

**Financial Contact:**

Patton Hofer

Knowles Investor Relations

Email: [investorrelations@knowles.com](mailto:investorrelations@knowles.com)
**Knowles Reports Q1 2023 Financial Results and Provides Outlook for Q2**
*Q1 Gross Profit Margins Exceed High-End of Guided Range*
*Q1 Cash from Operations Above Expectations*
*Strong Sequential Revenue and Earnings Growth Expected in Q2*

**ITASCA, Ill., April 27, 2023** - Knowles Corporation (NYSE: KN) ("Knowles" or the "Company"), a market leader and global provider of advanced micro-acoustic microphones and balanced armature speakers, audio solutions, and high performance capacitors and radio frequency ("RF") products, today announced results for the quarter ended March 31, 2023.

"Knowles delivered gross margins, adjusted EBIT margins, Non-GAAP diluted EPS, and cash from operations all above the mid-point of our guided ranges, driven by favorable mix and productivity gains in our operations," commented Chief Executive Officer Jeffrey Niew. "Our better than expected gross margins and cash from operations demonstrate the benefits of our diversified portfolio and track record of operational excellence as our teams around the globe identify savings to partially offset the negative effects of the low factory capacity utilization."

Looking ahead to the second quarter, we expect to see strong sequential revenue and earnings growth. I am increasingly optimistic that channel inventory levels are improving in several of the end markets we serve. Based on the improving trends across most of our markets I expect to return to year over year growth in the second half of this year."

Mr. Niew continued, "Knowles is well positioned across the markets we serve and despite the near term market challenges our strategy to focus on higher margin markets and products coupled with the restructuring actions taken gives us confidence to achieve our mid-term financial targets."

**Financial Highlights**

The following table highlights the Company's financial performance on both a GAAP and supplemental non-GAAP basis (in millions, except per share data):

	<b>Q1-23</b>	<b>Q4-22</b>	<b>Q1-22</b>
Revenues	\$144.3	\$197.1	\$201.4
Gross profit	\$53.8	\$75.3	\$83.3
(as a % of revenues)	37.3%	38.2%	41.4%
Non-GAAP gross profit	\$54.4	\$79.6	\$83.8
(as a % of revenues)	37.7%	40.4%	41.6%
Diluted (loss) earnings per share*	\$(0.06)	\$(2.28)	\$0.19
Non-GAAP diluted earnings per share	\$0.05	\$0.33	\$0.35
Net cash provided by operating activities	\$21.9	\$46.8	\$0.8

\* Current period results include \$7.8 million in stock-based compensation, \$1.1 million in restructuring charges, and \$2.9 million in intangibles amortization expense that are excluded from non-GAAP results.

## Second Quarter 2023 Outlook

The forward looking guidance for the quarter ending June 30, 2023 is as follows:

	GAAP	Adjustments	Non-GAAP
Revenues	\$165.0 to \$180.0 million	—	\$165.0 to \$180.0 million
Gross Profit Margin	38.7% to 40.7%	0.30%	39.0% to 41.0%
Diluted EPS	\$0.11 to \$0.15	\$0.09	\$0.20 to \$0.24

Q2 2023 GAAP results are expected to include approximately \$0.06 per share in stock-based compensation and \$0.03 per share in amortization of intangibles.

