



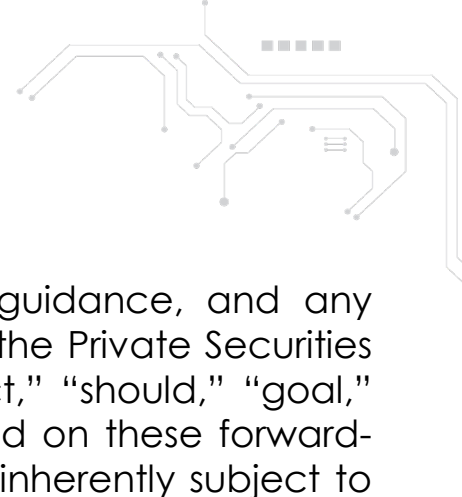
**Kimball**® Electronics  
Lasting relationships. Global success.

# Third Quarter Fiscal 2025 Results

Quarter Ended March 31, 2025

Supplementary Information to the May 7, 2025, Earnings Conference Call & Webcast

Strategically  
**Focused**



# Safe Harbor Statement

Certain statements contained within this supplementary information, including our fiscal year 2025 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, 2024, 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

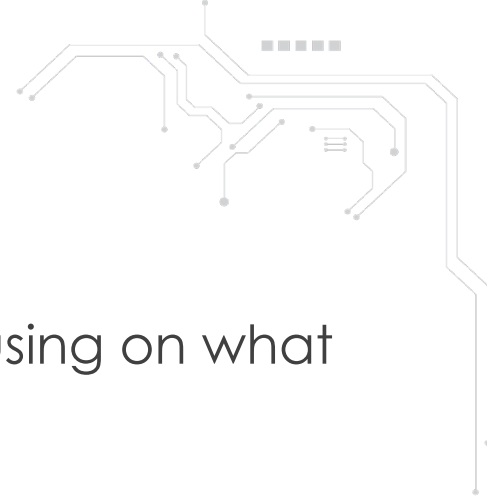
- Opening comments
- Financial results for the quarter
- Guidance for fiscal 2025
- Closing comments
- Q&A



**Ric Phillips**  
CEO



**Jana Croom**  
CFO



# Proud of the results for the third quarter...

- Team's ability to navigate an environment of uncertainty, while focusing on what is controllable
- Sales in Q3 in line with expectations and increased sequentially
- Margins improved
- Cash generated from operating activities
- Paydown of debt continued with borrowings now 45% lower than peak levels
- Ample liquidity to weather the short-term unpredictable environment, and significant dry powder to opportunistically invest in the business longer-term



# As part of today's release...

- Reiterating guidance for fiscal 2025 with expectation that sales and operating income will be at the high-end of the range
- Announcing the addition of a new manufacturing facility in Indianapolis focused on the medical industry
  - Another step of repositioning the Company for a return to growth
  - Expand presence as a medical CMO which will occur over time
- Utilize cash generated from EMS operations... redeploy capital to the CMO
- Revenue cycle of the CMO is similar to EMS in that organic revenue growth will take time

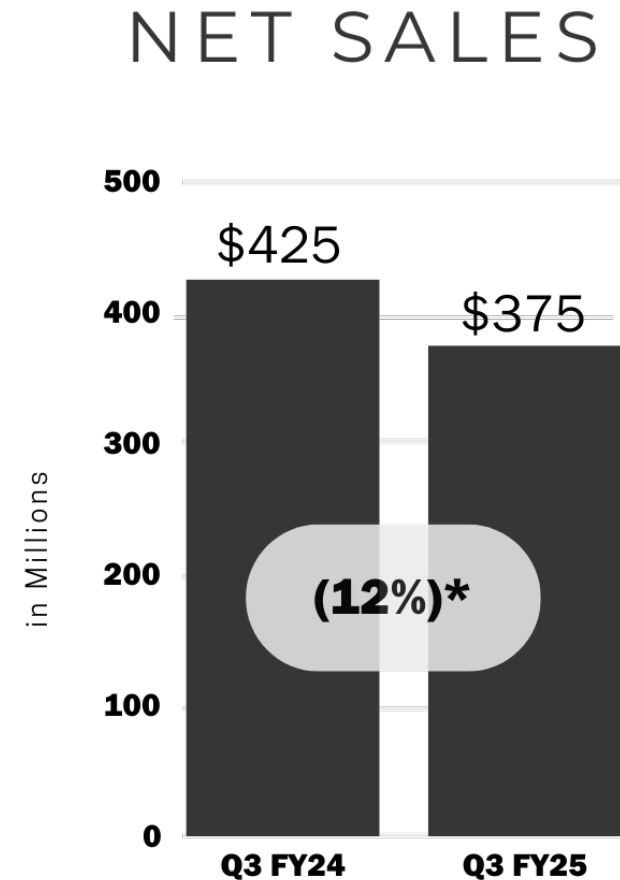


# In our Company's history...

- EMS generates high levels of cash when operating conditions are at historic “norms”
  - Cash will be used to grow the medical CMO through organic – and potentially inorganic - channels
- Margin profile on Higher Level Assemblies and Finished Medical Devices could be accretive to the returns that are customary with contract manufacturing EMS
- Elevate prominence of medical CMO with an expanded manufacturing footprint, through adjacencies, and additional vertical integration of production

# Net sales in the third quarter totaled \$375 million

- Represents a 12% decrease year-over-year
- When excluding AT&M, the decrease was 10%
- From an end-market perspective
  - Sales in Medical increased
  - The other two verticals were down in the quarter



\* Percentage decrease compared to Q3 of fiscal 2024

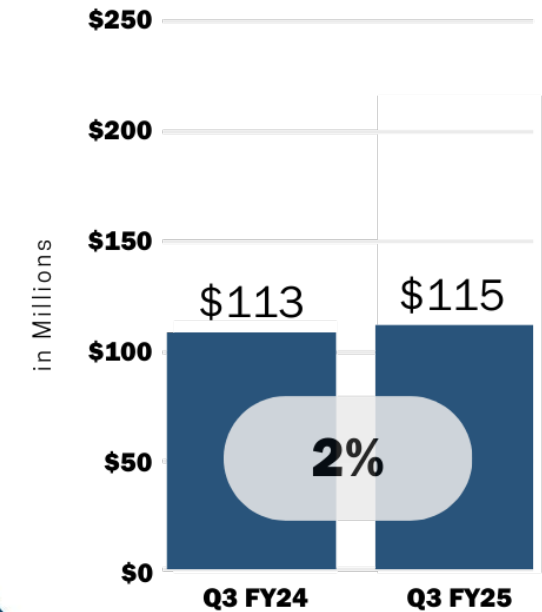


# Medical with net sales in Q3 of \$115 million

- Up 2% compared to the same period last year
- 31% of total company sales
- Increase driven by a non-recurring, consigned, inventory sale to our largest medical customer
  - Transaction associated with the FDA recall
- Estimate the Q3 impact on the medical vertical was approximately 22%, and 6% overall
- Working with this same customer to launch Respiratory Care Final Assembly and HLA business



## NET SALES



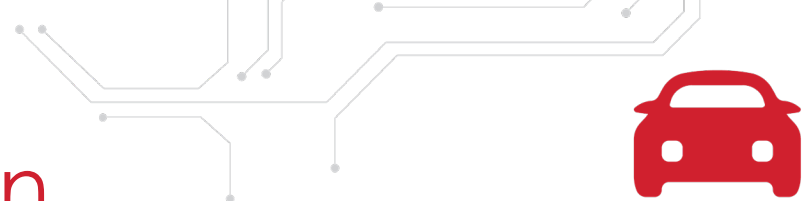
- Sleep Therapy and Respiratory Care
- Image Guided Therapy
- In Vitro Diagnostics
- Drug Delivery
- AED
- Patient Monitoring



# New, larger, medically-focused manufacturing facility



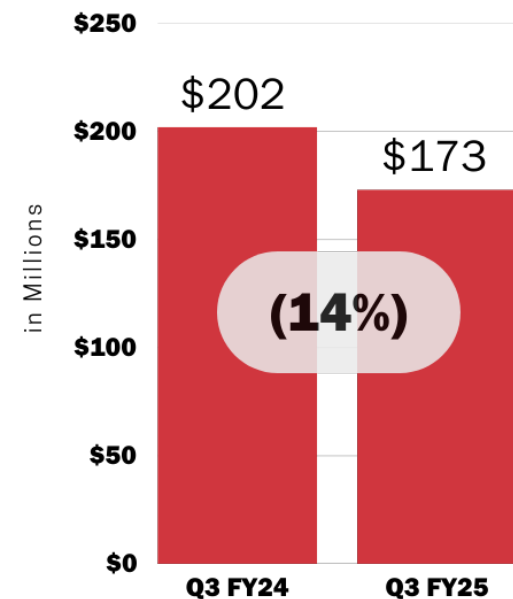
- Reflects commitment to the CMO
- Leased facility representing 300,000 square feet
- Capabilities extend beyond electronics and printed circuit board assemblies
- Include operations such as precision injected molded plastics, complete device assembly, and cold chain management
- Supports production of medical disposables, surgical instruments, and selected drug delivery devices, such as auto-injectors
- Transfer existing programs in Indianapolis over time and sell our existing facility
- Enough floor space in the new facility for future growth with new and existing customers, including the transferred work



