25 November 2024

DIALIGHT PLC
(“DIALIGHT” OR THE “GROUP”)

Unaudited interim results for the 6-month period ended 30 September 2024

Dialight plc (LSE: DIA.L), a global leader in sustainable LED lighting for industrial applications, announces its interim results for the 6-month period ended 30 September 2024.

Financial summary	**6-month period ended 30 September 2024 US $m (unaudited)**	6-month period ended 30 September 2023 US $m (unaudited)
Revenue	**90.3**	91.0
Underlying profit/(loss) from operating activities*	**0.9**	(2.5)
Loss from operating activities	**(19.3)**	(4.5)
Loss before tax for the period	**(20.8)**	(6.6)
Loss after tax for the period	**(18.2)**	(5.2)
Statutory loss per share – basic and diluted	**(45.8) cents**	(15.8) cents
Net bank debt – excluding IFRS 16 lease liabilities	**(15.4)**	(27.3)

*Underlying profit/(loss) from operating activities is reconciled in note 1 below.

Key points for the 6-month period ended 30 September 2024

- Revenue broadly unchanged from comparable 6-month period.
- Underlying operating profit from operating activities improved to US $0.9m (6-month period to 30 September 2023: loss of US $2.5m) reflecting stronger gross margins and strong control of operating costs.
- Non-underlying costs of US $25.4m charged during the period; US $22.3m reflects costs of Sanmina litigation; including a US $19.5m provision recognised at 30 September 2024 in relation to the Board’s best estimate of the settlement of damages. Additional charge of US $3.1m recognised relating to transformation project.
- Positive net cash flows of US $5.6m generated from underlying operating activities after tax and interest with a further US $5.2m cash inflow from the gain on disposal of the Traffic business; net bank debt reduced to US $15.4m (31 March 2024: US $16.4m).
- Good progress achieved in executing the transformation plan with focus on streamlining the Group, accelerating growth, and improving profitability.

Commenting on the results, Steve Blair, CEO, said:

“The current state of the economies in which we operate provides a cautious outlook for capital expenditures across various sectors. High underlying inflation and ongoing labour shortages are major constraints, causing delays in project timelines and deferring investment decisions. The petrochemical industry, in particular, faces additional uncertainty due to fluctuating demand and unpredictable energy prices. There is added hesitation and increased uncertainty following the recent US election as businesses anticipate potential policy changes, further delaying capital commitments. However, the relentless focus by management on executing the Transformation Plan is beginning to show positive results and provides a solid foundation to achieve our medium-term ambitions. With this background, the Board is confident that further progress will be made in the second half of the year.”

Contacts

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Steve Blair – Group Chief Executive
Neil Johnson – Chairman

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 USA, UK, Mexico, Malaysia, Singapore, Australia, Germany, and Dubai. To find out more about Dialight, visit www.dialight.com.

Registered company number: 02486024

Notes

1. Underlying profit/(loss) from operating activities is reconciled as follow:

	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)
Underlying profit/(loss) from operating activities	**0.9**	(2.5)
Non-underlying costs	**(25.4)**	(2.0)
Gain on disposal of business	**5.2**	-
Loss from operating activities	**(19.3)**	(4.5)

2. Net bank debt excludes lease liabilities recognised under IFRS 16.
3. 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 are 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 REVIEW

Group revenues for the 6-months ended 30 September 2024 were US $90.3m, which was broadly unchanged from the comparable period last year. A reduction of 2.1%, US $1.4m, was reported in the Lighting segment with business continuing to be impacted by challenging market conditions as capital projects were deferred. This was partly offset by increased revenues of 3.1%, US $0.7m, in Signals & Components. Demand continues to remain soft with overall Group orders down 7.0% versus the 6-month comparable period and Lighting orders down 11%. Lighting orders have decreased in all regions.

Group gross margins for the 6-month period increased to 33.0% from 30.8% in the comparable period, with improvements in material costs and operational efficiencies offsetting increased labour rates and lower fixed overhead absorption.

We continue to maintain our strong focus on cost control, which led to a reduction in underlying selling, general and administrative (SG&A) costs of US $1.6m.