## Non-GAAP Financial Measures

In addition to the GAAP results included in this press release, Knowles has presented supplemental non-GAAP gross profit, earnings before interest and income taxes, adjusted earnings before interest and income taxes, non-GAAP diluted earnings per share, free cash flow, as well as other metrics on a non-GAAP basis that exclude certain amounts that are included in the most directly comparable GAAP measure to facilitate evaluation of Knowles' operating performance. Non-GAAP results are not presented in accordance with GAAP. Non-GAAP information should be considered a supplement to, and not a substitute for, financial statements prepared in accordance with GAAP. In addition, the non-GAAP financial measures included in this press release do not have standard meanings and may vary from similarly titled non-GAAP financial measures used by other companies. Knowles believes that non-GAAP measures are useful as supplements to its GAAP results of operations to evaluate certain aspects of its operations and financial performance, and its management team primarily focuses on non-GAAP items in evaluating Knowles' performance for business planning purposes. Knowles also believes that these measures assist it with comparing its performance between various reporting periods on a consistent basis, as these measures remove from operating results the impact of items that, in Knowles' opinion, do not reflect its core operating performance including, for example, stock-based compensation, certain intangibles amortization expense, impairment charges, restructuring, production transfer costs, and other charges which management considers to be outside our core operating results. Knowles believes that its presentation of these non-GAAP financial measures is useful because it provides investors and securities analysts with the same information that Knowles uses internally for purposes of assessing its core operating performance. For a reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measures, see the reconciliation table accompanying this release.

## Webcast and Conference Call Information

Investors can listen to a live or replay webcast of the Company's quarterly financial conference call at <http://investor.knowles.com>. The live webcast will begin today at 3:30 p.m. Central time. The webcast replay will be available after 7:00 p.m. Central time today.

A conference call replay will be available after 7:00 p.m. Central time on April 27 through 11:59 p.m. Central time on May 5 at (866) 813-9403 (United States); (226) 828-7578 (International). The conference ID is 040100. A webcast replay will also be accessible via the Knowles website at <http://investor.knowles.com> for a limited time.

## About Knowles

Knowles is a market leader and global provider of advanced micro-acoustic microphones and balanced armature speakers, audio solutions, and high performance capacitors and RF products, serving the consumer electronics, medtech, defense, electric vehicle, industrial, and communications markets. Knowles uses its leading position in SiSonic™ micro-electro-mechanical systems ("MEMS") microphones and strong capabilities in audio processing technologies to optimize audio systems and improve the user experience across consumer applications. Knowles is also a leader in hearing health acoustics, high performance capacitors, and RF solutions for a diverse set of markets. Knowles' focus on the customer, combined with unique technology, proprietary manufacturing techniques, and global operational expertise, enables it to deliver innovative solutions across multiple applications. Founded in 1946 and headquartered in Itasca, Illinois, Knowles is a global organization with employees in over a dozen countries. The Company continues to invest in high value solutions to diversify its revenue and increase exposure to high growth markets. For more information, visit [knowles.com](http://knowles.com).

