

## Dialight

Industrials

7 July 2026

### First phase of transformation strategy complete

Dialight's FY26 results show that the first phase of its Transformation Plan is now visible in the numbers. Revenue declined 9.0% to \$166.9m, reflecting continued pressure in Lighting, but underlying gross margin increased by 340bp to 39.0%, underlying EBITDA rose to \$19.8m from \$12.9m and underlying operating profit more than doubled to \$10.3m. Net bank debt reduced to \$1.9m and the Sanmina liability has now been fully settled. The investment case is shifting from balance sheet repair and margin self-help towards delivery of profitable revenue growth.

### Margin and cash recovery ahead of revenue growth

The main feature of FY26 was that profit recovery came before revenue recovery. Underlying gross profit was broadly flat at \$65.1m despite lower revenue, while underlying overheads fell to \$54.8m from \$61.1m. This reflected the benefits of stock keeping unit (SKU) reduction, procurement savings, headcount realignment and tighter cost control. Cash performance was also strong, with underlying operating cash flow of \$34.2m, equivalent to c 173% of underlying EBITDA, supported by profitability and working capital discipline. Inventory reduced from \$46.6m to \$30.0m, already below the previous medium-term ambition of \$35–40m.

### Outlook: Growth now the test

Dialight enters FY27 with a cleaner balance sheet, a more focused portfolio and an improved order book. Management stated that Q4 order performance was much stronger and that the backlog increased by more than 25% y-o-y. The FY27 base case used in the going concern assessment assumes net revenue growth of 2.9%, or 8.4% excluding Traffic and Rail, with a 4.8pp gross margin improvement. Growth is expected to be supported by strategic relationships, price increases, margin approval on sales, SKU reduction and continued progress in Signals & Components. The key challenge remains converting backlog into revenue, particularly in Lighting, while maintaining the pricing and margin discipline achieved in FY26.

### Valuation: In line with peers

Dialight's share price has recovered strongly as investors gained more confidence in the turnaround. On available data from LSEG Data & Analytics, Dialight trades on 12.4x one-year forward EV/EBITDA, versus the peer average of 12.3x, and 10.7x two-year forward EV/EBITDA, a 3% discount to the peer average of 11.0x. In our view, further upside is likely to depend on evidence that Dialight can convert its stronger backlog and sales transformation into sustained revenue growth, particularly in Lighting.

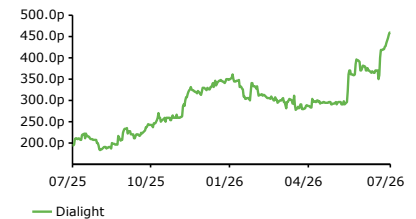
#### Consensus estimates

Year end	Revenue (\$m)	EBITDA (£m)	PBT (\$m)	EPS (¢)	P/E (x)	EV/EBITDA (x)
3/25	183.5	12.9	(14.1)	(34.70)	N/A	14.5
3/26	166.9	19.8	3.8	1.00	N/A	9.4
3/27e	173.9	21.1	11.9	20.00	30.6	8.8
3/28e	181.2	24.4	15.1	26.30	23.3	7.6

Source: Dialight and LSEG Data & Analytics. Note: Multiples calculated from current market capitalisation and last reported net debt.

Price **458.00p**  
Market cap **£185m**

#### Share price performance



#### Share details

Code	DIA
Listing	LSE
Shares in issue	40.4m
Net cash/(debt) at end-FY26	\$(1.9)m

#### Business description

Dialight is a global leader in industrial light-emitting diode (LED) technology, with more than 1.8m fixtures installed worldwide. Its products are used for industrial and commercial applications, with a focus on demanding solutions for hazardous environments, including liquefied natural gas plants, oil refineries and high-risk manufacturing environments.

#### Bull points

- FY26 showed clear margin and cash delivery, with gross margin up 340bp to 39.0% and net bank debt reduced to \$1.9m.
- Stronger order book and restructured sales incentives provide a clearer route back to revenue growth.
- Signals & Components offers incremental growth exposure through opto-electronics, partnerships and AI/data-centre demand.

