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If you sell or otherwise transfer or have sold or otherwise transferred all of your Ordinary Shares, please send this document as soon as possible to the purchaser or transferee, or to the stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee. However, this document should not be distributed or forwarded to or transmitted in or into any jurisdiction where to do so might constitute a violation of registration or of other local securities laws or regulations. If you sell or otherwise transfer or have sold or otherwise transferred some (but not all) of your Ordinary Shares, please retain this document and consult the stockbroker or other agent through whom the sale or transfer was effected.

This document is a circular relating to the Related Party Transaction prepared in accordance with the Listing Rules and approved by the FCA. This document does not constitute a prospectus. This document has been prepared solely for the purpose of assisting Shareholders to consider the Resolution, and it is not intended to and does not constitute or form part of any offer or instruction to purchase, subscribe for or sell any shares or other securities in the Company nor shall it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract in connection thereto.

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DIALIGHT PLC

(incorporated and registered in England and Wales with registered number 02486024)

Proposed Related Party Transaction and Notice of General Meeting

This document should be read as a whole. Your attention is drawn to the letter from the Chair in Part 1 (*"Letter from the Chair"*) which contains a recommendation from the Board that Shareholders vote in favour of the Resolution to be proposed at the General Meeting.

A Notice of the General Meeting of the Company to be held at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW on 27 October 2023 at 9.30 a.m. is set out at the end of this document. A form of proxy for the General Meeting is enclosed and should be completed and returned so as to reach Equiniti Limited (**"Equiniti"** or the **"Registrar"**) at Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA, United Kingdom as soon as possible and, in any event, by no later than 9.30 a.m. on 25 October 2023 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting). Completion and return of the form of proxy will not prevent you from attending and voting at the General Meeting in person should you so wish. If you wish to cast your proxy vote via the internet, you can do so at www.sharevote.co.uk. You will require the voting ID, Task ID and Shareholder Reference Number shown on the form of proxy. Alternatively, Shareholders who have already registered with the Registrar's online portfolio service, Shareview, can appoint their proxy electronically at www.shareview.co.uk. To be valid, the electronic submission must be registered by not later than 9.30 a.m. on 25 October 2023 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting). If you hold Ordinary Shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction to the Registrar, Equiniti (CREST participant ID RA19), so that it is received as soon as possible and, in any event, by no later than 9.30 a.m. on 25 October 2023 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

Peel Hunt LLP ("**Peel Hunt**"), which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as sponsor to the Company and for no one else in connection with the Related Party Transaction and will not be responsible to any person other than the Company (whether or not a recipient of this document) for providing the protections afforded to clients of Peel Hunt or for providing advice in relation to the Related Party Transaction or any transaction, matter or arrangement referred to in this document.

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This document includes statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "aims", "plans", "projects", "anticipates", "expects", "intends", "may", "will", or "should" or, in each case, their negative or other variations or comparable terminology. These forward-looking statements include matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the Directors' current intentions, beliefs or expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, prospects, growth, strategies and the Company's markets. By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. No assurance can be given that such future results will be achieved; actual results and developments could differ materially from those expressed or implied by the forward-looking statements. Any forward-looking statements in this document are based on certain factors and assumptions, including the Directors' current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Company's operations, results of operations, growth strategy and liquidity. Past performance cannot be relied upon as a guide to future performance. No representation is made or will be made that any forward-looking statements will be achieved or will prove to be correct. Save as required by applicable law or regulation, the Company undertakes no obligation to release publicly the results of any revisions to any forward-looking statements in this document that may occur due to any change in the Directors' expectations or to reflect events or circumstances after the date of this document.

No statement in this document is intended as a profit forecast or estimate for any period and no statement should be interpreted to mean that earnings, earnings per share, income or cash flow from operations for the Group for the current or future financial years would necessarily match or exceed the historical published earnings, earnings per share, income or cash flow from operations for the Group.

This document is not an offer of securities for sale into the United States. The securities referred to in this document have not been and will not be registered under the US Securities Act 1933 as amended (the "**US Securities Act**") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in or into the United States except pursuant to an applicable exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any applicable securities laws of any state or other jurisdiction of the United States. No public offering of the Ordinary Shares is being made in the United States, the United Kingdom or elsewhere.

The contents of this document are not to be construed as legal, financial or tax advice. Each Shareholder should consult his, her or its own legal, financial or tax adviser for any legal, financial or tax advice.

This document is dated 4 October 2023.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

2023

Announcement of the Placing and the REX Retail Offer	26 September
Announcement of the results of the Fundraise	27 September
Publication and despatch of this document	4 October
Latest time and date for receipt of Form of Proxy and CREST voting instructions	9.30 a.m. on 25 October
General Meeting	9.30 a.m. on 27 October
Announcement of results of General Meeting	27 October
Admission and commencement in dealings in the New Shares	8.00 a.m. on 30 October
CREST accounts expected to be credited for New Shares in uncertificated form	as soon as practicable after 8.00 a.m. on 30 October
Share certificates for New Shares in certificated form expected to be despatched	On or around 14 November

Notes:

1. Each of the times and/or dates set out in the timetable above and referred to in this document is subject to change at the absolute discretion of the Company and the placing agent. If any of the above times and/or dates should change, the revised times and/or dates will be announced through a Regulatory Information Service.
2. Subject to the passing of the Resolution at the General Meeting, among other things.
3. References to times in this document are to London times, unless otherwise stated.

