

**DIALIGHT PLC**  
**ANNUAL REPORT**  
**AND ACCOUNTS**  
**2025**

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## Performance at a glance

### FINANCIAL PERFORMANCE\*

#### GROUP REVENUE

# \$183.5M

2024: 15-months: \$226.0m  
2024: 12-months: \$182.1m\*

#### UNDERLYING EBIT\*

# \$4.2M

2024: 15-months: \$(4.6)m  
2024: 12-months: \$(1.9)m\*

#### UNDERLYING EBITDA\*

# \$10.7M

2024: \$8.9m

#### PROFIT/(LOSS)

# \$(13.6)M

2024: \$(32.5)m

#### EARNINGS PER SHARE

# (34.4) cents

2024: (91.1)cents

#### INVENTORY

# \$46.6M

2024: \$49.1m

#### NET BANK DEBT\*

# \$17.8M

2024: \$16.4m

### NON-FINANCIAL PERFORMANCE

#### REDUCTION IN SCOPE 1 & 2 EMISSIONS PER \$M OF REVENUE

# 11%

2024: 13%

#### RECORDABLE INCIDENTS

# 2

2024: 5

\* 2024 figures refer to the 15-month period ended 31 March 2024. 2025 refers to the 12-month period ended 31 March 2025. Certain financial information set out in the annual report and accounts is not defined under International Financial Reporting Standards. These key Alternative Performance Measures represent additional measures in assessing performance. These are reconciled in note 27 to the financial statements.

## Our business at a glance

### WHO WE ARE

**At Dialight we are committed to reducing customer carbon emissions and we are planning to be a net zero Company by 2040. We see the transition as both an opportunity and an obligation to help drive meaningful change in the industrial sector.**

### WHAT WE DO

**Dialight has been an LED company for over 50 years, with all our products developed in-house. We offer the largest selection of cutting-edge LED lighting products to suit virtually any industrial application. Our 10-year replacement warranty for our industrial lighting products is market leading.**

## Our business at a glance continued

### OUR CORE VALUES

#### WE ARE CUSTOMER-CENTRIC

It's easy to work with Dialight. We build trust through integrity and transparency, engaging with each customer to understand and help them achieve their goals.

#### DELIVERING VALUE IN EVERYTHING WE DO

We are accountable for delivering value by mitigating risk and identifying opportunities for improvement. We simplify and connect processes to improve efficiency and productivity, and are building a sustainable supply chain to meet stakeholder expectations – improving service and quality, and reducing waste.

#### CREATING STAKEHOLDER VALUE

We optimise access to capital, capital efficiency, and working capital. We analyse our finances thoroughly, to improve margins and drive smarter business decisions than in recent times. We provide reporting based on integrity and transparency.

#### EMPOWERMENT AND ACCOUNTABILITY

We expect accountability for delivery from our people and those we work with. We treat each other with respect, care and empathy – supporting a culture of innovation, collaboration, continuous learning and professional development. We listen, learn from mistakes, and contribute – acting as a team with a single goal.

#### DRIVING TRANSFORMATIONAL CHANGE

We are adaptable in the face of change, with a long-term view. We are open to new ideas, have the courage to express them, and question conventional ways of doing things – always looking for better, more sustainable approaches that increase value for our business.

### OUR TWO DIVISIONS



#### LED INDUSTRIAL LIGHTING

Our range of LED industrial lighting is aimed at a market still dominated by older, more inefficient technologies. With low levels of conversion to LED, the catalyst for mass conversion is increased energy savings, lower maintenance costs and increased regulation to phase out older technologies.



#### SIGNALS & COMPONENTS

This division has a diverse range of products with extended life-cycle opportunities in both mature markets and fast-growing markets for medical and wearable technology. This division uses LED lights in a variety of safety products and as performance status indicators.



## Chair's statement



**"THIS IS A NEW DIALIGHT – ONE THAT IS PREPARED TO LISTEN AND ACT. IF PEOPLE PUT THEIR HANDS UP, ENGAGE AND ASK QUESTIONS, WE WILL TAKE NOTICE."**

**Neil Johnson**  
Group Chair

2025 was a better financial year for Dialight as the business returned to underlying profitability following a turbulent few years. The cost of the Sanmina litigation settlement and legal fees has resulted in non-underlying costs of \$21.6m, which has resulted in a loss before tax of \$14.1m. We made good progress on the transformation plan introduced last year to get Dialight back on its feet, and entered into a full and final settlement with Sanmina – which represents a significant weight lifted for the whole Group.

Despite the continuing uncertainty of the macroeconomic landscape, and while it remains to be seen just how negatively US tariffs on Mexican imports will impact our margins, Dialight can now begin to plan for its long-term future, above and beyond the day-to-day running of the business.

Under the leadership of Steve Blair, our CEO, and supported by the rest of the senior team, who have led by example, we now think of the four pillars of our transformation plan – outlined in last year's annual report, and on which Steve goes into greater detail on page 05 – as simply part of Dialight's DNA.

You can see and hear that progress for yourself, whether that's at our headquarters in Farmingdale or equally on our factory floors. Even six months ago, I would come away from visits to our sites feeling a little disheartened. There was no buzz about the place – people would be working hard, but with their heads firmly down and with little desire to engage.

But by doing what we said we would – and achieving genuine tangible results – there has been a noticeable turnaround. There's enthusiasm and passion wherever you look. A good example was a recent town hall meeting, where dozens of hands went up immediately when asked if anybody had any questions for the Board. Not long ago we'd have been met with silence.

Our employees have also told us how reassured they are by the fact we have engineers in charge of the business. There is now a real, senior-level understanding of the work happening around the Company – which means we can properly interact with, and understand, our people and their needs.

Now, we can allow ourselves to begin to look at new products and services, new technologies and long-term strategy. We recently launched the Strategy and Innovation Committee, chaired by world-renowned expert in photonics John Lincoln – a new appointment to the Board in 2024 as an independent Non-Executive Director – who I was thrilled to be able to attract to the business.

In other changes to the Board, we welcomed Mark Fryer, who was Chief Financial Officer at Dialight a decade ago, back to the Company in the same role, with former CFO Carolyn Zhang leaving the business. Rizwan Ahmad, who has been an influential member of the Dialight Executive team for many years, was promoted to Chief Operating Officer.

This is a new Dialight – one that is prepared to listen and act. If people put their hands up, engage and ask questions, we will take notice – and, even if it's a tough call, we will deal with it rather than sweeping it under the carpet.

Board members and employees across the Company, from engineering and manufacturing to customer service and finance, have worked extremely hard to get to this point. That is something I'm both grateful for and very proud of – and they all should be too.

To our customers, suppliers and shareholders, thank you on behalf of the Board for your continued support and patience. Many of you are clearly very engaged in Dialight and its long-term success, and we will continue to put in the hard work, with the transparency required, to make good on your commitment.

**Neil Johnson**  
Group Chair  
23 June 2025



## Chief Executive Officer's review



**"WE ARE DRIVING WHAT IS WITHIN OUR CONTROL AND ARE CAUTIOUSLY OPTIMISTIC ABOUT WHAT WE CAN ACHIEVE ON BEHALF OF CUSTOMERS, EMPLOYEES, SHAREHOLDERS AND INDEED OTHER STAKEHOLDERS IN THE CURRENT FINANCIAL YEAR AND BEYOND."**

**Steve Blair**

Group Chief Executive Officer

The financial year under review was one of continued improvement across Dialight as we made good progress against the four pillars of our transformation plan (outlined below). It was a case of strengthening the business by doing what we said we would – and, ultimately, returning it to underlying profitability.

While we're performing well when it comes to the things directly under our control, the macroeconomic climate remains a challenging one. The tariffs imposed by the United States Government at this point in time, only impacts component procurement from Asia, are not significant, and we have successfully offset this by modestly increasing prices. The import into the United States of our Lighting and Signals & Components from Mexico are exempt from tariffs under the USMCA ('United States, Canada, Mexico trade agreement'). This situation continues to evolve, and there remains a risk that it may influence our customers' purchasing behaviour. We are monitoring this closely and we continue to scenario plan and strategise to help manage this.

That said, the 12-month period to 31 March 2025 was positive – Group revenue increased to \$183.5m compared to \$182.1m for the 12-month period to 31 March 2024. Dialight also made

an underlying operating profit of \$4.2m, compared with an underlying operating loss of \$1.9m in the previous 12 months, and our underlying gross margin improved to 35.6% (versus 31.0% in the previous 15-month period).

### PLANNING FOR THE LONG TERM

With the business starting to return to good health, we now have the opportunity to look at Dialight's long-term future; to start to think and talk positively about what comes next. To support this, we've launched a fifth pillar "creating a platform for future growth", supported by our new Strategy and Innovation Committee. With the Committee in place, it is our goal to get back to what made Dialight successful originally.

Chaired by John Lincoln, who joined the Board this year as an independent Non-Executive Director, the Committee will explore new technologies and applications in lighting, signals and components, building a strategy that protects and supports Dialight's future growth. Alongside our internal expertise, the Committee will also bring together a range of external advisors who can provide insights and capability that may not currently exist within the Company.

### A YEAR OF POSITIVE TRANSFORMATION

Our transformation plan, as detailed in last year's annual report, has begun to deliver positive results as we hoped it would – indeed, the four key pillars we have focused on are now embedded in everything we do.

On 31 March 2025, we settled our long-standing litigation with Sanmina for \$12.0m to be paid in instalments. This required payment of \$4.0m on 31 March 2025 and eight quarterly payments of \$1.0m per quarter with the final payment due on 27 March 2027. This ends a period of uncertainty for the Group and successfully concludes this matter.

The cost of the Sanmina litigation settlement and legal fees has resulted in non-underlying costs of \$21.6m, which has contributed to a loss before tax of \$14.1m.

### WINNING HEARTS AND MINDS

As our Group Chair Neil Johnson has already discussed, day-to-day teamwork around the business is greatly improved versus this time last year. There's renewed cooperation, enthusiasm and engagement. People are no longer waiting to be told what to do, but stepping forward with ideas pro-actively solving problems.

### SALES TRANSFORMATION

We have improved governance and control, especially around the sales team's use of Salesforce – putting emphasis on training our people to use it more effectively. We've also supported sales personnel to better understand our products and where Dialight makes money – as well as, equally, where we don't – empowering them to think differently, make the right decisions for the business, and focus on generating higher margins.

We're also engaging with product management and engineering teams to ensure sales can offer the right solution for a customer at a price that makes sense. This joined-up thinking is a fundamental shift in how our sales teams have historically operated.



## Chief Executive Officer's review continued

### OPERATIONAL TRANSFORMATION

Driven by the efforts of our COO Rizwan Ahmad – a long-standing senior leader within Dialight who was rightly promoted to this role in May 2024 – we have streamlined and optimised operations throughout the Company, including reducing sub-assembly SKUs to 10% of our original offering. By reducing variability we're also able to improve productivity in the manufacturing process as a whole.

In addition, we're investing in our factories – significantly improving the canteen and toilet facilities at our site in Ensenada, Mexico, for example. Even during a period where we've been focused predominantly on getting the business back on track, we have still invested in making the environment much better for our people.

### MARGIN IMPROVEMENT AND CASH GENERATION

We're building a more commercial approach back into the business. That includes introducing key performance indicators to ensure everyone understands how they can contribute to Dialight's commercial success – leading to better profitability and better cash generation as we have gained greater control of margins and costs. As part of this, we've looked at costs throughout the Group and made sure they're appropriate for what we're trying to achieve – as well as carefully considering the structure of the business.

That's not to say we have cut all spending. Historically, employees may have been told to keep their heads down and get on with what they're paid to do, but I want people talking, meeting and collaborating. If that means spending to ensure people can travel and get together then that's what we'll do – but we expect a return on that investment.

We are continuing to make improvements and operational progress by focusing on our four original pillars, while at the same time beginning to accelerate our growth and build the Dialight of the future through our fifth pillar.

Despite the uncertainties in the wider political and economic background, we have made considerable progress in a relatively short period of time, and slightly ahead of our own expectations. We have resolved a large number of historic issues and are now more focussed on better positioning the Group for future progress.

We are driving what is within our control and are cautiously optimistic about what we can achieve on behalf of customers, employees, shareholders and indeed other stakeholders in the current financial year and beyond.

### OUTLOOK

Notwithstanding current geopolitical uncertainties, in particular US tariffs impacts, the Group's trading has started well in April and May. For the current financial year, we remain confident in the Group making further progress and note that the Group will also benefit from the one-off Covid-19 credit received from the US IRS. We are excited about the Group's medium-term prospects.

### Steve Blair

Group Chief Executive Officer

23 June 2025

## Our business model

### WHAT WE DO

Dialight develops market-leading, sustainable LED products for the industrial markets – helping our customers reduce their carbon emissions and provide a safer working environment for their people.



Our revenue mainly derives from the sale of lighting fixtures, both via distribution channels and direct to the end customer, using our highly technical sales personnel.



Our factories operate lean processes supported by our robust supply chain and relationships with key suppliers, and we build strong relationships with our global distributor network and end customers.



We certify our products using EN 15804 with independently verified Environmental Product Declarations.



We offer a 10-year warranty on the majority of our products backed up by real world operational experience and, third party verified, warranty data and engineering approach.

### THE VALUE WE CREATE

- Our aim is to deliver long-term value for **our shareholders** by developing market-leading, sustainable products in a market with very low penetration. We carefully balance the need for investment, working capital and shareholder returns.
- We provide a creative working environment for **our employees** with scope for individual responsibility and personal achievement. We help them develop their skills and provide competitive rewards linked to performance.
- We work closely with **our customers** to understand and meet their objectives, including reducing their carbon footprint by lowering their energy and maintenance costs.
- We create jobs for **local communities** around the world, supporting local supplier development and delivering economic benefits – as well as supporting disadvantaged local people through the Dialight Foundation.
- We support **local economies** by creating employment, paying local taxes and stimulating local economic prosperity.



## Our transformation plan at a glance

**In September 2023, with the support of the Board, Dialight announced its transformation plan – reconfirming the significant opportunities in the growing industrial LED lighting market, and the potential for the Group to realise increased growth and improved profitability.**

The plan was designed to address legacy issues associated with excess cost and complexity within the organisation, while at the same time focusing more resources on the most attractive growth opportunities within the core LED lighting market.

The transformation plan has demonstrated the ability to increase profitability materially, and through numerous initiatives should deliver meaningful growth in the medium term, structured around three key objectives: streamlining the Group; resetting cost and productivity; and accelerating growth in lighting. The transformation plan is now embedded as “business as usual” within the operational management of the business.

### STREAMLINING THE GROUP

While our proprietary technology and commercial strategy has enabled us to establish leading positions in a number of attractive LED lighting markets, supporting high levels of growth over recent years, profitability and cash generation has been poor.

The Board’s review of the Group’s strategy and operations identified several underlying factors it believes have contributed to disappointing historical performance:

- a fragmented organisation comprising five distinct service offerings;
- a manufacturing footprint with lower-than-ideal levels of automation;
- a product range that is too broad and complex; and
- an ageing product portfolio in certain areas.

To address each of these challenges, the Group has been simplified and has become more focused on delivering value for all stakeholders. We continue to review the Group’s businesses, manufacturing operations and investments in increased automation at key sites. We are also realigning our cost base to benefit a more streamlined business, reducing and standardising our product range, and narrowing and consolidating our supply chains.

### RESETTING COST AND PRODUCTIVITY

Dialight’s footprint across Mexico, the US and Malaysia helps support the international nature of our customer base, but also gives rise to inefficiency at both a site and network level. Reducing complexity in our product range and realigning the flows through our site network continues to be our focus to streamline the business.

We also see the potential for significant productivity and cost benefits to be realised through increasing the automation of our manufacturing processes. Today, many of our manufacturing processes are excessively labour-intensive, which has resulted in cost escalation in the past two years as wage inflation has accelerated. Against this backdrop, automation represents a significant improvement opportunity that we are relentlessly pursuing.

### ACCELERATING GROWTH IN LIGHTING

The industrial LED lighting market continues to be very attractive, with the conversion from historic technologies and an increasing focus on safety and sustainability supporting long-term structural growth. Our historic focus on the harsh and hazardous segment has helped achieve a market-leading position in the US, with excellent customer and distributor relationships.

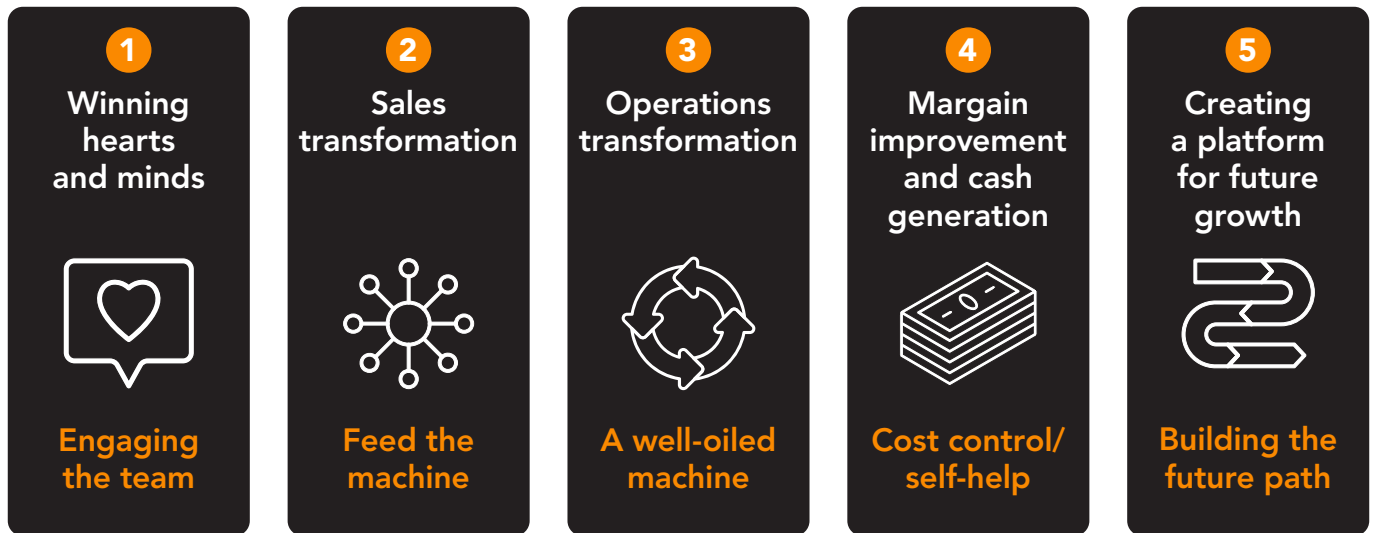
We are seeing a rapid evolution in technology as customers seek ever-increasing levels of productivity and efficiency from their sites. We believe our key areas of product differentiation, technology expertise, open architecture and excellent customer relationships make us well-placed to be a leader in this technological evolution – and we are expanding our commercial strategy to capitalise on this opportunity.

Further, we continue to see scope to monetise our specific technology expertise by selling component elements of this – power supply topology, for example – as separate products into markets where we do not currently operate. And we are focusing additional resources into identifying short and long-term growth opportunities through the fifth pillar of our transformation plan.

## Our transformation plan at a glance continued

# A good business with potential to unlock greater value

### TRANSFORMATION FOCUSED AROUND FIVE KEY PILLARS:



#### CREATING A PLATFORM FOR FUTURE GROWTH

With the first phases of Dialight's transformation plan making a positive impact on operational efficiency and margins, the Board have added a fifth transformation pillar "creating a platform for future growth", which will drive additional growth through innovation, strategic planning and external insights. To support this, the Board have approved the formation of a new Strategy and Innovation ('S&I') Committee.

Focusing on long-term growth, the S&I Committee will identify salient market and technology trends that offer potential for substantial growth through new markets and/or developing new product portfolios above and beyond extending our industrial lighting and component portfolio.

The S&I Committee will augment Dialight's five decades of industrial lighting experience with globally leading external expert input in applications, markets, channel strategy and technology.

The S&I Committee complements the near-term focus on immediate growth opportunities generated from cross-company, cross-functional internal, and customer consultation, undertaken in early 2025.

In combination, the S&I Committee and internal growth team will provide balance in exploration of near and long-term opportunities and provide a foundation for long-term sustainable growth.



## Key performance indicators

### GROUP REVENUE (\$M)

# \$183.5M

2024 – 15-months

226.0m

2024 – 12-months

182.1m\*

### LIGHTING REVENUE (\$M)

# \$138.0M

2024 – 15-months

171.1m

2024 – 12-months

137.9m\*

### LIGHTING UNDERLYING GROSS PROFIT/GROSS MARGIN (\$M/%)\*\*

# \$54.1M 39.2%

2024 – 15-months

57.6m 33.7%

2024 – 12-months

46.9m 34.0%\*

#### Description

Revenue from sales.

#### Definition

Revenue from continuing operations and organic growth.

#### Remuneration linkage

Revenue growth is a key element in achieving short and long-term incentive targets.

#### Target

Year-on-year revenue growth.

#### Link to strategy

Profitable revenue growth is essential to long-term success.

#### Description

Revenue recognised for Lighting products.

#### Definition

Total revenue recognised for Lighting products in the year.

#### Remuneration linkage

Sector growth drives Group revenue, which in turn drives operating profit, which forms part of the remuneration targets.

#### Target

Year-on-year growth.

#### Link to strategy

Lighting sector growth is a lead indicator of the financial strength of our end markets.

#### Description

The gross profit related to the performance of the underlying Lighting business.

#### Definition

Gross profit of the Lighting business excluding items that are considered not reflective of the underlying performance of the business (see note 6). Underlying gross margin is underlying gross profit divided by revenue.

#### Remuneration linkage

Lighting gross profit and gross margin expansion is a key part in achieving increased operating profit and short and long-term incentive targets.

#### Target

We target year-on-year expansion of Lighting gross profit and gross margin.

#### Link to strategy

One of the key near-term strategic goals is to build a robust and scalable operational platform. Lighting gross profit/gross margin is a good indicator of the success of this target.

\* 2024 figures refer to the 15-month period ended 31 March 2024. 2025 refers to the 12-month period ended 31 March 2025.

\*\* Certain financial information set out in the annual report and accounts is not defined under International Financial Reporting Standards. These key Alternative Performance Measures represent additional measures in assessing performance. These are reconciled in note 27 to the financial statements.



## Key performance indicators continued

### UNDERLYING OPERATING PROFIT (\$M)\*\*

# \$4.2M

(4.6)m

2024 – 15-months

(1.9)m\*

2024 – 12-months

#### Description

The underlying operating profit related to the performance of the underlying business.

#### Definition

Operating profit of the business excluding items that are considered as not reflective of the underlying performance of the business (see note 6).

#### Remuneration linkage

Underlying operating profit is one of the main measures used in short and long-term incentive targets.

#### Target

For 2025, the target was consensus underlying operating profit at the start of the year, which was \$1.0m.

#### Link to strategy

The key measure of the success of our near-term strategic goals is growth in underlying operating profit.

### CASH GENERATED BY OPERATIONS (\$M)

# \$12.4M

2024 – 15-months

13.3m

#### Description

The ability to turn profits into cash.

#### Definition

Cash generated by operations is defined as the operating cash flow after working capital movements.

#### Remuneration linkage

Cash generation does not directly link to remuneration but impacts net debt, which is directly linked.

#### Target

Year-on-year growth.

#### Link to strategy

Cash generation is critical to support our growth ambitions.

### NET BANK DEBT (\$M)\*\*

# \$17.8M

2024

16.4m

#### Description

To manage the Group's borrowings within the available facilities.

#### Definition

Long and short-term bank debt less cash in bank.

#### Remuneration linkage

Net bank debt is directly linked to remuneration to ensure the business maintains adequate headroom against its bank facilities.

#### Target

For 2025, the target was consensus net bank debt at the start of the year, which was \$24.7m.

#### Link to strategy

Net bank debt is a critical measure to ensure the business has sufficient liquidity to support growth ambitions.

\* 2024 figures refer to the 15-month period ended 31 March 2024. 2025 refers to the 12-month period ended 31 March 2025.

\*\* Certain financial information set out in the annual report and accounts is not defined under International Financial Reporting Standards. These key Alternative Performance Measures represent additional measures in assessing performance. These are reconciled in note 27 to the financial statements.



# Sustainability at Dialight

## ENVIRONMENTAL

### RESPONSIBILITY

We are a sustainability business not just in our own operations but by providing the products that enable our customers to make their businesses sustainable and achieve net zero. Today, the emissions avoided by customers switching to our highly efficient LED lighting (compared to inefficient legacy lighting) more than outweigh the emissions from production and use of our lighting. The more lights that we sell, the greater the overall benefit to society through avoided emissions.

### ENVIRONMENTAL IMPACT

The largest environmental impact comes from the emissions avoided by our customers, so the more efficient we can make our lights; the greater the benefit will be to society.

The next largest element relates to the size of the lighting fixtures and the types of materials used. The smaller the fixture, the lower the materials emissions.

The impact of logistics inbound and outbound is largely outside our control, until there is a widely available portfolio of decarbonised freight transport. We look to localise the supply chain where possible and review our operating locations, but this also brings the risk of disrupting manufacturing and therefore impacting the quantum of avoided emissions.

Our internal operations are not very resource intensive and therefore the benefits from reductions will be quite small.

### ENVIRONMENTAL REPORTING

Over the past few years we have invested time in understanding our existing carbon footprint and looking at reduction plans. We used 2020 as our baseline year and performed our first full Green House Gas ('GHG') inventory (excluding the emissions from customer usage). Our figures for the 12-month period ending 31 March 2025 have been externally verified to a limited level of assurance in accordance with ISO 14064.

### Streamlined Energy and Carbon Reporting ('SECR')

To comply with the UK Government's Streamlined Energy and Carbon Reporting ('SECR') requirements, we present our energy performance in the emissions disclosures and intensity ratios tables below.

The basis of the emission calculations varies depending on the emission type. Scope 1 and 2 emissions relate primarily to electricity and gas usage and the quantities used were mainly extracted from utility bills with a relevant emission factor by geography applied to derive the emissions.

Scope 3 emissions usage by customers relate to the impact of electricity usage at customer sites while using the product over the current reporting year. Scope 3 emissions usage by suppliers have been excluded. This is a highly subjective calculation as we do not have access to the electricity usage of our customer base. The calculated impact is derived from internal calculations, and due to its subjectivity, it is not possible to get assurance over this number. In order to estimate the impact we have to make assumptions about key variables:

- the number of hours that lights are in use during the year. Dialight sells to industrial customers across a broad range of markets. Some customers have facilities that are run 24/7 such as oil and gas refining; others such as power generation may run 18/7 and food and beverage could run 12/6. Because of this, we have taken a simple average of the outcomes based on 24/7 and 12/6 usage as an approximation;
- the use of control systems by customers. Control systems reduce the number of hours that lights are in use, which in turn reduces electricity usage;
- the use of green energy by customers. As green energy becomes more available, customers will be able to utilise this to reduce their emissions impact and we have no way to track the emissions reduction impact; and
- emission factors vary by country and can vary significantly by state within countries. We would need to monitor sales on a very granular basis to track this usage and apply the correct emissions factor.



# Sustainability at Dialight continued

## EMISSIONS DISCLOSURES

		CO <sub>2</sub> e	12-month period ending 31 March 2025	15-month period ending 31 March 2024	12-month period ending 31 December 2022**	12-month period ending 31 March 2025 vs 2024
Scope 1	Emissions from combustion of fuel	Tonnes	1,002	1,388	1,663	28%
Scope 2	Emissions from location based purchased electricity	Tonnes	3,435	4,728	4,876	27%
Scope 3***	Emissions from all other activities except customer usage	Tonnes			120,147	
	<b>Total excluding customer- related emissions</b>	<b>Tonnes</b>	<b>4,437</b>	<b>6,116</b>	<b>126,686</b>	<b>27%</b>
Scope 3****	Emissions from customer usage	Tonnes	103,227		1,099,000	
	<b>Total emissions using GHG Protocol</b>	<b>Tonnes</b>	<b>107,664</b>		<b>1,225,686</b>	
	Emissions if customers did not convert to LED	Tonnes	302,444		3,189,000	
Scope 4****	Emissions avoided by customers	Tonnes	(199,216)		(2,090,000)	
	<b>Net emissions impact</b>	<b>Tonnes</b>	<b>(194,780)</b>		<b>(1,963,314)</b>	
		Consumption	12-month period ending 31 March 2025 m's	15-month period ending 31 March 2024* m's	12-month period ending 31 December 2022** m's	Variance m's
	Electricity	kWh	9.1	12.2	12.1	3.1
	Water	litre	14.4	14.3	14.2	(0.1)

\* There were some minor changes to the 2023/24 water reported number during the verification process after the annual report.

\*\* There were some minor changes to 2022 reported numbers during the verification process after the annual report.

\*\*\* Scope 3 emissions from all other activities except customer usage have not been calculated for 2023/24 and 2025.

\*\*\*\* Scope 3 emissions from customer usage and Scope 4 were not calculated for 2023/24. For 2025, they have been calculated as usage over the current reporting period, in prior years they were calculated over a 10-year life-cycle.



## Sustainability at Dialight continued

### EMISSIONS AVOIDED BY CUSTOMERS

One of the major advantages of LED lighting is that it is up to 80% more efficient than traditional lighting and therefore generates significant electricity savings and reductions in emissions. These avoided emissions are known as Scope 4 emissions.

The calculation is very subjective and is internally generated – it has not been verified. The basis used is to compare with the major product categories sold with the most common non-LED products that they replace.

By doing this, we can calculate the electricity usage with LED and without LED and the wattage saving by product. We then apply the same assumptions as Scope 3. As the assumptions used for both the usage with LED and without LED are the same, some of the subjectivity is mitigated and the emissions avoided is based on the efficiency of LED and quantum of fixtures sold.

In order to provide a better understanding of the environmental impact of the business, we include Scopes 1 to 3 and a calculation of avoided emissions (Scope 4) in our reporting.

### TARGETS

Our targets for the 12-month period ending 31 March 2025 were to reduce Scope 1 and 2 (combined) by 3% p.a. (per \$m of revenue). Our other target was to reduce water consumption by 5% per \$m of revenue. The Scope 1 and 2 combined target was exceeded in the 12-month period ending 31 March 2025. The water target was not met in the reporting period, as a result of higher than normal usage at one of our Mexico production sites in part due to the climate-related risk remedial work which was undertaken, see page 21.

### INTENSITY RATIOS

Our actual intensity ratios for the 12-month period ending 31 March 2025 showed improvements over 2024 for gas consumption (Scope 1) and for electricity (Scope 2), however, there was an increase in water usage – refer to the targets section above for further information.

Consumption per \$m of turnover		12-month period ending 31 March 2025	15-month period ending 31 March 2024*	12-month period ending 31 December 2022**	Variance
<b>Revenue</b>		<b>183.5</b>	226.0	209.8	(19%)
Scope 1	Tonnes/\$m revenue	<b>5.5</b>	6.1	7.9	11%
Scope 2	Tonnes/\$m revenue	<b>18.7</b>	20.9	23.2	11%
Scope 1 and 2 combined	Tonnes/\$m revenue	<b>24.2</b>	27.1	31.2	11%
Electricity	MWh/\$m revenue	<b>49.6</b>	54.2	57.7	8%
Water	Kilo litre/\$m revenue	<b>78.4</b>	63.2	67.7	(24%)

\* There were some minor changes to the 2023/24 water reported number during the verification process after the annual report.

\*\* There were some minor changes to 2022 reported numbers during the verification process after the annual report.



# Sustainability at Dialight continued

## SOCIAL

There are three main groups of people we consider in our operations:

### 1 – SAFETY AND WELLBEING OF OUR PEOPLE

We have a moral obligation to ensure the safety and wellbeing of all our staff.

As a business at the leading edge of industrial LED technology, people are at the heart of our business. We support all our people by creating a safe, inclusive environment, where every individual is able to work and contribute to the development of the business.

Having engaged, motivated, empowered and appropriately skilled employees is integral to our success. Developing a high-performing and inclusive culture is a key enabler in our ability to deliver strategic growth.

#### Safe working environment

Our target is zero recordable incidents at all our sites as a morally responsible business objective. As a producer of lighting that is used in heavy industrial and hazardous locations, our safety focus extends beyond our own staff to those of our customers.

All new staff receive safety briefings in local languages before commencing work. Safety is reinforced through the use of bulletin boards and videos in communal areas.

PPE is provided for all operational sites. We have created a culture that has a strong focus on safety.

All near misses are investigated and reported to leadership, to establish root cause and implement actions to prevent recurrence.

#### Accident rates

In the 12-month period ending 31 March 2025, there were unfortunately two recordable incidents (2024: five) and 199 near misses (2024: 300). We take these incidents very seriously and have the following in place:

- safety footwear is compulsory at all operational sites;
- eye protection is mandatory on the production floor; and
- hi-vis clothing is obligatory in warehouses and any locations where moving vehicles are present.

### 2 – OUR PEOPLE AND THE COMMUNITIES IN WHICH WE OPERATE

In order to have a sustainable business, we must protect local communities.

#### Engaging with our people

As a global business operating across different time zones, we use a range of formal and informal channels to communicate with staff.

These include a monthly all employees updates from the CEO, all-hands meetings, smaller team briefings, employee forums, and direct email addresses. In addition, the factory sites also use notice boards and TV screens in communal areas that play corporate updates in local languages.

#### Development and training

As a business that relies heavily on R&D, we understand that development is the cornerstone of the drive to continuously improve the quality of our business.

Our colleagues are involved in performing a huge number of often complex processes and procedures and work continues to ensure high levels of operator competence throughout the organisation. Individuals across the organisation are encouraged to undertake continuing professional development to ensure that their expertise and knowledge remains up to date. Outside of technical competence, our focus is on the development of management and leadership skills.

#### Diversity

We are committed to ensuring that we have an inclusive and diverse culture across the Group, which reflects the communities we operate in, as well as providing an environment where all our people are able to attain their potential at work. Different expertise and experiences contribute positively to Dialight's development and to a broader and better basis for decision making.

At operational sites, the labour pools vary depending on the characteristics of the region. Our operations in Mexico are staffed 100% by local staff. Our operations in Malaysia predominantly comprise local labour but also use some migrant workers that supplement the local labour pool. These employees are directly contracted by Dialight on a full-term contract and we ensure they are treated equally with the local workers.

Employees in North America are from diverse backgrounds with sales staff located all around the US, Canada and Mexico.



## Sustainability at Dialight continued

### 3 – PEOPLE IN THE SUPPLY CHAIN

Our moral obligations to people extend back through the supply chain to ensure sustainable production.

#### Supply chain and human rights

Dialight is committed to conducting its business in an ethical and responsible manner at all times, and in full compliance with all applicable laws and regulations.

All employees and all third parties who act on the Group's behalf are required to comply with our standards of behaviour and business conduct, as set out within the Code, and applicable laws and regulations in all of the countries in which we operate.

We have an up-to-date Modern Slavery statement on the Company website and are fully compliant with the legislation in this area.

#### We expect our employees and suppliers:

- to behave with honesty and integrity at all times and to comply with our zero tolerance policy on bribery and corruption;
- to ensure they do not engage with suppliers in countries that are subject to sanctions or embargoes;
- to ensure that they only engage with suppliers that adhere to Anti-Slavery and Human Trafficking legislation;
- to ensure that all staff have a safe and secure working environment that is free from discrimination; and
- to ensure all staff are paid a fair wage and do not have to work beyond the legal requirements.

#### Community engagement

We recognise that each of the Group's operations has an important role to play in its local community. In challenging times, it is not just about Dialight supporting its own staff by being a good employer but also about giving back to the communities in which we operate. This was the background to forming the Dialight Foundation. The aims of the Foundation are to promote, operate and manage charitable grants, with:

- Dialight Foundation targeted donations;
- employee volunteer actions;
- targeted donations in communities where we do business;
- community causes and support; and
- matching funds for employee giving.



## GOVERNANCE

### Introduction

This section deals with governance in relation to ESG and the main corporate governance section is located on pages 36 to 83. We adhere to strict governance practices and our structure puts a priority on ethical behaviour, transparency, and accountability. The Board is committed to developing and monitoring progress against Dialight's ESG strategy and performance, with primary oversight in Board meetings where ESG is a standing agenda item.

### Our approach

We are committed to promoting a culture within Dialight where everyone does the right thing and takes personal responsibility for their actions. Our Operational Framework and Code of Conduct set out the standards of business conduct and behaviours we expect of all of our businesses, our employees and all third parties who act on our behalf.

### Operational Framework

Our Operational Framework incorporates a broad range of policies and procedures. The Operational Framework implements a robust governance and compliance framework to enable us to operate in a safe, consistent and accountable way.

- Every employee, at every level of the organisation, has access to and understands the requirements of the Operational Framework.
- Appropriate training and monitoring processes are in place to ensure proper implementation of the Operational Framework.
- Local procedures and processes are adopted to implement the requirements of the Operational Framework.



## Sustainability at Dialight continued

### Ethics and business conduct

At Dialight, we are committed to doing business the right way. This means acting professionally, morally, ethically and lawfully in our dealings with all of our colleagues, business partners, customers and shareholders. Our Code of Business Conduct explains what we really mean by this. It provides guidance and sets out key company principles that apply to everyone at Dialight. We also expect our business partners to uphold the same commitment and principles.

### Terms and conditions

Our terms and conditions of purchase set out the requirements of our suppliers including compliance with:

- Anti-slavery and human trafficking legislation (including the UK Modern Slavery Act 2015);
- Anti-slavery and human trafficking legislation in the supplier's supply chain;
- Anti-bribery and anti-corruption legislation;
- Occupational Safety and Health Act 1970; and
- Equal Employment Opportunity Act 1964.

### Human rights

The Group is committed to respecting human rights in the countries in which we do business. Our Code of Conduct and other applicable policies under the Operational Framework support our commitment to ensuring, as far as we are able, that there is no slavery or human trafficking in any part of our business or in our supply chain. We see compliance with local legislation as a minimum requirement and strive to operate at a higher level.

### Anti-bribery and corruption

Dialight has a zero-tolerance policy in respect of bribery and corruption. This extends to all business dealings and transactions, and includes a prohibition on offering or receiving inappropriate gifts or making undue payments to influence the outcome of business dealings. Compliance with the policy is checked as part of the half-year and year-end process. All employees have been trained on anti-bribery and corruption policies.

At a corporate level, the Group:

- does not make political donations; and
- does not make payments to lobbyists.

### Information security

The level of information security should be appropriate for the nature of the information and systems, and the risk and impact that breach, disclosure or loss could cause for one or more individuals, businesses or Dialight.

This means that only authorised personnel should have access to information. We are also mindful about how computers and mobile devices are secured, when used by the mobile workforce or by staff working from home. This has created additional hazards for protecting information where personnel work outside the traditional protected office boundary. Any such personnel can still transport paper documents, and these require the same level of security. Dialight expects staff to apply the same standards whether in the office or not as it is still responsible for customer information, even if it is being handled or processed outside of Dialight offices.

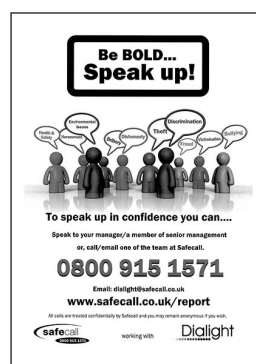
### Whistleblowing

We have a whistleblowing policy and procedures in place which enable all employees to raise concerns, in confidence, about possible improprieties or wrongdoing within the business. We received nothing on the official whistleblowing hotline during the year.

### Third-party agency

We use a third-party agency who provide a 24-hour ethics reporting service, which can be accessed by telephone, email or by an external website. Whistleblowers can remain anonymous and all reported issues are investigated and reported to the Audit Committee.

Due to our workforce diversity, posters are displayed at operational sites in local languages and the third party uses multi-lingual staff.





## Sustainability at Dialight continued

### NON-FINANCIAL AND SUSTAINABILITY INFORMATION STATEMENT

Produced in compliance with Sections S414CA and S414CB of the Companies Act. Information incorporated by cross reference.

Requirement	Relevant policies and standards	Additional information	Page
<b>Environmental matters</b>	Sustainability Data and Reporting Policy Quality and EHS Policy Supplier Code of Conduct	Sustainability	12 to 14
<b>Climate-related risks and opportunities</b>	Non-financial and sustainability report	Non-financial and sustainability report	19 to 21
<b>Employees</b>	Code of Business Conduct Health & Safety Policy Whistleblower Policy	Health, safety and wellbeing Ethics and compliance Stakeholder value: employees	15 to 17, and 41
<b>Social and community matters</b>	Sustainability Data and Reporting Policy Community Engagement Policy Code of Business Conduct	Social value reporting Ethics and compliance Stakeholder value: communities	15 to 17, and 39
<b>Human rights</b>	Code of Business Conduct Modern Slavery Policy	Ethics and compliance	16 and 17
<b>Anti-corruption and bribery matters</b>	Code of Business Conduct Anti-Corruption & Bribery Policy Sanctions & Export Policy Supplier Code of Conduct	Ethics and compliance	16 and 17



# Non-financial and sustainability report

**As a sustainability solution provider to our customers, our business is primarily focused on the opportunity that arises from the transition of the industrial market away from traditional lighting and towards LED as an alternative.**

We report in line with the FCA Listing Rule UKLR 6.6.6R(8), which requires us to report on a “comply or explain” basis against the TCFD Recommendations and Recommended Disclosures in respect of the financial period ended 31 March 2025. We have not yet fully complied with the FCA listing rule UKLR 6.6.6R(8) but we have considered relevant and material elements of the recommended TCFD disclosures, and are aligned with The Companies Act Regulations 2022, 414CB (2A). This report uses the four thematic areas and 11 recommended disclosures, as set out in the Implementing the Recommendations of the Task Force on Climate-Related Financial Disclosures. We consider our climate-related financial disclosures to be consistent with ten of the 11 recommended disclosures. The one recommended disclosure the Group is not currently compliant with relates to metrics and targets. We continue to work to establish relevant longer-term net zero ambition metrics and targets, and we expect to continue to finalise our net zero plan in future annual reports and thereby enhancing our reporting and further integrate climate disclosures.

## GOVERNANCE

The Board of Directors is responsible for the oversight of climate-related risks and opportunities as part of the strategy and risk management of the Group. The Board monitors and oversees the Group’s GHG emissions (actual and avoided) and any targets related to them, see page 13 for further details. The Board is responsible for approving the content of the Group’s climate-related financial disclosures.

The executive management level oversight of climate-related issues at Dialight is performed by the CEO, with the support of a dedicated ESG Committee. The ESG Committee is led by the VP of Operations and is supported by other functions and project teams, they meet on a monthly basis to maintain a thorough and consistent review of climate-related risks and opportunities, as well as ensuring compliance with reporting requirements.

The ESG Committee has delegated responsibility for the various disclosure areas to sub-groups and individuals across different business functions so those with the appropriate expertise and site-specific information are well positioned to provide what is required. They have responsibility for implementing the underlying sustainability framework actions including the day-to-day management of climate-related issues, and reporting any relevant data, progress or issues timely to the ESG Committee.

The ESG Committee ensure that the Board is aware of the activities relating to the key disclosure areas, and risks and opportunities relating to sustainability and climate-related issues. Oversight is maintained through the visibility provided by a periodic ESG report and via the risk register, which is under regular review and informs the description of the principal risks and uncertainties facing the Company, which include any risks relating to climate or sustainability issues.

## STRATEGY

In preparing the consolidated financial statements, the Directors have considered the impact of climate change, particularly in the context of risk identified. There has been no material impact identified on the financial reporting judgements and estimates. The CEO has visibility of all of the issues impacting strategy in this area and will be supported by the global teams.

In particular, the Directors have considered the impact of climate change in respect of the following areas:

- impairment reviews and useful economic lives of assets; and
- Going Concern, viability statements and budgets/forecasts.

Given no material risks have been identified as per the assessment outlined in the report, no climate change-related impact was identified. The Directors are, however, aware of the changing nature of risks associated with climate change and will regularly assess these risks against judgements and estimates made in the preparation of the Group’s financial statements.

With customers in almost many industries across the world the adoption of LED lighting remains one of the most energy efficient means to reduce carbon emissions and move towards net zero. We thus have a climate change beneficial impact meaning that our business is resilient that will remain relevant across different climate-related scenarios. As part of our annual viability assessment, we annually undertake scenario risk modelling focusing on stress testing the income statement and cash flow projections to determine the resulting impact on the Group’s debt covenants and liquidity headroom, to ascertain the potential revenue or adjusted operating profit impacts that could arise from one, or a combination, of the Group’s principal risks. As part of this review, we have taken into account scenario analysis for a 2°C warming scenario. This includes predominantly physical risks such as flooding, fire and heat stress and this includes physical risk exposure on the Group locations (office and manufacturing) as well the major/critical Group suppliers.



## Non-financial and sustainability report continued

### RISK MANAGEMENT

Dialight considers climate-related risks and opportunities in all physical and transition risk categories, current and emerging, whether they occur within our own operations, upstream and downstream of the Group and whether they occur within the short (1 to 3 years), medium (3 to 10 years) or long-term (10+ years) time horizons.

Risks and opportunities relevant to Dialight are identified and refined through consultation with the ESG and Risk Committee and senior management. The Risk Committee evaluates climate-related risks and opportunities on the Company's five-point risk management scale for likelihood (Remote to Likely) and impact (Low to High).

A substantial financial risk is one that would have an underlying EBIT impact of more than 25% in any one year. A strategic risk is one that would have a similar impact p.a. over at least three years and could severely impact the ongoing business.

The risks identified relating to climate-related disclosures are subsets of the Group risks (see pages 24 to 27).

### METRICS AND TARGETS

The Group reports on greenhouse gas ('GHG') emissions, Scope 1 (direct emissions), Scope 2 (indirect emissions), Scope 3 (emissions from customer usage), Scope 4 (emissions avoided by customers), carbon intensity and water usage. Scope 3 emissions from suppliers have been excluded. Emissions are calculated using the GHG Protocol. Scope 1, Scope 2 and water usage are verified through third-party audits.

We continue to work to establish relevant longer term net zero ambition metrics and targets.

Our specific emissions reporting is on page 13 and targets are on page 14.

## CLIMATE-RELATED OPPORTUNITIES

### Regulatory pressure to reduce emissions and ban older lighting technologies

Medium-long term

#### Link to strategy

The business strategy is growth from replacing older inefficient lighting technology with high-performance LED lighting so changes in the regulatory environment are consistent with the business strategy.

#### Description

There is increasing regulatory pressure at a national and international level to ban older lighting technology. These often use hazardous materials in their manufacture and generate up to 60% more carbon emissions than LED lighting. In addition, customers who have set their own net zero targets need to find carbon reduction initiatives and conversion to LED is one of the quickest ways to have a substantial impact on a company's carbon footprint.

#### Financial impact

We have not quantified the financial impact at this stage.

### Energy usage optimisation

Short term

#### Link to strategy

Reduce cost base in parallel with an environmentally friendly solution to energy optimisation. This is consistent with that aim.

#### Description

Reverse osmosis water treatment installed in the Tijuana plant, this has reduced the need to buy clean water for the paint system. The water not used for the paint cleaning process is stored and then used in the bathroom and mopping, reducing supplier cost and water usage.

#### Financial impact

Reduced cost by c.\$20k per year and water usage by c.20,000 gallons per year.

### Packaging improvement

Short-medium term

#### Link to strategy

One of the growth enablers is to reduce the transportation cost per fixture. This is consistent with that aim.

#### Description

Packaging improvement of fixtures and brackets of some products. Packaging the items unattached, increased improvement for customer installation. This has resulted in an increased amount of pieces fitting on pallets for transportation and has led to reduced package cost. Downstream transportation cost reduction and emissions.

#### Financial impact

Reduced package cost by c.15% and overall, potential savings per year of c.\$0.1m for the area light. This in turn leads to a downturn in transport-related emissions.



## Non-financial and sustainability report continued

### CLIMATE-RELATED OPPORTUNITIES

#### Consolidated shipping programme

Short-medium term

##### Link to strategy

One of the growth enablers is to reduce the transportation cost. This is consistent with that aim.

##### Description

Launched a programme with a major casting supplier to minimise air shipment and optimise ocean consolidation, of a full container load shipment. Further improvement to this with the containers arriving in Ensenada port instead of LAX port, reducing the transportation from LAX to Mexico. Downstream transportation reduced costs and emissions.

##### Financial impact

Reduced air and ocean shipping cost, potential savings per year of c.\$0.1m. This in turn leads to a downturn in transport-related emissions.

### CLIMATE-RELATED RISK

#### Landslide

Short-long term

##### Description

Our facility in Ensenada Mexico has a very steep unstable slope, which increased the risk of facility flooding and risk to health and safety. A study concluded that actions were required to reduce the probability of landslide to avoid the risk of geotechnical instability of the slope. This potentially unstable area, could collapse in the event of an earthquake.

##### Mitigation

Shotcrete and lining for water channeling was undertaken. According to the geotechnical study this technique improves the condition of the slope and prevents the instability condition from worsening in the future.

##### Financial impact

The overall work cost c.\$37k, however, the financial impact to Dialight, if this preventive measure had not been undertaken, would be considerably more dependent on the scale of any damage.



# Risk management

## STRATEGIC RISK APPROACH AND RISK CULTURE

Dialight's approach to effective risk management involves our people, at all levels in the organisation, being empowered to manage risks and take advantage of opportunities as an integral part of their day-to-day activities – creating an entrepreneurial organisation with a high level of risk-literacy. Our risk awareness culture allows management to make better commercial decisions and helps to maximise the benefits of our business model.

## RISK MANAGEMENT PRINCIPLES

The effective understanding, acceptance and management of risk is fundamental to the long-term success of the Group. The Group has developed specialist knowledge in products, services, processes and regions, which allows us to understand the associated risks and accept them in an informed way. Our approach is encapsulated in the key principles of our risk management process:

- to understand the nature and extent of risks facing the Group;
- to accept and manage within the business those risks, which our employees have the skills and expertise to understand and leverage;
- to assess and transfer or avoid those risks which are beyond our appetite for risk; and
- by consideration of materiality, establish the authority layers within the Group at which decisions on acceptance and mitigation of levels of risk are taken.

## A RAPIDLY CHANGING WORLD

Embedding internal controls and risk management further into the operations of the business is an ongoing process and we continually strive for improvement. This is not a static process with an end-point, but a continuously evolving process as we adapt to a changing business environment. Our integrated approach to risk, our simple and flat corporate structure, and our flexible and adaptable ways of applying our risk framework, enable the Group to respond quickly, and identify opportunities, in emerging challenges to our supply chain, product development and production operations, and our end markets.

## RISK GOVERNANCE AND CONTROLS

The Risk Committee is responsible for overseeing the risk management processes and procedures. It primarily comprises the members of the Executive Committee and reports to the Board through the Audit Committee on the key risks facing the Group. It monitors the mitigating actions put in place by the relevant operational managers to address the identified risks. The Board has approved the acceptance of certain risks which are considered appropriate to achieve the Group's strategic objectives. The degree of risk to be accepted within the business is managed on a day-to-day basis through the Board-delegated authority levels. These are the framework for informed risk taking within the businesses and the route for escalating decision making up to the Board.

Further details on the governance structure in the Group are provided on pages 46 to 49. This governance structure provides the framework for the Group's approach to, and management of, risk, and provides the structure for changes in current and emerging risks to be highlighted and addressed.