### **Forward-Looking Statements**

This news release contains forward-looking statements within the meaning of the safe harbor provisions of the United States Private Securities Litigation Reform Act of 1995, such as statements about our future plans, objectives, expectations, financial performance, and continued business operations. The words “believe,” “expect,” “anticipate,” “project,” “estimate,” “budget,” “continue,” “could,” “intend,” “may,” “plan,” “potential,” “predict,” “seek,” “should,” “will,” “would,” “objective,” “forecast,” “goal,” “guidance,” “outlook,” “effort,” “target,” and similar expressions, among others, generally identify forward-looking statements, which speak only as of the date the statements were made. The statements in this news release are based on currently available information and the current expectations, forecasts, and assumptions of Knowles’ management concerning risks and uncertainties that could cause actual outcomes or results to differ materially from those outcomes or results that are projected, anticipated, or implied in these statements. Other risks and uncertainties include, but are not limited to: unforeseen changes in MEMS microphone demand from our largest customers, particularly our top five customers, who represent a significant portion of revenues for our Consumer MEMS Microphone segment; our ongoing ability to execute our strategy to diversify our end markets and customers; our ability to stem or overcome price erosion in our segments; fluctuations in our stock's market price; fluctuations in operating results and cash flows; our ability to prevent or identify quality issues in our products or to promptly remedy any such issues that are identified; the timing of OEM product launches; risks associated with increasing our inventories in advance of anticipated orders by customers; global economic instability, including due to inflation, rising interest rates, negative impacts caused by pandemics and public health crises, or the impacts of geopolitical uncertainties; the impact of changes to laws and regulations that affect the Company’s ability to offer products or services to customers in different regions; our ability to achieve reductions in our operating expenses; the ability to qualify our products and facilities with customers; our ability to obtain, enforce, defend or monetize our intellectual property rights; disruption caused by a cybersecurity incident, including a cyber attack, cyber breach, theft, or other unauthorized access; difficulties or delays in and/or the Company’s inability to realize expected cost synergies from its acquisitions; increases in the costs of critical raw materials and components; availability of raw materials and components; managing new product ramps and introductions for our customers; our dependence on a limited number of large customers; our ability to maintain and expand our existing relationships with leading OEMs in order to maintain and increase our revenue; increasing competition and new entrants in the market for our products; our ability to develop new or enhanced products or technologies in a timely manner that achieve market acceptance; our reliance on third parties to manufacture, assemble, and test our products and sub-components; escalating international trade tensions, new or increased tariffs and trade wars among countries; financial risks, including risks relating to currency fluctuations, credit risks and fluctuations in the market value of the Company; a sustained decline in our stock price and market capitalization may result in the impairment of certain intangible or long-lived assets; market risk associated with fluctuations in commodity prices, particularly for various precious metals used in our manufacturing operation, changes in tax laws, changes in tax rates and exposure to additional tax liabilities; and other risks, relevant factors, and uncertainties identified in our Annual Report on Form 10-K for the fiscal year ended December 31, 2022, subsequent Reports on Forms 10-Q and 8-K and our other filings we make with the U.S. Securities and Exchange Commission. Knowles disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

**INVESTOR SUPPLEMENT - FIRST QUARTER 2023**

**KNOWLES CORPORATION**  
**CONSOLIDATED STATEMENTS OF EARNINGS**  
(in millions, except per share amounts)  
(unaudited)

	Quarter Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
<b>Revenues</b>	\$ 144.3	\$ 197.1	\$ 201.4
Cost of goods sold	90.4	117.7	118.1
Restructuring charges - cost of goods sold	0.1	4.1	—
<b>Gross profit</b>	53.8	75.3	83.3
Research and development expenses	20.0	18.0	23.1
Selling and administrative expenses	33.8	33.3	32.3
Impairment charges	—	231.1	—
Restructuring charges	1.0	(0.2)	6.6
<b>Operating expenses</b>	54.8	282.2	62.0
<b>Operating (loss) earnings</b>	(1.0)	(206.9)	21.3
Interest expense, net	0.8	1.2	0.8
Other expense (income), net	2.3	0.4	(0.5)
<b>(Loss) earnings before income taxes</b>	(4.1)	(208.5)	21.0
Provision for (benefit from) income taxes	1.1	(0.5)	2.9
<b>Net (loss) earnings</b>	<u>\$ (5.2)</u>	<u>\$ (208.0)</u>	<u>\$ 18.1</u>
<b>Net (loss) earnings per share:</b>			
Basic	\$ (0.06)	\$ (2.28)	\$ 0.20
Diluted	\$ (0.06)	\$ (2.28)	\$ 0.19
<b>Weighted-average common shares outstanding:</b>			
Basic	91.4	91.0	92.3
Diluted	91.4	91.0	94.3

**KNOWLES CORPORATION**  
**RECONCILIATION OF GAAP FINANCIAL MEASURES TO NON-GAAP FINANCIAL MEASURES <sup>(1)</sup>**  
(in millions, except per share amounts)  
(unaudited)