#### Bear points

- Lighting revenue recovery remains unproven and is the key requirement for the next stage of the investment case.
- Further margin progress depends on successful manufacturing transfers and supply-chain execution.
- Peer discount has narrowed, making revenue growth proof points more important.

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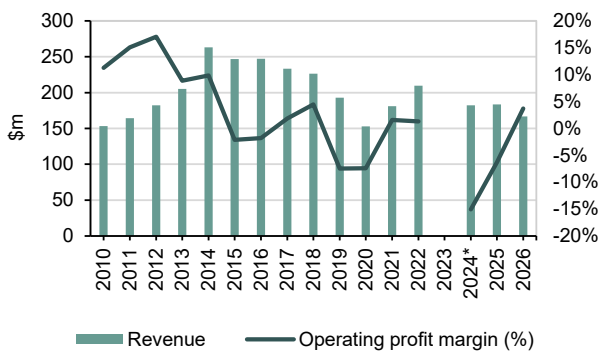
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## Investment thesis: From margin recovery to revenue growth

In our view, Dialight's investment case has moved into a more demanding phase. The first phase of the recovery was largely self-help: simplifying the product portfolio, reducing SKUs, improving procurement, lowering overheads, tightening working capital and settling the Sanmina liability. FY26 showed that these actions are now visible in reported profitability, with gross margin recovering to 39.0%, underlying operating margin reaching 6.2% and net bank debt falling to \$1.9m. The share price recovery therefore looks justified, but the next stage of the equity story requires different evidence. Investors will need to see Dialight convert its stronger backlog and restructured sales capability into revenue growth, particularly in Lighting, while maintaining the pricing and margin discipline achieved through the transformation.

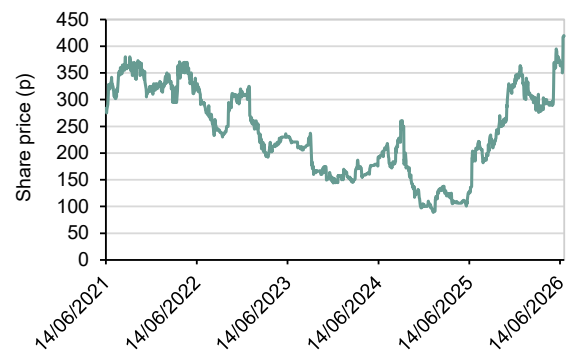
A return to revenue growth is where Dialight's investment case debate now sits. Dialight's reported operating profit margin was negative in several recent years, including FY24 and FY25, before returning to a positive reported margin in FY26. That makes the margin recovery important, but not sufficient on its own. The upgraded medium-term targets imply a business capable of sustaining higher margins and better returns, rather than simply recovering from a depressed base. To support a further re-rating, Dialight needs to demonstrate that the engineering, procurement and construction (EPC)/specification-led sales rebuild, margin-linked sales incentives, new products and Signals & Components investment can deliver profitable growth rather than just protect margins on a smaller revenue base.

**Exhibit 1: Historical revenue and operating margin**



Source: Dialight, Edison Investment Research. Note: \*FY24 represents a 15-month period due to Dialight changing its financial year-end.

**Exhibit 2: Five-year trading history**



Source: Bloomberg, Edison Investment Research

## Share price: Back to pre-reset levels, but with a different operating profile

Dialight's five-year share price history shows both the scale of the reset and the recovery. The shares are now back around the level seen five years ago, following a period in which operational disruption, margin pressure, balance sheet concerns and the Sanmina dispute weighed on the rating. Over the last year, the shares have increased by c 110–130%, reflecting growing confidence that the Transformation Plan has moved from operational activity into financial delivery. The market has therefore started to price in a cleaner business, with lower net debt, stronger cash conversion and a more credible margin base.