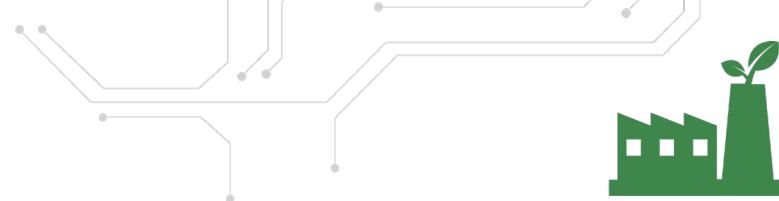
# Automotive net sales were \$173 million

- 14% decrease compared to the third quarter last year
- 46% of total company sales
- Automotive business heavily concentrated in North America and China
- For the 3<sup>rd</sup> consecutive quarter, results in China were strong
- Sales in Europe increased as new braking program in Romania started to ramp production
- North America reported decline driven by electronic braking program in Reynosa
- Monitoring demand for electronic steering for EVs

## NET SALES



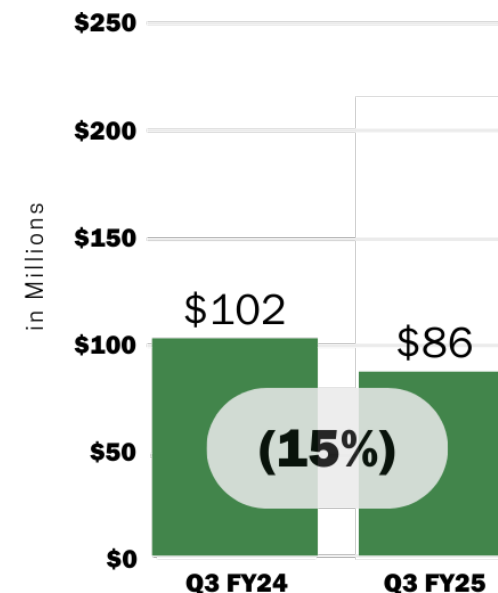
- Electronic Power Steering
- Body Controls
- Automated Driver Assist Systems
- Electronic Braking Systems



# Industrial net sales of \$86 million

- Down 15% year-over-year, when excluding AT&M
- 23% of total company sales
- Decrease occurred in all regions with the largest decline in Europe, followed by Asia, and a modest decrease in North America
  - Declines in Smart Metering programs
  - Reductions in climate controls and public safety products
  - Stability in climate control on the horizon
  - Do not anticipate Smart Meters will be significant portion of Industrial going forward

