11 November 2025

Dialight plc
Unaudited interim results for the six months ended 30 September 2025

Strong execution of Transformation Plan

Dialight plc (LSE: DIA.L), a global leader in sustainable LED lighting for industrial applications, announces its unaudited interim results for the six months ended 30 September 2025.

($m unless otherwise stated)	**Six months ended 30 September 2025 (unaudited)**	Six months ended 30 September 2024 (unaudited)	*Change ($m)*
Group revenue	**86.4**	90.3	*(3.9)*
Underlying results[1]			
Gross margin	**35.3%**	33.0%	*+230bps*
EBITDA	**9.6**	5.2	*+4.4*
Operating profit	**5.5**	0.9	*+4.6*
Operating cash flow	**13.9**	6.3	*+7.6*
Statutory results			
Operating profit/(loss)	**5.9**	(19.3)	*+25.2*
Profit/(loss) before tax	**4.5**	(20.8)	*+25.3*
Profit/(loss) after tax	**2.7**	(18.2)	*+20.9*
Earnings/(loss) per share – diluted	**6.8 cents**	(45.8) cents	*+52.6 cents*
Net bank debt	**(10.2)**	(15.4)	*+5.2*

1. The definitions of the adjustments made and the reconciliation to the reported figures can be found in Note 16.

Performance highlights

- **Group revenue down** reflecting challenging market conditions for Lighting (down 9.4%) as capital projects were deferred, partially offset by Signals & Components (up 10.2%).
- **Margin improvement** reflecting benefits from the Transformation Plan.
- **Underlying operating profit up six-fold** driven by higher gross margin and lower overheads.
- **Underlying operating cash flow doubled** following increased profitability and improved working capital management, particularly inventory, though more still to do.
- **Net bank debt reduced** driven by positive profit and strong cash generation.
- **New agreement reached in October 2025 to accelerate all remaining Sanmina payments;** $5.7m due to be paid by 31 December 2025 removing significant contingent financial risk.

Commenting on these results, Steve Blair, Group Chief Executive Officer, said:

"The Group continues to operate against a backdrop of tariff uncertainty and delayed sales orders caused by certain macroeconomic constraints. Notwithstanding these market challenges, the Group has continued to make good progress across a number of workstreams of the Transformation Plan. We've reinvigorated our Signals & Components business following a strategic review and should see growth here by investing in people and new products. Our Operations function has delivered on a number of projects in the period, driving up margins and significantly helping to reduce the Group's inventory balance. There is more for us to do to make us the best that we should be.

"For the second half of our financial year, we will continue to expect to deliver strong and tangible progress from the Transformation Plan which will conclude at the end of March 2026. Our focus is on making accelerated progress on our Sales transformation and generating growth in Lighting, despite the continued headwind of difficult US market conditions. The Board remains confident in achieving the recently upgraded expectations for the full financial year[5]."

Interim results information

Interim results presentation

The interim results presentation can be found at: https://www.dialight.com/ir/reports-news/

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About Dialight

Dialight (LSE: DIA.L) is a global leader in sustainable LED lighting for industrial applications**.** Dialight's LED products are providing the next generation of lighting solutions that deliver reduced energy consumption and create a safer working environment. Our products are specifically designed to provide superior operational performance, reliability, and durability, reducing energy consumption and ongoing maintenance, and achieving a rapid return on investment.

The Company is headquartered in the UK, with operations in the US, the UK, Mexico, Malaysia, Singapore, Australia, Germany and Dubai. To find out more about Dialight, visit www.dialight.com.

Notes

1. Underlying EBITDA is defined as operating profit or loss stated before non-underlying items, gains or losses on disposal of businesses, net finance expense, taxation, depreciation (including right-of-use assets) and amortisation of intangible assets.
2. Net bank debt is defined as total Group borrowings (excluding lease liabilities recognised under IFRS 16 *Leases* ("IFRS 16") and the Sanmina liability) less cash and cash equivalents.
3. The commentary in both the Chief Executive Officer's and Chief Financial Officer's reviews uses alternative performance measures, which are described as "underlying". Definitions of these measures can be found in Note 16. These measures provide additional information for users on the underlying performance of the business, enabling consistent period-on-period comparisons.
4. The Group's results for the year ending 31 March 2026 are due to be released in late June 2026.
5. Investec expectation: underlying operating profit of $8.5m (6 October 2025).

Cautionary statement regarding forward-looking statements

This announcement contains certain statements, statistics and projections that are or may be forward-looking. The accuracy and completeness of all such statements, including, without limitation, statements regarding the future financial position, strategy, projected costs, plans and objectives for the management of future operations of Dialight plc and its subsidiaries is not warranted or guaranteed. These statements typically contain words such as "intends", "expects", "anticipated", "estimates" and other similar words. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. Although Dialight plc believes that the expectations will prove to be correct, there are a number of factors, many of which are beyond the control of Dialight plc, which could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. This announcement contains inside information on Dialight plc.

CHIEF EXECUTIVE OFFICER'S REVIEW

The Group has had an excellent first half of the financial year with underlying operating profit of $5.5m already ahead of the $4.2m for the full financial year last year. This performance has been achieved despite depressed market conditions with tariff uncertainty and higher cost of other materials needed to complete installations (caused by tariff increases) necessitating customers to delay sales orders. Group revenue for the six months ended 30 September 2025 was $86.4m, down 4.3% from the prior period. A reduction of 9.4% was reported in the Lighting segment with business continuing to be impacted by challenging market conditions as capital projects were deferred. This was partly offset by increased revenues of 10.2% in Signals & Components.

The Group's products manufactured in Mexico are currently tariff-free under the USMCA free trade agreement and have been for almost all of the first half of the year. This situation is under constant review and closely monitored. We have developed a wide range of contingency plans should this position change. Some of the Group's components are imported from outside the US and Mexico and have been subject to tariffs. The overall impact of this has been less than 1% of material cost and this has been offset by supplier price reductions.

SIGNALS & COMPONENTS

Despite the challenging market conditions the Group has made several strides forward in the first half of the year. We have conducted a thorough strategic review of our opto-electronics ("OE") product line. This has for a long time been the "junior" product line that has been flat to marginally declining over the last decade. The OE product line generates good gross margin above the average Group return on sales. We have decided to reinvigorate and to invest in this product line. This will include recruiting new salespeople, investing in new product development and stock keeping unit ("SKU") reductions. We plan to reduce lead times, have a more aggressive sales outlook, increase sales win rates and partner with Asian contract equipment manufacturers. This should stimulate growth in this product line which has a direct correlation to the growth in data warehouses and artificial intelligence as our OE products are on these servers and equipment.

LIGHTING SALES/SALES TRANSFORMATION

We have been focused on stabilising the business over the last 18 months achieving considerable success in returning the business to profitability, generating cash and reducing net bank debt. Over the last six months we have begun to turn our attention to future growth across the business looking at short-, medium- and long-term strategic opportunities. This will continue to be our focus moving forward, despite the prevailing macroeconomic climate, as the transformation of the operational side of the business transitions to business as usual.

In the first half of the year, the Group opened new geographic markets (Lighting sales in Nigeria and Angola for oil and gas) and launched several new Lighting products. These have included self-developed products, for instance lights for use in hydrogen production and storage environments, as well as, for the first time, source and sell products. This latter Group includes swivel pole lights, lower cost linear lights and high output floodlights. These source and sell products are still expected to generate returns in line with our three-year gross margin ambitions.

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

The Group's sales transformation is tracking slightly behind the business, financial and operational transformation. That said, the Group has introduced a tollgate order tracking and margin approval system on its *Salesforce* customer relationship management system. There has also been a project to optimise sales talent that has seen several under-performing sales staff leave. We have also re-created a Global Engineering, Procurement and Contracting ("EPC") team. We are seeking to return to the levels of sales that the Group used to generate from specified projects that EPCs control. We have also seen a good improvement in pricing discipline and an increased focus on selling the higher margin products from a limited number of SKUs.

Finally, on sales transformation, sales commissions are now based on order profitability not just the value of the order. This will pay a higher commission to those individuals that beat the sales target and, more importantly, beat the gross margin target.

OPERATIONAL TRANSFORMATION

Our Operations function has delivered on a number of projects in the period. Sub-assembly SKU numbers have reduced by as much as 80% over the past year, SKUs have reduced by around one third, costs reductions and purchase price variances have not only offset tariff pressure but increased gross margin, Ensenada has been rightsized and several new products have been introduced. This Group has led (through cross functional teams) the product portfolio optimisation, business simplification, inventory reduction (inventory has reduced by 23% to $35.8m in the last six months), rightsizing the manufacturing facilities and SKU reductions.

