

DIALIGHT PLC

RULES OF THE DIALIGHT PLC 2024 VALUE CREATION PLAN

Approved by shareholders of the Company in general meeting on [23 September] 2024

Adopted by the remuneration committee of the board of the Company on 22 July 2024

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1. **DEFINITIONS AND INTERPRETATION**

1.1 In the Plan, unless the context otherwise requires:

"Admitted" means admitted to the premium segment of the official list maintained by the FCA and admitted to trading on the London Stock Exchange's market for listed securities;

"Award" means an Issue of Shares or an Option (as determined by the Committee);

"Award Certificate" means the certificate issued by the Company to a Participant in accordance with Rule 4.3 (*Award Certificates*);

"Board" means the board of directors of the Company or a duly authorised committee of the Board or a duly authorised person;

"Closing Share Price" means the average of the middle-market quotations of a Share calculated over a period of three months ending on the last day of each Performance Period;

"Committee" means the remuneration committee of the Board or other duly authorised committee which fulfils the same function;

"Company" means Dialight plc (registered in England and Wales with registered number 2486024);

"Company's Code" means such code or codes for regulating dealings in Shares (or other securities of the Company) by directors or employees of any Group Member as may for the time being be in force;

"Control" means control within the meaning of section 719 of the Income Tax (Earnings and Pensions) Act 2003;

"Eligible Employee" means any employee (including an executive director) of any Group Member;

"Exercise Period" means, in respect of an Option, the period between the Grant Date and the date provided for lapse of the Option in Rule 5.6 (*Lapse of Options*) during which an Option may be exercised;

"FCA" means the Financial Conduct Authority acting in its capacity as the competent authority for the purpose of Part VI of the Financial Services and Markets Act 2000;

"Grant Date" means the date on which an Award is granted under Rule 4.1 (*Determination of the number of Shares subject to Award*);

"Group Member" means:

- (a) a Participating Company or a body corporate which is the Company's holding company (within the meaning of section 1159 of the Companies Act 2006) or a Subsidiary of the Company's holding company; and
- (b) a body corporate which is a subsidiary undertaking (within the meaning of section 1162 of that Act) of a body corporate within paragraph (a) above and has been designated by the Board for this purpose;

"Holding Period" means the period specified by the Committee as referred to in schedule 2 (*Holding Periods*);

"Hurdle Price" means 350p or as adjusted by the Committee in accordance with Rule 3.2 (*Adjustments*);

"Invitation Date" means the date of invitation to participate in the Plan referred to in Rule 2.2 (*Timing of Invitations*);

"Issue of Shares" means the issue or transfer of Shares to a Participant for no consideration in satisfaction of their rights under the Plan;

"ITEPA" means the Income Tax (Earning & Pensions) Act 2003;

"Listing Rules" means the Listing Rules published by the FCA;

"London Stock Exchange" means London Stock Exchange plc or any successor to that company;

"Net Shares" means the Shares acquired or received by a Participant on a Issue of Shares or following the exercise of an Option, less: (a) a number of Shares that have an aggregate market value equal to the Participant's Tax Liability due and arising on the Issue of Shares or exercise of an Option, or (b) if the Shares are sold to satisfy the Participant's Tax Liability due, such number of Shares so sold;

"Option" means a right to acquire Shares granted under the Plan which is designated as an option by the Committee under Rule 4.3 (*Award Certificates*);

"Option Price" means the amount, if any, payable on the exercise of an Option;

"Participant" means a person who has received a Unit or an Award including their personal representatives;

"Participating Company" means the Company or any Subsidiary of the Company;

"Performance Period" means each of the periods commencing on 01 April 2024 and ending on (but including) 31 March 2027 and commencing on 01 April 2024 and ending on (but including) 31 March 2028.

"Plan" means the Dialight plc 2024 Value Creation Plan as amended from time to time;

"Rule" means a rule of the Plan;

"Shares" means fully paid ordinary shares in the capital of the Company;

"Subsidiary" means a body corporate which is a subsidiary (within the meaning of section 1159 of the Companies Act 2006) or any other company which is directly or indirectly a subsidiary of a company which itself is a Subsidiary;

"Tax Liability" means any amount of income tax or other taxes (including social security contributions) for which a Participant would or may be liable and for which any Group Member or former Group Member would or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority;

"UK MAR" means the retained EU law version of the Market Abuse Regulation (596/2014) which applies in the UK following the end of the Brexit transition period.

"Unit Certificate" means the certificate issued by the Company to an Eligible Employee in accordance with Rule 2.4 (*Award of Units*).

"Units" means the representation of a Participant's right to participate in the VCP at the end of each Performance Period; and

"VCP" means the value creation pool calculated in accordance with Rule 3.1 (*Determination*).

1.2 Any reference in the Plan to any enactment includes a reference to that enactment as from time to time modified, extended or re-enacted.

1.3 Expressions in italics and headings are for guidance only and do not form part of the Plan.

2. **INVITATIONS**

2.1 **Terms of invitation**

Subject to Rule 2.2 (*Timing of invitations*) and Rule 2.3 (*Dealing restrictions*), the Committee may resolve to invite any Eligible Employee to participate in the Plan, subject to:

- (a) the terms set out in the Plan; and
- (b) the Directors' Remuneration Policy as approved by shareholders from time to time (where applicable).

2.2 **Timing of invitations**

Subject to Rule 2.3 (*Dealing restrictions*), an invitation under the Plan may only be made:

- (a) within 42 days beginning with:
 - (i) the date on which the Plan is approved by the shareholders of the Company; or
 - (ii) the dealing day after the date on which the Company announces its results for any period; or
- (b) at any other time when the Committee considers that circumstances are sufficiently exceptional to justify its invitation,

but an invitation may not be made on or after 1 April 2028.

