-	(0.376)	0.345	(1.384)
Adjusted Operating Income (non-GAAP)	$9.186	$9.674	$10.816	$18.016	$16.990	$14.426	$17.972	$3.309
Adjusted Operating Margin (non-GAAP)	3.0%	3.3%	3.8%	5.4%	5.3%	4.6%	5.5%	1.1%