FUNDRAISE STATISTICS

Issue Price	159 pence per share
Number of Existing Ordinary Shares	33,192,884
Number of New Shares to be issued pursuant to the Fundraise	6,635,257
Number of Ordinary Shares in issue immediately following Admission	39,828,141
New Shares as a percentage of the Enlarged Share Capital immediately following Admission	16.66 per cent.
Estimated gross proceeds of the Fundraise	£10.55 million
Estimated net proceeds of the Fundraise	£10 million

Note:

1. The Fundraise statistics outlined above assume that the New Shares are allotted and issued, and that no further Ordinary Shares have been or will be issued other than the New Shares and no share options with respect to Ordinary Shares have been exercised or will be exercised between the date of this document and Admission.

PART 1 – LETTER FROM THE CHAIR

DIALIGHT PLC

(registered in England and Wales with registered number 02486024)

Directors:

Neil Johnson (*Non-Executive Chair*)
Fariyal Khanbabi (*Group Chief Executive*)
Nigel Lingwood (*Non-Executive Director*)
Lynn Brubaker (*Non-Executive Director*)
Stephen Blair (*Non-Executive Director*)

Registered Office:

Leaf C, Level 36
Tower 42
25 Old Broad Street
London EC2N 1HQ

4 October 2023

Dear Shareholder,

Proposed Related Party Transaction and Notice of General Meeting

1. Introduction

On 27 September 2023, the Company announced that it has conditionally raised gross proceeds of approximately £10.55 million pursuant to the Fundraise at an Issue Price of 159 pence per New Share. The Fundraise comprises a placing of 6,591,579 Placing Shares to certain institutional investors and an offer to certain UK retail investors of 43,678 Retail Offer Shares. The Issue Price represents a discount of approximately 9.4 per cent. to the closing middle market price of 175.5 pence per Ordinary Share on 26 September 2023 (being the date of announcement of the Fundraise). The Fundraise is conditional on, among other matters, approval by Shareholders of the Resolution.

The purpose of this letter is to explain: (a) the background to and reasons for the Fundraise and the Related Party Transaction; (b) why the Board considers the Related Party Transaction to be in the best interests of the Company and its Shareholders as a whole; and (c) why the Directors unanimously recommend that you vote in favour of the Resolution. The formal notice convening the General Meeting is set out at the end of this document.

2. Background to and reasons for the Fundraise

In its results for the six months ended 30 June 2023, published on 18 September 2023, the Company announced that, following a review of the strategy and operations of the Group during 2023, the Board had approved a comprehensive transformation plan for Dialight which is designed to address legacy issues associated with excess cost and complexity within the organisation, whilst at the same time focusing more resources on the most attractive growth opportunities within its core industrial LED lighting market (the “**Transformation Plan**”).

The Directors believe that the Fundraise will enable implementation of the Transformation Plan to be accelerated and de-risked by providing increased headroom to support near term investment commitments. Taking into account the proceeds of the Fundraise, the implementation of the Transformation Plan is expected to return the Group to a net cash funding position before the end of FY2026 and the Board is committed to returning any excess cash generated by the Transformation Plan to Shareholders as part of a reset capital allocation strategy.

The Directors believe that the Transformation Plan has the potential to increase growth and improve profitability materially in the medium term, delivered through numerous initiatives, and structured around three key objectives:

- to streamline the Group;
- to reset the business’ cost and productivity profile; and

- to accelerate growth in key lighting products and market niches.

The Directors believe that the Group's core industrial LED lighting market is an attractive one, with a current addressable market of approximately \$3.6 billion, which is expected to see structural growth in scale over the long term as legacy lighting is converted to LED technology which delivers improved efficiency and sustainability outcomes for customers.

Based on its proprietary technology and commercial strategy, the Group has established a leading position in the US industrial LED lighting market and has developed an effective and growing key account commercial strategy which is supporting sales growth internationally. Whilst these factors reaffirm its confidence in the opportunity for the industrial LED lighting business, the Board's review of the Group's strategy and operations has identified several underlying factors which it believes have contributed to disappointing financial performance:

- a fragmented organisation, comprising five distinct businesses;
- a disparate manufacturing footprint, with historic underinvestment resulting in low levels of automation;
- a product range which is too broad and complex; and
- an ageing product portfolio in certain areas.

To address these challenges, a number of initiatives are to be implemented as part of the Transformation Plan, including:

- a review of the Group's businesses, with any deemed non-core to be exited;
- consolidation of manufacturing operations and investment in increased automation;
- realignment of the cost base;
- reduction in the product range and increased standardisation; and
- consolidation of supply chains.