2.3 **Dealing restrictions**

No invitation to participate in the Plan (including, without limitation, an award of Units under Rule 2.4 (*Award of Units*)) and no grant of an Award shall be made at any time when dealings in Shares are prohibited by the Listing Rules, the Company's Code, the City Code on Takeovers and Mergers, UK MAR or any other relevant UK or overseas regulation or enactment.

2.4 **Award of Units**

Subject to Rule 2.5 (*Maximum number of Units available under the Plan*) and Rule 2.6 (*Maximum individual limit on participation under the Plan*), as soon as practicable after the Committee has resolved to make invitations under the Plan, the Company shall issue, or procure the issue of, a Unit Certificate to be signed and returned by the Participant within 14 days (or such longer period as the Committee may determine) of being sent such Unit Certificate. To the extent it is not signed or returned within such period, the Participant shall forfeit all rights to participate in the Plan. The Unit Certificate shall contain such terms and conditions as the Committee shall determine (provided they are not inconsistent with the terms of the Plan) and shall specify:

- (a) the number of Units awarded to the Participant;

- (b) the Performance Periods;
- (c) how and when the VCP will be calculated; and
- (d) what type of Award will be granted in connection with the Participant's Units.

2.5 **Maximum number of Units available under the Plan**

The maximum number of Units which may be granted under the Plan is 1,000. For the avoidance of doubt, any Units which are the subject of an award of Units pursuant to Rule 2.4 (*Award of Units*) which lapse in accordance with the Plan shall not be included in the calculation of the 1,000 Units.

2.6 **Maximum individual limit on participation under the Plan**

No Participant may be granted more than 350 Units in total under the Plan.

2.7 **Non-transferability and bankruptcy**

Any Unit granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of except on their death to their personal representatives and shall lapse immediately on any attempt to do so; and
- (b) shall lapse immediately if they are declared bankrupt.

3. **MEASUREMENT OF THE VCP**

3.1 **Determination**

Subject to Rule 3.2 (*Adjustments*), as soon as practical after the end of each Performance Period, the Committee shall determine the VCP in accordance with the following formula:

$$X = A \times (((B - C) + D) \times E)$$

Where:

- A* equals 7.5% (expressed as a decimal);
- B* equals the Closing Share Price (expressed in pounds sterling);
- C* equals the Hurdle Price (expressed in pounds sterling);
- D* equals the amount of dividends declared on a Share from the Invitation Date to the end of the relevant Performance Period (expressed in pound sterling);
- E* equals the total number of Shares in issue as at the end of the relevant Performance Period; and
- X* equals the total value of the VCP (expressed in pounds sterling).

3.2 **Adjustments**

If a demerger, special dividend or other similar event which affects the market price of

Shares to a material extent occurs (as determined by the Committee), or where the Committee, acting fairly and reasonably, considers that the outcome of the Plan is not a fair measure of performance, they may adjust the VCP, the Hurdle Price or the number of Awards to be made under the Plan. In such cases all Participants shall be notified in writing accordingly.

4. **GRANT AND SATISFACTION OF AWARDS**

4.1 **Determination of the number of Shares subject to Award**

As soon as practical following the determination of the VCP in accordance with Rule 3 (*Measurement of the VCP*), but subject to Rule 2.3 (*Dealing restrictions*) and Rule 4.2 (*Limit on Awards*), the Committee shall grant to each Participant an Award over such number of Shares calculated as follows:

$$X = A \times (((B/C) \times D) / E)$$

Where:

- A* 50% (expressed as a decimal);
- B* equals the total number of Units held by the relevant Participant;
- C* equals the maximum number of Units which may be granted under the Plan (being 1,000);
- D* equals the total value of the VCP determined in accordance with Rule 3 (*Measurement of the VCP*) (expressed in pounds sterling);
- E* the Closing Share Price as at the end of the relevant Performance Period; and
- X* the number of Shares subject to an Award (rounded to the nearest whole Share and where the calculation results in half a Share it shall be rounded up to the nearest whole Share).

4.2 **Limit on Awards**

No Award shall be made in respect of any Performance Period if the aggregate value of all Shares under Awards under the Plan (measured at the Grant Date) exceeds 3% of the issued share capital on the Company on the last day of the relevant Performance Period. If this would be the case, the number of Shares subject to Awards to be granted will be scaled back pro-rata. For the avoidance of doubt this limit applies whether the Awards are satisfied by new or existing Shares or cash.

4.3 **Award Certificates**

As soon as practical after making an Award, the Company shall issue, or procure the issue of, an Award Certificate to be signed and returned by the Participant within 14 days (or such longer period as the Committee may determine) of being sent such Award Certificate. Failure to sign or return such Award Certificate will cause it to lapse and the Participant will have no right to acquire the Shares subject to such Award. The Award Certificate shall contain such terms and conditions as the Committee shall determine (provided that they are not inconsistent with the terms of this Plan) and shall specify:

- (i) the Grant Date;

- (ii) the number of Shares in respect of which the Award is made;
- (iii) whether the Award is an Option or an Issue of Shares;
- (iv) in the case of an Option, the Option Price (if any);
- (v) in the case of an Issue of Shares, that the Award is conditional upon the Participant entering into, a valid election under Part 7 of ITEPA (Employment income: elections to disapply tax charge on restricted securities) or any similar arrangement (as determined by the Committee) in any overseas jurisdiction which shall be attached to the Award Certificate and agreeing to arrangements to satisfy the Tax Liability;
- (vi) any Holding Period which may apply to the Award as specified under Schedule 2 (*Holding Periods*); and
- (vii) the malus and clawback provisions which shall apply to the Award, as specified under Schedule 1 (*Malus and clawback*).

4.4 **Method of satisfying Awards**

Unless specified to the contrary by the Committee on the Grant Date, an Award may be satisfied:

- (a) by the issue of new Shares; and/or
- (b) by the transfer of treasury Shares;
- (c) by the transfer of Shares (other than the transfer of treasury Shares); and/or
- (d) cash.

