



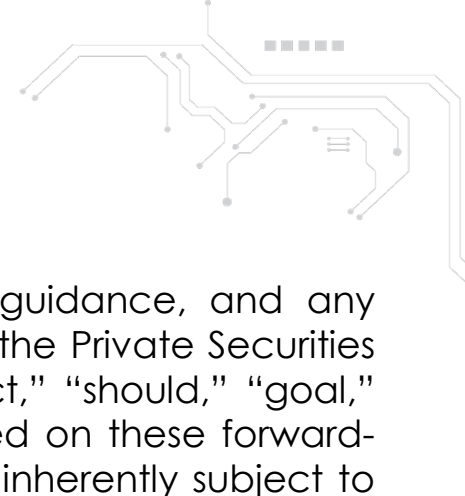
**Kimball**® Electronics  
Lasting relationships. Global success.

# Fourth Quarter Fiscal 2025 Results

Quarter Ended June 30, 2025

Supplementary Information to the August 14, 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 2026
- Closing comments
- Q&A



**Ric Phillips**  
CEO



**Jana Croom**  
CFO

# Encouraged by the results for the fourth quarter and solid finish to the fiscal year...

*Q4 came in better than expectations:*

- Sales increased sequentially
- Margins continued to improve
- Working capital management drove our 6<sup>th</sup> consecutive quarter of positive cash flow, which was used to paydown debt
- Balance sheet is now in a position of competitive strength
  - Ample liquidity to weather an unpredictable environment
  - Dry powder for opportunistic investments

# In total, fiscal 2025 was a year of “controlling what we could control”

*Positioning the Company for a return to profitable growth:*

- Record number of wins for future business
- Meaningful increase in the number of “green” customer scorecards
- Quality ratings at a 15-year high
- Adjusting the cost structure and aligning the portfolio to demand trends
- Intensifying our focus as a medical CMO

# New medical facility in Indianapolis is an important milestone

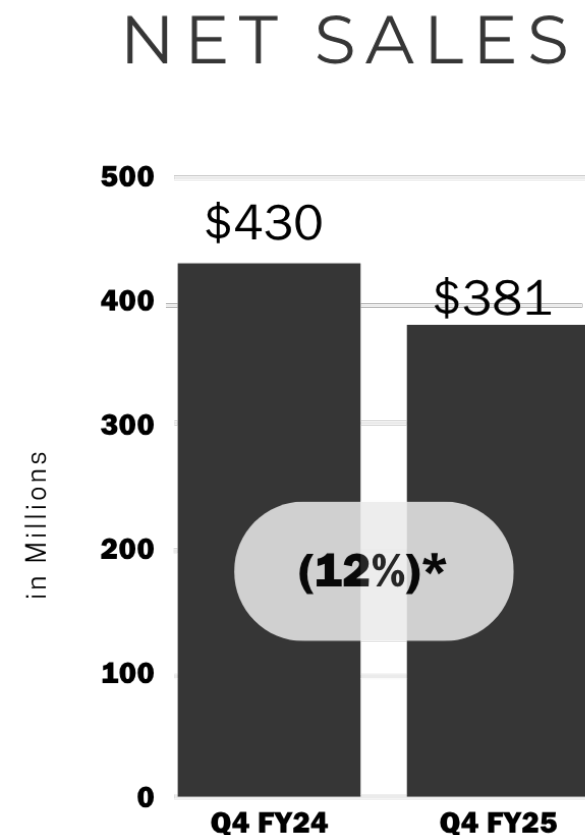
- Provides space needed to expand production capabilities
- Encompasses cold chain management, complete device assembly, and precision-molded plastics
- Currently manufacturing medical disposables, single-use surgical instruments, and selected drug delivery devices
- Exploring applications in areas such as cardiology, orthopedics, minimally invasive surgery, and surgical instruments & packaging
- Medical market presents compelling opportunity to diversify revenue and leverage our core strengths as a trusted partner in a complex and regulated industry

# Expect fiscal 2026 to be another step forward

- This journey will unfold over time
- Anticipating a return to growth in FY27
- Better capacity utilization will result in higher margins

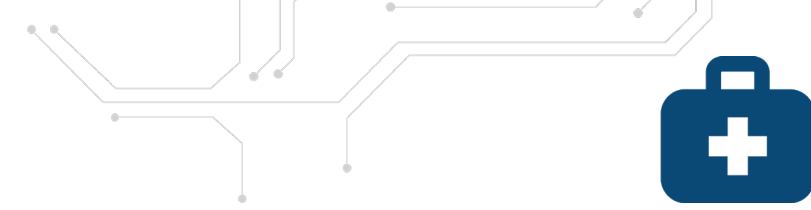
# Net sales in the fourth quarter were \$381 million

- Represents a 12% decline compared to Q4 last year
- When excluding AT&M, the decrease was 8%
- For the second consecutive quarter, Medical grew year-over-year, the other two verticals we serve reported declines
- Sequentially, the top line increased ~2% compared to the third quarter
  - Q3 included a \$24 million non-recurring, consigned inventory sale in the medical vertical
- Sales trends for recurring business more encouraging than what is at the surface



\* Percentage decrease compared to Q4 of fiscal 2024

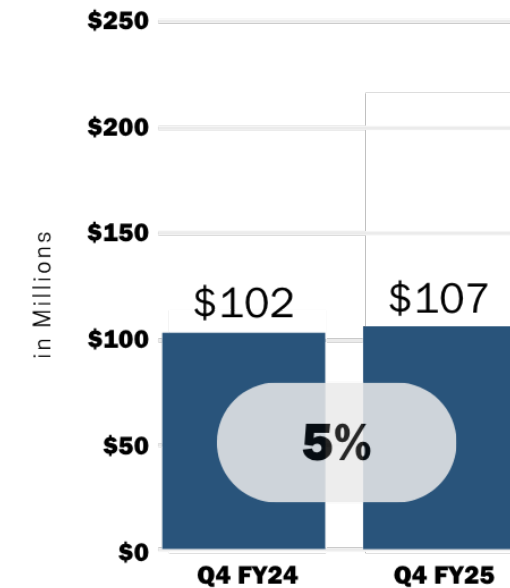




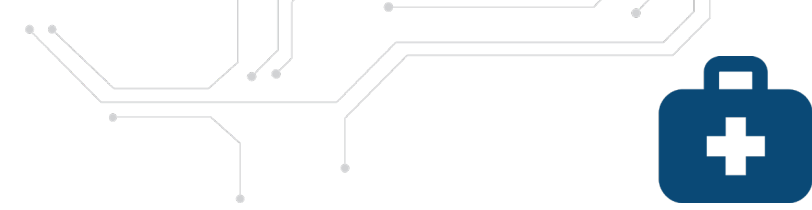
# Sales in Medical were \$107 million

- Up 5% compared to the same period last year
- 28% of total company revenue
- Increase driven by a step-up in sales with our largest medical customer
- Expect growth with customer to continue
  - Sole supplier for Respiratory Care Final Assembly and Higher-Level Assemblies business
  - Most of the production occurring at our facility in Thailand

## NET SALES

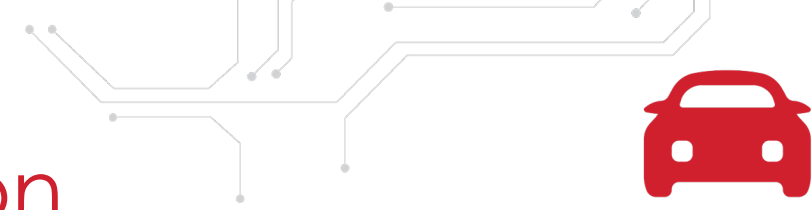


- Sleep Therapy and Respiratory Care
- Image Guided Therapy
- In Vitro Diagnostics
- Drug Delivery
- AED
- Patient Monitoring



## Similar opportunities are possible...

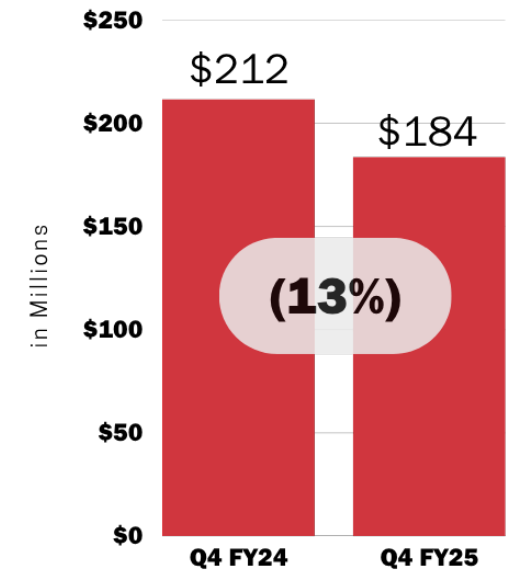
- Population ages
- Access & affordability to healthcare increases
- Medical devices get smaller in size and require higher levels of precision and accuracy
- Connected drug delivery systems become more common as consumer adoption increases
- In general, HLAs and Finished Medical Devices are great business
  - Cost of sales is lower
  - Revenue potential is higher