The Fundraise will enable the Group to initiate key actions within the Transformation Plan before the end of 2023 and so enable it to be delivered on an accelerated timeframe.

2.1 **Streamlining the Group**

LED Lighting for industrial applications is the Group's largest business, representing over 65 per cent. of revenues in 2022. Alongside industrial LED Lighting, the Group has four smaller businesses focused on niches within the wider lighting market: Components (16 per cent. of Group revenues in 2022); Traffic (7 per cent. of Group revenues in 2022); Vehicle (6 per cent. of Group revenues in 2022); and Obstruction (5 per cent. of Group revenues in 2022). Whilst each of these businesses has attractive facets within their respective niche markets, the Board does not believe that all of them have the potential to generate returns over the long term that are accretive to the industrial LED Lighting business. In part this reflects the scale and outlook of the markets involved, but also reflects the investment required in product development as well as resources required from a manufacturing perspective. The Board has initiated a review of the Group's portfolio. However, the timing and terms of any potential divestment arising from this are uncertain.

2.2 **Resetting costs and productivity**

The Group has four principal manufacturing sites with two in Mexico, one in North Carolina, USA and one in Malaysia. The Directors believe that reducing complexity in the Group's product range and site network will be part of streamlining the business, enabling more efficient operations and ultimately a reduction in the cost base. As part of this footprint re-configuration, a potential site has been identified located close to the Group's existing location in Ensenada, Mexico which would provide scope for a new, purpose built 200,000 sq ft facility into which existing operations could be consolidated. The Directors intend to enter into agreements prior to the end of 2023 to initiate the development of the site, which would enable production to be transferred during 2025.

Alongside reducing complexity in the Group's operational footprint, the Directors believe there are significant cost, capacity and productivity benefits to be achieved through increasing the level of automation in the manufacturing processes. The Transformation Plan necessitates an overall

investment of approximately £19.5 million in the consolidation and automation of manufacturing operations, which the Directors believe would enable annualised cost savings of approximately £9 million once fully implemented.

2.3 Accelerating growth in industrial LED lighting

Alongside the growth in LED Lighting demand, the Group is also seeing a rapid evolution in technology as customers seek ever-increasing levels of productivity and efficiency from their sites. The integration of monitoring, safety and productivity features within lighting fixtures represents an immediate opportunity to enhance the Group's products. Over the longer term, the Directors see the potential for the lighting networks within buildings to play a key role in industrial connectivity, and that Dialight's key areas of product differentiation, technology expertise, open architecture and excellent customer relationships make it well placed to benefit from this technological development of its products. In addition to this, there is an opportunity to further monetise the Group's technology expertise through selling component elements of this, for example, power supply topology, as separate products into markets where Dialight does not operate. As a result of these additional areas of commercial focus, the Group is targeting new product revenues of at least £10 million per annum by FY2026.

2.4 Financial effects of the Transformation Plan

The Fundraise will enable the Group to initiate key actions within the Transformation Plan before the end of 2023 and so enable it to be delivered on an accelerated timeframe. On this accelerated basis, the Transformation Plan requires investment of approximately £27.4 million over the period through to the end of FY2026, with the phasing of this expected to be: £0.5 million in 2023; £5.7 million in 2024; £19.2 million in 2025; and £2.0 million in 2026.

Execution on this Transformation Plan timetable would enable significantly improved financial performance in the medium term. Reflecting this, the Board has set the following financial targets to be achieved in FY2026:

- Group revenues of approximately £180 million (post non-core divestments), with growth in industrial LED lighting to more than offset any revenue lost through divestment;
- gross margin of approximately 40 per cent., with incremental improvement to be achieved from 2024;
- underlying EBIT margin of greater than 10 per cent., with any divestments expected to be initially dilutive and with the largest cost savings to be realised FY2026; and
- Group leverage to remain below 1.0x EBITDA through the key implementation period of 2024 and 2025.

As a result, the Board considers the Fundraise to be in the best interests of the Company and its Shareholders as a whole.

3. Use of proceeds

The Company expects to raise gross proceeds of £10.55 million pursuant to the Fundraise. The Company intends to use the net proceeds from the Fundraise to reduce the Company's net indebtedness and fund the Transformation Plan investment expected to be made before the end of 2024. The balance of the net proceeds of the Fundraise is expected to be used to fund working capital and for general corporate purposes.

4. Details of the Fundraise

The Fundraise comprises the Placing and the REX Retail Offer. As announced by the Company on 27 September 2023:

- 6,591,579 Placing Shares had been conditionally placed at the Issue Price with existing Shareholders (including Schroder Investment Management Limited) and new eligible institutional investors; and
- valid applications for 43,678 Retail Offer Shares were received under the REX Retail Offer at the Issue Price.

The Placing is conditional, among other matters, on the passing of the Resolution at the General Meeting. The REX Retail Offer is conditional upon the Placing. If the Placing does not proceed for any reason, the REX Retail Offer will lapse.