4.5 **Non-transferability and bankruptcy**

An Award granted to any person:

- (a) shall not be transferred, assigned, charged or otherwise disposed of except on their death to their personal representatives and shall lapse immediately on any attempt to do so; and
- (b) shall lapse immediately if they are declared bankrupt.

4.6 **Receipt of Award Certificate for Issue of Shares**

On receipt by the Company of the relevant signed Award Certificate in connection with an Issue of Shares, the Company shall, subject to Rule 2.3 (*Dealing restrictions*), satisfy the Award in accordance with Rule 5.5 (*Transfer or allotment timetable*) and deal with any Tax Liability in accordance with Rule 5.1(c), 5.1(d) and Rule 5.4 (*Payment of Tax Liability*) and the relevant Rules shall be construed as if the applicable to the Issue of Shares.

4.7 **Indemnity from Participants**

By accepting an Award, a Participant agrees to indemnify any Group Member, former Group Member and any other person against any Tax Liability.

5. **EXERCISE AND LAPSE OF OPTIONS**

5.1 **Restrictions on the exercise of an Option: regulatory and tax issues**

An Option may not be exercised unless the following conditions are satisfied:

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, UK MAR, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if, on the exercise of the Option, a Tax Liability would arise by virtue of such exercise and the Board decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 5.4 (*Payment of Tax Liability*) then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member will receive the amount of such Tax Liability;
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option; and
- (d) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction (as determined by the Committee).

For the purposes of this Rule 5.1, references to Group Member include any former Group Member.

5.2 Exercise in whole or part

An Option must be exercised to the maximum extent possible at the time of exercise unless the Committee decides that a Participant may exercise the Option in respect of such fewer number of Shares as it decides.

5.3 Method of exercise

The exercise of any Option shall be effected in the form and manner prescribed by the Board. Unless the Board, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 5.1 (*Restrictions on the exercise of an Option: regulatory and tax issues*), take effect only when the Company receives it, together with payment of any relevant Option Price (or, if the Board so permits, an undertaking to pay that amount).

5.4 Payment of Tax Liability

The Participant authorises the Company to sell or procure the sale of sufficient Shares on or following exercise of their Option or the satisfaction of an Issue of Shares Award on their behalf to ensure that any relevant Group Member (or former Group Member) receives the amount required to discharge the Tax Liability which arises on such exercise except to the extent that the Board decides that all or part of the Tax Liability shall be funded in a different manner.

5.5 Transfer or allotment timetable

As soon as reasonably practicable after an Option has been exercised or following receipt of an Award Certificate signed by the Participant in connection with an Issue of Shares, the Company shall, subject to Rule 5.4 (*Payment of Tax Liability*) and any arrangement made under Rules 5.1(b) and 5.1(c), transfer or procure the transfer to the Participant (or a nominee for them) or, if appropriate, allot to them (or a nominee for them) the number of Shares in respect of which the Option has been exercised or the number of Shares subject to the Issue of Shares Award (as applicable).

5.6 **Lapse of Options**

An Option shall lapse on the earliest of:

- (a) the tenth anniversary of the Grant Date;
- (b) the date provided in Rule 4.5 (*Non-transferability and bankruptcy*), Rule 7 (*Leavers*) or Rule 8 (*Takeovers and other Corporate Events*); and
- (c) the date the Committee invokes its powers under Schedule 1 (*Malus and Clawback*)

If an Option is not exercised during the last 30 days of the Exercise Period because of any regulatory restrictions referred to in Rule 5.1(a), the Committee may extend the period during which the Option may be exercised so as to permit the Option to be exercised.

6. **CASH ALTERNATIVE**

6.1 **Board determination**

Where an Award is made in the form of an Issue of Shares or where an Option has been exercised and Shares have not yet been allotted or transferred to the Participant (or their nominee), the Board may determine that, in substitution for their right to acquire such number of Shares as the Committee may decide (but in full and final satisfaction of their right to acquire those Shares), they shall be paid by way of additional employment income a sum equal to the cash equivalent (as defined in Rule 6.3 (*Cash equivalent*)) of that number of Shares in accordance with the following provisions of this Rule 6.

6.2 **Limitation on the application of Rule 6.1**

Rule 6.1 shall not apply in relation to an Award made to a Participant in any jurisdiction where the presence of Rule 6.1 (*Board determination*) would cause:

- (a) the grant of the Award to be unlawful or for it to fall outside any applicable securities law exclusion or exemption; or
- (b) adverse tax, accounting or social security contributions consequences for the Participant or any Group Member (or former Group Member) as determined by the Board,

provided that this Rule 6.2 shall apply only if its application would prevent the occurrence of a consequence referred to in (a) or (b) above.

6.3 **Cash equivalent**

- (a) For the purpose of this Rule 6 (*Cash alternative*), the cash equivalent of a Share is:
 - (i) in the case of an Award in form of an Issue of Shares, the Market Value (as determined in accordance with Rule 6.3(b)) of a Share on the day when the Award was granted; or
 - (ii) in the case of an Option, the Market Value (as determined in accordance with Rule 6.3(b)) of a Share on the day when the Option is exercised reduced by the Option Price (if any) in respect of that Share.
- (b) Market Value on any day shall be determined as follows:
 - (i) if on the date of exercise, Shares are quoted in the London Stock Exchange

Daily Official List, the middle-market quotation of a Share, as derived from that List, on that day; or

- (ii) if Shares are not so quoted, such value of a Share as the Committee reasonably determines.

6.4 **Payment of cash equivalent**

As soon as reasonably practicable after the Board has determined under Rule 6.1 (*Board determination*) that a Participant shall be paid a sum in substitution for their right to acquire any number of Shares:

- (a) the Company shall, subject to Rule 6.5 (*Deductions*) pay to them or procure the payment to them of that sum in cash; and
- (b) if they have already paid the Company for those Shares, the Company shall return to them the amount so paid by them.

6.5 **Deductions**

There shall be deducted from any payment under this Rule 6 (*Cash alternative*) such amounts (on account of tax or similar liabilities (as determined by the Board) as may be required by law or as the Board may reasonably consider to be necessary or desirable.

