

24 June 2025

**Dialight plc**  
**Results for the 12-month period ended 31 March 2025**

**Return to profitability, transformation plan delivery, optimistic in prospects**

Dialight plc (LSE: DIA.L), a global leader in sustainable LED lighting for industrial applications, announces its audited preliminary results for the 12-month period ended 31 March 2025.

**2025 Summary Results**

<b>Financial summary</b>	<b>12-month period ended 31 March 2025</b>	<b>12-month period ended 31 March 2024 (unaudited)<sup>2</sup></b>	<b>15-month period ended 31 March 2024</b>
<b>(m unless otherwise stated)</b>			
Revenue	183.5	182.1	226.0
<b>Underlying results<sup>1</sup></b>			
Underlying gross margin	35.6%	31.5%	31.0%
Underlying EBITDA	10.7	9.1	8.9
Underlying profit/(loss) from operating activities	4.2	(1.9)	(4.6)
Non-underlying items	(21.6)	(25.5)	(25.6)
Underlying operating cash flow	19.5	-	18.9
<b>Statutory results</b>			
Loss from operating activities	(11.6)	(27.4)	(30.2)
Loss before tax	(14.1)	(31.1)	(34.3)
Loss after tax	(13.6)	(29.5)	(32.5)
Loss per share - diluted	(34.4) cents	(81.1) cents	(91.1) cents
Net bank debt	(17.8)	(16.4)	(16.4)

1. The definitions of the adjustments made and reconciliation to the reported figures can be found in note 18.
2. As the prior period was for the 15-months ended 31 March 2024, comparative data for the 12-months ended 31 March 2024 has been presented to enhance users understanding.

**Performance highlights**

- Underlying gross margin increased significantly to 35.6% (31.0% in the 15-months ended 31 March 2024) driven by better financial discipline on pricing, product cost down and component purchase savings.
- Underlying operating profit of 4.2m for the 12-month period to 31 March 2025 (15-months to 31 March 2024: 4.6m loss).
- Non-underlying costs of 21.6m comprise primarily costs relating to the transformation plan of 4.1m and costs of 17.8m in relation to the settlement with Sanmina.
- Net bank debt of 17.8m. Revolving credit facility of 28.8m extended to July 2027.
- Completed on the disposal of the Traffic business in July 2024 realising gross cash proceeds of 5.2m and profit on sale of 5.8m.

**Outlook**

- Positive momentum within the business moving forward with alignment and support to the strategy.
- Positive start to FY26, confident in our prospects.

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

"We are driving what is within our control and are cautiously optimistic about what we can achieve on behalf of customers, employees, shareholders and indeed other stakeholders in the current financial year and beyond. Notwithstanding current geopolitical uncertainties, in particular US tariffs impacts, the Group's trading has started well in April and May. For the current financial year, we remain confident in the Group making further progress and note that the Group will also benefit from the one-off Covid-19 credit received from the US IRS. We are excited about the Group's medium-term prospects."

## Results information

### Full year results presentation

The Annual Report & Accounts for the 12-month period ended 31 March 2025 results presentation can be found at: <https://www.dialight.com/ir/reports-news>

### Contacts

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Mark Fryer - Group Chief Financial Officer

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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, UK, Mexico, Malaysia, Singapore, Australia, Germany and Dubai. To find out more about Dialight, visit [www.dialight.com](http://www.dialight.com).

### Notes

1. Net bank debt is defined as total Group borrowings (excluding lease liabilities recognised under IFRS 16 and the Sanmina liability) less cash.
2. The commentary in both the Group Chief Executive Officer's and Group Chief Financial Officer's reviews uses alternative performance measures, which are described as "underlying". Definitions of these measures can be found in note 18. These measures provide additional information for users on the underlying performance of the business, enabling consistent year-on-year comparisons.
3. The Group's interim results for the six months ending 30 September 2025 are due to be released in late November 2025.
4. Cautionary Statement: 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 words of similar import. 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 financial year under review was one of continued improvement across Dialight as we made good progress against the four pillars of our transformation plan (outlined below). It was a case of strengthening the business by doing what we said we would - and, ultimately, returning it to underlying profitability.

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

That said, the 12-month period to 31 March 2025 was positive - Group revenue increased to 183.5m compared to 182.1m for the 12-month period to 31 March 2024. Dialight also made an underlying operating profit of 4.2m, compared with an underlying operating loss of 1.9m in the previous 12 months, and our underlying gross margin improved to 35.6% (versus 31.0% in the previous 15-month period).

### PLANNING FOR THE LONG TERM

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

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

### A YEAR OF POSITIVE TRANSFORMATION

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

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

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

### WINNING HEARTS AND MINDS

Our day-to-day teamwork around the business is greatly improved versus this time last year. There's renewed cooperation, enthusiasm and engagement. People are no longer waiting to be told what to do, but stepping forward with ideas

enthusiasm and engagement. People are no longer waiting to be told what to do, but stepping forward with ideas proactively solving problems.

#### **SALES TRANSFORMATION**

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

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

#### **OPERATIONAL TRANSFORMATION**

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

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

#### **MARGIN IMPROVEMENT AND CASH GENERATION**

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

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

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

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

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

#### **OUTLOOK**

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

#### **Steve Blair**

Group Chief Executive Officer

#### **CHIEF FINANCIAL OFFICER'S REVIEW**

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

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

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

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

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

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

#### **FINANCIAL REVIEW**

##### **FINANCIAL PERFORMANCE**

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

##### **Underlying performance (unaudited)**

#### Underlying performance (unaudited)

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

#### 12-month comparison (unaudited)

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

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

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

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

#### Lighting before central costs

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

	12-month period ended 31 March 2025	12-month period ended 31 March 2024 (unaudited)	15-month period ended 31 March 2024
	m	m	m
<b>Lighting</b>			
Revenue	138.0	137.9	171.1
Underlying gross profit	54.1	46.9	57.6
Underlying gross profit margin	39.2%	34.0%	33.7%
Underlying overheads	(41.2)	(39.3)	(50.8)
<b>Underlying operating profit before central costs</b>	<b>12.9</b>	<b>7.6</b>	<b>6.8</b>

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

#### Signals & Components before central costs

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

	12-month period ended 31 March 2025	12-month period ended 31 March 2024 (unaudited)	15-month period ended 31 March 2024
	m	m	m
<b>Signals &amp; Components</b>			
Revenue	45.5	44.3	54.9
Underlying gross profit	11.2	10.9	12.5
Underlying gross profit margin	24.6%	24.6%	22.8%
Underlying overheads	(7.9)	(10.7)	(12.3)
<b>Underlying operating profit before central costs</b>	<b>3.3</b>	<b>0.2</b>	<b>0.2</b>

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

#### Central costs

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

#### Non-underlying costs

	12-month period ended 31 March 2025	12-month period ended 31 March 2024 (unaudited)	15-month period ended 31 March 2024
	m	m	m
Transformation Plan	4.1	4.5	4.5
Goodwill impairment	-	11.2	11.2
Development cost impairment	-	4.1	4.1
Sanmina settlement and litigation costs	17.8	2.2	2.3
Business disposal (income)/costs	(0.9)	3.5	3.5
Other	0.6	-	-
<b>Total</b>	<b>21.6</b>	<b>25.5</b>	<b>25.6</b>

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

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

2026. The multi-year transformation plan is a material, infrequent programme and is not considered to be part of the underlying performance of the business. Of these costs, 2.9m relates to general management reduction and consulting, 0.9m to operational transformation and 0.3m to finance transformation.