## Risk summary

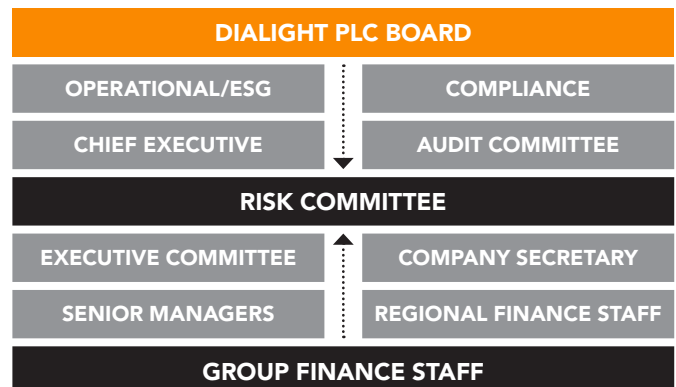
- 1 FUNCTIONAL AND FRONT LINE CONTROLS
- 2 ASSURANCE ACTIVITIES
- 3 MONITORING AND OVERSIGHT CONTROLS
- W4 ETHICAL AND CULTURAL ENVIRONMENT

## RISK MANAGEMENT FRAMEWORK

Our complementary approach is based on utilising a top-down plus a bottom-up process:

### Top-down

- Group risk policy and strategy
- Group risk appetite
- Principal risk oversight
- Group compliance oversight



### Bottom-up

- Business risk appetite policy
- Assessment and mitigation of specific risks
- Upward reporting of key residual risks



## Risk management continued

### GROUP RISK CONTROL AND VISIBILITY CASCADE

The key areas of the Group's system of internal controls are as follows:

- The key component in any risk management system is people. Dialight invests heavily in its people, recruiting capable and adaptable individuals and focusing on the retention of our skilled workforce. It is our employees that maintain our high standards of risk control and create a culture in which risk can be managed to the advantage of the Group.
- Functional reviews (e.g. finance, operational, legal and compliance reviews) are hard-coded into our approvals systems. All cash payments from the Group are reviewed and approved at a supplier level by Group Finance and the CFO. Cash forecasting has been enhanced to be at a more granular level and rolling 13-week forecasts are updated regularly. Manufacturing operations, including relevant supply chain, inventory and production metrics are reviewed daily. Sales and orders reports are reviewed daily in order to assess any changing risk profile on sales activity by geographic location. The Board approves the annual budget, strategic plan and in-year forecasts and tracks their progress.
- A comprehensive financial reporting package is received from all operating units on a monthly basis, with comparisons against budget, forecast and prior-year performance. Each operating unit is required to submit a quarterly self-certification on compliance and controls.
- Each month the CEO and CFO report to the Board. The CEO report outlines the Group's operations and provides analysis of significant risks and opportunities. The paper covers progress against strategic objectives and shareholder-related issues. The CFO report sets out progress against internal targets and external expectations – including routine reporting on liquidity risk and covenant compliance.
- The CEO and CFO report to the Audit Committee periodically on all aspects of internal control. The Board receives regular reports from the Audit Committee, and the papers and minutes of the Audit Committee are used as a basis for the Board's annual review of internal controls.
- The Board reports annually to shareholders on its risk management framework, providing shareholders with an opportunity to challenge Group strategy, including in respect of the Group's risk mitigation.

### PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Board has conducted a robust assessment of the Company's principal and emerging risks. The risks outlined in this section are the principal risks that we have identified as material to the Group. They represent a "point-in-time" assessment, as the environment in which the Group operates is constantly changing and new risks may always arise.

Risks are considered in terms of probability and impact, and are based on residual risk rating of: high, medium and low. Mapping risks in this way helps, not only to prioritise the risks and required actions, but also to direct the required resource to maintain the effectiveness of controls already in place and mitigate further where required.

The risks outlined in this section are not set out in any order of priority, and do not include all risks associated with the Group's activities.

Additional risks not presently known to management, or currently deemed less material, may also have an adverse effect on the business.

[+ READ MORE ON PAGES 24 TO 27](#)



# Principal and emerging risks and uncertainties

Impact on strategy	Description	Impact on viability, reputation and health and safety	Mitigation	Time horizon		
				Short <2 yrs	Medium <2-5 yrs	Long >5 yrs
<b>1 INTELLECTUAL PROPERTY</b> <span style="float: right;">↔ Low</span>						
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> </ul>	Intellectual property infringement risk – by Dialight or against Dialight. Security of protectable intellectual property.	<ul style="list-style-type: none"> <li>Proprietary technology used by competitors leading to loss of market share and revenue</li> <li>Unforeseen liabilities</li> </ul>	Core Group IPR is protected by patents (where applicable) and potential violations will be pursued through legal action. By ensuring internal technical IPR expertise and the use of third-party patent specialists in the production development process, the risk of infringing third-party IPR is minimised. In-house product development and purchase-in of components will also mitigate risk further.			
<b>2 MARKET: SALES AND GROWTH</b> <span style="float: right;">↔ High</span>						
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> </ul>	Risk having regard to Group concentration on North American markets for growth, particularly having regard to US Government imposition of tariffs. Risk impact: possible sales downturn and/or delayed sales.	<ul style="list-style-type: none"> <li>Reduced financial performance</li> <li>Lack of growth</li> </ul>	Implement price rise to cover tariff impact and impact of raw materials cost from China, reflected in a blended tariff rate increase. Request partial or full down payments to cover the tariff cost so Dialight avoids absorbing upfront cost.  Generate product diversity appropriate for each region. Greater diversity in product portfolio mix (S&C, obstruction).			
<b>3 FUNDING</b> <span style="float: right;">↓ Medium</span>						
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> </ul>	<p>The Group has a net debt position and there is a risk related to liquidity.</p> <p>The Group has not paid a dividend since 2015.</p> <p>Capital and debt funding adequacy and servicing, including covenant compliance and relationship with the bank.</p>	<ul style="list-style-type: none"> <li>Covenant compliance</li> <li>Volatile financial performance arising from translation of profit from overseas operations</li> </ul>	<p>Improved financial performance materially reduces the potential impact.</p> <p>The business is managed within cash flow and covenants. Under the stewardship of the Group CFO, there is a transparent approach and careful management of covenant compliance, which reaffirms a solid and long-standing relationship with the bank.</p> <p>The Group's revolving credit facility has been extended recently to July 2027 but a longer term facility will be required.</p>			

## Change in year

↑ Increased
 ↓ Decreased
 ↔ No change
 + New

## Magnitude of impact (pre-mitigation)

Low

Medium

High

## Principal and emerging risks and uncertainties continued

Impact on strategy	Description	Impact on viability, reputation and health and safety	Mitigation	Time horizon		
				Short <2 yrs	Medium <2-5 yrs	Long >5 yrs
<b>4 CYBER AND DATA INTEGRITY</b> <span style="float: right;">↔ High</span>						
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> <li>On-time delivery</li> <li>Order growth</li> <li>Business disruption</li> <li>Loss of sensitive data</li> <li>Damage to reputation</li> </ul>	<p>Disruption to business systems would have an adverse impact on the Group if our systems suffered a cyber attack (including ransomware, phishing, DDOS attack). Upgrade needed to IT systems at some Group facilities.</p>	<ul style="list-style-type: none"> <li>Inability to supply customers</li> <li>Loss of revenue and significant business disruption</li> <li>Loss of commercially sensitive information</li> </ul>	<p>Group to spend \$0.5m upgrading the IT infrastructure, hardware and software. This will include state-of-the-art firewall protection, resilience and backup.</p> <p>Educational training support for all employees, this is increasing in frequency with standardised training packages for all employees with access to email.</p> <p>Continuous internal monitoring is also in place.</p>	●		
<b>5 PEOPLE: CORE CAPABILITY AND KNOWLEDGE</b> <span style="float: right;">↔ Medium</span>						
<ul style="list-style-type: none"> <li>Revenue</li> <li>Retention</li> </ul>	<p>Group performance is dependent on attracting and retaining high-quality staff across all functions. There is also a reliance on a key nucleus of staff. Succession planning is a key delivery for the Group HR function. Consideration of rewards structure.</p>	<ul style="list-style-type: none"> <li>Without good-calibre staff, the Group will find it difficult to expand and achieve its strategic goals</li> </ul>	<p>The Global VP of HR has improved HR systems and retention tools.</p> <p>Greater emphasis on employee health, safety and welfare systems.</p> <p>Return to profitability will aid retention through an adequate rewards system. Talent management focus will involve detailed succession planning and execution.</p>			●
<b>6 GEO-POLITICAL AND MACROECONOMIC IMPACTS</b> <span style="float: right;">↑ High</span>						
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> </ul>	<p>Risk attaching to macroeconomic uncertainty. Global economic/political uncertainty has sharply increased due to the on/off imposition of US Government tariffs. This could impact the Group's business given its manufacturing presence in Mexico and Malaysia, and primary downstream market in the US.</p> <p>Geo-political risk has increased across Europe and Asia, specifically having regard to uncertainty around the Ukraine/Russia conflict.</p>	<ul style="list-style-type: none"> <li>Reduced financial performance</li> <li>Lack of growth</li> </ul>	<p>Implementation of price increases should mitigate tariff and inflationary pressures.</p> <p>Diversifying supply chain reduces exposure to supply chain interruptions, especially given the global political instabilities currently.</p> <p>Group to increase focus on APAC to mitigate risk around primary downstream market. Embedding Middle East presence into APAC region to utilise Dialight Australia JV network to better penetrate the eastern markets.</p>			●

### Change in year

↑ Increased
 ↓ Decreased
 ↔ No change
 + New

### Magnitude of impact (pre-mitigation)

Low

Medium

High



## Principal and emerging risks and uncertainties continued

Impact on strategy	Description	Impact on viability, reputation and health and safety	Mitigation	Time horizon		
				Short <2 yrs	Medium <2-5 yrs	Long >5 yrs
<b>7 LITIGATION</b>				<span style="background-color: #f4a460; border-radius: 10px; padding: 2px 5px;">Medium</span>		
<ul style="list-style-type: none"> <li>Cash flow</li> <li>Revenue</li> </ul>	<p>Dialight and Sanmina have entered into a settlement agreement, under which Dialight will pay Sanmina \$12m in full and final settlement of all claims between the parties on a deferred basis. Risk attaches to "trigger events" and/or a failure to meet the settlement cash liability as it falls due. Failure to meet liability would lead to the full \$22m award falling due.</p>	<ul style="list-style-type: none"> <li>Liabilities</li> <li>Trading as a going concern</li> </ul>	<p>The Group can manage cash appropriately to meet payment obligations under the settlement agreement as they fall due based on the projected operating cash flow.</p> <p>The Directors do not classify the trigger events as a material risk.</p>	●		
<b>8 TRANSFER PRICING AND FINANCIAL COMPLIANCE</b>				<span style="background-color: #f4a460; border-radius: 10px; padding: 2px 5px;">Medium</span>		
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> <li>Tax liability</li> </ul>	<p>Risk attaches to existing transfer pricing policy around the world. Risk of tax liability due to challenge by tax authorities.</p>	<ul style="list-style-type: none"> <li>Reduced financial performance</li> <li>Unforeseen liabilities</li> </ul>	<p>Group transfer pricing is reviewed annually by external professional advisors. Enhanced internal due diligence around tax compliance.</p>		●	
<b>9 INBOUND/OUTBOUND SUPPLY CHAIN AND MANUFACTURING</b>				<span style="background-color: #f4a460; border-radius: 10px; padding: 2px 5px;">High</span>		
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> </ul>	<p>Extended supply chain risk including China impact on raw materials.</p> <p>Logistics risk due to imposition of cross border US Government tariffs which will impact the Group due to location of key manufacturing locations in Mexico and Malaysia.</p>	<ul style="list-style-type: none"> <li>Reduced financial performance</li> <li>Loss of market share</li> </ul>	<p>Negotiation of better credit terms with shipping agents to mitigate pass through of tariff cost to customer.</p> <p>Improvements in financial position and inventory management will enable greater Finished Goods safety stock.</p>		●	

### Change in year

Increased
 Decreased
 No change
 New

### Magnitude of impact (pre-mitigation)

Low
Medium
High

# Principal and emerging risks and uncertainties continued

Impact on strategy	Description	Impact on viability, reputation and health and safety	Mitigation	Time horizon		
				Short <2 yrs	Medium <2-5 yrs	Long >5 yrs
<b>10 PRODUCT: COMPETITION AND PRODUCT DEVELOPMENT</b>				<b>Medium</b>		
<ul style="list-style-type: none"> <li>Revenue</li> <li>Underlying operating profit</li> </ul>	<p>Risk attached to translating market requirements into: (a) product specifications; and (b) profitable product.</p> <p>Challenge to drive innovation of new competitive products.</p> <p>Managing post-sales risk.</p>	<ul style="list-style-type: none"> <li>Reduced financial performance</li> <li>Loss of market share</li> </ul>	<p>Diverse product/business portfolio across product types and sectors.</p> <p>New product development including cost-out re-design and process improvements focused on gross margin improvement.</p> <p>Catastrophic failure protections designed-in. Use of clearly defined specifications – against third party certified product. In-house development and production. The Group also relies on standardised contractual protections and insurance to manage post-sales risk.</p> <p>New-product development cycle extended (5–10 years) and current product portfolio well established.</p> <p>Recruitment of new product marketing capability to address market needs and requirements, especially in new markets.</p>			

### Change in year

- Increased
- Decreased
- No change
- New

### Magnitude of impact (pre-mitigation)

- Low
- Medium
- High



## Chief Financial Officer's review



**"AFTER A DECADE AWAY, I WAS SURPRISED HOW POORLY DIALIGHT HAD PERFORMED. I AM ENERGISED BY STEVE'S AMIBITIONS TO RETURN DIALIGHT TO ITS FORMER PROFITABILITY AND BE PART OF THE TRANSFORMATION."**

**Mark Fryer**  
Group Chief Financial Officer

I was previously Chief Financial Officer from 2010 to early 2014. This was a period when there was a significant increase in revenue, operating profit, cash from operations, and the Group was debt free. Significant share price appreciation was achieved as the Group rapidly grew its market position in the hazardous LED lighting market across the globe.

Over the past decade, the Group has not capitalised on the initial position established in this market. Overall, sales have not increased, profitability has significantly reduced, the Group has moved from being debt free to indebted and the overall level of working capital employed in the business has significantly increased.

Dialight has been through a true reset over the past two years, with an almost completely new Board and new management in place. We are resetting and rebuilding relationships with all our external stakeholders and seeking to rebuild relationships with our shareholders. This started with Neil Johnson and then Steve Blair joining the business and initiating the Transformation Plan in 2023 and I rejoined Dialight in January 2025, motivated by Neil and Steve's strategic plan to restore the Group to sustainable profitability. Their disciplined approach – focused on operational streamlining, cost reduction, margin enhancement, robust cash flow management, and accelerating growth in industrial lighting – provided a clear roadmap to unlock long-term shareholder value.

Dialight is a business with high ambitions. We made strong progress throughout the year, particularly in the final quarter. During this period, we restructured the finance team, enhanced our cash and net debt reporting, and strengthened financial controls and discipline. We also gained a clearer understanding of the drivers behind variability in our results, rebuilt key relationships with our banking partners and shareholders, and delivered performance ahead of our forecasts and expectations. The strong financial performance in the final quarter was driven by the successful execution of our Transformation Plan, underpinned by a renewed financial focus. This progress led the Group to upgrade market expectations in March.

As a Board and a management team, we are committed to delivering further on the Transformation Plan, reducing the cost base, reducing working capital and reducing net debt. We will focus on the core lighting business with a streamlined operation and sales structure, focus on reducing the number of stock keeping units ('SKUs'), selling the most profitable products and return the Group to earning historic double-digit return on sales margin.

We are rebuilding shareholder and market confidence and gradually getting the business back to where it once was, in a healthy financial position.

### FINANCIAL REVIEW FINANCIAL PERFORMANCE

Group revenues of \$183.5m for the 12-month period ended 31 March 2025 (15-month period ended 31 March 2024: \$226.0m) generated a gross profit of \$66.5m (15-month period ended 31 March 2024: \$67.1m), giving a gross margin of 36.2% (15-month period ended 31 March 2024: 29.7%) – a significant increase driven by selling more profitable products, product cost down, purchase savings on components and better financial discipline on pricing/margin. Distribution costs of \$29.0m, administrative expenses of \$52.8m and impairment losses of financial assets of \$2.1m resulted in an operating loss of \$11.6m (15-month period ended 31 March 2024: loss of \$30.2m) after a \$5.8m gain on disposal of a business (15-month period ended 31 March 2024: \$nil). The operating loss for the period of \$11.6m (15-month period ended 31 March 2024: operating loss \$30.2m) was after \$21.6m (15-month period ended 31 March 2024: \$25.6m) of non-underlying costs were recognised.



## Chief Financial Officer's review continued

### Underlying performance (unaudited)

The Group generated an underlying gross profit of \$65.3m (15-month period ended 31 March 2024: \$70.1m), giving an underlying gross margin of 35.6% (15-month period ended 31 March 2024: 31.0%) – for the reasons discussed above. Distribution costs of \$29.0m (15-month period ended 31 March 2024: \$36.8m) and underlying administrative costs of \$32.1m (15-month period ended 31 March 2024: \$37.9m) resulted in an underlying operating profit of \$4.2m (15-month period ended 31 March 2024: loss of \$4.6m).

### 12-month comparison (unaudited)

Group revenues for the 12-month period ended 31 March 2025 were \$183.5m, a 0.8% increase against \$182.1m in the 12-month period ended 31 March 2024.

Underlying gross margin for the 12-month period increased significantly to 35.6% (2024: 31.5%), with improvements in material costs through cost reduction projects and negotiation with suppliers as well as the results of the Transformation Plan starting to feed into the gross margin. We expect upward momentum to continue in 2025–26.

Distribution costs of \$29.0m in the year to 31 March 2025 were marginally lower (2024: \$29.2m) and administration expenses of \$32.1m (including credit losses of \$2.1m) increased (2024: \$30.1m) due to inclusion of bonus and credit loss provision for the year. Going forward we will be focusing on carefully managed reductions in administration costs.

This combination of marginally higher revenue and higher gross margins contributed to a significant increase in Group underlying operating profit from operating activities to \$4.2m (2024: \$1.9m loss).

### Lighting before central costs

The Lighting (Lighting and Obstruction) segment represents approximately 75% of the Group's revenue and consists of two main revenue streams: large capex projects; and ongoing Maintenance, Repair and Operations ('MRO') spend. For the 12-month period to 31 March 2025, Lighting revenue was flat at \$138.0m compared to \$137.9m in the 12-month period to 31 March 2024.

	12-month period ending 31 March 2025 \$m	15-month period ending 31 March 2024 \$m
Revenue	138.0	171.1
Underlying gross profit	54.1	57.6
Underlying gross profit margin	39.2%	33.7%
Underlying overheads	(41.2)	(50.8)
<b>Underlying operating profit before central costs</b>	<b>12.9</b>	<b>6.8</b>

Underlying gross margins significantly improved during the period, following the launch of cost-reduction projects and improvements in procurement costs. The Group has also concentrated on selling a reduced number of SKUs and focusing on the sale of a better mix of more profitable products.

### Signals and Components before central costs

Signals and Components is a high-volume business operating within highly competitive markets. There are three main elements: traffic lights; Opto-Electronic ('OE') components; and vehicle lights.

	12-month period ending 31 March 2025 \$m	15-month period ending 31 March 2024 \$m
Revenue	45.5	54.9
Underlying gross profit	11.2	12.5
Underlying gross profit margin	24.6%	22.8%
Underlying overheads	(7.9)	(12.3)
<b>Underlying operating profit before central costs</b>	<b>3.3</b>	<b>0.2</b>

Overall, Signals and Components revenue increased from \$44.3m in the 12-month period to 31 March 2024 to \$45.5m. While the overall gross margin in Signals and Components has increased marginally, the overall impact of the traffic light sale to Leotek on July 2024 has been to reduce the level of gross margin percentage generated by OE and vehicle. Traffic light contract manufacturing to Leotek is currently loss making and this activity will cease at the end of quarter three 2025–26 when gross margins will improve for this segment.

### Central costs

Central overheads comprise costs not directly attributable to a segment and are shown separately. In the 12-month period to 31 March 2025 unallocated costs were \$33.6m representing \$12.0m of central costs and \$21.6m of non-underlying cost. This compares to the 15-month period ending 31 March 2024, which reported \$37.2m in total costs – comprising \$11.6m of central costs and an additional \$25.6m in non-underlying costs. Underlying costs primarily relate to head office costs and professional fees with non-underlying costs relating to the Sanmina settlement, legal fees and transformation project. In the prior 15-month period these costs primarily related to transformation, goodwill impairment, development cost impairment, Sanmina legal cost and business disposal cost.

### NON-UNDERLYING COSTS

	12-month period ending 31 March 2025 \$m	15-month period ending 31 March 2024 \$m
Transformation Plan	4.1	4.5
Goodwill impairment	–	11.2
Development cost impairment	–	4.1
Sanmina settlement and litigation costs	17.8	2.3
Business disposal (income)/costs	(0.9)	3.5
Other	0.6	–
<b>Total</b>	<b>21.6</b>	<b>25.6</b>



## Chief Financial Officer's review continued

To give a full understanding of the Group's performance and aid comparability between periods, the Group reports certain items as non-underlying to normal trading.

The Group has incurred \$4.1m of non-underlying costs relating to the Transformation Plan. This is a significant multi-year change programme for the Group which is designed to address legacy issues associated with excess cost and complexity within the organisation, while at the same time focusing more resources on the most attractive growth opportunities within its core industrial LED lighting market. Implementation of the Transformation Plan is expected to be complete by 31 March 2026. The multi-year Transformation Plan is a material, infrequent programme and is not considered to be part of the underlying performance of the business. Of these costs, \$2.9m relates to general management reduction and consulting, \$0.9m to operational transformation and \$0.3m to finance transformation.

During the 12-month period to 31 March 2025, costs of \$17.8m have been expensed in relation to the settlement with Sanmina (legal costs in the 15-month period to 31 March 2024: \$2.3m). Please refer to note 26 for further details of this settlement. The total settlement of \$12.0m includes an initial payment of \$4.0m made on 31 March 2025, with the remaining balance to be paid through eight deferred quarterly instalments of \$1.0m, concluding on 31 March 2027. The amount of any outstanding deferred instalments will be automatically increased from \$1.0m to \$1.5m if Dialight's market capitalisation exceeds £100m for 30 consecutive days, subject to total cumulative instalment payments not exceeding \$8.0m. The Group is confident that the deferred instalments totalling \$8.0m will be met from the operational cash flow of the business and that the Group has sufficient headroom to meet its ongoing business needs. In the highly unlikely event of payment default under the settlement agreement following the initial payment, Sanmina will be entitled to enforce the full judgement (less payments already made) in the ordinary course following a 90-day cure period. The discounted cash flows of the future settlement with Sanmina is \$11.3m, with an escrow account of \$5.2m no longer considered to be collectible so written off, legal costs of \$5.6m in year and write off of unpaid invoices of \$4.3m giving a total settlement cost of \$17.8m.

Business disposal income/costs relate to the disposal of the Traffic business and onerous contract with Leotek and other cost relates to value added tax written off on aged inventory.

### INVENTORY

Inventory of \$46.6m decreased by \$2.5m from \$49.1m in March 2024, which itself had reduced from \$64.8m in December 2022. The Group is targeting further reductions in inventory in 2025–26.

	31 March 2025 \$m	31 March 2024 \$m
Raw materials	20.0	18.8
Sub-assemblies	10.7	13.4
Finished goods	15.7	16.7
Spare parts	0.2	0.2
<b>Total</b>	<b>46.6</b>	<b>49.1</b>

The aged inventory provision has increased to \$5.1m in March 2025 compared with \$3.6m in March 2024.

An additional provision of \$3.0m was recognised in 2024 for specific inventory relating to the traffic business that was not expected to be sold. Of that provision, \$2.2m was released in 2025 to leave a provision of \$0.8m. This results in a total inventory provision of \$5.9m (2024: \$6.6m).

### CASH AND BORROWINGS

The Group ended March 2025 with net bank debt of \$17.8m, an increase of \$1.4m from the March 2024 balance of \$16.4m. Net bank debt excludes right-of-use asset liabilities of \$10.0m (2024: \$10.1m) and the Sanmina liability, which are excluded for covenant testing purposes. The roll-forward of net bank debt was as follows:

Net bank debt	\$m	\$m
<b>Opening balance at 1 April 2024</b>		<b>(16.4)</b>
Decrease in inventories	2.6	
Increase in trade and other payables	2.2	
Decrease in trade and other receivables	1.9	
Proceeds on disposal of business	5.2	
Operating cash flows before movements in working capital	14.6	26.5
Sanmina and legal costs	(8.5)	
Capital expenditure including intangible assets	(8.0)	
Interest and tax paid	(4.5)	
Transformation costs	(3.9)	
Repayment of lease liabilities	(2.3)	
Pension contributions	(0.7)	(27.9)
<b>Closing balance at 31 March 2025</b>		<b>(17.8)</b>

Gross bank debt of \$25.7m was offset by cash in hand of \$7.9m – see note 23 for further details on bank borrowings. The interest expense of \$2.5m is analysed in note 8.



## Chief Financial Officer's review continued

### BANKING AND COVENANTS

The Group's funding includes a revolving credit facility ('RCF') of \$28.8m from HSBC, which was extended on 5 June 2025 to 21 July 2027 on the same terms as the original agreement. Aligned with the Group's robust commitment to environmental, social, and governance ('ESG') principles, the RCF facility operates as a sustainability-linked loan.

The RCF facility is subject to quarterly covenants encompassing maximum leverage and minimum interest cover. The covenants require a leverage ratio maximum target of less than 3x EBITDA, and an interest cover minimum target of 4x EBITDA. The interest cover for the quarter to 31 December 2024 was amended to minimum 2.5x and then reset to 3x for all future periods. Covenants were met for all four quarters of the year and at 31 March 2025 there was \$2.4m of headroom on the interest cover covenant and \$4.6m on the leverage covenant.

See note 2(b) of the consolidated financial statements for details of how this has been considered as part of the going concern assessment.

### TAX

Based on a loss before tax of \$14.1m for the 12-month period, the Group had an effective tax rate of 3.5% (2024: 5.2%) resulting in a tax credit of \$0.5m (2024: \$1.8m).

In the period the Group made a net cash tax payment of \$1.7m.

### PENSION COSTS

The Group has two defined benefit schemes that are closed to new entrants. The aggregate surplus on both schemes is \$2.2m, a decrease of \$3.2m from 31 March 2024. The income statement income of \$0.1m is made up of \$0.2m of current service costs expense offset by \$0.3m of interest income. Actuarial losses of \$4.0m recognised in other comprehensive income, were offset by cash contributions of \$0.7m. The last actuarial valuations were completed as at April 2022, with future cash contributions agreed at the current levels through to December 2028 and July 2029 for each scheme.

The main scheme, (which is the larger of the two), purchased a bulk annuity policy covering the majority of its liabilities on 4 July 2024 with an insurer. This "buy-in" is the primary reason for the actuarial loss in the year. The trustees of the scheme and their advisors are working on various steps to cleanse the scheme membership data, and complete calculations in respect of the impact of Guaranteed Minimum Pension ('GMP') equalisation. These steps are not expected to be completed for around 18 months. Until this work has been completed, the Trustee of the scheme will not be in a position to move from a buy-in to a buy-out (where the bulk annuity policy is converted into a series of individual policies, which are then assigned to members). In light of this, the buy-in should be viewed as an investment transaction, with the impact recognised through other comprehensive income ('OCI') and note 16 presents this as such.

### PARENT COMPANY

The Parent Company has carried out a review of the carrying value of investments in subsidiaries as well as the recoverability of intercompany account balances at 31 March 2025. This is a requirement of Financial Reporting Standard 102 where there is objective evidence of impairment or indicators of potential impairment. It should be noted that such impairment review would not impact the Group reported results. Having completed the impairment reviews the Parent Company has booked a total impairment of £17.6m (£2.0m relating to investment in Dialight Europe and £15.6m impairment of inter-company loan and trading balances from Dialight Europe and Dialight Malaysia). It should be noted the functional currency of the Parent Company is Sterling with the functional currency of the Group being US Dollars. The significance of this is that the Parent Company distributable reserves impact the Group ability to pay dividend. As a result of this impairment, Parent Company distributable reserves have reduced from £31.3m as at 31 March 2024 to £8.3m.

### CAPITAL MANAGEMENT AND DIVIDEND

The Board's policy is to have a strong capital base to maintain customer, investor, and creditor confidence and to sustain future development of the business. The Board considers Group consolidated total equity as capital, which as at 31 March 2025 equated to \$47.3m (31 March 2024: \$63.9m). The Board is not declaring a dividend payment for the period ended March 2025 (2024: nil).

The Group has a clear capital allocation discipline and is committed to returning excess funds to shareholders via future dividend or share repurchase.

### POST BALANCE SHEET EVENTS

The Group's multicurrency revolving credit facility of \$28.8m with HSBC was extended on 5 June 2025 to 21 July 2027 on the same terms as the original revolving credit facility agreement.

In May 2025, the Group received an Employee Retention Credit ('ERC') of \$1.4m. An ERC is a US refundable tax credit for certain eligible businesses that had employees and were affected during the COVID-19 pandemic. This government grant income has not been included in this annual report and accounts since as at the balance sheet date it was not known that the credit was reasonably certain to be received. The claim was filed in 2023.

### Mark Fryer

Group Chief Financial Officer

23 June 2025



## Going concern statement

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 04 to 34. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are discussed in the Chief Financial Officer's review on pages 28 to 31.

The Directors' assessment of the viability of the Group is set out in the Viability statement on page 34. In addition, note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's bank facility comprises a revolving credit facility ('RCF') of \$28.8m from HSBC. A balance of \$5.2m was repaid in August 2024 using the proceeds received from the disposal of the Traffic business after which the facility was reduced by a corresponding amount from \$34.0m to \$28.8m. The facility was extended to 21 July 2027 on the same terms as the original agreement on 5 June 2025.

Net debt increased to \$17.8m at 31 March 2025 (31 March 2024: \$16.4m) and comprised \$25.7m borrowings with \$7.9m cash in hand.

The covenants are tested quarterly and are as follows:

Ratio	Calculation	Threshold
Leverage ratio	Net bank debt: Proforma unaudited EBITDA	<3.0x
Interest cover	Proforma unaudited EBITDA: Interest expense	>4.0x

The interest cover was temporarily reset from 4.0x to 2.5x for the quarter period ending 31 December 2024 only and was reset to 4.0x thereafter. Covenants were met in all four quarters.

In assessing the going concern assumptions, the Directors have prepared three main scenarios over the going concern period which the Directors have assessed as a 15-month period to 30 June 2026, being:

- the base case;
- a plausible downside case in relation to revenue and margin; and
- a reverse stress test (break-even assessment).

Various upside scenarios also exist, but those result in positive outcomes and have not been included here given the focus of the Directors, and its auditors, is on the risk to the going concern basis of preparation to the financial statements. Nonetheless, the Directors consider these upside scenarios as realistic outcomes and continue to drive the Group's performance and other activities to seek to achieve those positive results.

The downside scenarios reflect the risk of lower than expected organic revenue growth in core Lighting markets, lower gross margins than forecast and cost savings not being realised to the full extent forecasted.

### BASE CASE

The base case is derived from the Board approved year to 31 March 2026 Budget, which assumes that the margin will improve over the going concern period through various Group initiatives. The base case is driven by material cost reduction projects and tight control over the cost-base. In this scenario, the Directors consider that the Group will continue to operate within its available committed facilities of \$28.8m with sufficient headroom and covenant compliance throughout the forecast period.

The key assumptions in the base case include:

- Decline in net revenue in the year to 31 March 2026 mainly due to the expected disposal of Traffic and Rail in October 2025 (end of MSA).
- No growth in Lighting net revenue in the year to 31 March 2026 due to the current macroeconomic climate and the uncertainty surrounding global tariffs.
- Net revenue for the quarter to 30 June 2026 is forecast to increase by 2.4% compared to the same quarter in 2025. This is driven by a combination of factors including increasing, benefits from strategic relationships, price increases, and increased source and sell product range sales.
- Gross margin improvement as component price premiums continue to reduce and supply becomes more readily available; freight costs normalise, and the benefits from cost reduction and automation programmes are delivered resulting in a gross profit margin improvement of 1.9% in the year to 31 March 2026 and a further 4.2% in the quarter to 30 June 2026 respectively.
- Operating costs are expected to be 33.2% of revenue in the year to 31 March 2026 and the quarter to 30 June 2026.

### PLAUSIBLE DOWNSIDE CASE

The Directors have assumed:

- Year to 31 March 2026: reduction of Budget revenue by 5% across Lighting, Obstruction, OE and Vehicle.
- Quarter to 30 June 2026: no growth in core revenue and a 75% reduction of the forecast product cost savings and discounting decrease.
- No mitigating actions are assumed apart from the removal of a bonus provision for the year to 31 March 2026 and the quarter to 30 June 2026.



## Going concern statement continued

### REVERSE STRESS TEST (BREAK-EVEN ASSESSMENT)

The Directors have assumed:

- Year to 31 March 2026: reduction of Budget revenue by 9% across Lighting, Obstruction, OE and Vehicle.
- Quarter to 30 June 2026: no growth in core revenue and a 85% reduction of the forecast product cost savings and discounting decrease.
- No mitigating actions are assumed apart from the removal of a bonus provision for the year to 31 March 2026 and the quarter to 30 June 2026.

As indicated above, the downside and reverse stress testing scenarios do not consider any mitigating actions apart from the removal of a bonus provision. In all these scenarios, the Group has a series of controllable mitigating actions that can be taken swiftly, including various temporary and permanent cost and cash saving measures.

All scenarios include the settlement payments to be made to Sanmina. An initial \$4.0m has been paid in March 2025 with a further \$1.0m to be made per quarter until March 2027, rising to \$1.5m if Dialight's market capitalisation rises above £100m for 30 consecutive days. Cumulative total payments to Sanmina under this scenario will not exceed \$12.0m. The Directors are confident the payments will be funded out of operating cash flows, with sufficient headroom to meet business needs.

In the base case and downside scenarios, the Group is forecast to have sufficient liquidity and not breach any covenants in the going concern period. In the reverse stress test, the leverage covenant ratio is forecast to breach in the quarter to 31 March 2026 and the quarter to 30 June 2026. The interest cover is expected to breach in the quarter to 30 June 2026.

Whilst the Directors believe the Group will deliver on its plan, the Directors recognise that the results in recent years have fluctuated from the forecast. In the reverse stress test, whilst core revenue is forecast to decrease from the year to 31 March 2025 to the quarter to 30 June 2026, gross profit margin is forecast to increase by 1.3% in the same period. As a result, the Group will require a gross profit margin increase more than this to avoid breaching covenants. The Directors have therefore concluded that while the scenario itself is unlikely given the mitigating actions that can be implemented, there is a plausible risk of a covenant breach.

Accordingly, the Directors have identified circumstances which give rise to a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern, meaning it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this material uncertainty, the Directors consider it remains appropriate to continue to adopt the going concern basis in the preparation of the financial statements. The HSBC facility was extended on 5 June through to 21 July 2027, which covers the going concern period.



## Viability statement

The Directors have assessed the Group's longer-term prospects, primarily with reference to the Board approved year to 31 March 2026 Budget and strategic plan.

This is driven by the Group's business model and strategy as detailed on pages 07 to 09, which are fundamental to understanding the future direction of the business, while factoring in the Group's principal risks detailed on pages 24 to 27.

The Board has assessed the viability of the Group over a two-year period, considering the Group's current position and the potential impact of the principal risks and uncertainties. Whilst the Board has no reason to believe that the Group will not be viable over a longer period, it has determined that two years is an appropriate period. The Board believes that this approach provides an appropriate alignment with the annual awards under the share-based incentive plan and our external banking facilities.

In making their assessment, the Board carried out a comprehensive exercise of financial modelling and stress-tested the model with various scenarios based on the principal risks identified in the Group's annual risk assessment process. The scenarios modelled used the same assumptions and mitigations as for the going concern statement. These scenarios included lower-than-expected growth in our core Lighting markets, delayed recovery from the short-term cyclical downturn in the opto-electronic market and efficiency improvements not fully realised. In each scenario, the effect on the Group's KPIs and remaining borrowing covenants was considered, along with any mitigating factors.

**Steve Blair**  
Group Chief Executive Officer  
23 June 2025

In reviewing the Company's viability, the Board has identified the following factors which they believe support their assessment:

- continued strong market drivers for LED adoption due to the increasing focus on sustainability and high utility costs;
- legislation banning the sale of fluorescent lighting being introduced in a number of countries;
- the Group operates in diverse end markets, with no material individual customer concentration;
- positive customer and distributor feedback and invitations to bid on large projects;
- structural changes in key areas such as sales and operations which will drive improved planning;
- new product development to close portfolio gaps and support expansion into new verticals;
- operational leverage as volumes increase, combined with investment in manufacturing automation and component standardisation;
- continued strengthening of the balance sheet and strong cash generation through divestment of non-core businesses; and
- the Group's long-term, strong relationship with HSBC and its \$28.8m revolving credit facility signed in July 2022, now extended to 21 July 2027.

Based on this assessment, the Board confirms that it has a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the two-year period to 31 March 2027.

As set out on pages 32 to 33, the Board have identified a material uncertainty in relation to going concern during the going concern period to 30 June 2026. As the going concern period falls in the two-year viability period, the Board has also identified the same material uncertainty in the viability period.

**Mark Fryer**  
Group Chief Financial Officer  
23 June 2025

# GOVERNANCE

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## Chair's introduction to governance



**Neil Johnson**  
Group Chair

### DEAR SHAREHOLDERS

On behalf of the Board, I am pleased to report on Dialight's corporate governance during the past financial year.

This part of our annual report explains Dialight's governance framework and outlines how it was applied, on a practical basis, in the year under review.

### OVERVIEW

The Board's role in setting the Group's culture and core values is a significant one and the Executive Directors and Non-Executive Directors ('NEDs') are required to work as a team to ensure the success of the Group. Steve Blair and I speak frequently with each other, and I am very grateful to each of my Board colleagues who have given so much of their time generally over the last year and in particular across the last few months in supporting the necessary changes to the Group's management.

### LEADERSHIP AND BOARD CHANGES

In summer 2024 the Non-Executive team was strengthened with the arrival of John Lincoln – who brings very specific technical and strategic experience of the LED lighting market. In January 2025 we welcomed Mark Fryer, a highly experienced FTSE CFO into the interim CFO role, which became permanent on 1 May 2025. Mark has previously worked at Dialight and brings with him an in-depth knowledge of manufacturing in general, and Dialight in particular. The Board is now confident that the Executive team are well positioned to deliver on our ambitious growth strategy.

I would like to thank all the former Directors who have departed in the reporting year for their past commitment to the Group. Further details on Board composition and leadership can be found on pages 44 to 45.

### BOARD FOCUS AREAS IN 2024/25

The Board's focus across the reporting year has been four-fold: reinforcing shareholder and bank engagement; delivering sound finance and operational performance to achieve annual performance objectives for the business; ensuring delivery of an ambitious strategic plan and the appropriate level of capitalisation to deliver on that plan; and, dealing with a number of headwinds that we have faced (the Sanmina litigation and geo-political developments).

### STAKEHOLDER ENGAGEMENT

As a Board, we are accountable to all our shareholders and must have regard to other stakeholders such as employees, customers, suppliers, and the environment. We maintain an active dialogue with shareholders, and while Steve Blair and I lead on shareholder engagement generally, all of our Board engage actively on remuneration and other matters, and we welcome the active participation of our shareholders in informing the strategic direction of the Group.

### DIVERSITY

As a Board we continue to prioritise cognitive and experiential diversity as a key indicator of independence and Board strength, and to enable robust challenge in Board discussions on the range of challenges and opportunities facing the Group. Further details of Board composition are on page 42 and pages 44 to 45.

### BOARD PRIORITIES

Our priorities for 2025/26 are very much focused on supporting the now stable leadership at a Board level and providing support and challenge to the Executive team, to enable significant improvements in operational performance and to ensure that the Executive management deliver on our strategic objectives.

**Neil Johnson**  
Group Chair  
23 June 2025



# Compliance statements

## UK CORPORATE GOVERNANCE CODE 2018

Throughout the reporting period ended 31 March 2025, the Company has applied the principles and complied with the provisions as set out in the 2018 UK Corporate Governance Code ('2018 Code'), with the exception of provision 32 requirement that the Remuneration Committee Chair should have served on the Committee for 12 months prior to appointment. As noted in the 2024 annual report, the chair had not served on the Remuneration Committee for at least 12 months before assuming the role; however, Lynn does have extensive experience of listed environments and remuneration matters in a UK PLC context. From 1 April 2025, the 2024 UK Corporate Governance Code ('2024 Code') came into effect. This section reports on backward-looking compliance across the 2024/25 reporting year. An additional statement is incorporated in each individual Committee report with regards to ongoing compliance against the 2024 Code. A summary of compliance against the 2018 Code is included on this page.

## RISK MANAGEMENT AND INTERNAL CONTROL

The Group's approach to risk management and internal control is set out on pages 22 to 23.

## SECTION 172 COMPANIES ACT 2006 STATEMENT

Section 172 ('s172') of the Companies Act 2006 imposes on company directors a duty to act in the interests of a broad range of stakeholders including shareholders, employees, suppliers, and local communities. A statement in respect of compliance with s172 is on pages 38 to 41.

## BOARD CERTIFICATION

The strategic report, and this annual report generally, has been reviewed and approved by the Board. The Board confirms that it considers that the annual report and accounts, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's position and performance.

## UK CORPORATE GOVERNANCE CODE 2018: COMPLIANCE STATEMENT:

This governance report details, in its various sections, how the Company has applied the 2018 Code principles and code provisions in respect of the reporting year, see below for details of this.

### Section 1: Board leadership and Company purpose

	Compliant	See page(s)
1. Opportunities and risks/sustainability of business model/governance delivering strategy	Yes	04-34
2. Board activities/investment in workforce	Yes	51
3. Communication with shareholders	Yes	50
5. s172 statement	Yes	38
6. Mechanism for workforce concerns		17
7. Management of conflicts of interest	Yes	52

### Section 2: Board division of responsibilities

	Compliant	See page(s)
9. Chair independence on appointment (current Chair)	Yes	52
10. Statement on Non-Executive independence	Yes	52
11. 50% of Board to be independent	Yes	42
12. Identification of Senior Independent NED	Yes	45
13. Board review process and independence	Yes	52
14. Division of responsibilities	Yes	46

### Section 3: Board composition, succession and evaluation

	Compliant	See page(s)
18. Annual re-election of Directors	Yes	52
20. Use of external search agency (during 2024/25)	Yes	53
21. Formal and rigorous annual evaluation	Yes	54
23. Report on work of the Nominations Committee	Yes	53

### Section 4: Audit, risk and internal controls

	Compliant	See page(s)
26. Report on work of the Audit Committee	Yes	55
28. Emerging and principal risks	Yes	24 to 27
30. Going concern statement	Yes	32 to 33
31. Viability statement	Yes	34

### Section 5: Remuneration

	Compliant	See page(s)
32. Chair 12-month service requirement	No	37
36. Post-employment shareholding requirements	Yes	68
37. Use of discretion to override formulaic outcomes	Yes	61
38. Executive Director pension alignment with workforce	Yes	64
41. Description of work of the Remuneration Committee:	Yes	60
50. Engagement with shareholders		
Alignment of Executive Director remuneration with wider pay policy		
Application of discretion on outcomes		



## Section 172 statement

### OUR APPROACH

The Board has a duty to promote the long-term, sustainable success of the Company and of the wider Group. The baseline duty is set out in s172 of the Companies Act 2006, but in reality, the breadth of factors considered by the Board in its decision-making process is far wider – including a range of statutory and other factors.

Board decision making will always encompass:

- the likely consequences of any decision in the long term and the risks to the Group and its stakeholders;
- the interests and wellbeing of our people and of the communities where we have a presence;
- the impact of our products and businesses on the environment and the need, over time, to decarbonise our inbound and outbound supply chains and our manufacturing and other operations;
- the Group's relationships with its customers and suppliers; and
- the importance of our reputation for integrity and high standards of business conduct.

Dialight believes that a key mechanism in ensuring that it makes good long-term and sustainable decisions is open, two-way dialogue with all our key stakeholders. We believe that understanding the perspective and needs of our stakeholders is vital to the Group's success.

Good governance and our business ethics and integrity are essential for Dialight to continue to be an attractive Company for our investors, employer for our employees, partner for our suppliers and distributors, and manufacturer of our long-life products for our customers.

This s172 statement signposts some of the main ways in which we have engaged with stakeholders across 2024/25 and built confidence in the sustainability of their relationship with the Group. It should be read in conjunction with:

- Group Chair's statement on page 04;
- the Group Chief Executive's review on pages 05 to 06;
- the ESG reports on pages 12 to 21;
- risk management on pages 22 to 23;
- the Group Chief Financial Officer's review on pages 28 to 31; and
- the governance and related reports on pages 36 to 83.

By order of the Board.

**Laura Walker**  
Company Secretary  
23 June 2025



## Section 172 statement continued

Why it is important to engage with this stakeholder group

Board decision-making impact and how we engage generally

Board decision-making impact and what we did in 2024/25

### COMMUNITIES

Dialight has a long-standing presence through our manufacturing plants in Mexico; Roxboro, NC US; and, Penang, Malaysia. As a responsible employer, we want to contribute to the economic development and sustainability of these communities as part of our efforts to secure a loyal and motivated workforce with high levels of training, health and welfare, and employee satisfaction.

Sponsorship and volunteering opportunities for employees.

Membership of local trade associations and industry bodies.

Enhanced benefits for employees, such as transport to and from factory locations and food vouchers.

Maintenance of the Dialight Foundation – with a management board headed by the Global VP, HR and staffed by employee representatives from around the world and tasked with fund-raising and dispensing Group provided funds on charitable projects in the communities adjacent to our manufacturing locations.

Establishment of a hardship fund to which any employee can apply for one-off financial and other assistance in a range of hardship situations.

Continuing support for the Dialight Foundation and its continued fund-raising within our employee and partner communities.

Dispersal of funds to local community charities by the Dialight Foundation.

Support for dedicated volunteering day across the whole Group to encourage employee involvement in local communities.

Continuing focus on raising base pay levels for the lowest-paid workers within the Group.

### CUSTOMERS

Dialight operates in highly differentiated but competitive markets. To maintain our best-in-class differentiation we are reliant upon a constant pipeline of new technical innovation and of new products. The clarity and precision with which we listen to the “voice of the customer” and map these needs across to new product innovation, design, functionality and pricing is a key determinant of the future success of the Group.

The Strategy and Innovation Committee includes external advisers who bench-test internally generated strategy and innovations and contribute towards the overarching direction of strategy and innovation. These advisors are experts and represent the views of customers and report other changes that are occurring in the industry.

Sales proximity to our end users through direct sales force and indirect distribution partners.

Dedicated product management specialists integrated within our sales and marketing functions.

Detailed product planning and innovation pipeline bringing together product, application and technology specialists from our dedicated in-house product innovation teams.

Detailed new product development management and review process integrated with sales and commercial reviews.

Strategy and Innovation Committee.

Incremental improvements in existing best-practice, monitoring new product development management and review process.

Embedding of process engineers in manufacturing operations to ensure realisation of programmed NPD production efficiencies.

Extension of post-launch product and commercial review cycle.



## Section 172 statement continued

Why it is important to engage with this stakeholder group

Board decision-making impact and how we engage generally

Board decision-making impact and what we did in 2024/25

### ENVIRONMENT

Dialight can contribute to the long-term decarbonisation of industrial facilities' construction and building/facilities management, by promoting the success of sustainable GHG-neutral products and services. We see an absolute confluence of interest in promoting GHG-neutral products and the interests of all our key stakeholders (not least our shareholders) – as we believe that knowledge of the low GHG density of our products, the inherent power efficiency of our technology (including LED light generation generally) and our extended product life-cycle, will, over time, be key drivers of the future success of the Group.

Dialight products already benefit from high power efficiency (through design and utilisation of LED technology) and extended life-cycles (typically 10-year warranties on solid state lighting ('SSL') products). This inherently positive impact on the environment is recognised with our FTSE Green Economy Mark certification.

Supply chain codes of conduct and screening in respect of raw material tracing and impacts (e.g. conflict minerals).

Embedding of Environmental Product Declarations that comply with ISO 14025 and EN 15804 standards on our key new product types – enabling customers to make informed decisions on the GHG potential of all our products (expressed as kg CO<sub>2</sub> equivalent per unit of product).

Maintenance of ISO 14064 and internal GHG audit control environment as part of the enhanced efforts at decarbonising our products and corporate operations and reporting to investors and other stakeholders on progress against carbon-neutrality objectives.

Ongoing commitment to net zero with SBTi (the Science Based Targets initiative) and setting outline plans for scientific targets to achieve this.

### PARTNERS

Our key commercial partner relationships are spread across the inbound supply chain and our outbound distribution networks. With our high-SKU product range, we are highly reliant upon the integrity and efficiency of our supply chain. We were a first-mover in the introduction of long-warranty products (typically 10 years for SSL), but this in turn requires high levels of assurance over the consistency and reliability of component parts for our manufacturing operations. Our sales model is a hybrid of active direct selling, active indirect selling and indirect product supply.

Supplier and distributor onboarding due diligence (financial, quality, business integrity and compliance, component supply, Modern Slavery, etc.).

Supplier Code of Conduct.

Audits and inspections of suppliers.

Ongoing management of supplier relationships.

Further rationalisation and localisation (where possible) of our supply chain to mitigate the risk of supply chain disruption and strengthen product quality, production efficiency, inventory management and supplier relationships generally.

Further strengthening of supply chain team and processes.



## Section 172 statement continued

Why it is important to engage with this stakeholder group

Board decision-making impact and how we engage generally

Board decision-making impact and what we did in 2024/25

### EMPLOYEES

Dialight has a diverse mix of employees across four continents ranging from manufacturing production operatives to highly skilled design engineers. We are entirely reliant upon our workforce for our differentiating innovation, efficient and high-quality manufacturing production, and for sales of our product in our end markets. We need to retain our skilled staff as well as attract highly skilled talent to new roles.

Ongoing focus on communications with, and policies for, employees relating to employee health, safety, and welfare.

Training and development.

Site visits by members of the Board (conducted physically and online).

Update newsletters from the Group Chief Executive.

Whistleblowing hotline.

Monthly all-employee updates from the CEO.

Specific welfare precautions for employees at our manufacturing plants including additional food supplies, paid leave (for high-risk individuals), and in-house medical care.

### INVESTORS

As a Company with a premium listing on the London Stock Exchange's Main Market and a borrower of bank debt, we need to communicate clearly and effectively with our existing and prospective shareholders and lenders to develop their understanding of how the Group's businesses are managed to generate sustainable returns and long-term success.

Meetings with current and potential shareholders, current and potential lenders, and analysts.

Addressing enquiries from institutional and retail investors.

Annual General Meeting ('AGM'), annual report and accounts, and preliminary and interim announcements.

Regulatory announcements.

Corporate website.

More frequent discussions with existing shareholders and lenders.

High level of shareholder satisfaction with governance standards evidenced by 2024 AGM voting levels.