The next move in the share price is likely to depend less on further evidence of cost savings and more on revenue conversion. Investors will focus on whether Lighting can return to growth, whether the order book converts without margin dilution and whether Signals & Components can become a more consistent growth contributor through opto-electronics and AI/data-centre-related demand. The wider sector backdrop provides some support: Signify's capital markets day (23 June 2026) pointed to a stabilising lighting market, growth in connected lighting and targeted investment in professional segments, including specification-led channels, connected platforms and data centres. However, Dialight still needs to prove this at its own level. The key test is whether FY26's margin and balance sheet recovery can become the base for sustainable growth, rather than the high point of the self-help phase. In this context, Dialight's EV/EBITDA discount to peers is therefore perhaps understandable. The business has made clear progress on margins, cash generation and balance sheet repair, but the market is likely to require more evidence of sustained sales growth, particularly in Lighting, before fully closing the valuation gap.

## FY26 results: Profit recovery despite revenue pressure

Dialight's FY26 results show a cleaner profit and cash profile, despite a weaker revenue backdrop. Group revenue declined 9.0% to \$166.9m, or 6.8% excluding Traffic in both years, reflecting continued pressure in Lighting as capital projects were deferred. Against this, underlying gross margin increased 340bp to 39.0%, underlying EBITDA rose to \$19.8m from \$12.9m and underlying operating profit increased to \$10.3m from \$4.2m. Statutory operating profit was \$6.2m, compared with a loss of \$11.6m in FY25.

One of the key takeaways from the results is that profit recovery has come before revenue recovery. Underlying gross profit was broadly flat at \$65.1m, despite the lower revenue base, while overheads and impairment losses reduced materially. Management attributes the improvement to the Transformation Plan, including SKU reduction, headcount realignment, procurement savings and productivity gains. In our view, this indicates that the first phase of the transformation has improved Dialight's cost and margin structure, although the next stage still depends on restoring revenue growth, particularly in Lighting.

### Exhibit 3: FY26 versus FY25

\$m unless stated	FY25	FY26	Y-o-y change
Revenue	183.5	166.9	-9.0%
Underlying gross profit	65.3	65.1	-0.3%
Underlying gross margin	35.6%	39.0%	+340bp
Underlying overheads	(61.1)	(54.8)	-10.3%
Underlying operating profit	4.2	10.3	145.2%
Underlying operating margin	2.3%	6.2%	+390bp
Underlying EBITDA	12.9	19.8	53.5%
Underlying EBITDA margin	7.0%	11.9%	4.9%
Statutory operating profit/(loss)	(11.6)	6.2	n/a
Profit/(loss) before tax	(14.1)	3.8	n/a
Profit/(loss) after tax	(13.6)	0.5	n/a
Diluted EPS/(LPS), cents	(34.7)	1.0	n/a
Underlying operating cash flow	19.7	34.2	73.6%
Net bank debt	17.8	1.9	-89.3%
Inventory	46.6	30.0	-35.6%

Source: Dialight, Edison Investment Research

Lighting remained the main area of revenue pressure. Revenue declined 11.5% to \$122.1m, reflecting weak demand for larger capital projects in a difficult macroeconomic environment. The segment's underlying gross margin improved to 40.8% from 39.2%, but underlying operating profit before central costs declined to \$11.1m from \$12.9m as lower revenue offset the margin gain. The segment therefore looks operationally cleaner than a year ago, but it has not yet returned to growth.

Signals & Components was a better contributor than the reported revenue line suggests. Reported revenue declined slightly to \$44.8m from \$45.5m, but this includes the wind-down of Traffic. Excluding Traffic in both years, revenue increased 13.7%. Gross margin increased to 34.2% from 24.6%, and underlying operating profit before central costs rose to \$8.4m from \$3.3m. This reflected a renewed focus on opto-electronics, better mix and the exit from lower-quality Traffic activity.

Non-underlying items were lower, at \$4.0m versus \$21.6m in FY25, when the prior year was dominated by Sanmina litigation and settlement costs. This helped statutory results move back into profit, although the underlying figures remain the cleaner measure of performance. H1 statutory profit benefited from \$2.9m of Employee Retention Credits, which management treated as non-underlying and non-recurring.