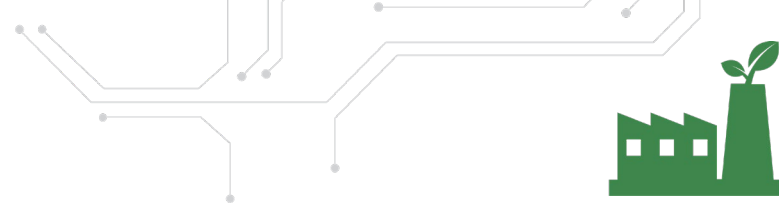
# Automotive net sales were \$184 million

- 13% decrease compared to the fourth quarter last year
- 48% of total company sales
- Decline driven by the electronic braking program no longer being produced in Reynosa
  - Commercial agreement by the OEM to transfer it to another source
- Partially offset by the ramp-up of a similar – but separate – braking platform in Romania
- Monitoring demand for electronic steering for EVs which were lower in the quarter

## NET SALES



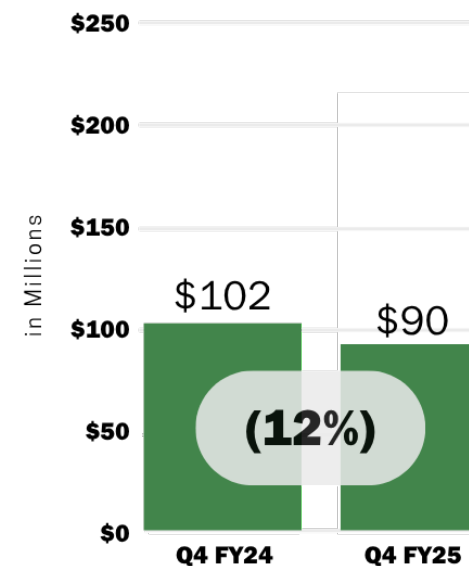
- Electronic Power Steering
- Body Controls
- Automated Driver Assist Systems
- Electronic Braking Systems



# Industrial net sales of \$90 million

- Down 12% year-over-year, when excluding AT&M
- 24% of total company sales
- Early signs of stability with climate control systems
  - Offset by broad-based declines in other industrial segments in North America and Europe
  - Asia was approximately flat in Q4

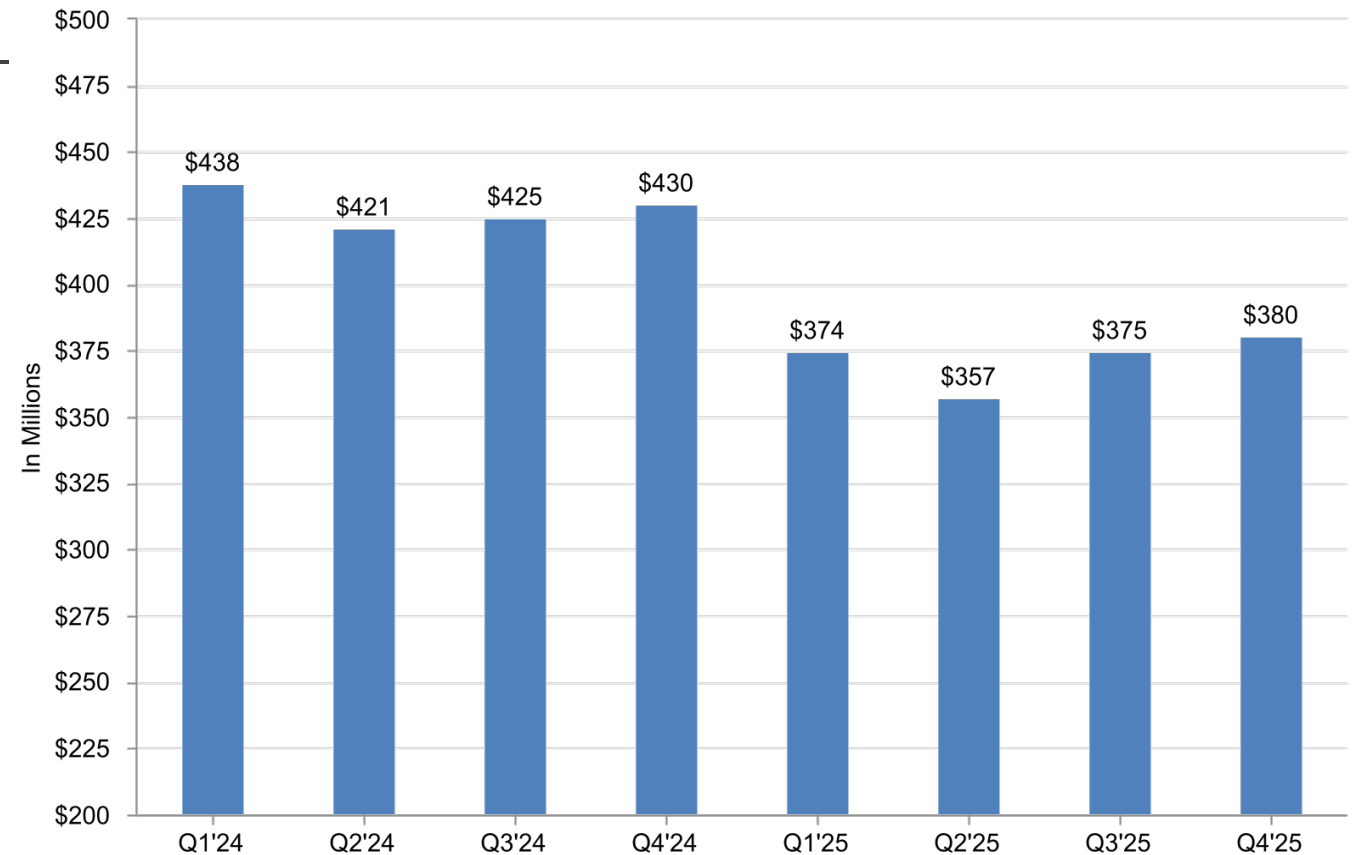
## NET SALES

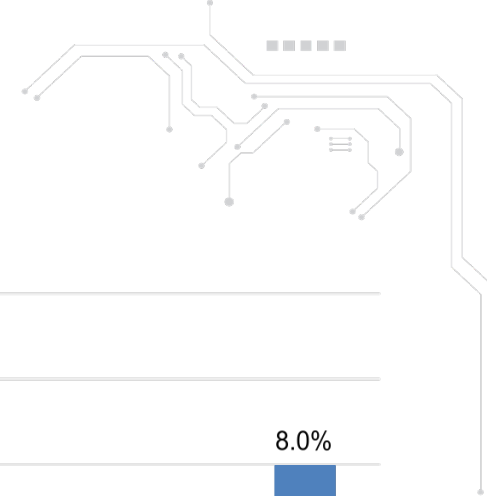


- Climate Controls
- Automation Controls
- Public Safety

# Net sales in the fourth quarter were \$380.5 million

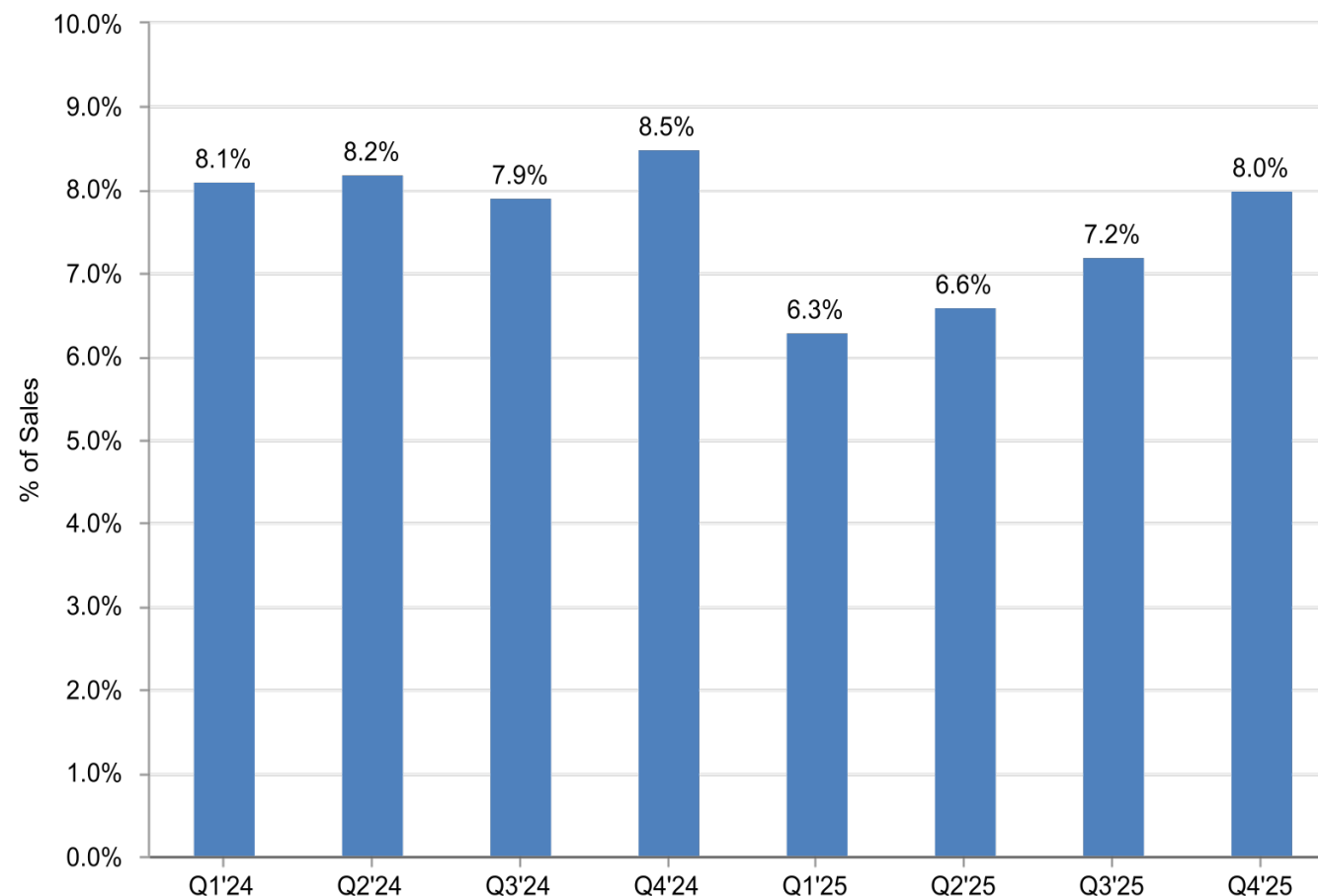
- Represents a 12% decrease year-over-year
- Down 8% when excluding AT&M
- Foreign exchange had a 1% favorable impact