## Governance overview

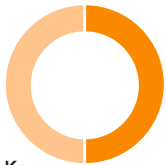
This report aims to provide shareholders and other stakeholders with an understanding of how our Group is managed and the governance and control framework within which we operate.

Dialight, as a smaller company with a focused product portfolio, benefits from having a lean and agile management structure. Our governance and controls are integral to

the organisation's operating culture and provide good visibility of the performance of the business. The Board is focused on getting the right balance between robustness and pragmatism in its oversight of governance, controls and risk management, as the best means of delivering the Group's strategic aims of growth, customer relevance and differentiation.

### AS AT 31 MARCH 2025

#### EXECUTIVE/NON-EXECUTIVE



Key	
Executive	50%
Non-Executive	50%

#### INDEPENDENT NEDs



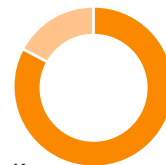
Key	
Executive	50%
Independent	50%

#### DIRECTORS (TERM PROFILE)



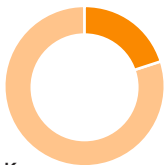
Key	
0-3 years	100%
4-6 years	0%
7+ years	0%

#### DIRECTORS (NATIONALITY)



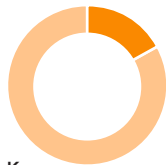
Key	
UK	83%
US	17%

#### SENIOR ROLES\* (GENDER)



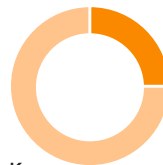
Key	
Female	20%
Male	80%

#### DIRECTORS (GENDER)



Key	
Female	17%
Male	83%

#### EXECUTIVE COMMITTEE (GENDER)



Key	
Female	25%
Male	75%

#### ALL EMPLOYEES (GENDER)



Key	
Female	51%
Male	49%

The Group acknowledges that it is currently not compliant with the board diversity targets set out in UK Listing Rule 6.6.6R in that fewer than 40% of Board members are women and the Board does not currently include a member from a minority ethnic background.

The Board recognises the importance of diversity in delivering effective governance and decision making. Efforts are underway to address these gaps through improved succession planning, inclusive recruitment practices and the development of a long-term strategy to strengthen representation at Board level.

The Company remains committed to making progress in this area and will report annually on developments and outcomes.

#### HOW THE BOARD AND GOVERNANCE SUPPORTED STRATEGY

### WINNING HEARTS AND MINDS [+ READ MORE ON PAGE 05](#)

Engagement of our employees, shareholders and customers is integral to ensure delivery at every level of the organisation.

Board oversight of the newly created core values deployed by the senior leadership team is crucial to ensure each and every individual provides a meaningful contribution. The core values are accountability, discipline, commitment and integrity.

- The Board has been substantially reconstituted with the addition of John Lincoln and Mark Fryer during the reporting period.
- Rationalisation of the senior management team.
- Significant improvement in Board visibility at our key locations.
- Focus in Board reporting and discussions on achieving rapid improvements in employee engagement and integration with a focus on improved performance.
- Greater intensity in stakeholder consultation and dialogue.

\* Note: Senior roles = Chair, CEO, CFO, SID and Committee Chairs.

## Governance overview continued

### SALES TRANSFORMATION READ MORE ON PAGE 05

The key elements of the 2023 Transformation Plan have now been delivered, and focus has shifted to accelerating growth in lighting and continuing to improve the top-line.

The Board approves sales strategy, it also periodically reviews the structure of the sales function and results. It then monitors the tactical implementation of these strategies throughout the financial year through routine monthly reporting and function-specific briefings.

- Sales: oversight of recruitment of senior sales-focused roles.
- Sales: oversight of improvement in incentivisation structures for the sales team.
- Sales: reporting directly to the CEO with ongoing focus on operational improvements in the sales organisation including: streamlining external reps to ensure performance directed focus on high volume regions and more focused management of sales personnel.

### OPERATIONAL TRANSFORMATION READ MORE ON PAGE 06

Oversight of strategic and tactical planning, including the approval of incremental capex and accountability for transformation delivery, is now fully embedded in business-as-usual governance. Having completed the implementation of the 2023 Transformation Plan, the Executive team continues to monitor progress regularly.

- Operational strategy: oversight of implementation of ongoing Group transformation.
- Operational environment: adapting to ongoing geopolitical challenges and changes in the macroeconomic landscape.
- Operational delivery: oversight of strategy for product simplification, including dramatically reducing the number of SKUs, saving time and money.
- Operational delivery: oversight of wholesale review of order-to-cash process, with the goal of making Dialight's operations more efficient, effective and sustainable.

### MARGIN IMPROVEMENT AND CASH GENERATION READ MORE ON PAGE 06

The Board receives periodic operational and finance reporting with a focus on review and approval of internal planning and execution. This will ensure the business is run in a financially sustainable manner in order to secure Dialight's long term future.

- Cost reduction and control.
- Targeted rationalisation of workforce and operations globally.
- Focus on our core solid state lighting business.
- Divestment of non-core business.

### CREATING A PLATFORM FOR FUTURE GROWTH READ MORE ON PAGE 09

The Strategy and Innovation Committee has been established to support the fifth pillar of Dialight's Transformation Plan and foster further growth through innovation, forward-looking strategy and external market insights.

- Identification of key market and technology trends.
- Development of new product portfolios.
- Expansion of existing industrial lighting and component offerings.
- Inputs from leading global external experts.

#### NED SKILLS AND EXPERIENCE MATRIX

Skills/experience	Direct experience	Indirect experience
<b>Industry/sector:</b>		
– Manufacturing (general)	✓ ✓ ✓	
– Manufacturing (high-mix, low volume)	✓ ✓ ✓	
– Lighting	✓ ✓	✓
– Heavy industrial	✓ ✓ ✓	
CEO role		✓
Strategy	✓ ✓ ✓	
UK plc	✓ ✓	

Skills/experience	Direct experience	Indirect experience
<b>Industry/sector:</b>		
Accountancy	✓	✓
Sustainability	✓ ✓	✓
Finance/private equity	✓ ✓	✓
People/social	✓ ✓ ✓	
<b>Territories:</b>		
– Non-US markets	✓ ✓ ✓	
– US markets	✓ ✓ ✓	



## Board: leadership



### NEIL JOHNSON

Independent on appointment as Non Executive Group Chair

Appointed Executive Group Chair on 20 March 2025

Chair of NomCo



#### Appointed

17 May 2023.

#### Background and career

Neil has considerable experience in international business development and a varied range of strategic corporate activity in multiple sectors and geographies. He has held a number of senior Board roles, including Chairman of Tenon Group, Hornby, Cybit, Umeco, Synthomer plc, Motability Operations Group plc, e2v technologies plc, Electra Private Equity Plc and Centaur Media Plc. He was formerly Chief Executive Officer of the RAC and chaired telematics company Cybit Holdings Plc through IPO and ultimate sale to a US private equity firm in 2010.

He has been advisor to the Prime Minister on the Citizen's Charter, a member of a Ministry of Defence Advisory Board, and was formerly an Independent member of the Metropolitan Police Authority.

#### Current external appointments

Chair and Chair of Nominations Committee of QinetiQ plc.



### STEVE BLAIR

Group Chief Executive Officer

#### Appointed

15 February 2024.

#### Background and career

Steve is a qualified electronic engineer with considerable experience in international business development – with particular focus on North American markets. He held senior roles at Invensys Process Systems as President of IPS's North American operations and as chief operating officer of Spectris plc's instrumentation and industrial controls divisions. Steve was CEO of e2v Plc, steering the group through a complex organisational transformation through to its acquisition by Teledyne Inc in 2017. Steve was then CEO of The Ordnance Survey until retirement in 2021. Steve has also held a non-executive director role at Oxford Instruments plc where he was the senior independent director and a member of the audit, nominations and remuneration committees prior to stepping down in September 2021.

#### Current external appointments

None.



### MARK FRYER

Group Chief Financial Officer

#### Appointed

6 January 2025 as Interim CFO.  
1 May 2025 as CFO.

#### Background and career

Mark is a qualified Chartered Accountant and experienced CFO with extensive plc also add private equity ('PE'), PE and private company experience in global manufacturing and industrial service companies.

Mark was previously Dialight CFO from 2010 to 2014 and has previously held roles as a director of Augean Limited (previously Augean plc), Manganese Bronze Holdings plc, Franchise Brands plc and Anexo Group plc.

#### Current external appointments

None.



## Board: leadership continued



### NIGEL LINGWOOD

Independent NED – Senior Independent Director, Chair of AuditCo, member of NomCo and RemCo



#### Appointed

1 November 2022.  
AuditCo Chair effective 12 January 2023. Senior Independent Director effective 17 February 2024.

#### Background and career

Between 2001 and 2020, Nigel was Group Finance Director at Diploma PLC until his retirement in September 2020. Nigel brings extensive, relevant and recent financial and accounting expertise together with international listed public company experience.

#### Current external appointments

Chair of Volution Group Plc.  
Chair of Innasol Limited.  
Chair of Forterra Plc from 20 May 2025.



### LYNN BRUBAKER

Independent NED, Chair of RemCo, member of AuditCo and NomCo, Workforce Engagement Director



#### Appointed

1 July 2023. WENED effective 1 July 2023. RemCo Chair effective 1 November 2023.

#### Background and career

Lynn is based in North America and has spent her executive career in the aerospace industry, most latterly as Vice President and General Manager of Commercial Aerospace at Honeywell International. Prior to that she held senior roles at Honeywell International (Allied Signal) and at McDonnell Douglas (Boeing). Lynn has also held non-executive roles at: QinetiQ Group plc, the UK-listed integrated global defence company focused on mission-led innovation; Hexcel Corporation, the US-listed high-end advanced composites manufacturer supplying into the industrial, defence and aerospace sectors; Nordham Group, one of the world's largest independently owned aerospace companies; and FARO Technologies Inc, the US-listed 3-D measurement, imaging and realisation solutions provider for engineering, design and manufacturing processes where she chaired the Nominating, Governance & Sustainability Committee.

#### Current external appointments

None.



### JOHN LINCOLN

Independent NED, member of AuditCo, NomCo, and RemCo. Also chairs the Strategy & Innovation Committee.



#### Appointed

1 August 2024.

#### Background and career

John has 30 years' experience of the photonics industry across the supply chain from components to systems with a focus on business and product development. He has a broad experience of international markets and developing technologies and has been based in both the UK and US.

#### Current external appointments

John is currently CEO of the Photonics Leadership Group which brings together academic and industry leaders in the £15bn UK photonics sector. He also chairs the steering board of the EPSRC centre for doctoral training in photonic integration and advanced data storage, and is European Strategic Director for SPIE, the international society for optics and photonics.

#### KEY

#### Appointments and Committee membership

- Nominations Committee
- Audit Committee
- Remuneration Committee
- Workforce Engagement NED
- Senior Independent Director
- Committee Chair

#### BOARD DEPARTURES IN THE YEAR

Carolyn Zhang



## Governance structure and division of responsibilities

The Board of Directors is the principal decision-making body of the Company. The Company's governance framework is structured to maintain good oversight and control over: finance and management reporting; compliance/regulatory matters; risk management; and, approval of material decisions. Except for those Matters Reserved to the Board, it operates through delegating much of its detailed review work to sub-committees and other committees incorporating a wide spectrum of senior Dialight management. Within the operations of the Board itself, responsibilities are allocated to individual roles as shown below.

### CHAIR:

As announced by the Company on 20 March 2025 the Chair assumed the role of Executive Chair. There are no changes in the Chair's responsibilities as a result of this change from Non-Executive to Executive. The change in role from Non-Executive to Executive to Executive Chair results from his participation in the Company's Value Creation Plan (VCP), as approved by shareholders at the Company's 2024 AGM. Further details about the VCP can be found on page 65.

### NON-EXECUTIVE:

#### Governance:

- Promoting high standards of corporate governance
- Leading, chairing and managing the Board.
- Ensuring all Board Committees are properly structured and operate with appropriate terms of reference.
- Regularly considering the composition and succession planning of the Board and its Committees .
- Ensuring that the performance of the Board and its Committees is evaluated on a regular basis.
- Ensuring adequate time is available for all agenda items and that the Board receives accurate, clear and timely information.
- Ensuring that there is effective communication with major shareholders.

#### Strategy:

- Leading the Board in developing the strategy of the business and setting its objectives.
- Promoting open and constructive debate in Board meetings
- Ensuring effective implementation of Board decisions with the support of the Chief Executive Officer.
- Ensuring that the Board manages risk effectively.
- Consulting, where appropriate, with the Senior Independent Director ('SID') on Board matters.

#### People:

- Chairing the Nominations Committee.
- Identifying and meeting the induction and development needs of the Board and its Committees.
- Developing a strong working relationship with the Chief Executive Officer.
- Ensuring a strong working relationship between Executive and Non-Executive Directors.

- Setting clear expectations concerning the Company's culture, values and behaviours that will support its long-term sustainable success.
- Ensuring effective relationships are maintained with all key stakeholders in the business.

### SID:

- Acting as a sounding board for the Chair.
- Serving as a trusted intermediary for the other Directors.
- Providing an alternative channel for shareholders to raise concerns, independent of Executive management and the Chair.

### Independent NEDs:

- Contributing independent thinking and judgement, and providing external experience and knowledge, to the Board agenda.
- Scrutinising the performance of management in delivering the Company's strategy and objectives.
- Providing constructive challenge to the Executive Directors.
- Monitoring the reporting of performance and ensuring that the Company is operating within the governance and risk framework approved by the Board.

### Workforce engagement NED ('WENED'):

- Direct engagement with workforce through site visits, one-on-one discussions with managers and other employees selected by the WENED, and larger engagements with selected groups of employees from different Company locations without management present.

### EXECUTIVE:

#### CEO:

- With the Chair, providing coherent leadership and management of the Company.
- Developing objectives, strategy and performance standards to be agreed by the Board.
- Providing input to the Board's agenda.
- Ensuring the health and safety, and general wellness of the Group's workforce.
- Providing effective leadership of the Executive Committee to achieve the agreed strategies and objectives.
- Securing an Executive Committee of the right calibre, with specific responsibility for its composition, and ensuring that its succession plan is reviewed annually with the Chair and the Non-Executive Directors.
- Monitoring, reviewing and managing emerging and principal risks and strategies with the Board.
- Ensuring that the assets of the Group are adequately safeguarded and maintained.
- Building and maintaining the Company's communications and standing with shareholders, financial institutions and the public, and effectively communicating the Dialight investment proposition to all stakeholders.
- Ensuring the Board is aware of the view of employees on issues of relevance to Dialight.



## Governance structure and division of responsibilities continued

### Executive Directors:

- Implementing and delivering the strategy and operational decisions agreed by the Board.
- Making operational and financial decisions required in the day-to-day management of the Company.
- Providing executive leadership to senior management across the business.
- Championing the Group's values and reinforcing the governance and control procedures.
- Promoting talent management, encouraging diversity and inclusion.

### Company Secretary:

- Acting as a sounding board for the Chair and other Directors.

- Ensuring clear and timely information flow to the Board and its Committees.
- Providing advice and support to the Board on matters of corporate governance and risk.

### The Board

- Principal role is to provide effective leadership, within a framework of controls, to promote the interests of the Company sustainably over the long term – generating value for its shareholders as well as benefiting other stakeholders.
- Sets the Group's purpose, values and strategy and has ultimate responsibility for the Group's management, direction and performance.
- Governed by the Company's Articles of Association and accountable to shareholders at least annually at shareholder general meetings.

## BOARD COMMITTEES

Audit Committee	Nominations Committee	Remuneration Committee	Disclosure Committee*
Monitors the integrity of the financial statements, formal announcements relating to the Company's financial performance and the Company's narrative reporting.	Reviews the structure, size and composition of the Board.	Sets and keeps under review the framework and policy on Executive Director and senior management remuneration (including pension arrangements).	Manages compliance with public reporting and announcement requirements.
Oversees risk management and internal controls.	Oversees the Board's succession planning.	Evaluates the advice of external remuneration consultants when reviewing remuneration structures for Executive Directors and senior management.	Formalised as required from time to time by the Board.
Considers the requirement for an internal audit function.	Keeps under review the leadership needs of, and succession planning for, the Company.	Approves the design and targets framework for share incentive plans.	
Reviews external auditor independence and leads the audit tender process.			

\* Non-regulatory committees.

## MANAGEMENT COMMITTEES

Risk Committee	Executive Committee	Dialight Foundation	ESG Committee	Strategy and Innovation Committee
Management Committee chaired by the Group General Counsel.	Management Committee (with senior functional heads from across the Group), Chaired by the CEO, which meets weekly and reviews operational matters and business performance.	Chaired by the CEO, with the remainder of the Board comprised of employee representatives from across the Group.	Chaired by CEO.	Chaired by John Lincoln, Independent NED, with the remainder of the Committee comprised of senior functional heads across the Group, as well as inputs from leading global external experts.
Manages the periodic review of Group risks.	Reinforces the operational and governance structures in place across the Group.	Dispenses central funds, and engages in fundraising, for charitable purposes in the communities where we are based.	Acts as a cross-functional forum for ESG matters.	The Committee meets on a quarterly basis and focuses on the development of medium to long term strategy of the Company through innovation and strategic planning as a key driver for sustainable growth.
Maintains the Group risk register.	Acts as a forum for management decision making.	Maintains an employee hardship fund.		Periodic review of the strategy and proposal to the Board, from time to time, or any material amendments to the strategy.



## Governance structure and division of responsibilities continued

### DELEGATED AUTHORITIES

The Board delegates certain decision making and compliance monitoring through formal delegated authorities. Each Board Committee operates under written terms of reference – approved by the Board and published at: [www.dialight.com](http://www.dialight.com). Powers delegated to management are managed by a clearly defined Group-delegated authorities' matrix.

### THE ROLE OF THE BOARD AND ITS COMMITTEES DURING THE YEAR

The Board retains control over all matters formally reserved to the Board, but delegates certain decision making and monitoring activities to formal Board Committees and Committees at an Executive level. The Chair of each Board Committee reports to the Board on its decision making. The Board also appoints ad hoc sub-committees from time to time as required.

The Board currently comprises six Directors, who bring a wide variety of skills and experience to the Boardroom. With three Executive Directors (including the Chair) and three Non-Executive Directors all of whom have been judged by the Board under Provision 10 of the 2018 Code to be independent. There continues to be a strong independent element to Dialight's Board which encourages constructive challenge. The Board considers the Board composition to be appropriate in terms of size, diversity and the balance of skills and experience; refer to page 42 on the Group's current non-compliance with the board diversity targets set out in UK Listing Rule 6.6.6R. Further details of recent Board changes are set out in the Nominations Committee report on pages 53 to 54.

### 2024/25 BOARD MEETING ATTENDANCE

Board member	Scheduled meeting	Ad hoc meeting	Total
Neil Johnson	11/12	1/1	12/13
Steve Blair	12/12	1/1	13/13
Mark Fryer	3/3	–/–	3/3
Lynn Brubaker	12/12	1/1	13/13
Nigel Lingwood	11/12	1/1	12/13
John Lincoln	8/8	–/–	8/8
Carolyn Zhang <sup>1</sup>	7/7	1/1	8/8

<sup>1</sup> As announced on 11 November 2024, Carolyn Zhang stepped down as a Director with immediate effect.



## Governance structure and division of responsibilities continued

### BOARD RESPONSIBILITIES

Standing Board agenda items	Matters reserved for the Board	Independence
Review and approval of the previous minutes.	Setting the Group's long-term objectives and commercial strategy.	<p>Board has reviewed the independence of the Chair and each Non-Executive Director and considers all of the Non-Executive Directors to be independent of management and free from business or other relationships that could interfere with the exercise of independent judgement.</p> <p>The Company meets the requirement under Provision 11 of the 2018 Code that at least half of the Board has been determined by the Board to be independent.</p> <p>The Board believes that any shares in the Company held personally by a member of the Board aligns their interests with those of the shareholders.</p> <p>The Value Creation Plan ('VCP') received shareholder approval at the 2024 AGM and options were granted to Neil Johnson on 19 March 2025 and he was appointed Executive Chair on 20 March 2025. Notwithstanding this, the Board considers the Chair to be independent of management and free from any business or other relationships that could compromise the exercise of objective and impartial judgement.</p>
Status update on any matters outstanding from previous meetings.	Approving annual operating and capital expenditure budgets.	
Updates from each Board Committee on the activities since the last Board meeting.	Ceasing all or a material part of the Group's business.	
Health and safety review.	Significantly extending the Group's activities into new business or geographic areas.	
Report from the Group Chief Executive.	Changing the share capital or corporate structure of the Company.	
Report from the Group Chief Financial Officer.	Changing the Group's management and control structure.	
Report from the Group General Counsel/Company Secretary.	Approving half-year and full-year results and reports, dividend policy and the declaration of dividends.	
Investor relations report.	Approving significant changes to accounting policies.	
	Approving key policies.	
	Approving risk management procedures and policies, including anti-bribery and corruption.	
	Approving major investments, disposals, capital projects or contracts (including bank borrowings and debt facilities).	
	Approving guarantees and material indemnities.	
	Approving resolutions to be put to the AGM and documents or circulars to be sent to shareholders.	
	Approving changes to the Board structure, size or its composition (following the recommendation of the Nominations Committee).	



# Leadership and engagement

## HOW THE BOARD ENGAGES

The Board engages with its various stakeholders in a number of different ways and with responsibilities spread across the Executive and Non-Executive teams. The Executive members of the Board have contact with all Executive Committee members and make regular visits to Group sites. All new Non-Executive members of the Board will carry out Company visits as part of their induction and routinely thereafter – with at least one meeting a year normally taking place at a Group location outside the UK. The Board members also engage with our current and future business leaders working within the Group on strategic and other matters. This regular interaction between the Board and the businesses provides a vital channel of communication and a forum for open dialogue, which encourages the sharing of knowledge and experience. Additionally, the role of Workforce Engagement Non-Executive Director ('WENED') is seen as a critical function enabling the independent NEDs to have direct interaction with, and reporting from, the wider workforce. WENED meetings are conducted on the basis of strict confidentiality and non-attribution for employee comments. The WENED reports back to the CEO and the Board on any issues arising from WENED meetings.

## WHAT WE DID IN 2024/25:

### SHAREHOLDER ENGAGEMENT

#### General engagement with investors

Engagement with investors is led by the CEO but is a collective responsibility of the Board. The Board is committed to strengthening communications with investors. Primary contact with shareholders, on a day-to-day basis, is through the Executive Directors. Overall responsibility for ensuring the effectiveness of communication with shareholders lies with the Group Chair. The Group Chair and the Group CEO had regular dialogue with key shareholders throughout the year regarding significant business issues and the ongoing transformation of the Group.

#### Company announcements and website

The Company releases announcements via the regulatory news service – all of which are publicly available and can be accessed through the Company's website [www.dialight.com](http://www.dialight.com). Copies of formal reports are released on the Company website (and deposited with Companies House and the FCA's National Storage mechanism – both of which are publicly accessible). Recordings of annual and interim results can be accessed through the Company's website [www.dialight.com](http://www.dialight.com). Shareholders can register on the website to receive email alerts.

## Annual and interim results

The Company is required to make half-year and full-year formal announcements. These are released via the Regulatory News Service and can be accessed through the Company's website [www.dialight.com](http://www.dialight.com).

## Meetings with large investors

In addition to scheduled meetings with the Executive Directors (led by the CEO), Non-Executive members of the Board are available to meet with investors. The Chair is generally available to shareholders and meets with institutional and other large investors as requested. The Senior Independent Director and the Chair of the Remuneration Committee are also available to shareholders as required.

## Annual General Meetings

The 2024 Annual General Meeting ('AGM') took place on Monday 23 September 2024 in person.

The AGM provides shareholders with an important opportunity to engage with the Board, ask questions, and vote on key matters relating to the Company's governance and performance. It is a central element of our commitment to transparency and accountability. Shareholders are encouraged to participate, either in person or by proxy, to ensure their views are represented. The AGM includes presentations on the Company's financial results, strategy, and outlook, and offers a forum for open dialogue between shareholders and the Board. Full details of the resolutions and voting procedures for the forthcoming AGM are provided in the Notice of Meeting issued in advance of the AGM. The 2025 AGM will take place on 1 September 2025.

## COMMERCIAL ENGAGEMENT

### Executive Directors

Commercial engagement is an Executive Director responsibility and led by the CEO. The Executive Directors have in the past prioritised proximity with customers and distributors for themselves and product development teams, facilitated by the direct sales personnel.

### Reporting to the Board

The Executive team reports monthly to the Board on a range of corporate, financial and commercial issues including feedback from customers, suppliers and other partners.



## Leadership and engagement continued

### COMMERCIAL ENGAGEMENT

- **Customers.** The Executive Directors engage with customers directly through site visits and assisting strategic sales activity, and indirectly through monthly reporting by the direct sales teams (both territorially-based and with the strategic accounts team).
- **Distributors.** Our indirect sales model (using distributors) places great importance on maintaining good relations with our distribution networks: attending distributor conferences; attending meetings of purchasing groups and other distributor bodies; and pursuing other opportunities to support our indirect sales team.
- **Suppliers.** Relations with key suppliers is generally managed indirectly through Executive Committee-level direct reports of the Executive Directors with operational and supply chain responsibilities – i.e. through weekly and monthly review meetings and formal reporting.
- **Other commercial partners.** The Group has a range of other partners who are managed, on a case-by-case basis, by the Executive Directors or other members of the Executive Committee team.

### ENGAGEMENT WITH EMPLOYEES AND OUR LOCAL COMMUNITIES

#### Workforce Engagement NED

Direct engagement with workforce through site visits, one-on-one discussions with managers and other employees selected by the WENED. There will typically also be larger engagements with volunteer groups of employees from different Company locations without management present.

#### Executive Directors

Engagement with the Dialight workforce is an Executive Director responsibility and led by the CEO – but viewed as a fundamental task of the entire Executive team. Board-level engagement is facilitated by periodic all-employee calls and blogs, frequent visits to manufacturing and other Group sites by the Executive Directors and through reporting by Executive Committee members and the HR function.

#### Dialight Foundation

The Dialight Foundation is the primary conduit for engagement with local communities. Its membership is drawn from all levels and localities of the Group – ensuring a direct voice for all employees in decision making. The Foundation is chaired by the CEO, enabling the CEO to directly represent the voice and needs of our local communities in Board discussions.

#### Whistleblower helpline

The Group operates a confidential whistleblower helpline, facilitated by an independent third party. Reports are reviewed confidentially by the Group General Counsel and reported to the Chair of the Audit Committee (for control/ethics and integrity issues) and to the CEO and Global VP, HR in respect of personnel issues/HR-related complaints.

#### Reporting to Board

The Executive team reports monthly to the Board on people and health and safety issues, as well as the activities of the Dialight Foundation and other community engagement. The WENED reports to the Board periodically on the employee engagement programme and on feedback received from employees.



# Board composition, succession and evaluation

## 2024/25 BOARD PERFORMANCE EVALUATION

In compliance with the 2018 Code (as applicable for the year ending 31 March 2025), the Board has undertaken a formal evaluation of its performance, and that of each Director, on an annual basis. The principal Committees of the Board also undertake an annual evaluation of their effectiveness, in accordance with their Terms of Reference. The outcomes of the 2024/25 review will inform Board administration, agenda planning, strategy and succession planning. The review process is typically phased and consists of a board questionnaire and/or one-on-one director reviews, reviews at Committee level, and, finally, an end-of-year Board review.

### Directors: independence

Neil Johnson was deemed independent upon appointment as Chair – though it is noted that upon 20 March 2025 it was announced that he would become the Executive Chair of the Board. John Lincoln was deemed independent upon appointment during the reporting year.

### Directors: time allocation

The Board benefits from the wide variety of skills, experience and knowledge that each of the Directors brings to their roles. However, being available and committing sufficient time to the Company is essential. Therefore, the number of external directorships that a Non-Executive Director holds is an important consideration when recruiting and when performing the annual evaluation of Non-Executive Director effectiveness.

Executive Directors are permitted to accept one external appointment, subject to the prior approval of the Chair. Approval will only be given where the appointment does not create a conflict of interest with the Group's activities and where the role is considered to be beneficial to the development of the individual (which will, in turn, benefit the Company).

In addition to the scheduled Board meetings, Non-Executive Directors are expected to attend the AGM, the annual strategy meeting and certain other Company events and site visits throughout the year. A time commitment of at least 20 days p.a. is the anticipated requirement for each Non-Executive Director and this was considerably exceeded in 2024/25 (taking into account Transformation Committee activities earlier in 2024/25, the changes to the Board and other responsibilities).

The Chair and Non-Executive Directors also meet twice a year without Executive Directors present to ensure there is an opportunity to discuss potentially sensitive matters. The Senior Independent Director meets with the Non-Executive Directors, without the Chair present, at least once per year, to evaluate the Chair's performance.

## Directors: re-election

In compliance with the 2024 Code, all of the Directors in place will stand for election/re-election (as appropriate) at the forthcoming AGM. Following the annual evaluation of the Board and its Committees, the Board has determined that all Directors standing for election or re-election at the AGM continue to be effective, hold recent and relevant experience and continue to demonstrate commitment to the role.

Biographical details of each Director standing for election or re-election are set out in the notice of AGM.

## Directors: succession planning

In addition to having responsibility for succession planning of senior executive roles below Board level, the Nominations Committee (and the Board generally) are responsible for succession planning of Board Directors and the key Board roles. The Board's recent approach to succession planning and recruitment has achieved a broad balance in terms of cognitive approach, diversity, skills, knowledge and experience, and length of service. This is maintained through a combination of an open-minded approach to recruitment, use of external advisers, a thorough recruitment process for all potential appointees to the Board, and active management of succession planning.

## Directors: induction

Newly appointed Non-Executive Directors follow a tailored induction programme, which generally includes dedicated time with Group Executives, time with Board advisers (including legal briefings), inductions on Group products and technologies, and visits to regional offices. There are tailored induction materials which provide a comprehensive overview of: the Group and its legal and organisational structure; the governance framework; the role of the Non-Executive Director; key business contacts at the Company level; and details of the Board's external advisers. In addition to the latest annual report and Company announcements, further materials such as recent broker coverage and the last Board evaluation are also provided.

## Directors: liability insurance

Each Director is covered by appropriate Directors' and officers' liability insurance, at the Company's expense.

In addition, the Directors are entitled to be indemnified by the Company to the extent permitted by law and the Company's Articles of Association in respect of all losses arising out of, or in connection with, the execution of their powers, duties and responsibilities.



# Nominations Committee report



**Neil Johnson**  
Chair of the Nominations Committee

## 2024/25 HIGHLIGHTS

- Recruitment of new NED.
- Recruitment of new CFO.
- Stabilisation of the Board and transition to a steady state.

## 2025/26 PRIORITIES

- Further strengthen senior Executive team below Board level.

## ROLE AND RESPONSIBILITIES

- Review the size, balance and composition of the Board and its Committees and make recommendations for any changes, and oversee Board and senior Executive succession planning.
- Periodically review any objectives for the implementation of diversity on the Board and monitor progress towards these objectives.
- Lead the process for Board appointments, including the evaluation of skills, knowledge, experience and diversity on the Board and prepare role descriptions for any particular appointment, and ensure all new Directors receive appropriate induction training.
- Review the results of the annual Board performance evaluation process that relate to the composition of the Board.
- Review senior Executive leadership requirements for the Group.

## TERMS OF REFERENCE

A copy of the Terms of Reference ('ToR') for the Nominations Committee is available on the Company's website or on request from the Company Secretary at the registered office. The ToR are reviewed annually by the Committee.

## COMPOSITION AND ATTENDANCE

Committee member	Joining date	Leaving date	Attendance
Neil Johnson	17/05/2023	N/A	3/3
Lynn Brubaker	01/07/2023	N/A	3/3
Nigel Lingwood	01/11/2022	N/A	3/3
John Lincoln	01/08/2024	N/A	1/1

## DEAR SHAREHOLDERS

Both the Nominations Committee and the Board recognise their crucial roles in ensuring that the Group has the right talent at management and Executive levels at Dialight. There were significant changes at Board level during the previous reporting year, and I am pleased to say that we have now successfully transitioned to a steady-state with the Executive and Non-Executive members of the Board – providing a very firm base upon which to build continued growth and operational improvements across the Group.

The Nominations Committee exercised oversight across all Board changes during the reporting period. It has met to discuss proposed changes, manage recruitment, appoint advisers and establish objectives, and make final recommendations to the Board. Where key decisions on Board membership were made by the full Board that decision making followed ad hoc meetings of the Nominations Committee.

## BOARD CHANGES

Mark Fryer joined the Board on 6 January 2025. Further biographical details are on page 44.

Carolyn Zhang left the Board on 11 November 2024.

John Lincoln joined the Board on 1 August 2024. Further biographical details are on page 45.

On 20 March 2025, I became the Executive Chair of the Group (having been a Non-Executive Chair). This change was primarily necessitated by provision 34 of the UK Corporate Governance Code on non-executive directors participating in the Group's share-based remuneration plans, conflicting with the stated desire of the major shareholders in the Group that the Chair role should participate in the bespoke Value Creation Plan that was approved by shareholders at the 2024 Annual General Meeting with 97% for (with 3% against). Following my appointment as Executive Chair, a grant was made under the VCP to myself and the CEO, Steve Blair, and further details of the remuneration for the Executive role are reported on page 74. I did not participate in any decision around my appointment as Executive Chair, and all deliberations in this regard were chaired by Nigel Lingwood in his capacity as Senior Independent NED.

In 2024/25, the Nominations Committee received advice from the following independent external search firms in respect of various Board roles. None of these search firms had any disclosable connections with any Board Directors or with the Group:

- Sciteb – 23 Berkeley Square, London W1J 6EJ for the recruitment of John Lincoln.
- Axel Monroe Limited – White Collar Factory, 1 Old Street Yard, London EC1Y 8AF for the recruitment of Mark Fryer.



## Nominations Committee report continued

A thorough recruitment process was undertaken in advance of Mark's appointment as Interim CFO. A comprehensive search took place, involving a wide pool of candidates sourced through a number of external executive search firms. Shortlisted candidates participated in a rigorous interview process with me, the Senior Independent Director (SID) and Chair of Audit Committee, and the CEO. As part of the due diligence process, thorough references were taken to assess Mark's suitability and to ensure the right fit for the Company. Mark was initially appointed on an interim basis, allowing for a period of close evaluation. Following this interim period, a further review and assessment were carried out before the position was confirmed on a permanent basis on 1 May 2025.

### NOMINATIONS COMMITTEE EVALUATION

The Committee reviews its own performance annually including in respect of compliance with the applicable UK Corporate Governance Code. It is satisfied that as at the date of this report, it remains compliant with all Code requirements.

### DIVERSITY AND INCLUSION

The Board remains strongly committed to promoting diversity and inclusion, recognising its importance to effective decision-making and good governance.

Whilst appointments will always be made on merit and with careful consideration of the Company's current context and needs, the Board acknowledges that it is not currently compliant with the diversity targets set out in UK Listing Rule 6.6.6R, with only one female Director (representing 17% of the Board) and no current representation from an ethnic minority background. The Board currently consists of six Directors, comprising five British nationals and one American citizen.

The value of cognitive diversity in shaping a well-rounded and forward-looking leadership team is also recognised (and we report elsewhere in this annual report on pages 36 and 42 on Board and workforce diversity).

The Board is focused on improving the gender, ethnic and cultural diversity by developing pipelines of diverse candidates for Board positions and is committed to tracking progress, ensuring robust succession plans are in place, and working to ensure that leadership more closely represents the diverse communities the Group serves.

### BOARD EVALUATION

The Nominations Committee and the Board conducted an internal evaluation of each Director the Committees and the Board. In light of the substantial changes to the Board during the reporting period, it was considered that this internal process was appropriate, albeit the Board will consider externally facilitated reviews in the next reporting period.

### COMMITTEE ACTIVITIES IN 2024/25

The activities of the Committee are summarised below:

Meeting	Actions
22 July 2024	Annual Director reviews and NED recruitment planning.
29 July 2024	Ratification of John Lincoln as Board Director.
25 February 2025	Annual governance review.

### PRIORITIES FOR THE COMING YEAR

Alongside ongoing review of the Board, the key priority for the Committee across 2025/26 will be the stabilisation of the senior Executive team and the strengthening of senior management across the Group.

On behalf of the Nominations Committee.

#### Neil Johnson

Chair of the Nominations Committee

23 June 2025

# Audit Committee report



**Nigel Lingwood**  
Chair of the Audit Committee

## 2024/25 HIGHLIGHTS

- Ongoing implementation of Group Transformation Plan, commenced in September 2023.
- Supported the Nominations Committee to recruit and appoint a new Chief Financial Officer in January 2025 and assisted with his induction into the Group.
- Worked closely with the new Chief Financial Officer in concluding financial implications of legal settlement with Sanmina.
- Supported Chief Financial Officer in restructuring and strengthening finance departments across the Group.
- Challenged throughout the year the business forecasts versus available banking facilities as part of going concern and viability reviews and in light of Sanmina settlement.
- Reviewed and challenged management judgement in key areas including going concern and annual impairment reviews, inventory provisions, development capitalisation and Sanmina litigation.
- Reviewed and oversaw the Group's internal control and risk management process.
- Reviewed and assessed the Group's risks and concluded on the principal risks to be disclosed in the financial statements and how these should be mitigated.
- Worked closely with the Chief Financial Officer to assist with onboarding the new Group external audit partner.

## 2025/26 PRIORITIES

- Support the Chief Financial Officer with his work to continue to restructure and strengthen finance department resource at both Group and operating levels.
- Support the Chief Financial Officer with project to assess and implement appropriate reporting controls and processes in connection with new attestation requirements set out in Provision 29 of the 2024 Code.

- Re-establish an independent internal audit department and focus the activity to cover principal Group locations and functions.
- Continue to oversee and support the focus on working capital management, particularly inventory levels and ageing.
- Supporting Chief Financial Officer in developing appropriate corporate tax structure and revised tax transfer pricing policies.
- Continue to review and challenge the processes and disclosures surrounding TCFD and environmental reporting by the Group.

## ROLE AND RESPONSIBILITIES

The role of the Committee is primarily to support the Board in fulfilling its corporate governance obligations in so far as they relate to the effectiveness of the Group's risk management systems, internal control processes and financial reporting. Its key responsibilities include:

- reviewing the integrity of financial statements and any announcements relating to financial performance;
- reviewing and challenging key accounting judgements and narrative disclosures;
- monitoring internal control and risk management processes;
- performing a robust assessment of the Company's principal and emerging risks;
- monitoring and reviewing the effectiveness of internal audit activity;
- considering the appointment of the new external audit partner, and the audit teams reports, performance, effectiveness and independence; and
- agreeing the external auditor's terms of engagement and the appropriateness of the audit fee.

## COMPOSITION AND ATTENDANCE

Committee member	Member from	Attendance
Nigel Lingwood (Chair)	Member from 1 November 2022 – Chair from 12 January 2023	6/6
Lynn Brubaker	Member from 1 July 2023	6/6
John Lincoln	Member from 3 July 2024	5/6

## TERMS OF REFERENCE

A copy of the Terms of Reference ('ToR') for the Audit Committee is available on the Company's website or on request from the Company Secretary at the registered office. The ToR are reviewed annually by the Audit Committee.



## Audit Committee report continued

### DEAR SHAREHOLDERS

Set out below is the Audit Committee Report for the year ended 31 March 2025. This report provides an insight into the activities undertaken or overseen by the Audit Committee (the 'Committee'), during which the Group's finance resources and processes stabilised and were substantially strengthened by the end of the financial year.

Much of the first half of this financial year was taken up with concluding on the challenges that arose during the previous financial period and on finalising the audited accounts, which were published on 29 July 2024. After a period of reflection following publication of the previous period's annual report and accounts, the Committee, in conjunction with the wider Board, determined that it would be in the best interests of the Company to seek a new Chief Financial Officer with relevant experience and skills more closely matched with the challenges that faced the Group. Following an intensive search process, led by the Group Chief Executive Officer and supported by the Audit and Nominations Committees, the Board appointed Mark Fryer as interim Chief Financial Officer of the Company on 6 January 2025. The Committee and Board was delighted to confirm his permanent appointment as Group Chief Financial Officer on 1 May 2025.

Following the adverse judgement against the Company in the Sanmina litigation in September 2024, the Committee worked closely with the Board in seeking an outcome to the judgement, which would allow the Company to both meet the financial costs of the judgement and to continue to successfully pursue the objectives of the Transformation Plan. As part of this work, the Committee determined that the financial settlement agreed with Sanmina was appropriately accounted for and disclosed in the annual report and accounts.

In the second half of the financial year the Committee supported the Chief Financial Officer in restructuring and strengthening the resources and processes in the Group's finance department, both operationally and at the plc head office in London. This review was continued at pace, following the appointment of Mark Fryer in January 2025 and concluded and implemented during the final quarter of the financial year.

Throughout the year the Committee has continued to discuss and challenge the assumptions and judgements made by management in the preparation of the published financial information, particularly with regard to the Group's cash flows and bank facilities and the carrying value of certain tangible and intangible assets.

During this period of restructuring and refocusing, both the financial resources and processes of the Group, the Committee agreed with Executive management that the activities of internal audit would be paused until this exercise had been concluded and implemented. Certain self-certification control reporting process to senior finance personnel in plc continued to be undertaken regularly by each of the operational finance locations and the Committee continued to provide input and oversight of the internal controls processes and risk management. It is intended that a separate internal department, will be set up during the new financial year, which will allow a full internal audit programme of activities to recommence.

### Committee meetings

The Committee met six times during 2024/25 and had a programme of business that reflects the Committee's Terms of Reference and issues, including those outlined, that could impact the effectiveness of the Group's risk management systems, internal control processes and financial reporting.

In addition to Committee members, meetings are also attended by the: Chief Executive Officer; Chief Financial Officer; Group General Counsel and Company Secretary; Group Financial Controller; and the external auditor.

The Committee met separately with Grant Thornton who were provided the opportunity at each meeting to discuss any issues with the Committee without the presence of management.

The Chair meets regularly with members of the Executive and management teams as well as Grant Thornton, outside of formal Committee meetings to discuss matters which fall within the Committee's Terms of Reference.

### Governance

The membership of the Committee has been strengthened this year, following the appointment of John Lincoln as a Non-Executive Director of the Company on 1 August 2024 and a member of the Committee. I am very grateful for the support and advice I have received from my colleagues on the Committee in undertaking the Committee's work programme this year.

All members of the Committee are independent Non-Executive Directors whose qualifications are outlined in the Directors' biographies on pages 44 and 45. Members of the Committee have a detailed understanding of Dialight's strategy, business model and the Group's culture and core values together with significant knowledge and business experience in financial reporting, risk management, internal control, and strategic management. In addition, I meet the requirement to bring recent and relevant financial experience to the Committee and further information about my experience can be found on page 45. The Board is satisfied that the Committee has the resources and expertise to fulfil its responsibilities and has competence relevant to the sector in which the Company operates.

### Internal control and risk management processes

The Board has overall responsibility for the risk management framework, as explained on page 22. The Board delegates responsibility for reviewing the effectiveness of the Group's systems of internal control to the Committee. This covers all material controls including financial, operational and compliance controls and risk management systems.

The Board sets the risk appetite that forms the basis of the approach to risk management, accepting that some level of risk-taking is necessary to meet business objectives.

The Group has a risk management process, which is led by the Group Risk Management Committee. This process identifies risks and assesses the probability and impact from these risks and assigns an owner to manage mitigation activities at the operational level. During the year, the Committee received reports that enabled them to maintain oversight and discuss the risks and challenges to the Group.



## Audit Committee report continued

The structures within the Group that track and report on controls include:

- a formally constituted Risk Committee that meets periodically, made up of members of the Group Executive Committee and representing each primary function of the business;
- allocation of identified risks to a specific risk owner with responsibility for monitoring and mitigating that risk;
- periodic, externally facilitated briefings on new and emerging risk themes across our sector and generally;
- the Board of Directors and Audit Committee oversight on the risk register and risk review process;
- monthly operational and financial reporting;
- the control structure for delegated authorities; and
- external and outsourced “internal” auditors (see below).

The Committee also reviews the Group’s internal control systems and their effectiveness prior to reporting any significant matters to the Board. Internal controls are the responsibility of the Chief Financial Officer. Confirmation that the controls and processes are being adhered to throughout the business is the responsibility of the relevant managers and is continually tested by the work of Group Finance. These controls include monthly management accounts, balance sheet reviews, regular forecasting and investigation of variances against budget/forecast.

The Committee also reviews the Group Risk Register at least twice a year and assesses the actions being taken by senior management to monitor and mitigate the risks. The Group’s principal risks and uncertainties, the areas which they impact and how they are mitigated are described on pages 24 to 27.

As explained above, during the reporting period of the Company the role of Chief Financial Officer was unfilled from 11 November 2024 until 6 January 2025. During this short period, senior members of the Group finance department, supported by the Group Chief Executive carried out those tasks ordinarily undertaken by the Chief Financial Officer. These tasks, including the conclusion and publication of the Group’s interim results were overseen by me.

The Committee also regularly reviews the Group whistleblowing register to ensure investigations are brought to the Board’s attention and properly completed, and that any control implications or common themes are identified and addressed.

### Internal audit

The Group does not have a dedicated, stand-alone internal audit function. Historically the Group has relied upon a combination of externally commissioned work from independent accounting firms and work carried out independently by senior Group finance personnel. However in light of a constraint on available resources, conflicting priorities and the challenges faced by the Group’s financial operations during the year, the work of internal audit, was significantly curtailed. A detailed work programme of internal audit work has now been proposed for the new financial year in 2025/26. The Committee has also supported the proposal from the Chief Financial Officer to recruit a dedicated resource to undertake and manage the internal audit programme.

### Fair, balanced and understandable

One of the key compliance requirements of a Group’s financial statements is for the annual report to be fair, balanced and understandable. The coordination and review of Group-wide contributions to the annual report follows a well-established process, which is performed in parallel with the formal process undertaken by the external auditor. A summary of the process is as follows:

- The annual report and accounts is drafted by the appropriate senior management with overall coordination by a team comprising of the Company Secretary and the Chief Financial Officer to ensure consistency.
- Comprehensive reviews of the drafts of the annual report and accounts are undertaken by management, the Board Chair and respective Chairs of each Committee to ensure that (i) all key events and issues, which had been reported to the Board in the Executive Board reports during the year had been appropriately referenced or reflected within the annual report; and (ii) the completeness and accuracy of definitions of alternative performance measures used in the annual report and accounts, their consistency of use, relevance to users of the annual report and accounts and balance with statutory metrics.
- A near-final draft is reviewed by the Committee.
- A final draft is reviewed by the Board.
- Formal approval of the annual report and accounts is given by a Committee of the Board.

This approach enabled the Committee, and then the Board, to confirm that the Company’s 2024/25 annual report and accounts taken as a whole is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Company’s position and performance, business model and strategy.

### KEY JUDGEMENTS AND FINANCIAL REPORTING MATTERS

The Committee assesses and challenges whether during the period suitable accounting policies have been adopted and whether management has made appropriate estimates and judgements. Key accounting judgements considered, conclusions reached and their financial impacts during the period under review are set out in the table below. These were also the key judgements challenged by Grant Thornton during their audit. Additionally, the Committee discussed with the external auditor the significant issues addressed during the year, and the areas of particular focus, as described in the Independent auditor’s report on pages 85 to 97.



# Audit Committee report continued

## Key judgements and financial reporting matters 2024/25

## Audit Committee review and conclusions

### Going concern and viability statement

The Directors must determine that the business will continue as a going concern for the 12-month period from the date of signing the accounts. Furthermore, the Directors are required to make a statement in the annual report as to the longer-term viability of the Group. This has been analysed in detail, particularly the downside scenarios modelled in the viability statement, in light of the current economic environment and worldwide commodity and logistics challenges.

The Committee conducted an annual assessment pursuant to which the Directors concluded that there was a "material uncertainty" with regard to certain assumptions used in the financial projections to determine whether the Group can prepare the financial statements on a going concern basis, as set out in more detail in note 2(b) of the consolidated financial statements. The Committee also evaluated management's work in conducting a robust assessment of the Group's longer-term viability, affirmed the reasonableness of the assumptions, considered whether a viability period of three financial years remained most appropriate, and confirmed that it was as part of a recommendation to the Board. These conclusions were subject to robust challenge from the external auditors. Further detail can be found on page 85.

### Inventory valuation and absorbed overhead costs

The Committee reviewed the nature of the costs absorbed into inventory, the level of production over which these costs were absorbed, the variances, including in respect of material usage and purchase price, between standard cost and actual cost, and the reasons for movements in inventory value period to period. The basis for, and level of, provisioning, including for aged, and obsolete product, which are judgemental or require a high degree of estimation, were presented to the Committee by management.

The Committee and the external auditors discussed and assessed the information provided by management and concluded, after appropriate challenge, that the valuation of inventory and level of provisioning were reasonable. The Committee approved the continued application of the two-year provisioning policy (see note 2(c)).

### Capitalised development costs

Data in relation to historic and current year development cost capitalisation was reviewed and the appropriate application of the development costs capitalisation policy in line with accounting standards was considered. The adequacy of Dialight's disclosures was reviewed with management, including the judgement involved in assessing the carrying amount and degree of estimation involved in assessing the recoverable amount of capitalised development costs.

The Committee and the external auditors challenged the assumptions used to determine development department capitalisation and concluded that no additional impairment charge was required as at 31 March 2025.

### Impairment review

For indefinite-life assets, the Group performs an annual impairment review. In addition, the Group reviews assets that are subject to amortisation or depreciation for events or changes in circumstances that indicate that the carrying amount of an asset or cash-generating unit may not be recoverable. If an asset has previously been impaired, the Group considers whether there has been a change in circumstances or event that may indicate the impairment is no longer required.

The Committee and the external auditors reviewed management's impairment review process including, where applicable, the potential indicators of impairment and/or reversal, cash flow projections, growth margin and discount rates used to derive a value in use as well as the sensitivity to assumptions made and consistency with the prior year.

The Parent Company performs an annual impairment assessment for the investments held in subsidiaries, loans to subsidiaries by the Company and assesses whether amounts due from subsidiary undertakings are recoverable.

The Parent Company recognised for investments in subsidiaries, a provision for impairment of £2.0m, for loans to subsidiaries, a provision for impairment of £5.6m and for amounts due from subsidiary undertakings, a provision for impairment of £10.0m has been recognised.

### Non-underlying items

The Group separately discloses certain costs and income that impair the visibility of the underlying performance and trends between periods. The separately disclosed items are material and infrequent in nature and/or do not relate to underlying business performance. Judgement is required in determining whether an item should be classified as non-underlying or included within the underlying results.

The Committee and the external auditors reviewed the presentation treatment of non-underlying items and agreed that the items listed in note 6 are appropriately classified and disclosed.



# Audit Committee report continued

## Key judgements and financial reporting matters 2024/25

## Audit Committee review and conclusions

### Deferred tax assets

The Directors must determine the extent to which deferred tax assets can be recognised and this determination is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

The Committee and the external auditors discussed and assessed the information provided by management and concluded, after appropriate challenge, that the amount of deferred tax assets recognised was reasonable.

### EXTERNAL AUDIT EFFECTIVENESS AND INDEPENDENCE

The shareholders confirmed the appointment of Grant Thornton UK LLP as external auditor at the AGM on 23 September 2024. The year ended 31 March 2025 will be the second financial reporting period in which Grant Thornton has reported on the Company's financial statements. The lead partner for the current financial year was Mark Overfield. Other than this role, Mark has not had any previous involvement with the Group.

