Kimball® Electronics

Winning Together

THE KIMBALL WAY

Company Overview

May 2024

Safe Harbor Statement

Certain statements contained within this release are considered forward-looking, including our fiscal year 2024 guidance, 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, foreign exchange rate 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 the company are contained in its Annual Report on Form 10-K for the year ended June 30, 2023.

Kimball Electronics (Nasdaq: KE)

Global, multifaceted solutions provider of **Electronics Manufacturing Services** (EMS) recognized for excellence and leadership in highly regulated and complex industries

Diversified portfolio of products that offer long runways of growth supported by **secular tailwinds** and program life cycles in the Automotive, Medical, and Industrial end markets

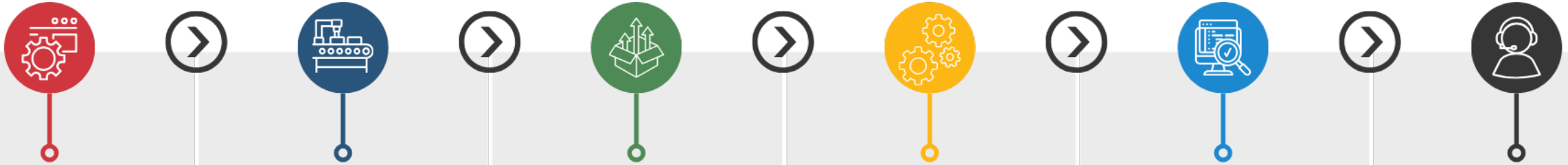
Uniquely positioned with a focus on **non-commodity** products that involve high levels of complexity, quality, reliability, and durability

Long-term customer relationships driving sustainable growth and enable multi-year planning and operating efficiency

Track record of **revenue** and **earnings growth** with recent capacity expansions supporting current demand momentum and future global growth opportunities



Providing end-to-end solutions and support



DESIGN & DEVELOPMENT

Integrated design and manufacturing services

Increases speed to market

PROTOTYPING

Dedicated team & equipment

Bring products to market faster

NEW PRODUCT INTRODUCTION

Robust process for NPI focused manufacturing

Transfer existing products from current supplier

MANUFACTURING

Partnership - work as an extension of the team

Precision & quality

TESTING

Focus testing criteria on areas of concern

Affirm reliability of specific functionality

AFTERMARKET SUPPORT

Service and support as market conditions change

Throughout product lifecycle from start to finish

A rich history of growth and global expansion



1950
Jasper Corporation Founded



1959
Kimball Company and Name Acquired



1961
Kimball Electronics Founded



1968
Support of Industrial End Market



1972
New Manufacturing Facility in Mexico



1982
Focus on Contract Manufacturing Begins



1985
Support of Automotive End Market

1999
Support of Medical End Market



2000
New Manufacturing Facility in Thailand



2005
New Manufacturing Facility in China



2007
Manufacturing Facility in Tampa, FL Acquired



2008
New Manufacturing Facility in Poland



2014
Spin Off from Kimball International



2015
New Manufacturing Facility in Romania



2016
Manufacturing Facilities in Indianapolis, IN Acquired



2018
Global Equipment Services Acquired



2022
Facility Expansion in Thailand



2022
Facility Expansion in Mexico



2023
Facility Expansion in Poland

Our global footprint with an “in-region” focus



MANUFACTURING FACILITIES*

USA
Jasper, Indiana
220,000 sq. ft.

USA
Indianapolis, Indiana
120,000 sq. ft.

USA
Tampa, Florida
150,000 sq. ft.

USA
San Jose, California
21,000 sq. ft.

Mexico
Reynosa, Mexico
470,000 sq. ft.
Note: 2 manufacturing facilities

Poland
Poznan, Poland
200,000 sq. ft.

Romania
Timisoara, Romania
66,200 sq. ft.

China
Nanjing, China
132,400 sq. ft.

China
Suzhou, China
23,000 sq. ft.