This combination of improved gross margins and lower underlying operating costs contributed to an increase in Group underlying operating profit from operating activities to US $0.9m from an underlying operating loss of US $2.5m in the prior period. Non-underlying costs for the 6-month period were US $25.4m and included US $22.3m of costs related to the Sanmina litigation and US $3.1m in charges related to the Transformation plan. Finance costs were US $1.5m compared to US $2.1m in the comparable period. The Group sold the Traffic business on 29 July 2024 for proceeds and a gain on net book value of US $5.2m.

The statutory loss before tax for the 6-month period ended 30 September 2024 was US $20.8m compared with a statutory loss before tax of US $6.6m in the comparable period.

Lighting represented c.74% of revenues in the 6-month period (H1 FY24: c.75%). Lighting orders fell 11% driven by continued weakness in all markets. Our core US market saw orders decline by 3% with the continued deferment of capex orders. EMEA Lighting orders saw a decline of 54%, while Asia and Australia orders were down 31% and 11%, respectively.

The majority of our large US customers and target customers require a "preferred supplier agreement" to be in place with their corporate Head Office, before any sale can be confirmed at the plant level. We continue to develop our strategic accounts team who are working closely with our field sales team to address this opportunity.

Signals & Components is a high-volume business operating within highly competitive markets. Within this division, strong Vehicle sales were offset by weaker demand in OE (opto-electronic). OE orders in H1 FY25 were 5% below prior period and inventory levels in the channel remain high. Market conditions are expected to remain challenging.

Operations and supply chain management remained a key focus for the Group in 2025, with a gradual shift from maintaining security of supply to focusing on price renegotiation, as material availability improved for some components. We continue to see some short-term impact from material shortages within the market but remain committed to maintaining short lead times and c.90% on time delivery within Lighting and Signals & Components, which has been critical in supporting our MRO orders.

Cash generated from underlying operations was US $7.8m (H1 FY24: US $11.7m), with underlying net operating cash inflows of US $5.6m after tax and interest, benefitting from a reduction in inventory and accounts receivable (H1 FY24: US $9.0m).

We continued to invest in new and improved product development with US $5.2m spent in H1 FY25 (H1 FY24: US $2.9m). The main areas of investment were Backup Battery for ProSite Floodlight, Next Generation Linear, New Street Light for industrial applications, value added product accessories, Power Supply upgrades for simplification and automation, product simplification products for SKU reduction, and product cost reduction.

The Group had net bank debt of US $15.4m at 30 September 2024 (H1 FY24: US $27.3m).

Transformation plan

The Group has continued to execute on its transformation plan, which is focused on streamlining the Group, accelerating growth, and improving profitability. The plan focuses on unlocking value within the Group, whilst growing the core Lighting business with an ambition to deliver above market revenue growth and mid-teens ROS in the medium term generating sustainable cash conversion above 80%, funded by net bank debt less than 1.5x EBITDA.

Implementation of the plan will require a relentless focus on execution excellence. To reach the ambition set out above, certain additional investments will be required in the short term, which will deliver the improved financial returns assumed over the medium term. To ensure successful delivery and clear strategic oversight, the Board has established a formal Board Committee, which meets regularly with senior executives.

Reducing cost through consolidation and automation

Dialight operates from four principal manufacturing sites across Mexico, the US and Malaysia. This footprint helps to support the international nature of our customer base, but also gives rise to inefficiency at both a site and network level. Reducing complexity in our site network forms a key component of streamlining the business, but also provides the potential for cost reduction through consolidation. Progress has been made in the transformation of our Malaysia operations and we have moved to a new smaller production facility in Penang, Malaysia.

In addition to site consolidation, the transformation plan is focused on cost reduction through automation. Today, many of our manufacturing processes are labour intensive, which has resulted in rapid cost escalation in the last two years as wage inflation has accelerated. Against this backdrop, automation represents a significant improvement opportunity. The automation of the power supply sub-assembly project is well underway, commencing with an investment during the first half of the year of US $1.4m.

Increasing focus

The transformation plan includes an ongoing review of the Group's business, with a view to narrowing its focus to Dialight's core competencies. LED Lighting for industrial applications is the Group’s largest business, representing 74% of revenues in H1 FY25 and where the majority of our resources are focused. Alongside LED Lighting, the Group has three smaller businesses focused on niches within the wider lighting market: Components, Vehicle, and Obstruction (representing 25% of Group revenues). The Group’s Traffic business was disposed of in July 2025 and generated US $5.2m in cash proceeds.