**Exhibit 4: Segment performance**

\$m unless stated	FY25	FY26	y-o-y change
Lighting revenue	138.0	122.1	-11.5%
Lighting underlying gross profit	54.1	49.8	-7.9%
Lighting underlying gross margin	39.2%	40.8%	+160bp
Lighting underlying overheads	(41.2)	(38.7)	-6.1%
Lighting underlying operating profit before central costs	12.9	11.1	-14.0%
Lighting operating margin before central costs	9.3%	9.1%	-20bp
Signals & Components revenue	45.5	44.8	-1.5%
Signals & Components revenue excluding Traffic	N/A	N/A	13.7%
Signals & Components gross profit	11.2	15.3	36.6%
Signals & Components gross margin	24.6%	34.2%	+960bp
Signals & Components underlying overheads	(7.9)	(6.9)	-12.7%
Signals & Components underlying operating profit before central costs	3.3	8.4	154.5%
Signals & Components operating margin before central costs	7.3%	18.8%	+1,150bp
Central underlying overheads	(12.0)	(9.2)	-23.3%
Group underlying operating profit	4.2	10.3	145.2%

Source: Dialight, Edison Investment Research

Cash conversion was another key feature of the results, although the quality of future cash generation should be judged after the FY26 working capital release. Underlying operating cash flow increased to \$34.2m from \$19.7m, representing c 173% of underlying EBITDA, while inventory reduced from \$46.6m to \$30.0m. Net bank debt declined from \$17.8m to \$1.9m, despite \$7.7m of Sanmina payments during the year. The Sanmina liability is now fully settled, removing a financial overhang, while the new £15m revolving credit facility, with a £10m accordion and maturity to at least April 2029, provides additional liquidity headroom. Future cash generation is likely to be driven less by further working capital release and more by underlying profitability, capex discipline and delivery of the medium-term margin targets.

Overall, FY26 was a self-help year rather than a demand-led recovery year. Dialight has shown progress in margins, overheads, working capital and net debt. The next test is whether the stronger backlog, sales reorganisation, EPC focus, new products and reinvigorated Signals & Components activity can restore revenue growth without reversing the pricing and margin discipline achieved during FY26.

## Medium-term ambitions upgraded as transformation moves into its next phase

Dialight has upgraded parts of its medium-term (three- to five-year) financial framework following progress delivered through the first phase of its Transformation Plan. The revenue growth ambition is unchanged at 3–5%, while the underlying gross margin ambition is broadly unchanged at c 45%, now expressed as 45.0%+. The updated June 2026 framework targets an underlying EBITDA margin of 18.0%+, return on sales of 15%+, a cash-positive net bank debt position and return on average net assets of 25–50%. This compares with the June 2025 targets of a 15.0% EBITDA margin, return on sales of 11–13%+, net bank debt elimination and return on average net assets of 25%+.

In our view, the upgraded framework marks a shift in the investment case from balance sheet repair and margin self-help towards profitable revenue growth. The unchanged revenue growth target is important in this context. Management is not assuming a step-change in top-line growth; rather, the upgrade reflects greater confidence in revenue quality, manufacturing efficiency, cost control and cash conversion.

The rationale for the upgrade is twofold. First, Dialight has made progress on the controllable elements of the turnaround, including product simplification, supply chain improvement, labour optimisation, sales transformation, the realignment of the Components business and the exit from Traffic. These actions have reduced operational complexity and should support a higher-quality earnings base as revenue growth returns. Second, management highlights improved financial controls, reporting, forecasting and project financial planning, giving the business better visibility over performance drivers. This appears to be one reason for raising the return on sales target to 15%+ and setting a broader 25–50% target range for return on average net assets.

The removal of the explicit inventory target is also notable. The June 2025 framework targeted inventory of \$35–40m, while FY26 inventory has already been reduced to \$30.0m. The next phase of cash generation is therefore likely to be driven less by working capital release and more by underlying profitability and capital discipline. The targets look more stretching, but not dependent on a single lever. Delivery will require continued manufacturing execution, further

mix and pricing discipline, and a return to growth in Lighting, where the sales transformation remains the key test for management.