The Company confirms that, during the year under review, it has complied with the provisions of The Statutory Audit Services for Large Companies Market Investigation (Mandatory Use of Competitive Tender Processes and Audit Committee Responsibilities) Order 2014.

Grant Thornton is engaged to express an opinion on the financial statements. They review the disclosures contained in the financial statements to the extent necessary to express its opinion. It discusses with management the reporting of operational results and the financial position of the Group and presents findings to the Committee. The Directors in office at the date of this report are not aware of any relevant information that has not been made available to Grant Thornton and each Director has taken steps to be aware of all such information and to ensure it is available to Grant Thornton. Grant Thornton's audit report is published on pages 85 to 97.

During the year the Committee assessed the effectiveness of the external audit process for the period ended 31 March 2024. As part of this review feedback was sought from members of the Committee and senior management of the business areas subject to the audit. The feedback was considered, discussed and summarised by management and reported to the Committee and Board. Having conducted such review, and reviewed overall performance, the Committee concluded that the audit effectiveness and independence of the external auditor, and the audit process applied to the audit of the financial statements for the 15-month period ended 31 March 2024 was satisfactory and effective.

### NON-AUDIT SERVICES

The Committee agrees the fees paid to the external auditor for its services as auditor. The Committee also oversees the nature and amount of all non-audit work undertaken by the external auditor to ensure that it remains independent. When seeking external accounting related advice in relation to non-audit matters, the Group's policy is to invite competitive tenders where appropriate. In 2024/25, EY provided taxation advice and support services to the Group in connection with overseas transfer pricing and more general corporate tax matters, including accounting for tax in the annual report and accounts. It is the Group's policy to balance the need to maintain audit independence with the desirability of taking advice from the leading firm in relation to the matter concerned and being efficient.

Non-audit fees of \$25k relating to assurance related services were paid to Grant Thornton during the period under review.

### AUDIT COMMITTEE EVALUATION

The Board is required to carry out a formal review of the effectiveness of the Committee during each reporting period. This review was accomplished through an internal evaluation process carried out at the March 2025 meeting and the results were reported and discussed with the Board at their meeting in June 2025. The results of this evaluation process were positive and concluded that the Committee had fulfilled its role effectively. The Board also recognised that a more stable finance function going into the new financial year provided an opportunity to make further progress in developing the Group's internal systems of internal control.

In concluding this report and on behalf of the Committee, I wish to thank the Dialight management and finance teams and Grant Thornton for their commitment and valuable contributions during what has been another challenging year but from which has emerged a stronger and more effective financial operation.

I will be available to answer any questions in relation to this Audit Committee report before the Annual General Meeting. Please email your questions to the contact details in the AGM notice.

### Nigel Lingwood

Chair of the Audit Committee

23 June 2025



## Remuneration Committee report



**Lynn Brubaker**  
Chair of the Remuneration Committee

### ROLE AND RESPONSIBILITIES

The primary responsibilities of the Remuneration Committee are to:

- set the Remuneration Policy for all Executive Directors (including interim roles) and the Company's Chair including, where appropriate, bonuses, incentive payments, share-based incentive schemes and post-retirement benefits;
- determine the remuneration packages for the Executive Directors (including interim roles), the Company's Chair and the Company Secretary, within the terms of the policy;
- recommend and monitor the structure of the remuneration of the senior management group as defined by the Board;
- approve the design of, and determine targets for, any performance-related and share-based incentive schemes operated by the Company and approve the total annual payments made under such schemes (in accordance with the Provisions of the UK Corporate Governance Code 2018 (in respect of the FY2024/25 and the UK Corporate Governance Code 2024 in respect of FY2025/26)); and
- review the design of all share incentive plans requiring approval by the Board and shareholders (for any such plans, the Remuneration Committee shall determine each year, taking into account the recommendations of the Chief Executive Officer, whether awards will be made and, if so, the amount of such awards to the Executive Directors, Company Secretary, members of the Executive Committee and other senior Group employees from time-to-time as nominated by the Chief Executive Officer, and any performance targets to be used).

### STATEMENT OF SHAREHOLDER VOTING (2024 AGM)

There was very strong support for the remuneration-related resolutions at the 2024 AGM as shown in the table below. The Committee is grateful to shareholders for their support.

	% votes for	% votes against	Votes withheld
Directors' Remuneration Report FY2023	99.99	0.01	3,727 (out of 33,977,307 votes cast)
Remuneration Policy	96.63	3.37	2,171 (out of 33,979,863 votes cast)
Value Creation Plan	96.63	3.37	2,315 (out of 33,978,719 votes cast)

### COMPOSITION AND ATTENDANCE

The names of those who served on the Remuneration Committee during the year and through to the report date can be found in the table below.

Committee member	Member from/until	Attendance
Lynn Brubaker (Committee Chair)	From 1 July 2023 (Chair from 1 November 2023)	9/9
Nigel Lingwood	From 1 November 2022	9/9
John Lincoln	From 1 August 2024	6/6
Neil Johnson	From 1 July 2023 until 20 March 2025	7/9

All members of the Remuneration Committee are considered independent within the definition set out in the 2018 Code. None of the Remuneration Committee has any personal financial interest in Dialight (other than as shareholders), conflicts of interests arising from cross directorships, or day-to-day involvement in running the business.

To reflect the additional independent supervisory and oversight responsibilities agreed between the Board and Nigel Lingwood, in respect of the period between the departure of Carolyn Zhang and the appointment of Mark Fryer, Nigel received additional remuneration of £12,500 per calendar month from 1 October 2024 to 28 February 2025. This arrangement was put in place to acknowledge the increased commitment required during this period and was approved by the Board in line with its governance and remuneration policies. Nigel Lingwood was not present when these arrangements were discussed by the Remuneration Committee.

During the year, the Remuneration Committee met nine times. Of these, four meetings were formal scheduled meetings and the other five were meetings held to deal with the review and approval of specific technical remuneration matters. Attendance by individual members of the Remuneration Committee is disclosed in the table above.



## Remuneration Committee report continued

Only members of the Remuneration Committee have the right to attend Remuneration Committee meetings. The Executive Chair, Chief Executive Officer and the Company Secretary attend the Remuneration Committee's meetings by invitation but are not present when their own remuneration is discussed. The Remuneration Committee also takes independent professional advice as required. In addition, and in respect of the period when he was still a member of the Committee, Neil Johnson was not present when the proposed VCP was discussed.

### TERMS OF REFERENCE

A copy of the Terms of Reference ('ToR') for the Remuneration Committee is available on the Company's website or on request from the Company Secretary at the registered office. The ToR are reviewed annually by the Remuneration Committee.

### REMUNERATION COMMITTEE EVALUATION

The Committee reviews its own performance annually including in respect of compliance with the applicable UK Corporate Governance Code. It is satisfied that as at the date of this report, it remains compliant with all Code requirements.

### DEAR SHAREHOLDERS

On behalf of the Board, I am pleased to present the Directors' Remuneration Report for the 12-month period ended 31 March 2025. As in previous years, this report is split into three sections: this Annual Statement (pages 60 to 62); the 2024 Remuneration Policy (pages 63 to 73); and the annual report on the implementation of the 2024/25 Remuneration policy during 2024/25 (pages 74 to 77).

### IMPLEMENTATION OF THE 2024 REMUNERATION POLICY DURING THE YEAR

Following extensive consultation with major shareholders, the Remuneration Committee proposed a strengthened Remuneration Policy at the 2024 AGM. This policy was passed with the support of 96.63% of voting shareholders.

The Remuneration Committee's activities during 2024/25 were primarily focused upon the implementation of that Policy (and its predecessor) with regards to the Board changes, the introduction of the 2024 Value Creation Plan, the annual cycle of review of reward structures across the Group and bonus setting.

### BOARD CHANGES IN 2024/25

Carolyn Zhang stepped down as CFO and as an Executive Director on 11 November 2024. Details of Carolyn's remuneration during the reporting period are set out on page 77. It includes the payment of salary and contracted benefits through to 11 November 2024 and thereafter a payment in lieu of notice payable in 13 bi-weekly instalments, together with pay in respect of untaken holiday. Following her departure, Carolyn has not retained any rights in relation to share incentives.

Neil Johnson was appointed as Non-Executive Chair on 17 May 2023. As part of that recruitment process, the Committee received advice from its remuneration consultants (Mercer Limited). That advice was focused on the appropriate level and structure of remuneration for the role taking

account of prevailing governance standards, market practice and the context of the specification for the role (including the anticipated time commitment associated with the implementation of the Group's transformation and strategic plan). The fee level for the Chair role was set at £250,000 in recognition of the anticipated considerable demands of the role. As will be apparent from the level of reported Board and Committee activities, the role has indeed been demanding in terms of time and effort. The Remuneration Committee has kept this fee level under periodic review and, if and when it feels appropriate, will consider re-basing it to a lower fee if there is a material reduction in the demands of the role. On 20 March 2025 it was announced that Neil's role would be that of Executive Chair (in place of the Non-Executive role he held previously). As set out in the announcement, there have been no changes in Neil's responsibilities resulting from this role change. The change in role from Non-Executive Chair to Executive Chair results from Neil's participation in the Company's Value Creation Plan, as approved by shareholders at the Company's 2024 AGM. The salary payable to Neil in respect of his Executive Chair role is the same as the fee level he was entitled to as Non-Executive Chair. Neil will not be entitled to any other benefits, pension contributions, nor participation in the Company's Restricted Share Plan or Annual Performance Bonus Scheme.

NED fees were increased in line with standard average annual increments for Group employees in respect of the 2024/25 reporting period at 3%, but no increase was applied in respect of Neil Johnson's fees.

### EXERCISE OF DISCRETION

The Remuneration Committee has not exercised any discretion during the reporting year in terms of incentive plan outcomes.

### IMPLEMENTATION OF THE VALUE CREATION PLAN ('VCP')

During the consultation process relating to the appointment of Neil Johnson as Chair, the Board received various representations from a significant number of major shareholders with regards to the Chair role and potential remuneration structures that they believe would be most appropriate in the current context. These representations from shareholders included a suggestion that the Remuneration Committee considers a VCP for the Chair role and for Executive management.

The plan is intended to deliver significant rewards to participants if there is a substantial increase in shareholder value with no payout below a stretching hurdle.

Over 2023 and early 2024, the Committee, in consultation with Mercer Limited, worked on proposals for the VCP and there was an iterative consultation process in respect of the VCP design with major shareholders. The proposed plan, which will be operated on a time limited basis during which it will replace regular RSP grants (for VCP participants) under the 2023 Dialight Restricted Share Plan ('DRSP'), was developed to address shareholder representations that the Company should pursue an ambitious growth strategy and delivering significant additional benefit for shareholders.



## Remuneration Committee report continued

The principal terms of the VCP were set out in the notice of the 2024 Annual General Meeting and approved at that meeting with 96.63% of votes in favour. An award of Units were granted to Neil Johnson and Steve Blair under the VCP on 19 March 2025 and further details are provided on page 77. Prior to the grant, the Committee satisfied itself that both recipients had met the shareholding requirement (acquisition of at least £150,000 worth of Dialight shares by 31 March 2025) for eligibility for VCP payouts.

### CHAIR REMUNERATION

As noted above, there was no increase in Chair's fees in FY2025 and no change in fees paid when Neil's role became an Executive role in March 2025. The Remuneration Committee continues to review Neil's fees on a regular basis.

### CEO REMUNERATION

There was no increase to the CEO's salary in FY2025.

### 2024 REMUNERATION POLICY

The Company's triennial remuneration policy was approved at the 2024 AGM with 96.63% of votes in favour.

### POST YEAR-END ACTIVITIES

Except for the implementation of the matters set out above, there are no material post year-end activities to be reported.

Under the 2024 APBP, the performance thresholds for the EBIT and Net Debt metrics were reached and the CEO is eligible for a bonus of £301,646, payable in July 2025. Further details of the APBP can be found on page 75.

### MATTERS TO BE CONSIDERED AT THE 2025 ANNUAL GENERAL MEETING

Aside from the routine resolution relating to this Remuneration Report, there are no further remuneration resolutions for consideration at this year's AGM.

### Lynn Brubaker

Chair of the Remuneration Committee

23 June 2025

### COMMITTEE ACTIVITIES IN 2024/25

#### 29 April 2024

- Review and approval of COO benchmarking, engagement terms and remuneration package.

#### 15 May 2024

- PSP outcomes – 2021 award.
- VCP outline and shareholder consultation.

#### 22 July 2024

- 2023 remuneration outcomes – 2024 remuneration report review and approval – 2024 bonus structure and DRSP administration.
- VCP – approval of scheme rules.
- Committee review.
- NED fees.

#### 13 August 2024

- 2024 RSP grants – approval of structure and awards.

#### 25 September 2024

- Committee review – RSP leaver status awards.

#### 21 November 2024

- Interim CFO remuneration terms.

#### 03 December 2024

- Interim CFO remuneration terms.
- EBT administration.
- DRSP administration.
- VCP adoption.

#### 11 February 2025

- Chair terms.
- VCP approval.
- 2022 DRSP outcomes and EBT administration.

#### 25 February 2025

- Remuneration timetable planning and Committee review.
- NED fees.

### EXTERNAL ADVICE TO THE REMUNERATION COMMITTEE

The Remuneration Committee has access to the advice of the Chief Executive Officer, Company Secretary and the Global VP, HR as well as external advisers as required. During the reporting period ended 31 March 2025, the Remuneration Committee consulted Mercer Limited, a business of Marsh McLennan Inc, which provided independent advice (for a total fee of £90,450 excluding VAT) on CFO salary, benefits and variable remuneration packages, implementation of the VCP, other Board and general remuneration matters; and corporate governance best practice and disclosure (including the drafting of this report). The Remuneration Committee retains the responsibility for the appointment of remuneration advisers and their associated fees and undertakes due diligence periodically to ensure that its advisers remain independent, and that the advice provided is impartial and objective. Mercer Limited is a signatory to the Remuneration Consultants Group Code of Conduct and abides by its requirements to provide advice that is transparent and impartial. Mercer Limited does not provide any other services to the Group.

### COMPLIANCE STATEMENT

This Remuneration Report (inclusive of this introduction and statement by Lynn Brubaker, the policy outlined on pages 63 to 67 and the report on the implementation of the policy on pages 78 to 79) has been prepared in accordance with the provisions of the Companies Act 2006 and Schedule 8 of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. It also meets the requirements of the FCA Listing Authority's Listing Rules and the Disclosure Guidance and Transparency Rules. The sections of the Remuneration Report that are subject to audit are marked as Audited Information. The remaining sections of the Remuneration Report are not subject to audit.



## Remuneration Committee report continued

### DIRECTORS' REMUNERATION POLICY

This section of the report details the Remuneration Policy for Executive and Non-Executive Directors (the '2024 Policy'). The Policy was approved at the September 2024 AGM (approved by 96.63% of votes cast on the resolution) and is effective for up to three years from the date of approval. The new Policy significantly strengthened the linkage between pay and performance and the alignment between the pay of Executive Directors and the shareholder experience, and introduced a VCP for a limited period.

### BACKGROUND AND OVERVIEW OF THE POLICY

The Committee has a clear policy on remuneration – that base salary and benefits for Executive Directors should represent a fair return for employment but that the majority of remuneration should be dependent on the continued success of the Company and be aligned with delivery of Dialight's strategic plan and the creation of shareholder value.

The 2024 Policy was designed and reviewed to reinforce those principles, in particular to offer significant rewards for a substantial increase in shareholder value with no long-term incentives being earned if total shareholder return is below a stretching threshold. The Committee consulted very extensively with major shareholders in late 2023 and early 2024 prior to implementing the 2024 Policy. It also took into account prevailing best practice investor expectations, along with remuneration made generally to employees of the Group.

As noted in the introduction, Neil Johnson has become Executive Chair and is eligible to receive his base fee and to participate in the VCP. He is not eligible for the Restricted Share Plan, Annual Performance Bonus Plan, pension contributions or taxable benefits.

### REMUNERATION POLICY TABLE

Link to strategy	Operation	Opportunity	Performance metrics
<b>Base salary/fees</b>			
To recruit, retain and motivate individuals of high calibre, and reflect the skills, experience and contribution of the relevant Director; to ensure that fixed pay represents a fair return for employment.	The Remuneration Committee sets base salary with reference to relevant market data and an individual's experience, responsibilities and performance. Base salary is considered by the Remuneration Committee on an individual's appointment and then generally reviewed once a year or when an individual changes position or responsibilities. When making a determination as to the appropriate level of remuneration, the Remuneration Committee firstly considers pay and conditions for employees across the Group, the general performance of the Company and the wider economic environment. The Committee may also undertake periodic benchmarking for similar roles in comparable organisations.	Any base salary increases are applied in line with the outcome of the review. In respect of existing Executive Directors, it is anticipated that salary increases will generally be in line with the broader employee population. In exceptional circumstances (including, but not limited to, material increases in role size or complexity), the Committee has discretion to make appropriate adjustments to salary levels to ensure that they remain market competitive. It is not envisaged that this will be a frequent occurrence. Detail of current salaries for the Executive Directors can be found on page 74.	None.
<b>Benefits – not applicable to Executive Chair</b>			
To provide market competitive, yet cost effective, benefits to attract and retain high-calibre Executives.	Executive Directors receive benefits which consist primarily of the provision of a car allowance, life insurance and medical insurance, although they may include such other benefits as the Committee deems appropriate including in circumstances where new benefits are introduced for other employees in the location where an Executive Director is based.	Benefits vary by role and individual circumstances; eligibility and cost are reviewed periodically. The Remuneration Committee retains the discretion to approve a higher total benefit cost in exceptional circumstances (e.g. relocation) or in circumstances where factors outside the Company's control have changed materially (e.g. increases in life insurance premiums). The value of benefits awarded to the Executive Directors can be found in the table on page 74.	None.



## Remuneration Committee report continued

Link to strategy	Operation	Opportunity	Performance metrics
<b>Pension – not applicable to Executive Chair</b>			
To provide market competitive, yet cost effective, benefits to attract and retain high-calibre Executives.	A Company contribution to a defined contribution pension scheme or provision of a cash payment in lieu of a pension contribution (or combination of such) for UK-based Directors. In the US, Dialight operates a 401(k) and SERP (or cash equivalent payment in lieu in respect of the latter). Salary is the only element of remuneration that is pensionable for Executive Directors.	<p>Executive Directors will receive pension arrangements consistent with the majority of employees in the relevant jurisdiction:</p> <ul style="list-style-type: none"> <li>UK-based Executive Directors will be entitled to join the existing defined contribution scheme offering employer contributions of up to 5% of salary, or to receive an equivalent cash payment in lieu; and</li> <li>US-based Executive Directors will be entitled to participate in the 401(k) and the SERP (or to receive a cash equivalent payment in lieu of employer contribution in respect of the latter) on terms consistent with the majority of US employees.</li> </ul>	None.
<b>Annual Performance Bonus Plan ('APBP') – not applicable to Executive Chair</b>			
The APBP incentivises the achievement of annual objectives, which support the short-term performance goals of the Company.	<p>APBP measures, weightings and targets are set by the Remuneration Committee at the beginning of each financial year following the finalisation of the budget for that year.</p> <p>Bonuses up to target are paid in cash, with pay-outs above target delivered in Dialight shares.</p> <p>Where the Executive receives Dialight shares, half of these vest after two years with the balance vesting after three years, subject to continued employment with the Group. Dividends are accrued on these deferred shares and are paid to the participant on release of shares that are subject to the award.</p> <p>Awards under the APBP are subject to malus and clawback provisions, further details of which are included as a note to the Policy Table.</p>	The maximum bonus opportunity is 150% of salary. Threshold performance will deliver payouts of up to 20% of maximum, while payouts for target performance will be up to 50% of maximum.	<p>Performance is assessed on an annual basis, as measured against specific objectives set at the start of each year. Financial measures will make up at least 75% of the total annual bonus opportunity in any given year, with up to 25% based on objectives linked to Dialight's strategy.</p> <p>The Committee has discretion to adjust the formulaic bonus outcomes both upwards (within the plan limits) and downwards (including to zero) to ensure alignment of pay with performance, e.g. in the event of one of the targets under the bonus being significantly missed or if there are unforeseen circumstances outside management control.</p> <p>The Committee also considers measures outside the bonus framework (including ESG factors) to ensure there is no reward for failure and that outcomes are fair in the context of overall performance and the Group's wider environmental and societal impact.</p>



## Remuneration Committee report continued

Link to strategy	Operation	Opportunity	Performance metrics
<b>Dialight Value Creation Plan ('VCP')</b>			
<p>Executive Directors are eligible for awards under the VCP. No Executive Director that receives a VCP award will be eligible for a 2023 Dialight Restricted Share Plan ('DRSP') award in either 2024 or 2025 except potentially in the case of "buy outs" under the appointments policy. It is anticipated that DRSP awards will recommence in FY2026/27. The VCP provides a way to align remuneration more closely to shareholder value creation. The aim of the VCP is to incentivise the Executive Chair, CEO and CFO and other key executives to pursue ambitious targets for growth.</p>	<p>Participants will be eligible for a share in a pool of excess value created over three and four-year periods. The total pool will be calculated as 7.5% of value created through share price growth plus dividends ('TSR') in excess of 350p vs a four-week average share price ending 1 April) of approximately 166p; i.e. growth of approximately 110%.</p> <p>The award will have two independent three and four-year performance measurement periods (1 April 2024 to 31 March 2027 and 1 April 2024 to 31 March 2028). Each period will determine 50% of the award, i.e. 3.75% of value created will apply to each period.</p> <p>A three-month average opening and closing share price will be used to measure value creation for the pool. Awards will be granted as a number of units in the pool. At the end of each performance period, units will be converted into an award of shares/nil cost options with participants required to hold onto their vested shares after any sales required to settle tax and withholdings on vesting for a period of five years from grant, in line with the provisions of the Code and market best practice. To avoid excessive payouts and shareholder dilution, the total value of the pool for all participants will be capped at 3% of shares in issue. If the aggregate value of the pool exceeds this cap, then awards will be scaled back pro-rata on the same basis for all participants. The implication is that the slope of the payout curve reduces once the share price exceeds 583p.</p>	<p>Awards to be granted to four to five key individuals including the Executive Chair, Chief Executive Officer and the Chief Financial Officer. Both the Executive Chair and Chief Executive Officer are eligible for awards over units representing 34% of the pool and the Chief Financial Officer 17% of the pool, with the remaining 16% allocated among other current or future participants as determined by the Board. At a share price of £5, the awards to the Executive Chair and CEO would be worth approximately £1.5m each, representing around 0.34% each of the value created for shareholders above the hurdle. The Executive Chair and Chief Executive Officer were required to acquire £150,000 worth of Dialight shares by 31 March 2025 in order to be eligible for VCP payouts.</p> <p>No awards would be made under the DRSP to VCP participants until 2026. These awards would vest in 2029, one year after the second element of the VCP awards vest, ensuring the ongoing retention of plan participants. Other senior management DRSP participants may receive awards in the usual way.</p> <p>Awards under the VCP are subject to malus and clawback provisions, further details of which are included as a note to the Policy Table.</p>	<p>As described under "Operation", the amounts received by participants are directly proportional to shareholder value generated in excess of a threshold that represents substantial growth. The Committee has discretion to adjust outcomes as described later in this Policy.</p>



## Remuneration Committee report continued

Link to strategy	Operation	Opportunity	Performance metrics
<b>Restricted Share Plans – not applicable to Executive Chair</b>			
<p>The DRSP replaced the 2024 Dialight Performance Share Plan ('DPSP') for awards to Executive Directors in 2021 and thereafter. There are no outstanding DPSP awards to any Executive Directors. As noted above, no DRSP awards will be made to any Executive Director that receives a VCP award in either FY2024/25 or FY2025/26 except potentially in the case of "buy outs" under the appointments policy. It is anticipated that DRSP awards will recommence for Executive Directors in FY2026/27.</p> <p>The DRSP provides a simple and transparent long-term incentive award to help ensure alignment between the interests of shareholders and those of the Executive Directors, and is aligned to the plans operated below Board level.</p>	<p>DRSP awards may be structured as conditional shares or nil-cost options with a two-year exercise window from the date of vesting.</p> <p>The release of awards may, at the discretion of the Committee, be deferred in whole or in part following the end of a three-year vesting period.</p> <p>The Committee's intention is that all vested awards will be subject to a two-year post-vesting holding period.</p> <p>The Remuneration Committee has the power to authorise the payment of dividends or dividend equivalents under the rules of the DRSP.</p> <p>Awards under the DRSP are subject to malus and clawback provisions, further details of which are included as a note to the Policy Table.</p>	<p>The DRSP provides for an award up to a normal limit of 62.5% of salary for Executive Directors, with an overall limit of 75% of salary for use in exceptional circumstances.</p> <p>These maximum opportunities under the DRSP represent a 50% reduction against the maximum opportunity that was available under the previous PSP scheme.</p> <p>The Committee has discretion to reduce awards in the event that there has been a significant fall in the share price.</p>	<p>Vesting of awards will require:</p> <p>(a) that the recipient remains in role as at the date of vesting (subject to the "leaver" provisions of the shareholder approved share plan); and</p> <p>(b) that the Committee is satisfied that Dialight's underlying performance and delivery against strategy are sufficient to justify the level of payout, taking into consideration factors such as absolute total shareholder return ('TSR'), relative TSR, environmental impact and operational performance over the period, as well as individual contribution and the workforce and wider stakeholder experience.</p> <p>The Committee will have discretion to reduce the vesting of awards (including to zero) in the event that it considers that the outcome would be otherwise misaligned with the experience of shareholders and other stakeholders.</p>



## Remuneration Committee report continued

Link to strategy	Operation	Opportunity	Performance metrics
<b>Non-Executive Director fees</b>			
<p>The Company sets fee levels to attract and retain Non-Executive Directors with the necessary experience and expertise to advise and assist with establishing and monitoring the strategic objectives of the Company.</p>	<p>Fee levels are typically considered every year, taking into account fees paid for equivalent roles at companies of similar size, time commitment and complexity. In the event of the Group reverting to having a Non-Executive Chair, the fees for that role will be determined by the Remuneration Committee, while fees for Non-Executive Directors are determined by the Board. Additional fees are payable for acting as Senior Independent Director and as Chair of any of the Board's Committees. Non-Executive Directors do not receive any bonus, do not participate in awards under the Company's share plans and are not eligible to join the Company's pension scheme.</p>	<p>The Company's policy in relation to fees is to reflect the time commitment and responsibilities of the roles, normally by paying up to median level fees, compared to market, depending on the experience and background of the Non-Executive Directors. The Company also reimburses the Non-Executive Directors for expenses reasonably and properly incurred in the performance of their duties. In normal circumstances, increases to fees will be broadly in line with price inflation, subject to cases of material misalignment with the market or a change in the complexity, responsibility or time commitment required to fulfil a Non-Executive Director role.</p> <p>It remains important for the Board to have the necessary flexibility to step outside this general policy should the requirement be clear that a certain type of individual is required to conform with new governance requirements or legislation. Aggregate fees for all Non-Executive Directors will be within the limits set by the Company's Articles of Association. Details of current Non-Executive Director fees can be found on page 74.</p>	<p>None.</p>



## Remuneration Committee report continued

### NOTES TO THE REMUNERATION POLICY TABLE EXPLANATORY DETAIL FOR FUTURE REMUNERATION POLICY TABLE

For the avoidance of doubt, in approving this Directors' Remuneration Policy, authority is given to the Company to honour any commitments previously entered into with current or former Directors (such as the vesting or exercise of past share awards).

### PERFORMANCE MEASURES AND TARGETS

Measures used under the APBP are selected annually to reflect Dialight's main short-term objectives and reflect both financial and non-financial priorities, as appropriate. The performance underpinned to any future DRSP awards will be based on those which best reflect the overall performance of the business. These might include, but not be limited to, absolute TSR, relative TSR, ESG metrics and operational performance over the period, as well as individual contribution and broader stakeholder experience.

For the APBP, EBIT continues to be used as the primary measure to provide a direct link to one of our KPIs. In FY2024/25 the Executive Director APBP performance targets were based upon EBIT, revenue and net debt. Up to 25% of the APBP may be based on strategic or other non-financial goals in order to reflect the importance of incentivising non-financial objectives linked to Dialight's strategy. Targets are set on an annual basis taking into account the Company's budget as well as external expectations for Dialight and the sector.

If an event occurs which causes the Remuneration Committee to consider that an outstanding DRSP or APBP award would not achieve its original purpose without alteration, the Remuneration Committee has discretion to amend the targets, provided the new conditions are materially no less challenging than was intended when originally imposed. Such discretion could be used to appropriately adjust for the impact of material acquisitions or disposals, or for exceptional and unforeseen events outside the control of the management team and would be disclosed in the relevant remuneration report.

The VCP is based entirely on total shareholder return. However, the Remuneration Committee is mindful of potential windfall impacts and will therefore have the ability to make adjustments to the share price hurdle and/or to payouts. Adjustments may also be made in the event of a capital raise and in other circumstances where the Committee considers this to be necessary and in the interest of the Company. In the event that a discretionary adjustment in favour of participants is proposed (within the cost and dilution parameters of the plan) that goes beyond the usual provisions that exist in relation to obtaining or maintaining favourable tax, exchange control or regulatory treatments, then the Committee will consult with major shareholders.

### DIFFERENCE BETWEEN THE DIRECTORS' REMUNERATION POLICY AND THAT FOR OTHER EMPLOYEES

All employees receive salaries and benefits which are consistent with local market practice, with any review of fixed pay taking into account experience, responsibility, individual performance and salary levels at comparable companies.

Senior management roles are typically eligible to participate in the APBP, with opportunities and performance measures reflecting organisational level and business area, as appropriate. A small number of very senior employees will receive VCP awards. Certain other employees at senior management level or in key roles may receive DRSP awards. These arrangements help Dialight remain competitive in the main talent markets in which it operates, while also continuing to align plan participants with the interests of shareholders in growing the value of the Company over the longer term.

### SHAREHOLDING GUIDELINES

Executive Directors are required to accumulate and maintain a holding of Dialight shares equivalent in value to 200% of their base salary. The net of tax number of vested shares under the Company's DRSP will normally be required to be retained until the guideline has been met. Current shareholding levels are set out on page 79. In light of their recent appointment, the Executive Directors will have a period of five years to build up their respective shareholdings to meet this requirement. However, notwithstanding such period, Steve Blair was still required to meet the requirement to purchase £150,000 worth of Dialight shares by 31 March 2025 in order to be eligible for VCP payments.

In addition to the above, specific share purchase requirements were applied to the Executive Chair and Chief Executive Officer in order to be eligible for awards under the VCP as set out in the Policy Table above. The general shareholding requirement does not apply to the Executive Chair role of Neil Johnson on the basis that he is not, in that role, eligible to participate in any bonus scheme, nor be eligible for any DRSP grants. Neil was, however, required to meet the shareholding requirement specific to the VCP – i.e. the purchase of £150,000 worth of Dialight shares by 31 March 2025.



## Remuneration Committee report continued

### COMMITTEE DISCRETION

As it is not possible for any Remuneration Policy to anticipate every possible scenario, the Remuneration Committee retains the ability to apply various discretions and judgements in order to ensure the achievement of fair outcomes and to maintain the flexibility required to balance the interests of individuals and those of the Company.

For example, the Committee may be required to exercise discretion when determining whether or not the outcomes of performance measures and targets applicable to variable incentives are fair in context, or if realities encourage the use of upward or downward adjustments (within scheme limits).

Accordingly, the Committee retains a number of discretions including the ability to determine the following:

- scheme participants;
- the timing of grant and size of awards, subject to the maximum levels set out above;
- appropriate treatment of vesting of awards in the context of a change of control;
- appropriate adjustments to awards in the event of variations to the Company's share capital;
- treatment, size and grant of awards in a recruitment context; and
- the application, scope, weighting and targets for performance measures and performance conditions.

Although it is not possible to give an exhaustive list of Remuneration Committee discretions, the exercise of any such discretion and the rationale underpinning their use, would be provided in context, as part of the Annual Report on Remuneration.

### PAY FOR PERFORMANCE

The following charts provide an estimate of the potential future rewards for the Group Chief Executive and Group Chief Finance Officer, and the potential split between different elements of pay, under four different performance scenarios: "Fixed", "On-target", "Maximum" and "Maximum including share price appreciation" using the following assumptions:

Executive	Salary	Pension	Benefits	Maximum APBP	Share of VCP Pool
Neil Johnson	£250,000	n/a	n/a	n/a	Maximum of 34%
Steve Blair	£466,000	5% of salary	£21,000	150% of salary	Maximum of 34%
Mark Fryer	£300,000 <sup>1</sup>	5% of salary	£15,000	125% of salary	17%

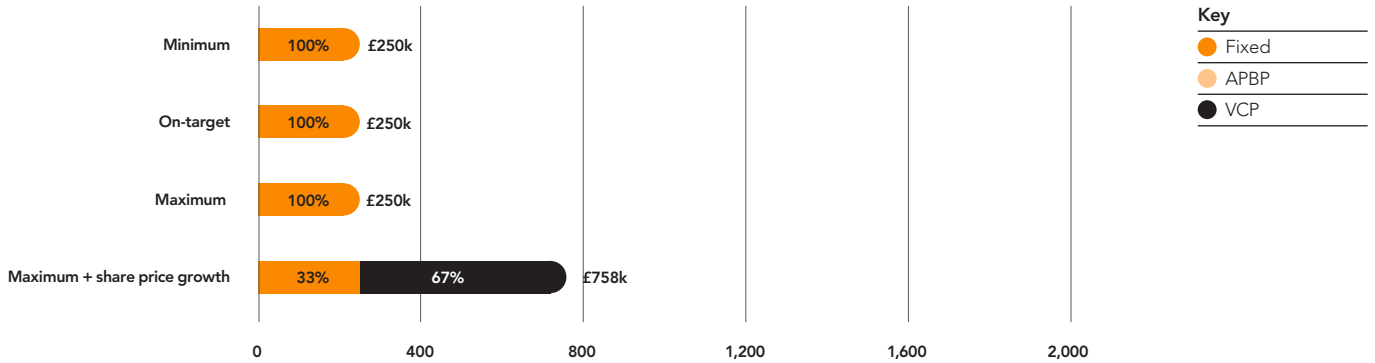
<sup>1</sup> Applicable salary from 1 May 2025.

As Executive Chair, Neil Johnson is not entitled to participate in the DRSP nor in any bonus scheme.

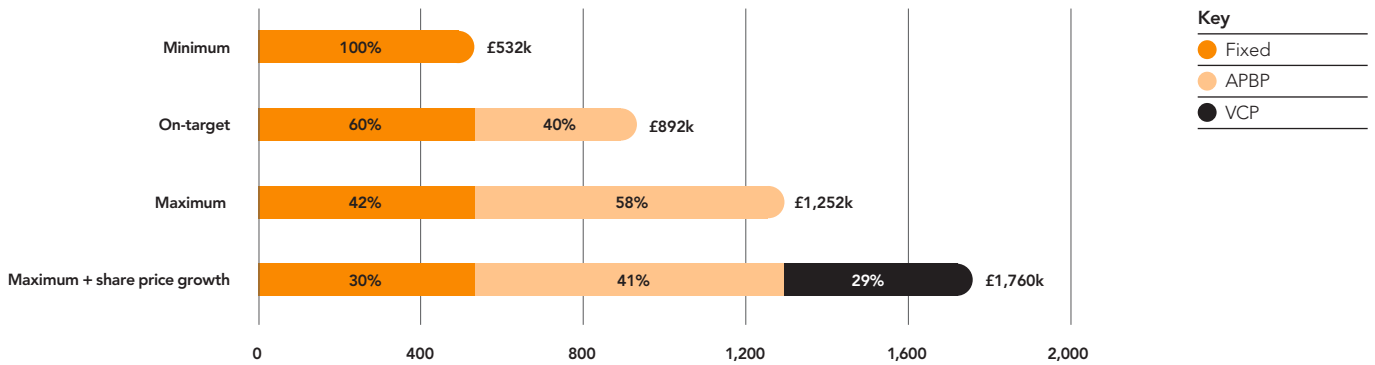


# Remuneration Committee report continued

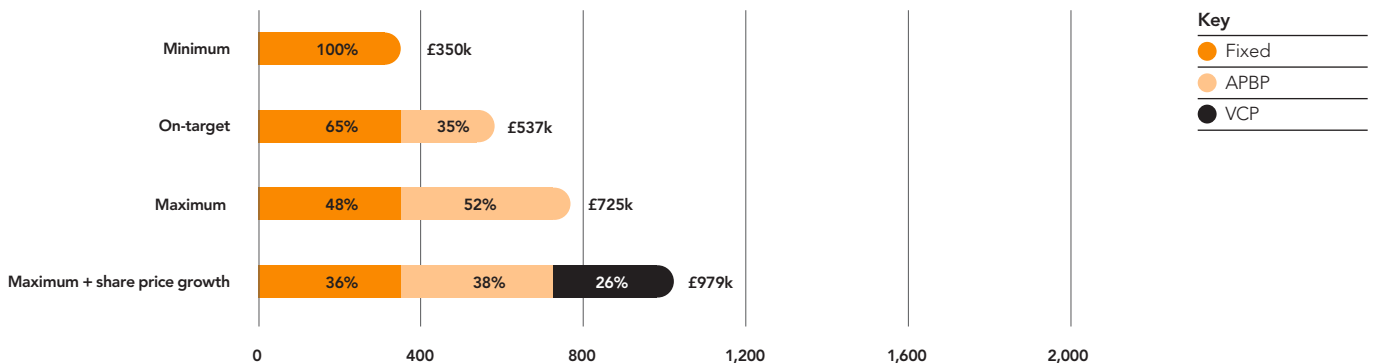
## EXECUTIVE CHAIR



## CEO



## CFO



The "Minimum" scenario reflects base salary, pension and benefits (i.e. fixed remuneration), which are the only elements of the remuneration package not linked to performance.

The "Target" scenario reflects fixed remuneration as above, plus APBP payout of 50% of maximum. No value is shown for the VCP since nothing is earned unless total shareholder return is 110%.

The "Maximum" scenario reflects fixed remuneration plus APBP payout of 100% of maximum. No value is shown for the VCP since nothing is earned unless there is a very significant increase in share price.

The "Maximum with share price appreciation" scenario is based on a share price of 400p, which is more than double its level on 31 March 2024. This is well above the 50% increase referred to in the regulations since 50% growth would not be enough to trigger a payout.



## Remuneration Committee report continued

### RECRUITMENT POLICY

In cases of appointing a new Executive Director from outside the Company, the Remuneration Committee may make use of all the existing components of remuneration as follows:

Component	Approach
Salary	Executive Directors will receive a base salary, which will be determined by reference to relevant market data, experience and skills of the individual, internal relativities and their current basic salary. Where new appointees have initial basic salaries set below market, any shortfall may be managed with phased increases over a period of two to three years subject to the individual's development in the role.
Benefits	New appointees will be eligible to receive benefits in line with the current policy, benefits provided to the wider workforce in the same location plus (if applicable) expatriation allowances or benefits and any necessary expenses relating to an Executive's relocation.
Pension	New appointees will be eligible to participate in one of the Company's defined contribution plans, or receive a cash supplement or local equivalent on the same basis as the majority of employees in the relevant jurisdiction.
APBP	The scheme as described in the Policy Table will apply to new appointees, with the relevant maximum typically being pro-rated to reflect the proportion of employment over the year. Where applicable, targets for the individual strategic element will be tailored to each Executive.
VCP	Awards may be made within the overall pool size and dilution limits described in the Policy Table. Therefore, any awards to new hires will need to be funded by via unallocated units and/or awards forfeited by leavers.
DRSP	New appointees may be granted restricted share awards under the DRSP on the same terms as other Executives, as described in the Policy Table. The normal limit of 62.5% of salary will apply, save in exceptional circumstances where up to 75% of salary may be awarded. If the individual is granted an award under the VCP, it is likely that DRSP awards (other than to buy-out awards forfeited as described below) will be reduced or delayed until a future year.

In determining appropriate remuneration, the Remuneration Committee will take into consideration all relevant factors (including quantum, nature of remuneration and the jurisdiction from which the candidate was recruited) to ensure that arrangements are in the best interests of both Dialight and shareholders.

In addition to the remuneration structure outlined above, the Committee may, in certain circumstances, choose to make an award in respect of a new appointment to "buy out" remuneration forfeited on leaving a previous employer on a like-for-like basis. If the Committee determines that it is appropriate to do so it will apply the following approach.

The fair value of these buy-out incentives will be calculated taking into account: the proportion of the performance period completed on the date of the Executive's cessation of employment; the performance conditions attached to the vesting of these incentives; the likelihood of them being satisfied; and, any other terms and conditions having a material effect on their value (Lapsed Fair Value).

The Committee may then grant up to the same fair value as the Lapsed Fair Value where possible under the Company's incentive plans (subject to the limits under these plans). The Committee, however, also retains the discretion to provide the Lapsed Fair Value under specific arrangements in relation to the recruitment of the particular individual within the constraints set out in the Listing Rules.

The approach to the recruitment of internal candidates would be similar but the Remuneration Committee would continue to honour existing contractual commitments prior to any promotion. For the avoidance of doubt, this would not extend to pension arrangements which, as above, would be aligned with the majority of employees in the relevant jurisdiction.

For Non-Executive Directors, the Remuneration Committee and the Company would seek to pay fees in line with the Company's existing Policy. A base fee in line with the prevailing fee schedule would be payable for Board membership, with additional fees payable for acting as Senior Independent Director and/or as Chair of a Board Committee.



## Remuneration Committee report continued

### SERVICE CONTRACTS

Executive Directors' service contracts, including arrangements for early termination, are carefully considered by the Remuneration Committee. Executive Directors' service contracts contain provisions that require up to 12 months' notice of termination on either side. Such contracts do not contain any provisions for payments outside the scope of those contained in the contract. Executive Director service contracts are available to view at the Company's registered office.

Non-Executive Directors have specific terms of engagement provided in formal letters of appointment, which contain three-month notice periods that are mutual. The Non-Executive Directors are appointed for a three-year term, subject to annual re-election by the shareholders at the Company's AGM.

The Executive Chair contract complies with Company remuneration policy and is terminable by the Company or the Director on three months' notice.

### NOTICE PERIODS

Executive Directors' service contracts require up to 12 months' notice to be given by Dialight in the event of termination. Both can be terminated with and without cause and require up to 12 months' notice from either party.

Both Steve Blair's and Mark Fryer's contracts provide for pay in lieu of notice, but do not contain any additional compensation provisions, nor do they contain liquidated damages clauses.

If a contract is to be terminated, the Remuneration Committee will determine such mitigation as it considers fair and reasonable in each case. In determining any compensation, it will take into account the best practice provisions of the UK Corporate Governance Code and published guidance from recognised institutional investor bodies and will take legal advice on the Company's liability to pay compensation and the appropriate amount. The Remuneration Committee periodically considers what compensation commitments the Executive Directors' contracts would entail in the event of early termination. There are no contractual arrangements that would guarantee a pension with limited or no abatement on severance or early retirement.

The Remuneration Committee will exercise discretion in making appropriate payments in the context of outplacement, settling legal claims or potential legal claims by a departing Executive Director, including any other amounts reasonably due to the Executive Director, for example, to meet the legal fees incurred in connection with the termination of employment, where the Company wishes to enter into a settlement agreement and the individual must seek independent legal advice.

The table below summarises how the awards under the APBP, DRSP and VCP are typically treated in specific circumstances, with the final treatment remaining subject to the Committee's discretion within the plan rules.

### Annual bonus

Cash	In the event of an Executive Director leaving Dialight before the end of a bonus year or prior to the payment of a bonus, the Remuneration Committee has discretion to allow them to be paid a portion of bonus relative to their point of leaving. This will be highly contingent on the manner of the Executive Director's departure – specifically payment would only be made if they are classified as a "good leaver" pursuant to the rules of the APBP as well as business performance.
Deferred shares	For good leavers, deferred bonus shares will normally be retained by the participant and will be released in full following completion of the applicable deferral period. For other leavers, deferred bonus shares will lapse.

### DRSP

Leavers before the end of the performance or vesting period	In most circumstances, awards will lapse. If the Executive Director is classed as a "good leaver", outstanding DRSP shares would typically be pro-rated for the proportion of the vesting or performance period served and released, subject to applicable conditions, at the normal vesting date. The Remuneration Committee has flexibility to allow awards to vest earlier than above when an individual leaves; however, the default position will be for awards not to be released early except in compassionate circumstances.
Leavers after the end of the performance or vesting period	Any awards in a holding period will normally be released following completion of the holding period.

### VCP

In most circumstances, awards will lapse. If the Executive Director is classed as a "good leaver" and has served for at least 24 months of the plan (i.e. until 31 March 2026) they will remain eligible to receive their awards on the original timetable subject to pro-rating for time. The Remuneration Committee will have discretion to vest awards on cessation or to disapply pro-rating subject to the overall pool size of 7.5% and the dilution limit of 3%. Awards forfeited by leavers would remain in the pool for grants to be made to new joiners or to individuals whose roles change significantly. The value of awards lapsing due to leavers would not be shared among existing participants.



## Remuneration Committee report continued

For the purpose of the above, "good leaver" is defined as a participant ceasing to be employed by the Group by reason of death, disability, ill health, redundancy, retirement with agreement of the Company or any other reason that the Remuneration Committee determines in its absolute discretion. As noted above, should the Executive Director leave the Company in any other circumstances, outstanding awards would typically lapse.

The Remuneration Committee also retains discretion in the event of a change of control to release awards under the DRSP. It is usual in this situation that awards would be pro-rated for time. In relation to the APBP, the scheme rules allow the Remuneration Committee to determine that all deferred share elements of the bonus awards will vest on a change of control and may be exercised within such period as the Remuneration Committee shall specify.

VCP awards would vest immediately on a change of control before the completion of either performance period, with value creation measured by reference to the offer price and no pro-rating for time given that the plan is based on value creation above a hurdle rather than expressed as an award of shares.

The Remuneration Committee is also mindful that it is conceivable that a shareholder agreed corporate event could occur prior to any vesting of the VCP and at a level below the VCP hurdle but where the Committee believes that material progress had been made, at that time, towards the improvement in financial performance envisaged under the VCP. In those circumstances the Committee would consult with major shareholders with a view to agreeing an equitable treatment of VCP participants, taking into account the performance of the share price and time elapsed.

### EXTERNAL APPOINTMENTS

It is the Company's policy that, except in extraordinary circumstances, Executive Directors should only accept one appointment with a third party as a Non-Executive Director. Any such appointment is subject to prior Board approval and consideration will be given to potential conflicts of interest with Dialight and the time demands of the external appointment. The Executive Director concerned is entitled to retain any fees from such a non-executive directorship.

### EMPLOYMENT CONDITIONS ELSEWHERE IN THE COMPANY

The Remuneration Committee takes into account what the general rise in employee salaries was across the Company at the review date when considering changes to the remuneration of the Executive Directors. The Committee did not expressly seek the views of employees when drawing up the Remuneration Policy but does carry out an annual review of salaries across the Group and the Board is regularly updated on employee matters.

### SHAREHOLDER VIEWS

The Remuneration Committee maintains a regular dialogue with its major shareholders and monitors trends and developments in corporate governance and market practice to ensure that the structure of executive remuneration under the new Remuneration Policy is appropriate.



## 2024/25 Annual report on remuneration

The remuneration data reported in this section is, notwithstanding the move to \$ reporting elsewhere in this annual report and accounts, expressed in £, as this more readily facilitates comparison with prior year reporting and is the currency in which the majority of current Directors are paid in.

### SINGLE FIGURE OF TOTAL REMUNERATION (AUDITED INFORMATION)

The following tables provide details of the Directors' remuneration for the 2024/25 (12-month) financial period and for the 2023/24 (15-month) financial period, in each case before deductions for income tax and national insurance contributions.

2024/25 Directors' pay – 12-months (£'000s)	Salary/fees	Benefits <sup>6</sup>	Pension	Sub-total fixed	Bonus	DPSP/DRSP	Sub-total variable	Total remuneration
<b>Executive Directors (current):</b>								
Neil Johnson <sup>1</sup>	250	–	–	250	–	–	–	250
Steve Blair	466	28	23	517	–	–	–	517
Mark Fryer <sup>2</sup>	67	–	3	70	–	–	–	70
<b>Executive Directors (past):</b>								
Carolyn Zhang <sup>3</sup>	195	29	7	231	–	–	–	231
<b>Non-Executive Directors:</b>								
Nigel Lingwood <sup>4</sup>	135	–	–	135	–	–	–	135
Lynn Brubaker	72	–	–	72	–	–	–	72
John Lincoln <sup>5</sup>	33	–	–	33	–	–	–	33

1 Neil Johnson was appointed as Executive Chair on 20 March 2025 having previously been Non-Executive Chair. His annual fee was unchanged.

2 Mark Fryer served as interim CFO from 6 January 2025 to 30 April 2025. He started his permanent role on 1 May 2025.

3 Carolyn Zhang stepped down as a Director on 11 November and thereafter received a total of £157,000 as pay in lieu of contractual notice and £24,000 in respect of accrued but untaken holiday.

4 Nigel Lingwood was paid enhanced fees between 1 October 2024 and 28 February 2025 in recognition of his expanded workload as a NED following the departure of Carolyn Zhang and prior to the appointment of Mark Fryer.

5 John Lincoln was appointed as a Non-Executive Director on 1 August 2024.

6 "Benefits" does not include expenses in principle incurred in the ordinary course of business.

2023/24 Directors' pay – 15-months (£'000s)	Salary/fees	Benefits	Pension	Sub-total fixed	Bonus	DPSP	Sub-total variable	Total remuneration
<b>Executive Directors</b>								
Steve Blair	56	3	3	62	–	–	–	62
Carolyn Zhang	53	–	–	53	–	–	–	53
Fariyal Khanbabi	609	156	23	788	–	–	–	788
Clive Jennings	234	9	12	255	–	–	–	255
<b>Non-Executive Directors</b>								
Neil Johnson	217	–	–	217	–	–	–	217
Nigel Lingwood	72	–	–	72	–	–	–	72
Lynn Brubaker	49	–	–	49	–	–	–	49
David Blood	11	–	–	11	–	–	–	11
David Thomas	50	–	–	50	–	–	–	50
Gaëlle Hotellier	€55	–	–	€55	–	–	–	€55
Gotthard Haug	35	–	–	35	–	–	–	35
Steve Blair	54	–	–	54	–	–	–	54



## 2024/25 Annual report on remuneration continued

### ADDITIONAL DISCLOSURES (AUDITED INFORMATION)

#### EXECUTIVE DIRECTORS' BENEFITS

Executive Directors other than the Executive Chair receive benefits comprising life insurance, healthcare and car allowances.

#### PENSIONS

The figure includes the amount of Company pension contributions to Executive Directors' during the year. Steve Blair and Mark Fryer received Company contributions of 5% of their base salary (paid in cash). The Executive Chair is not eligible for pension benefits.