Accelerating growth

The industrial LED lighting market, with an addressable market of c. US $10.0b, continues to be very attractive, with the conversion from historic technologies and increasing focus on safety and sustainability supporting long term structural growth. Our historic focus on the harsh and hazardous segment has helped achieve a market leading position in the US, with excellent customer and distributor relationships. This continues to be enhanced by the strategic account initiative which has improved penetration of large-scale customers.

Alongside longer term growth in LED Lighting demand, we are 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 our lighting fixtures represents an immediate opportunity to enhance our products and over the longer term we see the potential for the lighting networks within buildings to play a key role in industrial connectivity.

The transformation plan seeks to capitalise on this opportunity through two initiatives; further monetising our technology expertise through selling component elements, for example power supply topology, into markets where we do not operate, and developing fixture products with integrated monitoring or control components for specified higher value customer applications.

Streamlining processes and reducing complexity

As identified during the Board's business review last year, our current product range is too broad and complex. We have made good progress on standardising our product offering, with our engineering and operations functions collaborating to achieve large reductions in SKUs through standardisation of sub-assemblies and completion of upgrades to low volume products. This will not only enable more efficient production but will also support greater material purchasing accuracy and inventory control. We expect these projects to be completed by March 2025.

Realigning the cost base

In addition to focusing on improvements in our gross profit, the transformation plan will seek to address our operating cost base with a realignment to reflect the current organisation. This is being carried out in phases, with the initial steps taken through restructuring of operating departments. We conducted a cost analysis study which reviewed all cost layers by sales region, production sites and administrative functions. We are reviewing the findings and will make appropriate recommendations to further realign the cost base.

The second phase of this aspect of the transformation focused on the US sales function, ensuring this is structured to position Dialight for growth whilst minimising external sales costs incurred.

Sanmina litigation

As previously announced, the Sanmina trial concluded on 23 September 2024. The jury rejected Dialight's claims relating to fraudulent inducement and wilful misconduct (the "Tort Claims"), whilst granting Dialight's claim that Sanmina had breached the Manufacturing Services Agreement ("MSA") and granting Sanmina's claims that Dialight had breached the MSA with respect to Sanmina's accounts receivable ("AR") and 'excess and obsolete' materials ("E&O") claims. Whilst the jury's verdict on the Tort Claims was disappointing, and contrary to the general thrust of previous rulings by the judge as it has limited the scope of damages to which Dialight is entitled (illustrating the risks inherent in a New York jury trial), Dialight welcomes the confirmation by the jury of Sanmina's breach of contract (which Sanmina had refused to acknowledge, despite the overwhelming weight of evidence). The jury awarded damages of US $0.9m to Dialight in respect of Sanmina's breach of contract, and awarded c. US $5.3m in damages against Dialight in respect of Sanmina's AR claim and c. US $3.4m in damages against Dialight in respect of Sanmina's E&O claim. These awards are, however, subject to further challenge and to a definitive ruling by the judge that is not expected until Q1 2025.

The initial post-trial motions filed by both Dialight and Sanmina have been made available on the Company's corporate website at *www.dialight.com/ir/shareholder-information/sanmina-litigation/* and include motions relating to damages, interest payable on damages, and legal costs. There are multiple upside and downside variables outlined in these pleadings and the final potential outcomes in respect of damages range from the c. US $8.7m of gross damages awarded by the jury to Sanmina through to a net damages payment by Sanmina to Dialight of c. US $4.8m (if all of Dialight's post-trial motions are successful). Any awards in respect of interest and legal costs will, in part, follow the position on damages, though there are further stand-alone issues relating to the calculation of both interest and the award of legal costs. These issues will be refined through the current pleadings process, with final replies by both parties on the various motions due to be filed by 18 December 2024. The definitive judgment in this matter ("Definitive Judgment") will be issued at some point after the filing of those final replies (likely to be in Q1 of 2025), and will crystalise Dialight's liability, subject to any appeals process. Notwithstanding the wide-range of potential outcomes, management has taken a best estimate approach to the quantification of non-underlying litigation costs to be expensed in respect of the 6-month period to 30 September 2024 (see note 4), with the US $22.3m expensed including management's best estimate of the net future outflow of damages, interest and legal costs, along with actual legal costs incurred in the 6-month period and legal costs committed to be incurred over the next 6-month period. It is possible that the Definitive Judgment could be more or less than management's quantification. Once management has certainty on the Definitive Judgment it will decide on the appropriate means and timing of funding any awards to Sanmina under that Definitive Judgment, which may include seeking to agree a payment plan with Sanmina and/or new equity funding. Any awards due under the Definitive Judgment would ordinarily be payable to Sanmina within 30 days of the publication of the Definitive Judgment, unless appealed or otherwise agreed with Sanmina. Any appeal process is likely to require bonding arrangements at least equal to the quantum of any judgment. Dialight will continue to make any court-filed documents available on its website and will provide further updates as and when appropriate.