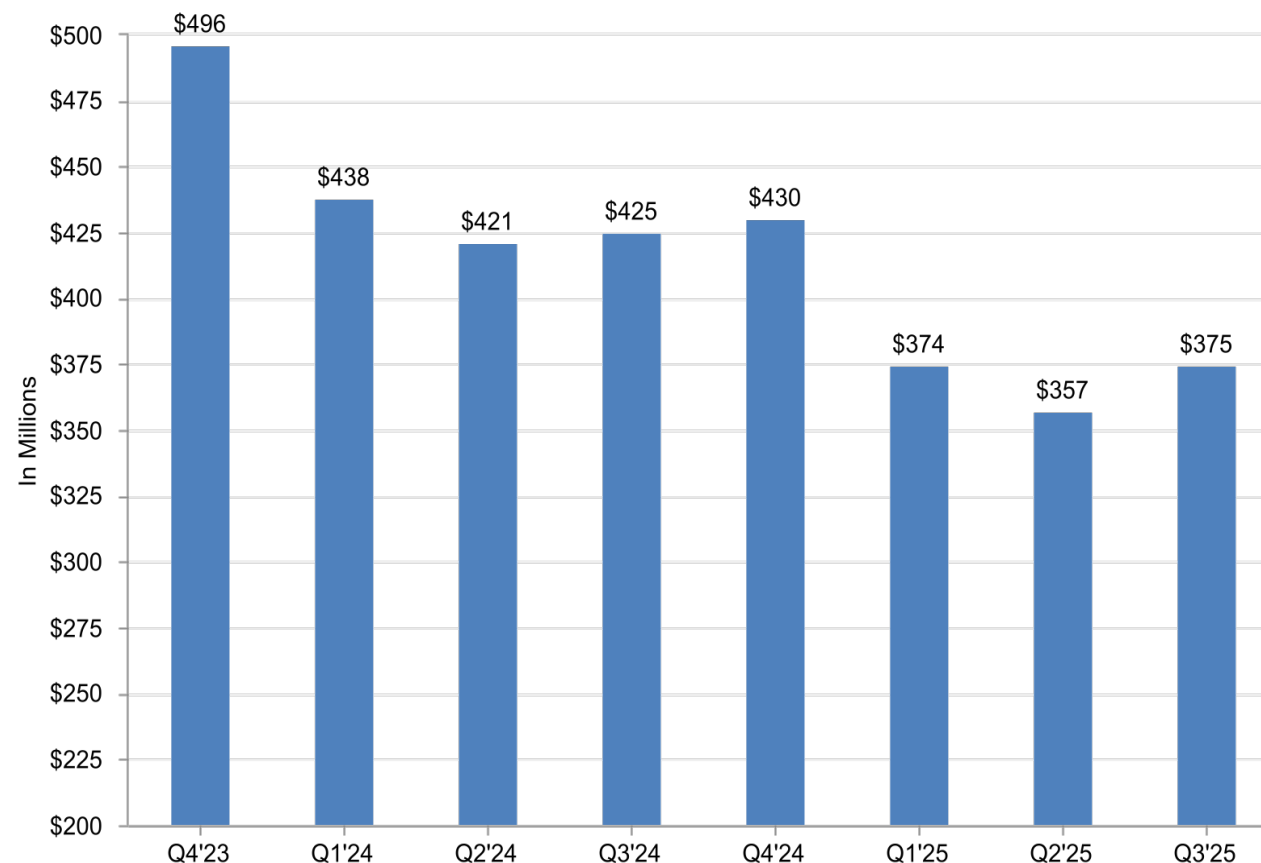
## NET SALES

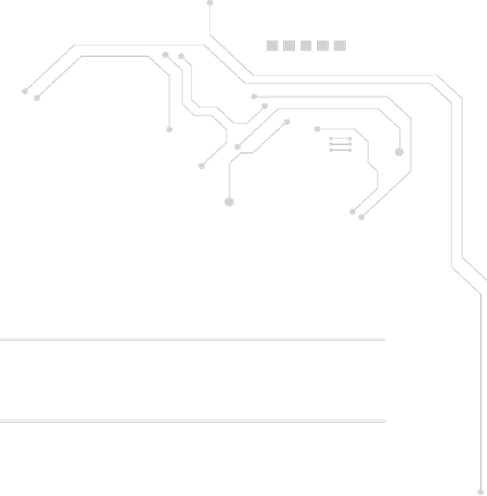


- Climate Controls
- Automation Controls
- Public Safety

# Net sales in the third quarter were \$374.6 million

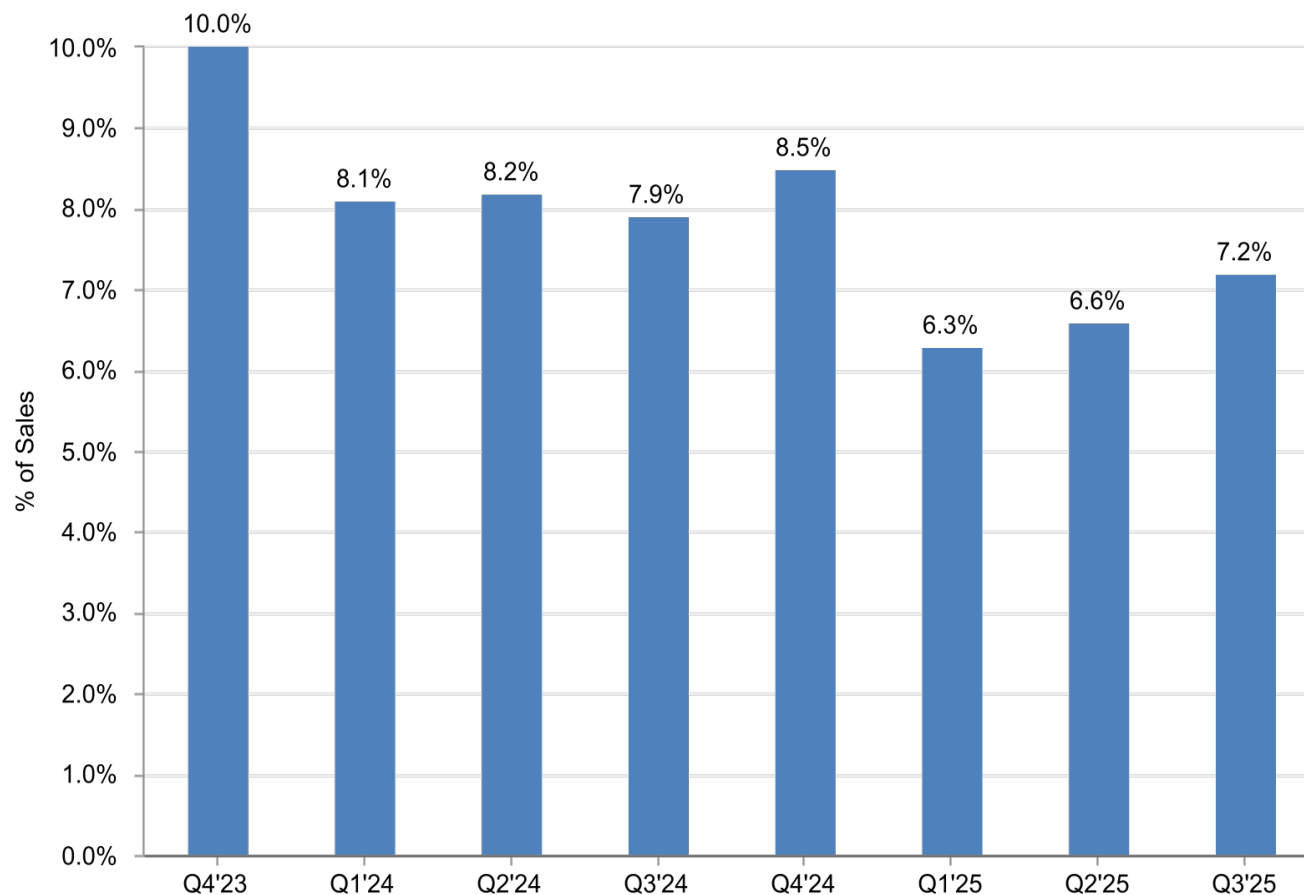
- Represents a 12% decrease year-over-year
  - When excluding AT&M, the decrease was 10%
- Foreign exchange had a 1% unfavorable impact on sales in the quarter
- On a sequential basis, sales increased 5% compared to Q2
  - \$24 million in sales driven by non-recurring, consigned, inventory sale





# Gross margin rate in Q3 was 7.2%

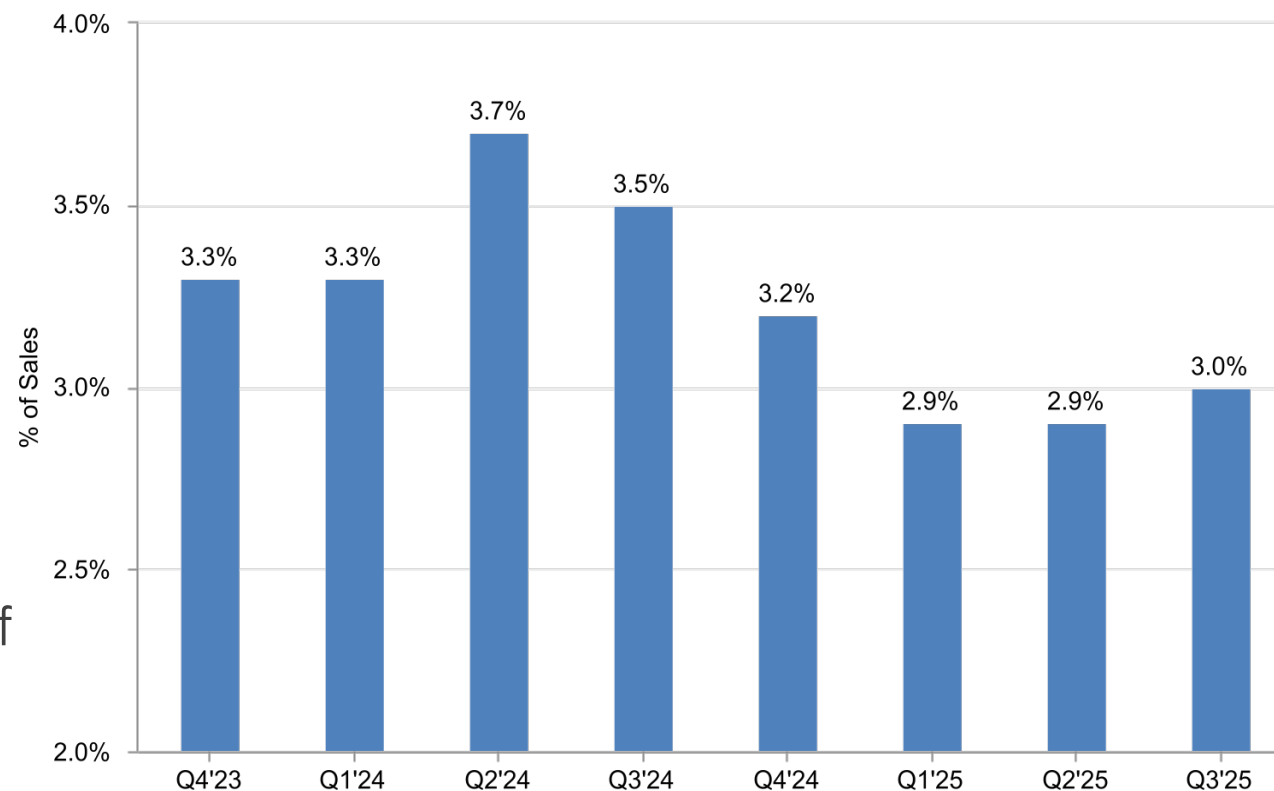
- 70 bps decline compared to the third quarter of fiscal 2024
- Nearly half the decrease driven by the consigned inventory sale
- Balance of the decline coming from lower absorption
- On a sequential basis, the gross margin rate increased
  - Impact of restructuring





# Adjusted selling & administrative expense (%) <sup>(1)(2)</sup>

- Third quarter totaled \$11.2 million
- \$3.6 million – or 24% - reduction compared to the \$14.8 million reported in Q3 last year
- Decrease primarily resulting from the absence of AT&M and cost reduction efforts
- 3.0% when measured as percent of sales
  - 50-bps improvement compared to 3.5% in Q3 last year

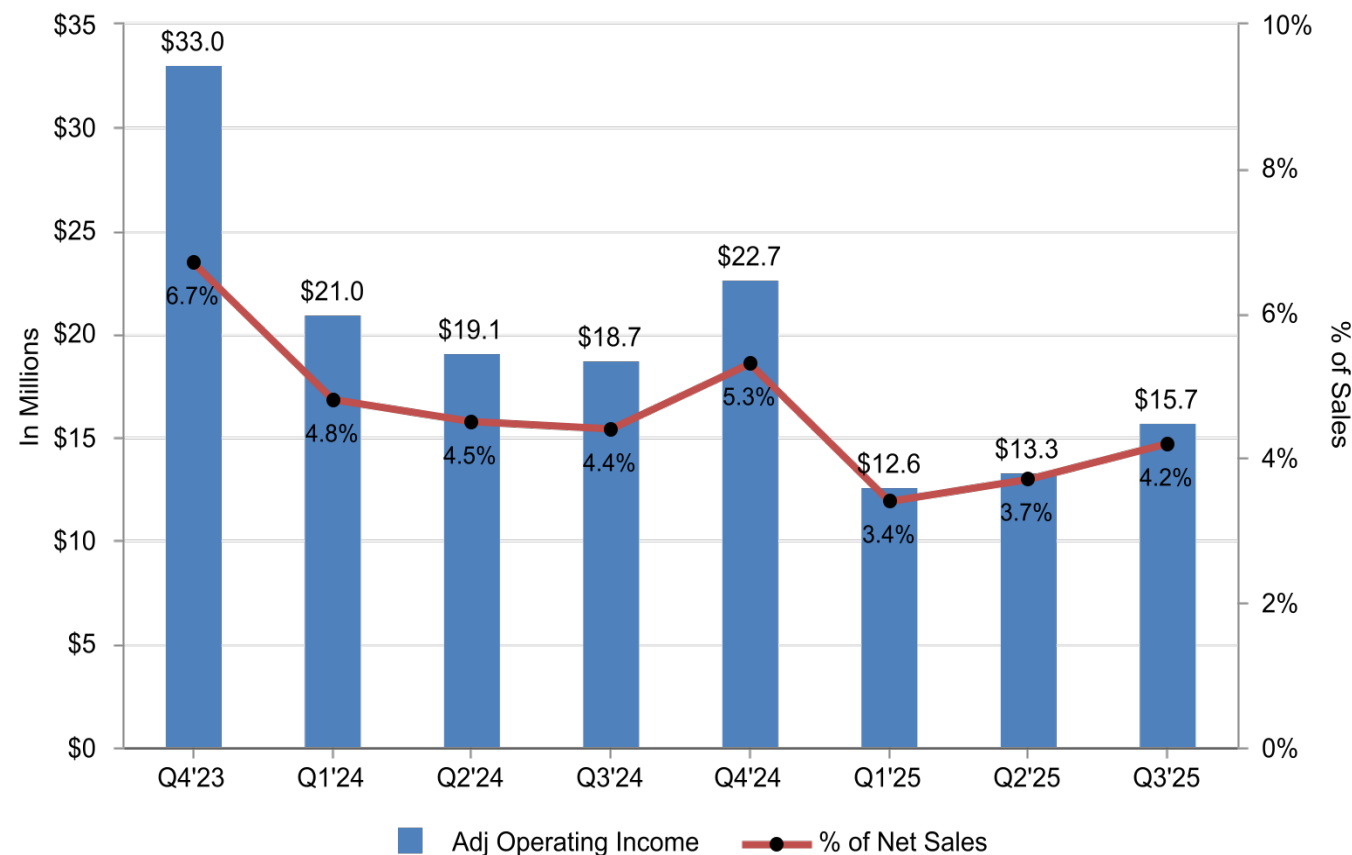


(1) Adjusted Selling & Administrative Expense is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results in the supplementary information.