Applications have been made for the New Shares to be admitted to the premium listing segment of the Official List of the FCA and to be admitted to trading on the Main Market.

The Company acknowledges that it is seeking to issue the New Shares on a non-pre-emptive basis and therefore consulted with the Company's major institutional Shareholders prior to the announcement of the Fundraise. A cashbox structure has been chosen for the Fundraise. The consultation confirmed the Board's view that the Fundraise is in the best interests of Shareholders, as well as wider stakeholders in the Company. The Company also considered it important that retail Shareholders had an opportunity (where it is practicable for them to do so) to participate in the Fundraise on equivalent terms and conditions to the Placing. Accordingly, the Company provided its existing retail Shareholders the opportunity to participate through the REX Retail Offer.

Further details on the Fundraise, including a summary of the Placing Agreement, are set out in paragraph 3 of Part 2 ("*Additional Information*").

5. Related party transactions

Schroder Investment Management Limited is a limited liability company incorporated in England and Wales whose principal activities are investment management and advisory services. Schroder is authorised and regulated by the FCA. As at close of business on the Latest Practicable Date, Schroder was interested in 3,875,198 Existing Ordinary Shares, representing approximately 11.7 per cent. of the Company's issued share capital. Due to Schroder holding, indirectly, more than 10 per cent. of the Company's issued share capital, it is a related party of the Company under Listing Rule 11.1.4R on account of it being a substantial shareholder as defined under Listing Rule 11.1.4A. Schroder has committed to subscribe for 2,075,472 Placing Shares at the Issue Price, representing a total consideration of approximately £3.30 million. Following Admission, Schroder is expected to be interested in approximately 14.94 per cent. of the Enlarged Share Capital. The participation in the Placing by Schroder constitutes a related party transaction requiring shareholder approval pursuant to Listing Rule 11.1.7R (the "**Related Party Transaction**").

Accordingly, the Directors are proposing the Resolution at the General Meeting, the effect of which is to approve the Related Party Transaction. If the Resolution is not approved, Schroder will not be able to participate in the Placing, and the Placing (and accordingly, the REX Retail Offer) will not proceed.

Schroder has undertaken not to vote, and to procure that the Ordinary Shares in which it is interested will not be voted, on the Resolution and will take all reasonable steps to ensure that any of its respective associates holding Ordinary Shares will also abstain from voting on the Resolution.

Aberforth Partners LLP ("**Aberforth Partners**") and Sterling Strategic Value Fund ("**Sterling**") are also related parties of the Company under Listing Rule 11.1.4R on account of each being a substantial shareholder, as defined under the Listing Rules. Aberforth Partners has agreed to subscribe for 1,336,780 Placing Shares in the Placing at the Issue Price, representing an aggregate consideration of approximately £2.13 million. Sterling has agreed to subscribe for 787,305 Placing Shares in the Placing at the Issue Price, representing an aggregate consideration of approximately £1.25 million. The participation in the Placing by Aberforth Partners and Sterling each constitutes a smaller related party transaction for the purposes of Listing Rule 11.1.10R, and accordingly does not require Shareholder approval.

The Directors have agreed to participate in the Placing for in aggregate 138,363 Placing Shares at the Issue Price, representing an aggregate consideration of approximately of £0.22 million. The participation in the Placing by each of the Directors constitutes a small related party transaction under Listing Rule 11, and accordingly does not require prior Shareholder approval.

6. General Meeting

This document includes a Notice convening the General Meeting to be held at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW on Friday, 27 October 2023 at 9.30 a.m. The purpose of the General Meeting is to consider and, if thought fit, to pass the Resolution. The Resolution,

which will be proposed as an ordinary resolution, will, if passed, permit the Company to allot 2,075,472 Placing Shares to Schroder as part of the Placing.

7. Action to be taken in respect of the General Meeting

A Form of Proxy for the General Meeting is enclosed. Shareholders are requested to complete the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible and in any case so as to be received by Equiniti by no later than 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, not less than 48 hours (excluding non-working days) before the time of the adjourned meeting). Alternatively, Shareholders may wish to register their proxy vote online. To do so, Shareholders can visit www.sharevote.co.uk and will require the voting ID, Task ID and Shareholder Reference Number shown on the form of proxy. Shareholders who have already registered with the Registrar's online portfolio service, Shareview, can appoint their proxy electronically at www.shareview.co.uk. To be valid, the electronic submission must be registered by not later than 9.30 a.m. on 25 October 2023 (or, in the case of an adjournment, not later than 48 hours (excluding non-working days) before the time fixed for the holding of the adjourned meeting).

Shareholders who hold Ordinary Shares in CREST may appoint a proxy or proxies through the CREST electronic proxy appointment services by using the procedures described in the CREST Manual (available at www.euroclear.com) by no later than 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, not less than 48 hours (excluding non-working days) before the time of the adjourned meeting).