Financial review

Overall performance in H1 FY25 showed improvement with underlying operating profit of US $0.9m compared to an underlying operating loss of US $2.5m in H1 FY24 (being the 6-month period to 30 September 2023). Revenues decreased by US $0.7m against the comparable period, largely driven by a US $1.4m reduction in Lighting, with the business continuing to be impacted by capital projects being deferred. This was offset by a US $0.7m increase in Signals & Components revenues.

Group gross margins for the 6-month period improved to 33.0%, a 2.2% increase in the comparable period. This was driven by operational efficiencies and improved direct material costs.

First half underlying operating costs decreased by US $1.6m and we continue to remain focused on strong cost controls.

Group orders in H1 FY25 decreased by 7.0% compared H1 FY24. This was driven by Lighting orders which were down 11.0%. US Lighting orders were down 3.0% with EMEA and APAC orders significantly below prior period. This was offset by strong Signals & Components orders, which were up 5.9% versus prior period.

From 31 March 2024 net bank debt reduced by US $1.0m from US $16.4m to US $15.4m as at 30 September 2024.

Lighting segment before unallocated costs

Lighting	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	Variance
Revenue	**66.7**	68.1	(1.4)
Gross profit	**24.2**	22.0	2.2
Gross margin	**36.3%**	32.3%	400bps
Overheads	**(19.2)**	(20.7)	1.5
Underlying EBIT before unallocated costs	**5.0**	1.3	3.7

The Lighting (Lighting & Obstruction) segment represents approximately 74% of the Group's revenue, and consists of two main revenue streams: large capex projects and on-going Maintenance, Repair and Operations (MRO) spend. The segment demand remained weaker than expected with customers continuing to exercise tight controls over spending, particularly within capex projects.

Half year revenues declined by US $1.4m driven by weakness in the Lighting Segment. Lighting was US $2.0m unfavourable and was driven by continued economic uncertainty and delays in capex projects. This was offset by a US $0.6m increase in Obstruction revenue compared to the comparable period.

Gross margins improved in H1 FY25 to 36.3% from 32.3% in H1 FY24. The improvements in margin have arisen from favourable material and freight costs slightly offset by increases in labour costs. Operating costs were US $1.5m lower compared with H1 FY24 due to lower amortisation of development costs and a reduction in tariff costs.

Lighting orders were down 11% versus prior year and Obstruction orders were down 13%, reflecting challenging market conditions and a cautious outlook by distributors.

The combination of both improved margin and reduced overhead costs resulted in a US $5.0m underlying EBIT compared to prior period of US $1.3m.

Signals & Components before unallocated costs

Signals & Components	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	Variance
Revenue	**23.6**	22.9	0.7
Gross profit	**5.6**	6.0	(0.4)
Gross margin	**23.7%**	26.2%	250bps
Overheads	**(3.9)**	(5.2)	1.3
Underlying EBIT before unallocated costs	**1.7**	0.8	0.9

Signals & Components is a high-volume business operating within highly competitive markets. The main elements to this business are Opto-Electronic (OE) components and vehicle lights. Overall revenue increased by US $0.7m, driven by Vehicle lights, which was US $0.6m greater than the prior period. However, this was offset by a softness in the OE market, which was US $0.3m below prior period. OE H1 FY25 orders declined by 5.3% versus prior period and distributor Point of Sale data has been slowly trending downward, indicating weakening demand.