7. **LEAVERS**

7.1 **Leavers before the second anniversary of the start of the first Performance Period**

If a Participant ceases to be an Eligible Employee of a Group Member before 1 April 2026, all rights to participate in the VCP shall lapse on the date of cessation and no Awards shall be granted in respect of any Units held, which shall be forfeited.

7.2 **Good leavers on or after the second anniversary of the start of the first Performance Period**

If a Participant ceases to be an Eligible Employee of a Group Member on or after the 1 April 2026 but prior to the receipt of an Award by reason of:

- (a) retirement with the agreement of their employer;
- (b) ill health, injury or disability evidenced to the satisfaction of the Committee;
- (c) redundancy (within the meaning of the Employment Rights Act 1996) or any overseas equivalent (as determined by the Committee);
- (d) death;
- (e) their office or employment being with either a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member; or
- (f) any other reason, if the Committee so decides,

Awards shall be granted at the end of each Performance Period unless the Committee determines that an Award shall be made upon cessation (based on the formula set out in Rule 3.1 (*Determination*) applying the Closing Share Price ending on the date of cessation, the dividends paid during the period from the Invitation Date to the date of cessation and

the number of Shares in issue at the date of cessation). In either case, Rule 7.4 (*Leavers: reduction in number of Shares*) shall apply.

7.3 Cessation of employment in other circumstances on or after the second anniversary of the start of the first Performance Period

If a Participant ceases to be an Eligible Employee of a Group Member for any reason other than those specified in Rule 7.2 (*Good leavers on or after the second anniversary of the start of the Performance Period*), but prior to the end of the relevant Performance Period then no Awards will be granted in respect of any Units held by that Participant. To the extent the Participant already holds an unexercised Option, it shall remain capable of exercise for a period of six months following the cessation date whereupon, to the extent not exercised, it shall lapse, save in circumstances where the Company is entitled to summarily dismiss the Participant, in which case it shall lapse on the date notice is provided. For the avoidance of doubt where a Participant ceases employment after the end of a Performance Period but prior to an Award being made in respect of it, the Participant shall be entitled to the Award, save in circumstances where the cessation was as a result of circumstances which justify summary dismissal. The Participant shall not be entitled to an Award in respect of any subsequent Performance Period.

7.4 Leavers: reduction in number of Shares

Where an Award is made on or after a Participant ceasing to be an Eligible Employee of a Group Member pursuant to rule 7.2 (*Good leavers on or after the second anniversary of the start of the first Performance Period*), the Committee shall determine the number of Shares to be awarded by undertaking the following steps:

- (a) making the calculation as set out in Rules 3 (*Measurement of the VCP*) and 4.1 (*Determination of the number of Shares subject to Award*); and
- (b) applying a pro rata reduction to the number of Shares determined under 7.4(a) based on the period of time which has elapsed between the 1 April 2024 and the date of cessation relative to the Performance Period(s),

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Shares under Rule 7.4(b) is inappropriate in any particular case when it shall increase the number of Shares to such higher number as it decides provided that number does not exceed the number of Shares determined under Rule 7.4(a).

If a right to an Award arises under Rule 8 (*Takeovers and other corporate events*) when the holder of that Award has ceased to be an Eligible Employee, then this Rule 7.4 shall take precedence over Rule 8 (*Takeovers and other corporate events*).

7.5 Meaning of ceasing employment

A Participant shall not be treated for the purposes of this Rule 7 as ceasing to be an Eligible Employee until such time as they are no longer an Eligible Employee of any Group Member. If any Participant ceases to be such an Eligible Employee before the granting of their Award in circumstances where they retain a statutory right to return to work then they shall be treated as not having ceased to be such an Eligible Employee until such time (if at all) as they cease to have such a right to return to work while not acting as an Eligible Employee.

7.6 Death following cessation of employment

If a Participant dies following cessation of employment in circumstances pursuant to Rules 7.2(a) to 7.2(f) (excluding Rule 7.2(d)) where an Award was not made at the date of cessation, an Award shall be made at the end of the relevant Performance Period unless the Committee decides that an Award shall be made following their death by reference to the time of cessation of employment in accordance with Rule 7.4 (*Leavers reduction in number*

of Shares).

8. TAKEOVERS AND OTHER CORPORATE EVENTS

8.1 General offers prior to the making of an Award

If any person (or group of persons acting in concert) obtains Control of the Company prior to the making of an Award as a result of making a general offer to acquire Shares; or having obtained Control of the Company makes such an offer and such offer becomes unconditional in all respects, the Board shall within 14 days of becoming aware of that event notify every Participant of it and, subject to Rule 2.3 (*Dealing Restrictions*), the Committee shall calculate the VCP and make an Award in the form of an Issue of Shares in satisfaction of a Participant's rights under the Plan. The VCP shall be calculated in accordance with Rule 3.1 (*Determination*) by reference to the offer price for a Share and taking account of the dividends declared during the period commencing on the relevant Invitation Date and ending on the date of the change of Control.

8.2 Schemes of arrangement prior to the making of an Award

In the event that prior to the making of an Award a compromise or arrangement is sanctioned by the Court under section 899 of the Companies Act 2006 in connection with or for the purposes of a change in Control of the Company, the Board shall within 14 days of becoming aware of that event notify every Participant of it and, subject to Rule 2.3 (*Dealing restrictions*), the Committee shall calculate the VCP and make an Award in the form of an Issue of Shares in satisfaction of a Participant's rights under the Plan. The VCP shall be calculated in accordance with Rule 3.1 (*Determination*) by reference to the offer price for a Share on a scheme of arrangement and taking account the dividends declared during the period commencing on the relevant Invitation Date and ending on the date of the Court sanction.