The Group's Traffic business, disposed of in the prior year but which the Group had an assembly commitment through to the end of October 2025, has now ceased production. Sales to the end of 30 September 2025 were $7.1m compared to $6.3m in the comparative period. The Group's Traffic business has historically been loss making and an onerous contract provision of $0.9m was created in the last financial year. This has been released and a small exit profit of $0.4m was made in the half year. A substantial amount of the inventory associated with this business has been successfully sold (and collected) with a reduction of over $2.8m in the half year.

During the half year, the Group successfully moved certain key lighting products from Ensenada, Mexico to our new facility in Penang, Malaysia. This move was conducted perfectly by the respective teams, and this reduces our lead times and tariffs into the Asian market. The continued delivery of efficiencies associated with the implementation of the Transformation Plan, as well as the move of Asian lighting to Malaysia, SKU reduction, discontinuing loss-making products, including lighting, has resulted in the Group conducting two reductions in force ("RIF") in the first half year with one further in October. The overall headcount reduction has been almost 100 direct, indirect and salaried staff. The cost of redundancy of $1.2m has been treated as non-underlying. The annual cost saving from these reductions is in excess of $3m. Despite these rightsizing actions, the Group has maintained the flexibility in the workforce to step up production as and when the Group Lighting sales returns to growth.

The Group engineering function continued to work through the Covid pandemic. The US Internal Revenue Service allowed an Employee Retention Credit ("ERC") to compensate such companies that continued investing in people and growth. The Group submitted two claims totalling $2.9m and these were both paid in the first half of the financial year. These have been credited to other operating income but are not included in underlying operating profit as this income is a one off and there are no more claims to follow.

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

PROFIT PERFORMANCE

Underlying operating profit before interest and tax has increased six-fold to $5.5m compared to the $0.9m in the prior period. The primary factors for the increased underlying operating profit are increased gross margin and reduced overheads.

Gross margin overall has increased to 35.3% from 33.0% in the comparable period. This increase has added almost $2m to operating profit. The increase has been driven by a reduction in sub-assembly SKUs, reduction in finished goods SKUs, cost reduction, rightsizing direct labour, reduction in gross to net sales adjustments, reduced sales commission, procurement savings and freight optimisation.

The overall underlying Group overhead at $25.0m has reduced by $3.9m compared to the comparative period. This has been achieved by reduced headcount, lower legal fees and professional fees and better overall control of costs. All businesses in the Group now have monthly cost centre cost report analyses with appropriate delegated authority levels to improve overall control of costs.

WINNING HEARTS AND MINDS

We have a clear and coherent strategy. Our employees are invested in the Transformation Plan to improve Dialight and make it a better place to work with a more certain future. Through the first half year, we have had around a dozen cross functional teams with representation from every department looking to simplify and improve our business. It is testament to our staff and these teams that the positive progress reported here has occurred. The result of this work is reflected in the increased profit and cash generation. From this, for the first time, in July we paid every employee not on an alternative bonus scheme a small bonus as a statement of gratitude and thanks. The management bonus also paid out for the first time in several years.

During the year we conducted a Group-wide employee survey. The results of this showed that we are making good progress but also that there are plenty of improvements still to come. These recommendations are now being worked on by each department.

Lynn Brubaker, our Chair of the Remuneration Committee and Non-Executive Director ("NED"), has continued a wide-ranging series of employee engagements including at Ensenada, New Jersey and London acting as our Workforce Engagement NED.

CASH FROM OPERATIONS

Overall cash generated by operations has increased to $16.3m in the first half of the year (half year to 30 September 2024: $4.3m). This has been achieved through underlying EBITDA for the six months of $9.6m, a $10.8m reduction in inventories and a $5.2m reduction in trade and other receivables offset by an outflow relating to trade and other payables of $9.9m (which includes catch-up payments to our suppliers of $2.0m). Non-underlying cash costs in the six months ended 30 September 2025 were $2.0m which comprises $0.8m for the settlement of legal fees relating to Sanmina and $1.2m in respect of the Transformation Plan whilst non-underlying ERCs of $2.9m were received in cash. After adjusting for these net non-underlying cash items of $0.9m and deducting lease payments (including interest) in the first half of $1.5m, underlying operating cash flow was $13.9m.

CHIEF EXECUTIVE OFFICER'S REVIEW (continued)

We have had better control of our capital expenditure, with capitalised development costs of $1.6m (six months ended 30 September 2024: $1.4m) with an associated amortisation charge of $0.9m (six months ended 30 September 2024: $0.9m) and capital projects (mainly replacement) of $0.9m (six months ended 30 September 2024: $3.4m).

OTHER

Two payments of $1.0m were paid to Sanmina in the half, leaving $6.0m outstanding. On 9 October, we reached an agreement with Sanmina to pay $5.7m (a reduction of $0.3m over what would otherwise have been paid) before the end of December 2025 and in return the potential actions to recover $22m (which are detailed and disclosed as a contingent liability in Note 17) will be extinguished.

OUTLOOK

For the second half of our financial year, we continue to expect to deliver strong and tangible progress from the Transformation Plan which will conclude at the end of March 2026. Our focus is on making accelerated progress on our Sales transformation and generating growth in Lighting, despite the continued headwind of difficult US market conditions. The Board remains confident in achieving the recently upgraded expectations for the full financial year.

Steve Blair
Group Chief Executive Officer
10 November 2025

CHIEF FINANCIAL OFFICER'S REVIEW

The Group's first half results are strong across a number of key financial metrics. Despite demand trends and operating conditions in the Group's end markets remaining soft which has caused Group revenue to decline, the first half has seen the Group continue to successfully execute the Transformation Plan. This has resulted in the Group delivering an operating profit of $5.9m in the period which, coupled with a $10.8m reduction in inventory, has driven the strong cash generation by operations of $16.3m. Net bank debt at the half year is $10.2m, down from $17.8m at 31 March 2025. This strong financial performance led the Group to upgrade market guidance on 6 October 2025.

As a Board and a management team, we are committed to growing revenues, improving gross margins and reducing the operating cost base to bring into line with the current level of activity. With our streamlined Operations and Sales structure and continued focus on reducing the number of SKUs, we are well-set on returning the Group to earning historic double-digit returns on sales margin.

FINANCIAL REVIEW

FINANCIAL PERFORMANCE

Group revenue of $86.4m for the six months ended 30 September 2025 (six months ended 30 September 2024: $90.3m) generated a gross profit of $30.5m (six months ended 30 September 2024: $29.8m), giving a gross margin of 35.3% (six months ended 30 September 2024: 33.0%). This increase of 230 basis points has been driven by selling more profitable products and the continuation of driving better financial discipline on pricing and costs.

In the first half, the Group received ERCs of $2.9m which has been recognised as other operating income but which has been treated as non-underlying. In the prior period, the Group recognised a one-off gain of $5.2m on the sale of the Traffic business. Distribution costs of $13.3m (six months ended 30 September 2024: $14.7m) and administrative expenses of $14.2m (six months ended 30 September 2024: $39.6m) resulted in an operating profit of $5.9m (six months ended 30 September 2024: loss of $19.3m). The operating profit for the current period (operating loss for the prior period) was after $0.4m of net non-underlying income (including the ERC credit of $2.9m) was recognised (six months ended 30 September 2024: non-underlying costs of $25.4m) and, for the prior period, the $5.2m gain on sale of the Traffic business.

Underlying performance

The Group's gross profit for the first half was $30.5m (six months ended 30 September 2024: $29.8m) and, excluding net non-underlying items, total underlying overheads in the six months ended 30 September 2025 were $25.0m (six months ended 30 September 2024: $28.9m). This resulted in an underlying operating profit of $5.5m (six months ended 30 September 2024: $0.9m).

Lighting before central costs

The Lighting segment represents approximately 70% of the Group's revenue and consists of two revenue streams: large capital expenditure projects and ongoing maintenance, repair and operations ("MRO") spend.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

($m unless otherwise stated) Lighting	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	*Variance*
Revenue	**60.4**	66.7	*(6.3)*
Gross profit	**22.3**	24.2	*(1.9)*
Gross profit margin	**36.9%**	36.3%	*+60 bps*
Underlying overheads	**(16.7)**	(19.2)	*+2.5*
Underlying operating profit before central costs	**5.6**	5.0	*+0.6*

In the six months ended 30 September 2025, Lighting revenue is down by $6.3m to $60.4m due to tariff uncertainty, the softer macroeconomic climate and the impact of this on the Group's hazardous end-market sectors. Gross margins are 60 basis points up in the first half against the comparative period with underlying overheads lower by $2.5m due to the benefits of the Transformation Plan.

Signals & Components before central costs

Signals & Components is a high-volume business operating within highly competitive markets. There are three main elements: traffic lights, opto-electronics ("OE") components and vehicle lights.