# Gross margin rate in Q4 was 8.0%

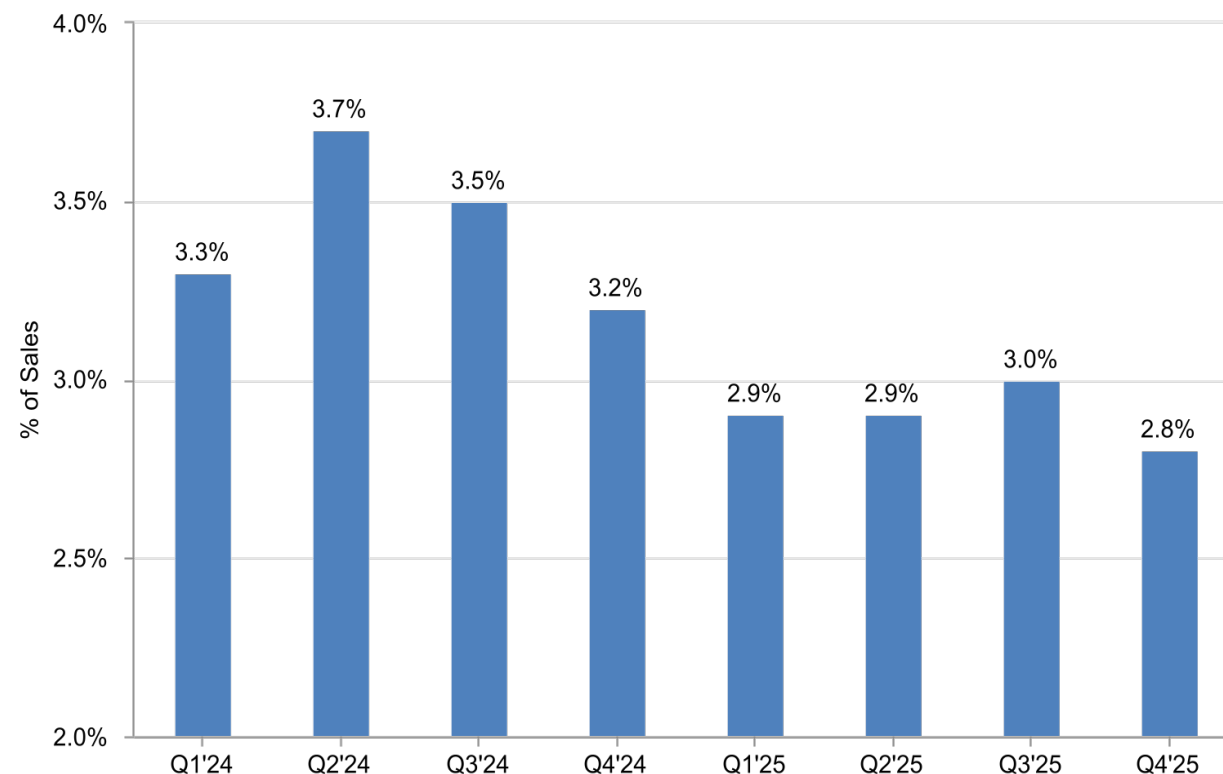
- 50 bps decline compared to the fourth quarter of fiscal 2024
- Lower absorption – an outcome from reduced year-over-year sales – driving the decline
- Representing significant sequential improvement over the course of the year





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

- Fourth quarter totaled \$10.8 million
- \$3.2 million – or 23% - reduction compared to the \$14.0 million reported in Q4 last year
- Decrease from cost reduction efforts, reduced bonus, and not having AT&M in our portfolio this year
- 2.8% when measured as percent of sales
  - 40-bps improvement compared to 3.2% in Q4 last year

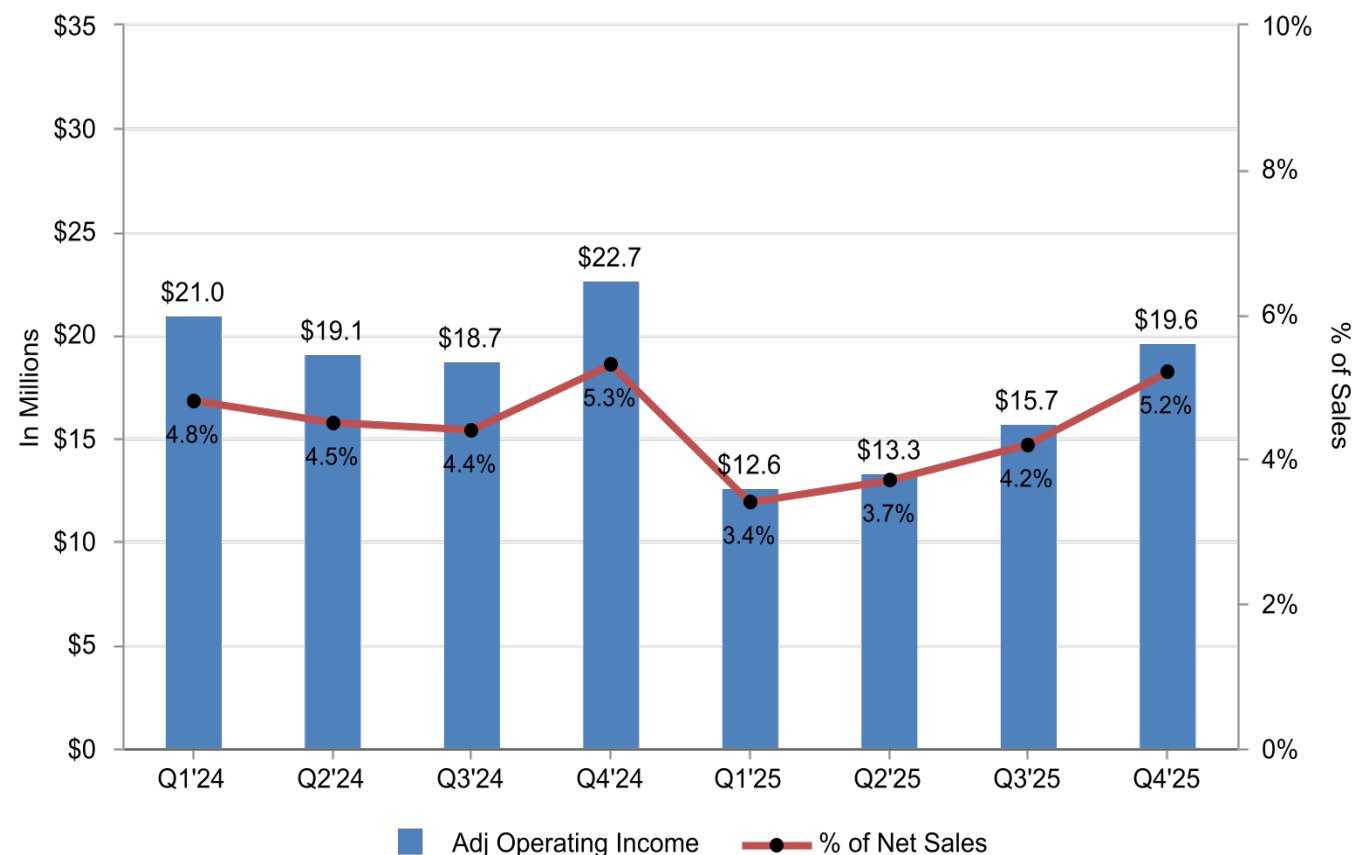


(1) Adjusted Selling & Administrative Expense is a Non-GAAP measure – refer to Reconciliation of Non-GAAP Results in the supplementary information.