8.3 Discretion in relation to corporate events

If any of the events in Rules 8.1 (*General offers prior to the making of an Award*) and 8.2 (*Schemes of arrangement prior to the making of an Award*) arise or is likely to arise at an offer price which is less than the Hurdle Price, the Committee may in its absolute discretion make Awards to Participants in circumstances where it believes that material progress has been made at the relevant time toward improvement in the financial performance of the Company, following consultation with major shareholders. In determining any exercise of its discretion under this rule the Committee shall take account of the performance of the Share price and the elapse of time since the Invitation Date.

8.4 Corporate events after the making of Awards

If any of the events in Rules 8.1 (*General offers prior to the making of an Award*) and 8.2 (*Schemes of arrangement prior to the making of an Award*) arise, any outstanding Awards in the form of Options which have not been exercised shall remain capable of exercise within the period of one month from the notification given by the Board in accordance with the relevant rule, whereupon they shall lapse.

9. ALTERATIONS

9.1 General rule on alterations

Except as described in Rule 9.2 (*Shareholder approval*), and subject to Rule 9.4 (*Alterations to disadvantage of Participants*), the Committee may at any time alter the Plan or the terms

of any Award.

9.2 **Shareholder approval**

Except as described in Rule 9.3 (*Exceptions to shareholder approval*), no alteration to the advantage of an Eligible Employee to whom an Award has been or may be granted shall be made under Rule 9.1 (*General rule on alterations*) to the provisions concerning:

- (a) eligibility;
- (b) the individual limits on participation;
- (c) the overall limits on the issue of Shares or the transfer of treasury Shares or the transfer of Shares (other than the transfer of treasury Shares);
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan;
- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) the terms of this Rule 9.2

without the prior approval by ordinary resolution of the members of the Company in general meeting.

9.3 **Exceptions to shareholder approval**

Rule 9.2 (*Shareholder approval*) shall not apply to any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Member.

No alteration to the material disadvantage of Participants shall be made under Rule 9.1 unless:

- (a) the Board shall have invited every relevant Participant to indicate whether or not they approve the alteration; and
- (b) the alteration is approved by a majority of those Participants who have given such an indication.

9.4 **Alterations to disadvantage of Participants**

No alteration to the material disadvantage of Participants shall be made under Rule 9.1 unless:

- (a) the Board shall have invited every relevant Participant to indicate whether or not they approve the alteration; and
- (b) the alteration is approved by a majority of those Participants who have given such an indication.

10. **MISCELLANEOUS**

10.1 **Employment**

The rights and obligations of any Eligible Employee under the terms of their office or employment with any Group Member shall not be affected by their participation in the Plan

or any right which they may have to participate in it. An Eligible Employee who participates in the Plan waives any and all rights to compensation or damages in consequence of the termination of their office or employment for any reason whatsoever (and regardless of whether such termination is lawful or unlawful) insofar as those rights arise or may arise from them ceasing to have rights under an Award as a result of such termination. Participation in the Plan shall not confer a right to continued employment upon any Eligible Employee who participates in it. The grant of any Award does not imply that any further Award will be granted nor that a Participant has any right to receive any further Award.

10.2 **Disputes**

- (a) In the event of any dispute or disagreement as to the interpretation of the Plan, or as to any question or right arising from or relating to the Plan, the decision of the Committee shall be final and binding upon all persons.
- (b) The exercise of any power or discretion by the Committee shall not be open to question by any person and a Participant or former Participant shall have no rights in relation to the exercise of or omission to exercise any such power or discretion.

10.3 **Share rights**

- (a) All Shares allotted under the Plan shall rank equally in all respects with Shares then in issue except for any rights attaching to such Shares by reference to a record date before the date of the allotment.
- (b) Where Shares are transferred to Participants (or their nominee), Participants will be entitled to all rights attaching to such Shares by reference to a record date on or after the date of such transfer or release of such restrictions.

10.4 **Listing**

The Company shall use its best endeavours to procure that as soon as practicable after the allotment of any Shares pursuant to the Plan application shall be made for the Shares to be Admitted.

10.5 **Notices**

- (a) Any notice or other communication under or in connection with the Plan may be given in such manner as the Board consider to be appropriate, which may include communication by email or intranet or by personal delivery or by sending the same by post, in the case of a company to its registered office, and in the case of an individual to their last known address, or, where they are a director or employee of a Group Member, either to their last known address or to the address of the place of business at which they perform the whole or substantially the whole of the duties of their office or employment.
- (b) Where any such notice or other communication is given by a Participant to the Company, it shall be effective only on receipt by the Company.

10.6 **Third parties**

Subject to Rule 4.5 no third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan (save that Group Members (and former Group Members) shall be entitled to enforce the terms of the Plan.

10.7 **Benefits not pensionable**

Neither the making of an Award nor any benefit which may accrue to the Participant on the granting of an Award shall form part of the Participant's pensionable remuneration for the

purposes of any pension plan or similar arrangement which may be operated by any Group Member.

10.8 **Termination of Plan**

The Plan shall terminate on the 1 April 2028 or at any earlier time by a resolution of the Committee. Termination of the Plan shall be without prejudice to the subsisting rights of Participants or any other relevant persons.

10.9 **Data protection**

The Company or any Group Member, any of their Associated Companies, the trustees of any employee benefit trust, any administrator of the Plan (the "**Administrator**"), the Company's registrars, or the Company's or Administrator's brokers will hold, process and transfer personal data relating to the Participant, either amongst themselves or to any third parties engaged by them, for any and all purposes related to the operation and administration of the Plan and/or in order to meet any legal obligation, in each case in accordance with the Company's Data Privacy Policy and applicable law where the processing is necessary for:

- (a) the performance of the contract between the Company and the Participant under which the Participant participates in the Plan;
- (b) the Company or any Group Member to comply with its legal obligations; or
- (c) the purposes of furthering the legitimate business interests of the Company or any Group Member provided this does not conflict with the legal rights of the Participant.

The Company or any member of the Group may, in accordance with the Company's Data Privacy Policy and applicable law, transfer or store personal information outside the European Economic Area ("**EEA**"), and personal data may also be processed outside the EEA by the Company or any Group Member or by one or more of its or their service providers.