($m unless otherwise stated) Signals & Components	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	*Variance*
Revenue	**26.0**	23.6	*+2.4*
Gross profit	**8.2**	5.6	*+2.6*
Gross profit margin	**31.5%**	23.7%	*+780 bps*
Underlying overheads	**(3.6)**	(3.9)	*+0.3*
Underlying operating profit before central costs	**4.6**	1.7	*+2.9*

Overall, Signals & Components revenue increased from $23.6m in the six months ended 30 September 2024 to $26.0m in the first half of this year. Gross margins have increased significantly in the period to 31.5%, driven by the Group's renewed focus and investment in OE products. Traffic light contract manufacturing to Leotek made a profit of $0.4m in the first half with this activity ceasing in October 2025.

Central costs

Central overheads comprise costs not directly attributable to a segment and primarily relate to head office costs and professional fees. Total underlying unallocated costs decreased from $5.8m to $4.7m in the six months ended 30 September 2025 due to lower professional fees resulting from the Transformation Plan.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

NON-UNDERLYING COSTS

	Six months ended 30 September 2025 $m (unaudited)	Six months ended 30 September 2024 $m (unaudited)
ERCs	**2.9**	-
Transformation Plan	**(1.3)**	(3.1)
Defined benefit pension scheme service costs	**(1.1)**	-
Sanmina litigation costs	**(0.1)**	(22.3)
Total	**0.4**	(25.4)

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.

As explained above, in the six months ended 30 September 2025, the Group received ERCs which are one-off in nature and will not recur.

During the six months ended 30 September 2025, costs of $1.3m (six months ended 30 September 2024: $3.1m) have been incurred relating to the Transformation Plan. Implementation of the plan is expected to be complete by 31 March 2026 with the annualisation impact still benefitting the following financial year. 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 both the current and prior period relate to resetting and realigning the Group's cost base including severances, consulting costs and related legal and professional fees.

As explained in more detail on page 12, the Group completed its buy-in transaction of Plan B on 4 July 2024. In the current period, the Group has incurred $1.1m of service costs representing legal and professional fees as the trustees of the scheme and their advisors work on various completion steps.

On 31 March 2025, the Group settled its long-standing litigation with Sanmina for $12.0m to be paid by instalments. During the six months ended 30 September 2025, final legal expenses of $0.1m (six months ended 30 September 2024: $22.3m) have been incurred relating to the case. The charge of $22.3m for the six months ended 30 September 2024 represented the Group's best estimate of the claim and associated legal costs at the time.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

INVENTORY

Inventory of $35.8m decreased by $10.8m from $46.6m at 31 March 2025. The Group is targeting further reductions in inventory in the year ending 31 March 2026.

	30 September 2025 $m (unaudited)	31 March 2025 $m (unaudited)
Raw materials	**15.3**	20.0
Sub-assemblies	**8.5**	10.7
Finished goods	**11.9**	15.7
Spare parts	**0.1**	0.2
Total	**35.8**	46.6

The aged inventory provision has decreased to $5.3m at 30 September 2025 compared with $5.9m at 31 March 2025.

CASH AND BORROWINGS

At 30 September 2025, the Group had net bank debt of $10.2m, a decrease of $7.6m from the 31 March 2025 balance of $17.8m. Net bank debt excludes IFRS 16 lease liabilities of $8.9m and the Sanmina liability of $5.6m, which are excluded for covenant testing purposes. The roll forward of net bank debt was as follows:

	Six months ended 30 September 2025 $m	$m
Opening balance at 1 April 2025 (audited)		**(17.8)**
Underlying EBITDA	**9.6**	
Share-based payments	**0.3**	
Decrease in inventories	**10.8**	
Decrease in trade and other receivables	**5.2**	
Decrease in trade and other payables (excluding $0.6m non-underlying)	**(9.3)**	
Provisions and pensions	**(1.2)**	
Repayment of lease liabilities (including $0.3m interest)	**(1.5)**	
Underlying operating cash flow		**13.9**
Cash outflows and other movements:		
Sanmina payments		**(2.0)**
Non-underlying ERCs cash receipts (see Note 4)		**2.9**
Non-underlying cash costs (see Note 4)		**(2.0)**
Capital expenditure (including additions to intangible assets)		**(2.9)**
Interest and tax paid (excluding $0.3m interest on leases)		**(1.9)**
Effect of foreign exchange rates		**(0.4)**
Closing balance at 30 September 2025 (unaudited)		**(10.2)**

Gross bank debt of $20.6m was offset by cash on hand of $10.4m. Refer to Note 12 of the condensed consolidated interim financial statements for further details of bank borrowings. The Group's finance expense of $1.4m is analysed in Note 5.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

BANKING AND COVENANTS

The Group's bank facility comprises 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.

The RCF is subject to quarterly covenants encompassing maximum leverage and minimum interest cover. The covenants require a leverage ratio maximum target of less than 3x adjusted EBITDA and an interest cover minimum target of x4 adjusted EBITDA and were all met during the period.

GOING CONCERN

The Directors consider it remains appropriate to continue to adopt the going concern basis in the preparation of these condensed consolidated interim financial statements. Furthermore, the Group has assessed whether there are any material uncertainties and has concluded, unlike in previous periods, that there are not. Further details are provided in Note 1b of the condensed consolidated interim financial statements on pages 25 to 27.

TAX

The tax charge of $1.8m for the six months ended 30 September 2025 (H1 FY25: $2.6m) reflects the best estimate of the weighted average effective income tax rate expected for the full financial year. Non-underlying items have been taxed using the relevant tax rates where tax deductions are available.

PENSION SCHEMES

The Group has two defined benefit schemes that are closed to new entrants. The aggregate surplus on an IAS 19 *Employee Benefits* ("IAS 19") basis on both funds at 30 September 2025 is $0.2m (30 September 2024: $5.9m; 31 March 2025: $2.2m). 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.

Plan A purchased a bulk annuity policy covering the majority of its liabilities on 5 August 2025 with an insurer (a "buy-in"). The premium paid was £1.8m with the calculated value of the scheme's liabilities also being £1.8m, resulting in no "buy-in" gain or loss. The trustees of the scheme and their advisors are presently working on various data cleanse steps which are not expected to be completed until around June 2026. Until this work has been completed, the trustees 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 has been viewed as an investment transaction, with the impact recognised through other comprehensive income ("OCI").

Plan B completed its buy-in transaction on 4 July 2024. 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 the GMP equalisation. These steps are not expected to be completed until around June 2026. In light of this, the buy-in was viewed as an investment transaction, with the impact recognised through OCI in the year ended 31 March 2025. During the current period, legal and professional fees have been incurred by the scheme as part of the completion steps outlined above. Under IAS 19, these service costs of $1.1m have been recorded in the condensed consolidated statement of profit or loss but have been presented by the Directors as a non-underlying item.

CHIEF FINANCIAL OFFICER'S REVIEW (CONTINUED)

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 consolidated total equity as capital, which at 30 September 2025 equated to $49.4m (30 September 2024: $45.7m; 31 March 2025: $47.3m). The Board is not declaring an interim dividend payment for the six months ended 30 September 2025 (30 September 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.

EVENTS AFTER THE BALANCE SHEET DATE

On 9 October 2025, the Group agreed an accelerated payment plan with Sanmina whereby a final payment of $5.7m will be made to Sanmina by 31 December 2025, representing a $0.3m cash saving versus the $6.0m that would otherwise have been paid over the six remaining quarters to 31 March 2027. Once the $5.7m is paid, the Stipulation agreement between the parties shall be satisfied and both parties will take steps to legally set aside the US and English court judgments, meaning the potential financial liabilities will be fully extinguished, as set out in Note 17 of the condensed consolidated interim financial statements.

Mark Fryer
Group Chief Financial Officer
10 November 2025

PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

The Board has conducted a robust assessment of the Group'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. The principal risks and uncertainties affecting the business activities of the Group for the six months ended 30 September 2025 remain substantially unchanged as those disclosed in the March 2025 Annual Report and Accounts.

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.

- **Intellectual property:** Intellectual property infringement risk – by Dialight or against Dialight. Security of protectable intellectual property.
- **Market - Sales and growth:** 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.
- **Funding:** The Group has a net bank debt position and there is a risk related to liquidity. The Group has not paid a dividend since 2015. Capital and debt funding adequacy and servicing, including covenant compliance and relationship with the bank.
- **Cyber and data integrity:** 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.
- **People - Core capability and knowledge:** 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.
- **Geo-political and macroeconomic impacts:** 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. Geo-political risk has increased across Europe and Asia, specifically having regard to uncertainty around the Ukraine/Russia conflict.
- **Litigation:** 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. This risk will be removed when the Group pays the $5.7m in December as agreed on 9 October 2025.
- **Transfer pricing and financial compliance:** Risk attaches to existing transfer pricing policy around the world. Risk of tax liability due to challenge by tax authorities.
- **Inbound/outbound supply chain and manufacturing:** Extended supply chain risk including China impact on raw materials. 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.
- **Product - Competition and product development:** Risk attached to translating market requirements into: (a) product specifications; and (b) profitable product. Challenge to drive innovation of new competitive products. Managing post-sales risk.

