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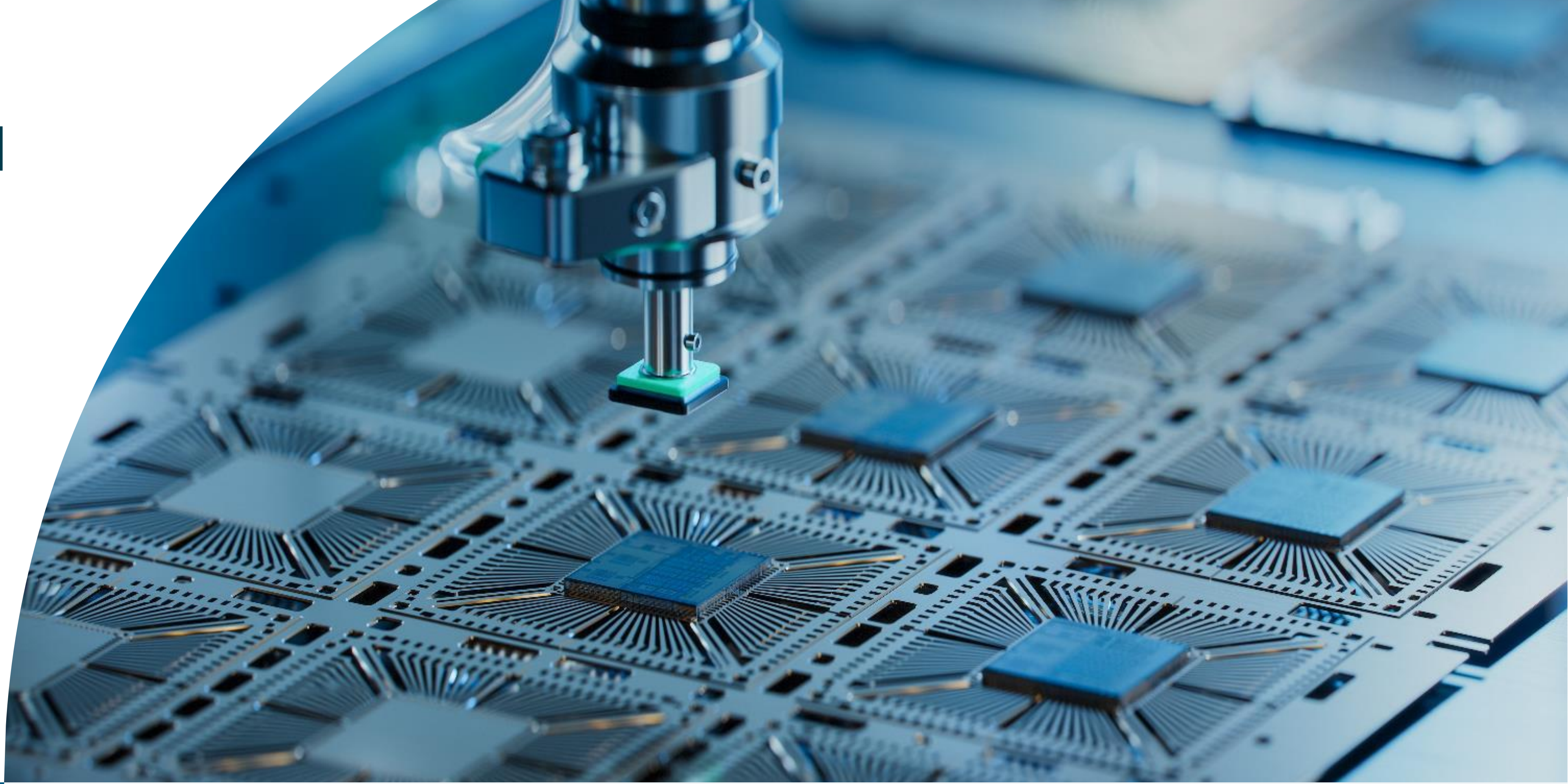


Q2

2026

EMS

Quarterly Review

Lincoln Perspective

In Q2 2026, the electronics manufacturing services (EMS) sector continued to operate in a bifurcated yet constructive demand environment. Data center and AI-related infrastructure, critical power, aerospace & defense and other mission-critical programs remained key areas of strength, supporting utilization and mix for providers with exposure to higher-complexity assemblies. Meanwhile, demand in industrial and consumer end markets remained uneven. OEMs continued to prioritize tariff-aware sourcing, supply chain resiliency and regionalization, reinforcing nearshoring and multi-region manufacturing strategies.