10.10 **Governing law**

The Plan and all Awards shall be governed by and construed in accordance with the law of England and Wales and the Courts of England and Wales have exclusive jurisdiction to hear any dispute.

SCHEDULE 1

MALUS AND CLAWBACK

1. EVENTS THAT LEAD TO RECOVERY AND WITHHOLDING

The Committee may decide at any time within the six year period commencing on the Invitation Date (the "**Discovery Period**") that the individual to whom the Award was made (the "**Relevant Individual**") shall be subject to an obligation to repay the amounts referred to in paragraph 2 below ("**Recovery and Withholding**") if:

- (i) the Committee forms the view that the Company materially misstated its financial results for whatever reason and that such misstatement resulted either directly or indirectly in an Award being granted over more Shares than would have been the case had that misstatement not been made;
- (ii) the Committee forms the view that any calculation in connection with the Award (including, but without limitation to, the number or value of Shares over which an Award is granted) or any assessment of the VCP or the number of Awards granted was based on an error, or on inaccurate or misleading information or assumptions and that such error, information or assumptions resulted either directly or indirectly in that Award being granted over more Shares to a greater degree than would have been the case had that error not been made; or
- (iii) it is determined that the Relevant Individual committed misconduct on or prior to the making of an Award (and/or on or prior to its exercise in respect of an Award structured as an Option) that could have warranted their summary dismissal and consequently could have resulted in the Award lapsing in part or in full.

2. AMOUNT TO BE SUBJECT TO RECOVERY AND WITHHOLDING

The Committee shall determine the amount to be subject to Recovery and Withholding which:

- (i) where paragraph 1(i) and/or 1(ii) above applies, shall be all or part of the additional value which the Committee considers was granted and/or was otherwise received by the Relevant Individual in the circumstances referred to in those paragraphs; and
- (ii) where paragraph 1(iii) above applies, shall be all or part of such value which the Committee determines would have not have otherwise been received under the Award had the Award lapsed in full in connection with the misconduct.

Any determinations under this paragraph 2 above shall be on such basis as the Committee reasonably decides.

3. SATISFACTION OF THE RECOVERY AND WITHHOLDING

The Recovery and Withholding shall be satisfied as set out in paragraphs (i) and/or (ii) below.

- (i) The Committee may reduce (including, if appropriate, reducing to zero) any of the following elements of the remuneration of the Relevant Individual:

- (A) the amount of any future bonus which would, but for the operation of the Recovery and Withholding, be payable to the Relevant Individual in respect of the relevant financial year under any bonus plan operated by any Group Member; and/or
 - (B) the number of Shares subject to any subsisting award held by the Relevant Individual under any deferred bonus plan operated by any Group Member; and/or
 - (C) the number of Shares subject to any subsisting Option held by the Relevant Individual under the Plan or any other employees' share plan or share award arrangement (except for any award which is tax-advantaged pursuant to Schedules 1 to 5 inclusive of the Income Tax (Earnings and Pensions) Act 2003 or any deferred bonus plan which is not approved by shareholders in general meeting) notwithstanding the extent to which any performance condition and/or any other condition imposed on any such Award and/or other award (as relevant) has been satisfied; and/or
- (ii) the Committee may require the relevant individual to pay to such Group Member as the Committee may direct, and on such terms as the Committee may direct (including, but without limitation to, on terms that the relevant amount is to be deducted or withheld from the Relevant Individual's salary or from any other payment to be made to the Relevant Individual by any Group Member), such amount as is required for the Recovery and Withholding to be satisfied in full.

Any reduction made pursuant to paragraphs (i)(B) and/or (i)(C) above shall be made at such time or times as the Committee determines appropriate and which, in the case of unvested awards, shall be at the time they would otherwise ordinarily vest unless the Committee decides otherwise.

4. **REDUCTION IN AWARDS TO GIVE EFFECT TO RECOVERY AND WITHHOLDING PROVISIONS IN OTHER PLANS**

The Committee may decide at any time to reduce the number of Shares subject to an award (including, if appropriate, reducing to zero) to give effect to recovery and withholding provisions of any form and/or name contained in any incentive plan or any bonus plan operated by any Group Member. The value of the reduction shall be in accordance with the terms of the relevant provisions of the relevant plan or, in the absence of any such term, on such basis as the Committee, acting fairly and reasonably, decides is appropriate.

SCHEDULE 2

HOLDING PERIODS

1. RESTRICTIONS ON THE SALE, TRANSFER, DISPOSAL AND ASSIGNMENT OF NET SHARES

This schedule 2 shall apply to such individuals as the Committee, in its discretion, determines appropriate.

Subject to paragraph 2 below, each Participant to which this Schedule applies agrees:

- (i) to hold their Net Shares during the Holding Period applying to those Shares in accordance with such terms and conditions that the Committee may impose and determine from time to time, which may include their Net Shares being held by a nominee appointed by the Company, on their behalf;
- (ii) not to sell, transfer, assign or dispose of any interest in their Net Shares until the expiry of the Holding Period applying to those Shares;
- (iii) that if they acquire any further Shares by virtue of their holding of Net Shares during the Holding Period those newly acquired Shares shall also be held subject to the terms of this schedule 2 as they apply to the original Net Shares until the expiry of the Holding Period unless the Committee, in its discretion, determines otherwise; and
- (iv) to enter into any other document required by the Committee from time to time to give effect to the restrictions under this schedule 2.

For the avoidance of any doubt:

- (A) subject to the Committee's discretion under paragraph 3(iv) of this Schedule to specify that a Holding Period shall expire at any date that it may determine, where a Participant holds their Net Shares subject to a Holding Period pursuant to the provisions of this schedule 2 and that Participant subsequently ceases to be employed by, or ceases to be an executive director of, the Company, then that Participant's Net Shares shall remain subject to that Holding Period on the same terms notwithstanding the cessation; and
- (B) Net Shares shall not be subject to any risk of forfeiture during the Holding Period.