(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>

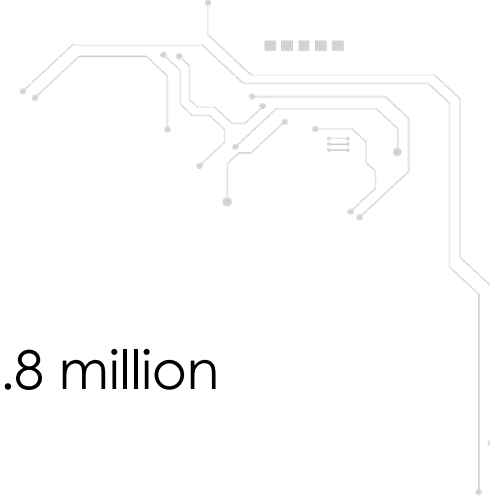
- \$19.6 million, or 5.2% of net sales
- Last year's adjusted result of \$22.7 million, or 5.3% of net sales
- Third consecutive quarter of growth in dollars and as a percentage of net sales



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

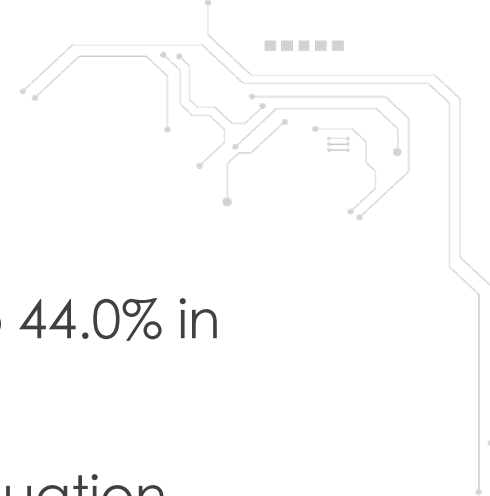
(2) Beginning in Q1'25, Adjusted Operating Income excludes stock compensation expense. Prior periods have been revised accordingly.





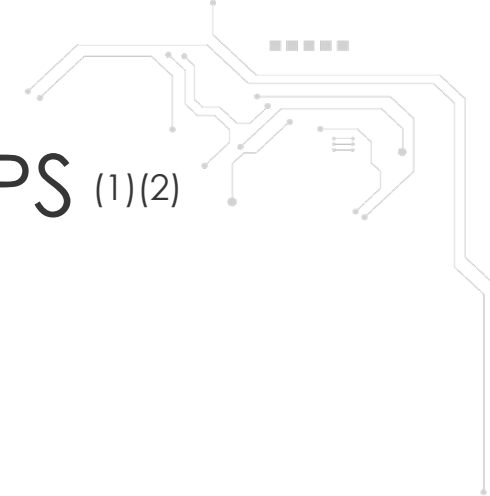
# Other income and expense

- In the fourth quarter, other income and expense was expense of \$3.8 million
- Last year was expense of \$6.1 million
- Reduction driven by lower interest expense – down 50% year-over-year

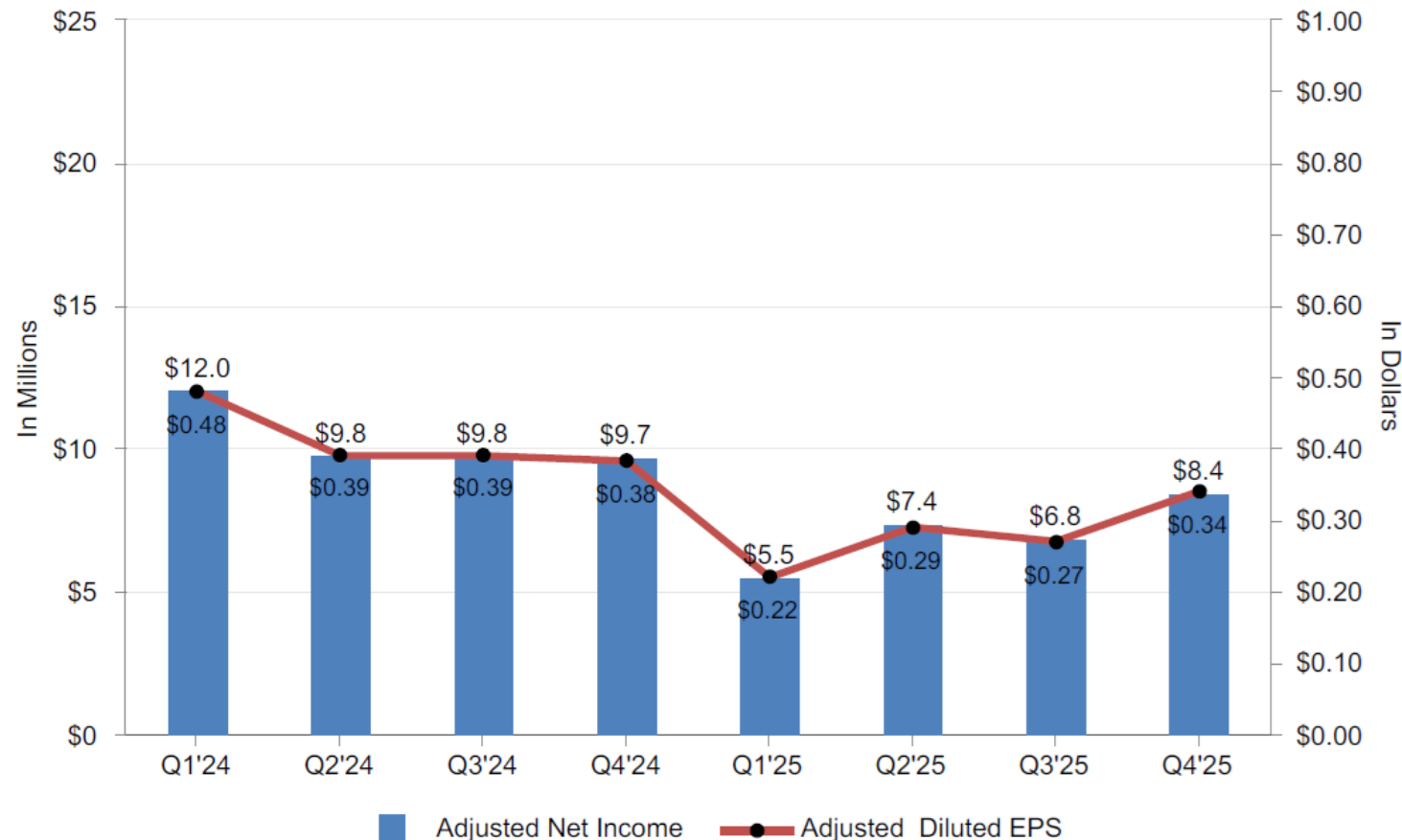


# Effective tax rate

- In the fourth quarter, the effective tax rate was 48.3%, compared to 44.0% in Q4 of fiscal 2024
  - Last year's rate skewed higher by the impacts of a domestic valuation allowance and impairment and restructuring charges associated with AT&M
- Ended fiscal 2025 with an effective tax rate of 35%
  - Inclusion of GILTI income, which is subject to U.S. taxation despite being earned by our foreign subsidiaries
  - Withholding tax related to cash repatriation, offset by lower interest expense on borrowings
- In fiscal 2026, we expect a tax rate in the low 30%'s

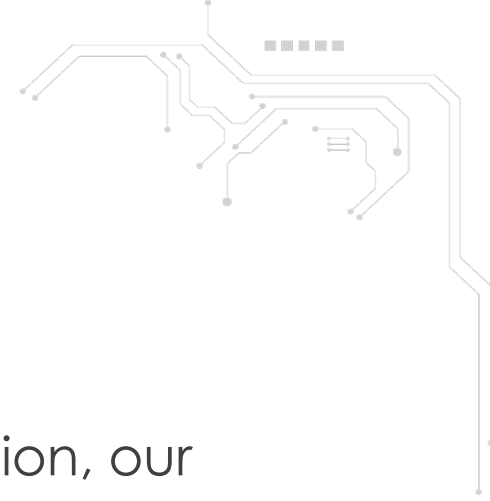


# Adjusted net income and adjusted diluted EPS <sup>(1)(2)</sup>



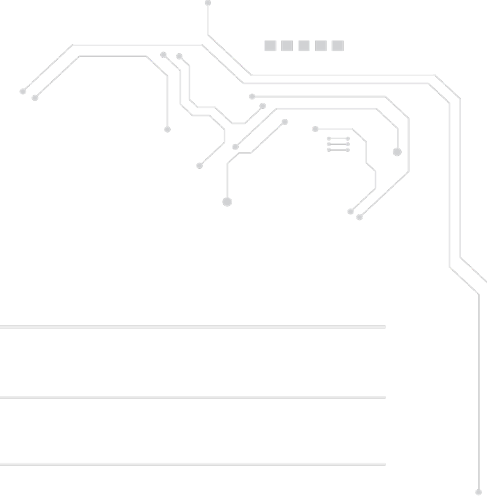
(1) Adjusted Net Income and Adjusted Diluted EPS are Non-GAAP measures – refer to Reconciliation of Non-GAAP Results on the final slide of this supplementary information.