Public EMS equities broadly reflected these dynamics. Larger, diversified platforms with meaningful exposure to structurally growing end markets generally outperformed, supported by strong program visibility and accelerating revenue growth. Companies with greater exposure to short-cycle or price-sensitive segments continued to face uneven demand and margin pressure. Mid-tier providers retained the strongest average profitability, while large-tier platforms benefited from the continued scaling of AI and infrastructure-related programs. Valuation multiples expanded across the sector, with premiums awarded to businesses demonstrating differentiated capabilities, consistent earnings conversion and durable growth profiles.

M&A activity moderated in Q2 2026 following a more active first quarter. While transaction volume slowed, activity remained focused on capability entry, portfolio repositioning and sponsor-backed investment in high-reliability manufacturing. Buyers continued to prioritize localized manufacturing capacity and exposure to resilient, specification-driven end markets.

Looking ahead, M&A activity is expected to scale as sponsors and strategics pursue differentiated capabilities, localized manufacturing and exposure to higher-growth, higher-complexity end markets. EMS providers that combine operational discipline with supply chain flexibility are expected to be best positioned to capitalize on improving industry conditions.

NOTABLE ANNOUNCEMENTS

June 1, 2026

Metatron Private Equity has acquired Green Circuits Inc. from Evolve Capital Partners

INSIDE THIS ISSUE

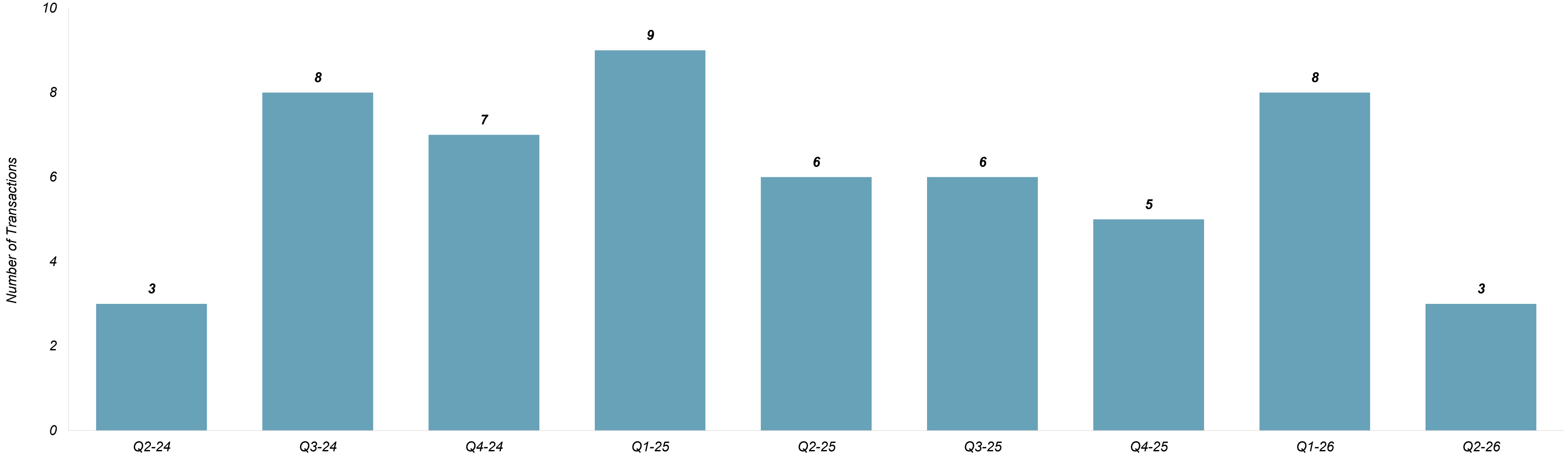
EMS Quarterly Review Q2 2026

Three EMS transactions were recorded in Q2 2026, representing a decrease from eight transactions in Q1 2026, but H1 2026 total deal count remained in line with H2 2025. Deal activity shifted away from the consolidation-led mix seen over the past few quarters. The quarter included one acquisition representing diversification into EMS, one EMS divestiture and one private equity investment, with no consolidations, OEM divestitures or vertical / horizontal convergences recorded during the quarter.

North America accounted for two included transactions and Europe for one, with no Asia-based or cross-border activity included.