During the 12-month period to 31 March 2025, costs of 17.8m have been expensed in relation to the settlement with Sanmina (legal costs in the 15-month period to 31 March 2024: 2.3m). Please refer to note 19 for further details of this settlement. The total settlement of 12.0m includes an initial payment of 4.0m made on 31 March 2025, with the remaining balance to be paid through eight deferred quarterly instalments of 1.0m, concluding on 31 March 2027. The amount of any outstanding deferred instalments will be automatically increased from 1.0m to 1.5m if Dialight's market capitalisation exceeds £100m for 30 consecutive days, subject to total cumulative instalment payments not exceeding 8.0m. The Group is confident that the deferred instalments totalling 8.0m will be met from the operational cash flow of the business and that the Group has sufficient headroom to meet its ongoing business needs. In the highly unlikely event of payment default under the settlement agreement following the initial payment, Sanmina will be entitled to enforce the full judgement (less payments already made) in the ordinary course following a 90-day cure period. The discounted cash flows of the future settlement with Sanmina is 11.3m, with an escrow account of 5.2m no longer considered to be collectible so written off, legal costs of 5.6m in year and write off of unpaid invoices of 4.3m giving a total settlement cost of 17.8m.

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

#### INVENTORY

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

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

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

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

#### CASH AND BORROWINGS

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

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

Gross bank debt of 25.7m was offset by cash in hand of 7.9m - see note 13 for further details on bank borrowings. The interest expense of 2.5m is analysed in note 4.

#### BANKING AND COVENANTS

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

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

See note 1(c) for details of how this has been considered as part of the going concern assessment.

#### TAX

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

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

#### PENSION COSTS

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

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

assigned to members). In light of this, the buy-in should be viewed as an investment transaction, with the impact recognised through other comprehensive income ('OCI').

#### CAPITAL MANAGEMENT AND DIVIDEND

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

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

#### POST BALANCE SHEET EVENTS

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

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

**Mark Fryer**  
Chief Financial Officer

#### PRINCIPAL AND EMERGING RISKS AND UNCERTAINTIES

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

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

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

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

- **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 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.
- **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.

#### DIRECTORS' RESPONSIBILITY STATEMENT

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

Company law requires the Directors to prepare Group financial statements for each financial year. Under the law they are required to prepare the Group financial statements in accordance with UK-adopted international accounting standards and applicable law. Directors must be satisfied that the financial statements give a true and fair view of the state of affairs



	m	m	m	m	m	m	m	m	m	m
<b>Balance at 1 April 2024</b>	1.2	1.0	12.6	4.3	13.0	(1.2)	32.8	<b>63.7</b>	0.2	<b>63.9</b>
Loss for the period	-	-	-	-	-	-	(13.8)	<b>(13.8)</b>	0.2	<b>(13.6)</b>
<b>Other comprehensive income:</b>										
Foreign exchange translation differences, net of taxes	-	-	(0.1)	-	-	-	-	<b>(0.1)</b>	-	<b>(0.1)</b>
Remeasurement of defined benefit pension liability, net of taxes	-	-	-	-	-	-	(3.0)	<b>(3.0)</b>	-	<b>(3.0)</b>
<b>Total other comprehensive income</b>	-	-	(0.1)	-	-	-	(3.0)	<b>(3.1)</b>	-	<b>(3.1)</b>
<b>Total comprehensive income for the period</b>	-	-	(0.1)	-	-	-	(16.8)	<b>(16.9)</b>	0.2	<b>(16.7)</b>
<b>Transactions with owners, recorded directly in equity:</b>										
Issue of share capital	-	-	-	-	-	-	-	-	-	-
Transaction costs	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	-	-	0.3	<b>0.3</b>	-	<b>0.3</b>
Re-purchase of own shares	-	-	-	-	-	(0.2)	-	<b>(0.2)</b>	-	<b>(0.2)</b>
<b>Total transactions with owners</b>	-	-	-	-	-	(0.2)	0.3	<b>0.1</b>	-	<b>0.1</b>
<b>Balance at 31 March 2025</b>	1.2	1.0	12.5	4.3	13.0	(1.4)	16.3	<b>46.9</b>	0.4	<b>47.3</b>

	Share capital	Merger reserve	Translation reserve	Capital redemption reserve	Share premium	Own Shares	Retained earnings	Total	Non-controlling interests	Total equity
	m	m	m	m	m	m	m	m	m	m
<b>Balance at 1 January 2023</b>	1.0	1.0	12.2	4.3	1.2	(1.1)	64.2	<b>82.8</b>	0.2	<b>83.0</b>
Loss for the period	-	-	-	-	-	-	(32.5)	<b>(32.5)</b>	-	<b>(32.5)</b>
<b>Other comprehensive income:</b>										
Foreign exchange translation differences, net of taxes	-	-	0.4	-	-	-	-	<b>0.4</b>	-	<b>0.4</b>
Remeasurement of defined benefit pension liability, net of taxes	-	-	-	-	-	-	(0.4)	<b>(0.4)</b>	-	<b>(0.4)</b>
<b>Total other comprehensive income</b>	-	-	0.4	-	-	-	(0.4)	-	-	-
<b>Total comprehensive income for the period</b>	-	-	0.4	-	-	-	(32.9)	<b>(32.5)</b>	-	<b>(32.5)</b>
<b>Transactions with owners, recorded directly in equity:</b>										
Issue of share capital	0.2	-	-	-	12.7	-	-	<b>12.9</b>	-	<b>12.9</b>
Transaction costs	-	-	-	-	(0.9)	-	-	<b>(0.9)</b>	-	<b>(0.9)</b>
Share-based payments	-	-	-	-	-	-	1.5	<b>1.5</b>	-	<b>1.5</b>
Re-purchase of own shares	-	-	-	-	-	(0.1)	-	<b>(0.1)</b>	-	<b>(0.1)</b>
<b>Total transactions with owners</b>	0.2	-	-	-	11.8	(0.1)	1.5	<b>13.4</b>	-	<b>13.4</b>
<b>Balance at 31 March 2024</b>	1.2	1.0	12.6	4.3	13.0	(1.2)	32.8	<b>63.7</b>	0.2	<b>63.9</b>

The accompanying notes are extracted from the financial statements.