(2) Beginning in Q1'25, Adjusted Selling & Administrative Expense excludes stock compensation expense. Prior periods have been revised accordingly.

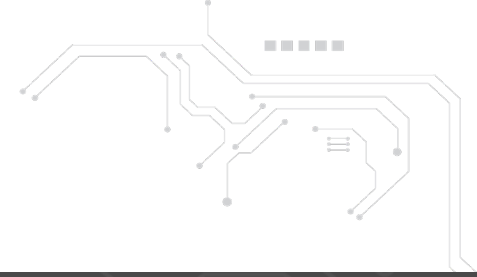
# Adjusted operating income <sup>(1)(2)</sup>

- \$15.7 million, or 4.2% of net sales
- Last year's adjusted result of \$18.7 million, or 4.4% of net sales



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

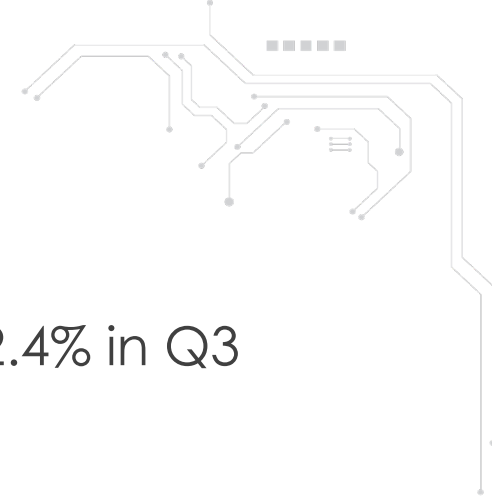
(2) Beginning in Q1'25, Adjusted Operating Income excludes stock compensation expense. Prior periods have been revised accordingly.



# Other income and expense

- In the third quarter, other income and expense was expense of \$4.6 million
- Last year was expense of \$6.3 million
- Reduction driven by lower interest expense – down 50% year-over-year



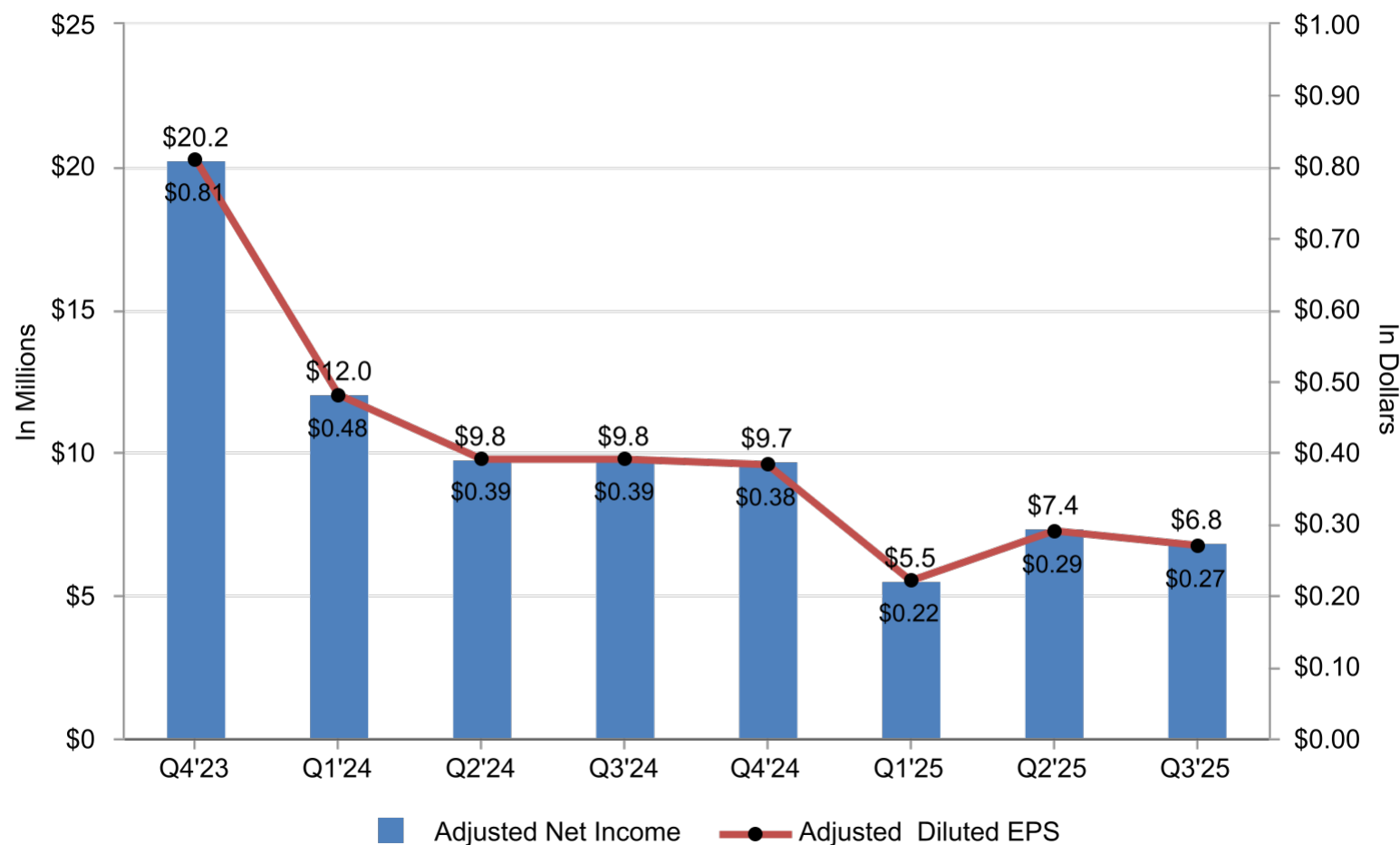


# Effective tax rate

- In the third quarter, the effective tax rate was 46.6%, compare to 52.4% in Q3 of fiscal 2024
- Q3 rate this year driven by the limitation of tax deductibility of interest expense which cannot exceed a certain percentage of domestic EBIT
- Withholding taxes on global cash repatriation also drove the rate higher
- As a reminder, the effective tax rate last year was skewed higher by the impacts of the impairment and restructuring charges associated with the AT&M business
- Expect a tax rate around 30% for the full fiscal year

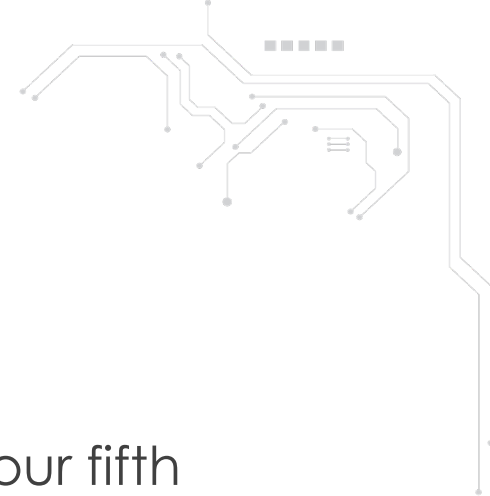


# Adjusted net income and adjusted diluted EPS <sup>(1)(2)</sup>



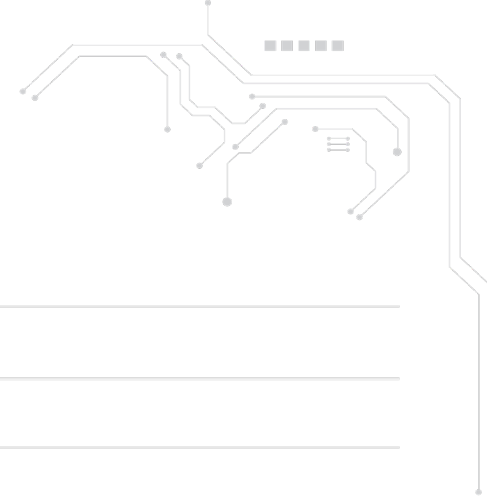
(1) Adjusted Net Income and Adjusted Diluted EPS are Non-GAAP measures – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information.