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



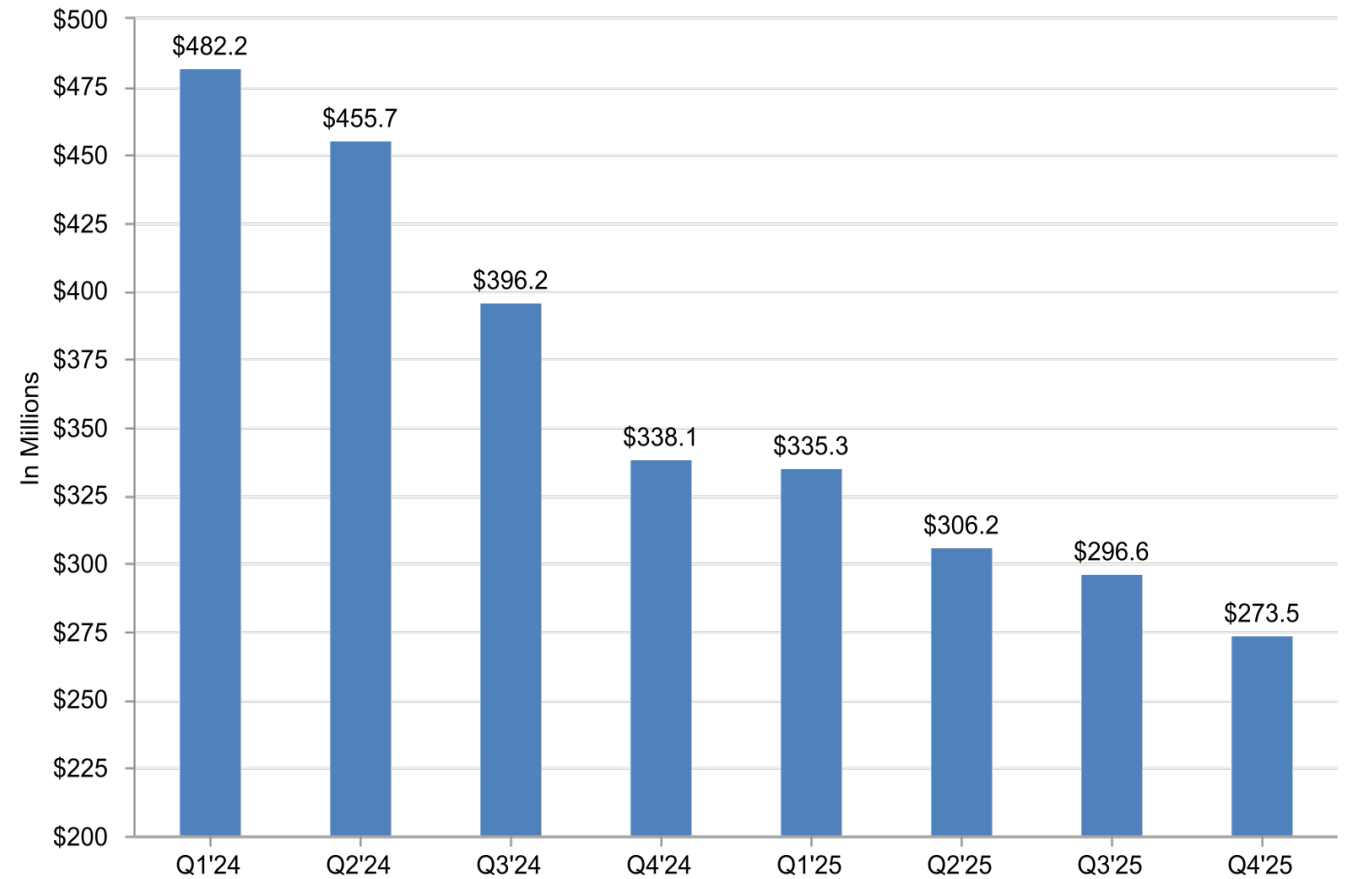
# Balance sheet

- Cash and cash equivalents at June 30, 2025, were \$88.8 million
- Cash generated by operating activities in the quarter was \$78.1 million, our sixth consecutive quarter of positive cash flow
- Cash conversion days were 85 days, compared to 100 days in Q4 of fiscal '24, and 99 days last quarter
  - Represents our lowest CCD in 3-years
  - The decrease this quarter compared to Q3 was driven by all components of the calculation with PDSOH showing the strongest improvement
  - Opportunity to drive higher levels of cash from our EMS operations while continuing to reduce CCD with new working capital initiatives



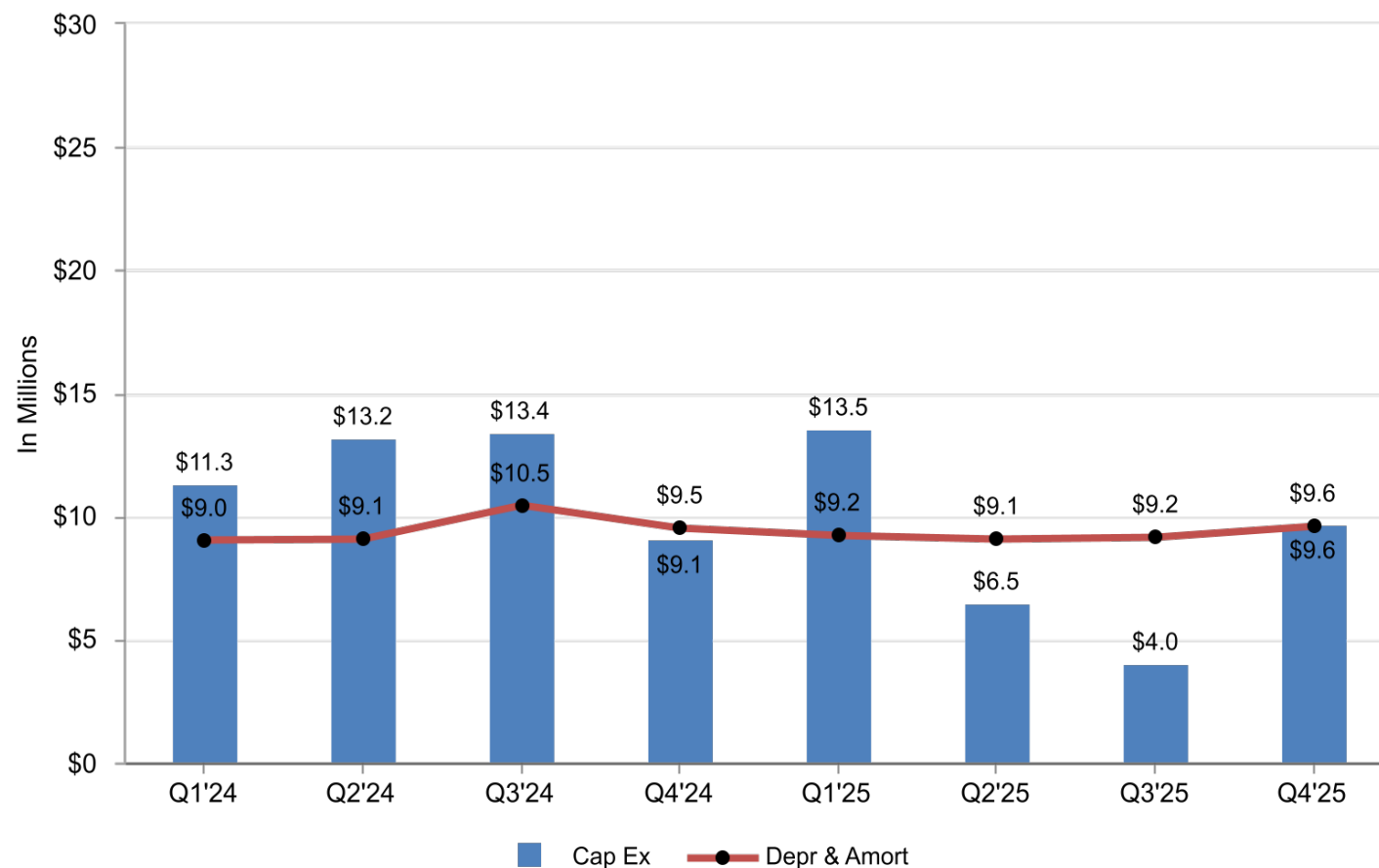
# Inventory ended the quarter at \$273.5 million

- Represents a \$23.1 million reduction compared to Q3
- \$64.6 million, or 19%, lower than a year ago



# Capital expenditures were \$9.6 million <sup>(1)</sup>

- For the full year, CapEx was \$33.7 million
- Primarily to support new product introductions and maintenance needs

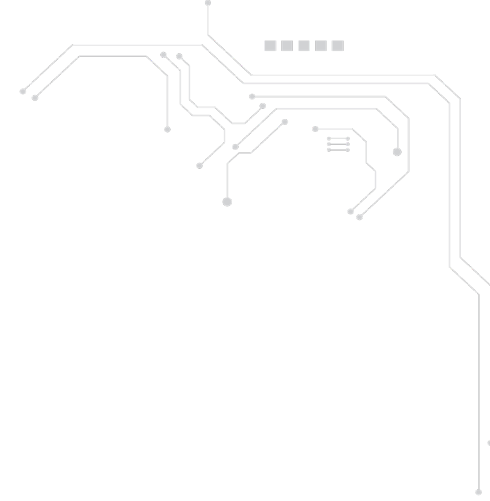


(1) Capital Expenditures include purchases of capitalized software.