Shareholders who are institutional investors may alternatively appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to proximity.io. To be valid, the proxy must be lodged by 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, 48 hours (excluding non-working days) before the time of the adjourned meeting). Before a proxy can be appointed via this process, Shareholders will need to have agreed to Proximity's associated terms and conditions. It is important that Shareholders read these carefully as they will be bound by them and they will govern the electronic appointment of their proxy.

8. Board Recommendation

The Board considers the Fundraise and the passing of the Resolution to be in the best interests of Shareholders as a whole.

The Board considers that the Related Party Transaction is fair and reasonable so far as the Shareholders are concerned and the Directors have been so advised by Peel Hunt in its capacity as sponsor. In providing its advice to the Board, Peel Hunt has taken into account the Board's commercial assessment of the effects of the Related Party Transaction.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolution as all of the Directors who currently hold Ordinary Shares (being Fariyal Khanbabi and Nigel Lingwood) intend so to do in respect of their beneficial shareholdings amounting to an aggregate of 31,338 Existing Ordinary Shares, representing approximately 0.09 per cent. of the issued share capital of the Company as at the Latest Practicable Date.

Yours faithfully

Neil Johnson

Non-Executive Chair

PART 2 – ADDITIONAL INFORMATION

1. Major interests in Ordinary Shares

As at the Latest Practicable Date, so far as is known to the Company, the following persons held, directly or indirectly, a notifiable interest in the Company's voting rights under the FCA's Disclosure Guidance and Transparency Rules (DTR 5):

<i>Shareholder</i>	<i>Number of Ordinary Shares held</i>	<i>Percentage of voting rights</i>
Generation Investment Management LLP	6,532,248	19.7%
Aberforth Partners LLP	4,908,714	14.8%
Schroder Investment Management	3,875,198	11.7%
Sterling Strategic Value Fund S.A., SICAV-RAIF	3,342,517	10.1%
Odyssean Capital	3,207,000	9.7%
Wellcome Trust	2,869,284	8.6%
Impax Asset Management	2,719,271	8.2%
Blackmoor Investment Partners	1,138,979	3.4%

2. No significant change

In the Company's interim results for the six months ended 30 June 2023, published on 18 September 2023, it was stated that current trading had been below the Board's expectations. As a result of this, the net debt of the Group increased from approximately £22.7 million as at 30 June 2023, to approximately £23.5 million as at 27 August 2023.

Save as disclosed above in this paragraph 2, there has been no significant change in the financial position of the Group since 30 June 2023, being the end of the last financial period for which interim financial information of the Group has been published.

3. Material contracts

Set out below is a summary of each contract (not being contracts entered into in the ordinary course of business) entered into by members of the Group (i) within the two years immediately preceding the date of this document and which are or may be material to the Group and (ii) which contain any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of this document, and which, in each case, is information which Shareholders would reasonably require to make a properly informed assessment of how to vote on the Resolution to be proposed at the General Meeting:

3.1 Placing Agreement

The Company has entered into a Placing Agreement with the placing agent, under which the placing agent, as agent for the Company, has conditionally agreed to use its reasonable endeavours to procure subscribers for the Placing Shares. The placing agent has conditionally placed the Placing Shares with certain existing and new institutional and other investors at the Issue Price. The Placing has not been underwritten by the placing agent. The Placing Agreement is conditional on, among other things, the Resolution being passed at the General Meeting and Admission becoming effective on or before 8.00 a.m. on 30 October 2023 (or such later time and/or date as the Company and the placing agent may agree, but in any event by no later than 8.00 a.m. on the earlier of (i) the fifth dealing day after the date of the General Meeting; and (ii) 10 November 2023).

The Placing Agreement contains customary representations, warranties and undertakings from the Company in favour of the placing agent in relation to, among other things, the accuracy of the information in the documents relating to the Placing and certain other matters relating to the Company and its business. In addition, the Company has agreed to indemnify the placing agent in relation to certain liabilities it may incur in respect of the Placing. The placing agent has the right to terminate the Placing Agreement in certain circumstances prior to Admission, in particular, in the event of a breach of the warranties given to the placing agent in the Placing Agreement, the failure of the Company to comply in any respect with any of its obligations under the Placing Agreement, the occurrence of a

force majeure event or a material adverse change affecting (among other things) the business, operations, assets, position (financial, trading or otherwise), liabilities, profits or prospects of the Company or its group (on a consolidated basis).

Pursuant to the Placing Agreement, the Company has also undertaken to the placing agent that, during the 120 day period from Admission, it will not, without the prior written consent of the placing agent, issue Ordinary Shares or enter into certain transactions involving or relating to the Ordinary Shares, subject to certain customary carve-outs agreed between the placing agent and the Company.