**Exhibit 5: Updated medium-term ambitions versus June 2025 targets**

	3–5 year ambition June 2025	3–5 year ambition June 2026
Revenue growth	3–5%	3–5%
Underlying gross margin	45%	45.0%+
Underlying EBITDA margin	15%	18.0%+
Return on sales	11–13%+	15%+
Net bank debt (\$m)	Eliminate	Net cash position
Return on average net assets	25%+	25–50%
Inventory value (\$m)	35–40	Not included in updated framework

Source: Dialight, Edison Investment Research

## Transformation Plan assessment: Visible benefits, growth still to be proven

Dialight’s FY26 results provide clearer evidence that the first phase of the Transformation Plan has moved from operational activity into financial delivery. The plan is structured around five pillars: winning hearts and minds, sales transformation, operations transformation, margin improvement and cash generation, and creating a platform for future growth. Management now describes the first phase as complete, with the focus moving to further initiatives and next-generation products.

The visible benefits in FY26 were concentrated in the areas most directly within management’s control. Underlying group overheads reduced by \$6.3m in FY26 to \$54.8m, helped by lower headcount, reduced legal and professional fees and tighter cost-centre control. Dialight also delivered direct labour reductions of c 30%, finished goods SKU reduction of c 30%, procurement benefits, inventory reduction of \$16.6m, product cost savings, a focus on higher-margin SKUs and product development in Signals & Components. These actions fed into higher gross margin, tighter overhead control and a lower net debt position. With FY27 revenue growth expected to be modest in management’s base case, maintaining this cost discipline will be important to converting any revenue recovery into higher operating profit.

The next phase is more manufacturing-led. Dialight plans to transfer manufacturing from Roxboro, North Carolina, to Mexico, close the Roxboro facility, transfer the remaining Components assembly from Ensenada, Mexico, to Penang, Malaysia, and use hybrid manufacturing for power supplies and selected commodity moulded parts. These actions should support the next stage of margin improvement, but they also introduce execution risk around logistics, customer service, lead times and inventory management during the transition. Management expects completion within 18 months, with benefits annualising into FY28 and beyond.

This makes the upgraded targets more credible than a year ago, but with increased execution risks. The balance sheet target is close to being achieved, and the FY26 margin performance shows that the business can operate with a better cost base even at lower revenue. However, the 45.0%+ gross margin, 18.0%+ EBITDA margin and 15%+ return on sales ambitions still require manufacturing delivery, continued mix and pricing discipline and a return to revenue growth. The key test remains whether Lighting can grow again without reversing the margin discipline achieved this far through the transformation.

Revenue growth and execution is the final requirement. Dialight’s growth plan is focused on converting a stronger opening backlog, a restructured sales team and a refreshed product portfolio into profitable revenue growth. This will be supported by next-generation solid-state lighting development, a new margin- and volume-based commission plan, further Signals & Components partnerships and renewed focus on EPC, strategic accounts and specification-led sales. The challenge for management is to restore growth in Lighting while maintaining the pricing and margin discipline achieved through the transformation.

## Outlook and risks: Order book improving, but recovery still execution-led

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### Outlook and FY27 base case

Dialight enters FY27 with a cleaner balance sheet, a more focused portfolio and an improved order book. Management noted that order performance was much stronger in Q4 and that the backlog increased by more than 25% y-o-y. This is important because, as mentioned earlier, FY26 was not a demand-led recovery: group revenue declined, Lighting remained under pressure and reported Signals & Components revenue was affected by the Traffic exit. The route back to growth therefore depends on converting the stronger backlog, rebuilt sales capability and new product activity into revenue, while preserving the margin discipline achieved during the transformation.

The FY27 base case in Dialight's going concern assessment provides useful context for management's planning assumptions, rather than formal guidance. It assumes net revenue growth of 2.9% in FY27, or 8.4% excluding Traffic and Rail, supported by strategic relationships, price increases and continued growth in Signals & Components. It also assumes a 4.8pp gross margin improvement, driven by sales price increases, margin approval on sales, SKU reduction, freight normalisation and workforce optimisation, with operating costs at 34.0% of revenue.

### Route back to revenue growth

In Lighting, the main growth levers are a stronger sales team, renewed focus on EPC-led specification work, strategic accounts, new geographies and a broader product portfolio. Dialight has opened new markets such as Nigeria and Angola for oil and gas, launched products for hydrogen production and storage environments, and added source-and-sell products such as lower-cost linear lights and high-output floodlights. These actions should help broaden the addressable revenue base, but the timing of recovery remains linked to customer capital spending, particularly in the US hazardous industrial market (liquefied natural gas plants, oil refineries and high-risk or hazardous manufacturing facilities).