# Borrowings at June 30, 2025, were \$147.5 million

- \$31.3 million reduction from the third quarter
- Down \$147.3 million, or 50%, from the beginning of the fiscal year
- Short-term liquidity available totaled \$380.5 million at the end of the fourth quarter



# Share repurchases

- Invested \$3 million to repurchase 162,000 shares
- Since October 2015, under our Board authorized share repurchase program:
  - A total of \$103.7 million returned to Share Owners by repurchasing 6.6 million shares of common stock
  - \$16.3 million remaining on the repurchase program



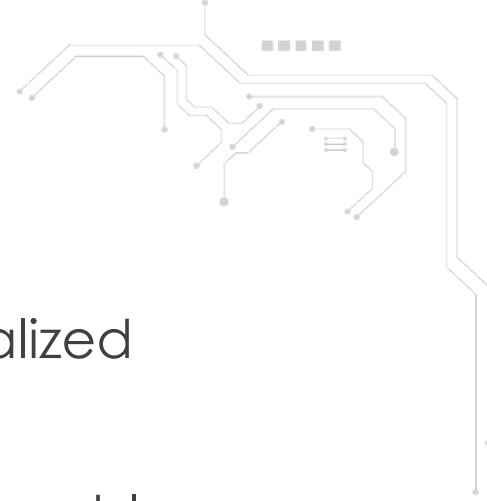
# Fiscal year 2025... “controlling what we could control”

- Net sales totaling \$1.487 billion, the 3<sup>rd</sup> highest annual revenue total in the 60+ year history of the Company
- Adjusted operating income of \$61.3 million, or 4.1% of net sales
- Inventory down nearly 20% year-over-year
- Cash generated by operating activities of \$183.9 million, a record result for annual cash flow
- CCD at our lowest level in 3-years
- Debt down 50% within the fiscal year and at its lowest level in 3 years
- \$12 million invested to repurchase 653,000 shares of common stock



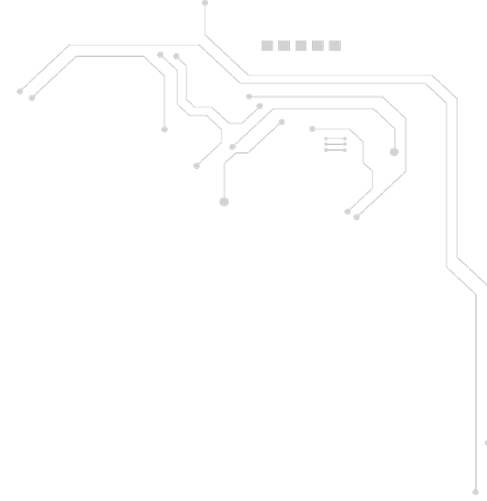
# Fiscal 2026 will be a year of transition

- Net sales of \$1.350 - \$1.450 billion, a 2% to 9% decrease compared to fiscal 2025
- Adjusted operating income of 4.0% - 4.25% of net sales, compared to 4.1% in fiscal 2025
- Capital expenditures of \$50 - \$60 million



# Sales guidance in perspective...

- Two important events occurred in fiscal 2025 that have been normalized when planning for FY26
  - Loss of braking program in Reynosa will have a \$60 million unfavorable impact in the year
  - Do not expect another large consigned inventory sale, similar to Q3, to occur again
- Without these two items, our top line guide is approximately flat year-over-year
- Modest growth in medical and industrial, offset by a decline in automotive



# Margins are estimated to be in line with FY25

- Repurpose some of the benefit of the Tampa closure
  - Focus on growing the CMO and core EMS business
- When top line growth returns, enhancements to our cost structure should support margin improvement
- Capital expenditures will be heavily weighted toward our new facility in Indianapolis
  - Approximately \$30 million
- Balance supporting growth, automation, and maintenance

# Company has always focused on high-complexity, high-reliability programs

- Braking and steering systems in vehicles, motor controls for HVAC systems, or diagnostic and therapeutic equipment in the medical field
- Emphasis on quality and reliability is deeply embedded in how we operate
- Five “9s” reliability standard... a reflection of performance and consistency
- Medical market aligns with this objective and our expertise in a highly-regulated, highly-engineered complex manufacturing environment

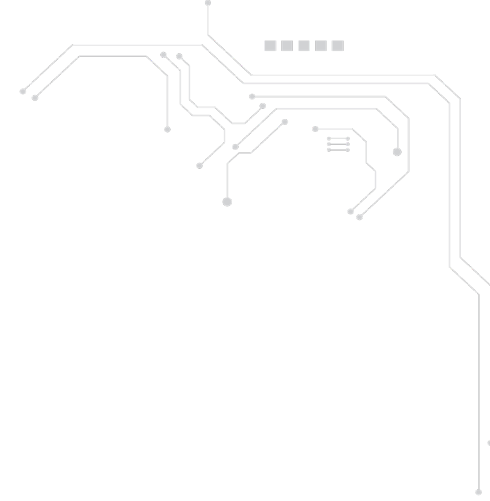
# Approaching medical CMO strategy with additional steps to position Company for long-term, profitable growth

- Continue to generate positive cash flow, deploy capital toward growing CMO
- Medical CMO presents opportunity for higher EBITDA margins
- Serve blue-chip customers with long product life cycles and a high degree of visibility
- Building a scalable platform that supports the work we already do well, creates opportunities for vertical integration, and positions us to take on more complex programs
- Drug delivery has been a key area of focus
- Well-positioned to meet current and future customer needs
- Committed to inorganic options to augment this space



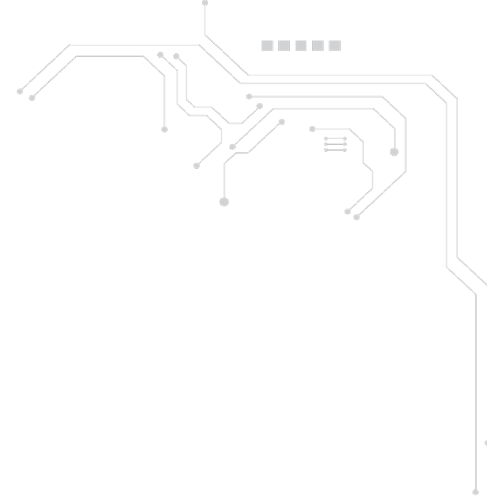
# Throughout this journey, stay true to Guiding Principles

- Be collaborative and team-oriented
- Set high long-term aspirations... not unrealistic goals, but attainable targets that require stretching
- Communicate openly and proactively
- Remain accountable to our Company, to our customers, to each other, and to our Share Owners