The allotment and issue of the New Shares would be for non-cash consideration. The placing agent has agreed to subscribe for ordinary shares and fixed rate redeemable preference shares in a Jersey-incorporated company subsidiary of the Company ("**JerseyCo**"), for an amount approximately equal to the net proceeds of the Fundraise. The Company has agreed to allot and issue the New Shares to placees and subscribers under the REX Retail Offer in consideration for the transfer to the Company by the placing agent of the ordinary shares and fixed rate redeemable preference shares in JerseyCo that will be issued to the placing agent. Following such transfer, the Company will own all of the issued ordinary and redeemable preference shares of JerseyCo, whose only asset will be its cash reserves, which will represent an amount approximately equal to the net proceeds of the Fundraise. The Company, the placing agent and JerseyCo have entered into (a) a put and call option agreement; and (b) a subscription and transfer agreement to give effect to the cash box structure.

3.2 **Facility Agreement**

The Company entered into a facility agreement (the "**Facility Agreement**") dated 25 February 2020, as most recently amended and restated on 11 November 2022, with HSBC UK Bank plc as lender and security agent, which provides for a \$34 million multicurrency revolving credit facility (the "**Revolving Credit Facility**"). The funds under the Revolving Credit Facility are available for general corporate purposes of the Group.

The initial maturity of the Revolving Credit Facility was three years from 22 July 2022, which is capable of being extended by the lender in its discretion following the request of the Company by one or two further one-year periods to 22 July 2026 or 22 July 2027.

The Facility Agreement contains a limited number of customary representations and warranties. It also includes financial covenants requiring the Company to ensure that the leverage ratio of the Group is maintained at less than 3.00:1 (which was varied to 4.5:1 for the September 2023 test period), and to ensure that the interest cover ratio of greater of the Group is maintained at, or greater than, 4.00:1 (which was varied to 2.5:1 for the September 2023 test period).

The Facility Agreement contains certain customary events of default (subject in certain cases to agreed grace periods, thresholds and other qualifications), including non-compliance with any financial covenant described above and a cross-default to financial indebtedness of an obligor subject to a threshold of £1 million. The occurrence of an event of default which is continuing would allow the lender of the Revolving Credit Facility to, among other things, upon written notice to the Company, declare all or part of the loans and other outstanding amounts to be immediately due and payable, cancel the commitments, declare all or part of the loans payable on demand or exercise (or direct the security agent to exercise) its other rights under the Facility Agreement and other finance documents.

4. **Crest, Admission, Settlement, Dealings and Total Voting Rights**

New Shares will be issued in registered form. CREST is a paperless settlement procedure enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by written instrument. The Articles permit the holding of shares under the CREST system. Settlement of transactions in the New Shares may take place within the CREST system if any Shareholder so wishes. CREST is a voluntary system and Shareholders who wish to receive and retain share certificates will be able to do so. Shareholders applying for New Shares may elect to receive New Shares in uncertificated form if such investor is a system-member (as defined in the CREST Regulations) in relation to CREST. Where New Shares are to be held in certificated form, share certificates for the New Shares will be sent to the registered member.

The New Shares will, when issued, be credited as fully paid and rank *pari passu* in all respects with each other and with the Existing Ordinary Shares, including, without limitation, the right to receive all dividends and other distributions declared, made or paid after the date of issue.

Applications have been made to the FCA for admission of the New Shares to the premium listing segment of the Official List of the FCA and to London Stock Exchange for admission of the New Shares to trading on LSE's Main Market. Admission and settlement of the New Shares is expected to take place on or around 8.00 a.m. on 30 October 2023.

No fractions of New Shares will be issued.

Following Admission, the Company will have a total of 39,828,141 Ordinary Shares in issue. There are no Ordinary Shares held in treasury and therefore the total number of voting rights in the Company is expected to be 39,828,141. This is the figure that may be used by Shareholders in the Company as the denominator for the calculations by which they will determine if they are required to notify their interest in, or change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

5. Consents

Peel Hunt has given and not withdrawn its written consent to the inclusion herein of references to its name in the form and context in which they appear.

6. Documents available for inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (public holidays excepted) at the registered office of the Company at Leaf C, Level 36, Tower 42, 25 Old Broad Street, London, EC2N 1HQ and on the Company's website (www.dialight.com), up to and including the date of the General Meeting:

- (a) the Company's articles of association; and
- (b) this document.