(2) Beginning in Q1'25, Adjusted Net Income and Adjusted Diluted EPS exclude stock compensation expense. Prior periods have been revised accordingly.



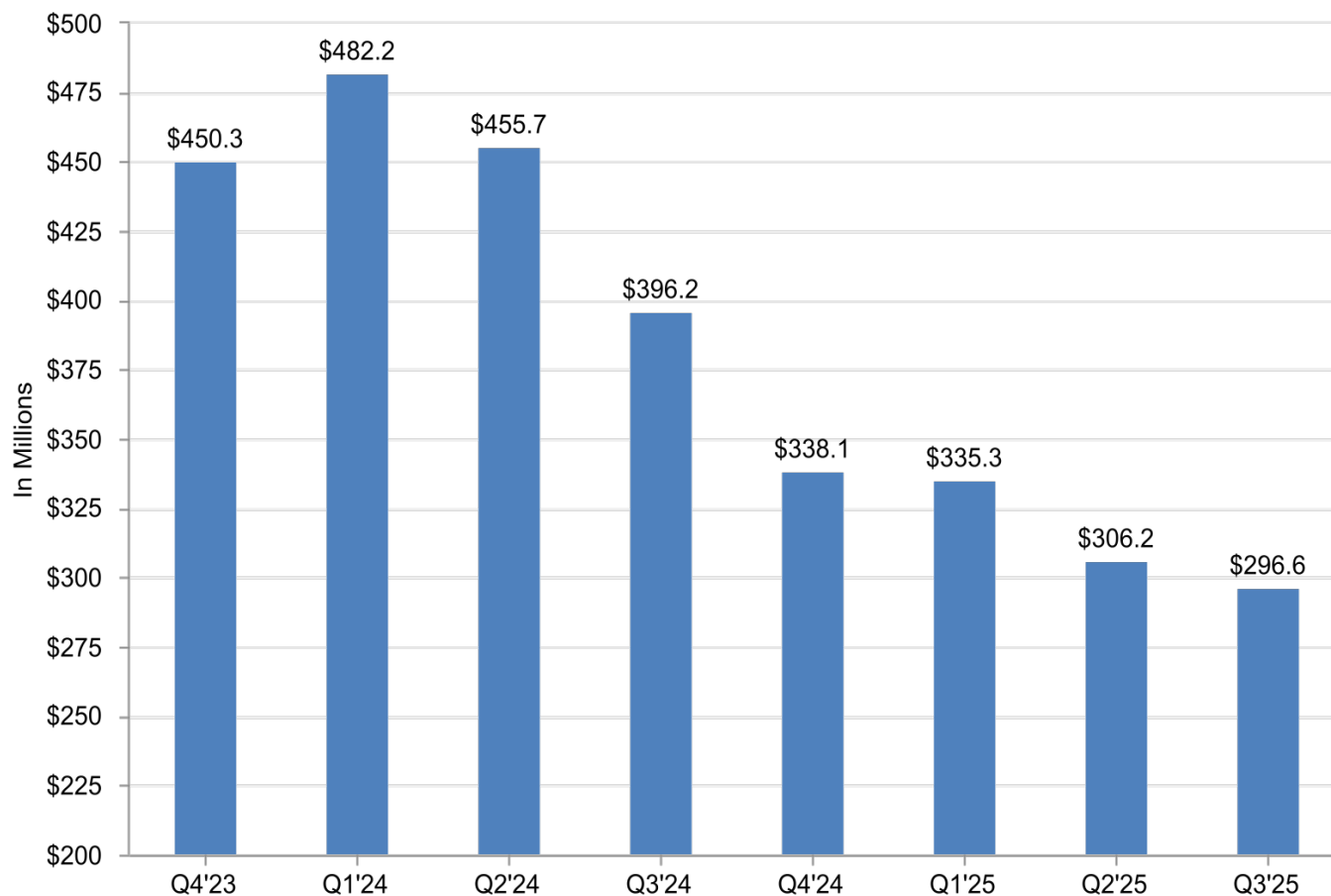
# Balance sheet

- Cash and cash equivalents at March 31, 2025, were \$51.4 million
- Cash flow from operating activities in the quarter was \$30.9 million, our fifth consecutive quarter of positive cash flow
- Cash conversion days were 99 days, compared to 110 days in Q3 of FY2024, and 107 days last quarter
  - The decrease in CCD this quarter compared to Q2 was driven by improvement in DSOs and PDSOH
  - For clarity, CCD excludes the impact of the consigned inventory sale
  - Pleased with our progress and look to continue to significantly improve CCD by actively managing the components



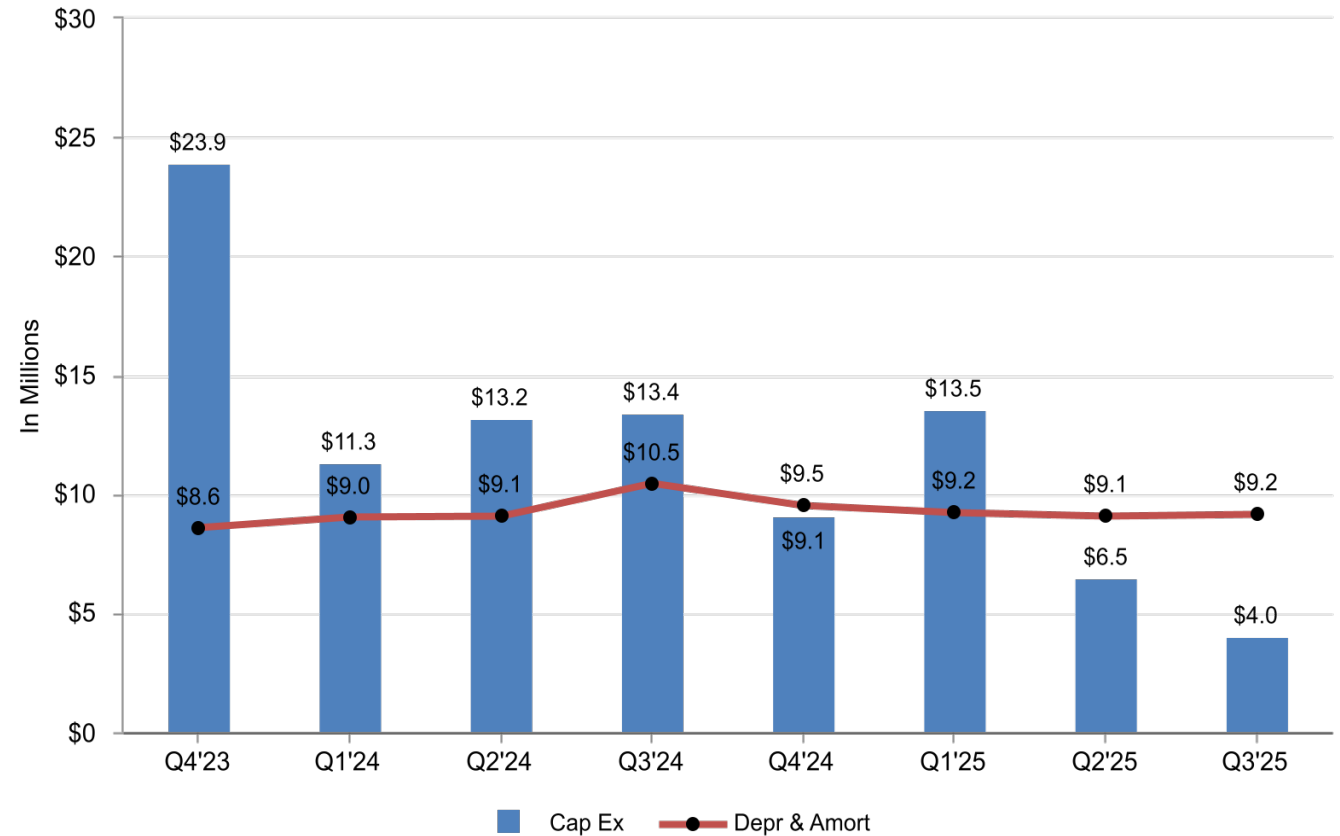
# Inventory ended the quarter at \$296.6 million

- Represents a \$9.6 million reduction compared to Q2
- ~\$100 million, or 25%, lower than a year ago
- Consigned inventory sale did not contribute to the reduction
  - Inventory was consigned to KE and required movement into our possession with an immediate sale to customer

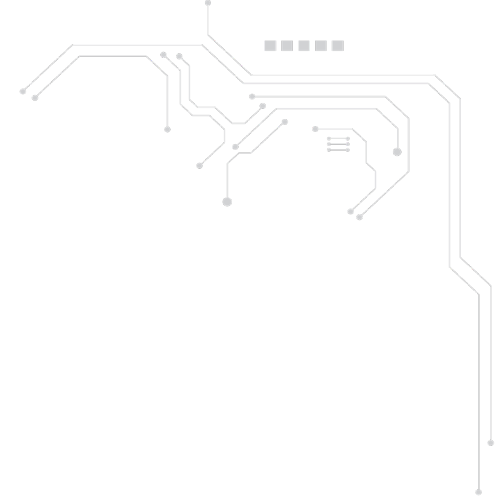


# Capital expenditures were \$4.0 million <sup>(1)</sup>

- Capex will likely be at the low end of the guidance range

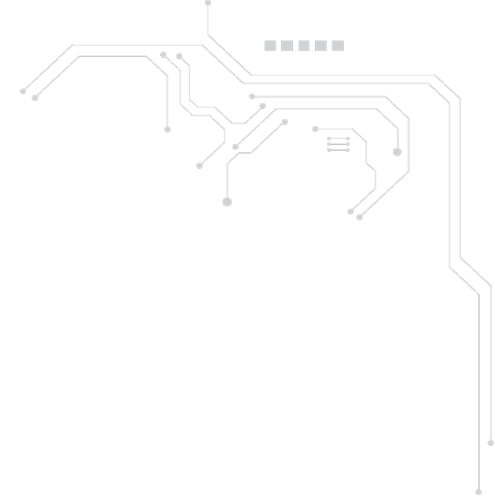


(1) Capital Expenditures include purchases of capitalized software.