#### CONSOLIDATED STATEMENT OF FINANCIAL POSITION at 31 March 2025

	Notes	31 March 2025 (audited) m	31 March 2024 (audited) m
<b>Assets</b>			
Property, plant and equipment	7	13.5	12.7
Right-of-use assets		9.0	8.8
Intangible assets	8	9.0	8.1
Deferred tax assets		8.5	5.8
Employee benefits		2.2	5.4
Other receivables		0.5	5.9
<b>Total non-current assets</b>		<b>42.7</b>	<b>46.7</b>
Inventories	10	46.6	49.1

Trade and other receivables		34.3	32.3
Income tax recoverable		0.4	0.8
Cash and cash equivalents	12	7.9	11.5
<b>Total current assets</b>		<b>89.2</b>	<b>93.7</b>
<b>Total assets</b>		<b>131.9</b>	<b>140.4</b>
<b>Liabilities</b>			
Trade and other payables		(40.1)	(34.3)
Provisions	9	(2.4)	(1.2)
Current tax liabilities		(0.5)	(1.4)
Lease liabilities		(2.5)	(2.0)
Borrowings	13	-	(27.9)
<b>Total current liabilities</b>		<b>(45.5)</b>	<b>(66.8)</b>
Trade and other payables		(3.8)	-
Provisions	9	(2.1)	(1.6)
Borrowings	13	(25.7)	-
Lease liabilities		(7.5)	(8.1)
<b>Total non-current liabilities</b>		<b>(39.1)</b>	<b>(9.7)</b>
<b>Total liabilities</b>		<b>(84.6)</b>	<b>(76.5)</b>
<b>Net assets</b>		<b>47.3</b>	<b>63.9</b>
<b>Equity</b>			
Issued share capital	14	1.2	1.2
Merger reserve		1.0	1.0
Share premium	15	13.0	13.0
Other reserves		15.4	15.7
Retained earnings		16.3	32.8
		46.9	63.7
Non-controlling interests		0.4	0.2
<b>Total equity</b>		<b>47.3</b>	<b>63.9</b>

The accompanying notes are extracted from the financial statements.

#### CONSOLIDATED STATEMENT OF CASH FLOWS for the 12-month period ended 31 March 2025

	Notes	12-month period ended 31 March 2025 (audited) m	15-month period ended 31 March 2024 (audited) m
<b>Operating activities</b>			
Loss for the period		(13.6)	(32.5)
<b>Adjustments for:</b>			
Financial expense	4	2.5	4.1
Income tax credit	5	(0.5)	(1.8)
Sanmina liability		11.3	-
Gain on disposal of business		(5.8)	-
Share-based payments		0.3	1.5
Defined benefit pension scheme service cost		0.2	-
Depreciation of property, plant and equipment	7	3.2	4.3
Impairment losses on property, plant and equipment		-	1.1
Loss on disposal		0.3	-
Depreciation of right of use assets		2.5	3.0
Gain on lease modification		-	(0.2)
Amortisation of intangible assets	8	2.6	7.7
Impairment losses on financial assets		2.1	-
Impairment losses on intangible assets	8	0.2	15.8
<b>Operating cash flow before movements in working capital</b>		<b>5.3</b>	<b>3.0</b>
Decrease in inventories		2.6	15.7
Decrease in trade and other receivables		1.9	5.2
Increase/(decrease) in trade and other payables		2.2	(10.9)
Increase in provisions	9	1.1	0.2
Pension contributions (more than)/less than income statement charge		(0.7)	0.1
<b>Cash generated by operations</b>		<b>12.4</b>	<b>13.3</b>
Income taxes paid		(1.7)	(2.6)
Interest paid <sup>2</sup>	4	(2.8)	(4.1)
<b>Net cash generated by operations</b>		<b>7.9</b>	<b>6.6</b>
<b>Investing activities</b>			
Proceeds on disposal of business		5.2	-
Purchase of property, plant and equipment	7	(4.3)	(1.4)
Purchase of intangible assets	8	(3.7)	(5.4)
<b>Net cash used in investing activities</b>		<b>(2.8)</b>	<b>(6.8)</b>
<b>Financing activities</b>			
Proceeds on issue of shares - net of issue costs	14	-	12.0
Drawdown of bank facility		3.0	6.2

Repayment of bank facility	13	(5.2)	(5.9)
Repayment of Sanmina liability		(4.0)	-
Re-purchase of own shares		(0.2)	(0.1)
Repayment of lease liabilities <sup>1</sup>		(2.3)	(2.9)
<b>Net cash inflow from financing activities</b>		<b>(8.7)</b>	<b>9.3</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(3.6)</b>	<b>9.1</b>
Cash and cash equivalents at beginning of the period	12	11.5	2.0
Effect of exchange rates		-	0.4
<b>Cash and cash equivalents at end of the period</b>	<b>12</b>	<b>7.9</b>	<b>11.5</b>

The Group has classified:

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

The accompanying notes are extracted from the financial statements.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the 12-month period ended 31 March 2025 (audited)

### 1. Basis of preparation and principal accounting policies

#### (a) Statement of compliance

The consolidated financial statements have been prepared in accordance with UK-adopted International Accounting Standards. The consolidated financial statements are presented in US dollars and all values are rounded to the nearest tenth of a million dollars ( 0.1 million), except where otherwise indicated.

The financial information set out in this document does not constitute the Group's statutory accounts for the 12-month period ended 31 March 2025 or the 15-month period ended 31 March 2024 but is derived from those accounts. Statutory accounts for the 15-month period ended 31 March 2024 have been delivered to the registrar of companies. The auditors have reported on those accounts. Their report was: (a) unqualified; (b) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006; and (c) did contain an emphasis of matter in relation to the fact that a material uncertainty existed that may cast doubt on the Group's ability to continue as a going concern.

Statutory accounts for the 12-month period ended 31 March 2025 will be delivered to the registrar of companies in due course. The auditors have reported on those accounts. Their report was (a) unqualified; and (b) did not contain a statement under section 498 (2) or (3) of the Companies Act 2006. The Auditor's report on these accounts did contain an emphasis of matter in relation to the fact that a material uncertainty existed that may cast doubt on the Group's ability to continue as a going concern.

As set out in note 1(c) the directors have identified a material uncertainty which may cast significant doubt on the entity's ability to continue as a going concern, meaning it may be unable to realise its assets and discharge its liabilities in the normal course of business. Notwithstanding this material uncertainty, the Directors consider it remains appropriate to continue to adopt the going concern basis in the preparation of the financial statements.

The financial statements for the 12-month period ended 31 March 2025 (including the comparatives for the 15-month period ended 31 March 2024) were approved and authorised for issue by the Board of Directors on 23 June 2025. This results announcement for the 12-month period ended 31 March 2025 was also approved by the Board on 23 June 2025.

Whilst the financial information included in this statement has been compiled in accordance with the recognition and measurement principles of UK-adopted International Accounting Standards, this statement does not itself contain sufficient information to comply with UK-adopted International Accounting Standards. Full Financial Statements that comply with IFRS are included in the 2025 Annual Report.

#### (b) Changes in significant accounting policies

None.

#### (c) Consolidated basis of preparation

##### Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are discussed in the Chief Financial Officer's review above.

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

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

The covenants are tested quarterly and are as follows:

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

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

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

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

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

performance and other activities to seek to achieve those positive results.

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

Further details, including the relevant covenant tests, are included in note 13.

#### **Base case**

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

The key assumptions in the base case include:

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

#### **Plausible downside case**

The Directors have assumed:

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

#### **Reverse stress test (break-even assessment)**

The Directors have assumed:

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

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

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

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

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

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

#### **(d) Use of estimates, judgements and assumptions**

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. These estimates, judgements and assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates. The areas which require the most use of management estimation and judgement are set out below.

#### **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 1(c) for a fuller discussion.

##### **Development and patent costs**

The Group capitalises development costs and patent costs provided they meet all criteria in the respective accounting policy. Costs are only capitalised when management applies judgement that is satisfied as to the ultimate commercial

viability of the projects based on review of the relevant business case. The capitalised costs are amortised over the expected useful economic life, which is determined based on the reasonable commercial prospects of the product and a comparison to similar products being sold by the Group.