The identification of risks and opportunities, the development of action plans to manage the risks and maximise the opportunities, and the continual monitoring of progress against agreed key performance indicators ("KPIs") are integral parts of the business process and core activities throughout the Group.

These will continue to be evaluated, monitored, and managed through the remainder of 2025 and beyond.

STATEMENT REGARDING SHAREHOLDER CONSULTATION FOLLOWING THE 2025 ANNUAL GENERAL MEETING

At the Company's Annual General Meeting ("AGM") held on 1 September 2025, all resolutions were duly passed. However, Resolution 11 (political donations) and Resolution 12 (authority to allot shares) received 73.41% and 73.86% support respectively, below the 80% threshold set by the UK Corporate Governance Code (the "Code") for enhanced shareholder engagement.

In accordance with the Code, the Company has consulted with shareholders who voted against these resolutions to understand their views. Feedback indicated that opposition was primarily driven by institutional voting policies rather than concerns regarding the Board or Company performance.

Resolution 11 is a routine request to ensure compliance with sections 366 and 367 of the Companies Act 2006 ("CA 2006"). The Political Parties, Elections and Referendums Act 2000 defines political donations in a way that is open to a broad range of interpretation and therefore the Company will routinely seek authority to make political donations, (even though the Company nor any of its subsidiaries has any intention of making any political donations or incurring any political expenditure), so as to avoid inadvertently breaching the terms of the CA 2006.

Resolution 12 aligns with the latest Investment Association guidelines. While the Board has no current intention to use these authorities, it believes retaining this flexibility is in the best interests of the Company and its shareholders.

The Board remains committed to ongoing shareholder engagement and will provide a further update in the Group's 2026 Annual Report and Accounts. The Board thanks shareholders for their continued support and constructive feedback.

Neil Johnson
Group Chair
10 November 2025

DIRECTORS' RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge:

a) the condensed set of interim financial statements has been prepared in accordance with UK-adopted IAS 34 *Interim Financial Reporting* ("IAS 34");

b) the interim management report includes a fair review of the information required by DTR 4.2.7R (indication of important events and their impact during the first six months and description of principal risks and uncertainties for the remaining six months of the year); and

c) the interim management report includes a fair review of the information required by DTR 4.2.8R (disclosure of related parties' transactions and changes therein).

The full list of current Directors can be found on the Company's website at www.dialight.com.

On behalf of the Board,

Steve Blair
Group Chief Executive Officer
10 November 2025

Mark Fryer
Group Chief Financial Officer
10 November 2025

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

for the six months ended 30 September 2025

	Note	**Six months ended 30 September 2025 (unaudited) $m**	Six months ended 30 September 2024 (unaudited) $m	Year ended 31 March 2025 (audited) $m
Revenue	2	**86.4**	90.3	183.5
Cost of sales		**(55.9)**	(60.5)	(117.0)
Gross profit		**30.5**	29.8	66.5
Other operating income		**2.9**	-	-
Distribution costs		**(13.3)**	(14.7)	(29.0)
Administrative expenses		**(14.2)**	(39.6)	(52.8)
Impairment losses of financial assets		**-**	-	(2.1)
Gain on disposal of business		**-**	5.2	5.8
Operating profit/(loss)	2	**5.9**	(19.3)	(11.6)
Underlying EBITDA[1] before impairment losses of financial assets		**9.6**	5.2	15.0
Impairment losses of financial assets		**-**	-	(2.1)
Underlying EBITDA[1]		**9.6**	5.2	12.9
Depreciation and amortisation		**(4.1)**	(4.3)	(8.7)
Underlying operating profit		**5.5**	0.9	4.2
Non-underlying items	4	**0.4**	(25.4)	(21.6)
Gain on disposal of business		**-**	5.2	5.8
Operating profit/(loss)		**5.9**	(19.3)	(11.6)
Net finance expense	5	**(1.4)**	(1.5)	(2.5)
Profit/(loss) before tax		**4.5**	(20.8)	(14.1)
Taxation	6	**(1.8)**	2.6	0.5
Profit/(loss) for the period		**2.7**	(18.2)	(13.6)
Profit/(loss) for the period attributable to:				
Equity owners of the Company		**2.8**	(18.2)	(13.8)
Non-controlling interests		**(0.1)**	-	0.2
Profit/(loss) for the period		**2.7**	(18.2)	(13.6)
Earnings/(loss) per share				
Basic (cents)	7	**7.0**	(45.8)	(34.7)
Diluted (cents)	7	**6.8**	(45.8)	(34.7)

1. Underlying EBITDA is defined as operating profit or loss stated before non-underlying items, gains or losses on disposal of businesses, net finance expense, taxation, depreciation (including right-of-use assets) and amortisation of intangible assets. See Note 16 for further details.

All results arise from continuing operations.

The accompanying Notes on pages 25 to 42 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the six months ended 30 September 2025

	Note	**Six months ended 30 September 2025 (unaudited) $m**	Six months ended 30 September 2024 (unaudited) $m	Year ended 31 March 2025 (audited) $m
Profit/(loss) for the period		**2.7**	(18.2)	(13.6)
Other comprehensive income/(loss):				
Items that may be reclassified subsequently to profit and loss				
Exchange differences on translation of foreign operations		**0.2**	(0.1)	(0.1)
		0.2	(0.1)	(0.1)
Items that will not be reclassified subsequently to profit and loss				
Remeasurement of defined benefit pension liability	13	**(1.4)**	-	(4.0)
Tax on remeasurement of defined benefit pension liability		**0.3**	-	1.0
		(1.1)	-	(3.0)
Other comprehensive loss for the period, net of tax		**(0.9)**	(0.1)	(3.1)
Total comprehensive income/(loss) for the period		**1.8**	(18.3)	(16.7)
Attributable to:				
Equity owners of the Company		**1.9**	(18.3)	(16.9)
Non-controlling interests		**(0.1)**	-	0.2
Total comprehensive income/(loss) for the period		**1.8**	(18.3)	(16.7)

The accompanying Notes on pages 25 to 42 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

at 30 September 2025

	Note	**30 September 2025 (unaudited) $m**	30 September 2024 (unaudited) $m	31 March 2025 (audited) $m
Assets				
Property, plant and equipment		**12.9**	14.3	13.5
Right-of-use assets		**7.9**	9.6	9.0
Intangible assets	9	**9.6**	8.4	9.0
Deferred tax assets		**7.8**	8.3	8.5
Employee benefits		**0.2**	5.9	2.2
Other receivables		**0.5**	0.7	0.5
Total non-current assets		**38.9**	47.2	42.7
Inventories	10	**35.8**	47.1	46.6
Trade and other receivables		**29.2**	30.9	34.3
Current tax assets		**0.8**	0.5	0.4
Cash and cash equivalents		**10.4**	7.4	7.9
Total current assets		**76.2**	85.9	89.2
Total assets		**115.1**	133.1	131.9
Liabilities				
Trade and other payables		**(30.1)**	(31.0)	(40.1)
Provisions	11	**(1.6)**	(21.7)	(2.4)
Current tax liabilities		**(0.6)**	(0.7)	(0.5)
Lease liabilities		**(2.5)**	(2.5)	(2.5)
Total current liabilities		**(34.8)**	(55.9)	(45.5)
Trade and other payables		**(1.8)**	-	(3.8)
Provisions	11	**(2.1)**	(0.7)	(2.1)
Borrowings	12	**(20.6)**	(22.8)	(25.7)
Lease liabilities		**(6.4)**	(8.0)	(7.5)
Total non-current liabilities		**(30.9)**	(31.5)	(39.1)
Total liabilities		**(65.7)**	(87.4)	(84.6)
Net assets		**49.4**	45.7	47.3
Equity				
Issued share capital		**1.2**	1.2	1.2
Share premium		**13.0**	13.0	13.0
Merger reserve		**1.0**	1.0	1.0
Other reserves		**15.6**	15.6	15.4
Retained earnings		**18.3**	14.7	16.3
Equity attributable to equity owners of the Company		**49.1**	45.5	46.9
Non-controlling interests		**0.3**	0.2	0.4
Total equity		**49.4**	45.7	47.3

The accompanying Notes on pages 25 to 42 form an integral part of these condensed consolidated interim financial statements.