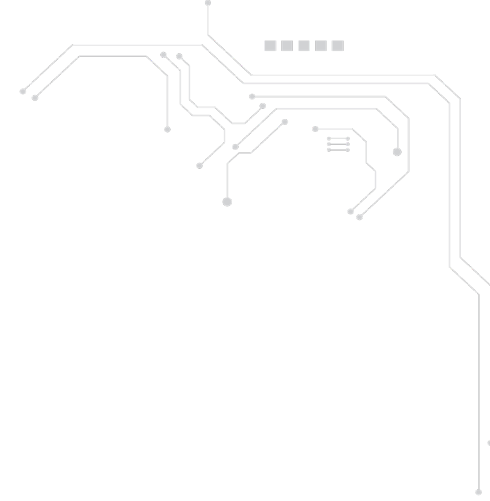
# Debt

- Borrowings at March 31, 2025, were \$178.8 million
  - \$26.2 million reduction from the second quarter
  - Down \$116 million, or 40%, from the beginning of the fiscal year
- Short-term liquidity available totaled \$304.6 million at the end of the third quarter



# Share repurchases

- Invested \$3 million to repurchase 175,000 shares
- Since October 2015, under our Board authorized share repurchase program:
  - A total of \$100.7 million returned to Share Owners by repurchasing 6.5 million shares of common stock
  - \$19.3 million remaining on the repurchase program



# Reiterating guidance for fiscal year 2025

- Net sales expected to be in the range of \$1.4 to \$1.44 billion
- Adjusted operating income of 3.4% to 3.6% of net sales
- Capital expenditures of \$40 to \$50 million
- Expect to be at the high-end of the ranges for sales and adjusted operating income
- Continue to estimate total exit costs associated with the closing of Tampa in the range of \$6.5 to \$8.5 million
  - Fully expect the proceeds from the sale of the property to exceed the exit costs

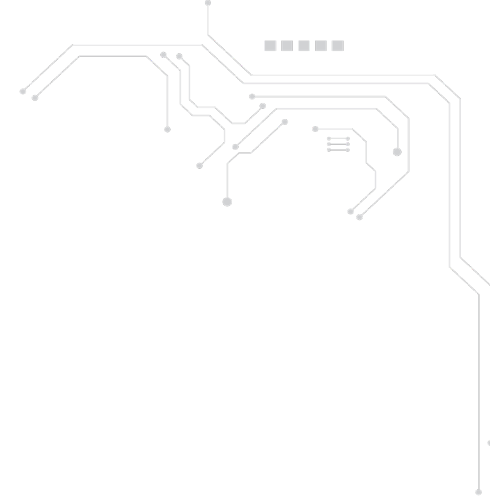


# Current tariff environment filled with uncertainty and unpredictability

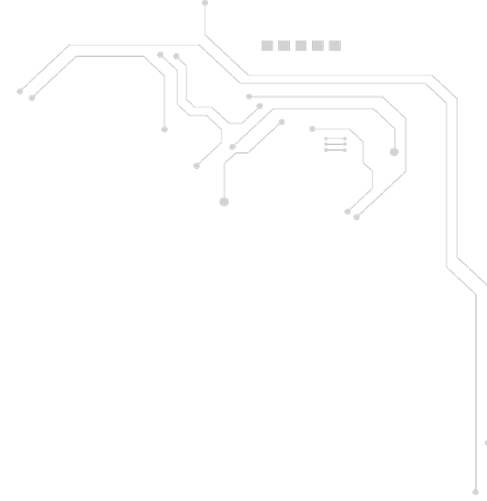
- Continue to monitor the situation to understand potential impacts – and possible solutions – for both the short, and longer, term
- Options could include:
  - Changing final delivery locations
  - Shifting production to different KE facilities
  - Pay the tariff
- Possible impact on our supply chain
- Rules of engagement need to be finalized before solutions can be agreed upon and implemented

# Uncertainty makes timing of a recovery to core EMS business increasingly more difficult to predict

- Recent steps we've taken to reposition the Company:
  - Divested the non-core AT&M business
  - In the process of closing our Tampa facility to streamline our network
  - Made major workforce and other cost reductions to respond to demand softness
  - Drove significant inventory and cash flow improvements
  - Announced a lease signing for a new facility fully dedicated to the CMO.
- With a strong balance sheet, we're focused on returning to growth through
  - Emerging medical technologies
  - High-level assemblies
  - Variety of drug-device combinations
- Elevate prominence as medical CMO with expanded manufacturing capabilities, new adjacencies, and additional vertical integration in medical device production



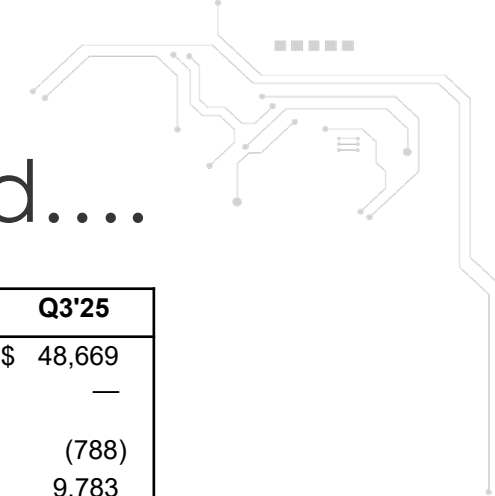
# Questions



# Appendix

# Reconciliation of non-GAAP results

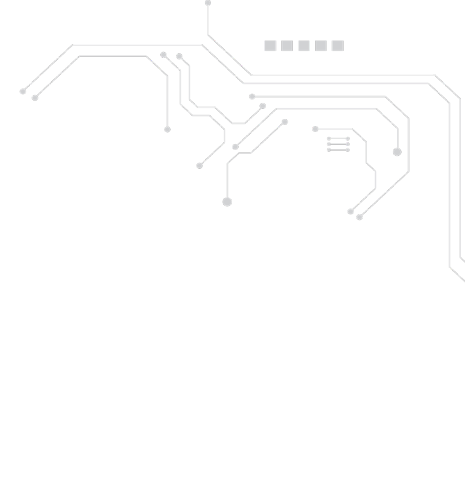
(Unaudited, Amounts in Thousands, Except Per Share Data)	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25
Net Sales Growth (vs. same quarter in prior year)	33 %	8 %	(4) %	(12) %	(13) %	(15) %	(15) %	(12) %
Foreign Currency Exchange Impact	— %	1 %	1 %	— %	— %	— %	— %	(1) %
Constant Currency Growth	33 %	7 %	(5) %	(12) %	(13) %	(15) %	(15) %	(11) %
Selling & Administrative Expenses, as reported	\$ 18,444	\$ 16,052	\$ 17,823	\$ 16,861	\$ 15,890	\$ 13,427	\$ 10,526	\$ 13,154
Less: Stock Compensation Expense	1,557	1,693	1,969	1,773	1,750	2,072	501	1,955
Less: SERP	243	(177)	484	277	96	345	(69)	9
Adjusted S&A Expense	\$ 16,644	\$ 14,536	\$ 15,370	\$ 14,811	\$ 14,044	\$ 11,010	\$ 10,094	\$ 11,190
Operating Income, as reported	\$ 31,449	\$ 19,490	\$ 16,610	\$ (6,431)	\$ 19,608	\$ 9,115	\$ 8,230	\$ 11,716
Add: Stock Compensation Expense	1,557	1,693	1,969	1,773	1,750	2,072	501	1,955
Add: SERP	243	(177)	484	277	96	345	(69)	9
Add: Lawsuit Settlements (Recovery)	(212)	—	—	(892)	—	—	—	—
Add: Restructuring Expense	—	—	—	1,622	764	2,322	4,671	2,026
Add: Goodwill Impairment	—	—	—	5,820	—	—	—	—
Add: Asset Impairment (Gain on Disposal)	—	—	—	16,564	476	(1,264)	—	—
Adjusted Operating Income	\$ 33,037	\$ 21,006	\$ 19,063	\$ 18,733	\$ 22,694	\$ 12,590	\$ 13,333	\$ 15,706
Net Income, as reported	\$ 19,202	\$ 10,754	\$ 8,290	\$ (6,076)	\$ 7,543	\$ 3,154	\$ 3,432	\$ 3,817
Add: Stock Compensation Expense, After-Tax	1,181	1,284	1,493	1,345	1,327	1,571	380	1,483
Add: Lawsuit Settlements (Recovery), After-Tax	(161)	—	—	(676)	—	—	—	—
Add: Restructuring Expense, After-Tax	—	—	—	1,230	580	1,761	3,542	1,537
Add: Goodwill Impairment, After-Tax	—	—	—	4,414	—	—	—	—
Add: Asset Impairment (Gain on Disposal), After-Tax	—	—	—	9,549	238	(959)	—	—
Adjusted Net Income	\$ 20,222	\$ 12,038	\$ 9,783	\$ 9,786	\$ 9,688	\$ 5,527	\$ 7,354	\$ 6,837
Diluted Earnings per Share, as reported	\$ 0.76	\$ 0.43	\$ 0.33	\$ (0.24)	\$ 0.30	\$ 0.12	\$ 0.14	\$ 0.15
Add: Stock Compensation Expense	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.01	\$ 0.06
Add: Lawsuit Settlements (Recovery)	\$ —	\$ —	\$ —	\$ (0.03)	\$ —	\$ —	\$ —	\$ —
Add: Restructuring Expense	\$ —	\$ —	\$ —	\$ 0.05	\$ 0.02	\$ 0.07	\$ 0.14	\$ 0.06
Add: Goodwill Impairment	\$ —	\$ —	\$ —	\$ 0.18	\$ —	\$ —	\$ —	\$ —
Add: Asset Impairment (Gain on Disposal)	\$ —	\$ —	\$ —	\$ 0.38	\$ 0.01	\$ (0.03)	\$ —	\$ —
Adjusted Diluted Earnings per Share	\$ 0.81	\$ 0.48	\$ 0.39	\$ 0.39	\$ 0.38	\$ 0.22	\$ 0.29	\$ 0.27