# Questions

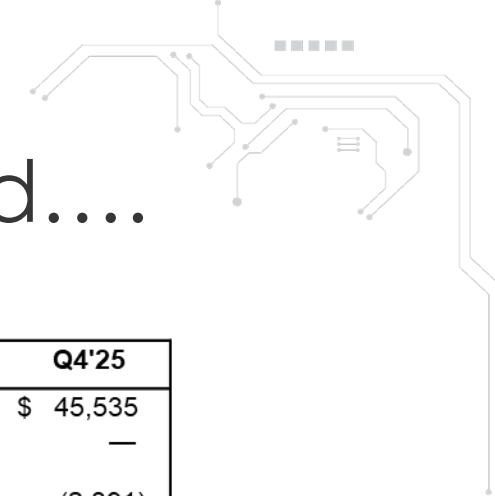




# Appendix

# Reconciliation of non-GAAP results

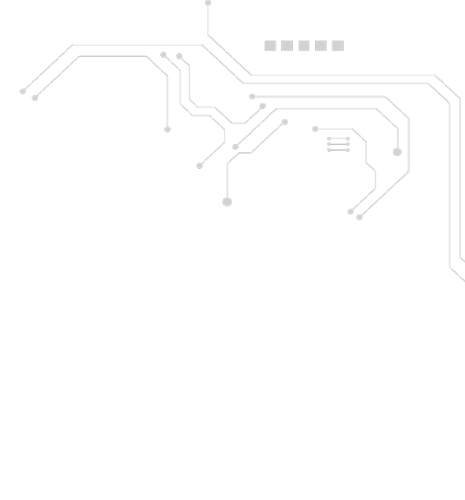
(Unaudited, Amounts in Thousands, Except Per Share Data)	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25
Net Sales Growth (vs. same quarter in prior year)	8 %	(4)%	(12)%	(13)%	(15)%	(15)%	(12)%	(12)%
Foreign Currency Exchange Impact	1 %	1 %	— %	— %	— %	— %	(1)%	1 %
Constant Currency Growth	7 %	(5)%	(12)%	(13)%	(15)%	(15)%	(11)%	(13)%
Selling & Administrative Expenses, as reported	\$ 16,052	\$ 17,823	\$ 16,861	\$ 15,890	\$ 13,427	\$ 10,526	\$ 13,154	\$ 13,163
Less: Stock Compensation Expense	1,693	1,969	1,773	1,750	2,072	501	1,955	1,991
Less: SERP	(177)	484	277	96	345	(69)	9	329
Adjusted S&A Expense	\$ 14,536	\$ 15,370	\$ 14,811	\$ 14,044	\$ 11,010	\$ 10,094	\$ 11,190	\$ 10,843
Operating Income, as reported	\$ 19,490	\$ 16,610	\$ (6,431)	\$ 19,608	\$ 9,115	\$ 8,230	\$ 11,716	\$ 16,474
Add: Stock Compensation Expense	1,693	1,969	1,773	1,750	2,072	501	1,955	1,991
Add: SERP	(177)	484	277	96	345	(69)	9	329
Add: Lawsuit Settlements (Recovery)	—	—	(892)	—	—	—	—	—
Add: Restructuring Expense	—	—	1,622	764	2,322	4,671	2,026	1,971
Add: Goodwill Impairment	—	—	5,820	—	—	—	—	—
Add: Asset Impairment (Gain on Disposal)	—	—	16,564	476	(1,264)	—	—	(1,127)
Adjusted Operating Income	\$ 21,006	\$ 19,063	\$ 18,733	\$ 22,694	\$ 12,590	\$ 13,333	\$ 15,706	\$ 19,638
Net Income, as reported	\$ 10,754	\$ 8,290	\$ (6,076)	\$ 7,543	\$ 3,154	\$ 3,432	\$ 3,817	\$ 6,581
Add: Stock Compensation Expense, After-Tax	1,284	1,493	1,345	1,327	1,571	380	1,483	1,510
Add: Lawsuit Settlements (Recovery), After-Tax	—	—	(676)	—	—	—	—	—
Add: Restructuring Expense, After-Tax	—	—	1,230	580	1,761	3,542	1,537	1,474
Add: Goodwill Impairment, After-Tax	—	—	4,414	—	—	—	—	—
Add: Asset Impairment (Gain on Disposal), After-Tax	—	—	9,549	238	(959)	—	—	(1,127)
Adjusted Net Income	\$ 12,038	\$ 9,783	\$ 9,786	\$ 9,688	\$ 5,527	\$ 7,354	\$ 6,837	\$ 8,438
Diluted Earnings per Share, as reported	\$ 0.43	\$ 0.33	\$ (0.24)	\$ 0.30	\$ 0.12	\$ 0.14	\$ 0.15	\$ 0.26
Add: Stock Compensation Expense	\$ 0.05	\$ 0.06	\$ 0.05	\$ 0.05	\$ 0.06	\$ 0.01	\$ 0.06	\$ 0.06
Add: Lawsuit Settlements (Recovery)	\$ —	\$ —	\$ (0.03)	\$ —	\$ —	\$ —	\$ —	\$ —
Add: Restructuring Expense	\$ —	\$ —	\$ 0.05	\$ 0.02	\$ 0.07	\$ 0.14	\$ 0.06	\$ 0.06
Add: Goodwill Impairment	\$ —	\$ —	\$ 0.18	\$ —	\$ —	\$ —	\$ —	\$ —
Add: Asset Impairment (Gain on Disposal)	\$ —	\$ —	\$ 0.38	\$ 0.01	\$ (0.03)	\$ —	\$ —	\$ (0.04)
Adjusted Diluted Earnings per Share	\$ 0.48	\$ 0.39	\$ 0.39	\$ 0.38	\$ 0.22	\$ 0.29	\$ 0.27	\$ 0.34



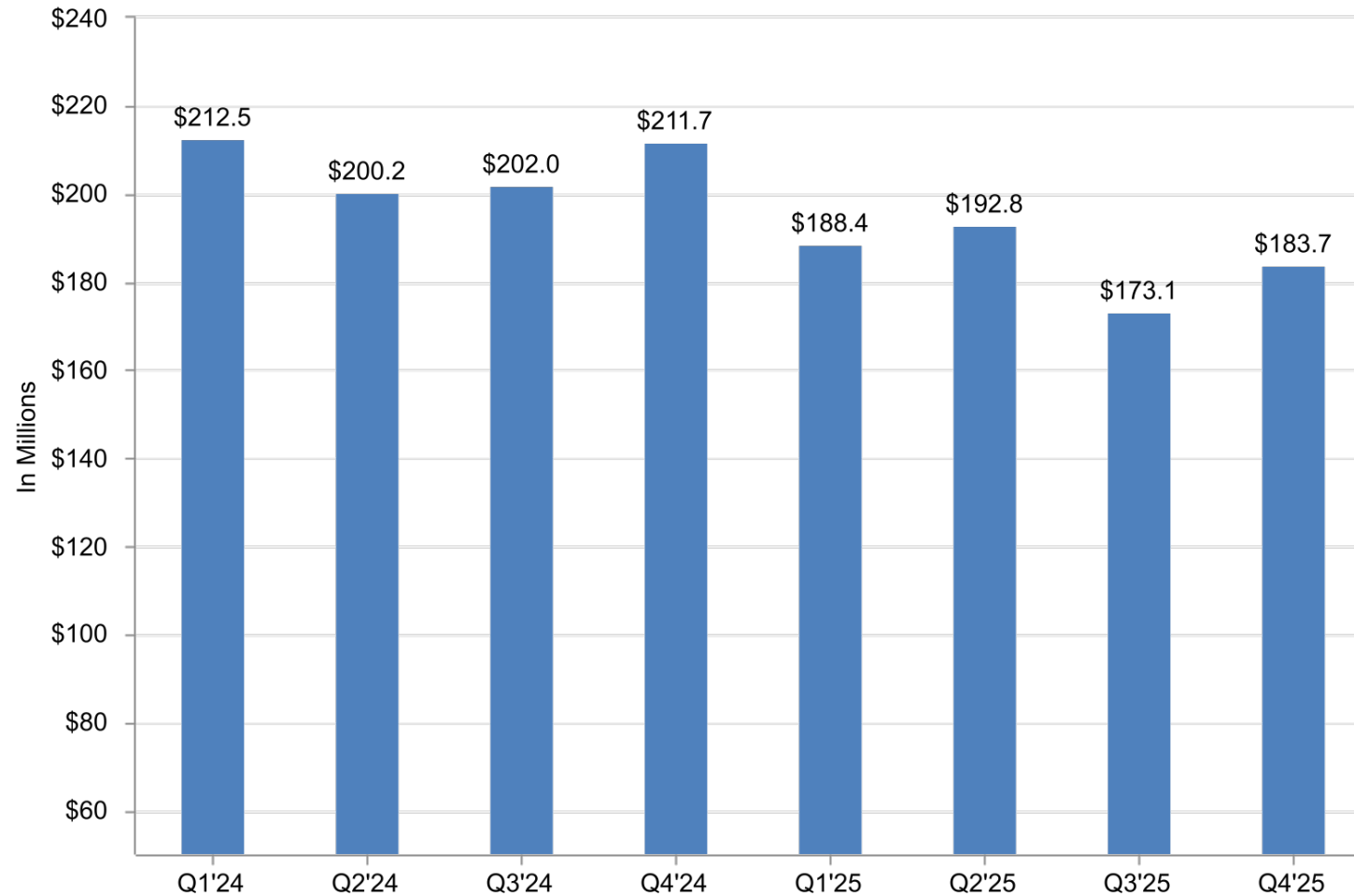
# Reconciliation of non-GAAP results continued....

(Unaudited, Amounts in Thousands, Except Per Share Data)	Q1'24	Q2'24	Q3'24	Q4'24	Q1'25	Q2'25	Q3'25	Q4'25
Operating Income (GAAP) (TTM)	\$ 93,648	\$ 92,769	\$ 61,118	\$ 49,277	\$ 38,902	\$ 30,522	\$ 48,669	\$ 45,535
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)	(2,391)
Add: Restructuring Expense (TTM)	—	—	1,622	2,386	4,708	9,379	9,783	10,990
Add: SERP (TTM)	759	903	827	680	1,202	649	381	614
Add: Stock Compensation Expense (TTM)	6,975	7,219	6,992	7,185	7,564	6,096	6,278	6,519
Add: Lawsuit Settlements (Recovery) (TTM)	(212)	(212)	(1,104)	(892)	(892)	(892)	—	—
Adj. Operating Income (non-GAAP) (TTM)	\$ 101,170	\$ 100,679	\$ 91,839	\$ 81,496	\$ 73,080	\$ 67,350	\$ 64,323	\$ 61,267
Tax Effect (TTM)	24,625	24,954	21,698	17,297	16,285	17,019	20,174	24,508
After-Tax Adj. Operating Income (TTM)	\$ 76,545	\$ 75,725	\$ 70,141	\$ 64,199	\$ 56,795	\$ 50,331	\$ 44,149	\$ 36,759
Average Invested Capital <sup>(1)</sup>	\$ 738,096	\$ 770,051	\$ 783,059	\$ 782,093	\$ 773,016	\$ 756,966	\$ 726,208	\$ 693,144
ROIC	10.4 %	9.8 %	9.0 %	8.2 %	7.3 %	6.6 %	6.1 %	5.3 %

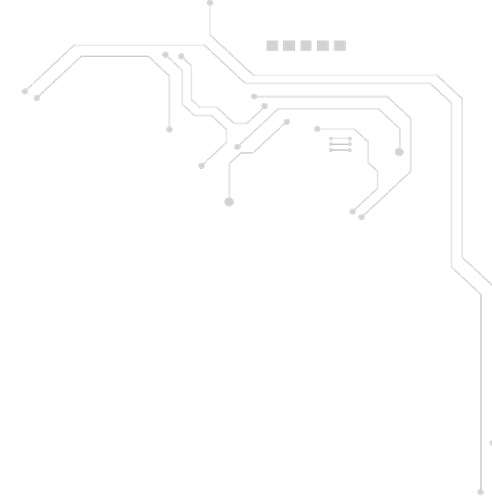
(1) Average Invested Capital is computed using the Share Owners equity plus current and non-current debt less cash and cash equivalents averaged for the last five quarters.