Registered number: 02486024

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the six months ended 30 September 2025

	Issued share capital $m	Share premium $m	Merger reserve $m	Other reserves: Translation reserve $m	Other reserves: Capital redemption reserve $m	Other reserves: Own shares $m	Retained earnings $m	**Total $m**	Non-controlling interests $m	**Total equity $m**
At 1 April 2025 (audited)	1.2	13.0	1.0	12.5	4.3	(1.4)	16.3	46.9	0.4	47.3
Profit/(loss) for the period	-	-	-	-	-	-	2.8	**2.8**	(0.1)	**2.7**
Other comprehensive income/(loss):										
Exchange differences on translation of foreign operations	-	-	-	0.2	-	-	-	**0.2**	-	**0.2**
Remeasurement of defined benefit pension liability, net of taxes	-	-	-	-	-	-	(1.1)	**(1.1)**	-	**(1.1)**
Total other comprehensive income/(loss)	**-**	**-**	**-**	**0.2**	**-**	**-**	**(1.1)**	**(0.9)**	-	**(0.9)**
Total comprehensive income/(loss) for the period	**-**	**-**	**-**	**0.2**	**-**	**-**	**1.7**	**1.9**	**(0.1)**	**1.8**
Transactions with owners:										
Share-based payments	-	-	-	-	-	-	0.3	**0.3**	-	**0.3**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**0.3**	**0.3**	**-**	**0.3**
At 30 September 2025 (unaudited)	**1.2**	**13.0**	**1.0**	**12.7**	**4.3**	**(1.4)**	**18.3**	**49.1**	**0.3**	**49.4**

The accompanying Notes on pages 25 to 42 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the six months ended 30 September 2024

	Issued share capital $m	Share premium $m	Merger reserve $m	Other reserves: Translation reserve $m	Other reserves: Capital redemption reserve $m	Other reserves: Own shares $m	Retained earnings $m	**Total $m**	Non-controlling interests $m	**Total equity $m**
At 1 April 2024 (audited)	1.2	13.0	1.0	12.6	4.3	(1.2)	32.8	63.7	0.2	63.9
Loss for the period	-	-	-	-	-	-	(18.2)	**(18.2)**	-	**(18.2)**
Other comprehensive loss:										
Exchange differences on translation of foreign operations	-	-	-	(0.1)	-	-	-	**(0.1)**	-	**(0.1)**
Total other comprehensive loss	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**(0.1)**	**-**	**(0.1)**
Total comprehensive loss for the period	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**(18.2)**	**(18.3)**	**-**	**(18.3)**
Transactions with owners:										
Share-based payments	-	-	-	-	-	-	0.1	**0.1**	-	**0.1**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
At 30 September 2024 (unaudited)	**1.2**	**13.0**	**1.0**	**12.5**	**4.3**	**(1.2)**	**14.7**	**45.5**	**0.2**	**45.7**

The accompanying Notes on pages 25 to 42 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2025

	Issued share capital	Share premium	Merger reserve	Other reserves: Translation reserve	Other reserves: Capital redemption reserve	Other reserves: Own shares	Retained earnings	**Total**	Non-controlling interests	**Total equity**
	$m	$m	$m	$m	$m	$m	$m	**$m**	$m	**$m**
At 1 April 2024 (audited)	1.2	13.0	1.0	12.6	4.3	(1.2)	32.8	63.7	0.2	63.9
Loss for the period	-	-	-	-	-	-	(13.8)	**(13.8)**	0.2	**(13.6)**
Other comprehensive loss:										
Exchange differences on translation of foreign operations	-	-	-	(0.1)	-	-	-	**(0.1)**	-	**(0.1)**
Remeasurement of defined benefit pension liability, net of taxes	-	-	-	-	-	-	(3.0)	**(3.0)**	-	**(3.0)**
Total other comprehensive loss	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**(3.0)**	**(3.1)**	**-**	**(3.1)**
Total comprehensive (loss)/income for the period	**-**	**-**	**-**	**(0.1)**	**-**	**-**	**(16.8)**	**(16.9)**	**0.2**	**(16.7)**
Transactions with owners:										
Share-based payments	-	-	-	-	-	-	0.3	**0.3**	-	**0.3**
Re-purchase of own shares	-	-	-	-	-	(0.2)	-	**(0.2)**	-	**(0.2)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(0.2)**	**0.3**	**0.1**	**-**	**0.1**
At 31 March 2025 (audited)	**1.2**	**13.0**	**1.0**	**12.5**	**4.3**	**(1.4)**	**16.3**	**46.9**	**0.4**	**47.3**

The accompanying Notes on pages 25 to 42 form an integral part of these condensed consolidated interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

for the six months ended 30 September 2025

	Note	**Six months ended 30 September 2025 (unaudited) $m**	Six months ended 30 September 2024 (unaudited) $m	Year ended 31 March 2025 (audited) $m
Operating activities				
Profit/(loss) for the period		**2.7**	(18.2)	(13.6)
Adjustments for:				
Net finance expense	5	**1.4**	1.5	2.5
Taxation expense/(credit)	6	**1.8**	(2.6)	(0.5)
Sanmina expense	4	**-**	22.3	11.3
Gain on disposal of business		**-**	(5.2)	(5.8)
Share-based payments		**0.3**	0.1	0.3
Defined benefit pension scheme service costs		**1.1**	-	0.2
Depreciation of property, plant and equipment		**1.4**	1.4	3.2
Loss on disposal		**-**	-	0.3
Depreciation of right-of-use assets		**1.3**	1.3	2.5
Amortisation of intangible assets	9	**1.4**	1.6	2.6
Impairment losses on financial assets		**-**	-	2.1
Impairment losses on property, plant and equipment		**-**	0.4	-
Impairment losses on intangible assets		**-**	-	0.2
Operating cash flow before movements in working capital		**11.4**	2.6	5.3
Decrease in inventories		**10.8**	2.0	2.6
Decrease in trade and other receivables		**5.2**	1.5	1.9
(Decrease)/increase in trade and other payables		**(9.9)**	(0.9)	2.2
(Decrease)/increase in provisions		**(0.8)**	(0.4)	1.1
Pension contributions in excess of charge taken through statement of profit or loss		**(0.4)**	(0.5)	(0.7)
Cash generated by operations		**16.3**	4.3	12.4
Income taxes paid		**(0.9)**	(0.7)	(1.7)
Interest paid[1]		**(1.3)**	(1.5)	(2.8)
Net cash generated from operating activities		**14.1**	2.1	7.9
Investing activities				
Proceeds on disposal of business		**-**	5.2	5.2
Purchase of property, plant and equipment		**(0.9)**	(3.4)	(4.3)
Additions to intangible assets	9	**(2.0)**	(1.8)	(3.7)
Net cash used in investing activities		**(2.9)**	-	(2.8)

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS (continued)

for the six months ended 30 September 2025

	Note	**Six months ended 30 September 2025 (unaudited) $m**	Six months ended 30 September 2024 (unaudited) $m	Year ended 31 March 2025 (audited) $m
Financing activities				
Drawdown of bank facility	12	**-**	-	3.0
Repayment of bank facility	12	**(5.0)**	(5.2)	(5.2)
Repayment of Sanmina liability		**(2.0)**	-	(4.0)
Re-purchase of own shares		**-**	-	(0.2)
Repayment of lease liabilities[2]		**(1.2)**	(1.2)	(2.3)
Net cash used in financing activities		**(8.2)**	(6.4)	(8.7)
Net increase/(decrease) in cash and cash equivalents		**3.0**	(4.3)	(3.6)
Cash and cash equivalents at beginning of period		**7.9**	11.5	11.5
Effect of foreign exchange rates		**(0.5)**	0.2	-
Cash and cash equivalents at end of period		**10.4**	7.4	7.9

The Group has classified:

1. cash payments for the interest portion of lease payments as operating activities consistent with the presentation of interest payments chosen by the Group; and
2. cash payments for the principal portion of lease payments as financing activities.

The accompanying Notes on pages 25 to 42 form an integral part of these condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

for the six months ended 30 September 2025 (unaudited)

1. Basis of preparation and principal accounting policies

Dialight plc (the "Company") and its subsidiaries (together referred to as the "Group") provides sustainable, energy efficient and intelligent LED lighting technologies driving towards a net zero economy. Its primary market is North America, with smaller operations in Europe, the Middle East and Africa ("EMEA") and the rest of the world.

The Company is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 02486024. Its registered office is at 60 Petty France, London, England, SW1H 9EU.

These condensed consolidated interim financial statements were approved by the Board of Directors for issue on 10 November 2025 and have not been audited nor reviewed.

(a) Statement of compliance

These condensed consolidated interim financial statements for the six months ended 30 September 2025 have been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with IAS 34. These condensed consolidated interim financial statements should be read in conjunction with the consolidated financial statements for the year ended 31 March 2025, which have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

These condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the year ended 31 March 2025 were approved by the Board of Directors on 23 June 2025 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified and did not contain a statement under Section 498 of the Companies Act 2006. The report drew attention by way of emphasis to a material uncertainty related to going concern.

(b) Basis of preparation

Going concern

The Group's bank facility comprises an RCF of $28.8m from HSBC. The facility was extended to 21 July 2027 on the same terms as the original agreement on 5 June 2025.

Net bank debt has decreased to $10.2m at 30 September 2025 (30 September 2024: $15.4m; 31 March 2025: $17.8m) comprising borrowings of $20.6m (30 September 2024: $22.8m; 31 March 2025: $25.7m) with cash and cash equivalents of $10.4m (30 September 2024: $7.4m; 31 March 2025: $7.9m).