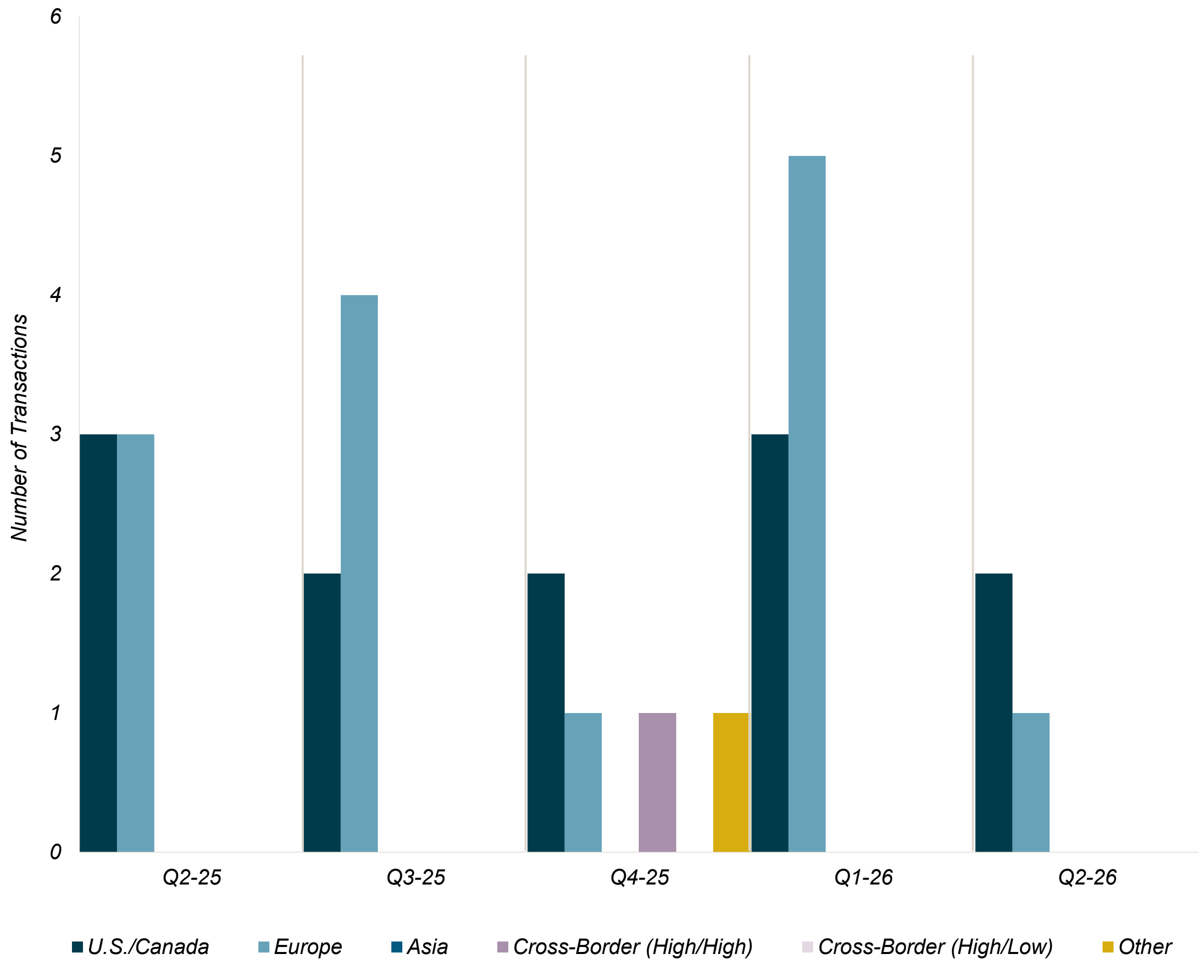
Mid-tier (Tier II) acquirers were the most active cohort, completing two transactions and accounting for approximately 67% of total volume. Large-tier (Tier I) acquirers completed one transaction, or 33% of total volume, while no small-tier buyers participated during the quarter.