Signals & Components offers a second route to growth. The strategic review of opto-electronics has repositioned the product line from a mature, lower-priority business to an area for investment. Management is adding sales resource, developing new products, reducing lead times and building partnerships with Asian contract equipment manufacturers. The link to data centres and AI provides a useful growth angle, although it should not be overstated until the revenue contribution is more visible.

### Risks and execution points

Tariffs remain a manageable but important risk. Dialight's products manufactured in Mexico have been tariff-free under USMCA for most of the year, and the impact of tariffs on components imported from outside the US and Mexico has been less than 1% of material cost, offset by supplier price reductions. However, the company continues to monitor the position and has contingency plans should trade terms change. This matters because North America remains Dialight's core market and Mexico is central to its manufacturing footprint.

The broader supply chain risk has also shifted. At the start of FY26, tariffs were the primary concern; by year-end, management was also monitoring freight cost inflation and possible supply chain shortages, particularly semiconductors and components. These risks could affect lead times, working capital and gross margin, particularly if revenue growth returns faster than the supply chain can support. The production transfers to Mexico and Penang, and the hybrid manufacturing model, should improve flexibility over time, but they also add execution risk over the next 18 months.

Overall, the outlook may be better than the FY26 revenue decline suggests, but the investment case is entering a different phase. FY26 demonstrated cost, margin and cash delivery. FY27 and beyond need to demonstrate revenue conversion. In our view, the main upside risk is that the stronger backlog, EPC focus and Signals & Components investment translate into growth with good drop-through to profit. The main downside risks are a slower Lighting recovery, renewed tariff or freight pressure, disruption from production transfers and less scope for further working capital release after the inventory reduction already delivered.

## Signals & Components: AI/data centre exposure adds a growth angle

Dialight's exposure to AI and data centres sits primarily within its Signals & Components division rather than the core Lighting business. The relevant product area is opto-electronics, which management has historically described as a lower-priority product line that had been flat to marginally declining over the past decade. Following a strategic review, Dialight has decided to reinvest in the business through additional sales resource, new product development, SKU reduction, shorter lead times and partnerships with Asian contract equipment manufacturers. Management states that the opto-electronics (OE) product line has a direct correlation to growth in data centres and AI, as Dialight's products are used on servers and related equipment.

The early financial evidence is encouraging, although the scale of the opportunity is not yet quantified. Signals & Components revenue declined by 1.5% in FY26 to \$44.8m, but this included the wind-down of Traffic. Excluding Traffic in both years, segment revenue increased by 13.7%. Segment gross margin also increased to 34.2% from 24.6%, while underlying operating profit before central costs rose to \$8.4m from \$3.3m. Management attributed the margin improvement to higher OE sales and the exit from lower-margin Traffic activity.

In our view, this gives Dialight a second route to growth alongside the recovery in Lighting. The AI/data centre theme is useful because it is linked to a higher-margin product line that now has dedicated management focus. It also broadens the investment case away from a sole reliance on hazardous industrial Lighting recovery, which remains tied to customer capital spending cycles. However, the opportunity should be framed carefully. Management has not provided a specific revenue target, pipeline value or margin target for OE, and the AI/data centre contribution is not yet separately disclosed.

The key issue for investors is whether the reinvestment in OE can turn a historically stable product line into a consistent growth contributor. The actions being taken are sensible: improving lead times, increasing sales coverage, reducing complexity and partnering with Asian contract equipment manufacturers. If successful, this should support profitable growth in Signals & Components and improve group mix. For now, the AI/data centre opportunity should be treated as an emerging growth driver rather than a central valuation pillar, but FY26 suggests it is becoming more relevant to the medium-term equity story.