The covenants are tested quarterly and are as follows:

Ratio	Calculation	Covenant
Leverage ratio	Net bank debt/Adjusted EBITDA	<3.0x
Interest cover	Adjusted EBITDA/Net interest expense	>4.0x

Further details of net bank debt are included in Note 12.

1. Basis of preparation and principal accounting policies (continued)

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 16-month period from the date of authorisation of these condensed consolidated interim financial statements to 31 March 2027, 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 is on the risk to the going concern basis of preparation to these condensed consolidated interim 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 latest "3+9" forecast for the year ended 31 March 2026 (being three months of actuals and nine months of forecast), which assumes that the margin will improve over the going concern period through various Group initiatives. Management have adjusted the 3+9 net bank debt at 30 September 2025 (with a related reduction to forecast interest costs) to reflect the actual position of $10.2m which is significantly better than forecast and have also adjusted for the accelerated Sanmina payment of $5.7m in December 2025. 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 ended 31 March 2026 mainly due to the disposal of Traffic and Rail in October 2025 (end of the manufacturing services agreement).
- Reduction in Lighting net revenue in the year ended 31 March 2026 due to the current macroeconomic climate and the uncertainty surrounding global tariffs.
- Net revenue for the year ended 31 March 2027 is forecast to increase by 1.9% compared to the year ended 31 March 2026. 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 1.1% in the year to 31 March 2026 and a further 3.8% in the year ended 31 March 2027, respectively.
- Operating costs are expected to be 31.7% of revenue in the year ended 31 March 2026 and 32.2% for the year ended 31 March 2027.
- Accelerated payment of $5.7m to Sanmina payable in December 2025 (see below for further details).

1. Basis of preparation and principal accounting policies (continued)

Plausible downside case

The key assumptions in this case are:

- Year to 31 March 2026: reduction of 3+9 revenue of 15.0% in the second half of the year across Lighting, Obstruction, OE and Vehicle.
- Year to 31 March 2027: no growth in core revenue and a 100% 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 years ended 31 March 2026 and 2027.

Reverse stress test (break-even assessment)

The key assumptions in this case are:

- Year to 31 March 2026: reduction of 3+9 revenue of 20.5% in the second half of the year across Lighting, Obstruction, OE and Vehicle.
- Year to 31 March 2027: no growth in core revenue and a 100% 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 years ended 31 March 2026 and 2027.

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 was paid in March 2025 with a further $2.0m being paid in the six months ended 30 September 2025. As set out in Note 18, on 9 October 2025, the Group agreed an accelerated payment plan with Sanmina whereby a final payment of $5.7m will be made to Sanmina in December 2025, representing a $0.3m cash saving versus the $6.0m that would otherwise have been paid to 31 March 2027. This accelerated payment plan has been modelled in all scenarios and removes the risk of the Stipulation being triggered which is explained in further detail in Note 17. The Directors are confident the accelerated payment will be funded out of operating cash flow, with sufficient headroom to meet business needs.

In the base case and plausible downside scenarios, the Group is not forecast to breach any covenants in the going concern period. The Directors have considered the circumstances which would be needed to breach at least one covenant – a reverse stress test. This indicates that a 20.5% fall in revenue from H2 FY26 without any controllable mitigating actions being taken (apart from the removal of a bonus provision) would trigger a breach of the interest cover covenant in Q1 FY27. The likelihood of this circumstance is considered remote as management could take substantial mitigating actions, such as taking various cost-cutting measures. Therefore, the Directors consider it remains appropriate to continue to adopt the going concern basis in the preparation of these condensed consolidated interim financial statements. Furthermore, the Group has assessed whether there are any material uncertainties and has concluded, unlike in previous periods, that there are not.

Taxation

The tax charge/credit reflects the best estimate of the weighted average effective income tax rate expected for the full financial year.

1. Basis of preparation and principal accounting policies (continued)

Uncertain tax positions

The Group operates in certain jurisdictions that are unstable or have changing political conditions, giving rise to occasional uncertainty over the tax treatment of items of income and expense. In addition, from time-to-time certain tax positions taken by the Group are challenged by the relevant tax authorities, which carry a financial risk as to the final outcome. The Directors have considered the potential impact arising from these uncertainties and risks on the Group's tax assets and liabilities, both recognised and unrecognised, and believe that they are not material to these condensed consolidated interim financial statements.

(c) Use of judgements, estimates and assumptions

The preparation of these condensed consolidated interim 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.

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 1b for further details.

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 a 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 $9.3m (30 September 2024: $7.8m; 31 March 2025: $8.6m) 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.

Deferred tax assets

The Group must determine the extent to which deferred tax assets can be recognised. 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. At 30 September 2025, the Group has recognised a net deferred tax asset of $7.8m (30 September 2024: $8.3m; 31 March 2025: $8.5m).

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.

1. Basis of preparation and principal accounting policies (continued)

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 condensed consolidated interim 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 4 for further information.

Estimates

Inventory provision

The total value of the inventory provision for all categories of inventory over which judgement has been exercised was $5.3m (30 September 2024: $7.7m; 31 March 2025: $5.9m;) and this represents 12.9% (30 September 2024: 14.0%; 31 March 2025: 11.2%) of the gross inventory value.

Inventory provision: 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 value of the inventory provision for raw materials and sub-assemblies at 30 September 2025 was $3.3m (30 September 2024: $6.7m; 31 March 2025: $4.4m).

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 for these categories would be $4.0m (an increase of $0.7m). Alternatively, if all raw material and sub-assembly inventory over 36 months old at the balance sheet date was only to be provided for, the inventory provision for these categories would be $1.6m (a decrease of $1.7m).

Inventory provision: 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.

1. Basis of preparation and principal accounting policies (continued)

Inventory provision: disposal of Traffic business

Following the disposal of the Traffic business to Leotek Electronics USA LLC ("Leotek"), 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 at 30 September 2025 (30 September 2024: $nil; 31 March 2025: $0.8m). Inventory is being utilised or sold to Leotek and at the balance sheet date future inventory utilisation/sales are inherently an estimate.

Pension plans

The key actuarial assumptions used to value the pension plan liabilities could have a significant impact on the valuation of the liabilities. 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.

2. 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:** 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:** 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 & 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.

Six months ended 30 September 2025 (unaudited)	Note	Lighting $m	Signals & Components $m	Central & Unallocated $m	Total $m
Revenue		60.4	26.0	-	86.4
Gross profit		22.3	8.2	-	30.5
Underlying overheads		(16.7)	(3.6)	(4.7)	(25.0)
Underlying operating profit/(loss)		5.6	4.6	(4.7)	5.5
Non-underlying items	4	(0.2)	-	0.6	0.4
Operating profit/(loss)		5.4	4.6	(4.1)	5.9
Net finance expense	5	-	-	(1.4)	(1.4)
Profit/(loss) before tax		5.4	4.6	(5.5)	4.5
Taxation	6	-	-	(1.8)	(1.8)
Profit/(loss) after tax		5.4	4.6	(7.3)	2.7

2. Operating segments (continued)

Six months ended 30 September 2024 (unaudited)	Note	Lighting $m	Signals & Components $m	Central & Unallocated $m	Total $m
Revenue		66.7	23.6	-	90.3
Gross profit		24.2	5.6	-	29.8
Underlying overheads		(19.2)	(3.9)	(5.8)	(28.9)
Underlying operating profit/(loss)		5.0	1.7	(5.8)	0.9
Non-underlying items	4	(23.1)	-	(2.3)	(25.4)
Gain on disposal of business		-	5.2	-	5.2
Operating (loss)/profit		(18.1)	6.9	(8.1)	(19.3)
Finance expense	5	-	-	(1.5)	(1.5)
(Loss)/profit before tax		(18.1)	6.9	(9.6)	(20.8)
Taxation	6	-	-	2.6	2.6
(Loss)/profit after tax		(18.1)	6.9	(7.0)	(18.2)

Year ended 31 March 2025 (audited)	Note	Lighting $m	Signals & Components $m	Central & Unallocated $m	Total $m
Revenue		138.0	45.5	-	183.5
Underlying gross profit		54.1	11.2	-	65.3
Underlying overheads		(41.2)	(7.9)	(12.0)	(61.1)
Underlying operating profit/(loss)		12.9	3.3	(12.0)	4.2
Non-underlying items	4	(18.6)	0.9	(3.9)	(21.6)
Gain on disposal of business		-	5.8	-	5.8
(Loss)/profit from operating activities		(5.7)	10.0	(15.9)	(11.6)
Net finance expense	5	-	-	(2.5)	(2.5)
(Loss)/profit before tax		(5.7)	10.0	(18.4)	(14.1)
Taxation	6	-	-	0.5	0.5
(Loss)/profit after tax		(5.7)	10.0	(17.9)	(13.6)