2. PERMITTED TRANSFERS DURING THE HOLDING PERIOD

- (i) Subject to the prior approval of the Committee, the Participant may transfer or assign some or all of their Net Shares to their spouse or civil partner or to the Participant's personal pension plan (the "**transferee**") during the Holding Period provided that the transferee has agreed to comply with the terms of this Schedule 2, any other terms and conditions imposed by the Committee and the decisions of the Committee and the transferee agrees not to sell, transfer, assign or dispose of those Net Shares until the expiry of the Holding Period.

- (ii) The Committee may, in its discretion, allow a Participant to sell, transfer, assign or dispose of some or all of their Net Shares before the end of the Holding Period, subject to any additional terms and conditions that the Committee may specify.

3. **EXPIRY OF THE HOLDING PERIOD**

The Holding Period shall expire on the earliest of:

- (i) the fifth anniversary of the Invitation Date;
- (ii) the date of an event under Rule 8;
- (iii) the death of the Participant; and
- (iv) such other date determined by the Committee, in its discretion.

Net Shares shall cease to be subject to any restrictions under this schedule 2 once the Holding Period has expired. As soon as reasonably practicable following the expiry of the Holding Period the Board shall transfer or procure the transfer of the legal title for the Net Shares and any documents of title relating to those Net Shares to the Participant or their nominee as relevant.

4. **INTERACTION WITH THE COMPANY'S SHARE OWNERSHIP GUIDELINES**

Nothing in this schedule 2 shall remove and/or reduce any additional requirements that may apply to the Participant under the Company's share ownership guidelines from time to time.

SCHEDULE 3

U.S. SUB-PLAN

1. PURPOSE AND APPLICABILITY

- 1.1 This sub-plan (the "**U.S. Sub-Plan**") applies to Participants of the Dialight plc 2024 Value Creation Plan (the "**Plan**") who are either U.S. residents or U.S. taxpayers (each such Participant, a "**U.S. Participant**"). The purpose of the U.S. Sub-Plan is to facilitate compliance with U.S. tax, securities and other applicable laws, to eligible U.S. Participants.
- 1.2 Except as otherwise provided by the U.S. Sub-Plan, all Award grants made to U.S. Participants will be governed by the terms of the Plan, when read together with the U.S. Sub-Plan. In any case of an irreconcilable contradiction (as determined by the Board between the provisions of the U.S. Sub-Plan and the Plan), the provisions of the U.S. Sub-Plan will govern. Capitalized terms contained herein have the same meanings given to them in the Plan, unless otherwise provided by the U.S. Sub-Plan.
- 1.3 This Sub-Plan is effective as of 22 July 2024, the date it was adopted by the Board (the "**Effective Date**").

2. DEFINITIONS

- 2.1 In the U.S. Sub-Plan, the following words will have the meaning as defined below:
 - (a) Cause: will have the ascribed to such term in any written agreement between the Participant and the relevant employing Group Member defining such term and, in the absence of such agreement, such term means the occurrence of any of the following events: (i) commission of any felony or any crime involving fraud, dishonesty or moral turpitude under the laws of the U.S. or any state thereof; (ii) attempted commission of, or participation in, a fraud or act of dishonesty against any Group Member; (iii) intentional, material violation of any contract or agreement between the Participant and any Group Member or of any statutory duty owed to any Group Member; (iv) unauthorized use or disclosure of any Group Company's confidential information or trade secrets; or (v) gross misconduct. The determination of Cause will be made by the Board, in its sole discretion.
 - (b) Code: means the U.S. Internal Revenue Code of 1986, as amended.
 - (c) Securities Act: means the U.S. Securities Act of 1933, as amended.
 - (d) U.S.: means the United States of America.

3. ADDITIONAL TERMS AND CONDITIONS APPLICABLE TO ALL AWARDS GRANTED TO U.S. PARTICIPANTS

- 3.1 Form of Award

Awards granted under the U.S. Sub-Plan shall take the form of an Issue of Shares.
- 3.2 Transferability of Awards

A U.S. Participant may only transfer an Award by will or by the laws of descent and

distribution and an Award will be exercisable during the lifetime of the U.S. Participant only by the U.S. Participant. A Participant may not assign, pledge charge or otherwise dispose of, or grant any form of security or other interest over, any part of their interest in an Award.

3.3 Adjustments in connection with certain transactions

In accordance with Rule 3.2 of the Plan (Adjustments), the Committee shall make adjustments to Units or Awards in a manner that complies with Sections 422 and 409A of the Code, as applicable. The Committee will make such adjustments, and its determination will be final, binding and conclusive.

3.4 Issuance of Awards

Notwithstanding any contrary provision of the Plan, the Committee shall grant an Award to Participants pursuant to Rule 4.1 (*Determination of the number of Shares subject to Award*) in connection with each Performance Period no later than 31 December of the year in which the Performance Period ends.

3.5 Good Leaver on or after the second anniversary of the start of the first Performance Period

If a U.S. Participant is a Good Leaver under Rule 7.2, the Award shall be made at the end of the Performance Period. The Committee may not issue the Award upon a cessation.

3.6 Death following cessation of employment

If a U.S. Participant dies following cessation of employment in circumstances pursuant to Rules 7.2(a) to 7.2(f) (excluding rule 7.2(d)), an Award shall still be made at the end of the relevant Performance Period.

3.7 Takeovers and Other Corporate Events

U.S. Participants shall be eligible for the treatment provided under Rules 8.1 and 8.2 if the change in the Control of the Company also constitutes either "a change in the ownership of" the Company, "a change in effective control" of the Company or "a change in the ownership of a substantial part of the assets" of the Company, as each is defined in U.S. Treasury Regulation 1.409A-3(i)(5)(v), (vi) and (vii).