Gross margin in H1 FY25 was 2.5% below prior period due to lower absorption of fixed production costs and increased labour rates.

Overheads costs for the 6 months were reduced by US $1.3m to US $3.9m from US $5.2m, resulting in an underlying EBIT of US $1.7m compared with US $0.8m in the prior period.

Unallocated costs

Unallocated costs comprise costs not directly attributable to a segment and primarily relate to head office costs and professional fees. Total underlying unallocated costs increased from US $4.6m to US $5.8m in the 6-month period to 30 September 2024. The key drivers were increases in foreign exchange losses, staff costs and expenses, and professional fees.

Non-underlying costs (note 4)

Non-underlying costs	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)
Sanmina litigation	**22.3**	1.3
Transformation project	**3.1**	0.7
Total non-underlying costs	**25.4**	2.0

Sanmina litigation

Costs of US $22.3m have been recognised relating to the Sanmina litigation including management's best estimate of the net future outflow of damages, interest, and legal costs. Refer to note 4 for further details.

Transformation project

In the 6-month period ended 30 September 2024 the Group has incurred US $3.1m of non-underlying costs relating to the transformation plan (H1 FY24: US $0.7m) to reset and realign the Group's cost base. The costs incurred include severances, consulting costs, legal and professional fees.

Gain on disposal of business

On 29 July 2024 the Group entered into an agreement for the sale of its business manufacturing signal lights used in traffic, pedestrian and railroad management in North America (the Traffic Business) to Leotek Electronics USA LLC realising gross cash proceeds and a gain of US $5.2m.

Tax

The tax credits of US $2.6m for the 6-month period to 30 September 2024 (H1 FY24: US $1.4m) reflect the best estimate of the weighted average annual income tax rate expected for the full financial year. Non-underlying items have been taxed using the relevant tax rates where tax deductions are available.

Cash and borrowings

As at 30 September 2024 the Group had net bank debt of US $15.4m, a decrease of US $1.0m from March 2024. Net bank debt excludes liabilities recognised under IFRS 16 Leases, as these are excluded for covenant testing purposes.

The roll forward of net bank debt was as follows:

Net bank debt	US $m	US $m
Opening balance at 1 April 2024		**(16.4)**
Underlying cash generated by operations		
Underlying operating cash inflows before movements in working capital	5.3	
Movements in inventory	2.0	
Movements in working capital excluding inventory	1.0	
Defined benefit pension contributions	(0.5)	
Interest and tax paid	(2.2)	5.6
Other cash inflows		
Proceeds on disposal of business	5.2	5.2
Cash outflows		
Non-underlying operating cashflows	(3.5)	
Capital expenditure including development costs	(5.2)	
Lease payments	(1.2)	(9.9)
Foreign exchange movements		0.1
Closing balance at 30 September 2024		**(15.4)**
	Cash	7.4
	Borrowings	(22.8)

The main factors behind the movement in net bank debt were:

- Underlying operating activities generating cash inflows of US $5.3m before movements in working capital;
- A further US $2.5m increase attributable to movements in working capital of which US $2.0m related to inventory;
- The disposal of the traffic business generating US $5.2m of net cash proceeds;
- Non-underlying cash outflows of US $3.5m relating to the transformation project and Sanmina litigation; and
- Continued investment into new product development and capital expenditure of US $5.2m.

Gross bank debt was US $22.8m and offset by cash on hand of US $7.4m. The interest expense was US $1.5m and is analysed in note 5.

Banking and covenants

The Group's bank facility comprises a revolving credit facility (RCF) of US $28.8m from HSBC. A balance of US $5.2m was repaid in August 2024 using the proceeds received from the disposal of the Traffic business after which the facility was reduced by a corresponding amount from US $34.0m to US $28.8m. The facility was extended on 14 June 2024 to 21 July 2026 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 RCF facility is subject to quarterly covenants comprising 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 3.0x to 4.5x, and an interest cover minimum covenant target of a 4.0x to 2.5x. The covenants reverted to the original hurdles from quarter ending 31 December 2023 onwards.