	Quarter Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
<b>Gross profit</b>	<b>\$ 53.8</b>	<b>\$ 75.3</b>	<b>\$ 83.3</b>
<i>Gross profit as % of revenues</i>	37.3 %	38.2 %	41.4 %
Stock-based compensation expense	0.5	0.2	0.5
Restructuring charges	0.1	4.1	—
<b>Non-GAAP gross profit</b>	<b>\$ 54.4</b>	<b>\$ 79.6</b>	<b>\$ 83.8</b>
<i>Non-GAAP gross profit as % of revenues</i>	37.7 %	40.4 %	41.6 %
<b>Research and development expenses</b>	<b>\$ 20.0</b>	<b>\$ 18.0</b>	<b>\$ 23.1</b>
Stock-based compensation expense	(1.7)	(1.4)	(1.6)
Intangibles amortization expense	(1.6)	(1.6)	(1.6)
Other <sup>(2)</sup>	—	(0.2)	(0.2)
<b>Non-GAAP research and development expenses</b>	<b>\$ 16.7</b>	<b>\$ 14.8</b>	<b>\$ 19.7</b>
<b>Selling and administrative expenses</b>	<b>\$ 33.8</b>	<b>\$ 33.3</b>	<b>\$ 32.3</b>
Stock-based compensation expense	(5.6)	(5.4)	(5.5)
Intangibles amortization expense	(1.3)	(1.4)	(1.5)
Other <sup>(2)</sup>	0.4	0.7	(0.1)
<b>Non-GAAP selling and administrative expenses</b>	<b>\$ 27.3</b>	<b>\$ 27.2</b>	<b>\$ 25.2</b>
<b>Operating expenses</b>	<b>\$ 54.8</b>	<b>\$ 282.2</b>	<b>\$ 62.0</b>
Stock-based compensation expense	(7.3)	(6.8)	(7.1)
Intangibles amortization expense	(2.9)	(3.0)	(3.1)
Impairment charges	—	(231.1)	—
Restructuring charges	(1.0)	0.2	(6.6)
Other <sup>(2)</sup>	0.4	0.5	(0.3)
<b>Non-GAAP operating expenses</b>	<b>\$ 44.0</b>	<b>\$ 42.0</b>	<b>\$ 44.9</b>
<b>Net (loss) earnings</b>	<b>\$ (5.2)</b>	<b>\$ (208.0)</b>	<b>\$ 18.1</b>
<b>Interest expense, net</b>	<b>0.8</b>	<b>1.2</b>	<b>0.8</b>
<b>Provision for (benefit from) income taxes</b>	<b>1.1</b>	<b>(0.5)</b>	<b>2.9</b>
<b>(Loss) earnings before interest and income taxes</b>	<b>(3.3)</b>	<b>(207.3)</b>	<b>21.8</b>
<i>(Loss) earnings before interest and income taxes as % of revenues</i>	(2.3)%	(105.2)%	10.8 %
Stock-based compensation expense	7.8	7.0	7.6
Intangibles amortization expense	2.9	3.0	3.1
Impairment charges	—	231.1	—
Restructuring charges	1.1	3.9	6.6
Other <sup>(2)</sup>	(0.4)	(0.5)	0.3
<b>Adjusted earnings before interest and income taxes</b>	<b>\$ 8.1</b>	<b>\$ 37.2</b>	<b>\$ 39.4</b>
<i>Adjusted earnings before interest and income taxes as % of revenues</i>	5.6 %	18.9 %	19.6 %
<b>Net (loss) earnings</b>	<b>\$ (5.2)</b>	<b>\$ (208.0)</b>	<b>\$ 18.1</b>
<b>Interest expense, net</b>	<b>0.8</b>	<b>1.2</b>	<b>0.8</b>
<b>Provision for (benefit from) income taxes</b>	<b>1.1</b>	<b>(0.5)</b>	<b>2.9</b>
<b>(Loss) earnings before interest and income taxes</b>	<b>(3.3)</b>	<b>(207.3)</b>	<b>21.8</b>
Non-GAAP reconciling adjustments <sup>(4)</sup>	11.4	244.5	17.6
Depreciation expense	9.2	9.2	11.7
<b>Adjusted earnings before interest, income taxes, depreciation, and amortization ("EBITDA")</b>	<b>\$ 17.3</b>	<b>\$ 46.4</b>	<b>\$ 51.1</b>
<i>Adjusted EBITDA as a % of revenues</i>	12.0 %	23.5 %	25.4 %