QUARTER-OVER-QUARTER COMPLETED EMS TRANSACTIONS

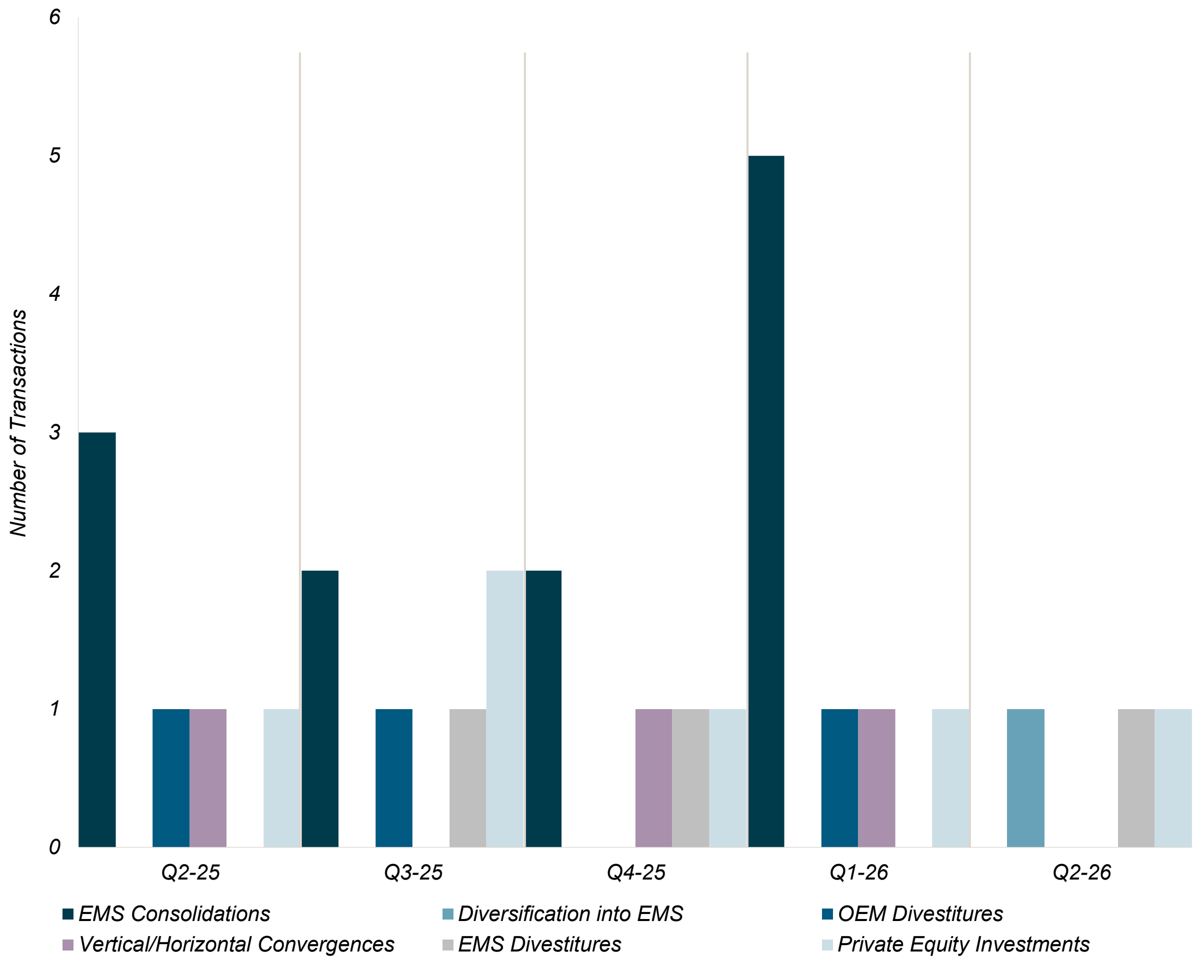


EMS Quarterly Review Q2 2026 (cont.)

QUARTERLY COMPARISON – EMS M&A BY GEOGRAPHY



QUARTERLY COMPARISON – EMS M&A BY DEAL TYPE



Source: All information contained in this newsletter including the charts was obtained from company websites, custom reports, Lincoln International's internal data, Manufacturing Market Insider and Capital IQ

Margin Performance

Large, mid and small-tier EMS companies delivered mixed last 12 months (LTM) Q2 2026 margin performance, reinforcing that customer mix, execution and capacity utilization remain more important profitability drivers than scale alone.

Large-tier gross and operating margins improved modestly versus FY2025 to 8.5% and 3.7%, respectively, while EBITDA margin remained approximately 7.3%. Growth tied to AI, data-center and critical-power programs supported demand, although profitability remained dispersed across the tier.

Mid-tier companies softened modestly but retained the strongest operating profitability. Gross margin was 10.4%, operating margin was 5.4% and EBITDA margin was 7.4%. Fabrinet's high-complexity optical and communications exposure remained a key contributor.

Small-tier results remained uneven. Gross margin was 25.6%, operating margin was 2.5% and EBITDA margin was 4.8%. Despite higher gross margins, weaker conversion into operating income continues to reflect overhead intensity, utilization and program timing.

Overall, large and mid-tier EBITDA margins have nearly converged as differentiated providers benefit from complex infrastructure and high-reliability programs. Volatile demand, input costs and trade conditions continue to increase the importance of execution, flexible capacity and disciplined working-capital management.