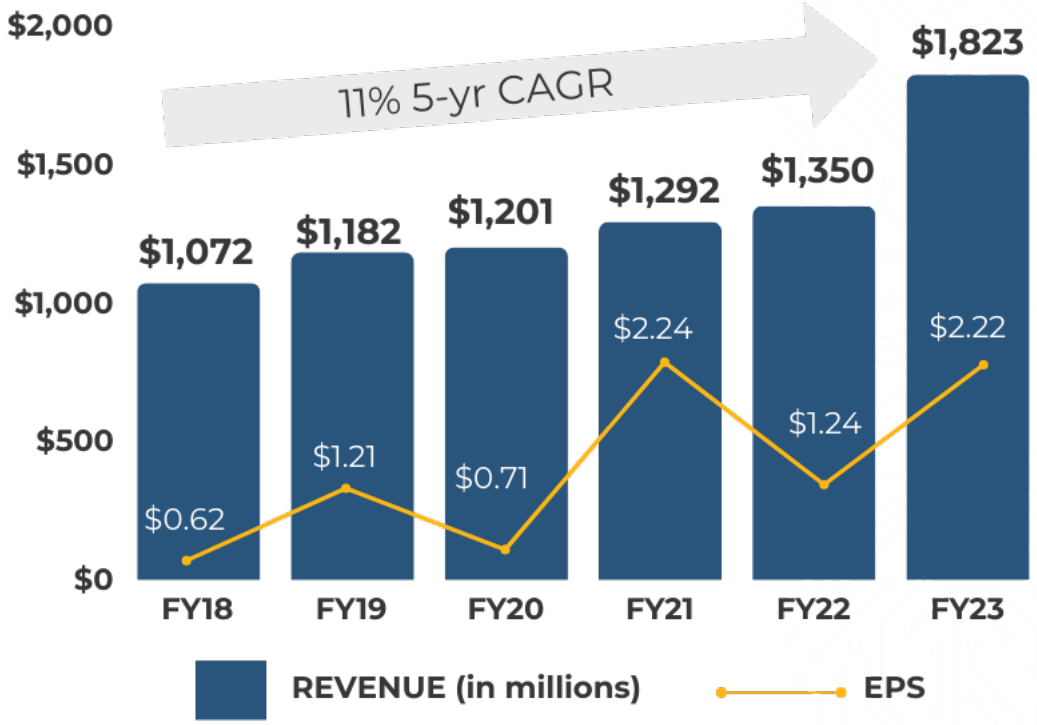
Thailand
Laem Chabang, Thailand
220,000 sq. ft.

Vietnam
Ho Chi Minh, Vietnam
109,000 sq. ft.

* Excludes non-manufacturing locations.

Track record of growth and profitability

REVENUE AND EPS



FISCAL 2023 HIGHLIGHTS

		Improvement vs PY
REVENUE	**$1,823**	**+35%**
Adj Op Income %*	**4.8%**	**+110 bps**
EPS	**$2.22**	**+79%**
ROIC %*	**9.4%**	**+220 bps**