The cash flow forecasts to 31 March 2026 show a potential breach in the 12-month rolling interest cover covenant in FY25 Q3 due to the historical weak trading performance in the final quarter of the financial period ending 31 March 2024. The potential covenant breach has been communicated to HSBC who have agreed to reduce the interest rate covenant for the third quarter of FY25 (only) to 2.5x. This amendment is subject to legal finalisation at the date of these interim financial statements.

In the 6-month period to 30 September 2024 the covenants have been complied with and the outstanding borrowings of US $22.8m have been classified as a non-current liability as at 30 September 2024 in line with the facility expiring in July 2026.

Capital management and dividend

The Board's policy is to have a strong capital base to maintain customer, investor, and creditor confidence and to sustain future development of the business. The Board considers consolidated total equity as capital, which at 30 September 2024 equated to US $45.7m (30 September 2023: US $74.1m). The Board is not declaring an interim dividend payment for the period (30 September 2023: nil).

Market condition and outlook

The current state of the economies in which we operate provides a cautious outlook for capital expenditures across various sectors. High underlying inflation and ongoing labour shortages are major constraints, causing delays in project timelines and deferring investment decisions. The petrochemical industry, in particular, faces additional uncertainty due to fluctuating demand and unpredictable energy prices. There is added hesitation and increased uncertainty following the recent US election as businesses anticipate potential policy changes, further delaying capital commitments. However, the relentless focus by management on executing the Transformation Plan is beginning to show positive results and provides a solid foundation to achieve our medium-term ambitions. With this background, the Board is confident that further progress will be made in the second half of the year.

Steve Blair
Group Chief Executive

25 November 2024

CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS

For the 6-month period ended 30 September 2024

	Note	**6-month period ended 30 September 2024 US $m (unaudited)**	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
Revenue	2	**90.3**	91.0	226.0
Cost of sales		**(60.5)**	(63.0)	(158.9)
Gross profit		**29.8**	28.0	67.1
Distribution costs		**(14.7)**	(15.0)	(36.8)
Administrative expenses		**(34.4)**	(17.5)	(60.5)
Loss from operating activities	2	**(19.3)**	(4.5)	(30.2)
Underlying profit/(loss) from operating activities		**0.9**	(2.5)	(4.6)
Non-underlying costs	4	**(25.4)**	(2.0)	(25.6)
Gain on disposal of business	4	**5.2**	-	-
Loss from operating activities		**(19.3)**	(4.5)	(30.2)
Financial expense	5	**(1.5)**	(2.1)	(4.1)
Loss before tax		**(20.8)**	(6.6)	(34.3)
Income tax credit	6	**2.6**	1.4	1.8
Loss for the period		**(18.2)**	(5.2)	(32.5)
Loss for the period attributable to:				
Equity owners of the Company		**(18.2)**	(5.2)	(32.5)
Non-controlling Interests		**-**	-	-
Loss for the period		**(18.2)**	(5.2)	(32.5)
Earnings per share				
Loss per share – basic and diluted	7	**(45.8) cents**	(15.8) cents	(91.1) cents

All results arise from continuing operations.

The accompanying notes on pages 18 to 33 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the 6-month period ended 30 September 2024

	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
Other comprehensive (expense)/income			
Exchange difference on translation of foreign operations	**(0.1)**	(0.2)	0.4
Income tax on exchange differences on transactions of foreign operations	**-**	-	-
	(0.1)	(0.2)	0.4
Items that will not be reclassified subsequently to profit and loss			
Remeasurement of defined benefit pension liability	**-**	-	(0.5)
Income tax on remeasurement of defined benefit liability	**-**	-	0.1
	-	-	(0.4)
Other comprehensive (expense)/income for the period, net of tax	**(0.1)**	(0.2)	-
Loss for the period	**(18.2)**	(5.2)	(32.5)
Total comprehensive expense for the period	**(18.3)**	(5.4)	(32.5)
Attributable to:			
- Owners of the parent	**(18.3)**	(5.4)	(32.5)
- Non-controlling interests	**-**	-	-
Total comprehensive expense for the period	**(18.3)**	(5.4)	(32.5)

The accompanying notes on pages 18 to 33 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6-month period ended 30 September 2024 (unaudited)