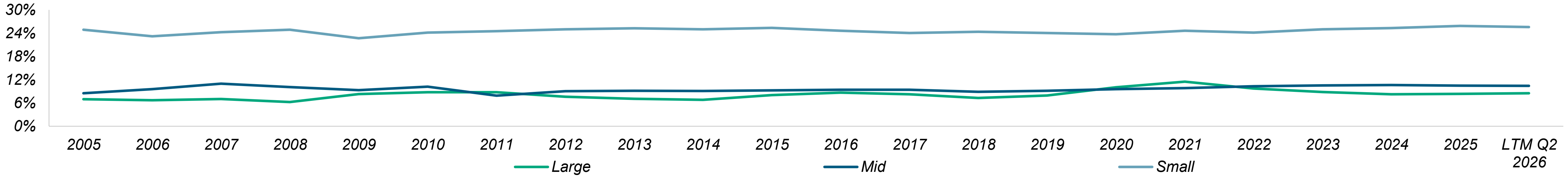
AVERAGE MARGIN PERFORMANCE

	Gross Margin	Operating Margin	EBITDA Margin
Large Tier			
Celestica Inc.	12.0%	8.9%	10.0%
Flex Ltd.	9.5%	5.4%	7.3%
Jabil Inc.	9.2%	5.1%	7.1%
Sanmina Corp.	9.0%	5.5%	6.8%
USI Corp.	2.8%	(6.3%)	5.2%
Average	**8.5%**	**3.7%**	**7.3%**
Mid Tier			
Benchmark Electronics, Inc.	10.3%	3.7%	5.2%
Fabrinet	12.0%	9.9%	11.3%
Kimball Electronics, Inc.	8.0%	4.3%	6.9%
Pan-International Industrial Corp.	11.6%	4.1%	6.8%
Plexus Corp.	10.1%	5.2%	7.0%
Average	**10.4%**	**5.4%**	**7.4%**
Small Tier			
Cicor Technologies Ltd.	47.7%	4.2%	8.1%
Key Tronic Corp.	7.3%	(2.1%)	0.2%
Nortech Systems Inc.	16.1%	2.2%	3.2%
Scanfil Oyj	31.1%	5.7%	7.8%
Average	**25.6%**	**2.5%**	**4.8%**

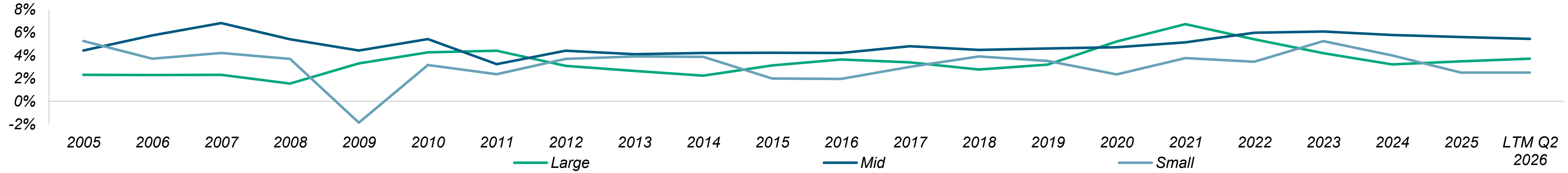
Source: Capital IQ and company filings as of June 30, 2026

Margin Performance (cont.)

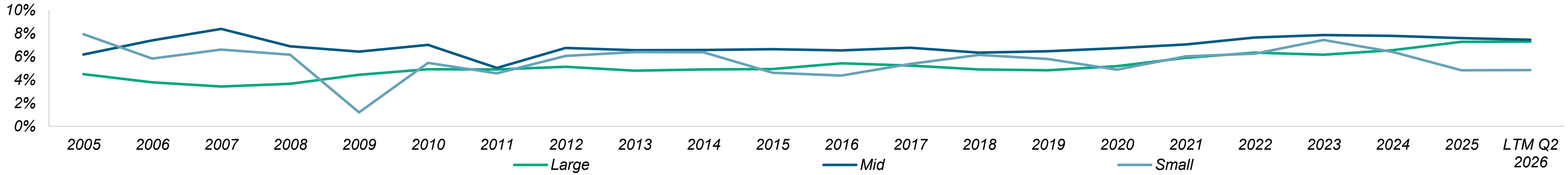
AVERAGE GROSS MARGIN PERFORMANCE



AVERAGE OPERATING MARGIN PERFORMANCE



AVERAGE EBITDA MARGIN PERFORMANCE



Source: Capital IQ and company filings as of June 30, 2026

EMS Stock Index Outperforms S&P

QUARTERLY UPDATE TABLES

Winner's Circle		Tier
Flex Ltd.	147.6%	I
Benchmark Electronics, Inc.	76.0%	II
Key Tronic Corp.	51.3%	III