Other segmental data

Six months ended 30 September 2025 (unaudited)	**Lighting $m**	**Signal & Components $m**	**Central & Unallocated $m**	**Total $m**
Cost of inventories recognised as expense	**(19.8)**	**(10.9)**	**-**	**(30.7)**
Total personnel expenses	**(16.8)**	**(4.5)**	**(1.4)**	**(22.7)**
Depreciation of property, plant and equipment	**(1.0)**	**(0.4)**	**-**	**(1.4)**
Depreciation of right-of-use assets	**(0.9)**	**(0.4)**	**-**	**(1.3)**
Amortisation of intangible assets	**(1.4)**	**-**	**-**	**(1.4)**

2. Operating segments (continued)

Six months ended 30 September 2024 (unaudited)	Lighting $m	Signal & Components $m	Central & Unallocated $m	Total $m
Cost of inventories recognised as expense	(23.7)	(10.1)	-	(33.8)
Total personnel expenses	(17.8)	(5.5)	(1.6)	(24.9)
Depreciation of property, plant and equipment	(1.0)	(0.4)	-	(1.4)
Depreciation of right-of-use assets	(1.0)	(0.3)	-	(1.3)
Amortisation of intangible assets	(1.6)	-	-	(1.6)
Impairment of property, plant and equipment	(0.4)	-	-	(0.4)

Year ended 31 March 2025 (audited)	Lighting $m	Signal & Components $m	Central & Unallocated $m	Total $m
Cost of inventories recognised as expense	(47.9)	(19.3)	-	(67.2)
Total personnel expenses	(35.6)	(10.8)	(3.3)	(49.7)
Depreciation of property, plant and equipment	(2.4)	(0.8)	-	(3.2)
Depreciation of right-of-use assets	(1.9)	(0.6)	-	(2.5)
Amortisation of intangible assets	(2.6)	-	-	(2.6)
Impairment of intangible assets	(0.1)	(0.1)	-	(0.2)

Geographical segments

Lighting and Signals & Components segments are managed on a worldwide basis but operate in three principal geographic areas: North America, EMEA and the 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.

	Six months ended 30 September 2025 $m (unaudited)	Six months ended 30 September 2024 $m (unaudited)	Year ended 31 March 2025 $m (audited)
Geographical market:			
North America	**72.6**	76.3	155.3
EMEA	**5.5**	5.0	10.7
Rest of the world	**8.3**	9.0	17.5
Total	**86.4**	90.3	183.5

3. Other operating income

In May and September 2025, the Group received two ERCs totalling $2.9m in respect of claims filed in 2023. An ERC is a US refundable tax credit for certain eligible businesses that had employees and were affected during the Covid-19 pandemic. Accordingly, in the six months ended 30 September 2025 the Group has recorded $2.9m as other operating income in the condensed consolidated statement of profit or loss. As set out in Note 4 below, given the size and one-off nature of this item it has been treated as non-underlying.

4. Non-underlying items

The Group incurs cost and earns income that is non-recurring in nature or that, in the Directors' judgement, needs to be separately disclosed for users of the condensed consolidated interim 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 represents the components of non-underlying items recognised in the condensed consolidated statement of profit or loss. All costs are recognised within administrative expenses unless otherwise stated.

	Six months ended 30 September 2025 $m (unaudited)	Six months ended 30 September 2024 $m (unaudited)	Year ended 31 March 2025[2] $m (audited)
ERCs[1]	**2.9**	-	-
Transformation Plan	**(1.3)**	(3.1)	(4.1)
Defined benefit pension scheme service costs	**(1.1)**	-	-
Sanmina litigation costs	**(0.1)**	(22.3)	(17.8)
Other non-underlying costs	**-**	-	(0.6)
Business disposal income	**-**	-	0.9
Total non-underlying items	**0.4**	(25.4)	(21.6)

1. ERCs have been recorded within other operating income for the six months ended 30 September 2025.
2. For the year ended 31 March 2025, a credit of $1.2m was recognised within cost of sales (see Note 16) and a $22.8m charge was recognised within administrative expenses.

ERCs

As explained in Note 3, in the six months ended 30 September 2025, the Group received ERCs which are one-off in nature as no more claims will follow.

Transformation Plan

During the six months ended 30 September 2025, costs of $1.3m (six months ended 30 September 2024: $3.1m; year ended 31 March 2025: $4.1m) have been incurred relating to the Transformation Plan. Implementation of the 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 both the current and prior periods relate to resetting and realigning the Group's cost base including severances, consulting costs and related legal and professional fees.

4. Non-underlying items (continued)

Defined benefit pension scheme service costs

During the current period, legal and professional fees have been incurred by the Main Scheme (Plan B) as part of the completion steps of the buy-out process (see Note 13 for further details). Under IAS 19, these service costs of $1.1m have been treated as non-underlying costs in the condensed consolidated statement of profit or loss.

Sanmina litigation costs

On 31 March 2025, the Group settled its long-standing litigation with Sanmina for $12.0m to be paid by instalments. During the six months ended 30 September 2025, final legal expenses of $0.1m have been incurred relating to case. The charge of $22.3m for the six months ended 30 September 2024 represented the Group’s best estimate of the claim and associated legal costs at the time. The charge of $17.8m for the year ended 31 March 2025 comprises a $11.3m discounted expense for the settlement together with $5.6m of legal expenses and $0.9m of other irrecoverable amounts.

Cashflow related to non-underlying items

The ERCs of $2.9m were received in cash in the six months ended 30 September 2025. Offsetting this, the Group has paid $2.0m in relation to non-underlying costs in the six months ended 30 September 2025 (six months ended 30 September 2024: $3.5m; year ended 31 March 2025: $10.2m) including the settlement of legal costs relating to Sanmina and severances which were unpaid at 31 March 2025. Therefore, net non-underlying cash received in the current period is $0.9m which excludes the quarterly Sanmina payments totalling $2.0m.

5. Net finance expense

	Six months ended 30 September 2025 $m (unaudited)	Six months ended 30 September 2024 $m (unaudited)	Year ended 31 March 2025 $m (audited)
Net interest income on defined benefit pension asset	**-**	-	0.3
Interest expense on borrowings	**(0.8)**	(1.1)	(2.2)
Facility arrangement fee expense	**-**	(0.1)	-
Interest expense on lease liabilities	**(0.3)**	(0.3)	(0.6)
Unwinding of Sanmina settlement	**(0.3)**	-	-
Net finance expense	**(1.4)**	(1.5)	(2.5)

6. Taxation

The taxation charge of $1.8m for the six months ended 30 September 2025 (six months ended 30 September 2024: credit of $2.6m; year ended 31 March 2025: credit of $0.5m) reflects the best estimate of the weighted average annual income tax rate expected for the full financial year. Non-underlying items have been taxed using the relevant tax rates where deductions are available.

7. Earnings per share

Basic earnings per share

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
Profit/(loss) for the period attributable to equity owners ($m)	**2.8**	(18.2)	(13.8)
Weighted average number of shares (000s)	**39,942**	39,828	39,786
Basic earnings/(loss) per share (cents)	**7.0**	(45.8)	(34.7)

Basic earnings per share is calculated by dividing the profit or loss for the period attributable to equity owners by the weighted average number of ordinary shares in issue during the period. The calculation of the weighted average number of ordinary shares excludes the shares held by the Employee Benefit Trust ("EBT") which are treated as cancelled. There have been no transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of authorisation of these condensed consolidated interim financial statements.

Diluted earnings per share

Diluted earnings per share is calculated after adjusting the weighted average number of ordinary shares in issue during the period to assume conversion of all potentially dilutive shares. The calculation of the weighted average number of ordinary shares excludes the shares held by the EBT.

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. This was the case for the six months ended 30 September 2024 and the year ended 31 March 2025. The number of shares that would have been used in the diluted earnings per share calculation was 40,819,783 for the six months ended 30 September 2024 and 40,845,498 for the year ended 31 March 2025.

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
Profit/(loss) for the period attributable to equity owners ($m)	**2.8**	(18.2)	(13.8)
Weighted average number of shares for basic earnings per share (000s)	**39,942**	39,828	39,786
Effect of dilution:			
Employee share awards	**1,258**	-	-
Weighted average number of shares for diluted earnings per share (000s)	**41,200**	39,828	39,786
Diluted earnings/(loss) per share (cents)	**6.8**	(45.8)	(34.7)

8. Dividends

There were no dividends declared or paid in the six months ended 30 September 2025 (six months ended 30 September 2024: $nil; year ended 31 March 2025: $nil).