The Group has 8.6m (2024: 7.4m) of development and patent costs that relate to the current product portfolio and new products expected to launch over the next one to two years. An impairment review of the total balance was performed resulting in impairment of 0.1m recorded in underlying EBIT (2024: 4.6m recorded as a non-recurring expenses (note 3)).

All of the development projects are within the Lighting CGU and are tested for impairment at the CGU level. However, management also performs a review of each individual project to see if there are any indications of specific impairment by comparing the carrying amount of the asset with the net present value derived from the Board approved strategic plan.

Directors recognise that the results in recent years have fluctuated from the forecast. Consideration was therefore given to the reversal of impairments recognised in prior periods. Given the sensitivity of the tests to the growth assumptions utilised in the forecasts, it was deemed to be appropriate to not recognise any such reversal at this time.

#### Deferred tax assets

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

The Group has recognised a net deferred tax asset of 8.5m (2024: 5.8m). Of this balance, 6.4m (2024: 5.4m) arises in the US with 4.4m (2024: 3.2m) relating to short-term timing differences that typically unwind on a yearly basis, 0.4m (2024: 0.7m) arising on intangible assets, 0.3m (2024: nil) arising on other items, 1.9m (2024: 1.5m) arising on losses and restricted interest deductions which have no expiry dates. This is offset by a US deferred tax liability of 0.7m (2024: 0.7m) arising on property, plant and equipment.

The Group considers it highly probable that sufficient future taxable profits will arise in the US based on both the earning history and the future forecasted profits. In addition, the Group is satisfied that the losses will unwind in the same period as the forecasted taxable profits.

The remaining 2.1m of the recognised net deferred tax asset arises in respect of deferred tax assets on right-of-use assets and lease liabilities ( 0.4m), provisions ( 1.0m), losses ( 1.0m), offset by deferred tax liabilities arising on employee benefits ( 0.2m) and individually immaterial net DTAs recognised by the Group's subsidiary entities in various geographical locations.

#### Non-underlying items

The Group incurs costs and earns income that is non-underlying in nature or that, in the Directors' judgement, needs to be disclosed separately by virtue of its size and incidence in order for users of the consolidated financial statements to obtain a proper understanding of the financial information and the underlying performance of the business. Judgement is required in determining whether an item should be classified as non-underlying or included within the underlying results. Refer to note 3 for further information.

#### Estimates

##### Inventory reserve

The total value of the inventory provision for all categories of inventory over which judgement has been exercised was 5.9m (2024: 6.6m) and this represents 11.2% (2024: 11.8%) of the gross inventory value.

Details of the inventory reserve are set out in note 10.

##### Inventory reserve - Raw materials and sub-assemblies

The Group's policy is that all raw material and sub-assembly inventory that is over 24-months old at the balance sheet date is provided for. This basis for estimate reduces estimation subjectivity, while allowing for the adverse impact from component shortages that have led to high inventory levels and some components being held for longer than expected. Two years has been assessed to be appropriate as the components have a long shelf life, continue to be used in production and the product demand mix between project and MRO. The inventory ageing continues to be skewed as a result of post COVID-19 supply chain disruption leading to inventory which is now two years old.

The value of the inventory provision for raw materials and sub-assemblies as at 31 March 2025 was 4.4m (2024: 5.9m).

If all raw material and sub-assembly inventory over 18-months old at the balance sheet date was to be provided for, the inventory provision would be 4.9m. Alternatively, if all raw material and sub-assembly inventory over 36-months old at the balance sheet date was to be provided for, the inventory provision in that scenario would be 1.7m.

##### Inventory reserve - finished goods

The review of finished goods inventory was based on all inventory over 365 days old. Inventory on hand was compared to historical sales, current orders, sales pipeline and whether the product had been recently launched.

Management judgement was then applied to determine whether there was a reasonable probability that the inventory would be sold, with a provision being required for any inventory that failed this assessment.

Management believes that any reasonably possible change in the assumption would not cause any significant change in the provision estimate for finished goods.

##### Inventory reserve and onerous contract provision - disposal of traffic business

Following the disposal of the traffic business, an estimate was made of the provision for excess or obsolete inventory and to provide for inventory expected to be sold at below cost. The provision, which is included in the inventory provisions noted above, is 0.8m as at 31 March 2025 (2024: 3.0m); during the 12-month period ended 31 March 2025, 2.2m of the inventory provision was released as it was deemed to be in excess of current requirements. Inventory is being utilised or sold to Leotek and as at the balance sheet date future inventory utilisation/sales are inherently an estimate.

Additionally, during the current financial period, an onerous contract provision relating to the Leotek contract of 0.9m (2024: nil) was made. The provision is for estimated expected losses until the end of the Leotek contract in October 2025.

These are recognised within cost of goods sold and are disclosed as a non-underlying item within note 3.

##### Inventory - absorbed overhead costs

The valuation of inventory, detailed in note 10, requires the use of estimates in the amount of costs to be absorbed into inventory valuation.

The costs of purchase of inventories comprise the purchase price, import duties/other taxes and freight, handling and other costs directly attributable to the acquisition of inventory.

The costs of conversion of inventories include costs directly related to the units of production and also include a systematic allocation of fixed and variable production overheads that are incurred in converting materials into finished goods. Costs related to production comprise labour and direct overheads attributable to the production process. They are assessed to ensure that costs unrelated to production are excluded. Unallocated overheads are recognised as an expense in the period in which they are incurred.

Consistent with prior year, the Group absorbs costs using weighted average inventory turns. The value of directly attributable costs over which judgement was exercised was 6.9m (2024: 7.6m) and this represents 15% (2024: 15%) of the inventory value. For every day that the estimate of the days used for the overheads absorbed changes, it changes the calculation by 78.0k (2024: 96.9k). In relation to the amount of freight costs that are included in the inventory valuation,

calculation by 76.6k (2024: 56.5k), in relation to the amount of freight costs that are included in the inventory valuation, the value of freight costs over which judgement was exercised was 3.2m (2024: 2.8m) and this represents 7% (2024: 6%) of the inventory value. For every day that the estimate of the days used for the freight costs absorbed changes, it changes the calculation by 16.6k (2024: 17.1k).

Management believes that any reasonably possible change in the assumptions would not cause any significant change in the amount of costs absorbed into inventory.

#### Pension plans

The key actuarial assumptions used to value the pension plan liabilities and could have a significant impact on the valuation of the liabilities. The Group's assumptions are disclosed in note 16 of the consolidated financial statements with associated sensitivity analysis. The key assumptions are mortality rates, inflation and market yields. These assumptions are set with close reference to market conditions.

#### Impairment losses of financial assets

Expected credit losses of financial assets contain a number of measurement uncertainties relating to management's view of the expected future cash flows receivable from financial assets due from customers and the inherent creditworthiness of those customers. Judgement is based on the Group's past experience as well as taking into consideration current market and economic conditions, and any factors relating to a specific customer or sale. Changes in judgements and assumptions could result in a material adjustment to those estimates in future reporting periods.

#### (e) Adoption of new and revised standard/interpretations and amendments

The following accounting standards, interpretations, improvements and amendments have become applicable for the current period and although the Group has adopted them, they have had no material impact on the Group. These comprise:

- Non-current Liabilities with Covenants and classification of Liabilities as Current or Non-current (Amendments to IAS 1);
- Lease liability in a Sale and Leaseback (Amendments to IFRS 16); and
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7).