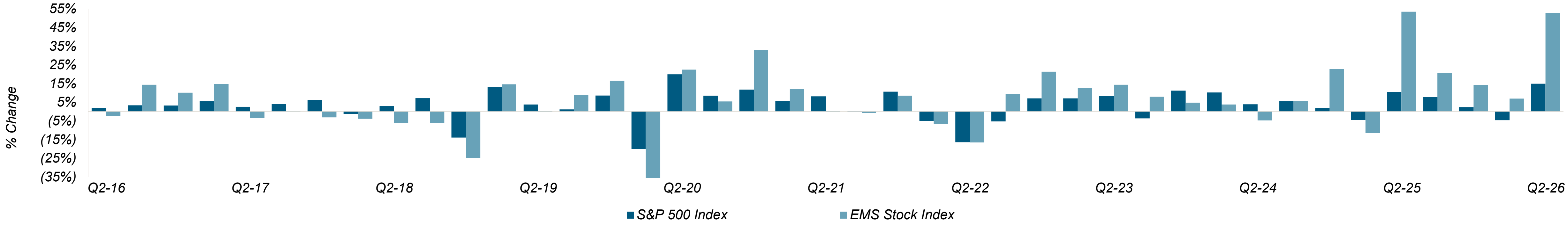
Worst Performers		Tier
USI Corp.	(1.8%)	I
Fabrinet	7.8%	II
Cicor Technologies Ltd.	4.4%	III

EBITDA Margins	
Large	7.3%
Mid	7.4%
Small	4.8%

YoY Last 12 Months Revenue Growth	
Large	27.9%
Mid	3.4%
Small	5.8%

Similar to the S&P 500 Index, the EMS Stock Index is a market cap-weighted composite index. The index is prepared by first selecting a base period, in this case, Q1 2003, and totaling the market caps of the companies for each tier in this period. This period and total market cap is set to a base index, in this case, 1,000. Next, for each tier, the current period's total market cap is calculated, divided by the base period's total market cap and then multiplied by the base index (1,000). The result is the index value used for plotting in the graph below.

S&P INDEX VS. EMS STOCK INDEX QUARTER CHANGE



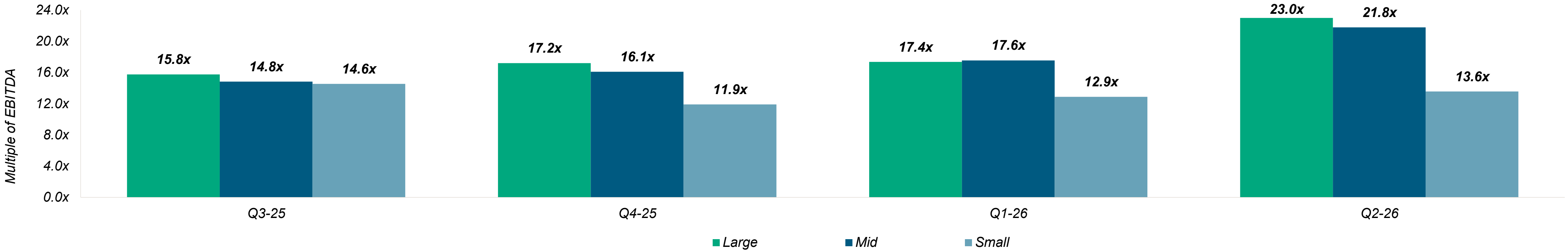
CURRENT EMS MARKET HIGHLIGHTS

The Lincoln EMS Stock Index rose 52.8% quarter-over-quarter, led by large tier index increase of 61.9%, with outsized exposure to AI, datacenter and critical power programs. Mid and small tier indices increased 21.1% and 6.2%, respectively, underscoring continued dispersion by end market mix and execution.

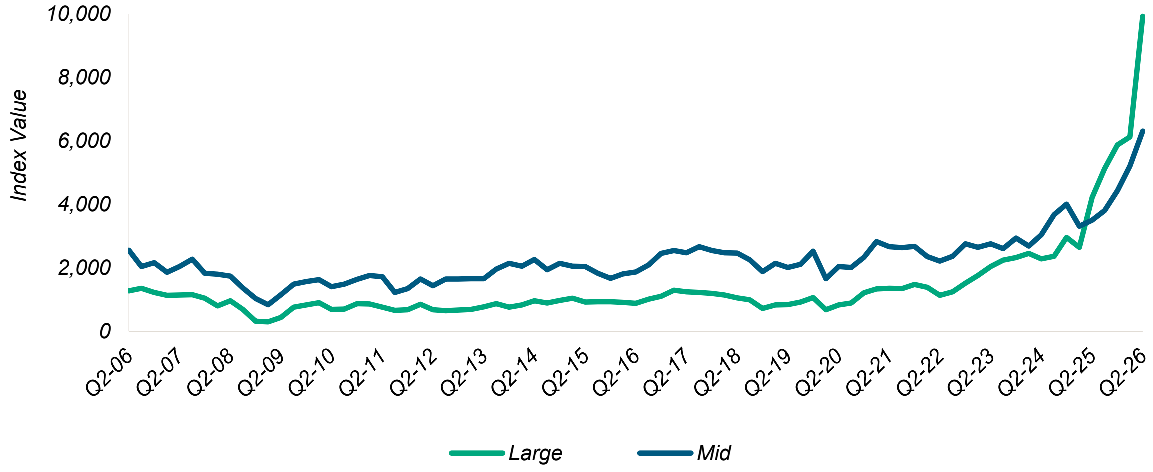
Source: Capital IQ as of June 30, 2026
Note: Based on quarter-over-quarter share price performance as of June 30, 2026
Note: Average for each index; YoY stands for year-over-year