3.8 No right to employment or other status

No person shall have any claim or right to be granted an Award under this U.S. Sub-Plan, and the grant of an Award shall not be construed as giving a U.S. Participant the right to continued employment or any other service relationship with any Group Member.

3.9 Conditions on delivery of Shares

The Company will not be obligated to deliver any Shares pursuant to this U.S. Sub-Plan or to remove restrictions from Shares previously delivered under this U.S. Sub-Plan until:

- (e) all conditions of the Award have been met or removed to the satisfaction of the Company;
- (f) in the opinion of the Company's counsel, all other legal matters in connection with the issue, allotment and delivery of such shares have been satisfied, including any applicable securities laws and any applicable stock exchange or stock market rules and regulations; and
- (g) the U.S. Participant has executed and delivered to the Company such representations or agreements as the Company may consider appropriate to satisfy the requirements of any applicable laws, rules or regulations.

4. TAX MATTERS

- 4.1 Prior to the delivery of any Shares pursuant to an Award, the Company will have the power and the right to deduct or withhold, or require a U.S. Participant to remit to the relevant Group Member (as applicable), an amount sufficient to satisfy U.S. federal, state, local, foreign or other taxes (including the U.S. Participant's FICA obligation) required to be withheld with respect to such Award.
- 4.2 Each Group Member may, in their sole discretion, satisfy any U.S. federal, state, local, foreign or other tax withholding obligation relating to an Award by any of the following means or by a combination of such means: (i) causing the U.S. Participant to tender a cash payment; or (ii) withholding payment from any amounts otherwise payable to the U.S. Participant.
- 4.3 Each Group Member will have no duty or obligation to the U.S. Participant to advise such holder as to the time or manner. Each Group Member has no duty or obligation to minimize the tax consequences of an Award to the U.S. Participant.
- 4.4 Unless otherwise expressly provided for in any documentation issued in connection with an Award, the terms applicable to Awards granted under the U.S. Sub-Plan are intended to be interpreted to the greatest extent possible in a manner that makes the Awards exempt from Section 409A of the Code, and, to the extent not so exempt, that brings the Awards into compliance with Section 409A of the Code. If any provision of the Plan or the U.S. Sub-Plan is ambiguous such that an interpretation of the Plan or the U.S. Sub-Plan to either be exempt from or compliant with Section 409A of the Code, the Company hereby intends that interpretation to apply. Notwithstanding anything to the contrary in the Plan (and unless the documentation issued in connection with an Award or other written contract with the U.S. Participant specifically provides otherwise), if the Shares are publicly traded, and if a U.S. Participant holding an Award that constitutes "deferred compensation" under Section 409A of the Code is a "specified employee" under Section 409A of the Code, no distribution or payment of any amount that is due because of a "separation from service" (as defined in Section 409A of the Code without regard to alternative definitions thereunder) will be issued or paid before the date that is six (6) months following the date of such U.S. Participant's "separation from service" or, if earlier, the date of the U.S. Participant's death, unless such distribution or payment can be made in a manner that complies with Section 409A of the Code, and any amounts so deferred will be paid in a lump sum on the day after such six (6) month period elapses, with the balance paid thereafter on the original schedule. Each Group Member shall have no liability to a U.S. Participant or any other party if an Award that is intended to be exempt from, or compliant with, Section 409A of the Code is not so exempt or compliant or for any action taken by the Board.

5. SECURITIES LAW MATTERS

- 5.1 The Plan and the U.S. Sub-Plan are collectively intended to qualify as a compensatory benefit plan within the meaning of Rule 701 of the U.S. Securities Act of 1933, as amended, (the "Securities Act") and the issuance of the Shares pursuant hereto is intended to qualify for the exemption from registration under the Securities Act provided by Rule 701; provided, however, that if a U.S. Participant meets the requirements of an "accredited investor" (as defined in Regulation D under the Securities Act), subject to the U.S. Participant representing and warranting that the Participant is an accredited investor, the U.S. Participant will receive any Shares under the Plan and the U.S. Sub-Plan as an accredited investor.

6. TERM AMENDMENT AND TERMINATION OF U.S SUB-PLAN

- 6.1 The Board may amend, suspend or terminate this U.S. Sub-Plan at any time. Unless terminated sooner by the Board, the U.S. Sub-Plan will terminate automatically upon the earlier of (i) 1 April 2028 and (ii) the termination of the Plan. No Awards may be granted under the U.S. Sub-Plan while either the Plan or the U.S. Sub-Plan is suspended or after the Plan or the U.S. Sub-Plan is terminated (but Awards previously granted under this U.S. Sub-Plan may extend beyond that date).
- 6.2 If this U.S. Sub-Plan is terminated, the provisions of this U.S. Sub-Plan and any administrative guidelines, and other rules adopted by the Board and in force at the time of suspension or termination of this U.S. Sub-Plan, will continue to apply to any outstanding Awards as long as an Award issued pursuant to the U.S. Sub-Plan remain outstanding.
- 6.3 No amendment, suspension or termination of the U.S. Sub-Plan may materially adversely affect any Awards granted previously to any U.S. Participant without the consent of the U.S. Participant.
- 6.4 The Board may amend, modify or terminate any outstanding Awards granted to a U.S. Participant, provided that the U.S. Participant's consent to such action shall be required unless the Board determines that the action, taking into account any related action, would not materially and adversely affect the U.S. Participant.

7. GOVERNING LAW AND JURISDICTION

- 7.1 The U.S. Sub-Plan and any dispute or claim arising out of or in connection with it or its subject matter or formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the law of England and Wales.
- 7.2 Each party irrevocably agrees that the courts of England and Wales shall have exclusive jurisdiction to settle any dispute or claim arising out of or in connection with, the U.S. Sub-Plan or its subject matter or formation (including non-contractual disputes or claims).
- 7.3 Each party irrevocably consents to any process in any legal action or proceedings under the Plan being served on it in accordance with the provisions of the Plan relating to service of notices. Nothing contained in the U.S. Sub-Plan shall affect the right to serve process in any other manner permitted by law.