## Estimates and relative valuation

Available estimates on LSEG Data & Analytics point to continued progress in FY27 and FY28, with revenue forecast to increase 4.2% to \$173.9m in FY27e and 4.2% to \$181.2m in FY28e. FY27e revenue growth is broadly in line with Dialight's FY27 base case, which assumes net revenue growth of 2.9%, or 8.4% excluding Traffic and Rail. The available estimates also assume further margin progression, with gross margin increasing to 40.1% in FY27e and 41.8% in FY28e, although the FY27 estimate is below the company's base-case assumption of a 4.8pp gross margin improvement on FY26. EBITDA is forecast to rise to \$21.1m in FY27e and \$24.4m in FY28e, while reported EPS is forecast to increase to 20.0c and 26.3c, respectively. Overall, the estimates are consistent with a gradual recovery rather than a sharp revenue rebound, with earnings growth driven primarily by margin improvement, lower below-the-line costs and continued benefits from the transformation programme.

### Exhibit 6: Available estimates

Underlying (unless stated)	FY26 actual	FY27e	y-o-y growth	FY28e	y-o-y growth
Revenue (\$m)	166.9	173.9	4.2%	181.2	4.2%
Gross profit margin	39.0%	40.1%	2.8%	41.8%	4.2%
EBITDA (\$m)	19.8	21.1	6.6%	24.4	15.6%
EBIT (\$m)	10.3	12.9	25.2%	15.9	23.3%
Reported pre-tax profit (\$m)	3.8	11.9	213.2%	15.1	26.9%
Reported net income (\$m)	0.5	8.3	1560.0%	10.6	27.7%
Reported earnings per share (cents)	1.0	20.0	1900.0%	26.3	31.5%

Source: LSEG Data & Analytics

On available data from LSEG Data & Analytics estimates, Dialight trades on a 12.4x one-year forward EV/EBITDA multiple, broadly in line with the selected peer average of 12.3x, and on a 10.7x two-year forward EV/EBITDA, a modest 3% discount to the peer average of 11.0x. On P/E, Dialight currently trades at a premium, at 26.7x one-year forward earnings versus the peer average of 21.3x, and 21.2x two-year forward earnings versus 18.7x. In our view, this

leaves less scope for a valuation-led re-rating than when the shares traded at a clearer discount. Further share price performance is therefore likely to depend more on delivery against FY27 and FY28 estimates, and on evidence that the group can convert its stronger backlog and sales transformation into sustained revenue growth, particularly in Lighting.

**Exhibit 7: Peer comparison**

Market cap (\$m)	Market cap (\$m)	EV/EBITDA 1yr forward (x)	EV/EBITDA 2yr forward (x)	P/E 1yr forward (x)	P/E 2yr forward (x)
<b>Dialight</b>	<b>216</b>	<b>12.4</b>	<b>10.7</b>	<b>26.7</b>	<b>21.2</b>
Oxford Instruments	1,937	17.2	15.4	27.8	24.5
Volution Group	1,389	11.2	10.3	16.6	15.3
discoverIE Group	757	9.3	9.0	15.4	14.4
XP Power	627	14.6	12.1	38.7	25.9
TT electronics	246			13.4	8.4
Videndum	196	11.7	9.6		28.0
Luceco	518	10.0	9.6	15.8	14.8
<b>Average</b>	<b>126</b>	<b>12.3</b>	<b>11.0</b>	<b>21.3</b>	<b>18.7</b>
<b>Dialight discount to average</b>		<b>0%</b>	<b>-3%</b>	<b>25%</b>	<b>13%</b>

Source: LSEG Data & Analytics, Edison Investment Research. Note: Data as of 7 July 2026.