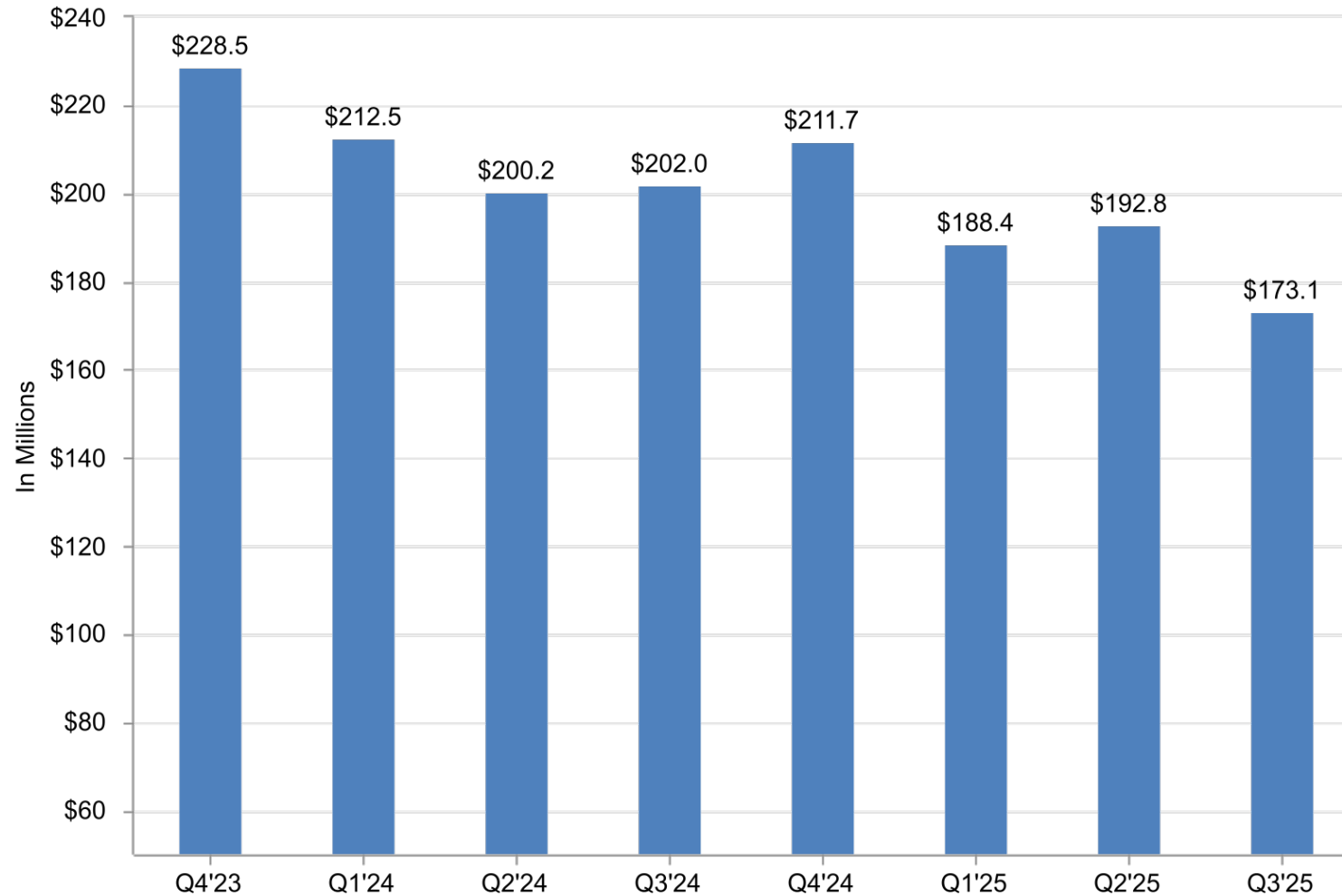
# Reconciliation of non-GAAP results continued....

(Unaudited, Amounts in Thousands, Except Per Share Data)	Q4'23	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25
Operating Income (GAAP) (TTM)	\$ 87,729	\$ 93,648	\$ 92,769	\$ 61,118	\$ 49,277	\$ 38,902	\$ 30,522	\$ 48,669
Add: Goodwill Impairment (TTM)	—	—	—	5,820	5,820	5,820	5,820	—
Add: Asset Impairment (Gain on Disposal) (TTM)	—	—	—	16,564	17,040	15,776	15,776	(788)
Add: Restructuring Expense (TTM)	—	—	—	1,622	2,386	4,708	9,379	9,783
Add: SERP (TTM)	701	759	903	827	680	1,202	649	381
Add: Stock Compensation Expense (TTM)	6,914	6,975	7,219	6,992	7,185	7,564	6,096	6,278
Add: Lawsuit Settlements (Recovery) (TTM)	(212)	(212)	(212)	(1,104)	(892)	(892)	(892)	—
Adj. Operating Income (non-GAAP) (TTM)	\$ 95,132	\$ 101,170	\$ 100,679	\$ 91,839	\$ 81,496	\$ 73,080	\$ 67,350	\$ 64,323
Tax Effect (TTM)	23,897	24,625	24,954	21,698	17,297	16,285	17,019	20,174
After-Tax Adj. Operating Income (TTM)	\$ 71,235	\$ 76,545	\$ 75,725	\$ 70,141	\$ 64,199	\$ 56,795	\$ 50,331	\$ 44,149
Average Invested Capital <sup>(1)</sup>	\$ 701,364	\$ 738,096	\$ 770,051	\$ 783,059	\$ 782,093	\$ 773,016	\$ 756,966	\$ 726,208
ROIC	10.2 %	10.4 %	9.8 %	9.0 %	8.2 %	7.3 %	6.6 %	6.1 %

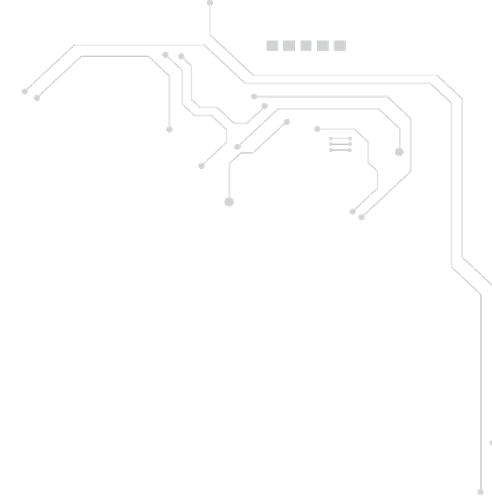
(1) Average Invested Capital is computed using the Share Owners equity plus current and non-current debt less cash and cash equivalents averaged for the last five quarters.