9. Intangible assets

	Concessions, patents, licences and trademarks $m	Software licences $m	Development costs $m	**Total $m**
Net book value:				
At 1 April 2025 (audited)	1.4	0.4	7.2	9.0
Additions	0.3	0.1	1.6	**2.0**
Amortisation charge for period	(0.3)	(0.2)	(0.9)	**(1.4)**
At 30 September 2025 (unaudited)	**1.4**	**0.3**	**7.9**	**9.6**

10. Inventories

	30 September 2025 $m (unaudited)	30 September 2024 $m (unaudited)	31 March 2025 $m (audited)
Raw materials and consumables	**15.3**	19.5	20.0
Work in progress	**8.5**	10.4	10.7
Finished goods	**11.9**	17.0	15.7
Spare parts	**0.1**	0.2	0.2
Total	**35.8**	47.1	46.6

In the six months ended 30 September 2025 inventories to the value of $30.7m (six months ended 30 September 2024: $33.8m; year ended 31 March 2025: $67.2m) were recognised as an expense.

The inventory provision at 30 September 2025 was $5.3m (30 September 2024: $7.7m; 31 March 2025: $5.9m), which represents 12.9% of gross inventory (30 September 2024: 14.0%; 31 March 2025: 11.2%). The provision decreased from 31 March 2025 by $0.6m due to the utilisation of the provision of $1.2m and foreign exchange of $0.2m offset by additions of $0.8m driven by an increase in ageing of stock on hand. See Note 12 for details of fixed and floating charges which includes the value of inventory in material Group companies.

11. Provisions

	Warranty and claims $m	Lease dilapidations $m	Onerous contract $m	**Total $m**
Balance at 1 April 2025	(2.9)	(0.7)	(0.9)	(4.5)
Provisions made during the period	**(0.2)**	-	-	**(0.2)**
Provisions utilised during the period	**0.1**	-	**0.9**	**1.0**
Balance at 30 September 2025	**(3.0)**	**(0.7)**	-	**(3.7)**
Of which:				
Current	**(1.6)**	-	-	**(1.6)**
Non-current	**(1.4)**	**(0.7)**	-	**(2.1)**

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 related to the Leotek contract as part of the sale of the Traffic business.

12. Borrowings

The Group's bank facility comprises an 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. At 30 September 2025, $20.6m was drawn (30 September 2024: $22.8m; 31 March 2025: $25.7m) following repayments of $5.0m during the six months ended 30 September 2025.

The facility was extended on 5 June 2025 to 21 July 2027 on the same terms as the original agreement.

	Six months ended 30 September 2025 $m (unaudited)	Six months ended 30 September 2024 $m (unaudited)	Year ended 31 March 2025 $m (audited)
Opening borrowings	**(25.7)**	(27.9)	(27.9)
RCF drawdown (USD)	**-**	-	(3.0)
RCF repayment (USD)	**5.0**	5.2	5.2
Foreign exchange movements	**0.1**	(0.1)	-
Closing borrowings	**(20.6)**	(22.8)	(25.7)

Interest is based on the Secured Overnight Financing Rate or Sterling Overnight Index Average, depending on the tranche of debt.

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 is subject to quarterly covenants encompassing maximum leverage and minimum interest cover. In the six months ended 30 September 2025 the covenants have been complied with and the outstanding borrowings of $20.6m have been classified as a non-current liability at 30 September 2025 in line with the facility expiring in July 2027.

The banking covenants are as follows:

Ratio	Calculation	Covenant
Leverage ratio	Net bank debt/Adjusted EBITDA	<3.0x
Interest cover	Adjusted EBITDA/Net interest expense	>4.0x

13. 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 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 aggregate surplus on an IAS 19 basis on both funds at 30 September 2025 is $0.2m (30 September 2024: $5.9m; 31 March 2025: $2.2m). In the current period, the Group incurred service costs of $1.1m which have been treated as non-underlying costs, an actuarial loss of $1.4m which has been recognised through OCI and other movements of $0.5m.

Executive Scheme (Plan A)

Plan A purchased a bulk annuity policy covering the majority of its liabilities on 5 August 2025 with an insurer (a "buy-in"). The premium paid was £1.8m with the calculated value of the scheme's liabilities also being £1.8m, resulting no "buy-in" gain or loss. The trustees of the scheme and their advisors are presently working on various data cleanse steps which are not expected to be completed until around June 2026. Until this work has been completed, the trustees 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 OCI.

Main Scheme (Plan B)

Plan B completed its buy-in transaction on 4 July 2024. 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 the GMP equalisation. These steps are not expected to be completed until around June 2026. In light of this, the buy-in was viewed as an investment transaction, with the impact recognised through OCI in the year ended 31 March 2025.

During the current period, legal and professional fees have been incurred by the scheme as part of the completion steps outlined above. Under IAS 19, these service costs of $1.1m have been recorded in the condensed consolidated statement of profit or loss but have been presented by the Directors as a non-underlying item (see Note 4).

14. Principal exchange rates

The following significant exchange rates (versus the US dollar) applied during the period:

	Six months ended 30 September 2025 (unaudited)	Six months ended 30 September 2024 (unaudited)	Year ended 31 March 2025 (audited)
Average for the period:			
Australian dollar	**1.5446**	1.5066	1.5336
Canadian dollar	**1.3802**	1.3666	1.3911
Euro	**0.8686**	0.9201	0.9318
Malaysian ringgit	**4.2645**	4.6024	4.5053
Mexican peso	**19.0656**	18.0464	19.1539
Pound sterling	**0.7453**	0.7815	0.7840

	30 September 2025 (unaudited)	30 September 2024 (unaudited)	31 March 2025 (audited)
At balance sheet date:			
Australian dollar	**1.5267**	1.4572	1.5857
Canadian dollar	**1.3940**	1.3449	1.4293
Euro	**0.8546**	0.8952	0.9273
Malaysian ringgit	**4.2194**	4.1274	4.4297
Mexican peso	**18.3512**	19.4581	20.2480
Pound sterling	**0.7464**	0.7479	0.7733

15. Related party transactions

The ultimate parent company of the Group is Dialight plc. Transactions between the Company and its subsidiaries have been eliminated on consolidation.

Other than as set out above, there have been no other changes in the nature of related party transactions from those described in the March 2025 Annual Report and Accounts that could have a material effect on the financial position or performance of the Group in the six months ended 30 September 2025.

16. Reconciliation to non-GAAP performance measures

Certain financial information set out in these condensed consolidated interim financial statements is not defined under IFRS. These 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.

Non-GAAP performance measures

	Note	**Six months ended 30 September 2025 $m (unaudited)**	Six months ended 30 September 2024 $m (unaudited)	Year ended 31 March 2025 $m (audited)
Gross profit		**30.5**	29.8	66.5
Non-underlying items	4	**-**	-	(1.2)
Underlying gross profit		**30.5**	29.8	65.3
Operating profit/(loss)		**5.9**	(19.3)	(11.6)
Non-underlying items	4	**(0.4)**	25.4	21.6
Gain on disposal of business		**-**	(5.2)	(5.8)
Depreciation of property, plant and equipment		**1.4**	1.4	3.2
Loss on disposal of property, plant and equipment		**-**	-	0.3
Depreciation of right-of-use assets		**1.3**	1.3	2.5
Amortisation of intangible assets	9	**1.4**	1.6	2.6
Impairment of intangible assets		**-**	-	0.1
Underlying EBITDA		**9.6**	5.2	12.9
Operating profit/(loss)		**5.9**	(19.3)	(11.6)
Non-underlying items	4	**(0.4)**	25.4	21.6
Gain on disposal of business		**-**	(5.2)	(5.8)
Underlying operating profit		**5.5**	0.9	4.2
Cash generated by operations		**16.3**	4.3	12.4
Cash impact of non-underlying items	4	**(0.9)**	3.5	10.2
Lease payments (including interest paid)		**(1.5)**	(1.5)	(2.9)
Underlying operating cash flow		**13.9**	6.3	19.7

As explained in Note 4, 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.

16. Reconciliation to non-GAAP performance measures (continued)

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 and cash equivalents. At 30 September 2025, the Group's net bank debt of $10.2m (30 September 2024: $15.4m; 31 March 2025: $17.8m;) consisted of borrowings of $20.6m (30 September 2024: $22.8m; 31 March 2025: $25.7m) less cash and cash equivalents of $10.4m (30 September 2024: $7.4m; 31 March 2025: $7.9m).

17. Contingencies

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. During the six months ended 30 September 2025, the Group paid $2.0m to Sanmina representing two quarterly payments of $1.0m each. The amount of any outstanding deferred instalments would automatically increase 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 a 45-day cure 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. Refer to Note 18 below for details of how the Group has addressed this risk since 30 September 2025.

18. Events after the balance sheet date

On 9 October 2025, the Group agreed an accelerated payment plan with Sanmina whereby a final payment of $5.7m will be made to Sanmina by 31 December 2025, representing a $0.3m cash saving versus the $6.0m that would otherwise have been paid over the six remaining quarters to 31 March 2027. Once the $5.7m is paid, the Stipulation agreement between the parties shall be satisfied and both parties will take steps to legally set aside the US and English court judgments, meaning the potential financial liabilities (as set out in Note 17 above) would be fully extinguished.