The following amendments to standards and interpretations have also been issued, but are not yet effective and have not been early adopted for the period ended 31 March 2025:

- Lack of Exchangeability (Amendments to IAS 21);
- Presentation and Disclosures in Financial Statements (IFRS 18);
- Subsidiaries without Public Accountability: Disclosures (IFRS 19);
- Amendments to the Classification and Measurement of Financial Instruments (amendments to IFRS 9 and IFRS 7);
- Contracts Referencing Nature-dependent Electricity (amendments to IFRS 9 and IFRS 7); and
- Annual Improvements to IFRS Accounting Standards (amendments to IFRS 10, IFRS 9, IFRS 1, IAS 7 and IFRS 7).

The adoption of these amendments is not expected to have a material impact on the financial results of the Group but could impact the presentation of the financial statements.

## 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, which develops, manufactures and supplies highly efficient LED lighting solutions for hazardous and industrial applications in which lighting performance is critical and includes anti-collision obstruction lighting; and
- Signals & Components, which develops, manufactures and supplies status indication components for electronics OEMs, together with niche industrial and automotive electronic components and highly efficient LED signalling solutions for the traffic and signals markets.

There is no inter-segment revenue and there are no individual customers that represent more than 10% of revenue.

All revenue relates to the sale of goods. Segment gross profit is revenue less the costs of materials, labour, production and freight that are directly attributable to a segment. Central and unallocated overheads comprise operations management plus corporate costs, which include share-based payments.

Segmental assets and liabilities are not reported internally and are, therefore, not presented below.

#### Reportable segments

12-month period ended 31 March 2025 (audited)	Lighting	Signals & Components	Central & Unallocated	Total
	m	m	m	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)
<b>Underlying profit/(loss) from operating activities</b>	<b>12.9</b>	<b>3.3</b>	<b>(12.0)</b>	<b>4.2</b>
Non-underlying items (note 3)	(18.6)	0.9	(3.9)	(21.6)
Gain on disposal of business	–	5.8	–	5.8
<b>(Loss)/profit from operating activities</b>	<b>(5.7)</b>	<b>10.0</b>	<b>(15.9)</b>	<b>(11.6)</b>
Financial expense	–	–	(2.5)	(2.5)
<b>(Loss)/profit before tax</b>	<b>(5.7)</b>	<b>10.0</b>	<b>(18.4)</b>	<b>(14.1)</b>
Taxation	–	–	0.5	0.5
<b>(Loss)/profit after tax</b>	<b>(5.7)</b>	<b>10.0</b>	<b>(17.9)</b>	<b>(13.6)</b>

15-month period ended 31 March 2024 (audited)	Lighting	Signals & Components	Central & Unallocated	Total
	m	m	m	m
Revenue	171.1	54.9	–	226.0
<b>Underlying gross profit</b>	57.6	12.5	–	70.1
Underlying overheads	(50.8)	(12.3)	(11.6)	(74.7)
<b>Underlying profit/(loss) from operating activities</b>	6.8	0.2	(11.6)	(4.6)
Non-underlying items (note 3)	(20.6)	(3.6)	(1.4)	(25.6)
<b>Loss from operating activities</b>	(13.8)	(3.4)	(13.0)	(30.2)
Financial expense	–	–	(4.1)	(4.1)
<b>Loss before tax</b>	(13.8)	(3.4)	(17.1)	(34.3)
Taxation	–	–	1.8	1.8
<b>Loss after tax</b>	(13.8)	(3.4)	(15.3)	(32.5)

#### Other segmental data

	12-month period ended 31 March 2025 (audited)			
	Lighting	Signal & components	Central & Unallocated	Total
	m	m	m	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 property, plant and equipment	–	–	–	–
Impairment of goodwill	–	–	–	–
Impairment of intangible assets	0.1	0.1	–	0.2

  

	15-month period ended 31 March 2024 (audited)			
	Lighting	Signals & components	Central & Unallocated	Total
	m	m	m	m
Cost of inventories recognised as expense	65.8	25.0	–	90.8
Total personnel expenses	46.6	13.9	4.0	64.5
Depreciation of property, plant and equipment	3.3	1.0	–	4.3
Depreciation of right-of-use assets	2.3	0.7	–	3.0
Amortisation of intangible assets	7.7	–	–	7.7
Impairment of property, plant and equipment	1.1	–	–	1.1
Impairment of goodwill	11.2	–	–	11.2
Impairment of intangible assets	4.1	0.5	–	4.6

#### Geographical segments

Lighting and Signals & Components segments are managed on a worldwide basis, but operate in three principal geographic areas: North America, EMEA and Rest of the World. The following table provides an analysis of the Group's sales by geographical market, irrespective of the origin of the goods. All revenue relates to the sale of goods.

#### Sales revenue by geographical market

	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2024 m (audited)
North America	155.3	183.7
EMEA	10.7	18.3
Rest of World	17.5	24.0
<b>Total sales revenue</b>	<b>183.5</b>	<b>226.0</b>

### 3. Non-underlying items

The Group incurs cost and earns income that is non-recurring in nature or that, in the Director's judgement, need to be separately disclosed for users of the consolidated financial statements to obtain a full understanding of the financial information and the best indication of the underlying performance of the Group.

The table below presents the components of non-underlying items recognised in the income statement. All costs are recognised within administrative expenses unless otherwise stated.

	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2025 m (audited)
Transformation Plan	4.1	4.5
Impairment of goodwill	–	11.2
Impairment of other intangible assets (excluding business disposal impairment)	–	4.1

Litigation costs	17.8	2.3
Other non-underlying costs	0.6	–
Business disposal (income)/costs	(0.9)	3.5
<b>Non-underlying items recorded in administrative expenses</b>	<b>21.6</b>	<b>25.6</b>

The Group has incurred 4.1m (15-months ended 31 March 2024: 4.5m) of non-underlying costs relating to the Transformation Plan. This is a significant multi-year change programme for the Group, which is designed to address legacy issues associated with excess cost and complexity within the organisation, while at the same time focusing more resources on the most attractive growth opportunities within its core industrial LED lighting market. Implementation of the Transformation Plan is expected to be complete by 31 March 2026. The multi-year Transformation Plan is a material, infrequent programme and is not considered to be part of the underlying performance of the business. The costs incurred in the 12-month period to 31 March 2025 relate to resetting and realigning the Group's cost base including severance costs, and legal and professional fees. In the prior period, an impairment charge of 1.1m for property, plant, and equipment and dilapidation costs of 0.4m were recognised in relation to the vacation of the Malaysian facility that occurred during the year.

During the 12-month period ended 31 March 2025 costs of 17.8m have been expensed (2024: 1.9m) relating to the legal settlement with Sanmina. On 31 March 2025 the Group settled its long-standing litigation with Sanmina for 12.0m to be paid by instalments. This required payment of 4.0m on 31 March 2025 and eight quarterly payments of 1.0m per quarter with the final payment due on 27 March 2027. The discounted expense of these future payments is 11.3m, with additional legal expenses of 5.6m in the period and other irrecoverable amounts expensed of 0.9m. Please refer to note 19 for further details of this claim. In the prior period, other litigation costs of 0.4m relate to a contractual litigation case relating to the use of intellectual property which was concluded in 2023.