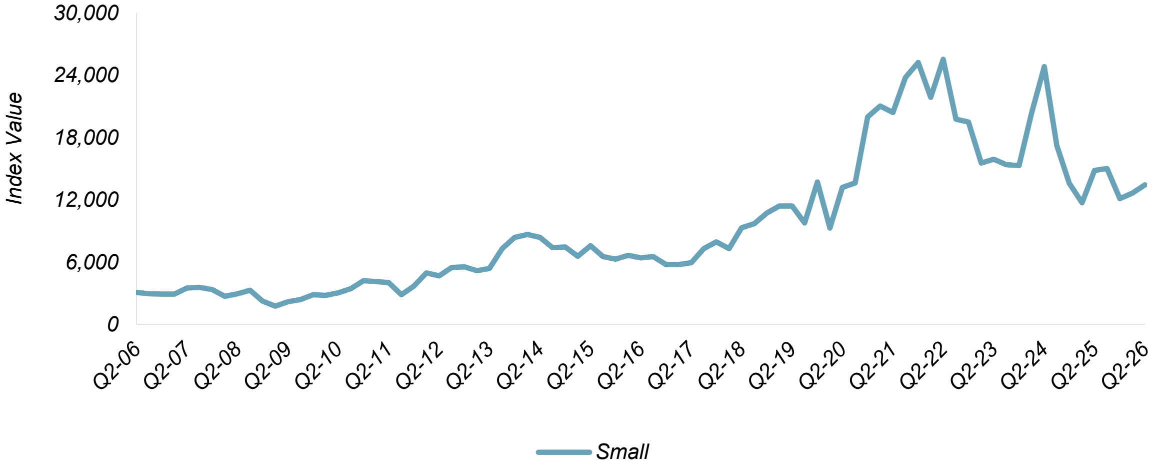
EMS Market Trends – Public Companies Valuation Trend

SELECT PUBLIC COMPANIES – TRENDING AVERAGE EV / EBITDA



EMS STOCK INDEX TRENDING DATA





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Source: Bloomberg, Capital IQ and company filings as of June 30, 2026
Note: Enterprise value is calculated as market cap on June 30, 2026, plus debt, preferred equity and minority interest less cash
Note: Index Value as of June 30, 2026

EMS Stock Index Company Data

	Stock Price	LTM Sales ($mm)	Diluted EPS	Avg. Cash Conversion Cycle (days)	Current Ratio	EV / EBITDA	EV / Sales	Market Cap ($mm)	Net Debt ($mm)
Large Tier									
Celestica Inc.	$517.24	$15,595	$9.62	71.6	1.2x	30.2x	3.1x	$41,876	$444
Flex Ltd.	162.07	29,267	2.59	50.7	1.4x	27.4x	2.2x	59,379	3,090
Jabil Inc.	385.48	33,590	8.00	17.0	1.0x	17.1x	1.3x	40,393	2,583
Sanmina Corp.	253.08	12,763	5.59	82.0	1.8x	19.5x	1.3x	13,565	580
USI Corp.	32.40	8,732	0.89	50.0	1.8x	20.7x	1.2x	11,395	(1,034)
Mid Tier									
Benchmark Electronics, Inc.	$98.67	$2,818	$1.46	89.7	2.0x	21.7x	1.3x	$3,540	($38)
Fabrinet	562.08	4,235	11.64	74.4	2.5x	39.8x	4.5x	20,139	(941)
Kimball Electronics, Inc.	25.60	1,440	1.05	96.1	2.1x	7.2x	0.5x	616	97
Pan-International Industrial Corp.	49.45	635	0.98	92.6	2.9x	14.9x	1.1x	806	(215)
Plexus Corp.	300.67	4,310	6.83	124.6	1.5x	25.4x	1.9x	8,045	(35)
Small Tier									
Cicor Technologies Ltd.	$122.20	$829	$3.28	181.1	1.6x	10.8x	1.0x	$665	$102
Key Tronic Corp.	4.13	395	(1.61)	134.5	2.1x	20.4x	0.5x	45	135
Nortech Systems Inc.	15.82	122	0.37	129.7	1.8x	9.7x	0.5x	44	16
Scanfil Oyj	12.46	1,017	0.65	116.3	1.5x	13.4x	1.1x	935	159