	Quarter Ended		
	March 31, 2023	December 31, 2022	March 31, 2022
<b>Provision for (benefit from) income taxes</b>	<b>\$ 1.1</b>	<b>\$ (0.5)</b>	<b>\$ 2.9</b>
Income tax effects of non-GAAP reconciling adjustments <sup>(3)</sup>	1.1	5.8	2.1
<b>Non-GAAP provision for income taxes</b>	<b>\$ 2.2</b>	<b>\$ 5.3</b>	<b>\$ 5.0</b>
<b>Net (loss) earnings</b>	<b>\$ (5.2)</b>	<b>\$ (208.0)</b>	<b>\$ 18.1</b>
Non-GAAP reconciling adjustments <sup>(4)</sup>	11.4	244.5	17.6
Income tax effects of non-GAAP reconciling adjustments <sup>(3)</sup>	1.1	5.8	2.1
<b>Non-GAAP net earnings</b>	<b>\$ 5.1</b>	<b>\$ 30.7</b>	<b>\$ 33.6</b>
<b>Diluted (loss) earnings per share</b>	<b>\$ (0.06)</b>	<b>\$ (2.28)</b>	<b>\$ 0.19</b>
Earnings per share non-GAAP reconciling adjustment	0.11	2.61	0.16
<b>Non-GAAP diluted earnings per share</b>	<b>\$ 0.05</b>	<b>\$ 0.33</b>	<b>\$ 0.35</b>
<b>Diluted average shares outstanding</b>	<b>91.4</b>	<b>91.0</b>	<b>94.3</b>
Non-GAAP adjustment <sup>(5)</sup>	3.3	2.5	2.0
<b>Non-GAAP diluted average shares outstanding <sup>(5)</sup></b>	<b>94.7</b>	<b>93.5</b>	<b>96.3</b>

**Notes:**

- <sup>(1)</sup> In addition to the GAAP financial measures included herein, Knowles has presented certain non-GAAP financial measures that exclude certain amounts that are included in the most directly comparable GAAP measures. Knowles believes that non-GAAP measures are useful as supplements to its GAAP results of operations to evaluate certain aspects of its operations and financial performance, and its management team primarily focuses on non-GAAP items in evaluating Knowles' performance for business planning purposes. Knowles also believes that these measures assist it with comparing its performance between various reporting periods on a consistent basis, as these measures remove from operating results the impact of items that, in Knowles' opinion, do not reflect its core operating performance. Knowles believes that its presentation of non-GAAP financial measures is useful because it provides investors and securities analysts with the same information that Knowles uses internally for purposes of assessing its core operating performance.
- <sup>(2)</sup> Other expenses represent the ongoing net lease cost related to facilities not used in operations.
- <sup>(3)</sup> Income tax effects of non-GAAP reconciling adjustments are calculated using the applicable tax rates in the jurisdictions of the underlying adjustments.
- <sup>(4)</sup> The non-GAAP reconciling adjustments are those adjustments made to reconcile (Loss) earnings before interest and income taxes to Adjusted earnings before interest and income taxes.
- <sup>(5)</sup> The number of shares used in the diluted per share calculations on a non-GAAP basis excludes the impact of stock-based compensation expense expected to be incurred in future periods and not yet recognized in the financial statements, which would otherwise be assumed to be used to repurchase shares under the GAAP treasury stock method.