	Share capital US $m	Merger reserve US $m	Translation reserve US $m	Capital redemption reserve US $m	Share premium US $m	Own shares US $m	Retained Earnings US $m	**Total US $m**	Non-controlling interests US $m	**Total equity US $m**
Balance at 1 April 2024	**1.2**	**1.0**	**12.6**	**4.3**	**13.0**	**(1.2)**	**32.8**	**63.7**	**0.2**	**63.9**
Loss for the period	-	-	-	-	-	-	(18.2)	**(18.2)**	-	**(18.2)**
Other comprehensive income:										
Foreign exchange translation differences, net of taxes	-	-	(0.1)	-	-	-	-	**(0.1)**	-	**(0.1)**
Total comprehensive expense for the period	**-**	**-**	**(0.1)**	**-**	**-**	**-**	**(18.2)**	**(18.3)**	**-**	**(18.3)**
Transactions with owners, recorded directly in equity:										
Share-based payments	-	-	-	-	-	-	0.1	**0.1**	-	**0.1**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**-**	**0.1**	**0.1**	**-**	**0.1**
Balance at 30 September 2024	**1.2**	**1.0**	**12.5**	**4.3**	**13.0**	**(1.2)**	**14.7**	**45.5**	**0.2**	**45.7**

The accompanying notes on pages 18 to 33 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 6-month period ended 30 September 2023 (unaudited)

	Share capital US $m	Merger reserve US $m	Translation reserve US $m	Capital redemption reserve US $m	Share premium US $m	Own shares US $m	Retained Earnings US $m	**Total US $m**	Non-controlling interests US $m	**Total equity US $m**
Balance at 1 April 2023	**1.0**	**1.0**	**11.7**	**4.3**	**1.2**	**(1.1)**	**60.7**	**78.8**	**0.2**	**79.0**
Loss for the period	-	-		-	-	-	(5.2)	**(5.2)**	-	**(5.2)**
Other comprehensive income:										
Foreign exchange translation differences, net of taxes	-	-	(0.2)	-	-	-	-	**(0.2)**	-	**(0.2)**
Total comprehensive expense for the period	**-**	**-**	**(0.2)**	**-**	**-**	**-**	**(5.2)**	**(5.4)**	**-**	**(5.4)**
Transactions with owners, recorded directly in equity:										
Share-based payments	-	-	-	-	-	-	0.6	**0.6**	-	**0.6**
Re-purchase of own shares	-	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Total transactions with owners	**-**	**-**	**-**	**-**	**-**	**(0.1)**	**0.6**	**0.5**	**-**	**0.5**
Balance at 30 September 2023	**1.0**	**1.0**	**11.5**	**4.3**	**1.2**	**(1.2)**	**56.1**	**73.9**	**0.2**	**74.1**

The accompanying notes on pages 18 to 33 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the 15-month period ended 31 March 2024 (audited)

	Share capital US $m	Merger reserve US $m	Translation reserve US $m	Capital redemption reserve US $m	Share premium US $m	Own shares US $m	Retained Earnings US $m	**Total US $m**	Non-controlling interests US $m	**Total equity US $m**
Balance at 1 January 2023	**1.0**	**1.0**	**12.2**	**4.3**	**1.2**	**(1.1)**	**64.2**	**82.8**	**0.2**	**83.0**
Loss for the period	-	-	-	-	-	-	(32.5)	**(32.5)**	-	**(32.5)**
Other comprehensive income:										
Foreign exchange translation differences, net of taxes	-	-	0.4	-	-	-	-	**0.4**	-	**0.4**
Remeasurement of defined benefit pension liability, net of taxes	-	-	-	-	-	-	(0.4)	**(0.4)**	-	**(0.4)**
Total comprehensive income/(expense) for the period	**-**	**-**	**0.4**	**-**	**-**	**-**	**(32.9)**	**(32.5)**	**-**	**(32.5)**
Transactions with owners, recorded directly in equity:										
Issue of share capital (notes 12 and 13)	0.2	-	-	-	12.7	-	-	**12.9**	-	**12.9**
Transaction costs (note 13)	-	-	-	-	(0.9)	-	-	**(0.9)**	-	**(0.9)**
Share based payments	-	-	-	-	-	-	1.5	**1.5**	-	**1.5**
Re-purchase of own shares	-	-	-	-	-	(0.1)	-	**(0.1)**	-	**(0.1)**
Total transactions with owners	**0.2**	**-**	**-**	**-**	**11.8**	**(0.1)**	**1.5**	**13.4**	**-**	**13.4**
Balance at 31 March 2024	**1.2**	**1.0**	**12.6**	**4.3**	**13.0**	**(1.2)**	**32.8**	**63.7**	**0.2**	**63.9**