MMI TOP 50™ RANKING

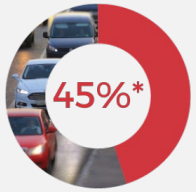
Ranked by MMI

20th Largest Global Electronics Manufacturer

Manufacturing Market INSIDER

** Non-GAAP measure. Reconciliation available in the Investor Relations section of our corporate website.*

Diversified portfolio focused on 3 end markets

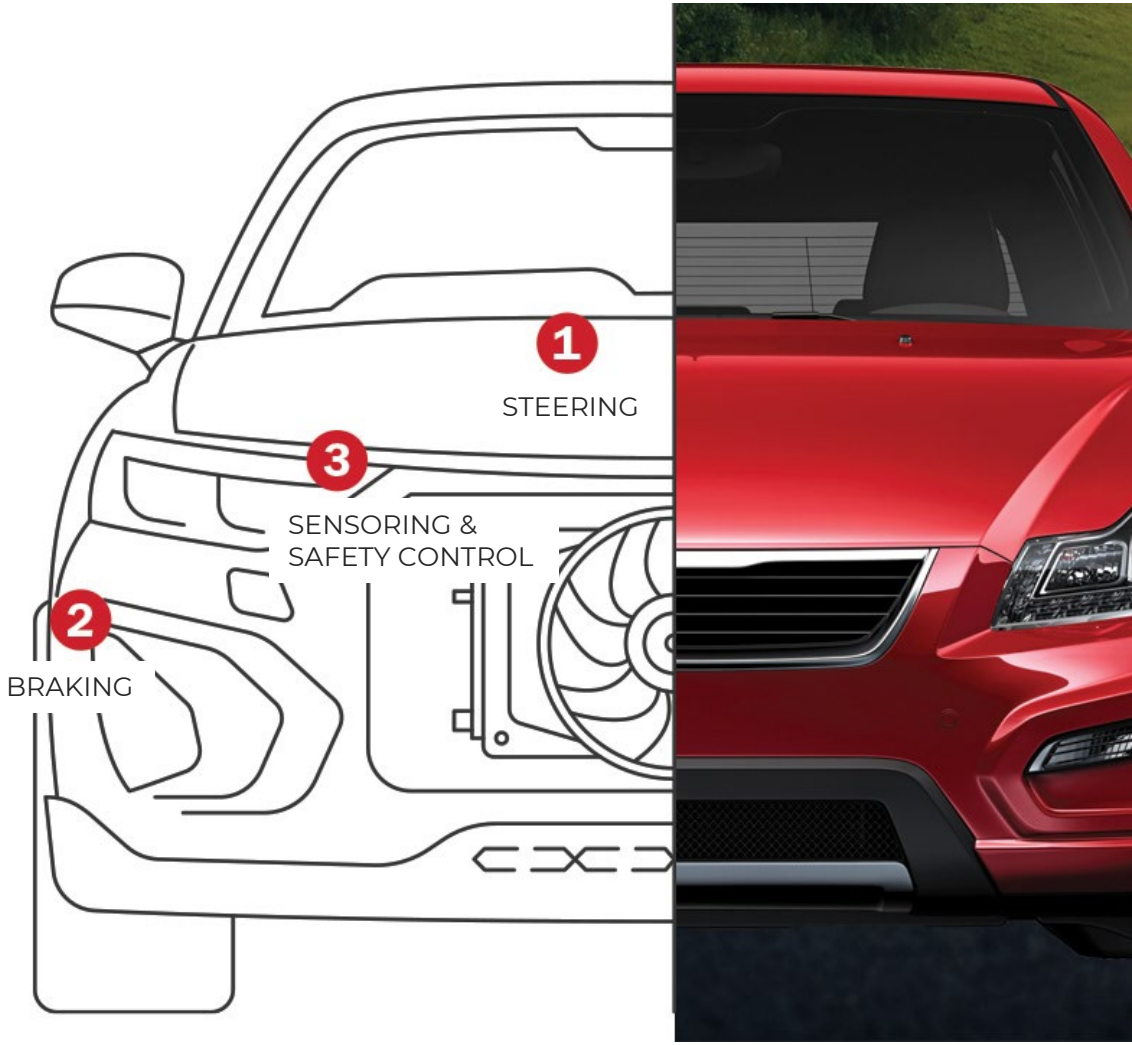
	Automotive	Medical	Industrial
REVENUE *Fiscal 2023 ($ in millions)*	$820	$494	$475
GROWTH *Compared to the prior year*	+41%	+26%	+33%
% of TOTAL *Fiscal 2023*			
MMI RANKING *Calendar 2022*	8th	7th	19th

** Excludes "other" which represented 2% of total company sales. Beginning in fiscal 2024, the Company changed its presentation of revenue for miscellaneous sales previously included in "other". The sales are now included in the respective customer end markets.*

Automotive fueled by vehicle “electrification”

The addition of electronic content could **generate growth 4x the OEMs’ vehicle production rate**

- ~70% of Automotive is **electronic power steering**
- **Next generation braking** also a growth driver
- Architecture similar for ICE, EV, and hybrid vehicles
- Industry requirements align with core competencies
- Value to customers increases as features added
- **“Sticky” business** as programs are frequently single-source
- Programs typically **8-10 years** in length



REPRESENTATIVE CUSTOMERS TIER 1 SUPPLIERS

nexteer AUTOMOTIVE ZF Mando brose Technik für Automobile

Medical supporting the continuum of care



Favorable demographics and advances in technology

- Aging population
- Affordability & access to care
- Connected care
- Decreasing device size
- Connected drug delivery

Products supporting prevention, early diagnostics, clinical & hospital treatment, home & community care

- Respiratory care
- Surgical systems
- In vitro diagnostics
- Patient monitoring equipment
- Drug delivery
- Imaging systems
- Focus on Class II and Class III devices
- Higher-level assembly

REPRESENTATIVE CUSTOMERS

PHILIPS REACTHEALTH ZOLL Advancing Resuscitation. kaléo

Industrial promoting clean energy and innovation

Well-positioned within **value chain:**

- Most major brands of residential and commercial heating & cooling systems
- Factory automation
- Charging stations

Legislation and incentive supporting decarbonization may be **meaningful growth driver**

- Inflation Reduction Act

REPRESENTATIVE CUSTOMERS





Guide to long-term success

MISSION

To attract, develop, and maintain long-term, successful relationships with all stakeholders in our business including our customers, employees, suppliers, communities, and Share Owners. To keep our promise to help achieve success with those relationships wherever we go in the world.

VISION

To be the world's most preferred multifaceted manufacturing solutions provider and to set the industry standard for quality, reliability, and service.