**KNOWLES CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
(in millions, except share and per share amounts)  
(unaudited)

	March 31, 2023	December 31, 2022
<b>Current assets:</b>		
Cash and cash equivalents	\$ 52.0	\$ 48.2
Receivables, net of allowances of \$0.1 and \$1.1	109.5	134.7
Inventories, net	208.6	169.5
Prepaid and other current assets	12.9	10.0
Total current assets	383.0	362.4
<b>Property, plant, and equipment, net</b>	158.5	161.8
<b>Goodwill</b>	471.0	471.0
<b>Intangible assets, net</b>	82.2	85.1
<b>Operating lease right-of-use assets</b>	12.3	12.6
<b>Other assets and deferred charges</b>	88.5	91.0
<b>Total assets</b>	<u>\$ 1,195.5</u>	<u>\$ 1,183.9</u>
<b>Current liabilities:</b>		
Accounts payable	\$ 70.7	\$ 41.4
Accrued compensation and employee benefits	21.1	26.9
Operating lease liabilities	7.4	8.4
Other accrued expenses	24.4	19.9
Federal and other taxes on income	1.7	2.5
Total current liabilities	125.3	99.1
<b>Long-term debt</b>	45.0	45.0
<b>Deferred income taxes</b>	0.9	0.9
<b>Long-term operating lease liabilities</b>	6.9	7.2
<b>Other liabilities</b>	30.0	38.8
<b>Commitments and contingencies</b>		
<b>Stockholders' equity:</b>		
Preferred stock - \$0.01 par value; 10,000,000 shares authorized; none issued	—	—
Common stock - \$0.01 par value; 400,000,000 shares authorized; 97,146,487 and 91,359,500 shares issued and outstanding at March 31, 2023, respectively, and 96,431,604 and 91,078,376 shares issued and outstanding at December 31, 2022, respectively	1.0	1.0
Treasury stock - at cost; 5,786,987 and 5,353,228 shares at March 31, 2023 and December 31, 2022, respectively	(110.8)	(103.3)
Additional paid-in capital	1,668.7	1,665.5
Accumulated deficit	(453.4)	(448.2)
Accumulated other comprehensive loss	(118.1)	(122.1)
Total stockholders' equity	987.4	992.9
<b>Total liabilities and stockholders' equity</b>	<u>\$ 1,195.5</u>	<u>\$ 1,183.9</u>

**KNOWLES CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(in millions)  
(unaudited)

	<b>Three Months Ended March 31,</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Net (loss) earnings	\$ (5.2)	\$ 18.1
Adjustments to reconcile net (loss) earnings to cash from operating activities:		
Depreciation and amortization	12.1	14.8
Stock-based compensation	7.8	7.6
Non-cash interest expense and amortization of debt issuance costs	0.3	0.2
Deferred income taxes	4.1	2.9
Other, net	1.8	0.6
Changes in assets and liabilities (excluding effects of foreign exchange):		
Receivables, net	25.3	3.4
Inventories, net	(38.0)	(24.6)
Prepaid and other current assets	(2.7)	(1.7)
Accounts payable	27.8	(7.1)
Accrued compensation and employee benefits	(5.9)	(18.2)
Other accrued expenses	(3.8)	4.5
Accrued taxes	(0.7)	2.0
Other non-current assets and non-current liabilities	(1.0)	(1.7)
<b>Net cash provided by operating activities</b>	<b>21.9</b>	<b>0.8</b>
<b>Investing Activities</b>		
Capital expenditures	(3.9)	(6.8)
<b>Net cash used in investing activities</b>	<b>(3.9)</b>	<b>(6.8)</b>
<b>Financing Activities</b>		
Repurchase of common stock	(7.5)	(6.8)
Tax on stock option exercises and restricted and performance stock unit vesting	(6.0)	(6.1)
Payments of finance lease obligations	(0.6)	(3.0)
Payments of debt issuance costs	(1.6)	—
Proceeds from exercise of stock options	1.4	3.9
<b>Net cash used in financing activities</b>	<b>(14.3)</b>	<b>(12.0)</b>
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.2)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3.8</b>	<b>(18.2)</b>
Cash and cash equivalents at beginning of period	48.2	68.9
<b>Cash and cash equivalents at end of period</b>	<b>\$ 52.0</b>	<b>\$ 50.7</b>
<b>Supplemental information - cash paid for:</b>		
Income taxes	\$ 4.3	\$ 1.5
Interest	\$ 0.9	\$ 0.7