Source: Bloomberg, Capital IQ and company filings as of June 30, 2026

About Lincoln International

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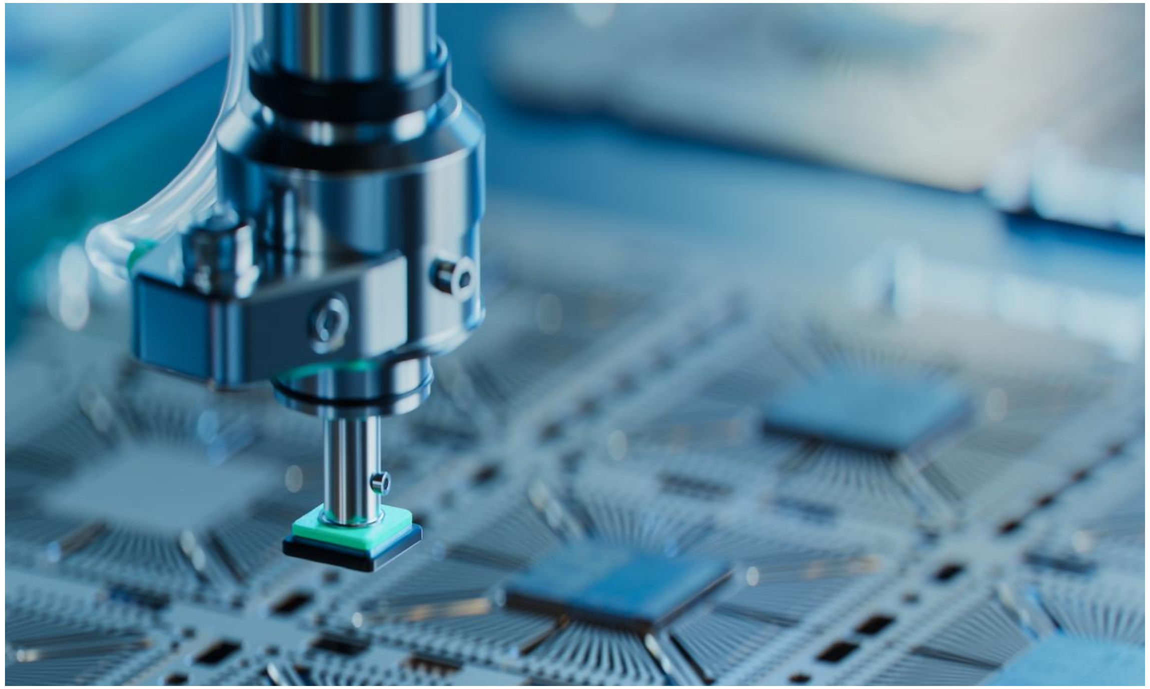

Lincoln's Global Technology Group

Connected to Clients' Ambitions

Encompassing both physical assets and intellectual property, the Technology industry has expansive opportunities for investors and entrepreneurs. Our global network of professionals, our strong relationships with industry leaders and our deep expertise in a variety of Technology verticals combine to serve the unique needs of clients capitalizing on change within a sector that is highly integrated into nearly every service and product. Our connections, along with our track record of exceptional results, give us the edge to provide our clients with creative and innovative financial solutions.

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Contributors

Chaim Lubin
Managing Director | Chicago
clubin@lincolninternational.com
+1 (312) 506-2753

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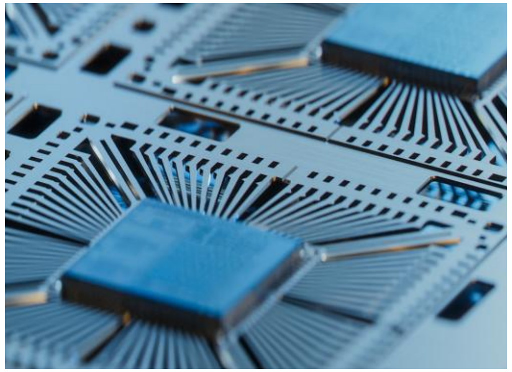

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