4 October 2023

DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

“Aberforth Partners”	Aberforth Partners LLP;
“Act”	the Companies Act 2006 (as amended);
“Articles”	the articles of association of the Company as at the date of this document;
“Admission”	admission of the New Shares to the Premium Listing Segment of the Official List becoming effective in accordance with paragraph 3.2.7 of the Listing Rules and to trading on the Main Market becoming effective in accordance with paragraph 2.1 of the Admission and Disclosure Standards;
“Admission and Disclosure Standards”	the Admission and Disclosure Standards produced by the London Stock Exchange as amended from time to time;
“Board” or “Directors”	the directors of the Company whose names are set out on page 6 of this document;
“Business Day”	a day (other than a Saturday, Sunday or public holiday) on which clearing banks are open for non-automated commercial business in the City of London;
“Company” or “Dialight”	Dialight Plc, a company incorporated in England and Wales with registered number 02486024, whose registered address is at Leaf C, Level 36 Tower 42, 25 Old Broad Street, London, EC2N 1HQ;
“CREST”	the authorisation settlement system (as defined in the CREST Regulations) operated by Euroclear which facilitates the transfer of title to shares in uncertificated form;
“CREST Manual”	the CREST manual, as published by Euroclear, as amended;
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001/3755) including any enactment or subordinate legislation which amends or supersedes those regulations and any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force;
“Enlarged Share Capital”	the expected issued Ordinary Share capital of the Company immediately following Admission, being the Existing Ordinary Shares and the New Shares;
“Euroclear”	Euroclear UK & International Limited;
“Existing Ordinary Shares”	the 33,192,884 Ordinary Shares in issue at the date of this document;
“FCA”	the Financial Conduct Authority;
“Form of Proxy”	the form of proxy accompanying this document for use by Shareholders in connection with the General Meeting;
“FSMA”	the Financial Services and Markets Act 2000 (as amended);
“Fundraise”	the Placing and the REX Retail Offer;

“General Meeting”, “Meeting” or “GM”	the general meeting of the Company to be held at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW on Friday, 27 October 2023 at 9.30 a.m., notice of which is set out at the end of this document;
“Group”	the Company and its subsidiaries and subsidiary undertakings;
“Intermediaries”	any financial intermediary appointed by the Company in connection with the REX Retail Offer, and “Intermediary” shall mean any one of them;
“Issue Price”	the price of 159 pence per New Share;
“Latest Practicable Date”	2 October 2023, being the latest practicable date prior to the publication of this document;
“Listing Rules”	the listing rules made by the FCA under Part VI of FSMA 2000, as amended from time to time;
“London Stock Exchange”	London Stock Exchange plc;
“Main Market”	the London Stock Exchange’s main market for listed securities;
“New Shares”	the Placing Shares and the Retail Offer Shares;
“Notice” or “Notice of General Meeting”	the notice convening the General Meeting which is set out at the end of this document;
“Official List”	the Official List of the FCA;
“Ordinary Shares”	the ordinary shares of 1.89 pence each in the capital of the Company;
“Peel Hunt”	Peel Hunt LLP, acting as sponsor in relation to the Related Party Transaction;
“Placing”	the conditional placing of the Placing Shares by the placing agent, as agent on behalf of the Company, under the Placing Agreement, further details of which are set out in this document;
“Placing Agreement”	the conditional agreement dated 26 September 2023 and made between the placing agent and the Company in relation to the Placing, further details of which are set out in this document;
“Placing Shares”	6,591,579 new Ordinary Shares which are to be placed with certain institutional and new investors pursuant to the Placing;
“Prospectus Rules”	the prospectus regulation rules made by the FCA under section 73A of the FSMA;
“Registrar”	Equiniti Limited;
“Related Party Transaction”	the proposed participation of Schroder in the Placing;
“Resolution”	the resolution set out in the Notice of General Meeting;
“Retail Offer Shares”	the 43,678 new Ordinary Shares to be offered pursuant to the REX Retail Offer;
“REX Platform”	the “REX” platform, a proprietary platform through which the REX Retail Offer was conducted;

“REX Retail Offer”

the offer of Retail Offer Shares at the Issue Price to existing shareholders of the Company using the REX Platform;

“Schroder”

Schroder Investment Management Limited;

“Shareholders”

the holders of Ordinary Shares from time to time; and

**“uncertificated form” or “in
uncertificated form”**

means an Ordinary Share recorded on a company’s share register as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, as amended, may be transferred by means of CREST.

NOTICE OF GENERAL MEETING

DIALIGHT PLC

(incorporated and registered in England and Wales with registered number 02486024)

NOTICE IS HEREBY GIVEN that a General Meeting of Dialight plc (the “**Company**”) will be held at the offices of Ashurst LLP, London Fruit & Wool Exchange, 1 Duval Square, London, E1 6PW on Friday, 27 October 2023 at 9.30 a.m. for the purpose of considering and, if thought fit, passing the following resolution, which will be proposed as an ordinary resolution.

ORDINARY RESOLUTION

THAT, the allotment and issue of 2,075,472 ordinary shares in the capital of the Company to Schroder Investment Management Limited pursuant to the Placing (as defined in the circular dated 4 October 2023 of which this notice convening this General Meeting forms part) be and is hereby approved for the purposes of Chapter 11 of the Listing Rules.