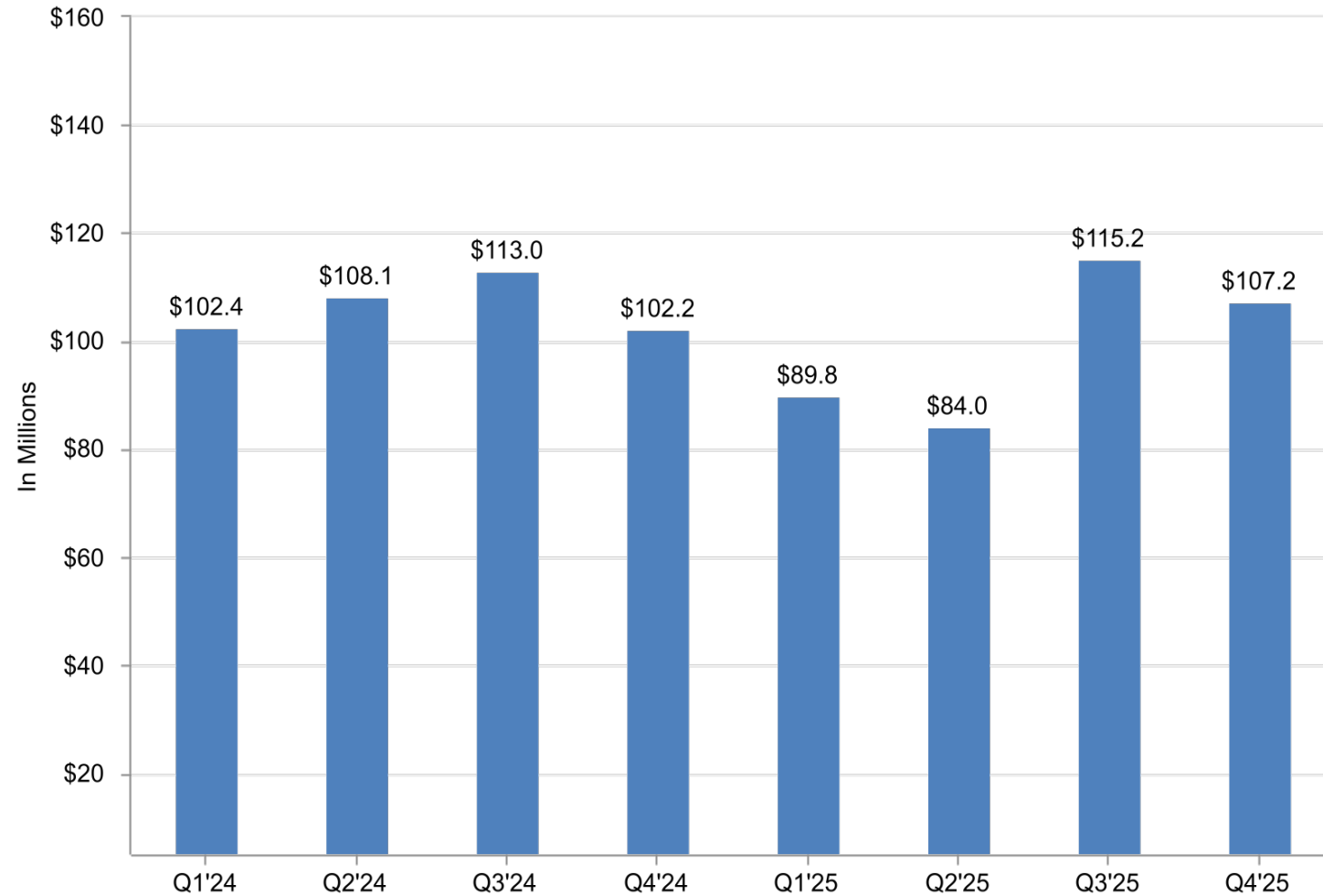
# Net Sales in Automotive <sup>(1)</sup>



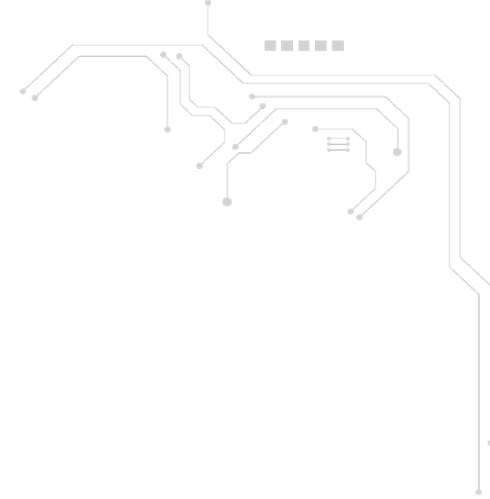
(1) Beginning in fiscal year 2024, miscellaneous sales previously reported in Other are now reported in the respective three end market verticals; all prior periods have been recast to conform to current period presentation



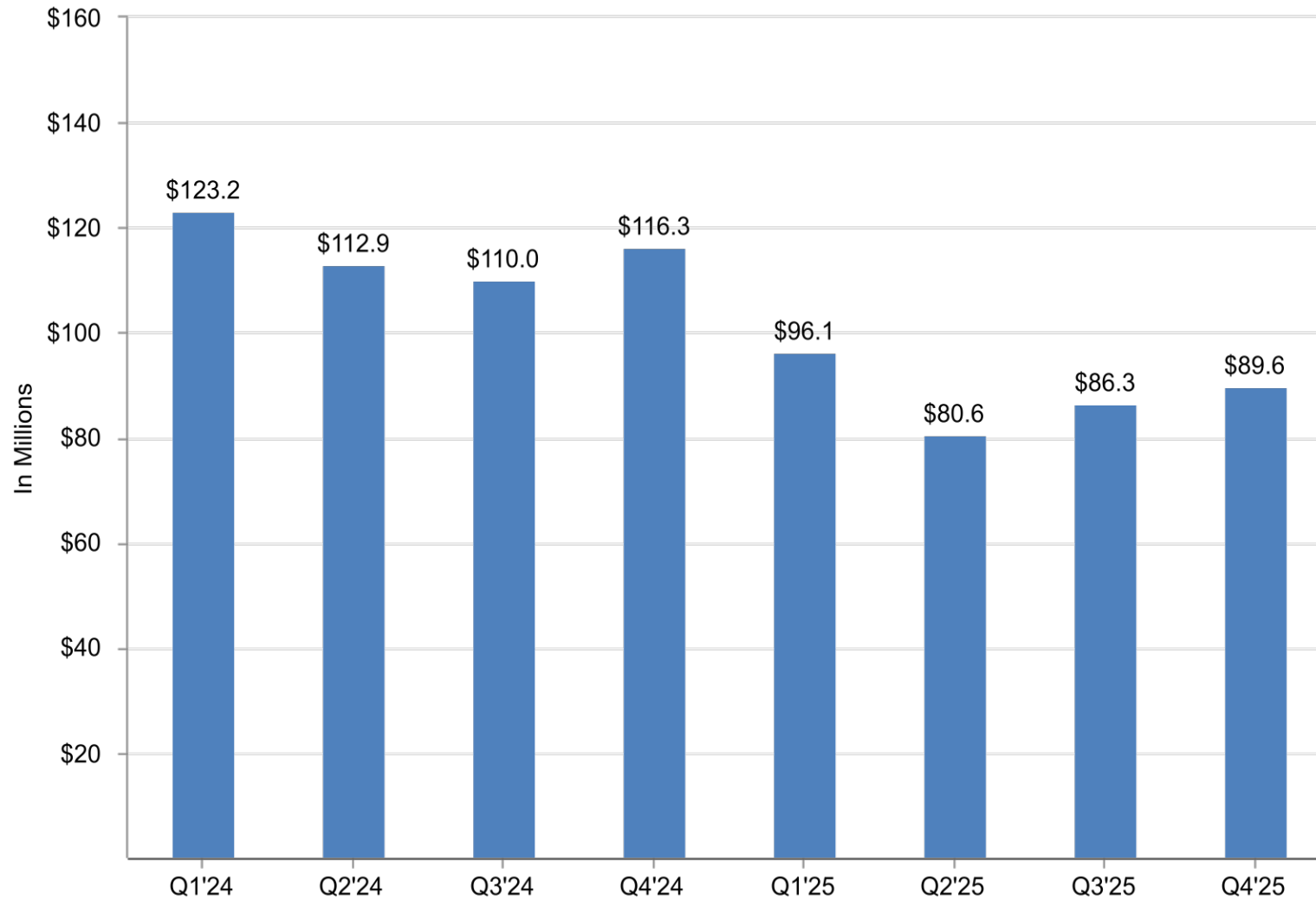
# Net Sales in Medical <sup>(1)</sup>



(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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