PURPOSE

Creating Quality for Life

GUIDING PRINCIPLES



Our **customer** is our business



Our **people** are the company



The **environment** is our home



Profits are the ultimate measure of how efficiently and effectively we serve our customers

Our unique culture is a differentiator

"Our corporate culture is a differentiator in the marketplace and a competitive strength in the industries we serve. It manifests itself in performance while centered on respect and appreciation for others, enriching the lives of our employees with meaningful work and giving back to the communities where we operate. We believe you win with people and our focus is on attracting, developing, and retaining the best and brightest talent available."

Ric Phillips, Chief Executive Officer



2023 DIVERSITY METRICS

50%
of our executive team is female

33%
of our managers are female

14%
of our executive management team is racially diverse

51.5%
of our global workforce is female

83.5%
of our global workforce is outside the U.S.

20%
of our global workforce has been with the company more than 10 years

IN THE U.S.
12% of our workforce is racially diverse; 10% is ethnically diverse; 4% self identify as having a disability; 5% identify as a military veteran

Why Kimball Electronics wins



Manufacturing expertise centered on high levels of complexity, quality, reliability, and durability

Unique corporate culture that manifests itself into performance

Long-term customer relationships driving sustainable growth and enable multi-year planning and operating efficiency

Lasting partnerships with award-winning support

CIRCUITS ASSEMBLY Service Excellence Awards

- Dependability / Timely Delivery
- Technology
- Value for the Price
- Manufacturing Quality



Awards based solely on direct customer input and are an indication of outstanding achievement in service excellence

FY23 net sales by length of customer relationship



The environment is our home

Annual **Guiding Principles report** published for calendar 2023

- How We Are Winning Together The Kimball Way
- Available on our corporate website

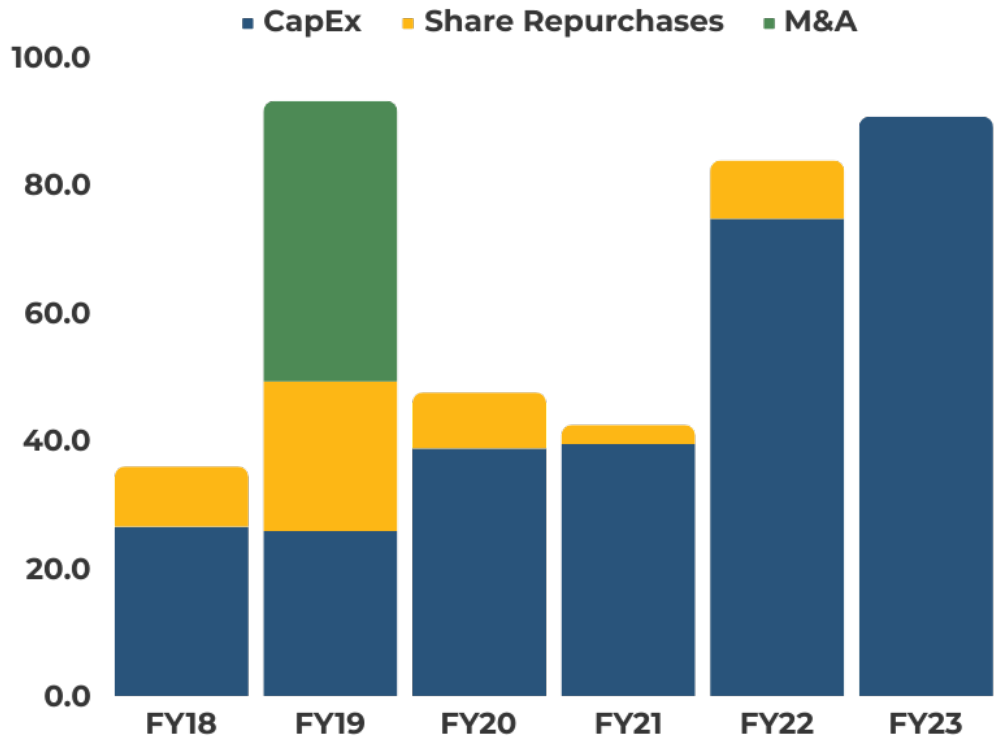
Morningstar Sustainalytics rated KE #1 for ESG risk among electronics manufacturers