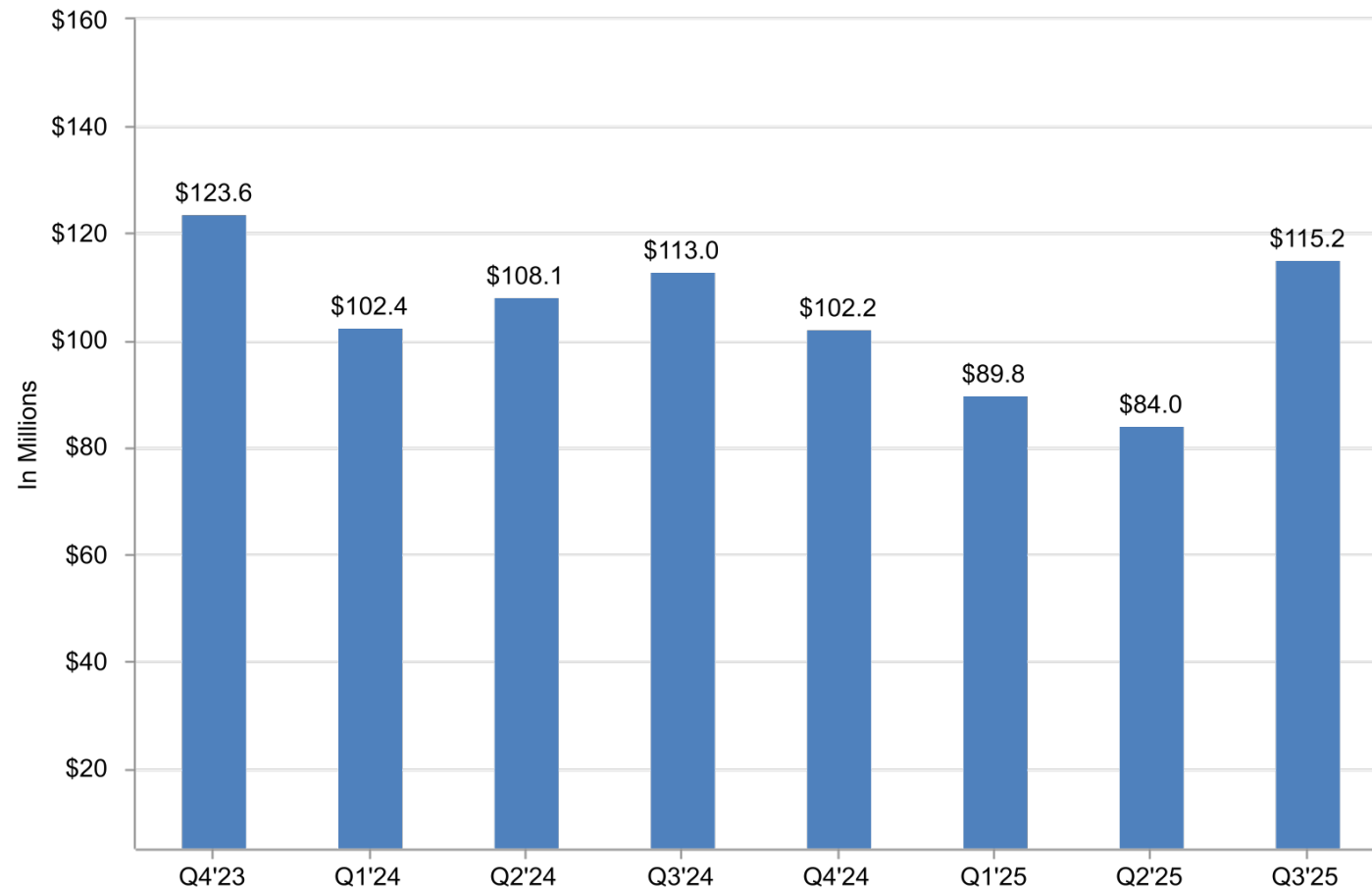
# Net Sales in Automotive <sup>(1)</sup>



(1) Beginning in fiscal year 2024, miscellaneous sales previously reported in Other are now reported in the respective three end market verticals; all prior periods have been recast to conform to current period presentation

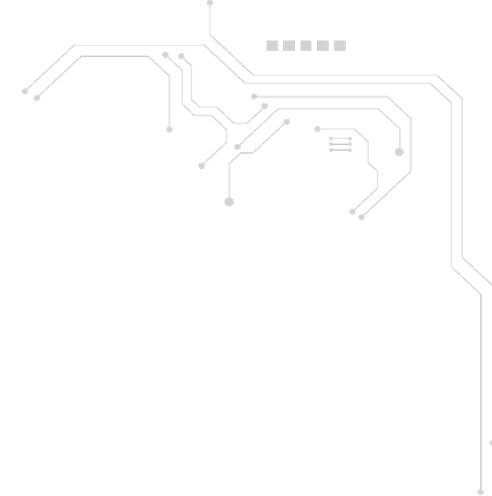


# Net Sales in Medical <sup>(1)</sup>

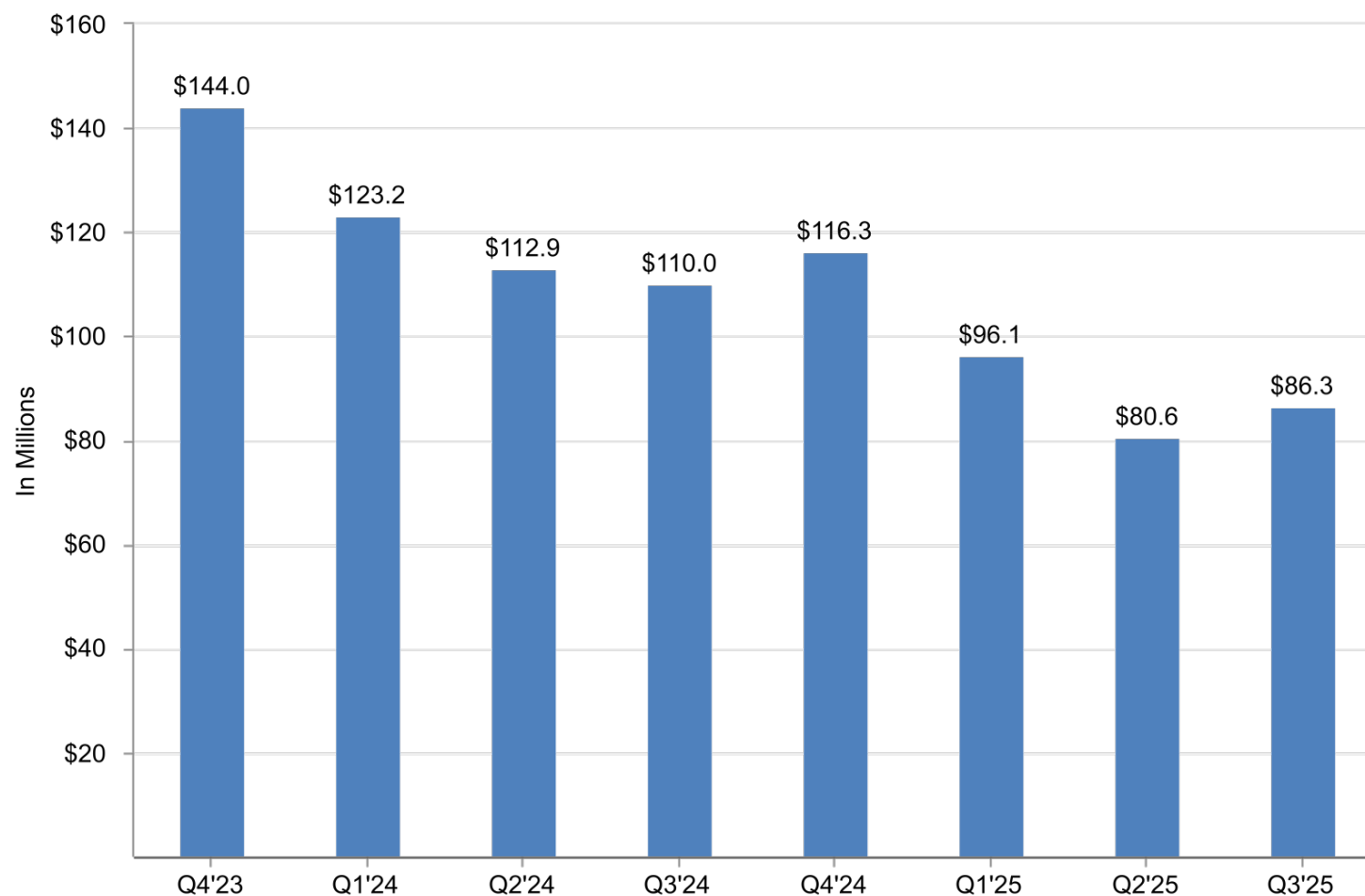


(1) Beginning in fiscal year 2024, miscellaneous sales previously reported in Other are now reported in the respective three end market verticals; all prior periods have been recast to conform to current period presentation. Q3'25 includes \$24 million of non-recurring consignment inventory sales.





# Net Sales in Industrial <sup>(1)</sup>



(1) Beginning in fiscal year 2024, miscellaneous sales previously reported in Other are now reported in the respective three end market verticals; all prior periods have been recast to conform to current period presentation

For more information, please contact:

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