**Exhibit 8: Financial summary**

	2021	2022	2024	2025	2026
Year-end	31-Dec	31-Dec	31-Mar	31-Mar	31-Mar
<b>PROFIT &amp; LOSS</b>					
	£m	£m	\$m	\$m	\$m
Revenue	131.6	169.7	226.0	183.5	166.9
Cost of Sales	(84.6)	(115.1)	(158.9)	(117.0)	(101.8)
Gross Profit	47.0	54.6	67.1	66.5	65.1
EBITDA	11.1	12.3	8.9	12.9	19.8
Operating profit (before amortisation and exceptionals)	4.5	5.0	(4.6)	4.2	10.3
Exceptionals	(2.3)	(2.7)	(25.6)	(15.8)	(4.1)
Operating Profit	2.1	2.3	(30.2)	(11.6)	6.2
Net Interest	(1.4)	(1.8)	(4.1)	(2.5)	(2.4)
Profit Before Tax (norm)	0.7	0.5	(34.3)	(14.1)	3.8
Profit Before Tax (reported)	0.7	0.5	(34.3)	(14.1)	3.8
Tax	(0.4)	(0.1)	1.8	0.5	(3.3)
Profit After Tax (norm)	0.3	0.4	(32.5)	(13.6)	0.5
Profit After Tax (FRS 3)	0.3	0.4	(32.5)	(13.6)	0.5
Minority interests	0.2	0.0	0.0	0.2	0.1
Average Number of Shares Outstanding (m)	32.4	32.6	35.6	39.8	40.0
Net income (normalised)	0.3	0.4	(32.5)	(13.6)	0.5
Net income (FRS3)	0.3	0.4	(32.5)	(13.6)	0.5
EPS – normalised (pence in 2021 and 2022; cents in 2024 and 2025)	0.9	1.2	(91.1)	(34.7)	1.0
EPS – normalised fully diluted (pence in 2021 and 2022; cents in 2024 and 2025)	0.9	1.2	(91.1)	(34.7)	1.0
EPS – reported (pence in 2021 and 2022; cents in 2024 and 2025)	0.9	1.2	(91.1)	(34.7)	1.0
Final distributed dividend per share (\$)	0.0	0.0	0.0	0.0	0.0
Gross Margin (%)	35.7%	32.2%	29.7%	36.2%	39.0%
EBITDA Margin (%)	8.4%	7.3%	3.9%	7.0%	11.9%
Operating Margin (before GW and except.) (%)	3.4%	2.9%	-2.0%	2.3%	6.2%
<b>BALANCE SHEET</b>					
Fixed Assets	54.6	58.3	46.7	42.7	36.3
Intangible Assets	21.4	21.4	8.1	9.0	7.6
Tangible Assets	12.0	13.9	12.7	13.5	12.3
Right of use assets	11.3	10.5	8.8	9.0	7.3
Investments/Other	9.9	12.5	17.1	11.2	9.1
Current Assets	54.6	58.3	93.7	89.2	65.0
Stocks	42.4	53.6	49.1	46.6	30.0
Debtors	26.2	30.2	32.3	34.3	27.8
Cash	1.2	1.7	11.5	7.9	7.1
Other	1.2	0.6	0.8	0.4	0.1
Current Liabilities	(40.4)	(43.4)	(66.8)	(45.5)	36.6
Creditors	(32.9)	(37.3)	34.3	(40.1)	(32.3)
Short-term borrowings	(4.0)	(2.0)	(27.9)	0.0	0.0
Long-Term Liabilities	(25.0)	(32.3)	(9.7)	(39.1)	(17.6)
Long-term borrowings	(12.9)	(20.6)	0.0	(25.7)	(9.0)
Other long-term liabilities	(12.1)	(11.7)	(9.7)	(13.4)	(8.6)
Net Assets (ex minority)	60.2	68.7	63.9	46.9	46.6
<b>CASH FLOW</b>					
Operating Cash Flow	11.5	13.2	3.0	5.3	19.3
Net Interest	(1.4)	(1.8)	(4.1)	(2.8)	(1.9)
Tax	(0.6)	(0.8)	(1.8)	(0.5)	2.2
Capex	(5.6)	(7.2)	(6.8)	(8.0)	(4.8)
Acquisitions/disposals	0.0	(0.1)	0.0	5.2	0.5
Financing	0.2	3.5	12.3	(2.2)	(16.9)
Dividends	0.0	0.0	0.0	0.0	0.0
Other	(2.4)	(1.8)	0.0	(4.0)	5.8
Net Cash Flow	(3.8)	(1.1)	9.1	(3.6)	(0.2)
Opening net debt/(cash)	-	15.7	25.4	16.4	17.8
Other	-	(4.1)	(0.1)	2.2	16.1
Closing net debt/(cash)	15.7	20.9	16.4	17.8	1.9

Source: Dialight, Edison Investment Research. Note: FY24 represents a 15-month period due to Dialight changing its financial year-end.

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