Other non-underlying costs of 0.6m are one-off costs relating to previous financial periods, as such have been recognised through non-underlying to enable full comparability of the Group's financial performance with previous periods.

Business disposal (income)/costs relate to the disposal of the Traffic business in July 2024. The (income)/costs relate to a 0.1m impairment of development costs (2024: 0.5m) for projects that will no longer be pursued, net income of 2.0m being a release of inventory excess and obsolescence provision, which has been recognised within costs of goods sold (2024: expense of 3.0m), 0.1m of staff retention costs (2024: nil) and an onerous contract provision of 0.9m in relation to the Leotek contract (2024: nil).

#### 4. Financial expenses

	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2024 m (audited)
Net interest income on defined benefit liability	(0.3)	(0.3)
Interest expense on financial liabilities, excluding lease liabilities	2.2	3.3
Facility arrangement fee expense	–	0.4
Interest expense on lease liabilities	0.6	0.7
<b>Net financing expense recognised in the consolidated income statement</b>	<b>2.5</b>	<b>4.1</b>

#### 5. Taxation

	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2024 m (audited)
<b>Current tax expense</b>		
Current period	1.2	1.2
Adjustment for prior years	–	(0.1)
<b>Total current tax expense</b>	<b>1.2</b>	<b>1.1</b>
<b>Deferred tax expense</b>		
Origination and reversal of temporary differences	(1.1)	(4.0)
Adjustment for prior years	(0.3)	0.7
Impact of change in tax laws and rates	(0.3)	0.4
<b>Total deferred tax credit</b>	<b>(1.7)</b>	<b>(2.9)</b>
<b>Total tax credit</b>	<b>(0.5)</b>	<b>(1.8)</b>

#### Reconciliation of effective tax rate

	12-month period ended 31 March 2025 % (audited)	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2024 % (audited)	15-month period ended 31 March 2024 m (audited)
Loss for the period after tax		(13.6)		(32.5)
Total tax charge		0.5		1.8
<b>Loss for the period before tax</b>		<b>(14.1)</b>		<b>(34.3)</b>
Income tax using the UK corporation tax rate of 25.0% (2024: 23.8%)	25.0	(3.5)	23.8	(8.2)
Effect of higher taxes on overseas earnings	(7.8)	1.1	(1.5)	0.5
Change in tax laws and rates	2.1	(0.3)	(1.2)	0.4
Expenses not deductible for tax purposes	–	–	(8.5)	2.9

Current year losses for which no deferred tax is recognised	(17.7)	2.5	(2.9)	1.0
Adjustment for prior years	2.1	(0.3)	(1.5)	0.5
Other	(0.7)	0.1	–	–
Research and development credits	0.7	(0.1)	0.3	(0.1)
Foreign taxes incurred	–	–	(3.5)	1.2
	3.5	(0.5)	5.2	(1.8)

The effective tax rate for the period is 3.5% compared with 5.2% in the prior year and the standard rate of 25.0% (2024: 23.8%) in the UK. During the period, the Group made a loss before tax of 14.1m (2024: loss of 34.3m), which resulted in a tax credit in the period of 0.5m (2024: tax credit of 1.8m).

The normalised tax rate for the Group in the period is 25.0% (tax rate before adjustments) and based on a pre-tax loss of 14.1m this would generate a tax credit of 3.5m. The Group's overall tax rate was 3.5% which is significantly lower than the normalised tax rate as a result of the following major adjustments:

- unrecognised losses in the European Lighting business resulting in 2.5m of tax losses not being recognised in the period; and
- Mexican taxes of 1.1m.

#### Tax credit recognised directly in equity

	12-month period ended 31 March 2025 (audited) m	15-month period ended 31 March 2024 (audited) m
Employee benefits	(1.0)	(0.1)

#### Current tax

Current tax is calculated with reference to the profit or loss of the Company and its subsidiaries in their respective countries of operation. Set out below are details in respect of the significant jurisdictions where the Group operates and the factors that influenced the current and deferred taxation in those jurisdictions.

#### UK

The UK companies are subject to a corporate tax rate of 25.0% (2024: 23.8%).

#### Group

The majority of the Group's profits arise in the US where the corporation tax rate is 23%, including 21% federal tax and 2% state tax (2024: 24%, including 21% federal tax and 3% state tax).

## 6. Earnings per share

#### Basic earnings per share

The calculation of basic earnings per share ('EPS') at 31 March 2025 was based on a loss for the year of 13.6m (2024: loss of 32.5m) and the weighted average number of ordinary shares outstanding during the year of 39,586,489 (2024: 35,603,515).

#### Weighted average number of ordinary shares

	12-month period ended 31 March 2025 (audited) 000s	15-month period ended 31 March 2024 (audited) 000s
Weighted average number of ordinary shares	39,586	35,604
	12-month period ended 31 March 2025 (audited)	15-month period ended 31 March 2024 (audited)
Basic (loss)/earnings per share	(34.4) cents	(91.1) cents

#### Diluted earnings per share

The calculation of diluted earnings per share at 31 March 2025 was based on a loss for the year of 13.6m (2024: loss of 32.5m) and the weighted average number of ordinary shares outstanding during the year of 39,586,489 (2024: 35,603,515).

Where a loss has been recognised the same number of shares are used in both the basic and diluted loss per share calculation as there is no dilutive effect when the Group is in a loss-making position. The number of shares that would be used in the diluted EPS calculation is 40,646,358 (2024: 36,457,712).

#### Weighted average number of ordinary shares

	12-month period ended 31 March 2025 (audited) 000s	15-month period ended 31 March 2024 (audited) 000s
Weighted average number of ordinary shares	39,586	35,604
	12-month period ended 31 March 2025 (audited)	15-month period ended 31 March 2024 (audited)
Diluted (loss)/earnings per share	(34.4) cents	(91.1) cents

## 7. Property, plant and equipment

	Land and buildings m	Plant, equipment and vehicles m	Total m
Net book value at 1 April 2024	1.2	11.5	12.7
Additions	–	4.3	4.3
Depreciation expense	(0.2)	(3.0)	(3.2)
Disposals	–	(0.3)	(0.3)
Effects of foreign exchange movements	–	–	–
Net book value at 31 March 2025	1.0	12.5	13.5

During the prior period a review of property, plant, and equipment was performed where it was identified that certain

assets relating to the Malaysian facility are no longer in use following the planned vacation of the existing Malaysian site. As a result, an impairment loss was recognised in the prior period within non-underlying items (note 3) given it related to the transformation plan.

## 8. Intangible assets

	Patents, licenses, and trademarks m	Goodwill m	Software licenses m	Development costs m	Total m
<b>Net book value at 1 April 2024</b>	<b>1.6</b>	-	<b>0.7</b>	<b>5.8</b>	<b>8.1</b>
Additions	0.8	-	0.1	2.8	3.7
Amortisation charge	(0.9)	-	(0.2)	(1.5)	(2.6)
Impairment charge	(0.2)	-	-	-	(0.2)
Amortisation transfer	0.1	-	(0.2)	0.1	-
Disposals	-	-	-	-	-
Effects of foreign exchange movements	-	-	-	-	-
<b>Net book value at 31 March 2025</b>	<b>1.4</b>	-	<b>0.4</b>	<b>7.2</b>	<b>9.0</b>

The amortisation charge for the period is included within administrative expenses in the income statement. The carrying value of development costs not yet available for use and, therefore, for which amortisation has not yet commenced is 5.8m (2024: 3.1m). All development costs are allocated to the Lighting CGU.