#### APBP

Following adoption of the 2024 Remuneration Policy, the APBP for Executive Directors operates on the basis that is set out in the Remuneration Policy report on pages 74 to 77. Maximum bonus potential, paid in a mixture of cash and, in respect of performance above target, shares, is 150% of salary for the CEO and 125% of salary for the CFO. The Executive Chair is not eligible for the APBP. The 2024/25 Executive Director APBP was based on three elements: 30% of the available bonus pot being payable against an EBIT metric; 40% against a revenue target; and 30% against a net debt target. The performance ranges for each of performance targets were as follows.

	Threshold	Target	Maximum	Actual
EBIT element (after provision for bonus)	\$2.3m	\$2.5m	\$8.6m	\$4.2m
Revenue	\$210m	\$210m	\$230m	\$183.5m
Net bank debt	\$19.1m	\$19.1m	\$17.2m	\$17.8m

As set out above, the EBIT and net debt performance elements met the threshold targets and therefore £301,646, representing 43% of the total bonus achievable (150% of salary or £699,000), will be awarded to Steve Blair in July 2025. Under the 2024 Remuneration Policy, any bonus paid in excess of 50% of the total bonus achievable should be paid in shares (under the 2022 APBP). As this threshold has not been met, all of this bonus amount will be paid in cash.

#### CFO BONUS

Under the terms of Mark Fryer's interim service agreement with the Company, he is entitled to a bonus totalling £41,250, payable in July 2025, subject to a set of deliverables as agreed with the Board.

### DPSP AND DRSP AWARDS (AUDITED INFORMATION)

Under the 2024 Remuneration Policy, share-based awards for Executive Directors in respect of the financial years 2024/25 and 2025/26 were replaced with VCP awards. There are no DRSP awards currently held by any Directors or past Directors. VCP awards were made to Neil Johnson and Steve Blair, but it should be noted that Neil Johnson will not be eligible to participate in any future DRSP grants.

### CEO PAY – PAY RATIO METHODOLOGY

The table on page 75 discloses the ratio of the CEO's pay against the remuneration of the Group's UK workforce in 2024/25. The ratios have been calculated in accordance with "Option A" of the three methodologies provided under the applicable regulations, which we believe to be the most statistically appropriate approach. This data is presented against the comparable, indicative, full-time equivalent total remuneration of those employees whose pay is ranked at the 25th percentile, median and 75th percentile in the Group's UK workforce. Where possible, employee pay was calculated based on actual pay and benefits for the 12-monthly payrolls within the full financial year. Given the small size of the Group's UK workforce, we have adopted the following protocols to avoid skewing the figures: if a role was maintained but the individual(s) in such role changed, the figure provided in respect of such role has been calculated on a pro-rata basis for the two or more relevant individuals; and, if there was a new role or a role was eliminated, the figure provided was calculated as an annualised rate for such role. It should be noted that all the Group's manufacturing operations and most of its employees are located outside of the UK and therefore do not fall within the reporting requirements.

### CEO PAY – PAY RATIO DISTORTING EVENTS IN 2023/24, 2021 AND 2020

The 2023/24 ratio was a blended ratio to reflect the period from 15 February 2024 to 31 March 2024, when Steve Blair was CEO (and paid below the rate received by Fariyal Khanbabi). The 2021 and 2020 ratios were impacted by the COVID-19 pandemic and resulted in adjustments in the Group Remuneration Policy to achieve a more equitable outcome for all employees across the Group at a challenging time for our employees, supply chain and markets. In 2020, the impact was primarily the non-payment of any variable remuneration, and by the voluntary reduction in CEO base pay across five months of the year by 20% (a progressive COVID-19 salary reduction policy under which the most highly paid Executives in the Group voluntarily surrendered a higher percentage of their salary), and by layered salary reductions (with the reductions for employees declining in percentage terms at lower pay thresholds). These voluntary deductions have not been subsequently paid to the CEO or any employee. In 2021 the impact was less marked (as all elements of variable remuneration were paid), but the annual incremental pay review was deferred for those Executives on the highest salaries until 1 October 2021 (for employees in our manufacturing operations the equivalent date was 1 May 2021).

Year	25th percentile ratio	50th percentile ratio	75th percentile ratio
2024/25	16.4:1	6.7:1	3.1:1
2023/24	10.8:1	8.7:1	5.8:1
2022	8.2:1	6.3:1	3.7:1
2021	8.3:1	6.0:1	3.6:1
2020	11.7:1	7.7:1	5.6:1
2019	10.8:1	8.4:1	5.3:1



## 2024/25 Annual report on remuneration continued

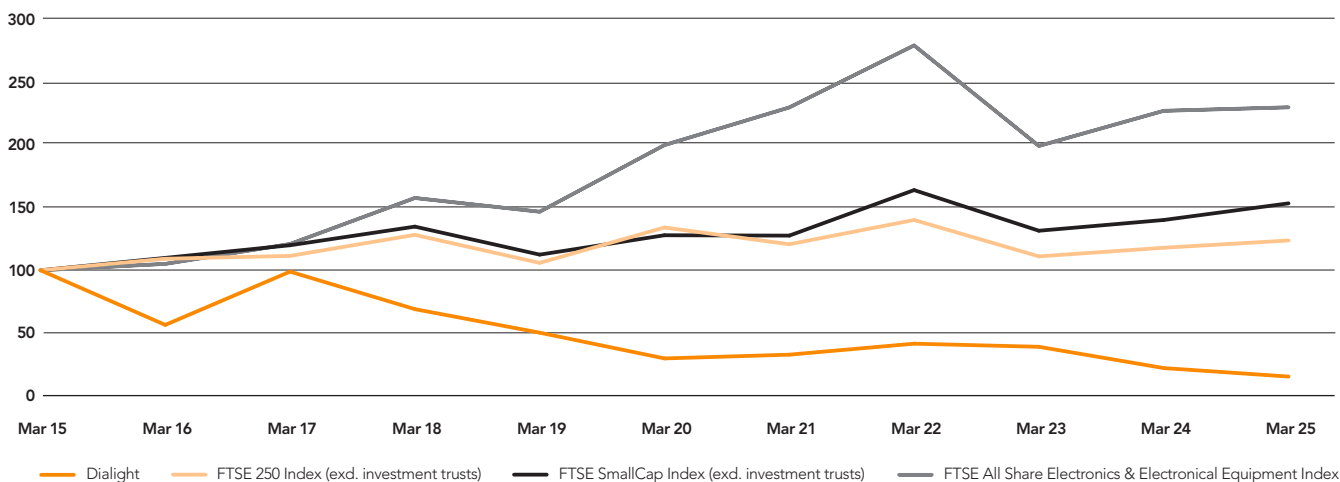
### DIRECTOR PAY – PERCENTAGE CHANGE IN THE REMUNERATION OF THE DIRECTORS

The following table sets out the change in remuneration paid to the Directors with continuity of service from 2023/24 to 2024/25 compared with the average percentage change for employees as a whole. The above notes in respect of comparison of pay ratio calculations apply. The main benefits provided include healthcare, life insurance and car allowance. There has been no change in the level of benefits provided to Group employees. The salary and benefits changes have been calculated based on the 12-month period ending 31 March 2025.

	% change 2023/24–2024/25			
	CEO	CFO	Non-Executive Directors	Group employees
Salary	–	–	3%	3%
Bonus	–	–	–	–
Benefits	–	–	–	–

1 Calculation relates to Carolyn Zhang who was the CFO as at the date of implementation of 2024/25 Group salary increases.

Source: Datastream



### TOTAL CEO REMUNERATION

The table below sets out the “single figure” of total remuneration of the CEO over the past 10 years.

	2016	2017	2018	2019	2020	2021	2022	2023/24 (12-month comparator)	2023/24 (actual)	2024/25 (12-month)
	M Sutsko	M Sutsko	M Rapp	M Rapp F Khanbabi <sup>1</sup>	F Khanbabi <sup>2</sup>	F Khanbabi	F Khanbabi	F Khanbabi <sup>3</sup> S Blair <sup>3</sup>	F Khanbabi <sup>4</sup> S Blair <sup>4</sup>	S Blair
<b>Total remuneration (£'000)</b>	<b>£1,182</b>	<b>£602</b>	<b>£605</b>	<b>£573</b>	<b>£447</b>	<b>£911</b>	<b>£507</b>	<b>£531</b>	<b>£850</b>	<b>£517</b>
Bonus outcome (% of maximum)	74%	–	–	–	–	62.5%	–	–	–	43%
PSP vesting outcome (% of maximum)	–	–	–	–	–	–	–	–	–	–

1 M Rapp to 9 August, F Khanbabi from 10 August.

2 F Khanbabi as Interim CEO to 4 March and as permanent CEO from 5 March.

3 2023/24 was a 15-month reporting period – the actual CEO “single figure” data for the 15-month period is shown in the right-hand column – with a 12-month comparator shown in the adjacent column.

4 F Khanbabi to 15 February 2024, S Blair from 15 February 2024.

### RELATIVE IMPORTANCE OF SPEND ON PAY

The table below shows the total amount paid by the Company to its employees (excluding severance costs) for each of 2023/24 and 2024/25 relative to the total amount of distributions in each year.

	Spend on pay	Distributions
2024/25	£33.6m	–
2023/24 <sup>1</sup>	£44.0m	–

1 Based on a 15-month financial period.

### PERFORMANCE GRAPH AND TABLE

The graph below sets out the Company’s TSR performance over the past 10 years relative to the FTSE 250 Mid Index (excluding investment trusts), the FTSE SmallCap Index (excluding investment trusts) and the FTSE All Share Electronic & Electrical Equipment Index, indices of which Dialight has been a constituent during the period.



## 2024/25 Annual report on remuneration continued

### VCP AWARDS MADE IN 2024/25

VCPs were awarded to Neil Johnson and Steve Blair as set out below. In accordance with the plan rules, participants are eligible for a share in a pool of excess shareholder value created over three and four-year performance periods ending 31 March 2027 and 31 March 2028. The total pool is calculated as 7.5% of value created through share price growth, plus dividends in excess of 350p per share.

Each performance period accounts for 50% of the total award. Participants receive units in the value pool, which convert

to shares or nil-cost options upon vesting. Vested shares (net of tax) must be retained for five years from the date the performance period commenced (1 April 2024), i.e. until 31 March 2029.

Awards are capped at 3% of the Company's shares in issue. No awards will be granted under the Deferred Restricted Share Plan ('DRSP') until 2026, with vesting from 2029 onwards. There are no good leaver provisions during the first 24 months of the plan. Both the Chair and CEO acquired £150,000 of Dialight shares by 31 March 2025 in order to have qualified for VCP payouts.

	Director	
	Neil Johnson	Steve Blair
Plan	VCP	VCP
% of VCP pool	34%	34%
Nature of interest	Nil-cost option	Nil-cost option
Number of units awarded	335	335
Exercise price per share	n/a	n/a
Date of grant of award	19 March 2025	19 March 2025
Date of end of performance period	50% on or immediately following 31 March 2027	50% on or immediately following 31 March 2027
	50% on or immediately following 31 March 2028	50% on or immediately following 31 March 2028
Outcome	Pending	Pending

### PAYMENTS TO PAST DIRECTORS OR FOR LOSS OF OFFICE (AUDITED INFORMATION)

Carolyn Zhang resigned as a Director on 11 November 2024. Carolyn was paid \$200,000 in lieu of notice in 13 bi-weekly instalments of \$15,000, together with a payment of \$30,000 for accrued and untaken holiday. No other exit or other termination payments were made to her.



# Implementation of the remuneration policy for 2025/26

## 2025/26: EXECUTIVE DIRECTOR SALARIES, PENSIONS AND BENEFITS

A new 2024 Remuneration Policy was approved by shareholders at the 2024 AGM in September 2024. Remuneration across FY2024/25 complied with the 2024 Policy and its predecessor (as applicable).

Mark Fryer has been appointed as Group CFO on a permanent basis with effect from 1 May 2025 on a salary of £300,000. Prior to that, including for the first three months of FY2025/26, he was on an interim contract. His remuneration on appointment as full-time CFO was set by the Remuneration Committee following receipt of benchmarking advice from Mercer Limited. Following a review by the Remuneration Committee, Steve Blair will receive an annual salary increase effective from 1 July 2025 of 3% (in line with the average increases applied to the wider workforce).

## 2025/26: CHAIR FEE

On 20 March 2025, Neil Johnson was issued with a new Executive Chair service agreement as a result of the award of units under the Dialight Value Creation Plan (VCP). At this time, it was agreed that the Chair's fees would be kept under review. Following receipt of benchmarking advice from Mercer and a review by the Remuneration Committee, Neil Johnson's Chair fee will reduce to £200,000 from 1 October 2025.

## 2025/26: APBP

The 2025/26 APBP bonus scheme for Executive Directors will be in line with that set out in the 2024 Policy. In respect of the 2025/26 reporting period, the following APBP performance metrics have been set with no element of the bonus apportioned to individual targets, to reflect the primacy of these three-performance metrics): 30% against a cash conversion metric (for which a net bank debt target is used); 30% against an EBIT metric and, 40% against a revenue metric. Any bonus payable in excess of target performance (50% of the bonus opportunity) will be paid in shares. Of such shares, 50% will vest after two years from award date and 50% after three years from award date. Any shares vesting will have to be retained until such time as the recipient meets the applicable shareholding guidelines.

## 2025/26: VCP AND DRSP

In line with assurances given on the introduction of the VCP, no share scheme awards for Executive Directors under the DRSP will be made in 2025/26. The VCP award made to Steve Blair on 19 March 2025 was the full amount of VCP awards that can be made to him, and he will receive no further share-based awards until he becomes eligible for DRSP awards in the 2026/27 financial year. It is envisaged that a VCP award will be made to Mark Fryer during the 2025/26 financial year, on the basis set out in the 2024 Policy. Further details on the VCP are set out in page 65.

	Type of award	Award date	Number at 01.04.24	Awarded in year	Vested in year	Exercised in year	Lapsed in year	Number at 31.03.25	Exercise price	Earliest vesting/exercise date	Expiry date
<b>Neil Johnson</b>											
VCP	VCP%	19 March 2025	–	34%	–	–	–	335	n/a	50% 1 April 2027 50% 1 April 2028	50% 1 April 2037 50% 1 April 2038
Total			–	34%	–	–	–	335			
<b>Steve Blair</b>											
VCP	VCP%	19 March 2025	–	34%	–	–	–	335	n/a	50% 1 April 2027 50% 1 April 2028	50% 1 April 2037 50% 1 April 2038
Total			–	34%	–	–	–	335			
<b>Mark Fryer</b>											
VCP	VCP%	n/a	–	–	–	–	–	–	n/a	n/a	n/a
Total			–	–	–	–	–	–			

### Notes:

Participants will be eligible for a share in a pool of excess value created over three and four-year periods. The total pool will be calculated as 7.5% of value created through share price growth plus dividends ('TSR') in excess of 350p vs a four-week average share price ending 1 April of approximately 166p; i.e. growth of approximately 110%.

The award will have two independent three and four-year performance measurement periods (1 April 2024 to 31 March 2027 and 1 April 2024 to 31 March 2028). Each period will determine 50% of the award, i.e. 3.75% of value created will apply to each period.

A three-month average opening and closing share price will be used to measure value creation for the pool. Awards will be granted as a number of units in the pool. At the end of each performance period, units will be converted into an award of shares/nil cost options with participants required to hold onto their vested shares after any sales required to settle tax and withholdings on vesting for a period of five years from grant, in line with the provisions of the Code and market best practice. To avoid excessive payouts and shareholder dilution, the total value of the pool for all participants will be capped at 3% of shares in issue. If the aggregate value of the pool exceeds this cap, then awards will be scaled-back pro-rata on the same basis for all participants. The implication is that the slope of the payout curve reduces once the share price exceeds 583p.



## Implementation of the remuneration policy for 2025/26 continued

### EXECUTIVE DIRECTORS' SHAREHOLDING GUIDELINES

Executive Directors are required (under the 2024 Policy) to accumulate and maintain a holding of Dialight shares equivalent in value to 200% of base salary and are required to retain all net of tax VCP, APBP and DRSP share vestings until the guidelines have been met. All Dialight shares, whether purchased on the open market or received through vestings and/or exercises under the various Dialight share plans, are included in the relevant calculation. The Dialight share price used to value a holding for the purposes of the guidelines will be the higher of: (a) the prevailing price on the date that the holding is valued (on the last working day of the relevant financial year); and (b) the acquisition price (i.e. the price on the date on which the shares were acquired/awards vested).

The Remuneration Committee is aware of the significance of Executive Directors having a personal holding of shares in Dialight (to align management's interests with those of the shareholders) and acted to further strengthen the shareholding guidelines under the terms of the 2024 Policy. Steve Blair assumed his Executive Director role in February 2024, and Mark Fryer took up his permanent Executive Director role on 1 May 2025. Accordingly, the Remuneration Committee recognises that both Executive Directors will take time to build up their shareholdings. The holdings of ordinary shares in the Company as at 31 March 2025 by the Executive Directors are shown below.

### TOTAL SHAREHOLDING OF DIRECTORS (AUDITED INFORMATION)

The table below shows the holdings of ordinary shares in the Company as at 31 March 2025 by each of the Directors.

Year	Beneficially held shares <sup>1</sup>	
	Ordinary shares at 31 March 2024	Ordinary shares at 31 March 2025
Steve Blair <sup>2,3</sup>	31,446	88,483
Mark Fryer <sup>2</sup>	n/a	–
Neil Johnson <sup>3</sup>	96,393	97,393
Lynn Brubaker	25,157	25,157
Nigel Lingwood	11,289	11,289
John Lincoln	n/a	–

1 Some of these shares may be held through nominees.

2 Both Steve Blair and Mark Fryer are required to build up a shareholding equivalent in value to 200% of their base salary within five years of their appointment.

3 Both Neil Johnson and Steve Blair were required to purchase £150,000 worth of Dialight shares by 31 March 2025 in order to be eligible for VCP payouts.

### DIRECTORS' SERVICE AGREEMENTS AND LETTERS OF APPOINTMENT

The dates on which Directors' initial service agreements/letters of appointment commenced and the expiry dates as at 31 March 2025 are as follows.

Directors	Commencement date	Expiry date of current employment/service agreement or letter of appointment
Steve Blair	15 February 2024	The contract is terminable by the Company or the Director on 12 months' notice.
Mark Fryer	6 January 2025 1 May 2025	Letter of interim engagement was for an initial period of six months (ending on 30 June 2025). This was superseded by Mark's permanent appointment as CFO effective from 1 May 2025 with his contract terminable by the Company or the Director on six months' notice.
Neil Johnson	17 May 2023 19 March 2025	Letter of appointment was for an initial term of three years. This was superseded by Neil's appointment as Executive Chair from 19 March 2025 with his contract terminable by the Company or the Director on three months' notice.
Lynn Brubaker	1 July 2023	Letter of appointment was for an initial term of three years (ending on 30 June 2026).
Nigel Lingwood	1 November 2022	Letter of appointment was for an initial term of three years (ending on 31 October 2025). Nigel will be standing for re-election at the 2025 AGM, and it is intended that his engagement will be extended for a further three-year period.
John Lincoln	1 August 2024	Letter of appointment was for an initial term of three years (ending on 31 July 2027).



## Directors' report

The Directors present their report and the audited consolidated financial statements of Dialight plc for the 12-month period ended 31 March 2025.

### ACTIVITIES

Dialight plc is a holding company. Our businesses by sector and their activities are set out on pages 141 to 142.

### ORDINARY DIVIDENDS

The Board is not proposing any final dividend payment for 2024/25 (2023/24: nil). The Group has a clear capital allocation discipline and is committed to returning future excess funds to shareholders via future dividend or share repurchase.

The Company has established an employee benefit trust, the Dialight Employee Share Ownership Plan Trust ('EBT'), in respect of which all employees of the Group, including Executive Directors, are potential beneficiaries. The EBT held 417,307 shares in the Company as at 31 March 2025 (2023/24: 192,675). It is likely that it will acquire further shares in the Company in 2025/26 in anticipation of future vestings under the 2023 DRSP and the 2014 DPSP. It is anticipated that the EBT will waive any right to dividends payable in respect of any Dialight shares held by the EBT. The Trustees of the EBT retain the voting rights over the shares held in the EBT and may exercise these rights independent of the interests of the Company.

### SHARE CAPITAL AND CAPITAL STRUCTURE

Details of the share capital, together with details of the movements in the share capital during the year, are shown in note 11 to the Company financial statements. The Company has one class of ordinary share which carries no right to fixed income. Each share carries the right to one vote at general meetings of the Company. There are no other classes of share capital. There are no specific restrictions on the size of a holding nor on the transfer of shares, with both governed by the general provisions of the Articles of Association (the 'Articles') and prevailing legislation. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. No purchases by the Company of its own shares were made in 2024/25 under the authority granted at the 2024 Annual General Meeting ('AGM').

### RIGHTS AND OBLIGATIONS OF ORDINARY SHARES

Holders of ordinary shares are entitled to attend and speak at general meetings of the Company and to appoint one or more proxies or, if the holder of shares is a corporation, one or more corporate representatives. On a show of hands, each holder of ordinary shares who (being an individual) is present in person or (being a corporation) is present by a duly appointed corporate representative, not themselves being a member, shall have one vote, as shall proxies (unless they are appointed by more than one holder, in which case they may vote both for and against the resolution in accordance with the holders' instructions).

On a poll, every holder of ordinary shares present in person or by proxy shall have one vote for every share of which they are the holder. Electronic and paper proxy appointments and voting instructions must be received not later than 48 hours before the meeting. A holder of ordinary shares can lose the entitlement to vote at general meetings where that holder has been served with a disclosure notice and has failed to provide the Company with information concerning interests held in those shares. Except as set out above and as permitted under applicable statutes, there are no limitations on voting rights of holders of a given percentage, number of votes or deadlines for exercising voting rights.

### RESTRICTIONS ON TRANSFER OF SHARES

There are no specific restrictions on the transfer of the Company's shares, although the Articles contain provisions whereby Directors may refuse to register a transfer of a certificated share which is not fully paid. There are no other restrictions on the transfer of ordinary shares in the Company except certain restrictions which may from time to time be imposed by laws and regulations (for example, insider trading laws). The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

### SUBSTANTIAL INTERESTS IN SHARES

As at 23 June 2025, the Company had been notified, in accordance with DTR chapter five, of the following voting rights as a shareholder of the Company.

Shareholder	Holding	% Voting rights
Odyssean Capital	6,875,000	17.10
Generation Investment Management LLP	6,532,248	16.25
Aberforth Partners LLP	6,218,568	15.47
Schroder Investment Management	5,061,963	12.59
The Wellcome Trust Ltd	3,698,639	9.20
Sterling Strategic Value Fund S.A., SICAV-RAIF	3,342,517	8.31
Blackmoor Investment Partners	1,610,263	4.01

### EMPLOYEE SHARE PLANS

Details of employee share plans are set out in note 16 to the consolidated financial statements. The Company currently has in place three share plans: the 2023 Restricted Share Plan (2023 DRSP) (which succeeded the 2014 Dialight Performance Share Plan (2014 DPSP), but under which granted options will continue to vest for their respective vesting periods), the Annual Performance Bonus Plan ('APBP') and the 2024 Value Creation Plan ('VCP'). Further details of these share plans are provided in the report of the Remuneration Committee.



## Directors' report continued

### APPOINTMENT AND REPLACEMENT OF DIRECTORS

The appointment and replacement of Directors of the Company is governed by the Company's Articles, the UK Corporate Governance Code, the Companies Act 2006 and related legislation. Directors can be appointed by the Company by ordinary resolution at a general meeting or by the Board. If a Director is appointed by the Board, such Director will hold office until the next AGM and shall then be eligible subject to Board recommendation, for election at that meeting. In accordance with Provision 18 of the 2024 Code each of the Directors, being eligible, will offer themselves for election or re-election at the 2025 AGM (subject to any retirements). The Company can remove a Director from office, either by passing a special resolution or by notice being given by all the other Directors. The Articles may be amended by special resolution of the shareholders.

### POWERS OF DIRECTORS

The powers of Directors are described in the Articles and in the Matters Reserved to the Board, copies of which are available on the Company's website at [www.dialight.com/ir](http://www.dialight.com/ir), and are summarised in the Corporate Governance report on page 46.

### DIRECTORS' INDEMNITIES

Qualifying third-party indemnity provisions (as defined by s234 of the Companies Act 2006) were in force in the reporting period for the benefit of the then Directors of the Company and the then Directors of certain subsidiaries of the Company in relation to certain losses and liabilities which they may incur (or have incurred) in connection with their duties, powers and/or office. The Group also maintains Directors' and Officers' liability insurance which gives appropriate cover for legal action brought against any Directors of the Company and/or its subsidiaries.

### ESSENTIAL CONTRACTS AND CHANGE OF CONTROL

The Directors are not aware of there being any significant agreements that contain any material change of control provisions to which the Company is a party, other than in respect of the five-year unsecured multi-currency revolving credit facility with HSBC Bank plc ('HSBC'), which was entered into on 21 July 2022 for an initial duration of four years expiring 21 July 2026 (recently extended to 21 July 2027). Under the terms of this facility, and in the event of a change of control of the Company, HSBC can withdraw funding and all outstanding loans; accrued interests and other amounts due and owing become payable within 20 business days of the change.

### ALLOTMENT AUTHORITY

Under the Companies Act 2006, the Directors may only allot shares if authorised by shareholders to do so. At the 2025 AGM, an ordinary resolution will be proposed which, if passed, will authorise the Directors to allot and issue new shares up to an aggregate nominal value that is in line with Investment Association guidelines. In accordance with the Directors' stated intention to seek annual renewal, an authority granted at the 2024 AGM will have expired by the time of the 2025 AGM. Passing this resolution will give the Directors flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares.

The Companies Act 2006 also requires that, if the Company issues new shares for cash or sells any treasury shares, it must first offer them to existing shareholders in proportion to their current holdings. At the 2025 AGM, a special resolution will be proposed which, if passed, will authorise the Directors to issue a limited number of shares for cash and/or sell treasury shares without offering them to shareholders first. The authority is for an aggregate nominal amount of up to 10% of the issued share capital of the Company as at the relevant date set out in the notice of the 2025 AGM, of which 5% of the issued share capital can only be issued for the purposes of financing an acquisition or other capital investment. While it believes that it is entirely appropriate (not least for administrative purposes), and in line with good corporate practice, to seek the allotments that will be set out in the notes accompanying the resolutions to be considered at the 2024 AGM (the 'Notes'), it has again provided additional assurance, in the Notes, for shareholders with regard to the circumstances under which such powers may be exercised. In particular, the Company notes that in excess of 80% of voting shareholders supported the allotment resolutions at the 2024 AGM.

### AUDITOR

Each of the persons who is a Director at the date of approval of this annual report and accounts confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director has taken all the steps that he/she ought to have taken as a Director in order to make herself/himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006. The Board is recommending to shareholders the re-appointment of Grant Thornton UK LLP as auditor of the Company and a resolution authorising the Directors to set its remuneration will be proposed at the forthcoming AGM. Grant Thornton was first appointed as the Company's auditor in 2023, following a competitive tender exercise in 2022.



## Directors' report continued

### AGM

The Company's AGM will be held on 1 September 2025. The Notice of Meeting, together with an explanation of the proposed resolutions, is enclosed with this annual report and accounts and is also available on the Company's website at [www.dialight.com/ir](http://www.dialight.com/ir).

### SCOPE OF THE REPORTING IN THIS ANNUAL REPORT AND ACCOUNTS

The Directors present their annual report on the affairs of the Group, together with the financial statements and Auditor's report, for the 12-month period ended 31 March 2025.

The Corporate Governance report set out on pages 36 to 83, which includes details of the Directors who served during the year, forms part of this report.

There have been no significant events since the balance sheet date, other than the multi-currency revolving credit facility with HSBC which was extended on 5 June 2025 to 21 July 2027 on the same terms as the original revolving credit facility agreement.

An indication of the likely future developments in the business of the Company and details of research and development activities are included in the Strategic report on pages 04 to 34. Details related to employee matters are in the "Our people" section on pages 15 to 17. Environmental matters, including greenhouse gas emissions reporting, are included within the Non-financial and sustainability report on pages 19 to 21. Information about the use of financial instruments by the Company and its subsidiaries is given in note 24 to the financial statements. The Company made no political donations during the year.

For the purposes of compliance with DTR R(2) and DTR 4.1.8 R, the required content of the management report can be found in the Strategic report and these regulatory disclosures, including the sections of the annual report and accounts incorporated by reference.

By order of the Board.

**Laura Walker**  
Company Secretary  
23 June 2025



## Directors' responsibility statement

Directors are responsible for preparing the annual report (including the Directors' report, the Strategic report, the Directors' Remuneration report and the Corporate Governance statement) and the financial statements of the Group and the Parent Company, in accordance with applicable law and regulations.

Company law requires the Directors to prepare Group and Parent Company financial statements for each financial year. Under the law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law and have elected to prepare the Parent Company financial statements in accordance with UK accounting standards and applicable law, including FRS 102 (the Financial Reporting Standard applicable in the UK and Republic of Ireland). Directors must be satisfied that the financial statements give a true and fair view of the state of affairs of the Group and Parent Company and of the Group's profit or loss for that period.

In preparing each of the Group and Parent Company financial statements, the Directors are required to:

- select suitable accounting policies and to then apply them consistently;
- make judgements and accounting estimates that are reasonable, relevant, reliable, and prudent;
- for the Group financial statements, state whether they have been prepared in accordance with the UK-adopted international accounting standards;
- for the Parent Company financial statements, state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the Parent Company financial statements;
- assess the Group and Parent Company ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the Parent Company or to cease operations or have no realistic alternative but to do so.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Parent Company and enable them to ensure that its financial statements comply with the CA 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The Directors are responsible for preparing the annual report in accordance with applicable law and regulations. The Directors consider the annual report and the financial statements, taken as a whole, provides the information necessary to assess the Company's performance, business model and strategy and is fair, balanced and understandable.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website ([www.dialight.com](http://www.dialight.com)), on which this annual report and accounts are published. Legislation in the UK governing the preparation and publication of financial statements may differ from legislation in other jurisdictions.

### RESPONSIBILITY STATEMENT OF THE DIRECTORS IN RESPECT OF THE ANNUAL FINANCIAL REPORT

Each of the Directors, at the date of approval of this annual report and accounts, confirms that to the best of her/his knowledge:

- the Group and Parent Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in consolidation taken as a whole; and
- the Strategic report and Corporate Governance reports include a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board

**Steve Blair**  
Group Chief Executive Officer  
23 June 2025

# FINANCIAL STATEMENTS

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# Independent auditor's report to the members of Dialight plc

## OPINION

### Our opinion on the financial statements is unmodified

We have audited the financial statements of Dialight plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 March 2025, which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated statement of financial position, the Consolidated statement of changes in equity, the Consolidated statement of cash flows, the notes to the consolidated financial statements, including significant accounting policies, the Company balance sheet, the Company statement of changes in equity and the notes to the company financial statements, including significant accounting policies. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and UK-adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the Parent Company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 March 2025 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

## BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the 'Auditor's responsibilities for the audit of the financial statements' section of our report. We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to the going concern paragraph in note 2(b) in the financial statements which indicates that the directors believe the Group will be able to deliver on its plan to improve margins through cost reduction and automation programmes within the next 12 months. Whilst the directors believe that the Group will deliver on its plan, the directors recognise that the results in recent years have fluctuated from the forecast. In the reverse stress test, whilst revenues are forecast to decrease, gross profit margin is forecast to increase by 1.3% between the year ended 31 March 2025 to the quarter ended 30 June 2026. As a result, the Group is required to increase gross profit margin in excess of this level in order to avoid breaching covenants. The directors have therefore concluded that there is a plausible risk of a covenant breach within the reverse stress test scenario.

As stated in note 2(b), these events or conditions, along with the other matters as set forth in note 2(b), indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

## OUR EVALUATION OF MANAGEMENT'S ASSESSMENT OF THE ENTITY'S ABILITY TO CONTINUE AS A GOING CONCERN

Our evaluation of the directors' assessment of the Group's and the Parent Company's ability to continue to adopt the going concern basis of accounting included obtaining management's going concern assessment covering the period to 30 June 2026 and performing the following procedures:

- Obtaining an understanding of the key controls over management's going concern assessment including those over the inputs;
- Obtaining management's forecasts and performing arithmetical and model integrity checks on the forecast cash flows;
- Challenging management's key trading, working capital and cash flow assumptions made within the forecasts by comparing management's forecasted position against their historic position;
- Obtaining management's downside scenarios (including management's downside case and reverse stress test) which reflect management's assessment of uncertainties. We evaluated the assumptions during the forecast period under each of these scenarios;
- Assessing the accuracy of management's past forecasting for the previous two financial years by comparing management's forecasts to actual results for those years and considering the impact on the plausibility of the going concern forecast;



# Independent auditor's report to the members of Dialight plc

## continued

- Checking the latest available results for the first and second months of the following financial period to consider how the latest performance has tracked against budget;
- Evaluating management's assessment on whether there are any breaches in covenants in the period;
- Evaluating the completeness and accuracy of the directors' assessment of the material uncertainties by assessing the disclosure against information available in the public domain or otherwise, including reading board minutes, and making inquiries of management, the finance team, legal counsel and the board of directors. Considering and inquiring whether management and those charged with governance are aware of events or conditions beyond the period of management's assessment that may cast significant doubt on the entity's ability to continue as a going concern;
- Considering availability of borrowing facilities throughout the assessment period and beyond, including corroborating the extension of the facilities with HSBC to July 2027; and
- Ensuring that the forecasts include the expected outflows in respect of the Sanmina settlement agreement and assessing the likelihood of increased payments being required through a breach of the agreement or an increase in market capitalisation of the Group.

### OUR RESPONSIBILITIES

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern. The responsibilities of the directors with respect to going concern are described in the "Responsibilities of directors for the financial statements" section of this report.

### REPORTING UNDER THE UK CORPORATE GOVERNANCE CODE

Except for the material uncertainty identified above, in relation to the Group's and the Parent Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting and the directors' identification in the financial statements of any material uncertainties related to the entity's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements.

### OUR APPROACH TO THE AUDIT



#### Overview of our audit approach

Overall materiality:

Group: \$1.26m, which represents 0.7% of the Group's total revenue.

Parent Company: £0.58m, which represents 1% of the Parent Company's total assets.

Key audit matters were identified as:

- Going concern (Group and Parent Company) (same as previous period);
- Valuation of inventory in respect of Traffic Business (Group) (same as previous period, however the risk is pinpointed to inventory in the Traffic Business in the current year); and
- Valuation of investments and intercompany loans (Parent Company) (same as previous period).

Our auditor's report in the period ended 31 March 2024 included three key audit matters that have not been reported as key audit matters in our current year's report. These relate to the following:

- Valuation and allocation of goodwill and other intangible assets. This is no longer considered to be a key audit matter following the impairment of all Goodwill in the prior period.
- Risk of fraud in revenue recognition. This is no longer considered to be a key audit matter due to the low level of complexity observed in the revenue cycle in the current year audit.
- Management override of controls. This is no longer considered to be a key audit matter as significant findings identified in the prior period have not recurred.

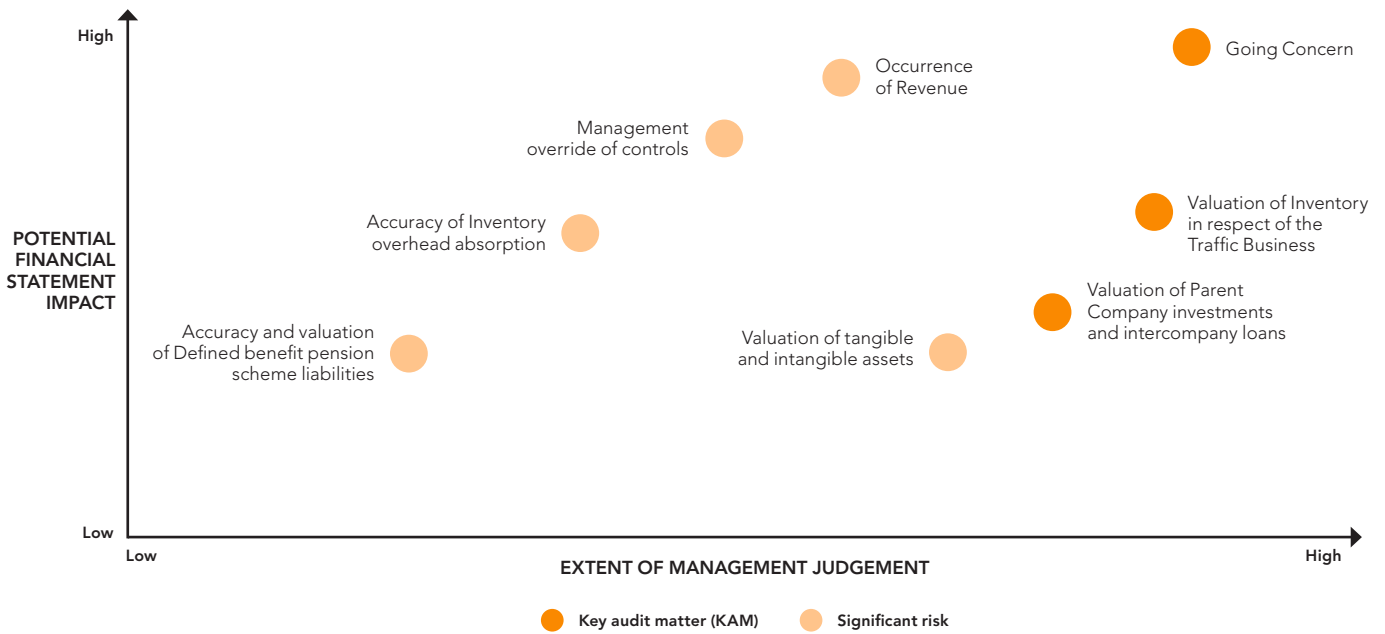
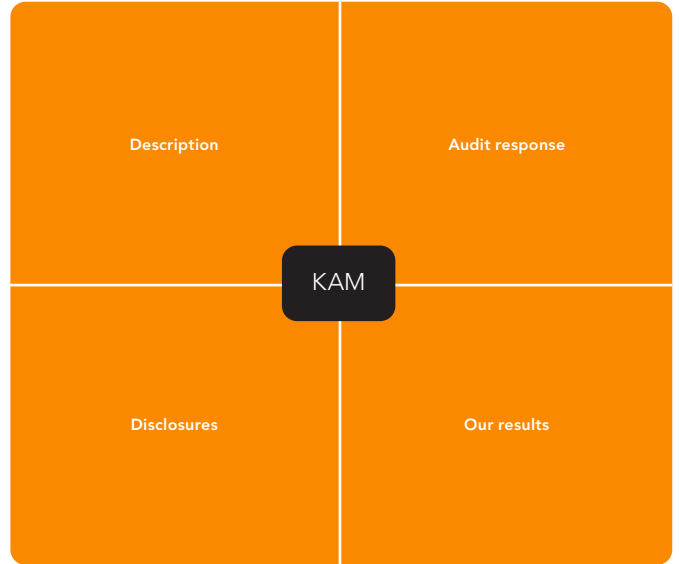
We have performed audit of the financial information of the component using component materiality (full scope audit) on two components and audit of one or more account balances, classes of transactions or disclosures of the component (specific audit procedures) on a further three components. We performed analytical procedures at group level (analytical procedures) on the remaining components of the group.

# Independent auditor’s report to the members of Dialight plc continued

## KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those that had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the graph below, we have presented the key audit matters and significant risks relevant to the audit. This is not a complete list of all risks identified by our audit.





# Independent auditor's report to the members of Dialight plc

## continued

In addition to the matter described in the Material uncertainty related to going concern section, we have determined the matter(s) described below to be the key audit matter(s) to be communicated in our report.

### Key Audit Matter – Group

#### Valuation of inventory in respect of the Traffic Business

We identified inventory as one of the most significant assessed risks of material misstatement due to fraud and error. This key audit matter is pinpointed to the valuation of the inventory relating to the Traffic Business.

The Group operates in an industry whereby development in product technology may result in inventory becoming slow moving or obsolete. Levels of older or longer dated inventory may indicate an element of slow moving or obsolete inventory that requires a provision.

We identified a risk of fraud that management could generate improved results through provision manipulation or make inappropriate judgements which cause the provision to be materially inappropriate.

We also identified a risk of error as the underlying provision computation involves management judgement.

At 31 March 2025, the Group held \$52.5m (2024: \$55.7m) of gross inventory on its balance sheet of which \$3.8m (2024: \$3.0m) related to the Traffic Business which the Group no longer operates following the sale to Leotek in the year. This inventory was fully provided for at the end of the prior period as it was not expected to be saleable.

#### Relevant disclosures in the Annual Report

- **Audit Committee report:** Key judgements and financial reporting matters
- **Financial statements:** Note 2(c) Estimates regarding the inventory reserve, Note 4 Significant accounting policies, Note 17 Inventories

### How our scope addressed the matter – Group

In responding to the key audit matter, we performed the following audit procedures:

- Gaining an understanding of the Group's processes and controls with respect to inventory as part of overall understanding of the entity and business process;
- Reviewing and assessing management's accounting policy to ensure that is line with corresponding IFRS standards and no indicators of management bias;
- Obtaining management's provision calculation and testing the mathematical accuracy;
- Assessing and challenging management's model, and the assumptions underpinning it, including obtaining purchase order information for the Traffic inventory held;
- Assessing the underlying data used in management's assessment and performing a recalculation based on management's methodology; and
- Assessing the quality, completeness and transparency of disclosures in the financial statements.

#### Our results

As a result of our audit challenge, management recorded a material adjustment to reduce the inventory provision in respect of the Traffic inventory. We have not identified any further material misstatements in the valuation of the provision relating to the Traffic inventory.



# Independent auditor's report to the members of Dialight plc

## continued

### Key Audit Matter – Parent company

#### Valuation of Parent Company investments and intercompany loans

We identified valuation of parent Company investments and intercompany loans as one of the most significant assessed risks of material misstatement due to error. This is due to the high degree of estimation uncertainty in determining the recoverable amount of these balances.

Investments in subsidiaries of £9.9 million (2023: £11.7 million) and intercompany loans to subsidiaries £27.1m (2024: £33.5m) are reported in the Parent Company balance sheet at cost less provision for impairment.

Investments and intercompany loans are tested for impairment if impairment indicators exist. If such indicators exist, the recoverable amounts of the investments in subsidiaries are estimated in order to determine the extent of the impairment loss, if any. Any such impairment loss is recognised in the income statement.

Management's assessment identified impairment indicators for the investment in Dialight Europe Limited and the loan with Dialight Penang Sdn. As a result, management have recognised an impairment in investments of £2.0m, an impairment for loans to subsidiaries of £5.6m and a bad debt provision against amounts due from subsidiaries of £10.0m.

### How our scope addressed the matter – Parent company

In responding to the key audit matter, we performed the following audit procedures:

- Gaining an understanding of the Group's processes and controls with respect of the impairment assessment as part of overall understanding of the entity and business process;
- Evaluating management's assessment of whether there were any other indicators of impairment;
- Assessing and challenging management's impairment review, including determining whether appropriate costs and cash flows are included, and that these appropriately factor in the current economic climate, and corroborate medium and long-term growth assumptions to relevant evidence, such as external market data;
- Using an auditor's internal valuation expert to independently determine a weighted average cost of capital (WACC), to assess whether the WACC used by management, as determined by their expert, is appropriate;
- Evaluating historical forecasting accuracy by comparing results achieved in prior years to initial forecasts;
- Performing sensitivity analysis on the key assumptions, including the forecasted cash flows, the long-term growth rates and discount rates and assessing the impact on the value-in-use calculation;
- Assessing and challenging management's assessment of the expected bad debt provision against amounts owed by group undertakings; and
- Assessing the disclosures made in the financial statements for completeness and accuracy in line with the accounting standards and the Group's accounting policies.

### Relevant disclosures in the Annual Report

- **Audit Committee report:** Key judgements and financial reporting matters
- **Financial statements:** Note 2 Significant accounting policies, Note 5 Investments and Note 8 Debtors in the Parent Company Financial statements.

### Our results

We did not identify any material misstatement to impairment of both investments and intercompany loans.



# Independent auditor's report to the members of Dialight plc

## continued

### OUR APPLICATION OF MATERIALITY

We apply the concept of materiality both in planning and performing the audit, and in evaluating the effect of identified misstatements on the audit and of uncorrected misstatements, if any, on the financial statements and in forming the opinion in the auditor's report.

Materiality was determined as follows:

Materiality measure	Group	Parent Company
<b>Materiality for financial statements as a whole</b>	We define materiality as the magnitude of misstatement in the financial statements that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of these financial statements. We use materiality in determining the nature, timing and extent of our audit work.	
Materiality threshold	\$1.26m which represents 0.7% of the Group's total revenue.	£0.58m which represents 1% of the Parent Company's total assets.
Significant judgements made by auditor in determining materiality	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Total revenue was considered to be the most appropriate benchmark because this is a key performance indicator used by the directors to report on the financial performance of the Group;</li> <li>Total revenue has been less volatile than reported profit in recent years and the Group has reported a loss; and</li> <li>The measurement of 0.7% of revenue is, in our view, appropriate given user expectations and industry benchmarking which results in a materiality which is sufficient to identify any material misstatements.</li> </ul> <p>Materiality for the current year is higher than the level that we determined for the period ended 31 March 2024 as a result of an increase in the benchmark percentage.</p>	<p>In determining materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>Total assets was considered to be the most appropriate benchmark for the Parent Company because, in our view, it is the most reflective of the financial position of the Parent Company and its nature of operations; and</li> <li>The measurement of 1% total assets is, in our view, appropriate given user expectations and industry benchmarking which results in a materiality which is sufficient to identify any material misstatements.</li> </ul> <p>Materiality for the current year is lower than the level that we determined for the year ended 31 March 2024 to reflect a reduction in the Parent Company's total assets.</p>
<b>Performance materiality used to drive the extent of our testing</b>	We set performance materiality at an amount less than materiality for the financial statements as a whole to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.	
Performance materiality threshold	\$0.82m which is 65% of financial statement materiality.	£0.38m which is 65% of financial statement materiality.



# Independent auditor's report to the members of Dialight plc

## continued

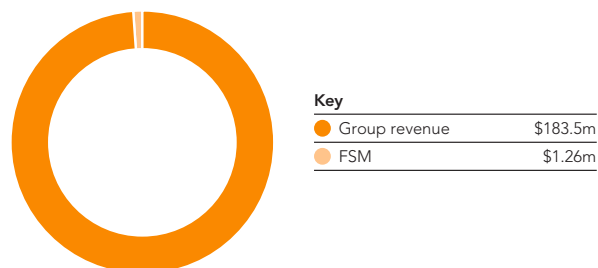
Materiality measure	Group	Parent Company
Significant judgements made by auditor in determining performance materiality	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>• Our previous experience with the Group;</li> <li>• Our assessment of prior year adjustments; and</li> <li>• Our risk assessment – we considered control deficiencies previously identified and the potential impact on the current period's audit when performing our risk assessment procedures.</li> </ul> <p>In determining component performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>• Extent of disaggregation of financial information across components, including the relative risk and size of a component to the Group.</li> </ul> <p>For each component in scope for our Group audit, we allocated a performance materiality that is less than our overall Group performance materiality.</p>	<p>In determining performance materiality, we made the following significant judgements:</p> <ul style="list-style-type: none"> <li>• Our previous experience with the Company;</li> <li>• Our assessment of prior year adjustments; and</li> <li>• Our risk assessment – we considered control deficiencies previously identified and the potential impact on the current period's audit when performing our risk assessment procedures.</li> </ul>
<b>Specific materiality</b>	We determine specific materiality for one or more particular classes of transactions, account balances or disclosures for which misstatements of lesser amounts than materiality for the financial statements as a whole could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.	
Specific materiality	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>• director's remuneration; and</li> <li>• related party transactions outside of the normal course of business.</li> </ul>	<p>We determined a lower level of specific materiality for the following areas:</p> <ul style="list-style-type: none"> <li>• director's remuneration; and</li> <li>• related party transactions outside of the normal course of business.</li> </ul>
<b>Communication of misstatements to the audit committee</b>	We determine a threshold for reporting unadjusted differences to the audit committee.	
Threshold for communication	\$0.06m (2024: \$0.06m) which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.	£0.02m (2024: £0.02m) which represents 5% of financial statement materiality, and misstatements below that threshold that, in our view, warrant reporting on qualitative grounds.



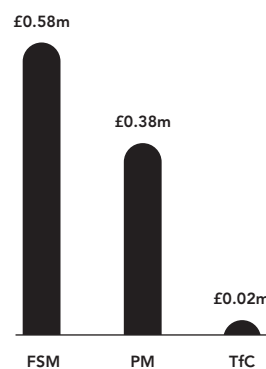
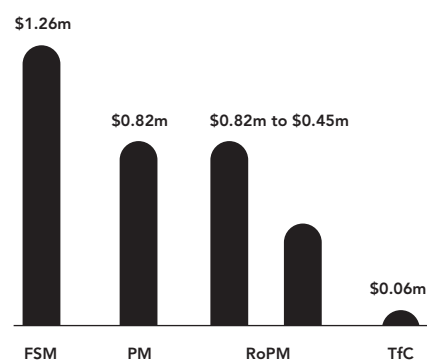
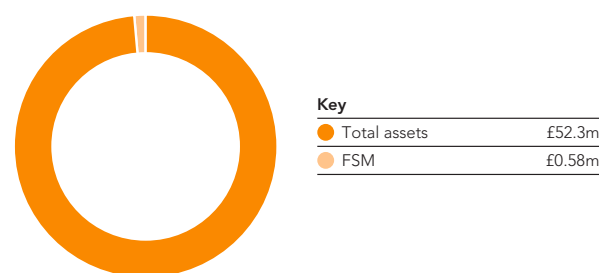
## Independent auditor's report to the members of Dialight plc continued

The graph below illustrates how performance materiality and the range of component performance materiality interacts with our overall materiality and the threshold for communication to the audit committee.

### OVERALL MATERIALITY – GROUP



### OVERALL MATERIALITY – PARENT



FSM: Financial statement materiality, PM: Performance materiality, RoPM: Range of performance materiality: range of performance materiality at 5 components, Tfc: Threshold for communication to the audit committee

### AN OVERVIEW OF THE SCOPE OF OUR AUDIT

We performed a risk-based audit that requires an understanding of the Group's and the Parent Company's business and in particular matters related to:

#### Understanding the Group, its components, their environments, and its system of internal control including common controls

The Group auditor obtained an understanding of the Group and its components, their environment, and its system of internal control, including the nature and extent of common controls and centralised activities relevant to financial reporting, and assessed the risks of material misstatement at the Group level.

#### Identifying components at which to perform audit procedures

We have determined the components at which to perform further audit procedures, by considering the following:

- components in scope for further audit procedures due to individually including a risk of material misstatement to the group financial statements due to the component's nature or circumstances.
- components in scope for further audit procedures due to the nature and size of assets, liabilities and transactions at the component (being of financial significance to one or more scoped items that it is required to be in scope).
- components in scope for further audit procedures to obtain sufficient appropriate audit evidence for significant classes of transactions, account balances and disclosures, or for unpredictability.