By Order of the Board

Richard Allan

Company Secretary

Dialight plc

Dated: 4 October 2023

Registered office:

Leaf C, Level 36
Tower 42
25 Old Broad Street
London EC2N 1HQ

Notes

Entitlement to attend and vote

1. To be entitled to attend and vote at the General Meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be registered in the register of members of the Company at 6.30 p.m. on 25 October 2023 (or, in the event of any adjournment, 6.30 p.m. on the date which is two working days before the time of the adjourned meeting). Changes to the register of members after the relevant deadline shall be disregarded in determining the rights of any person to attend and vote at the General Meeting.
2. You can vote either:
 - (a) In advance of the General Meeting by casting a proxy vote (i) online at www.sharevote.co.uk or appoint a proxy or proxies through the CREST electronic proxy appointment service by using the procedures described in the CREST Manual (available via www.euroclear.com) or institutional investors may also appoint a proxy electronically via the Proxymity platform by no later than 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, 48 hours (excluding non-working days) before the time of the adjourned meeting); or, (ii) by completing the Form of Proxy and returning it to the Company's Registrars, Equiniti, as soon as possible. Equiniti must receive the Form of Proxy by no later than 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, 48 hours (excluding non-working days) before the time of the adjourned meeting); or
 - (b) at the General Meeting by you (or your proxy or corporate representative) participating in the General Meeting in person.

Appointment of proxies

3. If you meet the criteria set out in paragraph 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the General Meeting. A proxy need not be a shareholder of the Company. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. You may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to a different share(s) held by that shareholder. You may not appoint more than one proxy to exercise rights attached to any one share. If you do not have a Form of Proxy and believe that you should have one, or if you require additional forms, please contact the Company's Registrars, Equiniti Limited, at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or by telephone on +44 (0) 371 384 2495. Lines are open between 8.30 a.m. and 5.30 p.m., Monday to Friday (excluding public holidays in England and Wales). The return of a completed Form of Proxy, other such instrument or any CREST Proxy Instruction (as described in paragraph 8 below), will not prevent you attending the General Meeting and voting in person or; however, this shall automatically terminate your proxy appointment. Should you wish to change your proxy instructions simply submit a new proxy appointment using the methods set out above with the relevant timeframe. Should you need a further hard-copy Form of Proxy to be able to do this, please contact the Company's Registrars whose details appear above. You may also terminate a proxy appointment by informing the Company's Registrars prior to the relevant deadline for appointing proxies as detailed below.

Deadline for appointing proxies

4. To be valid, any form of proxy or other instrument appointing a proxy must be received by post or (during normal business hours only) by hand at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA in each case no later than 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, 48 hours (excluding non-working days) before the time of the adjourned meeting). Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www.sharevote.co.uk, using their Personal Authentication Reference Number (this is the series of numbers printed under the headings Voting ID, Task ID and Shareholder Reference Number on the Form of Proxy) by no later than 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, 48 hours (excluding non-working days) before the time of the adjourned meeting). Full details and instructions on these electronic proxy facilities are given on the website. Any electronic communication sent by a shareholder to the Company or to the Registrars

which is found to contain a computer virus will not be accepted. If you submit more than one valid proxy instruction, the appointment received last before the latest time for receipt will take precedence.

Nominated Persons

5. Any person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a “**Nominated Person**”) may, under an agreement between them and the shareholder who nominated them, have a right to be appointed (or to have someone else appointed) as a proxy for the General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 3 and 4 above does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

Joint holders

6. In the case of joint holders, where more than one of the joint holders’ purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holding (the first-named being the most senior).

Appointment of proxies through CREST

7. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available via www.euroclear.com). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.
8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & International Limited’s (EUI) specifications and must contain the information required for such instruction, as described in the CREST Manual (available via www.euroclear.com). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must in order to be valid be transmitted so as to be received by the issuer’s agent (ID RA19) by 9.30 a.m. on 25 October 2023 (or, in the event of any adjournment, 48 hours (excluding non-working days) before the time of the adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer’s agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST Personal Member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Appointment of proxies through Proximity

10. If you are an institutional investor, you may appoint a proxy electronically via the Proximity platform, a process which has been agreed by the Company and approved by the Registrar. For further information regarding Proximity, please go to proximity.io. Your proxy must be lodged by 9.30 a.m. on 25 October

2023 (or, in the event of any adjournment, 48 hours (excluding non-working days) before the time of the adjourned meeting) in order to be considered valid. Before you can appoint a proxy via this process, you will need to have agreed to Proxymity's associated terms and conditions. It is important that you read these carefully as you will be bound by them and they will govern the electronic appointment of your proxy.

Corporate representative

11. Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise, on its behalf, all of its powers as a shareholder provided that they do not do so in relation to the same share.

Questions at the General Meeting

12. Any shareholder attending the General Meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if: (a) to do so would interfere unduly with the General Meeting or involve the disclosure of confidential information; (b) the answer has already been given on a website in the form of an answer to a question; or, (c) it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.

Withheld votes

13. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against a resolution. If you have appointed a proxy and you have not indicated your voting preference on the Form of Proxy, your proxy will vote or abstain from voting at their discretion. Your proxy will vote (or abstain from voting) as they think fit in relation to any other matter which is put before the General Meeting.

Website information and electronic communications

14. A copy of this Notice and other information required by Section 311A of the Companies Act 2006, can be found at www.dialight.com.

Communication

15. You may not use any electronic address (within the meaning of Section 333(4) of the Companies Act 2006) provided either in this Notice or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.