## 9. Provisions

	Warranty and claims m	Sanmina litigation m	Lease- restoration m	Onerous contract m	Total m
At 1 April 2024 (audited)	2.2	-	0.6	-	2.8
Provisions made during the period	0.7	23.2	0.5	0.9	25.3
Provisions used during the period	-	(6.3)	(0.5)	-	(6.8)
Provisions released during the year	-	(4.7)	-	-	(4.7)
Reclassified to liabilities	-	(11.3)	-	-	(11.3)
Other	-	(0.9)	-	-	(0.9)
Effects of foreign exchange movement	-	-	0.1	-	0.1
<b>Balance at 31 March 2025 (audited)</b>	<b>2.9</b>	-	<b>0.7</b>	<b>0.9</b>	<b>4.5</b>

The warranty provision relates to sales made over the past nine years. The warranty provision has been estimated based on historical warranty data with similar products. The Group expects to settle the majority of the liability over the next two to three years. The onerous contract provision is in relation to the Leotek contract and is expected to be fully used in the next year. The table below provides a breakdown of the provisions into their short-term and long-term portions:

	31 March 2025 m (audited)	31 March 2024 m (audited)
Due within one year	2.4	1.2
Due within one and five years	0.7	1.3
Due after five years	1.4	0.3
	<b>4.5</b>	<b>2.8</b>

## 10. Inventories

	31 March 2025 m (audited)	31 March 2024 m (audited)
Raw materials and consumables	20.0	18.8
Work in progress	10.7	13.4
Finished goods	15.7	16.7
	<b>46.4</b>	<b>48.9</b>
Spare parts	0.2	0.2
	<b>46.6</b>	<b>49.1</b>

Inventories to the value of 67.2m (15-months ended 31 March 2024: 90.8m) were recognised as expenses in the period.

The inventory reserve at the balance sheet date was 5.9m, which represents 11.2% of gross inventory (2024: 6.6m representing 11.8% of gross inventory). Additional reserves of 3.0m were booked in the period, being offset by utilisation of 1.5m and released of 2.2m, resulting in a net decrease in the reserve of 0.7m. As at 31 March 2025, management's best estimate of the amount of inventory that will not be used within the next 12 months is c. 8.5m (2024: 8.1m).

In 2022, the Group revised its basis for estimate to calculating the inventory reserve to provide for raw and sub-assembly inventory that is over 24-months old at the balance sheet date. The new basis for estimate reduces estimation subjectivity, while allowing for the adverse impact from component shortages that have led to high inventory levels and some components being held for longer than expected. Two years is felt to be appropriate as the components have a long shelf life and continue to be used in production.

The review of finished goods inventory was based on all inventory over 365 days old. Inventory on hand was compared to historical sales, current orders, sales pipeline and whether the product had been recently launched. Management judgement was then applied to determine whether there was a reasonable probability that the inventory would be sold, with a provision being required for any inventory that failed this assessment.

See note 13 for details of fixed and floating charges which includes the value of inventory in material Group companies.

## 11. Dividends

No dividends were declared in the current or the prior year. After the balance sheet date no dividends were proposed by the Directors and there are no income tax consequences for the Company.

## 12. Cash and cash equivalents

	31 March 2025 m (audited)	31 March 2024 m (audited)
Cash and cash equivalents	7.9	11.5

## 13. Borrowings

The Group's bank facility comprise a revolving credit facility ('RCF') of 28.8m from HSBC. A balance of 5.2m was repaid in August 2024 using the proceeds received from the disposal of the Traffic business, after which the facility was reduced by a corresponding amount from 34.0m to 28.8m. As at 31 March 2025, 25.7m was drawdown (2024: 27.9m).

The facility was extended on 5 June 2025 to 21 July 2027 on the same terms as the original agreement. Aligned with the Group's robust commitment to environmental, social, and governance principles, the RCF facility operates as a sustainability-linked loan.

The Group's bank facility includes security for HSBC by way of fixed and floating charges over all the material companies in the Group that generate greater than 5% of the turnover, operating profit or net assets of the Group. This was registered at Companies House on 21 July 2022.

The RCF facility is subject to quarterly covenants encompassing maximum leverage and minimum interest cover. The covenants for the quarter ending 30 September 2023 were temporarily reset from a leverage ratio maximum target of less than 3x to 4.5x, and an interest cover minimum target of a maximum 4.0x to 2.5x. The covenants reverted to the original hurdles from the quarter ending 31 December 2023 onwards.

Due to the historical weak trading performance of the Group, in the final quarter of the financial period ending 31 March 2024 HSBC agreed to reduce the interest rate covenant for the third-quarter of FY2025 (only) to 2.5x. The covenant reverted to the original level of 4.0x from the quarter ending 31 March 2025 onwards.

In the 12-month period to 31 March 2025 the covenants have been complied with and the outstanding borrowings of 25.7m have been classified as a non-current liability as at 31 March 2025 in line with the facility expiring in July 2026.

Interest is based on the Secured Overnight Financing Rate ('SOFR')/Sterling Overnight Index Average ('SONIA'), depending on the tranche of debt, plus a margin which varies dependent on the Group's leverage ratio and a sustainability margin adjustment. There are three sustainability key performance indicators ('KPIs'), being: reduction in absolute gross tonnes CO<sub>2</sub>e per £1m of revenue; the percentage of employees who take up a day of paid time to participate in charity days; and reduction in absolute kilolitres of water usage per £1m of revenue. Margin increases by 0.015% if only one KPI is achieved, by 0.03% if no KPI is met and decreases by 0.015% if two KPIs achieved and by 0.03% if all three KPIs are met.

## 14. Share capital

	31 March 2025 Number (audited)	31 March 2025 m (audited)	31 March 2024 Number (audited)	31 March 2024 m (audited)
<b>Authorised:</b>				
Ordinary shares of 1.89p each				
Authorised: as previously stated	40,202,936	1.2	39,828,141	1.2
Adjustment*	-	-	199,140	-
Authorised: restated	40,202,936	1.2	40,027,281	1.2
<b>Issued and fully paid:</b>				
At beginning of the period	40,027,281	1.2	32,946,371	1.0
Issued during the period	175,655	-	6,881,770	0.2
At end of period: as previously stated	40,202,936	1.2	39,828,141	1.2
Issued during the period: adjustment*	-	-	199,140	-
<b>At end of the period: restated</b>	<b>40,202,936</b>	<b>1.2</b>	<b>40,027,281</b>	<b>1.2</b>

On 24 March 2025 a total of 175,655 new ordinary shares of 1.89 pence each in the capital of the Company were issued.

\* On 28 March 2024 a total of 199,140 new ordinary shares of 1.89 pence each in the capital of the Company were issued. This issue of shares had been inadvertently omitted from the 2024 annual financial statements.

On 5 April 2023 a total of 246,513 new ordinary shares of 1.89 pence each in the capital of the Company were issued.

On 31 October 2023 a total of 6,635,257 new ordinary shares of 1.89 pence each in the capital of the Company were allotted to raise gross proceeds of approximately 12.9m.