#### Type of work to be performed on financial information of Parent Company and other components (including how it addressed the key audit matters)

In order to address the audit risks identified during our planning procedures, the Group engagement team determined that the following audit procedures were necessary:

- Full-scope audits on the financial statements of two components, being Dialight Corporation (US) and Dialight plc (Parent Company). These full-scope audits included all of our work on the identified key audit matters described above. These two components contributed 85% of the Group revenue and 86% of the Group absolute loss before taxation;



## Independent auditor's report to the members of Dialight plc continued

- Specific scope procedures were performed in respect of three components, Dialight Penang Sdn, Dialight ILS Australia and Dialight Europe. This was in order to obtain sufficient appropriate audit evidence in respect of the financial statement line items considered to be of financial significance; and
- We performed analytical procedures at group level over the remaining seven components.

### Performance of our audit

In total, revenue coverage of full-scope audit and specified audit procedures equated to 85% of Group revenue and 86% of the Group's absolute loss before taxation.

Further audit procedures performed on components subject to specific scope may not have included testing of all significant account balances of such components, but further audit procedures were performed on specific accounts within that component that we, the Group auditor, considered had the potential for the greatest impact on the Group financial statements either due to risk, size or coverage.

The components within the scope of further audit procedures accounted for the following percentages of the Group's results, including the key audit matters identified:

Audit approach	No. of components	% coverage total assets	% coverage revenue	% coverage LBT on absolute basis
Full-scope audit	2	74%	85%	86%
Specific scope audit	3	14%	0%	0%
<b>Full-scope and specific scope procedures coverage</b>	<b>5 (2024: 5)</b>	<b>88% (2024: 83%)</b>	<b>85% (2024: 87%)</b>	<b>86% (2024: 96%)</b>
Analytical procedures	7 (2024: 5)	12% (2024: 17%)	15% (2024: 13%)	14% (2024: 4%)
<b>Total</b>	<b>12 (2024: 10)</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

### Communications with component auditors

- The specific-scope audit of Dialight Penang Sdn (Malaysia) was performed by Grant Thornton Malaysia, and the specific-scope audit of Dialight ILS Australia were performed by Grant Thornton Australia. Grant Thornton Mexico performed specific procedures on the inventory and payroll balances within the Dialight Corporation component.
- Each of the overseas teams were issued with detailed Group audit instructions. These instructions highlighted the risks that needed to be addressed through the audit procedures and specified the information that we required to be reported to the Group auditor;
- Throughout the planning, fieldwork, and concluding stages of the audit, the Group auditor communicated with all component auditors and conducted a review of their work. Key working papers were prepared by the Group auditor to summarise their review of component auditor files; and
- The Group auditor held detailed discussions with the component auditors and performed remote reviews of the work performed, update calls on the progress of the fieldwork and by attending the component audit clearance meetings with component management.

### Changes in approach from previous period

As a result of International Standard on Auditing (UK) 600 (revised September 2022) Special considerations—Audits of group financial statements (Including the work of component auditors) there has been an increase in the number of components identified. There have been no other significant changes in the audit scope to that in the previous period.

Additionally, the Group auditor visited the US location of Dialight Corporation to gain an in-depth understanding of their operations and the risks associated with them.

### OTHER INFORMATION

The other information comprises the information included in the Annual Report and Accounts, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the Annual Report and Accounts. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.



# Independent auditor's report to the members of Dialight plc

## continued

### Our opinions on other matters prescribed by the Companies Act 2006 are unmodified

- In our opinion, the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006;
- In our opinion, based on the work undertaken in the course of the audit:
  - the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
  - the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

### Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

### Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

### CORPORATE GOVERNANCE STATEMENT

We have reviewed the directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Group's compliance with the provisions of the UK Corporate Governance Code specified for our review by the Listing Rules.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- the directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified as set out on page 32;
- the directors' explanation as to their assessment of the company's prospects, the period this assessment covers and why the period is appropriate as set out on page 32;
- the directors' statement on whether they have a reasonable expectation that the company will be able to continue in operation and meets its liabilities as set out on page 32;
- the directors' statement on fair, balanced and understandable as set out on page 37;
- the board's confirmation that it has carried out a robust assessment of the emerging and principal risks as set out on page 37;
- the section of the annual report that describes the review of the effectiveness of risk management and internal control systems as set out on page 22; and
- the section describing the work of the audit committee as set out on page 55.



# Independent auditor's report to the members of Dialight plc

## continued

### RESPONSIBILITIES OF DIRECTORS

As explained more fully in the directors' responsibilities statement set out on page 83, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Group and the Parent Company and determined that the most significant are applicable law, UK-adopted international accounting standards (for the Group), United Kingdom Generally Accepted Accounting Practice (for the Parent Company), Pension legislation, and relevant tax regulations;
- We corroborated our understanding of the legal and regulatory framework applicable to the Group and the Parent Company by discussing relevant frameworks with group management and component management, obtaining correspondence with relevant parties and reviewing Board minutes;
- Our assessment of the Group and Parent Company's compliance with these laws and regulations was integrated into our procedures on the related financial statement items. We obtained an understanding of the Group's and Parent Company systems and processes for monitoring compliance, tested key controls, and evaluated the effectiveness of the Group's and Parent Company compliance program. We also evaluated relevant documentation and obtained representations from management regarding their compliance with these laws and regulations.
- We made enquiries of management and the Board of Directors to determine if they were aware of any instances of noncompliance with laws and regulations and whether they had any knowledge of actual, suspected or alleged fraud and corroborated this with our review of the board minutes. We also assessed the susceptibility of the Group's and Parent Company financial statements to material misstatement, including fraud risk.
- We assessed the susceptibility of the Group's and the Parent Company's financial statements to material misstatement, including how fraud might occur, by evaluating management's incentives and opportunities for manipulation of the financial statements. This included the evaluation of the risk of management override of controls. We determined that the principal risks were in relation to:
  - Journal entries that were posted by infrequent users, journals that reclassified costs within the consolidated statement of comprehensive income to distort the underlying operating profit measure;
  - Material post-close journal entries;
  - Revenue transactions which fall outside of the expected transaction flow;
  - Potential management bias in determining accounting estimates, especially in relation to the valuation of intangible and tangible assets, the accuracy of absorbed overheads in inventory, and the valuation of the inventory provision; and
  - Transactions with related parties outside of the normal course of business.



## Independent auditor's report to the members of Dialight plc continued

- Audit procedures performed by the engagement team included:
  - Enquiring of management, the finance team and the Board of Directors about the risks of fraud at the Group and the Parent Company and the controls implemented to address those risks. Assessing the design and implementation of controls relevant to the audit that management has in place to prevent and detect fraud, including updating our understanding of the internal controls over journal entries, including those related to the posting of entries used to record non-recurring, unusual transactions or other non-routine adjustments;
  - Identifying and testing journal entries, with selection based on risk profiling;
  - Running specific keyword searches (including to related parties and of those previously connected to related entities) over the journal entry population to identify descriptions that could indicate fraudulent activity or management override of controls;
  - Assessing the disclosures within the Annual Report and Accounts, including principal and emerging risks; and
  - Challenging assumptions and judgements made by management in its significant accounting estimates.
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it.
- As part of the engagement partner's assessment of the engagement team's collective competence and capabilities, they considered the team's understanding of, and practical experience with, audit engagements of a similar nature and complexity through appropriate training and participation. They also evaluated the team's knowledge of the industry in which the Parent Company and the Group operate, as well as the team's understanding of the legal and regulatory requirements specific to the Group and the Parent Company.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members, including internal specialists, and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.
- In assessing the potential risks of material misstatement, we obtained an understanding of:
  - the entity's operations, including the nature of its revenue sources, products and services and of its objectives and strategies to understand the classes of transactions, account balances, expected financial statement disclosures and business risks that may result in risks of material misstatement;
  - the applicable statutory provisions;
  - the rules and interpretative guidance issued by the Financial Conduct Authority; and
  - the entity's control environment, including the policies and procedures implemented to comply with the requirements of its regulator, including the adequacy of the training to inform staff of the relevant legislation, rules and other regulations of the regulator, the adequacy of procedures for authorisation of transactions, internal review procedures over the entity's compliance with regulatory requirements, the authority of, and resources available to the compliance officer and procedures to ensure that possible breaches of requirements are appropriately investigated and reported.
- For components at which audit procedures were performed, we requested component auditors to report to us for non-compliance with laws and regulations that gave rise to a material misstatement of the Group financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.



# Independent auditor's report to the members of Dialight plc

## continued

### OTHER MATTERS WHICH WE ARE REQUIRED TO ADDRESS

We were appointed by the Board on 22 January 2025 to audit the financial statements for the period ending 31 March 2024. Our total uninterrupted period of engagement is two periods, covering the period ended 31 March 2024 and the year ended 31 March 2025.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Group or the Parent Company and we remain independent of the Group and the Parent Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

### USE OF OUR REPORT

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### Mark Overfield BSc FCA

Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Leeds

23 June 2025



# Consolidated income statement

for the 12-month period ended 31 March 2025

	Notes	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
<b>Revenue</b>	5	<b>183.5</b>	226.0
Cost of sales		<b>(117.0)</b>	(158.9)
<b>Gross profit</b>		<b>66.5</b>	67.1
Distribution costs		<b>(29.0)</b>	(36.8)
Administrative expenses		<b>(52.8)</b>	(60.5)
Impairment losses of financial assets	24	<b>(2.1)</b>	–
Gain on disposal of business		<b>5.8</b>	–
<b>Loss from operating activities</b>	5	<b>(11.6)</b>	(30.2)
<b>Adjusted profit/(loss) from operating activities, before impairment losses of financial assets</b>			
		<b>6.3</b>	(4.6)
Impairment losses of financial assets	24	<b>(2.1)</b>	–
<b>Underlying profit/(loss) from operating activities</b>		<b>4.2</b>	(4.6)
Non-underlying items	6	<b>(21.6)</b>	(25.6)
Gain on disposal of business		<b>5.8</b>	–
<b>Loss from operating activities</b>	5	<b>(11.6)</b>	(30.2)
Financial expense	8	<b>(2.5)</b>	(4.1)
<b>Loss before tax</b>		<b>(14.1)</b>	(34.3)
Taxation credit	9	<b>0.5</b>	1.8
<b>Loss for the period</b>		<b>(13.6)</b>	(32.5)
<b>Loss for the period attributable to:</b>			
Equity of the Company		<b>(13.8)</b>	(32.5)
Non-controlling interests		<b>0.2</b>	–
<b>Loss for the period</b>		<b>(13.6)</b>	(32.5)
<b>Loss per share</b>			
Basic	11	<b>(34.4) cents</b>	(91.1) cents
Diluted	11	<b>(34.4) cents</b>	(91.1) cents

The accompanying notes form an integral part of these financial statements.



# Consolidated statement of comprehensive income

for the 12-month period ended 31 March 2025

	Notes	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
<b>Other comprehensive (expense)/income</b>			
<b>Items that may be reclassified subsequently to profit and loss</b>			
Exchange differences on translation of foreign operations		(0.1)	0.4
Income tax on exchange differences on translation of foreign operations		–	–
		<b>(0.1)</b>	<b>0.4</b>
<b>Items that will not be reclassified subsequently to profit and loss</b>			
Remeasurement of defined benefit pension liability	16	(4.0)	(0.5)
Income tax on remeasurement of defined benefit pension liability	9	1.0	0.1
		<b>(3.0)</b>	<b>(0.4)</b>
Other comprehensive expense for the period, net of tax		(3.1)	–
Loss for the period		(13.6)	(32.5)
<b>Total comprehensive expense for the period</b>		<b>(16.7)</b>	<b>(32.5)</b>
<b>Attributable to:</b>			
Owners of the parent		(16.9)	(32.5)
Non-controlling interest		0.2	–
<b>Total comprehensive expense for the period</b>		<b>(16.7)</b>	<b>(32.5)</b>



# Consolidated statement of changes in equity

for the 12-month period ended 31 March 2025

	Notes	Share capital \$m	Merger reserve \$m	Translation reserve \$m	Capital redemption reserve \$m	Share premium \$m	Own shares \$m	Retained earnings \$m	Total \$m	Non- controlling interests \$m	Total equity \$m
<b>At 1 April 2024</b>		<b>1.2</b>	<b>1.0</b>	<b>12.6</b>	<b>4.3</b>	<b>13.0</b>	<b>(1.2)</b>	<b>32.8</b>	<b>63.7</b>	<b>0.2</b>	<b>63.9</b>
Loss for the period		–	–	–	–	–	–	(13.8)	(13.8)	0.2	(13.6)
<b>Other comprehensive income:</b>											
Foreign exchange translation differences, net of tax		–	–	(0.1)	–	–	–	–	(0.1)	–	(0.1)
Remeasurement of defined benefit pension liability, net of tax		–	–	–	–	–	–	(3.0)	(3.0)	–	(3.0)
<b>Total other comprehensive income/(expense)</b>		<b>–</b>	<b>–</b>	<b>(0.1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(3.0)</b>	<b>(3.1)</b>	<b>–</b>	<b>(3.1)</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>–</b>	<b>–</b>	<b>(0.1)</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(16.8)</b>	<b>(16.9)</b>	<b>0.2</b>	<b>(16.7)</b>
<b>Transactions with owners, directly recorded in equity</b>											
Issue of share capital	20	–	–	–	–	–	–	–	–	–	–
Share-based payments		–	–	–	–	–	–	0.3	0.3	–	0.3
Re-purchase of own shares		–	–	–	–	–	(0.2)	–	(0.2)	–	(0.2)
<b>Total transactions with owners</b>		<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(0.2)</b>	<b>0.3</b>	<b>0.1</b>	<b>–</b>	<b>0.1</b>
<b>At 31 March 2025</b>		<b>1.2</b>	<b>1.0</b>	<b>12.5</b>	<b>4.3</b>	<b>13.0</b>	<b>(1.4)</b>	<b>16.3</b>	<b>46.9</b>	<b>0.4</b>	<b>47.3</b>
<b>At 1 January 2023</b>		<b>1.0</b>	<b>1.0</b>	<b>12.2</b>	<b>4.3</b>	<b>1.2</b>	<b>(1.1)</b>	<b>64.2</b>	<b>82.8</b>	<b>0.2</b>	<b>83.0</b>
Loss for the period		–	–	–	–	–	–	(32.5)	(32.5)	–	(32.5)
<b>Other comprehensive income:</b>											
Foreign exchange translation differences, net of tax		–	–	0.4	–	–	–	–	0.4	–	0.4
Remeasurement of defined benefit pension liability, net of tax		–	–	–	–	–	–	(0.4)	(0.4)	–	(0.4)
<b>Total other comprehensive income/(expense)</b>		<b>–</b>	<b>–</b>	<b>0.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(0.4)</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Total comprehensive income/(expense) for the period</b>		<b>–</b>	<b>–</b>	<b>0.4</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>(32.9)</b>	<b>(32.5)</b>	<b>–</b>	<b>(32.5)</b>
<b>Transactions with owners, directly recorded in equity</b>											
Issue of share capital	20	0.2	–	–	–	12.7	–	–	12.9	–	12.9
Transaction costs	20	–	–	–	–	(0.9)	–	–	(0.9)	–	(0.9)
Share-based payments		–	–	–	–	–	–	1.5	1.5	–	1.5
Re-purchase of own shares		–	–	–	–	–	(0.1)	–	(0.1)	–	(0.1)
<b>Total transactions with owners</b>		<b>0.2</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>11.8</b>	<b>(0.1)</b>	<b>1.5</b>	<b>13.4</b>	<b>–</b>	<b>13.4</b>
<b>At 31 March 2024</b>		<b>1.2</b>	<b>1.0</b>	<b>12.6</b>	<b>4.3</b>	<b>13.0</b>	<b>(1.2)</b>	<b>32.8</b>	<b>63.7</b>	<b>0.2</b>	<b>63.9</b>

The accompanying notes form an integral part of these financial statements.



# Consolidated statement of financial position

at 31 March 2025

	Notes	31 March 2025 \$m	31 March 2024 \$m
<b>Assets</b>			
Property, plant and equipment	12	13.5	12.7
Right-of-use assets	13	9.0	8.8
Intangible assets	14	9.0	8.1
Deferred tax assets	15	8.5	5.8
Employee benefits	16	2.2	5.4
Other receivables	18	0.5	5.9
<b>Total non-current assets</b>		<b>42.7</b>	<b>46.7</b>
Inventories	17	46.6	49.1
Trade and other receivables	18	34.3	32.3
Income tax recoverable		0.4	0.8
Cash and cash equivalents	19	7.9	11.5
<b>Total current assets</b>		<b>89.2</b>	<b>93.7</b>
<b>Total assets</b>		<b>131.9</b>	<b>140.4</b>
<b>Liabilities</b>			
Trade and other payables	21	(40.1)	(34.3)
Provisions	22	(2.4)	(1.2)
Current tax liabilities		(0.5)	(1.4)
Lease liabilities	13	(2.5)	(2.0)
Borrowings	23	–	(27.9)
<b>Total current liabilities</b>		<b>(45.5)</b>	<b>(66.8)</b>
Trade and other payables	21	(3.8)	–
Provisions	22	(2.1)	(1.6)
Borrowings	23	(25.7)	–
Lease liabilities	13	(7.5)	(8.1)
<b>Total non-current liabilities</b>		<b>(39.1)</b>	<b>(9.7)</b>
<b>Total liabilities</b>		<b>(84.6)</b>	<b>(76.5)</b>
<b>Net assets</b>		<b>47.3</b>	<b>63.9</b>
<b>Equity</b>			
Issued share capital	20	1.2	1.2
Merger reserve		1.0	1.0
Share premium	20	13.0	13.0
Other reserves		15.4	15.7
Retained earnings		16.3	32.8
		<b>46.9</b>	<b>63.7</b>
Non-controlling interest		0.4	0.2
<b>Total equity</b>		<b>47.3</b>	<b>63.9</b>

The accompanying notes form part of these financial statements. These financial statements were approved by the Board of Directors on 23 June 2025 and were signed on its behalf by:

**Steve Blair**  
Group Chief Executive Officer

**Mark Fryer**  
Group Chief Finance Officer

Company number: 2486024



# Consolidated statement of cash flows

for the 12-month period ended 31 March 2025

	Notes	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
<b>Operating activities</b>			
Loss for the period		(13.6)	(32.5)
Adjustments for:			
Financial expense	8	2.5	4.1
Income tax credit	9	(0.5)	(1.8)
Sanmina liability		11.3	–
Gain on disposal of business		(5.8)	–
Share-based payments		0.3	1.5
Defined benefit pension scheme service cost		0.2	–
Depreciation of property, plant and equipment	12	3.2	4.3
Impairment losses on property, plant and equipment	12	–	1.1
Loss on disposal		0.3	–
Depreciation of right-of-use assets	13	2.5	3.0
Gain on lease modification		–	(0.2)
Amortisation of intangible assets	14	2.6	7.7
Impairment losses of financial assets	24	2.1	–
Impairment losses on intangible assets	14	0.2	15.8
<b>Operating cash flows before movements in working capital</b>		<b>5.3</b>	<b>3.0</b>
Decrease in inventories		2.6	15.7
Decrease in trade and other receivables		1.9	5.2
Increase/(decrease) in trade and other payables		2.2	(10.9)
Increase in provisions		1.1	0.2
Pension contributions (more than)/less than income statement charge		(0.7)	0.1
<b>Cash generated by operations</b>		<b>12.4</b>	<b>13.3</b>
Income taxes paid		(1.7)	(2.6)
Interest paid <sup>2</sup>		(2.8)	(4.1)
<b>Net cash generated by operations</b>		<b>7.9</b>	<b>6.6</b>
<b>Investing activities</b>			
Proceeds on disposal of business		5.2	–
Purchase of property, plant and equipment	12	(4.3)	(1.4)
Purchase of intangible assets	14	(3.7)	(5.4)
<b>Net cash used in investing activities</b>		<b>(2.8)</b>	<b>(6.8)</b>
<b>Financing activities</b>			
Proceeds on issue of shares – net of issue costs	20	–	12.0
Drawdown of bank facility	23	3.0	6.2
Repayment of bank facility	23	(5.2)	(5.9)
Payment of Sanmina liability	23	(4.0)	–
Re-purchase of own shares		(0.2)	(0.1)
Repayment of lease liabilities <sup>1</sup>	13	(2.3)	(2.9)
<b>Net (outflow)/inflow from financing activities</b>		<b>(8.7)</b>	<b>9.3</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3.6)</b>	<b>9.1</b>
Cash and cash equivalents at beginning of period	19	11.5	2.0
Effects of exchange rates		–	0.4
<b>Cash and cash equivalents at end of period</b>	<b>19</b>	<b>7.9</b>	<b>11.5</b>

The Group has classified:

1 cash payments for the principal portion of lease payments as financing activities; and

2 cash payments for the interest portion as operating activities consistent with the presentation of interest payments chosen by the Group.

The accompanying notes form an integral part of these financial statements.



# Notes to the consolidated financial statements

for the 12-month period ended 31 March 2025

## 1. REPORTING ENTITY

Dialight plc is a public listed company which is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 2486024.

Details of the Company's registered office are set out on page 154 under the "Directory and shareholder information" section.

The consolidated financial statements of the Company for the 12-month period ended 31 March 2025 comprise the Company and its subsidiaries (together referred to as the 'Group').

## 2. BASIS OF PREPARATION

### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest tenth of a million dollars (\$ 0.1 million), except where otherwise indicated.

The Company has elected to present its Parent Company financial statements in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland". The Parent Company financial statements are presented in pounds Sterling and all values are rounded to the nearest tenth of a million pounds (£ 0.1 million), except where otherwise indicated.

### (b) Consolidated basis of preparation

#### Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic report on pages 04 to 34. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are discussed in the Chief Financial Officer's review on pages 28 to 31.

The Directors' assessment of the viability of the Group is set out in the Viability statement on page 34. In addition, note 24 to the financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group's bank facility comprises a revolving credit facility ('RCF') of \$28.8m from HSBC. A balance of \$5.2m was repaid in August 2024 using the proceeds received from the disposal of the Traffic business after which the facility was reduced by a corresponding amount from \$34.0m to \$28.8m. The facility was extended to 21 July 2027 on the same terms as the original agreement on 5 June 2025.

Net debt increased to \$17.8m at 31 March 2025 (31 March 2024: \$16.4m) and comprised \$25.7m borrowings with \$7.9m cash in hand.

The covenants are tested quarterly and are as follows:

Ratio	Calculation	Threshold
Leverage ratio	Net bank debt: Proforma unaudited EBITDA	<3.0x
Interest cover	Proforma unaudited EBITDA: Interest expense	>4.0x

The interest cover was temporarily reset from 4.0x to 2.5x for the quarter period ending 31 December 2024 only and was reset to 4.0x thereafter. Covenants were met in all four quarters.

In assessing the going concern assumptions, the Directors have prepared three main scenarios over the going concern period which the Directors have assessed as a 15-month period to 30 June 2026, being:

- the base case;
- a plausible downside case in relation to revenue and margin; and
- a reverse stress test (break-even assessment).

Various upside scenarios also exist, but those result in positive outcomes and have not been included here given the focus of the Directors, and its auditors, is on the risk to the going concern basis of preparation to the financial statements. Nonetheless, the Directors consider these upside scenarios as realistic outcomes and continue to drive the Group's performance and other activities to seek to achieve those positive results.

The downside scenarios reflect the risk of lower than expected organic revenue growth in core Lighting markets, lower gross margins than forecast and cost savings not being realised to the full extent forecasted.

#### Base case

The base case is derived from the Board approved year to 31 March 2026 Budget, which assumes that the margin will improve over the going concern period through various Group initiatives. The base case is driven by material cost reduction projects and tight control over the cost-base. In this scenario, the Directors consider that the Group will continue to operate within its available committed facilities of \$28.8m with sufficient headroom and covenant compliance throughout the forecast period.



# Notes to the consolidated financial statements continued

## for the 12-month period ended 31 March 2025

### 2. BASIS OF PREPARATION (CONTINUED)

The key assumptions in the base case include:

- Decline in net revenue in the year to 31 March 2026 mainly due to the expected disposal of Traffic and Rail in October 2025 (end of MSA).
- No growth in Lighting net revenue in the year to 31 March 2026 due to the current macroeconomic climate and the uncertainty surrounding global tariffs.
- Net revenue for the quarter to 30 June 2026 is forecast to increase by 2.4% compared to the same quarter in 2025. This is driven by a combination of factors including increasing, benefits from strategic relationships, price increases, and increased source and sell product range sales.
- Gross margin improvement as component price premiums continue to reduce and supply becomes more readily available; freight costs normalise, and the benefits from cost reduction and automation programmes are delivered resulting in a gross profit margin improvement of 1.9% in the year to 31 March 2026 and a further 4.2% in the quarter to 30 June 2026 respectively.
- Operating costs are expected to be 33.2% of revenue in the year to 31 March 2026 and the quarter to 30 June 2026.

#### Plausible downside case

The Directors have assumed:

- Year to 31 March 2026: reduction of Budget revenue by 5% across Lighting, Obstruction, OE and Vehicle.
- Quarter to 30 June 2026: no growth in core revenue and a 75% reduction of the forecast product cost savings and discounting decrease.
- No mitigating actions are assumed apart from the removal of a bonus provision for the year to 31 March 2026 and the quarter to 30 June 2026.

#### Reverse stress test (break-even assessment)

The Directors have assumed:

- Year to 31 March 2026: reduction of Budget revenue by 9% across Lighting, Obstruction, OE and Vehicle.
- Quarter to 30 June 2026: no growth in core revenue and a 85% reduction of the forecast product cost savings and discounting decrease.
- No mitigating actions are assumed apart from the removal of a bonus provision for the year to 31 March 2026 and the quarter to 30 June 2026.

As indicated above, the downside and reverse stress testing scenarios do not consider any mitigating actions apart from the removal of a bonus provision. In all these scenarios, the Group has a series of controllable mitigating actions that can be taken swiftly, including various temporary and permanent cost and cash saving measures.

All scenarios include the settlement payments to be made to Sanmina. An initial \$4.0m has been paid in March 2025 with a further \$1.0m to be made per quarter until March 2027, rising to \$1.5m if Dialight's market capitalisation rises above £100m for 30 consecutive days. Cumulative total payments to Sanmina under this scenario will not exceed \$12.0m. The Directors are confident the payments will be funded out of operating cash flows, with sufficient headroom to meet business needs.

In the base case and downside scenarios, the Group is forecast to have sufficient liquidity and not breach any covenants in the going concern period. In the reverse stress test, the leverage covenant ratio is forecast to breach in the quarter to 31 March 2026 and the quarter to 30 June 2026. The interest cover is expected to breach in the quarter to 30 June 2026.

Whilst the Directors believe the Group will deliver on its plan, the Directors recognise that the results in recent years have fluctuated from the forecast. In the reverse stress test, whilst core revenue is forecast to decrease from the year to 31 March 2025 to the quarter to 30 June 2026, gross profit margin is forecast to increase by 1.3% in the same period. As a result, the Group will require a gross profit margin increase more than this to avoid breaching covenants. The Directors have therefore concluded that while the scenario itself is unlikely given the mitigating actions that can be implemented, there is a plausible risk of a covenant breach.

Accordingly, the Directors have identified circumstances which give rise to a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern, meaning it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this material uncertainty, the Directors consider it remains appropriate to continue to adopt the going concern basis in the preparation of the financial statements. The HSBC facility was extended on 5 June through to 21 July 2027, which covers the going concern period.

#### (c) Use of estimates, judgements and assumptions

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates, judgements and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The areas which require the most use of management estimation and judgement are set out below.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 2. BASIS OF PREPARATION (CONTINUED)

### Significant judgements

#### Going concern

The determination by the Directors of the entity's ability to continue as a going concern involves areas of judgement including preparation and assessment of budgets, forecasts and various scenarios. Refer to note 2(b) for a fuller discussion.

#### Development and patent costs

The Group capitalises development costs and patent costs provided they meet all criteria in the respective accounting policy. Costs are only capitalised when management applies judgement that is satisfied as to the ultimate commercial viability of the projects based on review of the relevant business case. The capitalised costs are amortised over the expected useful economic life, which is determined based on the reasonable commercial prospects of the product and a comparison to similar products being sold by the Group.

The Group has \$8.6m (2024: \$7.4m) of development and patent costs that relate to the current product portfolio and new products expected to launch over the next one to two years. An impairment review of the total balance was performed resulting in impairment of \$0.1m recorded in underlying EBIT (2024: \$4.6m recorded as a non-recurring expenses (note 6)).

All of the development projects are within the Lighting CGU and are tested for impairment at the CGU level. However, management also performs a review of each individual project to see if there are any indications of specific impairment by comparing the carrying amount of the asset with the net present value derived from the Board approved strategic plan.

Directors recognise that the results in recent years have fluctuated from the forecast. Consideration was therefore given to the reversal of impairments recognised in prior periods. Given the sensitivity of the tests to the growth assumptions utilised in the forecasts, it was deemed to be appropriate to not recognise any such reversal at this time.

#### Deferred tax assets

The Group must determine the extent to which deferred tax assets can be recognised and this determination is based on an assessment of the probability that future taxable income will be available against which the deductible temporary differences and tax loss carry-forwards can be utilised. In addition, significant judgement is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

The Group has recognised a net deferred tax asset of \$8.5m (2024: \$5.8m). Of this balance, \$6.4m (2024: \$5.4m) arises in the US with \$4.4m (2024: \$3.2m) relating to short-term timing differences that typically unwind on a yearly basis, \$0.4m (2024: \$0.7m) arising on intangible assets, \$0.3m (2024: nil) arising on other items, \$1.9m (2024: \$1.5m) arising on losses and restricted interest deductions which have no expiry dates. This is offset by a US deferred tax liability of \$0.7m (2024: \$0.7m) arising on property, plant and equipment.

The Group considers it highly probable that sufficient future taxable profits will arise in the US based on both the earning history and the future forecasted profits. In addition, the Group is satisfied that the losses will unwind in the same period as the forecasted taxable profits.

The remaining \$2.1m of the recognised net deferred tax asset arises in respect of deferred tax assets on right-of-use assets and lease liabilities (\$0.4m), provisions (\$1.0m), losses (\$1.0m), offset by deferred tax liabilities arising on employee benefits (\$0.2m) and individually immaterial net DTAs recognised by the Group's subsidiary entities in various geographical locations.

#### Non-underlying items

The Group incurs costs and earns income that is non-underlying in nature or that, in the Directors' judgement, needs to be disclosed separately by virtue of its size and incidence in order for users of the consolidated financial statements to obtain a proper understanding of the financial information and the underlying performance of the business. Judgement is required in determining whether an item should be classified as non-underlying or included within the underlying results. Refer to note 6 for further information.

### Estimates

#### Inventory reserve

The total value of the inventory provision for all categories of inventory over which judgement has been exercised was \$5.9m (2024: \$6.6m) and this represents 11.2% (2024: 11.8%) of the gross inventory value.

Details of the inventory reserve are set out in note 17.

#### Inventory reserve – raw materials and sub-assemblies

The Group's policy is that all raw material and sub-assembly inventory that is over 24-months old at the balance sheet date is provided for. This basis for estimate reduces estimation subjectivity, while allowing for the adverse impact from component shortages that have led to high inventory levels and some components being held for longer than expected. Two years has been assessed to be appropriate as the components have a long shelf life, continue to be used in production and the product demand mix between project and MRO. The inventory ageing continues to be skewed as a result of post COVID-19 supply chain disruption leading to inventory which is now two years old.



# Notes to the consolidated financial statements continued

## for the 12-month period ended 31 March 2025

### 2. BASIS OF PREPARATION (CONTINUED)

The value of the inventory provision for raw materials and sub-assemblies as at 31 March 2025 was \$4.4m (2024: \$5.9m).

If all raw material and sub-assembly inventory over 18-months old at the balance sheet date was to be provided for, the inventory provision would be \$4.9m. Alternatively, if all raw material and sub-assembly inventory over 36-months old at the balance sheet date was to be provided for, the inventory provision in that scenario would be \$1.7m.

#### Inventory reserve – finished goods

The review of finished goods inventory was based on all inventory over 365 days old. Inventory on hand was compared to historical sales, current orders, sales pipeline and whether the product had been recently launched.

Management judgement was then applied to determine whether there was a reasonable probability that the inventory would be sold, with a provision being required for any inventory that failed this assessment.

Management believes that any reasonably possible change in the assumption would not cause any significant change in the provision estimate for finished goods.

The value of the inventory provision for finished goods as at 31 March 2025 was \$1.5m (2024: \$0.7m).

#### Inventory reserve and onerous contract provision – disposal of traffic business

Following the disposal of the traffic business, an estimate was made of the provision for excess or obsolete inventory and to provide for inventory expected to be sold at below cost. The provision, which is included in the inventory provisions noted above, is \$0.8m as at 31 March 2025 (2024: \$3.0m); during the 12-month period ended 31 March 2025, \$2.2m of the inventory provision was released as it was deemed to be in excess of current requirements. Inventory is being utilised or sold to Leotek and as at the balance sheet date future inventory utilisation/sales are inherently an estimate.

Additionally, during the current financial period, an onerous contract provision relating to the Leotek contract of \$0.9m (2024: nil) was made. The provision is for estimated expected losses until the end of the Leotek contract in October 2025.

These are recognised within cost of goods sold and are disclosed as a non-underlying item within note 6.

#### Inventory – absorbed overhead costs

The valuation of inventory, detailed in note 17, requires the use of estimates in the amount of costs to be absorbed into inventory valuation.

The costs of purchase of inventories comprise the purchase price, import duties/other taxes and freight, handling and other costs directly attributable to the acquisition of inventory.

The costs of conversion of inventories include costs directly related to the units of production and also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Costs related to production comprise labour and direct overheads attributable to the production process. They are assessed to ensure that costs unrelated to production are excluded. Unallocated overheads are recognised as an expense in the period in which they are incurred.

Consistent with prior year, the Group absorbs costs using weighted average inventory turns. The value of directly attributable costs over which judgement was exercised was \$6.9m (2024: \$7.6m) and this represents 15% (2024: 15%) of the inventory value. For every day that the estimate of the days used for the overheads absorbed changes, it changes the calculation by \$78.0k (2024: \$96.9k). In relation to the amount of freight costs that are included in the inventory valuation, the value of freight costs over which judgement was exercised was \$3.2m (2024: \$2.8m) and this represents 7% (2024: 6%) of the inventory value. For every day that the estimate of the days used for the freight costs absorbed changes, it changes the calculation by \$16.6k (2024: \$17.1k).

Management believes that any reasonably possible change in the assumptions would not cause any significant change in the amount of costs absorbed into inventory.

#### Pension plans

The key actuarial assumptions used to value the pension plan liabilities and could have a significant impact on the valuation of the liabilities. The Group's assumptions are disclosed in note 16 with associated sensitivity analysis. The key assumptions are mortality rates, inflation and market yields. These assumptions are set with close reference to market conditions.

#### Impairment losses of financial assets

Expected credit losses of financial assets contain a number of measurement uncertainties relating to management's view of the expected future cash flows receivable from financial assets due from customers and the inherent creditworthiness of those customers. Judgement is based on the Group's past experience as well as taking into consideration current market and economic conditions, and any factors relating to a specific customer or sale. Changes in judgements and assumptions could result in a material adjustment to those estimates in future reporting periods.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

### 3. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The following accounting standards, interpretations, improvements and amendments have become applicable for the current period and although the Group has adopted them, they have had no material impact on the Group. These comprise:

- Non-current Liabilities with Covenants and classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

The following amendments to standards and interpretations have also been issued, but are not yet effective and have not been early adopted for the period ended 31 March 2025:

- Lack of Exchangeability (Amendments to IAS 21);
- Presentation and Disclosures in Financial Statements (IFRS 18);
- Subsidiaries without Public Accountability: Disclosures (IFRS 19);
- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7);
- Contracts Referencing Nature-dependent Electricity (amendments to IFRS 9 and IFRS 7); and
- Annual Improvements to IFRS Accounting Standards (amendments to IFRS 10, IFRS 9, IFRS 1, IAS 7 and IFRS 7).

The adoption of these amendments is not expected to have a material impact on the financial results of the Group but could impact the presentation of the financial statements.

### 4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and have been applied consistently by Group entities.

#### (a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the parent and its subsidiaries as at 31 March 2025. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has (a) power over the investee; (b) exposure, or rights, to variable returns from the investee; and (c) ability to use its power to affect those returns. The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary. If the Group loses control of a subsidiary, it derecognises the related assets (including goodwill), liabilities and other components of equity, while any resultant gain or loss is recognised in the income statement.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Accounting policies as applied to subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

#### (b) Business combinations and goodwill

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. In assessing control, the Group takes into consideration potential voting rights that were then currently exercisable.

#### Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a gain is recognised immediately in profit or loss. Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

#### Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the acquisition.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Acquisitions prior to 1 January 2004 (date of transition to IFRSs)

As part of its transition to IFRSs, the Group elected to restate only those business combinations that occurred on or after 1 January 2003. In respect of acquisitions prior to 1 January 2003, goodwill represents the amount recognised under the Group's previous accounting framework, UK GAAP.

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

### Changes in ownership interest

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in retained earnings within the statement of changes in equity.

### (c) Non-underlying items

The Group incurs costs and earns income that is non-underlying in nature or that, in the Directors' judgement, needs to be disclosed separately by virtue of its size and incidence in order for users of the consolidated financial statements to obtain a proper understanding of the financial information and the underlying performance of the business.

These items could include (but are not limited to):

- the costs related to transferring production back from an outsourced manufacturer;
- the impairment of tangible or intangible assets including goodwill;
- the impairment of inventory as a result of a significant change in product design;
- individual restructuring projects which are material or relate to the closure of a part of the business and are not expected to recur;
- gains or losses on disposal of businesses;
- gains or losses arising on significant changes to closed defined benefit pension plans; and
- costs arising from legal disputes including that with Sanmina Corporation (see note 6).

Determining whether an item is part of specific non-underlying items requires judgement to determine the nature and the intention of the transaction.

### (d) Foreign currency translation

#### Functional and presentation currency

The consolidated financial statements are presented in US dollars to provide greater transparency in the Group's performance for investors and other stakeholders and to reduce exchange rate volatility in reported figures. The functional currency of Dialight plc is considered to be GBP Sterling because that is the currency of the primary economic environment in which the Company operates.

#### Foreign operations

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's overseas operations, including goodwill and fair value adjustments arising on consolidation, are translated using exchange rates prevailing on the balance sheet date.

#### Foreign currency transactions and balances

Income and expense items of overseas operations are translated at average exchange rates for the period. The resulting exchange differences are recognised as a separate component of equity within the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed of. Foreign currency transactions are accounted for at the exchange rate prevailing at the date of the transaction.

Gains and losses resulting from the settlement of such transactions and from the translation of monetary and non-monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

### (e) Derivative financial instruments

Derivative financial instruments are recorded initially at cost and are remeasured to fair value at subsequent reporting dates. The gain or loss on remeasurement to fair value is recognised immediately in the income statement.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (f) Property, plant and equipment

All items of property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment. Subsequent costs are included in the asset carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost can be measured reliably. All other repair and maintenance costs are charged to the income statement in the financial period they are incurred.

### (g) Other intangible assets

Other intangible assets that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

### (h) Depreciation and amortisation

#### Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment, except for right-of-use assets which are depreciated over the shorter of the lease contract period and their useful lives. Land is not depreciated.

The estimated useful lives are as follows:

Plant, equipment and vehicles	3–10 years
Right-of-use assets	2–9 years

#### Amortisation

Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives are as follows:

Patents and trademarks	3–5 years
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#### Development costs

Product upgrades	3 years
New product	4 years
Control and technology-related products	5 years

Goodwill that arises upon acquisition of subsidiaries is included in intangible assets. For the measurement of goodwill at initial recognition, see note 4(b).

#### Subsequent measurement

After initial recognition, goodwill is measured at cost less any accumulated impairment losses until disposal or termination of the cash generating unit ('CGU'). Goodwill is allocated to the CGUs and is tested at least annually for impairment. An impairment loss recognised for goodwill is not reversed in a subsequent period.

### (i) Research and development costs

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is immediately recognised in the income statement as an expense.

Development expenditure is capitalised only if the expenditure can be measured reliably, the product and process is technically and commercially viable, future economic benefits are probable and the Group intends and has sufficient resources to complete the development and to use or sell the asset. Costs are only capitalised once the initial research phase has been completed and the business case for development has been approved by management. The expenditure capitalised includes direct cost of material, direct labour and directly attributable overheads. Other development expenditure is recognised in the income statement as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

### (j) Impairment

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash flows that are largely independent from other assets and groups. Impairment losses are recognised in the income statement. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Any impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

A financial asset, in particular the carrying value of trade receivables, is considered to be impaired if one or more events have had a negative effect on the estimated future cash flows expected to arise from that asset. Any impairment losses are recognised through the income statement.

### (k) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost includes all expenses directly attributable to the manufacturing process as well as suitable portions of related production overheads, based on normal operating capacity. Costs of ordinarily interchangeable items are assigned using the first in, first out cost formula. Net realisable value is the estimated selling price in the ordinary course of business less any directly attributable selling expenses. When calculating inventory reserves, management considers the nature and condition of the inventory, as well as taking into consideration an assessment of market developments, change in strategy or business model, regulatory and technology evolution, and analysis of historical and projected usage with regard to quantities held.

### (l) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

### (m) Share capital

Dividends are recognised in the period in which they are approved by the Company's shareholders, or, in the case of an interim dividend, when the dividend is paid. Under the terms of the PSP, RSP and deferred bonus schemes, dividends accrue on shares not yet vested; however, in the event that the shares lapse or are forfeited then the dividends will not be paid and the accrual is reversed.

### Own shares

Company shares held by the employee benefit trusts ('EBT') are held at the consideration paid. It has been concluded that Dialight Plc controls the EBT and consequently the EBT has been incorporated into the Group financial statements. Purchases of shares made by the EBT are shown in the statement of changes in equity as own shares.

### (n) Employee benefits

#### (i) Defined contribution pension plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

#### (ii) Defined benefit pension plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned for their service in prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation is performed by an independent qualified actuary using the projected unit credit method. In accordance with IFRIC 14 – IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", the pension surplus can be recognised as an asset on the balance sheet, limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest) are recognised immediately in other comprehensive income.

The Group determines the net interest expense/(income) on the net defined benefit liability/(asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then net defined benefit liability/(asset), taking into account any changes in the net defined benefit liability/(asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the income statement.

When the benefits of a plan are changed, or when a plan is curtailed, the resulting change in benefit that relates to past service, or the gain or loss on curtailment, is recognised immediately in the income statement. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (iii) Share-based payments and deferred bonus transactions

The PSP and RSP allows Group employees to acquire shares of the Company. The fair value of the grants is measured using the five-day weighted average prior to grant, taking into account the terms and conditions upon which the grants were made. The amount recognised as an expense is only adjusted to reflect forfeitures resulting from failures to meet non-market conditions. The share-based payments are equity-settled.

Key Group employees can be awarded shares in the Company under the Annual Performance Bonus Plan ('APBP'). The fair value of the award granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at the grant date and spread over the performance period, during which the employees become unconditionally entitled to the award. All of the share awards are based on three-year continued service conditions, except under the APBP where 50% vest after two years.

Executive Directors are eligible for awards under the Value Creation Plan ('VCP'). Participants will be eligible for a share in a pool of excess value created over three and four-year periods. The total pool will be calculated as 7.5% of value created through share price growth plus dividends ('TSR') in excess of 350p vs a four-week average share price ending 1 April of approximately 166p; i.e. growth of approximately 110%. The award will have two independent three and four-year performance measurement periods. Each period will determine 50% of the award. A three-month average opening and closing share price will be used to measure value creation for the pool. Awards will be granted as a number of units in the pool. At the end of each performance period, units will be converted into an award of shares/nil cost options with participants required to hold onto their vested shares after any sales required to settle tax and withholdings on vesting for a period of five years from grant. The fair value is measured at the grant date and spread over the performance period during which the participants become unconditionally entitled to the award.

### (iv) Bonus plan

The Group recognises a liability in respect of the best estimate of bonus payable where contractually obliged to or where past practice has created a constructive obligation.

### (o) Other provisions

A provision is recognised in the balance sheet when the Group has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. A warranty provision is made for the expected costs of future warranty claims relating to past product sales. This provision is estimated based on historical trends for returns, product-specific warranty terms, internal knowledge of product performance characteristics and the expected costs of remedying warranty-returned products. All other provisions are based on management's best estimate of a probable expected outcome.

### (p) Trade and other receivables

Trade and other receivables are recognised at fair value except for trade receivables that do not have a significant financing component which are measured at transaction price and carried at amortised cost, less an allowance for expected lifetime losses as permitted under the simplified approach in IFRS 9. Fully provided balances are not written off from the balance sheet until the Group has decided to cease enforcement activity.

The Group has applied the simplified approach as permitted by IFRS 9. The expected credit loss ('ECL') model considers the Group's historical credit loss, factors specific to each receivable, the current economic environment and expected changes in future forecasts (see note 24).

### (q) Trade and other payables

Trade and other payables are initially recorded at fair value and then subsequently stated at amortised cost.

### (r) Revenue recognition

The Group's revenue is derived from the single performance obligation to transfer lighting products under arrangements in which the transfer of control of the products and the fulfilment of the Group's performance obligations occur at the same time. Revenue from the sale of goods is recognised when the Group has transferred control of the goods to the buyer and the buyer obtains the benefits from the goods based on Incoterms, the potential cash flows and the amount of revenue (the transaction price) can be measured reliably, and it is probable the Group will collect the consideration to which it is entitled to in exchange for the goods.

The majority of sales are on an ex works basis with revenue recognised on dispatch of finished goods. Warranty is not a separable performance obligation so has no impact on revenue recognition.

The Group does not have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

Where rebates agreements are in place revenue is recognised based on the price specified in the contract net of the estimated rebate discount. Accumulated experience is used to estimate and provide for the discounts and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. A contract liability is recognised for expected rebate discounts payable to customers in relation to sales made until the end of the reporting period.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (s) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

### (t) Net financing costs

Net financing costs comprise interest receivable, interest payable on borrowings, arrangement fees on revised or new borrowing facilities, interest payable on lease liabilities, interest on pension assets and liabilities, foreign exchange gains and losses.

### (u) Income tax expense

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the income statement except to the extent that it relates to items recognised directly in equity. The tax currently payable is based on the taxable profit for the year.

Taxable profit differs from profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The tax rate and laws used to compute the amount are those that are enacted, or substantially enacted, by the reporting date.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit and is accounted for using the balance sheet liability method.

Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax is calculated using tax rates that are enacted or substantively enacted at the balance sheet date. Deferred tax is charged or credited to profit and loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax is determined using tax rates (and laws) that have been enacted, or substantially enacted, by the balance sheet date and are expected to apply when the deferred tax assets is released or the deferred tax liability is settled.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis. Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

### (v) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group uses the definition of a lease in IFRS 16.

#### (i) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and accounts for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The Group operates in multiple economic environments so the incremental borrowing rate ('IBR') that applies will vary from lease to lease.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### Discount rates applied for different jurisdictions

IFRS 16 allows the use of two possible discount rates, namely the interest rate implicit in the lease from the perspective of the lessor (implicit rate) or the Group's IBR.

The IBR is the rate of interest that Dialight pays to borrow (a) over a similar term; (b) with a similar security; (c) the funds necessary to obtain an asset of a similar value to the right-of-use asset; and (d) in a similar economic environment. The rate reflects the amount that the Group could borrow over the term of the lease.

The Group operates in multiple jurisdictions and the economic environment in those jurisdictions would also influence the IBR. This is expected to lead to a different IBR for every lease in a different territory. Key information that the Group considered while determining the IBR relates to the region where the lease is domiciled, the functional currency and the currency of the lease, the asset being leased and the remaining years left on the lease.

The Group has property leases in the US, Mexico, UK, Australia and Malaysia. The Mexican and Malaysian leases are for industrial premises with the remaining leases being for office buildings.

The IBR is determined based on the interest rates available to the Group entities in which the underlying leases are held, based on the credit rating of each of these entities. Certain adjustments are made to these interest rates to reflect the terms of the individual leases and the types of assets leased. The IBRs calculated for use by the Group vary between 2.5% and 8.0%.

Lease payments included in the measurement of the lease liability comprise the following:

Fixed payments, including in-substance fixed payments; variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date; amounts expected to be payable under a residual value guarantee; and the exercise price under a purchase option that the Group is reasonably certain to exercise, lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Group is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group presents right-of-use assets that do not meet the definition of investment property in right-of-use assets and lease liabilities separately in the statement of financial position.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases, including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

### (ii) As a lessor

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. The Group classifies the sub-lease as an operating lease as the lease does not transfer substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease. The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term.

### (w) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework, appropriate for the size and complexity of the Group, with respect to the measurement of fair values. When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 4. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (x) Contingent liabilities

A contingent liability arises from past events and includes possible obligations (50% certain or less) whose existence will be confirmed only by the occurrence of uncertain future events not wholly within the entity's control and present obligations, which are not recognised because it is not probable that a transfer of economic benefits will be required to settle the obligation or the obligations cannot be measured reliably. It includes guarantees to third parties and certain lawsuits.

## 5. OPERATING SEGMENTS

The Group has two reportable operating segments.

These segments have been identified based on the internal information that is supplied regularly to the Group's chief operating decision maker for the purposes of assessing performance and allocating resources. The chief operating decision maker is considered to be the Group Chief Executive Officer.

The two reportable operating segments are:

- Lighting, which develops, manufactures and supplies highly efficient LED lighting solutions for hazardous and industrial applications in which lighting performance is critical and includes anti-collision obstruction lighting; and
- Signals & Components, which develops, manufactures and supplies status indication components for electronics OEMs, together with niche industrial and automotive electronic components and highly efficient LED signalling solutions for the traffic and signals markets.

There is no inter-segment revenue and there are no individual customers that represent more than 10% of revenue.

All revenue relates to the sale of goods. Segment gross profit is revenue less the costs of materials, labour, production and freight that are directly attributable to a segment. Central and unallocated overheads comprise operations management plus corporate costs, which include share-based payments.

Segmental assets and liabilities are not reported internally and are, therefore, not presented below.