ISS Prime ESG corporate rating places KE in the top 10% in the industry



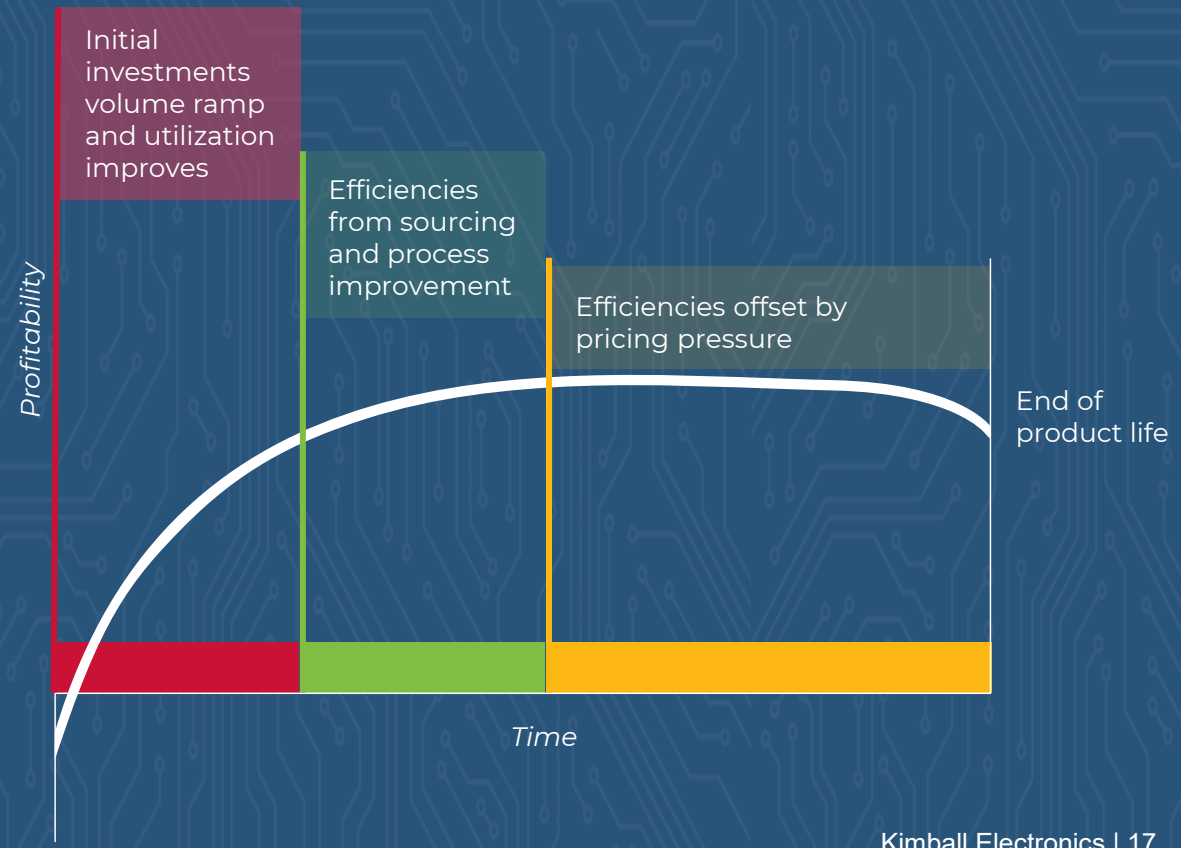
Investing in growth

CAPITAL ALLOCATION



THESE PROGRAMS PROGRESS at a slow and steady pace, allowing for long-term sustainable growth gained through sourcing efficiencies and process improvements.

PROGRAM LIFECYCLES



Update on our strategic direction and structure

- **Divesting** our Automation, Test & Measurement business
- Increasing the **focus** and support on our core **EMS business**
  - Realigning our Medical solutions business unit into our EMS medical vertical
  - Elevated two key executives to enterprise-wide operations
- Responding to end market softness by “controlling what we can control”
  - **Resizing** our team, taking specific cost actions
  - Continuing focus on **significant** working capital improvements
- Recorded impairment and a restructuring charge in Q3

Operating environment challenged for EMS

- Expect macro headwinds to **persist** in **fiscal 2025**
- During this period of end market softness, we are **taking action** by:
  - **Proactively** aligning our cost structure with short-term demand trends
  - Maintaining competitiveness with **stable operating margins**
  - Focusing on working capital improvements
- Inventory **down** over $90 million from peak
- Continue to make investments in longer-term growth opportunities supported by robust funnel of new business
- Deploying a capital allocation strategy that balances organic growth, lasting customer relationships, and returning cash to Share Owners with opportunistic **share repurchases**

Guidance for fiscal year 2024

- **Reiterating** our guidance for adjusted operating income
  - Range of 4.2% to 4.6% of net sales
- Updated guidance for **net sales**
  - Expected to decline 4% to 6% compared to fiscal 2023
  - Previous estimate was a decline of 2% to 4%
- Updated guidance for **capital expenditures**
  - Expect $55 to $60 million
  - Previous estimate was $70 to $80 million
- Expect to continue to streamline the Company, with **additional** pre-tax restructuring charges of **$1 to $2 million**

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