## 15. Share premium

	31 March 2025 m (audited)	31 March 2024 m (audited)
At the beginning of the period	13.0	1.2
Issued during the period	-	12.7
Share issues costs	-	(0.9)
<b>At the end of the period</b>	<b>13.0</b>	<b>13.0</b>

## 16. Principal exchange rates

	12-month period ended 31 March 2025 Average rate	31 March 2025 At balance sheet date	15-month period ended 31 March 2024 Average rate	31 March 2024 At balance sheet date
Pound sterling	0.7840	0.7733	0.8010	0.7925
Euro	0.9318	0.9273	0.9240	0.9264
Canadian dollar	1.3911	1.4293	1.3491	1.3540

## 17. 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.

### Transactions with key management personnel

The main Board Directors are considered to be the Group's key management personnel. Key management personnel compensation comprised the following:

	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2024 m (audited)
Short-term employee benefits	1.4	2.3
Termination benefits	0.2	-
Share-based payments	0.3	1.5
	<b>1.9</b>	<b>3.8</b>

Directors of the Company and their immediate relatives control less than 1% of the Company.

### Other related party transactions

During the period and the prior period, the Company paid for a lease agreement for the previous CEO, Fariyal Khanbabi, which was cohabited with her son and his partner. The lease ended in May 2024.

## 18. Reconciliation to non-GAAP performance measures

Certain financial information set out in the consolidated year end financial statements and annual report is not defined under International Financial Reporting Standards ('IFRS'). These key Alternative Performance Measures ('APMs') represent additional measures in assessing performance and for reporting both internally and to shareholders and other external users. The Group believes that the presentation of these APMs provides useful supplemental information which, when viewed in conjunction with IFRS financial information, provides readers with a more meaningful understanding of the underlying financial and operating performance of the Group. None of these APMs should be considered as an alternative to financial measures drawn up in accordance with IFRS.

### 15-month comparatives

	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2024 m (audited)
Revenue: 3-month period from January 2023 to March 2023	-	43.9
Revenue: 12-month period from April to March	<b>183.5</b>	182.1
<b>Revenue</b>	<b>183.5</b>	<b>226.0</b>
Gross profit: 3-month period from January 2023 to March 2023	-	12.7
Gross profit: 12-month period from April to March	<b>66.5</b>	54.4
<b>Gross profit</b>	<b>66.5</b>	<b>67.1</b>
Underlying gross profit: 3-month period from January 2023 to March 2023	-	12.7
Underlying gross profit: 12-month period from April to March	<b>65.3</b>	57.4
<b>Underlying gross profit</b>	<b>65.3</b>	<b>70.1</b>
Loss from operating activities: 3-month period from January 2023 to March 2023	-	(2.8)
Loss from operating activities: 12-month period from April to March	<b>(11.6)</b>	(27.4)
<b>Loss from operating activities</b>	<b>(11.6)</b>	<b>(30.2)</b>
Underlying profit/(loss) from operating activities: 3-month period from January 2023 to March 2023	-	(2.7)
Underlying (loss)/profit from operating activities: 12-month period from April to March	<b>4.2</b>	(1.9)
<b>Underlying (loss)/profit from operating activities</b>	<b>4.2</b>	<b>(4.6)</b>
Non-underlying items: 3-month period from January 2023 to March 2023	-	(0.1)
Non-underlying items: 12-month period from April to March	<b>(21.6)</b>	(25.5)
<b>Non-underlying items</b>	<b>(21.6)</b>	<b>(25.6)</b>

### Other non-GAAP performance measures

	12-month period ended 31 March 2025 m (audited)	15-month period ended 31 March 2024 m (audited)
Gross profit	<b>66.5</b>	67.1
Non-underlying items (see note 3)	<b>(1.2)</b>	3.0
<b>Underlying gross profit</b>	<b>65.3</b>	<b>70.1</b>
Loss from operating activities	<b>(11.6)</b>	(30.2)

Non-underlying items (see note 3)	21.6	25.6
Gain on disposal of business	(5.8)	-
<b>Underlying profit/(loss) from operating activities</b>	<b>4.2</b>	<b>(4.6)</b>
Loss from operating activities	(11.6)	(30.2)
Non-underlying items (see note 3)	21.6	25.6
Gain on disposal of business	(5.8)	-
Depreciation of property, plant and equipment (note 7)	3.2	4.3
Loss on disposal of property, plant and equipment (note 7)	0.3	-
Amortisation of intangible assets (note 8)	2.6	7.7
Impairment of intangible assets (note 8), not included in non-underlying items	0.1	-
Share-based payments	0.3	1.5
<b>Underlying EBITDA</b>	<b>10.7</b>	<b>8.9</b>
Loss from operating activities	(11.6)	(30.2)
Non-underlying items (see note 3)	21.6	25.6
Gain on disposal of business	(5.8)	-
Depreciation of property, plant and equipment (note 7)	3.2	4.3
Loss on disposal of property, plant and equipment (note 7)	0.3	-
Amortisation of intangible assets (note 8)	2.6	7.7
Impairment of intangible assets (note 8), not included in non-underlying items	0.1	-
Impairment losses of financial assets	2.1	-
Share based payments	0.3	1.5
Net movement on working capital (Inventories, trade and other receivables, trade and other payables) as per Consolidated statement of cash flows	6.7	10.0
<b>Underlying operating cash flow</b>	<b>19.5</b>	<b>18.9</b>

As explained in note 3, the Group incurs costs and earns income that is not considered to be reflective of the underlying performance of the business. In the assessment of performance of the business units of the Group, management examines underlying performance, which removes the impact of non-underlying costs and income.

Underlying profit from operating activities and underlying EBIT referred to in the earlier sections of the annual report are the same measures. Underlying operating cash flow and adjusted operating cash flow referred to in the earlier sections of the annual report are the same measure.

#### Net bank debt

Net bank debt is defined as total Group borrowings (excluding lease liabilities recognised under IFRS 16 and the Sanmina liability) less cash. Net bank debt of 17.8m at the period end (2024: 16.4m) consisted of borrowings of 25.7m (2024: 27.9m) less cash of 7.9m (2024: 11.5m).

## 19. Contingencies

### Sanmina litigation

On 31 March 2025, the Group settled its long-standing litigation with Sanmina for 12.0m to be paid by instalments. This required payment of 4.0m on 31 March 2025 and eight quarterly payments of 1.0m per quarter with the final payment due on 27 March 2027. The amount of any outstanding deferred instalments will be automatically increased from 1.0m to 1.5m if Dialight's market capitalisation exceeds £100m for 30 consecutive days, subject to the total cumulative instalment payments not exceeding 8.0m. If these quarterly instalments are not paid on time, or within with a forty-five cure per period, Sanmina has filed with the UK court a Stipulation ('Stipulation') for Entry of Judgement of 22.0m less the cumulative value of payments already made. There are in addition various triggers, which the Directors believe to be highly unlikely to be triggered, that can activate the Stipulation.

## 20. Post balance sheet events

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

In May 2025, the Group received an Employee Retention Credit ('ERC') of £4m. An ERC is a US refundable tax credit for certain eligible businesses that had employees and were affected during the COVID-19 pandemic. This government grant income has not been included in this annual report and accounts since as at the balance sheet date it was not known that the credit was reasonably certain to be received. The claim was filed in 2023.

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