### Reportable segments

for the 12-month period ended 31 March 2025	Lighting \$m	Signals & Components \$m	Central & Unallocated \$m	Total \$m
Revenue	138.0	45.5	–	183.5
<b>Underlying gross profit</b>	<b>54.1</b>	<b>11.2</b>	<b>–</b>	<b>65.3</b>
Underlying overheads	(41.2)	(7.9)	(12.0)	(61.1)
<b>Underlying profit/(loss) from operating activities</b>	<b>12.9</b>	<b>3.3</b>	<b>(12.0)</b>	<b>4.2</b>
Non-underlying items (note 6)	(18.6)	0.9	(3.9)	(21.6)
Gain on disposal of business	–	5.8	–	5.8
<b>(Loss)/profit from operating activities</b>	<b>(5.7)</b>	<b>10.0</b>	<b>(15.9)</b>	<b>(11.6)</b>
Financial expense	–	–	(2.5)	(2.5)
<b>(Loss)/profit before tax</b>	<b>(5.7)</b>	<b>10.0</b>	<b>(18.4)</b>	<b>(14.1)</b>
Taxation	–	–	0.5	0.5
<b>(Loss)/profit after tax</b>	<b>(5.7)</b>	<b>10.0</b>	<b>(17.9)</b>	<b>(13.6)</b>

for the 15-month period ended 31 March 2024	Lighting \$m	Signals & Components \$m	Central & Unallocated \$m	Total \$m
Revenue	171.1	54.9	–	226.0
<b>Underlying gross profit</b>	<b>57.6</b>	<b>12.5</b>	<b>–</b>	<b>70.1</b>
Underlying overheads	(50.8)	(12.3)	(11.6)	(74.7)
<b>Underlying profit/(loss) from operating activities</b>	<b>6.8</b>	<b>0.2</b>	<b>(11.6)</b>	<b>(4.6)</b>
Non-underlying items (note 6)	(20.6)	(3.6)	(1.4)	(25.6)
Gain on disposal of business	–	–	–	–
<b>(Loss)/profit from operating activities</b>	<b>(13.8)</b>	<b>(3.4)</b>	<b>(13.0)</b>	<b>(30.2)</b>
Financial expense	–	–	(4.1)	(4.1)
<b>(Loss)/profit before tax</b>	<b>(13.8)</b>	<b>(3.4)</b>	<b>(17.1)</b>	<b>(34.3)</b>
Taxation	–	–	1.8	1.8
<b>(Loss)/profit after tax</b>	<b>(13.8)</b>	<b>(3.4)</b>	<b>(15.3)</b>	<b>(32.5)</b>



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 5. OPERATING SEGMENTS (CONTINUED)

Other segmental data	12-month period ended 31 March 2025				15-month period ended 31 March 2024			
	Lighting \$m	Signals & Components \$m	Central & Unallocated \$m	Total \$m	Lighting \$m	Signals & Components \$m	Central & Unallocated \$m	Total \$m
Cost of inventories recognised as expense	47.9	19.3	–	67.2	65.8	25.0	–	90.8
Total personnel expenses	35.6	10.8	3.3	49.7	46.6	13.9	4.0	64.5
Depreciation of property, plant and equipment	2.4	0.8	–	3.2	3.3	1.0	–	4.3
Depreciation of right-of-use assets	1.9	0.6	–	2.5	2.3	0.7	–	3.0
Amortisation of intangible assets	2.6	–	–	2.6	7.7	–	–	7.7
Impairment of property, plant and equipment	–	–	–	–	1.1	–	–	1.1
Impairment of goodwill	–	–	–	–	11.2	–	–	11.2
Impairment of other intangible assets	0.1	0.1	–	0.2	4.1	0.5	–	4.6

### Geographical segments

Lighting and Signals & Components segments are managed on a worldwide basis, but operate in three principal geographic areas: North America, EMEA and Rest of the World. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods. All revenue relates to the sale of goods.

Sales revenue by geographical market	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
North America	155.3	183.7
EMEA	10.7	18.3
Rest of the World	17.5	24.0
Revenue	183.5	226.0

## 6. NON-UNDERLYING ITEMS

The Group incurs cost and earns income that is non-recurring in nature or that, in the Director's judgement, need to be separately disclosed for users of the consolidated financial statements to obtain a full understanding of the financial information and the best indication of the underlying performance of the Group.

The table below presents the components of non-underlying items recognised in the income statement. All costs are recognised within administrative expenses unless otherwise stated.

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Transformation Plan	4.1	4.5
Impairment of goodwill (note 14)	–	11.2
Impairment of other intangible assets (excluding business disposal impairment)	–	4.1
Litigation costs	17.8	2.3
Other non-underlying costs	0.6	–
Business disposal (income)/costs	(0.9)	3.5
<b>Non-underlying items</b>	<b>21.6</b>	<b>25.6</b>

The Group has incurred \$4.1m (15-months ended 31 March 2024: \$4.5m) of non-underlying costs relating to the Transformation Plan. This is a significant multi-year change programme for the Group, which is designed to address legacy issues associated with excess cost and complexity within the organisation, while at the same time focusing more resources on the most attractive growth opportunities within its core industrial LED lighting market. Implementation of the Transformation Plan is expected to be complete by 31 March 2026. The multi-year Transformation Plan is a material, infrequent programme and is not considered to be part of the underlying performance of the business. The costs incurred in the 12-month period to 31 March 2025 relate to resetting and realigning the Group's cost base including severance costs, and legal and professional fees. In the prior period, an impairment charge of \$1.1m for property, plant, and equipment (note 12) and dilapidation costs of \$0.4m (note 22) were recognised in relation to the vacation of the Malaysian facility that occurred during the year.

Please refer to note 14 for details of the impairment of goodwill and other intangible assets in the prior year, there were no impairments recognised through non-underlying in the 12-month period ended 31 March 2025.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 6. NON-UNDERLYING ITEMS (CONTINUED)

During the 12-month period ended 31 March 2025 costs of \$17.8m have been expensed (2024: \$1.9m) relating to the legal settlement with Sanmina. On 31 March 2025 the Group settled its long-standing litigation with Sanmina for \$12.0m to be paid by instalments. This required payment of \$4.0m on 31 March 2025 and eight quarterly payments of \$1.0m per quarter with the final payment due on 27 March 2027. The discounted expense of these future payments is \$11.3m, with additional legal expenses of \$5.6m in the period and other irrecoverable amounts expensed of \$0.9m. Please refer to note 26 for further details of this claim. In the prior period, other litigation costs of \$0.4m relate to a contractual litigation case relating to the use of intellectual property which was concluded in 2023.

Other non-underlying costs of \$0.6m are one-off costs relating to previous financial periods, as such have been recognised through non-underlying to enable full comparability of the Group's financial performance with previous periods.

Business disposal (income)/costs relate to the disposal of the Traffic business in July 2024. The (income)/costs relate to a \$0.1m impairment of development costs (2024: \$0.5m) for projects that will no longer be pursued, net income of \$2.0m being a release of inventory excess and obsolescence provision, which has been recognised within costs of goods sold (2024: expense of \$3.0m), \$0.1m of staff retention costs (2024: nil) and an onerous contract provision of \$0.9m in relation to the Leotek contract (2024: nil).

## 7. PERSONNEL EXPENSES

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Wages and salaries	42.9	54.9
Social security costs	5.5	6.9
Equity-settled share-based payment transactions	0.3	1.5
Contributions to defined contribution plans	1.0	1.1
Total charge for defined benefit plans	–	0.1
<b>Total personnel expenses</b>	<b>49.7</b>	<b>64.5</b>

The average number of employees by geographical location was:

	12-month period ended 31 March 2025 Number	15-month period ended 31 March 2024 Number
US and Mexico	1,254	1,335
Rest of the World	171	226
<b>Total average number of employees</b>	<b>1,425</b>	<b>1,561</b>

The Group employed an average of 875 direct staff (2024: 948) and 550 indirect staff (2024: 613).

The main Board Directors are considered to be the Group's key management personnel. Key management personnel compensation comprised the following:

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Short-term employee benefits	1.4	2.3
Termination benefits	0.2	–
Share-based payments	0.3	1.5
	<b>1.9</b>	<b>3.8</b>

The aggregate of remuneration and amounts receivable under long-term incentive schemes of the highest-paid Director was \$0.5m (15-months to 31 March 2024: \$1.0m), and pension contributions of \$0.0m (15-months to 31 March 2024: \$0.0m) were made to a money purchase scheme on their behalf. During the period, the highest-paid Director was awarded 335 units under the VCP (15-months to 31 March 2024: 151,547 shares under a long-term incentive scheme).



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 7. PERSONNEL EXPENSES (CONTINUED)

	12-month period ended 31 March 2025	15-month period ended 31 March 2024
Number of Directors accruing benefits under money purchase schemes	3	4
Number of Directors who exercised share options	–	1
Number of Directors whose qualifying services shares were received or receivable under long-term incentive schemes	2	2

## 8. FINANCIAL EXPENSES

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Net interest income on defined benefit pension asset	(0.3)	(0.3)
Interest expense on financial liabilities, excluding lease liabilities	2.2	3.3
Facility arrangement fee expense	–	0.4
Interest expense on lease liabilities	0.6	0.7
<b>Net financing expense recognised in the consolidated income statement</b>	<b>2.5</b>	<b>4.1</b>

## 9. TAXATION

### Recognised in the income statement

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
<b>Current tax expense</b>		
Current period	1.2	1.2
Adjustment for prior years	–	(0.1)
<b>Total current tax expense</b>	<b>1.2</b>	<b>1.1</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1.1)	(4.0)
Adjustment for prior years	(0.3)	0.7
Impact of change in tax laws and rates	(0.3)	0.4
<b>Total deferred tax credit</b>	<b>(1.7)</b>	<b>(2.9)</b>
<b>Total tax credit</b>	<b>(0.5)</b>	<b>(1.8)</b>

### Reconciliation of effective tax rate

	12-month period ended 31 March 2025 %	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 %	15-month period ended 31 March 2024 \$m
Loss for the period after tax		(13.6)		(32.5)
Total tax credit		0.5		1.8
<b>Loss for the period before tax</b>		<b>(14.1)</b>		<b>(34.3)</b>
Income tax using the corporation rate of 25.0% (2024: 23.8%)	25.0	(3.5)	23.8	(8.2)
Effect of higher taxes on overseas earnings	(7.8)	1.1	(1.5)	0.5
Change in tax laws and rates	2.1	(0.3)	(1.2)	0.4
Expenses not deductible for tax purposes	–	–	(8.5)	2.9
Current year losses for which no deferred tax is recognised	(17.7)	2.5	(2.9)	1.0
Adjustment for prior years	2.1	(0.3)	(1.5)	0.5
Other	(0.7)	0.1	–	–
Research and development credits	0.7	(0.1)	0.3	(0.1)
Foreign taxes incurred	–	–	(3.5)	1.2
	<b>3.5</b>	<b>(0.5)</b>	<b>5.2</b>	<b>(1.8)</b>



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 9. TAXATION (CONTINUED)

The effective tax rate for the period is 3.5% compared with 5.2% in the prior year and the standard rate of 25.0% (2024: 23.8%) in the UK. During the period, the Group made a loss before tax of \$14.1m (2024: loss of \$34.3m), which resulted in a tax credit in the period of \$0.5m (2024: tax credit of \$1.8m).

The normalised tax rate for the Group in the period is 25.0% (tax rate before adjustments) and based on a pre-tax loss of \$14.1m this would generate a tax credit of \$3.5m. The Group's overall tax rate was 3.5% which is significantly lower than the normalised tax rate as a result of the following major adjustments:

- unrecognised losses in the European Lighting business resulting in \$2.5m of tax losses not being recognised in the period; and
- Mexican taxes of \$1.1m.

### Tax credit recognised directly in equity

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Employee benefits	(1.0)	(0.1)

### Current tax

Current tax is calculated with reference to the profit or loss of the Company and its subsidiaries in their respective countries of operation. Set out below are details in respect of the significant jurisdictions where the Group operates and the factors that influenced the current and deferred taxation in those jurisdictions.

#### UK

The UK companies are subject to a corporate tax rate of 25.0% (2024: 23.8%).

#### Group

The majority of the Group's profits arise in the US where the corporation tax rate is 23%, including 21% federal tax and 2% state tax (2024: 24%, including 21% federal tax and 3% state tax).

## 10. LOSS FOR THE PERIOD

Loss for the period has been arrived at after charging:

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Research and development costs:		
Expensed as incurred	3.4	4.2
Amortisation of development costs (note 14)	1.5	6.0
Total research and development costs	4.9	10.2
Depreciation of property, plant and equipment (note 12)	3.2	4.3
Depreciation of right-of-use assets (note 13)	2.5	3.0
Amortisation of other intangible assets (note 14)	1.1	1.7
Impairment of property, plant, and equipment (note 12)	–	1.1
Impairment of goodwill (note 14)	–	11.2
Impairment of other intangible assets (note 14)	0.2	4.6
Gain on lease modification	–	(0.2)
Credit loss recognised in the period (note 24)	2.1	–
Cost of inventories recognised as expense (note 17)	67.2	90.8
Employee benefit expense (note 7)	49.7	64.5



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 10. LOSS FOR THE PERIOD (CONTINUED)

### Auditor's remuneration

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Audit of these financial statements	1.1	1.3
Audit of financial statements of subsidiaries pursuant to legislation	0.1	0.1
Fees payable to the Group's auditor for non-audit services:		
Assurance related services	–	0.1
	<b>1.2</b>	<b>1.5</b>

## 11. EARNINGS PER SHARE

### Basic earnings per share

The calculation of basic earnings per share ('EPS') at 31 March 2025 was based on a loss for the year of \$13.6m (2024: loss of \$32.5m) and the weighted average number of ordinary shares outstanding during the year of 39,586,489 (2024: 35,603,515).

### Weighted average number of ordinary shares

	12-month period ended 31 March 2025 000s	15-month period ended 31 March 2024 000s
Weighted average number of ordinary shares	<b>39,586</b>	35,604

	12-month period ended 31 March 2025	15-month period ended 31 March 2024
<b>Basic (loss)/earnings per share</b>	<b>(34.4) cents</b>	(91.1) cents

### Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2025 was based on a loss for the year of \$13.6m (2024: loss of \$32.5m) and the weighted average number of ordinary shares outstanding during the year of 39,586,489 (2024: 35,603,515).

Where a loss has been recognised the same number of shares are used in both the basic and diluted loss per share calculation as there is no dilutive effect when the Group is in a loss-making position. The number of shares that would be used in the diluted EPS calculation is 40,646,358 (2024: 36,457,712).

### Weighted average number of ordinary shares

	12-month period ended 31 March 2025 000s	15-month period ended 31 March 2024 000s
Weighted average number of ordinary shares	<b>39,586</b>	35,604

	12-month period ended 31 March 2025	15-month period ended 31 March 2024
<b>Diluted (loss)/earnings per share</b>	<b>(34.4) cents</b>	(91.1) cents



## Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

### 12. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings \$m	Plant, equipment and vehicles \$m	Total \$m
<b>Cost</b>			
At 1 January 2023	4.0	67.7	71.7
Additions	–	1.4	1.4
Disposals	–	–	–
Transfers	1.0	(1.0)	–
Foreign exchange movements	0.4	–	0.4
<b>At 31 March 2024</b>	<b>5.4</b>	<b>68.1</b>	<b>73.5</b>
Additions	–	4.3	4.3
Disposals	(0.1)	(8.4)	(8.5)
Foreign exchange movements	–	0.5	0.5
<b>Balance at 31 March 2025</b>	<b>5.3</b>	<b>64.5</b>	<b>69.8</b>
<b>Accumulated depreciation and impairment losses</b>			
At 1 January 2023	(4.0)	(50.9)	(54.9)
Charge for period	(0.2)	(4.1)	(4.3)
Impairment charge	–	(1.1)	(1.1)
Foreign exchange movements	–	(0.5)	(0.5)
<b>At 31 March 2024</b>	<b>(4.2)</b>	<b>(56.6)</b>	<b>(60.8)</b>
Charge for period	(0.2)	(3.0)	(3.2)
Disposals	0.1	8.1	8.2
Foreign exchange movements	–	(0.5)	(0.5)
<b>Balance at 31 March 2025</b>	<b>(4.3)</b>	<b>(52.0)</b>	<b>(56.3)</b>
<b>Carrying amount at 31 March 2025</b>	<b>1.0</b>	<b>12.5</b>	<b>13.5</b>
Carrying amount at 31 March 2024	1.2	11.5	12.7
Carrying amount at 1 January 2023	–	16.8	16.8

During the prior period, a review of property, plant, and equipment was performed where it was identified that certain assets relating to the Malaysian facility are no longer in use following the planned vacation of the existing Malaysian site. As a result, an impairment loss was recognised in the prior period within non-underlying items (note 6) given it related to the Transformation Plan.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 13. LEASES

### Right-of-use assets

	Buildings \$m	Non-property leases \$m	Total \$m
<b>Cost</b>			
At 1 January 2023	20.0	0.6	20.6
Additions including modifications	0.6	–	0.6
Disposals including modifications	(2.1)	(0.6)	(2.7)
Foreign exchange movements	(0.8)	–	(0.8)
At 31 March 2024	17.7	–	17.7
Additions including modifications	2.6	–	2.6
Disposals including modifications	(1.8)	–	(1.8)
Foreign exchange movements	0.2	–	0.2
<b>Balance at 31 March 2025</b>	<b>18.7</b>	<b>–</b>	<b>18.7</b>

### Accumulated depreciation and impairment losses

At 1 January 2023	(7.3)	(0.6)	(7.9)
Charge for the period	(3.0)	–	(3.0)
Disposals	1.2	0.6	1.8
Foreign exchange movements	0.2	–	0.2
At 31 March 2024	(8.9)	–	(8.9)
Charge for year	(2.5)	–	(2.5)
Disposals	1.8	–	1.8
Foreign exchange movements	(0.1)	–	(0.1)
<b>Balance at 31 March 2025</b>	<b>(9.7)</b>	<b>–</b>	<b>(9.7)</b>

<b>Carrying amount at 31 March 2025</b>	<b>9.0</b>	<b>–</b>	<b>9.0</b>
Carrying amount at 31 March 2024	8.8	–	8.8
Carrying amount at 1 January 2023	12.7	–	12.7

### Lease liabilities

	Buildings \$m	Non-property leases \$m	Total \$m
At 1 January 2023	(13.7)	–	(13.7)
Interest expense	(0.7)	–	(0.7)
Repayment of lease liabilities	3.6	–	3.6
Additions	(0.6)	–	(0.6)
Disposals	1.2	–	1.2
Foreign exchange movements	0.1	–	0.1
At 31 March 2024	(10.1)	–	(10.1)
Interest expense	(0.6)	–	(0.6)
Repayment of lease liabilities	2.9	–	2.9
Additions	(2.1)	–	(2.1)
Disposals	–	–	–
Foreign exchange movements	(0.1)	–	(0.1)
<b>Balance at 31 March 2025</b>	<b>(10.0)</b>	<b>–</b>	<b>(10.0)</b>



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 13. LEASES (CONTINUED)

### Group as lessee

The Group leases various industrial premises and office buildings.

The leases typically run for a period of one to ten years, with various options to renew the leases after that date. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. Lease payments are renegotiated dependent on the lease terms to reflect market rentals.

Some leases provide for additional rent payments that are based on fixed percentage changes and/or changes in local price indices. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes. See accounting policy in note 4(v).

Extension options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension options held are exercisable only by the Group and not by the respective lessor. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and is within the control of the Group as a lessee.

The Group leases IT and other equipment with contract terms of one–four years. These leases are short-term and/or leases of low-value items. The Group has elected not to recognise right-of-use assets and lease liabilities for these leases.

### Amounts recognised in income statement

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Depreciation expense on right-of-use assets	2.5	3.0
Interest expense on lease liabilities	0.6	0.7
Expenses relating to short-term leases	0.1	0.1
Expenses relating to leases of low-value assets	–	–
<b>Total recognised in profit and loss</b>	<b>3.2</b>	<b>3.8</b>

### Amounts recognised in statement of cash flows

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Repayment of lease liabilities	2.3	2.9
Payment of interest expense on lease liabilities	0.6	0.7
Payments relating to short-term leases	0.1	0.1
Payments relating to leases of low-value assets	–	–
<b>Total cash outflow for leases</b>	<b>3.0</b>	<b>3.7</b>

### Group as lessor

The Group has a lease on an office that was entered into during 2019 and which it is also sub-letting. The Group has classified this sub-lease as an operating lease, because it does not transfer substantially all of the risks and rewards incidental to the ownership of the asset. The head lease expires in 2029 and the sub-lease expires in 2026. The sub-lessor has the option to renew the lease at its sole discretion. The lessee does not have an option to purchase property at the expiry of the lease period.

Rental income recognised by the Group during the 12-month period to 31 March 2025 was \$0.4m (15-month period to 31 March 2024: \$0.4m).

### Operating leases minimum rentals receivable under IFRS 16

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Less than one year	0.4	0.3
One to two years	0.3	0.3
Two to three years	–	0.3
<b>Total</b>	<b>0.7</b>	<b>0.9</b>



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 14. INTANGIBLE ASSETS

	Concessions, patents, licences and trademarks \$m	Goodwill \$m	Software and licences \$m	Development costs \$m	Total \$m
<b>Cost</b>					
At 1 January 2023	15.0	16.2	8.0	21.1	60.3
Additions	1.2	–	0.3	3.9	5.4
Disposals	–	–	–	–	–
Foreign exchange movements	(0.4)	0.2	(0.2)	0.2	(0.2)
At 31 March 2024	15.8	16.4	8.1	25.2	65.5
Additions	0.8	–	0.1	2.8	3.7
Disposals	(11.9)	–	(2.6)	(2.8)	(17.3)
Foreign exchange movements	–	–	–	–	–
<b>Balance at 31 March 2025</b>	<b>4.7</b>	<b>16.4</b>	<b>5.6</b>	<b>25.2</b>	<b>51.9</b>
<b>Accumulated amortisation and impairment losses</b>					
At 1 January 2023	(12.6)	(5.1)	(7.1)	(9.6)	(34.4)
Charge for period	(1.2)	–	(0.5)	(6.0)	(7.7)
Impairment charge	(0.6)	(11.2)	–	(4.0)	(15.8)
Foreign exchange movements	0.2	(0.1)	0.2	0.2	0.5
At 31 March 2024	(14.2)	(16.4)	(7.4)	(19.4)	(57.4)
Charge for period	(0.9)	–	(0.2)	(1.5)	(2.6)
Impairment charge	(0.2)	–	–	–	(0.2)
Disposals	11.9	–	2.6	2.8	17.3
Transfers	0.1	–	(0.2)	0.1	–
Foreign exchange movements	–	–	–	–	–
<b>Balance at 31 March 2025</b>	<b>(3.3)</b>	<b>(16.4)</b>	<b>(5.2)</b>	<b>(18.0)</b>	<b>(42.9)</b>
<b>Carrying amount at 31 March 2025</b>	<b>1.4</b>	<b>–</b>	<b>0.4</b>	<b>7.2</b>	<b>9.0</b>
Carrying amount at 31 March 2024	1.6	–	0.7	5.8	8.1
Carrying amount at 1 January 2023	2.4	11.1	0.9	11.5	25.9

The amortisation charge for the period is included within administrative expenses in the income statement. The carrying value of development costs not yet available for use and, therefore, for which amortisation has not yet commenced is \$5.8m (2024: \$3.1m). All development costs are allocated to the Lighting CGU.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 14. INTANGIBLE ASSETS (CONTINUED)

### CGU impairment

The Group has two cash-generating units ('CGUs'), Lighting and Signals & Components, which are the smallest identifiable independent groups of assets that generate cash inflows that are largely independent of the cash inflows from other assets or groups of assets. Where assets and costs are shared between the two CGUs a reasonable apportionment of these is made for the purpose of the impairment calculation.

Management have assessed whether any indicators of impairment over the CGUs are present. In addition, intangible assets not yet available for use are assessed for impairment.

Management have considered whether there are any indicators of impairment over both the Lighting and Signals & Components CGUs, and determined that there was an indicator of potential impairment within the Lighting CGU, due to performance against budget, and as such an impairment assessment was performed. For the period ended 31 March 2025, this assessment identified that the recoverable amount of the Lighting segment based on value in use was \$55.6m (2024: \$66.7m). As a result, no impairment has been recorded in the current year. In the prior year, as a result of under performance of the Lighting CGU, a review for impairment was performed at 31 December 2023, which has resulted in an impairment of goodwill of \$11.2m being recognised. The impairment charge was material, non-cash, and non-operational related items and was therefore excluded from underlying results (note 6).

The basis of the recoverable amount is the value in use using management's latest five-year forecast as at 31 March 2025. This forecast reflects the growth opportunities inherent in the business in the medium term, including the revenues and gross margin stemming from the implementation of the Transformation Plan. The long-term growth rate for the valuation into perpetuity has been determined as the average of Consumer Price Index ('CPI') rates for the countries in which the CGU operates, predicted for the next five years.

Management have also performed a sensitivity analysis for the Lighting CGU impairment assessment by adjusting management's five-year forecast. The sensitivity analysis reduces revenue growth to bring this in line with the terminal growth rate, and reduces forecast cost savings. This reasonably possible change eliminates headroom in the model.

The pre-tax discount rate is based on the Group's weighted average cost of capital, which reflects current market assessments of a number of factors that impact on the time value of money and any risk specific to the Group. The discount rate has increased due to the Company specific risk increasing following the announcement of the Transformation Plan. The rate includes management's assessment of a normal level of debt-to-equity ratio within similar companies in the Group's sector. The costs of the ultimate holding Company (stewardship costs) have been allocated to each CGU as they provide necessary support to the CGUs to generate cash inflows. These costs have been allocated on the same allocation basis as the administration costs.

The key assumptions used in the value-in-use calculation are set out below:

	31 March 2025	31 March 2024
Discount rate – pre-tax	17.9%	19.0%
Terminal growth rate	2.0%	2.0%
FY2026 growth rate	0.0%	–
Annual five-year revenue growth rate range for Lighting segment after FY2026	5.0%	10.0%
Annual five-year gross margin improvement	6.0%	6.4%
Stewardship allocation	80.0%	80.0%

### Other intangible asset impairment

In addition to the above impairment assessment over the Lighting CGU, the Development costs and patents relating to the Lighting segment were assessed for individual impairment, with an impairment of \$0.1m recognised based on forecasted sales. Additionally, \$0.1m of patents relating to the sold traffic business (Signals and Components segment) were impaired in the period.

In the prior year, development costs relating to the traffic business (Signals & Components) of \$0.5m were fully impaired as they relate to projects that will no longer be pursued. In addition, a further \$3.5m of development costs and \$0.6m of concessions, patents, licences and trademarks costs relating to the Lighting segment were impaired in the prior year. At 31 March 2025 management have assessed whether there are indicators that the impairment loss recognised in the prior year should be reversed, and have concluded that the requirement has not been met.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 15. DEFERRED TAX

### (i) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	Assets		Liabilities		Net	
	31 March 2025 \$m	31 March 2024 \$m	31 March 2025 \$m	31 March 2024 \$m	31 March 2025 \$m	31 March 2024 \$m
Property, plant and equipment	–	–	(0.6)	(0.5)	(0.6)	(0.5)
Intangible assets	0.4	0.7	–	–	0.4	0.7
Employee benefits	0.2	–	–	(1.0)	0.2	(1.0)
Provisions	5.0	3.4	–	–	5.0	3.4
Right-of-use assets	–	–	(2.0)	(2.0)	(2.0)	(2.0)
Lease liabilities	2.3	2.4	–	–	2.3	2.4
Restricted interest	1.1	0.8	–	–	1.1	0.8
Losses and other items	2.1	2.0	–	–	2.1	2.0
<b>Tax assets/(liabilities)</b>	<b>11.1</b>	<b>9.3</b>	<b>(2.6)</b>	<b>(3.5)</b>	<b>8.5</b>	<b>5.8</b>

### (ii) Movement in temporary differences during the year

	Property, plant and equipment \$m	Intangible assets \$m	Employee benefits \$m	Provisions \$m	Right-of-use asset \$m	Lease liabilities \$m	Restricted interest \$m	Losses and other items \$m	Total \$m
At 1 January 2023	(1.1)	(0.2)	(1.1)	3.1	(2.9)	3.3	0.4	1.3	2.8
Recognised in income	0.6	0.9	–	0.3	0.9	(0.9)	0.4	0.7	2.9
Recognised in equity	–	–	0.1	–	–	–	–	–	0.1
Foreign exchange movements	–	–	–	–	–	–	–	–	–
At 31 March 2024	(0.5)	0.7	(1.0)	3.4	(2.0)	2.4	0.8	2.0	5.8
Recognised in income	(0.1)	(0.3)	0.2	1.6	–	(0.1)	0.3	0.1	1.7
Recognised in equity	–	–	1.0	–	–	–	–	–	1.0
Foreign exchange movements	–	–	–	–	–	–	–	–	–
<b>Balance at 31 March 2025</b>	<b>(0.6)</b>	<b>0.4</b>	<b>0.2</b>	<b>5.0</b>	<b>(2.0)</b>	<b>2.3</b>	<b>1.1</b>	<b>2.1</b>	<b>8.5</b>

The Group has recognised a net deferred tax asset of \$8.5m (2024: \$5.8m). Of this balance, \$6.4m (2024: \$4.8m) arises in the US with \$4.4m (2024: \$3.2m) relating to short-term timing differences that typically unwind on a yearly basis, \$0.4m (2024: \$0.7m) arising on intangible assets, \$0.3m (2024: nil) arising on other items, \$1.9m (2024: \$1.5m) arising on losses and restricted interest deductions which have no expiry dates. This is offset by a US deferred tax liability of \$0.7m (2024: \$0.7m) arising on property, plant and equipment.

The Group considers it highly probable that sufficient future taxable profits will arise in the US based on both the earning history and the future forecasted profits. In addition, the Group is satisfied that the losses will unwind in the same period as the forecasted taxable profits.

The remaining \$2.1m of the recognised net deferred tax asset arises in respect of deferred tax assets on right-of-use assets and lease liabilities (\$0.4m), provisions (\$1.0m), losses (\$1.0m), offset by deferred tax liabilities arising on employee benefits (\$0.2m) and individually immaterial net DTAs recognised by the Group's subsidiary entities in various geographical locations.

### Provisions

This deferred tax item amounting to \$5.0m (2024: \$3.4m) primarily arises in respect of amounts recorded in the US and comprises of a provision recorded in respect of the Sanmina dispute of \$1.7m (2024: \$0.8m), inventory reserves of \$1.5m (2024: \$1.1m), trade receivable allowance of \$0.9m (2024: \$0.4m), warranty reserves of \$0.6m (2024: \$0.4m) and UNICAP adjustments held in the US of \$0.4m (2024: \$0.3m).



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 15. DEFERRED TAX (CONTINUED)

### Losses and other items

Of the \$2.1m (2024: \$2.0m) deferred tax asset relating to losses and other items, \$0.3m (2024: \$1.0m) arises in the UK and has been recognised to offset a deferred tax liability arising on employee benefits in that territory. No losses over and above the offset of the deferred tax liability have been recognised in the UK as the Group do not consider that sufficient taxable profits will arise against which further losses can be recognised. The remaining deferred tax asset of \$1.8m (2024: \$1.0m) arises in respect of carried forward unused tax losses in the US of \$1.0m (2024: \$0.8m); Singapore \$0.2m (2024: \$0.2m) which have no expiry dates; and Malaysia of \$0.5m (2024: nil) which expire 10 years after origination.

### (iii) Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Group can use the benefits.

	31 March 2025 \$m		31 March 2024 \$m	
	Gross amount	Tax effect	Gross amount	Tax effect
Deductible temporary differences	0.8	0.2	–	–
Tax losses	61.1	15.4	51.1	12.9
	61.9	15.6	51.1	12.9

### (iv) Tax losses carried forward

Tax losses for which no deferred tax assets were recognised expire as follows:

	31 March 2025 \$m	Expiry date	31 March 2024 \$m	Expiry date
Expire	–	–	–	–
Never expire	61.1	–	51.1	–

In accordance with IAS 12, management have determined that the recoverability of deferred tax assets is not supportable in excess of deferred tax liabilities based on current three-year forecasts.

At 31 March 2025, the Group has unrecognised deferred tax assets of \$15.4m (2024: \$12.9m), which are not expected to be realised in the near future.

The Group has gross tax losses of \$61.1m (2024: \$51.1m) arising in Dialight Europe \$35.1m (2024: \$33.5m), Dialight plc \$24.0m (2024: \$15.9m) and Dialight GmbH \$2.0m (2024: \$1.7m), which are available to offset against the future profits of the businesses and are not subject to expiration.

## 16. EMPLOYEE BENEFITS

The Group makes contributions to two closed defined benefit plans (referred to below as Plan A and Plan B) to provide benefits for employees and former employees upon retirement. The plans expose the Group to actuarial risks, such as longevity risk, interest rate risk and investment risk. Both plans are administered by discrete funds (the 'Funds') that are legally separate from the Group and managed by Trustees that are independent individuals. The Trustees of the plans are required by law to act in the best interests of the plan participants and are responsible for setting certain policies (e.g. investment) of the Funds.

The aggregate surplus on both schemes is \$2.2m, a decrease of \$3.2m from 31 March 2024. The duration of the liabilities is six years for Plan A and eight years for Plan B. The income statement income of \$0.1m is made up of \$0.2m of current service costs expense offset by \$0.3m of interest income. Actuarial losses of \$4.0m recognised in other comprehensive income, were offset by cash contributions of \$0.7m. The last actuarial valuations were completed as at April 2022, with future cash contributions agreed at the current levels through to December 2028 and July 2029 for each scheme.

The main scheme, (which is the larger of the two), purchased a bulk annuity policy covering the majority of its liabilities on 4 July 2024 with an insurer. This "buy-in" loss of is the primary reason for the actuarial loss in the year. The premium paid was £16.1m. As at 4 July 2024 the calculated value of the main scheme's liabilities was £13.2m, using assumptions appropriate for IAS 19. This generated an actuarial loss of £2.9m or \$3.7m. The trustees of the scheme and their advisors are working on various steps to cleanse the scheme membership data, and complete calculations in respect of the impact of Guaranteed Minimum Pension ('GMP') equalisation. These steps are not expected to be completed for around 18 months. Until this work has been completed, the Trustee of the scheme will not be in a position to move from a buy-in to a buy-out (where the bulk annuity policy is converted into a series of individual policies which are then assigned to members). In light of this, the buy-in should be viewed as an investment transaction, with the impact recognised through other comprehensive income ('OCI').



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 16. EMPLOYEE BENEFITS (CONTINUED)

The Company is required to agree a Schedule of Contributions with the Trustees of the Funds following a valuation, which must be carried out at least once every three years, with the latest valuation in 2022. The Company expects to pay contributions of \$0.2m in respect of the Funds in the year to 31 March 2026. The weighted average duration of the defined benefit obligation is seven years for Plan A and nine years for Plan B. There is no effect on recognition of the net defined benefit surplus as a result of the asset ceiling.

For the principal defined benefit plan, notwithstanding the pension buy-in for Plan B with an insurer, the Group considers that it has the right to the refund of a surplus, assuming the gradual settlement of the plan liabilities over time until all members have left the plan. The plan Trustees can purchase annuities to ensure member benefits and can, for the majority of benefits, transfer these annuities to members. The Trustees cannot unconditionally wind up the plan or use the surplus to enhance member benefits without employer consent. Our judgement is that these Trustee rights do not prevent us from recognising an unconditional right to a refund and, therefore, a surplus.

The Trustees of the pension schemes are aware of the court case involving Virgin Media and the resulting judgement which has potentially wide-ranging implications as it voids changes to contracted-out schemes that were made without a section 37 certificate under the Pension Scheme Act 1993. The judgement in this case has now been upheld by the Court of Appeal.

The Trustees of Plan B have carried out a review of the relevant deeds and concluded that these complied with the requirements of section 37 of the Pension Schemes Act 1993. The Group is therefore comfortable that the Virgin Media case will not lead to additional liabilities relating to Plan B that need to be recognised in our financial statements. Plan B makes up 87% of the total defined benefit obligation recognised on the balance sheet.

The Trustees of Plan A are still in the process of reviewing the relevant deeds. Until that review has been completed, the Group is not yet in a position to quantify the impact of the Virgin Media case on Plan A. For the 12-month period ended 31 March 2025, no adjustment has been made to the liabilities of Plan A for potential prior scheme amendments which may be affected by this ruling. Plan A makes up 13% of the total defined benefit obligation recognised on the balance sheet.

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit asset and its components:

	Fair value of plan assets		Defined benefit obligation		Net defined benefit asset	
	31 March 2025 \$m	31 March 2024 \$m	31 March 2025 \$m	31 March 2024 \$m	31 March 2025 \$m	31 March 2024 \$m
<b>Balance at the start of the period</b>	<b>25.6</b>	25.2	<b>(20.2)</b>	(19.7)	<b>5.4</b>	5.5
<b>Included in profit or loss</b>						
Current service cost	<b>(0.2)</b>	(0.4)	–	–	<b>(0.2)</b>	(0.4)
Interest income/(cost)	<b>1.2</b>	1.5	<b>(0.9)</b>	(1.2)	<b>0.3</b>	0.3
	<b>1.0</b>	1.1	<b>(0.9)</b>	(1.2)	<b>0.1</b>	(0.1)
<b>Included in other comprehensive income</b>						
Remeasurements (gain)/loss	–	–	–	–	–	–
Actuarial (gain)/loss arising from:						
– changes in demographic assumptions	–	–	–	0.4	–	0.4
– changes in financial assumptions	–	–	<b>1.2</b>	(0.7)	<b>1.2</b>	(0.7)
– other experience items	–	–	<b>0.2</b>	(0.2)	<b>0.2</b>	(0.2)
– past service cost	–	–	–	0.1	–	0.1
– return on plan assets excluding interest income	<b>(5.4)</b>	(0.1)	–	–	<b>(5.4)</b>	(0.1)
	<b>(5.4)</b>	(0.1)	<b>1.4</b>	(0.4)	<b>(4.0)</b>	(0.5)
<b>Other</b>						
Contributions paid by the employer	<b>0.7</b>	0.3	–	–	<b>0.7</b>	0.3
Benefits paid	<b>(1.5)</b>	(2.0)	<b>1.5</b>	2.0	–	–
	<b>(0.8)</b>	(1.7)	<b>1.5</b>	2.0	<b>0.7</b>	0.3
Foreign exchange movements	<b>0.5</b>	1.1	<b>(0.5)</b>	(0.9)	–	0.2
<b>Balance the end of the period</b>	<b>20.9</b>	25.6	<b>(18.7)</b>	(20.2)	<b>2.2</b>	5.4



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 16. EMPLOYEE BENEFITS (CONTINUED)

Represented by:

	31 March 2025 \$m	31 March 2024 \$m
Net defined benefit asset (Plan A)	0.9	0.6
Net defined benefit asset (Plan B)	1.3	4.8
	2.2	5.4

Plan assets consist of the following:

	31 March 2025 \$m	31 March 2024 \$m
Bonds and gilts (class 2)	3.5	24.6
Insured annuities	16.0	–
Cash	1.4	1.0
	20.9	25.6

All equity securities and government bonds have quoted prices in active markets.

### Actuarial assumptions

The principal assumptions at the balance sheet date are:

	31 March 2025 %	31 March 2024 %
Discount rate	5.3	4.6
Future salary increases	n/a	n/a
Future pension increases	3.2	3.3
Inflation – RPI	3.3	3.4
Inflation – CPI	2.7	2.7

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The current longevities underlying the values of the defined benefit obligation at the reporting date were as follows:

	Plan A		Plan B	
	31 March 2025	31 March 2024	31 March 2025	31 March 2024
<b>Life expectancy at age 65 for current pensioners</b>				
Males	88.1	88.1	85.1	85.1
Females	89.7	89.7	88.4	88.3
<b>Life expectancy at age 65 for current members aged 45</b>				
Males	89.0	89.0	86.0	86.0
Females	90.8	90.7	89.5	89.4

### Sensitivity analysis

Potential changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

	Plan A		Plan B	
	31 March 2025 \$m	31 March 2024 \$m	31 March 2025 \$m	31 March 2024 \$m
Discount rate – increase by 0.5%	(0.1)	(0.1)	(0.6)	(0.8)
Discount rate – decrease by 0.5%	0.1	0.1	0.7	0.7
Rate of inflation – increase by 0.5%	0.1	0.1	0.4	0.4
Rate of inflation – decrease by 0.5%	(0.1)	(0.1)	(0.4)	(0.6)
Assumed life expectancy at age 65 – increase by one year	0.1	0.1	0.8	0.8



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 16. EMPLOYEE BENEFITS (CONTINUED)

The present value of the defined benefit obligation has been calculated with the same method as the defined benefit obligation recognised in the consolidated statement of financial position. The sensitivity analyses are based on a change in one assumption while not changing all other assumptions. This analysis may not be representative of the actual change in the defined benefit obligation as it is unlikely the change in any of the assumptions would occur in isolation of one another as some of the assumptions are correlated.

Based on the sensitivity analysis the Directors' do not consider the actuarial assumptions to be a major source of estimation uncertainty. Further details of the DRSP and VCP are included in the Directors' remuneration report on pages 74 to 77.

### Share-based payments PSP and DRSP

During the period, awards under the DRSP were made to the Executive Directors and senior managers, details of which are set out below.

The award was based solely on service conditions.

Date of award	Number of awards at the beginning of the period	Number of awards granted during the period	Number of awards exercised during the period	Number of awards forfeited during the period	Number of awards at the end of the period	Fair value pence per share	Vesting period	Maturity date
April 2021 (service conditions)	246,268	–	(220,251)	–	26,017	257	3 years	April 2024
May 2021 (service conditions)	89,547	–	–	(89,547)	–	307	3 years	May 2024
April 2022 (service conditions)	278,144	–	–	(102,489)	175,655	349	3 years	April 2025
April 2022 (service conditions)	12,164	–	–	(12,164)	–	349	3 years	January 2025
April 2022 (service conditions)	12,164	–	(12,164)	–	–	349	2 years	January 2024
April 2023 (service conditions)	157,009	–	–	(123,948)	33,061	203	3 years	April 2026
April 2023 (service conditions)	329,827	–	–	(14,899)	314,928	203	3 years	April 2026
August 2024 (service conditions)	–	510,208	–	–	510,208	178	3 years	August 2027
<b>Total</b>	<b>1,125,123</b>	<b>510,208</b>	<b>(232,415)</b>	<b>(343,047)</b>	<b>1,059,869</b>			

The 2022, 2023, and 2024 awards linked to service conditions have been valued using the five-day weighted average share price prior to award date. The employee expense in the 12-month period to 31 March 2025 is \$0.3m (15-months ended 31 March 2024: \$1.5m).

### Value Creation Plan ('VCP')

During the period, awards under the VCP were made to the Executive Directors, details of which are set out below. The award was based solely on performance conditions.

Date of award	Number of awards at the beginning of the period	Number of awards granted during the period	Number of awards exercised during the period	Number of awards forfeited during the period	Number of awards at the end of the period	Fair value pence per unit	Vesting period	Maturity date
March 2025 VCP Scheme (performance conditions)	–	335	–	–	335	8,981	3 years	March 2027
March 2025 VCP Scheme (performance conditions)	–	335	–	–	335	19,661	4 years	March 2028
<b>Total</b>	<b>–</b>	<b>670</b>	<b>–</b>	<b>–</b>	<b>670</b>			

VCPs were awarded in the period. In accordance with the plan rules, participants are eligible for a share in a pool of excess shareholder value created over three and four-year performance periods. Vested shares (net of tax) must be retained for five years from the date of grant. The 2025 VCP awards linked to performance conditions have been valued using a Monte Carlo simulation to estimate the grant date fair value. The employee expense in the 12-month period to 31 March 2025 is \$26k.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 17. INVENTORIES

	31 March 2025 \$m	31 March 2024 \$m
Raw materials and consumables	20.0	18.8
Work in progress	10.7	13.4
Finished goods	15.7	16.7
	<b>46.4</b>	48.9
Spare parts	0.2	0.2
	<b>46.6</b>	49.1

Inventories to the value of \$67.2m (15-months ended 31 March 2024: \$90.8m) were recognised as expenses in the period.

The inventory reserve at the balance sheet date was \$5.9m, which represents 11.2% of gross inventory (2024: \$6.6m representing 11.8% of gross inventory). Additional reserves of \$3.0m were booked in the period, being offset by utilisation of \$1.5m and released of \$2.2m, resulting in a net decrease in the reserve of \$0.7m. As at 31 March 2025, management's best estimate of the amount of inventory that will not be used within the next 12 months is c. \$8.5m (2024: \$8.1m).

In 2022, the Group revised its basis for estimate to calculating the inventory reserve to provide for raw and sub-assembly inventory that is over 24-months old at the balance sheet date. The new basis for estimate reduces estimation subjectivity, while allowing for the adverse impact from component shortages that have led to high inventory levels and some components being held for longer than expected. Two years is felt to be appropriate as the components have a long shelf life and continue to be used in production.

The review of finished goods inventory was based on all inventory over 365 days old. Inventory on hand was compared to historical sales, current orders, sales pipeline and whether the product had been recently launched. Management judgement was then applied to determine whether there was a reasonable probability that the inventory would be sold, with a provision being required for any inventory that failed this assessment.

See note 23 for details of fixed and floating charges which includes the value of inventory in material Group companies.

## 18. TRADE AND OTHER RECEIVABLES

### Amounts falling due within one year

	Notes	31 March 2025 \$m	31 March 2024 \$m
Trade receivables		30.7	27.6
Allowance for credit losses	24	(2.1)	–
		<b>28.6</b>	27.6
Other non-trade receivables		3.1	1.4
Prepayments and accrued income		2.6	3.3
		<b>34.3</b>	32.3

The Group's exposure to credit and currency risks and impairment losses related to trade and other receivables is disclosed in note 24.

See note 23 for details of fixed and floating charges which includes the value of receivables in material Group companies

### Amounts falling due in more than one year

	31 March 2025 \$m	31 March 2024 \$m
Other receivables	0.5	5.9

These relate to deposits on leasehold properties as at March 2025 and at March 2024, and additionally for March 2024 amounts held in an escrow account by Sanmina Corporation, former manufacturing partner, relating to potential excess inventory claims.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 19. CASH AND CASH EQUIVALENTS

	31 March 2025 \$m	31 March 2024 \$m
Cash and cash equivalents	<b>7.9</b>	11.5

## 20. CAPITAL AND RESERVES

### Share capital

	31 March 2025 Number	31 March 2025 \$m	31 March 2024 Number	31 March 2024 \$m
Authorised: as previously stated	<b>40,202,936</b>	<b>1.2</b>	39,828,141	1.2
Adjustment*	–	–	199,140	–
Authorised: restated	<b>40,202,936</b>	<b>1.2</b>	40,027,281	1.2

Ordinary shares of 1.89p each

Issued and fully paid:

At the beginning of the period	<b>40,027,281</b>	<b>1.2</b>	32,946,371	1.0
Issued during the period	<b>175,655</b>	–	6,881,770	0.2
At the end of the period: as previously stated	<b>40,202,936</b>	<b>1.2</b>	39,828,141	1.2
Issued during the period: adjustment*	–	–	199,140	–
At the end of the period: restated	<b>40,202,936</b>	<b>1.2</b>	40,027,281	1.2

On 24 March 2025 a total of 175,655 new ordinary shares of 1.89 pence each in the capital of the Company were issued.

\* On 28 March 2024 a total of 199,140 new ordinary shares of 1.89 pence each in the capital of the Company were issued. This issue of shares had been inadvertently omitted from the 2024 annual financial statements.

On 5 April 2023 a total of 246,513 new ordinary shares of 1.89 pence each in the capital of the Company were issued.

On 31 October 2023 a total of 6,635,257 new ordinary shares of 1.89 pence each in the capital of the Company were allotted to raise gross proceeds of approximately \$12.9m.

### Share premium account

	31 March 2025 \$m	31 March 2024 \$m
At the beginning of the period	<b>13.0</b>	1.2
Issued during the period	–	12.7
Share issues costs	–	(0.9)
<b>At the end of the period</b>	<b>13.0</b>	13.0

### Share premium

In the prior period, share issue costs of \$0.9m have been netted off against the share premium arising on the new share issue.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 20. CAPITAL AND RESERVES (CONTINUED)

### Merger reserve

On acquiring Lumidrives Limited in 2006, the Company issued ordinary shares as part of the consideration. Merger relief was taken in accordance with Section 131 of the Companies Act 1985 and hence \$1.0m was credited to the merger reserve.

### Translation reserve

The translation reserve comprises all foreign exchange differences from 1 January 2004 arising from the translation of the financial statements of the Company's overseas subsidiaries.

### Capital redemption reserve

The capital redemption reserve comprises the nominal value of "B" preference shares redeemed since the capital reorganisation in 2005.

### Own shares

Own shares represent shares in the Company that are held by an independent employee benefit trust ("EBT") and include treasury shares. Own shares are held to settle share options in the future. In the period to 31 March 2025, the EBT purchased 69,281 shares on the open market for \$0.2m and was allotted a further 175,655 new ordinary shares of 1.89 pence each.

### Dividends

No dividends were declared in the current or the prior year. After the balance sheet date no dividends were proposed by the Directors and there are no income tax consequences for the Company.

## 21. TRADE AND OTHER PAYABLES

### Amounts payable within one year

	31 March 2025 \$m	31 March 2024 \$m
Trade payables	18.9	24.2
Other taxes and social security	3.0	1.1
Sanmina liability	3.5	–
Non-trade payables and accrued expenses	14.7	9.0
	<b>40.1</b>	<b>34.3</b>

### Amounts payable after more than one year

	31 March 2025 \$m	31 March 2024 \$m
Sanmina liability	3.8	–

The Group's exposure to currency and liquidity risk related to trade and other payables is disclosed in note 24.

Trade payables relate to amounts owed to suppliers for goods or services purchased on credit, primarily raw materials and other inventory purchases. Non-trade payables and accrued expenses relate to goods-in-transit and other professional fees.

### Sanmina liability

In March 2025 a payment of \$4.0m was made and as at March 2025 a discounted liability of \$7.3m has been recognised. The liability was discounted in accordance with IFRS as the liability will be settled over a period of two years and therefore financing is deemed to be an integral component. Interest will be recognised at 8.0% p.a. (totalling \$0.7m) on the liability over time. Further details of contingencies regarding the settlement are given in note 26. In the view of the Directors, the additional various triggers are highly unlikely to occur.



## Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

### 22. PROVISIONS

	Warranty and claims \$m	Sanmina litigation \$m	Lease restoration \$m	Onerous contract \$m	Total \$m
At 1 April 2024	2.2	–	0.6	–	2.8
Provisions made during the year	0.7	23.2	0.5	0.9	25.3
Provisions utilised during the year	–	(6.3)	(0.5)	–	(6.8)
Provisions released during the year	–	(4.7)	–	–	(4.7)
Reclassified to liabilities	–	(11.3)	–	–	(11.3)
Other	–	(0.9)	–	–	(0.9)
Foreign exchange movements	–	–	0.1	–	0.1
<b>Balance at 31 March 2025</b>	<b>2.9</b>	<b>–</b>	<b>0.7</b>	<b>0.9</b>	<b>4.5</b>

The warranty provision relates to sales made over the past nine years. The warranty provision has been estimated based on historical warranty data with similar products. The Group expects to settle the majority of the liability over the next two to three years. The onerous contract provision is in relation to the Leotek contract and is expected to be fully used in the next year. The table below provides a breakdown of the provisions into their short-term and long-term portions:

	31 March 2025 \$m	31 March 2024 \$m
Within one year	2.4	1.2
Between one and five years	0.7	1.3
After five years	1.4	0.3
	<b>4.5</b>	<b>2.8</b>

### 23. BORROWINGS

The Group's bank facility comprise a revolving credit facility ('RCF') of \$28.8m from HSBC. A balance of \$5.2m was repaid in August 2024 using the proceeds received from the disposal of the Traffic business, after which the facility was reduced by a corresponding amount from \$34.0m to \$28.8m. As at 31 March 2025, \$25.7m was drawdown (2024: \$27.9m).

The facility was extended on 5 June 2025 to 21 July 2027 on the same terms as the original agreement. Aligned with the Group's robust commitment to environmental, social, and governance principles, the RCF facility operates as a sustainability-linked loan.

The Group's bank facility includes security for HSBC by way of fixed and floating charges over all the material companies in the Group that generate greater than 5% of the turnover, operating profit or net assets of the Group. This was registered at Companies House on 21 July 2022.

The RCF facility is subject to quarterly covenants encompassing maximum leverage and minimum interest cover. The covenants for the quarter ending 30 September 2023 were temporarily reset from a leverage ratio maximum target of less than 3x to 4.5x, and an interest cover minimum target of a maximum 4.0x to 2.5x. The covenants reverted to the original hurdles from the quarter ending 31 December 2023 onwards.

Due to the historical weak trading performance of the Group, in the final quarter of the financial period ending 31 March 2024 HSBC agreed to reduce the interest rate covenant for the third-quarter of FY2025 (only) to 2.5x. The covenant reverted to the original level of 4.0x from the quarter ending 31 March 2025 onwards.

In the 12-month period to 31 March 2025 the covenants have been complied with and the outstanding borrowings of \$25.7m have been classified as a non-current liability as at 31 March 2025 in line with the facility expiring in July 2026.



## Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

### 23. BORROWINGS (CONTINUED)

	Loans \$m
At 1 January 2023	27.4
Facility drawdown (RCF – USD)	5.8
Facility repayment (RCF – USD)	(1.0)
Facility drawdown (RCF – GBP)	0.4
Facility repayment (RCF – GBP)	(2.4)
Facility repayment (CLBIL)	(2.5)
Foreign exchange movements	0.2
At 31 March 2024	27.9
Facility drawdown (RCF – USD)	3.0
Facility repayment (RCF – USD)	(5.2)
Foreign exchange movements	–
<b>Balance at 31 March 2025</b>	<b>25.7</b>

Details of the facilities	Interest rate p.a.*	Maturity date	Amount drawn down as at 31 March 2025 \$m	Amount drawn down as at 31 March 2024 \$m
\$28.8m revolving credit facility	7.33%	July 2026	25.7	27.9

\* Indicative rate as at March 2025.

The banking covenants are as follows:

Ratio	Calculation	Covenant
Leverage ratio	Net bank debt/Adjusted EBITDA	<b>&lt;3.0x</b>
Interest cover	Adjusted EBITDA/Interest expense	<b>&gt;4.0x</b>

Interest is based on the Secured Overnight Financing Rate ('SOFR')/Sterling Overnight Index Average ('SONIA'), depending on the tranche of debt, plus a margin which varies dependent on the Group's leverage ratio and a sustainability margin adjustment. There are three sustainability key performance indicators ('KPIs'), being: reduction in absolute gross tonnes CO<sub>2</sub>e per £1m of revenue; the percentage of employees who take up a day of paid time to participate in charity days; and reduction in absolute kilolitres of water usage per £1m of revenue. Margin increases by 0.015% if only one KPI is achieved, by 0.03% if no KPI is met and decreases by 0.015% if two KPIs achieved and by 0.03% if all three KPIs are met.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 23. BORROWINGS (CONTINUED)

### Reconciliation of liabilities arising from financing activities

The changes in the Group's liabilities arising from financing activities can be classified as follows:

	Long-term borrowings \$m	Short-term borrowings \$m	Lease liabilities \$m	Sanmina liability \$m	Total \$m
<b>Balance at 1 January 2023</b>	–	27.4	13.7	–	41.1
Cash-flows:					
– Repayment	–	(5.9)	(2.9)	–	(8.8)
– Proceeds	–	6.2	–	–	6.2
Non-cash:					
– Net additions/(disposals)	–	–	(0.6)	–	(0.6)
– Foreign exchange movements	–	0.2	(0.1)	–	0.1
– Reclassification	–	–	–	–	–
<b>Balance at 1 April 2024</b>	–	<b>27.9</b>	<b>10.1</b>	–	<b>38.0</b>
Cash-flows:					
– Repayment	(5.2)	–	(2.3)	(4.0)	(11.5)
– Proceeds	3.0	–	–	–	3.0
Non-cash:					
– Net additions/(disposals)	–	–	2.1	11.3	13.4
– Foreign exchange movements	–	–	0.1	–	0.1
– Reclassification	27.9	(27.9)	–	–	–
<b>Balance at 31 March 2025</b>	<b>25.7</b>	–	<b>10.0</b>	<b>7.3</b>	<b>43.0</b>

## 24. FINANCIAL RISK MANAGEMENT

The Group has exposure to credit risk, market risk and liquidity risk from its use of financial instruments.

This note presents information about the Group's exposure to each of the above risks and the Group's objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

### Credit risk

#### Trade and other receivables

Credit risk is the risk of financial loss if a customer fails to meet its contractual obligations by not paying the receivables due. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group does not have any major customer concentration which reduces risk of significant default.

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Each new customer is analysed individually for creditworthiness before the Group's standard payment conditions and terms are offered. The Group's review includes external ratings when available and, in some cases, bank references. Purchase limits are set for customers. Customers who do not meet the benchmark creditworthiness may transact with the Group only on a prepayment basis.

The Group establishes an allowance for impairment that represents its estimate of expected future losses in respect of trade and other receivables. Impairment losses are determined having taken into account customer specific circumstances and financial position, together with Group information about general payment trends and economic factors.

IFRS 9 introduced an expected credit loss ('ECL') model for calculating impairment of financial assets and the Group has applied the simplified approach as permitted by IFRS 9. The ECL model considers the Group's historical credit loss, factors specific to each receivable, the current economic environment and expected changes in future forecasts. The trade receivables balance below is shown net of the provision for bad debts. The Group provides against trade receivables based on an ECL model, calculated from the probability of default for the remaining life of the asset. ECL of financial assets contain a number of measurement uncertainties relating to management's view of the expected future cash flows receivable from financial assets due from customers and the inherent creditworthiness of those customers. Judgement is based on the Group's past experience as well as taking into consideration current market and economic conditions, and any factors relating to a specific customer or sale. Changes in judgements and assumptions could result in a material adjustment to those estimates in future reporting periods.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Exposure to credit risk

The ageing of trade receivables at the reporting date was:

	Gross carrying amount 31 March 2025 \$m	Expected credit loss 31 March 2025 \$m	Gross carrying amount 31 March 2024 \$m	Expected credit loss 31 March 2024 \$m
Not past due	23.9	–	22.7	–
Past due 0–30 days	3.0	–	4.4	–
Past due 31–120 days	3.5	(1.8)	0.5	–
Past 121+ days	0.3	(0.3)	–	–
<b>Total</b>	<b>30.7</b>	<b>(2.1)</b>	<b>27.6</b>	<b>–</b>

The allowance in respect of trade receivables is used to record forecast impairment losses unless the Group is satisfied that no recovery of the amount owing is possible, at which point the amount considered irrecoverable is written off against the financial asset directly. Other non-trade receivables of \$2.2m (2024: \$8.3m) have been assessed for credit loss. An impairment of \$nil (2024 :\$nil) has been recognised on the basis that the probability of default and subsequent loss given default are not material.

The closing balance of the trade receivables loss allowance as at the period end reconciles with the trade receivables loss allowance opening balance as follows:

	31 March 2025 \$m	31 March 2024 \$m
Loss allowance brought forward	–	–
Loss allowance recognised during the period	(2.1)	–
Loss allowance carried forward	(2.1)	–

### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect the Group's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

#### Interest rate risk

The Group's policy is to accept exposure to interest rate risk on the Group's borrowings. Interest is based on the Secured Overnight Financing Rate ('SOFR')/Sterling Overnight Index Average ('SONIA'), depending on the tranche of debt, plus a margin which varies dependent on the Group's leverage ratio and a sustainability margin adjustment (see note 23).

Please refer to note 23 for details of the Groups borrowings.

#### Foreign currency risk

Exposure to currency risk arises in the normal course of the Group's business.

The Group is exposed to foreign currency risk on sales and purchases that are denominated in a currency other than each subsidiary's functional currency. The currencies giving rise to risk are primarily the Euro, Canadian dollar and the US dollar.

Where possible the Group uses natural hedging within the Group to hedge the majority of its foreign currency risk. Natural hedging is the mechanism whereby the cash inflows in a particular currency are matched to the cash outflows in that currency at the same business or a different Group company. The Group has borrowing facilities in US dollars in order to match the currency of the Group's major market. Foreign exchange contracts may be taken out to manage exposures that are not mitigated through natural hedging but the Group had no foreign exchange contracts at the balance sheet date.

In respect of other monetary assets and liabilities held in currencies other than GBP sterling, the Group ensures that the net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates where necessary to address short-term imbalances.

The functional currency of the parent company, Dialight plc is GBP sterling. The Company holds monetary assets and liabilities in US dollars, and as such has exposure to foreign currency risk. See note 6 of the Company accounts.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's exposure to foreign currency risk was as follows:

	31 March 2025 MXN m	31 March 2025 GBP m	31 March 2025 CAD m	31 March 2025 EUR m	31 March 2024 MXN m	31 March 2024 GBP m	31 March 2024 CAD m	31 March 2024 EUR m
Trade receivables	35.0	0.5	4.2	1.2	12.1	0.3	3.5	0.7
Currency cash	12.5	0.2	0.6	0.5	5.2	4.1	0.2	–
Trade payables	–	–	–	(0.2)	–	(2.0)	–	(0.3)
<b>Total</b>	<b>47.5</b>	<b>0.7</b>	<b>4.8</b>	<b>1.5</b>	<b>17.3</b>	<b>2.4</b>	<b>3.7</b>	<b>0.4</b>

The following significant exchange rates applied during the period:

	31 March 2025 Average rate	31 March 2025 At balance sheet date	31 March 2024 Average rate	31 March 2024 At balance sheet date
Pound sterling	0.7840	0.7733	0.8010	0.7925
Euro	0.9318	0.9273	0.9240	0.9264
Canadian dollar	1.3911	1.4293	1.3491	1.3540
Mexican peso	19.1539	20.2480	17.5790	16.5558

### Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

### Exposure to liquidity risk

For non-derivative financial liabilities, the Group's exposure relates principally to trade and other payables and borrowings. Trade and other payables arise in the normal course of business and there are no unusual or onerous terms and conditions.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

	Carrying amount \$m	Contractual cash flow \$m	2 months or less \$m	2–12 months \$m	1–2 years \$m	2–5 years \$m	More than 5 years \$m
<b>31 March 2025</b>							
Non-derivative financial liabilities							
Trade and other payables	(18.9)	(18.9)	(13.8)	(2.7)	(1.8)	(0.6)	–
Sanmina liability	(7.3)	(8.0)	–	(4.0)	(4.0)	–	–
Borrowings	(25.7)	(25.7)	–	–	(25.7)	–	–
Lease liabilities	(10.0)	(11.2)	(0.5)	(2.5)	(2.8)	(5.3)	(0.1)
	<b>(61.9)</b>	<b>(63.8)</b>	<b>(14.3)</b>	<b>(9.2)</b>	<b>(34.3)</b>	<b>(5.9)</b>	<b>(0.1)</b>
<b>31 March 2024</b>							
Non-derivative financial liabilities							
Trade and other payables	(21.3)	(21.3)	(14.5)	(2.0)	(0.9)	(3.9)	–
Borrowings	(27.9)	(27.9)	–	–	–	(27.9)	–
Lease liabilities	(10.1)	(11.3)	(0.4)	(2.0)	(2.3)	(6.4)	(0.2)
	<b>(59.3)</b>	<b>(60.5)</b>	<b>(14.9)</b>	<b>(4.0)</b>	<b>(3.2)</b>	<b>(38.2)</b>	<b>(0.2)</b>



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 24. FINANCIAL RISK MANAGEMENT (CONTINUED)

### Capital management

The Board's policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business. The Board considers consolidated total equity as capital. As at 31 March 2025, this totalled \$47.3m (2024: \$63.9m).

The Board is not proposing a final dividend for the period ending 31 March 2025. The Group has a clear capital allocation discipline and is committed to returning any excess funds to our shareholders via either a future dividend or a share re-purchase.

### Sensitivity analysis

In managing interest rate and currency risks the Group aims to reduce the impact of short-term fluctuations on the Group's earnings. Over the longer term, however, permanent changes, in particular in foreign exchange rates, would have an impact on equity value and consolidation earnings.

At 31 March 2025, it is estimated that a change of 5% in the value of the GBP sterling and the Euro against US dollar would impact operating profit for the period ended 31 March 2025 by approximately \$0.4m.

At 31 March 2025, it is estimated that a 1% increase in SOFR/SONIA would lead to approximately an \$0.26m change in the annual interest expense.

### Fair values versus carrying amounts

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

	Carrying amount 31 March 2025 \$m	Fair value 31 March 2025 \$m	Carrying amount 31 March 2024 \$m	Fair value 31 March 2024 \$m
<b>Financial assets</b>				
Cash and cash equivalents	7.9	7.9	11.5	11.5
<b>Loans and receivables</b>				
Trade and other receivables	31.7	31.7	29.0	29.0
<b>Total financial assets</b>	<b>39.6</b>	<b>39.6</b>	<b>40.5</b>	<b>40.5</b>
<b>Financial liabilities</b>				
Trade and other payables	(33.6)	(33.6)	(32.9)	(32.9)
Sanmina liability	(7.3)	(7.3)	–	–
Borrowings	(25.7)	(25.7)	(27.9)	(27.9)
Lease liabilities	(10.0)	(10.0)	(10.1)	(10.1)
<b>Total financial liabilities</b>	<b>(76.6)</b>	<b>(76.6)</b>	<b>(70.9)</b>	<b>(70.9)</b>

Details of the major methods and assumptions used in estimating the fair values of financial instruments reflected in the table are set out in note 4(w).

## 25. CAPITAL COMMITMENTS

Capital commitments at the balance sheet date for which no provision has been made in the accounts were:

	31 March 2025 \$m	31 March 2024 \$m
Contracted	2.3	2.5

Capital commitments relate to planned capacity improvements, factory improvements and end-of-life asset replacement.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 26. CONTINGENCIES

### Sanmina litigation

On 31 March 2025, the Group settled its long-standing litigation with Sanmina for \$12.0m to be paid by instalments. This required payment of \$4.0m on 31 March 2025 and eight quarterly payments of \$1.0m per quarter with the final payment due on 27 March 2027. The amount of any outstanding deferred instalments will be automatically increased from \$1.0m to \$1.5m if Dialight's market capitalisation exceeds £100m for 30 consecutive days, subject to the total cumulative instalment payments not exceeding \$8.0m. If these quarterly instalments are not paid on time, or within with a forty-five cure per period, Sanmina has filed with the UK court a Stipulation ('Stipulation') for Entry of Judgement of \$22.0m less the cumulative value of payments already made. There are in addition various triggers, which the Directors believe to be highly unlikely to be triggered, that can activate the Stipulation.

## 27. RECONCILIATION TO NON-GAAP PERFORMANCE MEASURES

Certain financial information set out in the consolidated year end financial statements and annual report is not defined under International Financial Reporting Standards ('IFRS'). These key Alternative Performance Measures ('APMs') represent additional measures in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group.

None of these APMs should be considered as an alternative to financial measures drawn up in accordance with IFRS.

### 15-month comparatives

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Revenue: 3-month period from January 2023 to March 2023	–	43.9
Revenue: 12-month period from April to March	<b>183.5</b>	182.1
<b>Revenue</b>	<b>183.5</b>	226.0
Gross profit: 3-month period from January 2023 to March 2023	–	12.7
Gross profit: 12-month period from April to March	<b>66.5</b>	54.4
<b>Gross profit</b>	<b>66.5</b>	67.1
Underlying gross profit: 3-month period from January 2023 to March 2023	–	12.7
Underlying gross profit: 12-month period from April to March	<b>65.3</b>	57.4
<b>Underlying gross profit</b>	<b>65.3</b>	70.1
Loss from operating activities: 3-month period from January 2023 to March 2023	–	(2.8)
Loss from operating activities: 12-month period from April to March	<b>(11.6)</b>	(27.4)
<b>Loss from operating activities</b>	<b>(11.6)</b>	(30.2)
Underlying profit/(loss) from operating activities: 3-month period from January 2023 to March 2023	–	(2.7)
Underlying profit/(loss) from operating activities: 12-month period from April to March	<b>4.2</b>	(1.9)
<b>Underlying profit/(loss) from operating activities</b>	<b>4.2</b>	(4.6)
Non-underlying items: 3-month period from January 2023 to March 2023	–	(0.1)
Non-underlying items: 12-month period from April to March	<b>(21.6)</b>	(25.5)
<b>Non-underlying items</b>	<b>(21.6)</b>	(25.6)



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 27. RECONCILIATION TO NON-GAAP PERFORMANCE MEASURES (CONTINUED)

### Other non-GAAP performance measures

	12-month period ended 31 March 2025 \$m	15-month period ended 31 March 2024 \$m
Gross profit	66.5	67.1
Non-underlying items (note 6)	(1.2)	3.0
<b>Underlying gross profit</b>	<b>65.3</b>	<b>70.1</b>
Loss from operating activities	(11.6)	(30.2)
Non-underlying items (note 6)	21.6	25.6
Gain on disposal of business	(5.8)	–
<b>Underlying profit/(loss) from operating activities</b>	<b>4.2</b>	<b>(4.6)</b>
Loss from operating activities	(11.6)	(30.2)
Non-underlying items (note 6)	21.6	25.6
Gain on disposal of business	(5.8)	–
Depreciation of property, plant and equipment (note 12)	3.2	4.3
Loss on disposal of property, plant and equipment (note 12)	0.3	–
Amortisation of intangible assets (note 14)	2.6	7.7
Impairment of intangible assets (note 14), not included in non-underlying items	0.1	–
Share-based payments	0.3	1.5
<b>Underlying EBITDA</b>	<b>10.7</b>	<b>8.9</b>
Loss from operating activities	(11.6)	(30.2)
Non-underlying items (note 6)	21.6	25.6
Proceeds on business disposal	(5.8)	–
Depreciation of property, plant and equipment (note 12)	3.2	4.3
Loss on disposal of property, plant and equipment (note 12)	0.3	–
Amortisation of intangible assets (note 14)	2.6	7.7
Impairment of intangible assets (note 14), not included in non-underlying items	0.1	–
Impairment losses of financial assets	2.1	–
Share-based payments	0.3	1.5
Net movement on working capital (inventories, trade and other receivables, trade and other payables) as per consolidated statement of cash flows	6.7	10.0
<b>Underlying operating cash flow</b>	<b>19.5</b>	<b>18.9</b>

As explained in note 6, the Group incurs costs and earns income that is not considered to be reflective of the underlying performance of the business. In the assessment of performance of the business units of the Group, management examines underlying performance, which removes the impact of non-underlying costs and income.

Underlying profit from operating activities and underlying EBIT referred to in the earlier sections of the annual report are the same measures. Underlying operating cash flow and adjusted operating cash flow referred to in the earlier sections of the annual report are the same measure.

### Net bank debt

Net bank debt is defined as total Group borrowings (excluding lease liabilities recognised under IFRS 16 and the Sanmina liability) less cash. Net bank debt of \$17.8m at the period end (2024: \$16.4m) consisted of borrowings of \$25.7m (2024: \$27.9m) less cash of \$7.9m (2024: \$11.5m).



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 28. RELATED PARTIES

The ultimate Parent Company of the Group is Dialight plc. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

### Transactions with key management personnel

Only Directors are considered to be key management personnel and transactions with them are disclosed in note 7. Directors of the Company and their immediate relatives control less than 1% of the Company.

### Other related party transactions

During the period and the prior period, the Company paid for a lease agreement for the previous CEO, Fariyal Khanbabi, which was cohabited with her son and his partner. The lease ended in May 2024.

## 29. SUBSIDIARIES

### (a) Trading companies

In accordance with Section 409 of the Companies Act 2006, a full list of subsidiaries as at 31 March 2025 is disclosed below.

Those companies stated in table (a) below are those, in the opinion of Directors, which principally affect the revenue, profit or assets of the Dialight Group. The remaining companies that comprise the Dialight Group are set out in table (b).

Name	Percentage owned	Registered office	Principal activity
Dialight Corporation*	100%	1501 Route, 34 South Farmingdale NJ 07727 United States	Design, assembly and sale of Lighting and Signals & Components products
Dialight Europe Limited**	100%	60 Petty France London England SW1H 9EU	Sale of Lighting products
Dialight GmbH*	100%	Maximilianstrasse 54 80538 Munchen Germany	Sale of Lighting products
Dialight ILS Australia Pty Limited*	87.5%	108 Howe Street Osborne Park Perth 6017 Australia	Sale of Lighting products
Dialight Asia Pte. Ltd*	75%	33 Ubi Avenue 3 07-72 Vertex (Tower A) Singapore, 408868	Sale of Lighting products
Dialight Penang Sdn. Bhd.*	100%	No. 1478B Lorong Perusahaan Maju 8 Kawasan Perusahaan Perai 13600 Perai Penang, Malaysia	Assembly and sale of Lighting and Signals & Components products
Dialight de Mexico, S. de R.L. de C.V.*	100%	Calle Lirios S/N Colona Pacheco Ensenada Baja California Mexico	Assembly and sale of Lighting and Signals & Components products
Dialight Latin America, S. de R.L. de C.V.*	100%	Calle Lirios S/N Colona Pacheco Ensenada Baja California Mexico	Sale of Lighting and Signals & Components product

\* The investment is held directly by Dialight plc except for those companies indicated by \*.

\*\* These companies are exempt from the requirement to prepare individual audited financial statements in respect of the period ended 31 March 2025, by virtue of Sections 479A and 479C of the Companies Act 2006.



# Notes to the consolidated financial statements continued

for the 12-month period ended 31 March 2025

## 29. SUBSIDIARIES CONTINUED)

### (b) Other companies

Name	Percentage owned	Registered office	Principal activity
Belling Lee Limited**	100%	60 Petty France London England SW1H 9EU	Intermediary holding company
Roxboro Overseas Limited**	100%	60 Petty France London England SW1H 9EU	Non-trading/intermediary holding company
The Roxboro Trust Company Limited**	100%	60 Petty France London England SW1H 9EU	Dormant
The Roxboro UK Pension Trustee Limited*	50%	60 Petty France London England SW1H 9EU	Corporate pension fund trustee
Roxboro Holdings Inc.*	100%	The Corporation Trust Co. Corporation Trust Centre 1209 Orange Street City of Wilmington County of New Castle DE United States	Non-trading/intermediary holding company

\* The investment is held directly by Dialight plc except for those companies indicated by \*.

\*\* These companies are exempt from the requirement to prepare individual audited financial statements in respect of the period ended 31 March 2025, by virtue of Sections 479A and 479C of the Companies Act 2006.

In November 2023, the Group dissolved two fully owned dormant entities, Roxboro Analytical Inc and Roxboro Metrology Inc.

## 30. POST BALANCE SHEET EVENTS

The Group's multi-currency revolving credit facility of \$28.8m with HSBC was extended on 5 June 2025 to 21 July 2027 on the same terms as the original revolving credit facility agreement.

In May 2025, the Group received an Employee Retention Credit ('ERC') of \$1.4m. An ERC is a US refundable tax credit for certain eligible businesses that had employees and were affected during the COVID-19 pandemic. This government grant income has not been included in this annual report and accounts since as at the balance sheet date it was not known that the credit was reasonably certain to be received. The claim was filed in 2023.



# Company balance sheet (prepared under FRS 102)

as at 31 March 2025

	Note	31 March 2025 £m	31 March 2024 £m
<b>Fixed assets</b>			
Intangible assets	4	0.1	0.1
Investments	5	37.0	39.4
		<b>37.1</b>	39.5
<b>Current assets</b>			
Debtors	8	14.8	28.5
Cash and cash equivalents		0.3	8.0
		<b>15.1</b>	36.5
Creditors: Amounts falling due within one year	9	(4.3)	(25.2)
<b>Net current assets</b>		<b>10.8</b>	11.3
<b>Total assets less current liabilities</b>		<b>47.9</b>	50.8
Creditors: Amounts falling due after more than one year	10	(19.9)	–
<b>Net assets</b>		<b>28.0</b>	50.8
<b>Capital and reserves</b>			
Called up share capital	11	0.7	0.7
Share premium	12	10.7	10.7
Capital redemption reserve	12	2.2	2.2
Other reserves	12	6.1	5.9
Profit and loss account	12	8.3	31.3
<b>Equity shareholders' funds</b>		<b>28.0</b>	50.8

As permitted by Section 408 of the Companies Act 2006, a separate profit and loss account of the parent company has not been presented.

The parent company's loss for the period was £23.0m (2024: loss of £6.9m).

The accompanying notes form part of these financial statements.

These financial statements were approved by the Board of Directors on 23 June 2025 and were signed on its behalf by:

**Steve Blair**  
Group Chief Executive Officer

**Mark Fryer**  
Group Chief Financial Officer



# Company statement of changes in equity

for the 12-month period ended 31 March 2025

	Share capital £m	Other reserve capital contribution £m	Capital redemption reserve £m	Share premium £m	Own shares £m	Retained earnings £m	Total equity £m
<b>Balance at 1 April 2024</b>	<b>0.7</b>	<b>6.7</b>	<b>2.2</b>	<b>10.7</b>	<b>(0.8)</b>	<b>31.3</b>	<b>50.8</b>
Loss for the period	–	–	–	–	–	(23.0)	(23.0)
<b>Total other comprehensive expense</b>	–	–	–	–	–	–	–
<b>Total comprehensive expense for the period</b>	–	–	–	–	–	<b>(23.0)</b>	<b>(23.0)</b>
<b>Transactions with owners, recorded directly in equity</b>							
Share-based payments, net of tax	–	0.3	–	–	–	–	0.3
Re-purchase of own shares	–	–	–	–	(0.1)	–	(0.1)
Issues of shares (note 11 and note 12)	–	–	–	–	–	–	–
<b>Total contribution by, and distribution to, owners</b>	–	<b>0.3</b>	–	–	<b>(0.1)</b>	–	<b>0.2</b>
<b>Balance at 31 March 2025</b>	<b>0.7</b>	<b>7.0</b>	<b>2.2</b>	<b>10.7</b>	<b>(0.9)</b>	<b>8.3</b>	<b>28.0</b>
	Share capital £m	Other reserve capital contribution £m	Capital redemption reserve £m	Share premium £m	Own shares £m	Retained earnings £m	Total equity £m
<b>Balance at 1 January 2023</b>	<b>0.6</b>	<b>5.5</b>	<b>2.2</b>	<b>1.0</b>	<b>(0.8)</b>	<b>38.2</b>	<b>46.7</b>
Loss for the period	–	–	–	–	–	(6.9)	(6.9)
<b>Total other comprehensive expense</b>	–	–	–	–	–	–	–
<b>Total comprehensive expense for the period</b>	–	–	–	–	–	<b>(6.9)</b>	<b>(6.9)</b>
<b>Transactions with owners, recorded directly in equity</b>							
Share-based payments, net of tax	–	1.2	–	–	–	–	1.2
Re-purchase of own shares	–	–	–	–	–	–	–
Issue of shares (note 11 and note 12)	0.1	–	–	9.7	–	–	9.8
<b>Total contribution by, and distribution to, owners</b>	<b>0.1</b>	<b>1.2</b>	–	<b>9.7</b>	–	–	<b>11.0</b>
<b>Balance at 31 March 2024</b>	<b>0.7</b>	<b>6.7</b>	<b>2.2</b>	<b>10.7</b>	<b>(0.8)</b>	<b>31.3</b>	<b>50.8</b>



# Notes to the company financial statements

for the 12-month period ended 31 March 2025

## 1. GENERAL INFORMATION

Dialight plc is a company incorporated in the United Kingdom under the Companies Act 2006.

The address of the registered office is given on page 154 of this annual report and accounts.

The Company is a holding company that manages the other trading subsidiaries of the Dialight Group.

The functional currency of Dialight plc is considered to be GBP sterling because that is the currency of the primary economic environment in which the Company operates.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ('FRS 102').

Under Section 408 of the Companies Act 2006 the Company is exempt from the requirement to present its own profit and loss account.

In these financial statements, the Company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- cash flow statement and related notes; and
- key management personnel compensation.

As the consolidated financial statements of the Group include the equivalent disclosures, the Company has also taken the exemptions under FRS 102 available in respect of the following disclosures:

- certain disclosures required by FRS 102.26 Share-based Payments; and
- certain disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instrument Issues in respect of financial instruments not falling within the fair value accounting rules of Paragraph 36(4) of Schedule 1.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

### (a) Going concern

As set out in note 2(b) of the consolidated financial statements, the Directors have identified circumstances which give rise to a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern, meaning it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this material uncertainty, the Directors consider it remains appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

### (b) Intangible fixed assets

Intangible assets that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised in profit and loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

### (c) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

#### (i) Financial assets and liabilities

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

The Company's debt instruments are subsequently measured at amortised cost using the effective interest method.

Debt instruments that are classified as payable or receivable within one year on initial recognition, and which meet the above conditions, are measured at the undiscounted amount of the cash or other consideration expected to be paid or received, net of impairment.



# Notes to the company financial statements continued

## for the 12-month period ended 31 March 2025

### 2. BASIS OF PREPARATION (CONTINUED)

#### (ii) Investments

Investments in subsidiaries and associates are measured at cost less impairment. For investments in subsidiaries acquired for consideration, including the issue of shares qualifying for merger relief, cost is measured by reference to the nominal value of the shares issued plus the fair value of other consideration. Any premium is ignored.

#### (iii) Equity instruments

Equity instruments issued by the Company are recorded at the fair value of cash or other resources received or receivable, net of direct issue costs.

#### (d) Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss.

#### (e) Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

#### (f) Employee benefits

The Company operates both defined benefit and defined contribution plans. The assets of all arrangements are held separately from the assets of the Company in independently administered funds. The amount charged against profits in respect of defined contribution arrangements is the contributions payable to those arrangements in the accounting period.

For the defined benefit arrangements, the assets are measured at market values. The liabilities are measured using the projected unit credit method, discounted at the current rate of return of a high-quality corporate bond appropriate to the term and currency of the liability.

The defined benefit scheme surplus or deficit is recognised in full and presented on the face of the balance sheet.

The calculation is performed by an independent qualified actuary using the projected unit credit method. In accordance with IFRIC 14 – IAS 19 "The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction", the pension surplus can be recognised as an asset on the balance sheet, limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan.

Other long-term employee benefits are measured at the present value of the benefit obligation at the reporting date.

The Group recognises a liability in respect of the best estimate of bonus payable where contractually obliged to or where past practice has created a constructive obligation.

#### (g) Foreign currency

Transactions in foreign currencies are recorded at the rate of exchange at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at that date.

Exchange differences are recognised in profit or loss in the period in which they arise.

#### (h) Leases

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.



# Notes to the company financial statements continued

for the 12-month period ended 31 March 2025

## 2. BASIS OF PREPARATION (CONTINUED)

### (i) Share-based payment

The Company grants to its employees rights to the equity instruments of Dialight plc. The fair value of awards granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to receive the awards. The fair value of the awards granted is measured using a pricing model, taking into account the terms and conditions upon which the awards were granted. The amount recognised as an expense is adjusted to reflect the actual value of share awards that vest except where forfeiture is only due to share prices not achieving the threshold for vesting. Where the Company grants awards over its own shares to employees of its subsidiaries, it recognises an increase in the cost of investment in its subsidiaries equivalent to the equity-settled share-based payment charge recognised in its subsidiaries' financial statements with the corresponding credit being recognised directly in equity.

### (j) Share capital

Dividends are recognised in the period in which they are approved by the Company's shareholders or, in the case of an interim dividend, when the dividend is paid. Dividends receivable from subsidiaries are recognised when either received in cash or applied to reduce a creditor balance with a subsidiary.

### Own shares

In accordance with FRS 102 9.33 to 9.37, the results of the employee benefit trusts ('EBT') have been incorporated into the financial statements of the parent company. Purchases of shares by the EBT are therefore held as own shares in the statement of changes in equity.

### (k) Provisions

A provision is recognised in the balance sheet when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation.

## 3. CRITICAL ACCOUNTING JUDGEMENTS AND KEYS SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

### Significant judgements

None.

### Estimates

#### Impairment of investments in subsidiaries and loans to subsidiaries

The Directors perform an annual impairment assessment for the investments held in subsidiaries and loans to subsidiaries by the Company by performing a review for indicators of impairment by assessing the performance of the subsidiaries against qualitative and quantitative factors. If any of these factors are present a detailed impairment review is undertaken. A detailed impairment assessment is performed by assessing the subsidiary's value-in-use, which requires management to make a number of estimates. The calculations use five-year discounted cash flow projections based on financial budgets approved by management.

For investments in subsidiaries, a provision for impairment of £2.0m has been recognised in the current period (2024: £nil) and for loans to subsidiaries, a provision for impairment of £5.6m has been recognised in the current period (2024: £nil).

#### Recoverability of amounts due from subsidiary undertakings

The Directors assess whether amounts due from subsidiary undertakings are recoverable based on the trading results and cash generation of Group companies. Amounts due are deemed impaired if subsidiaries do not generate sufficient cash to enable repayment of such balances.

A provision for impairment of £10.0m has been recognised in the current period (2024: £nil).



# Notes to the company financial statements continued

for the 12-month period ended 31 March 2025

## 4. INTANGIBLE ASSETS

	Software £m
<b>Cost</b>	
At 1 April 2024	0.2
Additions	–
<b>At 31 March 2025</b>	<b>0.2</b>
<b>Amortisation and impairment losses</b>	
At 1 April 2024	(0.1)
Amortisation for the period	–
<b>At 31 March 2025</b>	<b>(0.1)</b>
<b>Net book value at 31 March 2025</b>	<b>0.1</b>
Net book value at 31 March 2024	0.1

## 5. INVESTMENTS

	Investments in subsidiaries £m	Loan to subsidiaries £m	Total £m
<b>Cost</b>			
At 1 April 2024	23.1	27.7	50.8
Share-based payments	0.2	–	0.2
Reclassification from current assets	–	5.8	5.8
Foreign exchange movements	–	(0.8)	(0.8)
<b>At 31 March 2025</b>	<b>23.3</b>	<b>32.7</b>	<b>56.0</b>
<b>Provisions</b>			
At 1 April 2024	(11.4)	–	(11.4)
Impairment charge for the period	(2.0)	(5.6)	(7.6)
<b>At 31 March 2025</b>	<b>(13.4)</b>	<b>(5.6)</b>	<b>(19.0)</b>
<b>Net book value at 31 March 2025</b>	<b>9.9</b>	<b>27.1</b>	<b>37.0</b>
Net book value at 31 March 2024	11.7	27.7	39.4

In accordance with Section 26 of FRS 102, the cost of investment is increased to reflect the cost of share options awarded to employees of the Company's subsidiaries. A full list of subsidiaries of the Company is provided in note 29 to the consolidated financial statements.

During the 12-month period ended 31 March 2025, £5.8m of amounts due from Dialight Penang Sdn. Bhd. have been reclassified from "Amounts owed by subsidiary undertakings within "Current assets" to "Loans to subsidiaries" within "Investments". This is on the basis that it is no longer the intention of the Company to recall this loan, and it is now intended for use on a continuing basis in the Company's activities.

At the balance sheet date, an impairment assessment has been performed on this loan with the balance being impaired in full on the basis that the counterparty is loss-making and not generating sufficient operating cash flows to permit material loan repayments.

Management assessed the investments in subsidiaries for impairment at the year-end, and concluded there were indicators of impairment in the investment held in Dialight Europe Limited. A discounted cash flow was prepared, which has led to the full impairment of this investment.



# Notes to the company financial statements continued

for the 12-month period ended 31 March 2025

## 6. FINANCIAL RISK MANAGEMENT

The Company has exposure to market risk and liquidity risk from its use of financial instruments.

The overall framework for managing risk and the interest rate risk that affects the Company is discussed in note 24 to the consolidated financial statements.

All carrying values are considered to be fair values.

A sensitivity analysis has been carried out in note 24 to the consolidated financial statements, and is considered to not be materially different for the results of the Company only.

### Foreign currency risk

The Company holds monetary assets and liabilities in currencies other than GBP sterling.

The majority of these relate to intercompany balances which provide a natural hedge elsewhere in the Group. The Company's exposure to foreign currency risk is as follows:

	31 March 2025 US\$m	31 March 2025 AU\$m	31 March 2024 US\$m	31 March 2024 AU\$m
Loans to subsidiaries	42.3	–	42.3	–
Amounts owed by subsidiary undertakings	17.5	–	13.3	0.1
Bank loans	(24.5)	–	(26.7)	–
Amounts owed to subsidiary undertakings	–	–	–	–
	35.3	–	28.9	0.1

The exchange rates applied during the year are disclosed in note 24 to the consolidated financial statements.

### Liquidity risk

The Company's exposure to liquidity risk relates to its borrowings. This is discussed in note 24 to the consolidated financial statements.

## 7. SHARE-BASED PAYMENTS

Share-based payments are described in full in note 16 to the consolidated financial statements.

### PSP, DRSP and VCP

The PSP, DRSP and VCP relating to employees and Directors of the Company is disclosed on page 78 in the Directors' remuneration report and in note 16 to the consolidated financial statements.

Details on assumptions and inputs used in the calculation of share-based payment amounts are disclosed in note 16 to the consolidated financial statements.

## 8. DEBTORS

	31 March 2025 £m	31 March 2024 £m
Amounts falling due within one year:		
Amounts owed by subsidiary undertakings	12.4	26.8
Other debtors	1.7	1.2
	14.1	28.0
Amounts falling due after more than one year:		
Pension fund asset (note 13)	0.7	0.5
	14.8	28.5

A provision for impairment against amounts owed by subsidiary undertakings of £10.0m has been recognised in the current period (2024: £nil).

During the 12-month period ended 31 March 2025, £5.8m of amounts due from Dialight Penang Sdn. Bhd. have been reclassified from "Amounts owed by subsidiary undertakings within "Current assets" to "Loans to subsidiaries" within "Investments". This is on the basis that it is no longer the intention of the Company to recall this loan, and it is now intended for use on a continuing basis in the Company's activities.



# Notes to the company financial statements continued

for the 12-month period ended 31 March 2025

## 9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 March 2025 £m	31 March 2024 £m
Bank loans (note 10)	–	22.1
Amounts owed to subsidiary undertakings	0.3	0.4
Accruals and deferred income	1.3	0.7
Other creditors	2.7	2.0
	<b>4.3</b>	<b>25.2</b>

## 10. CREDITORS: AMOUNTS FALLING AFTER MORE THAN ONE YEAR

	31 March 2025 £m	31 March 2024 £m
<b>Bank loans</b>	<b>19.9</b>	<b>–</b>

### Bank loans

The Group's bank facility comprise a revolving credit facility ('RCF') of US\$28.8m from HSBC. A balance of US\$5.2m was repaid in August 2024 using the proceeds received from the disposal of the Traffic business, after which the facility was reduced by a corresponding amount from US\$34.0m to US\$28.8m. An amount of US\$3.0m was drawdown in March 2025.

The facility was extended on 5 June 2025 to 21 July 2027 on the same terms as the original agreement. Aligned with the Group's robust commitment to environmental, social, and governance principles, the RCF facility operates as a sustainability-linked loan.

The Group's bank facility includes security for HSBC by way of fixed and floating charges over all the material companies in the Group that generate greater than 5% of the turnover, operating profit or net assets of the Group. This was registered at Companies House on 21 July 2022.

The RCF facility is subject to quarterly covenants encompassing maximum leverage and minimum interest cover. The covenants for the quarter ending 30 September 2023 were temporarily reset from a leverage ratio maximum target of less than 3x to 4.5x, and an interest cover minimum target of a maximum 4.0x to 2.5x. The covenants reverted to the original hurdles from quarter ending 31 December 2023 onwards.

Due to the historical weak trading performance of the Group, in the final quarter of the financial period ending 31 March 2024 HSBC agreed to reduce the interest rate covenant for the third-quarter of FY2025 (only) to 2.5x. The covenant reverted to the original level of 4.0x from the quarter ending 31 March 2025 onwards.

In the 12-month period to 31 March 2025 the covenants have been complied with and the outstanding borrowings of US\$25.7m have been classified as a non-current liability as at 31 March 2025 in line with the facility expiring in July 2026.

Please refer to note 2(b) of the consolidated financial statements for details of how this has been considered as part of the going concern assessment.

As agreed, the Group has repaid the £10.0m Covid-19 Large Business Interruption Loan ('CLBIL'), with the final £2.0m repaid in the first half of 2023.

	12-month period ended 31 March 2025 £m	15-month period ended 31 March 2024 £m
<b>As at 1 April 2024/1 January 2023</b>	<b>22.1</b>	<b>23.5</b>
Facility drawdown (RCF – USD)	2.4	4.6
Facility repayment (RCF – USD)	(4.1)	(0.8)
Facility drawdown (RCF – GBP)	–	0.3
Facility repayment (RCF – GBP)	–	(1.9)
Facility repayment (CLBIL)	–	(2.0)
Foreign exchange	(0.5)	(1.6)
<b>As at 31 March 2025/31 March 2024</b>	<b>19.9</b>	<b>22.1</b>

Interest is based on the Secured Overnight Financing Rate ('SOFR')/Sterling Overnight Index Average ('SONIA'), depending on the tranche of debt, plus a margin which varies dependent on the Group's leverage ratio and a sustainability margin adjustment. There are three sustainability key performance indicators ('KPIs'), being: reduction in absolute gross tonnes CO<sub>2</sub>e per £1m of revenue; the percentage of employees who take up a day of paid time to participate in charity days; and reduction in absolute kilolitres of water usage per £1m of revenue. Margin increases by 0.015% if only one KPI is achieved, by 0.03% if no KPI is met and decreases by 0.015% if two KPIs achieved and by 0.03% if all three KPIs are met.



# Notes to the company financial statements continued

for the 12-month period ended 31 March 2025

## 11. CALLED UP SHARE CAPITAL

	31 March 2025 Number	31 March 2025 £m	31 March 2024 Number	31 March 2024 £m
<b>Authorised:</b> Ordinary shares of 1.89p each				
As previously stated	40,202,936	0.7	39,828,141	0.7
Adjustment*	–	–	199,140	–
<b>Ordinary shares of 1.89p each</b>	<b>40,202,936</b>	<b>0.7</b>	<b>40,027,281</b>	<b>0.7</b>
<b>Issued and fully paid:</b>				
At the beginning of the period	40,027,281	0.7	32,946,371	0.6
Issued during the period	175,655	–	6,881,770	0.1
At the end of the period: as previously stated	40,202,936	0.7	39,828,141	0.7
Issued during the period: adjustment*	–	–	199,140	–
<b>At the end of the period: restated</b>	<b>40,202,936</b>	<b>0.7</b>	<b>40,027,281</b>	<b>0.7</b>

On 24 March 2025 a total of 175,655 new ordinary shares of 1.89p each in the capital of the Company were issued.

\* On 28 March 2024 a total of 199,140 new ordinary shares of 1.89p each in the capital of the Company were issued. This issue of shares had been inadvertently omitted from the 2024 annual financial statements.

On 5 April 2023 a total of 246,513 new ordinary shares of 1.89p each in the capital of the Company were issued.

On 31 October 2023 a total of 6,635,257 new ordinary shares of 1.89p each in the capital of the Company were allotted to raise gross proceeds of approximately £10.5m.

## 12. CAPITAL AND RESERVES

	12-month period ended 31 March 2025 £m	15-month period ended 31 March 2024 £m
<b>Share premium</b>		
At the beginning of the period	10.7	1.0
Issued during the period	–	10.4
Share issue costs	–	(0.7)
<b>At the end of the period</b>	<b>10.7</b>	<b>10.7</b>

### Share premium

In the 15-month period ended 31 March 2024, share issue costs of £0.7m have been netted off against the share premium arising on the new shares issued.

### Dividends

No dividends were declared in the current or the prior period. After the balance sheet date no dividends were proposed by the Directors and there are no income tax consequences for the Company.

### Own shares

Own shares represent shares in the Company that are held by an independent employee benefit trust ("EBT") and include treasury shares. Own shares are held to settle share options in the future. In the period to 31 March 2025 the EBT purchased 69,281 shares on the open market for \$0.2m and was allotted a further 175,655 new ordinary shares of 1.89p each.

## 13. PENSIONS

The Company operates a defined contribution plan and a defined benefit pension arrangement called the Roxboro UK Executive Pension Fund (the 'Executive Fund'). The Executive Fund provides benefits based on final salary and length of service on leaving. The Executive Fund is closed to new members.

The following disclosures exclude any allowance for defined contribution funds operated by the Company.

The Executive Fund is subject to the "Statutory Funding Objective" under the Pensions Act 2004.

An actuarial valuation of the Executive Fund is carried out at least once every three years to determine whether the Statutory Funding Objective is met.

As part of the process the Company must agree with the Trustees of the Executive Fund the contributions to be paid to address any shortfall against the Statutory Funding Objective.



# Notes to the company financial statements continued

for the 12-month period ended 31 March 2025

## 13. PENSIONS (CONTINUED)

The Company is required to agree a Schedule of Contributions with the Trustees of the Executive Fund following a valuation, which must be carried out at least once every three years, with the latest valuation in 2022.

	31 March 2025 £m	31 March 2024 £m
<b>Recognised assets for defined benefit arrangements</b>		
Present value of funded obligations	(1.9)	(2.0)
Fair value of plan assets	2.6	2.5
<b>Recognised asset for defined benefit arrangements</b>	<b>0.7</b>	<b>0.5</b>

Plan assets consist of the following:

	31 March 2025 £m	31 March 2024 £m
Bonds	2.6	2.5

The assets do not include any investments in shares of the Company.

	31 March 2025 £m	31 March 2024 £m
<b>Movements in the present value of defined benefit obligations</b>		
Liabilities at the start of the period	(2.0)	(2.1)
Interest cost on obligation	(0.1)	(0.1)
Benefits paid	0.1	0.1
Changes in financial assumptions	0.1	0.1
<b>Liabilities at the end of the period</b>	<b>(1.9)</b>	<b>(2.0)</b>

	31 March 2025 £m	31 March 2024 £m
<b>Movements in fair value of plan assets</b>		
Assets at the start of the period	2.5	2.5
Interest income on assets	0.1	0.1
Employer contributions	0.2	–
Benefits paid	(0.1)	(0.1)
Return on plan assets less interest	(0.1)	–
<b>Assets at the end of the period</b>	<b>2.6</b>	<b>2.5</b>

	31 March 2025 £m	31 March 2024 £m
<b>Expense recognised in the profit and loss account</b>		
Interest cost on obligation	0.1	0.1
Interest income on assets	(0.1)	(0.1)
<b>Expense recognised in the profit and loss account</b>	<b>–</b>	<b>–</b>

### Actuarial assumptions

The principal assumptions at the balance sheet date are:

	31 March 2025 %	31 March 2024 %
Discount rate at the end of the period	5.3	4.6
Future pension increases	3.2	3.3
Inflation – RPI	3.3	3.4
Inflation – CPI	2.7	2.7



# Notes to the company financial statements continued

for the 12-month period ended 31 March 2025

## 13. PENSIONS (CONTINUED)

Weighted average life expectancy to determine benefit obligations	31 March 2025	31 March 2024
Male life expectancy:		
Retiring at age 65 now	88.1	88.1
Retiring at age 65 in 20 years	89.0	89.0
Female life expectancy:		
Retiring at age 65 now	89.7	89.7
Retiring at age 65 in 20 years	90.8	90.7

For its UK pension arrangements, the Company has for the purpose of calculating its liabilities as at 31 March 2025, used SAPS S3NMAL mortality tables based on year of birth (as published by the Institute and Faculty of Actuaries).

## 14. EMPLOYEE EXPENSES

	12-month period ended 31 March 2025 £m	15-month period ended 31 March 2024 £m
Wages and salaries	2.4	2.7
Social security costs	0.3	0.3
Contributions to defined contribution plans	0.1	0.1
Total charge for defined benefit plans	–	–
<b>Total personnel expenses</b>	<b>2.8</b>	<b>3.1</b>

The average number of employees during the period was 13 (2024: 17).

Further details on Directors' remuneration are included in the Directors' remuneration report on pages 74 to 77.



# Directory and shareholder information

## REGISTERED OFFICE, CONTACT DETAILS AND COMMUNICATIONS

### Company Secretary and Registered Office

Registered in England and Wales  
Company number: 2486024

Company Secretary: Laura Walker

### REGISTERED OFFICE

60 Petty France  
London SW1H 9EU

### CONTACT DETAILS:

Email (Company Secretary):  
dsecretary@dialight.com

Email (investor relations): ir@dialight.com

Web: www.dialight.com

### WEBSITE

Shareholders are encouraged to visit our website, [www.dialight.com](http://www.dialight.com), which contains information about Dialight. Any information on, or linked from, the website is not incorporated by reference into the annual report and accounts unless expressly stated in this annual report. There is a section designed specifically for investors at [www.ir.dialight.com](http://www.ir.dialight.com), which includes detailed coverage of Dialight's share price and our financial results, historical reporting, announcements and other governance information. Investors can register for news alerts by email at [www.ir.dialight.com/news-and-media/emailalerts/](http://www.ir.dialight.com/news-and-media/emailalerts/). You can also review this year's annual report and accounts. Our share price is also available on the London Stock Exchange's website, [www.londonstockexchange.com](http://www.londonstockexchange.com).

### ELECTRONIC COMMUNICATIONS

The carbon footprint and cost saving from electronic communications rather than hard copy printing can be very considerable. We strongly encourage all Dialight shareholders to move to electronic communications. The process to elect for electronic communications is very simple. To receive notification to your email address or in hard copy, whenever shareholder documents are available on the Company's website, please register online by visiting our Registrar's website, [www.shareview.co.uk](http://www.shareview.co.uk) and complete your details.

### REGISTRARS AND SHARES

#### Address

Equiniti, Highdown House, Yeoman Way, Worthing, West Sussex BN99 3HH

#### Telephone

Equiniti's Shareholder Contact Centre can be contacted by telephone on + 44 (0) 371 384 2495 between 8.30 am and 5.30 pm Monday to Friday, excluding bank holidays.

#### Web

You can also access details of your shareholding and a range of other shareholder services by registering at [www.shareview.co.uk](http://www.shareview.co.uk).

### DEALING SERVICE

Equiniti offers "Shareview Dealing" – a service which allows you to sell your Dialight plc shares or add to your holding if you are a UK resident. You can deal in your shares on the internet or by telephone. For more information about this service and for details of their rates, log on to [www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing) or telephone 0345 603 7037 between 8.30 am and 4.30 pm, Monday to Friday. If you wish to deal, you will need your account/shareholder reference number, which appears on your share certificate. Alternatively, if you hold a share certificate, you can also use any bank, building society or stockbroker offering share dealing facilities to buy or sell shares. If you are in any doubt about buying or selling shares, you should seek professional financial advice.



## Directory and shareholder information continued

### ADVISERS:

#### Financial advisers

Investec Bank plc  
30 Gresham Street  
London EC2V 7QP

#### Auditors

Grant Thornton UK LLP  
No 1 Whitehall Riverside  
Leeds LS1 4BN

#### Legal advisers

Osborne Clarke  
One London Wall  
Barbican  
London EC2Y 5EB

#### Principal bankers

HSBC Bank PLC  
West London Corporate Centre  
1 Beadon Road  
London W6 0EA

### 2025 FINANCIAL CALENDAR

Annual General Meeting: Monday, 1 September 2025.

Any amendments to the financial calendar will be notified on the Company's website ([www.dialight.com](http://www.dialight.com)).

### FORWARD-LOOKING STATEMENTS

Certain sections of this annual report contain forward-looking statements that are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which the Company and its subsidiaries and associates operate. It is believed that the expectations reflected in the annual report are reasonable, but they may be affected by a wide range of variables which could cause actual results to differ materially from those currently anticipated.



# Notes



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**Registered in England and Wales**  
**Company number: 2486024**

**Dialight**