The accompanying notes on pages 18 to 33 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 September 2024

	Note	30 September 2024 US $m (unaudited)	30 September 2023 US $m (unaudited)	31 March 2024 US $m (audited)
Assets				
Property, plant, and equipment		**14.3**	15.1	12.7
Right of use assets		**9.6**	10.1	8.8
Intangible assets	3	**8.4**	24.9	8.1
Deferred tax assets		**8.3**	4.0	5.8
Defined benefit pension assets		**5.9**	5.5	5.4
Other receivables		**0.7**	6.2	5.9
Total non-current assets		**47.2**	65.8	46.7
Inventories	9	**47.1**	58.6	49.1
Trade and other receivables		**30.9**	30.9	32.3
Income tax recoverable		**0.5**	0.4	0.8
Cash and cash equivalents		**7.4**	2.5	11.5
Total current assets		**85.9**	92.4	93.7
Total assets		**133.1**	158.2	140.4
Liabilities				
Trade and other payables		**(31.0)**	(38.3)	(34.3)
Provisions	11	**(21.7)**	(0.8)	(1.2)
Tax liabilities		**(0.7)**	(2.0)	(1.4)
Lease liabilities		**(2.5)**	(2.1)	(2.0)
Borrowings	10	**-**	-	(27.9)
Total current liabilities		**(55.9)**	(43.2)	(66.8)
Provisions	11	**(0.7)**	(1.7)	(1.6)
Borrowings	10	**(22.8)**	(29.8)	-
Lease liabilities		**(8.0)**	(9.4)	(8.1)
Total non-current liabilities		**(31.5)**	(40.9)	(9.7)
Total liabilities		**(87.4)**	(84.1)	(76.5)
Net assets		**45.7**	74.1	63.9
Equity				
Issued share capital	12	**1.2**	1.0	1.2
Merger reserve		**1.0**	1.0	1.0
Share premium	13	**13.0**	1.2	13.0
Other reserves		**15.6**	14.6	15.7
Retained earnings		**14.7**	56.1	32.8
		45.5	73.9	63.7
Non-controlling interests		**0.2**	0.2	0.2
Total equity		**45.7**	74.1	63.9

The accompanying notes on pages 18 to 33 form an integral part of these condensed interim financial statements.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

For the 6-month period ended 30 September 2024

	Note	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
Operating activities				
Loss for the period		**(18.2)**	(5.2)	(32.5)
Adjustments for:				
Non-underlying costs	4	**25.4**	2.0	25.6
Financial expense	5	**1.5**	2.1	4.1
Income tax credit	6	**(2.6)**	(1.4)	(1.8)
Share-based payments		**0.1**	0.6	1.5
Gain on disposal of business	4	**(5.2)**	-	-
Depreciation of property, plant, and equipment		**1.4**	2.0	4.3
Depreciation of right of use assets		**1.3**	1.3	3.0
Amortisation of intangible assets	3	**1.6**	3.0	7.7
Underlying operating cash inflow before movements in working capital		**5.3**	4.4	11.9
Decrease in inventories	9	**2.0**	3.8	12.7
Decrease in trade and other receivables		**1.5**	1.4	5.2
(Decrease)/increase in trade and other payables		**(0.1)**	2.1	(10.9)
Decrease in provisions		**(0.4)**	(0.1)	(0.2)
Pension contributions to defined benefit pension scheme		**(0.5)**	0.1	0.1
Cash generated by underlying operations		**7.8**	11.7	18.8
Income taxes paid		**(0.7)**	(0.6)	(2.6)
Interest paid		**(1.5)**	(2.1)	(4.1)
Net cash generated by underlying operations		**5.6**	9.0	12.1
Cash used in non-underlying operations		**(3.5)**	(2.0)	(5.5)
Net cashed generated by operations		**2.1**	7.0	6.6
Investing activities				
Profit on disposal of business		**5.2**	-	-
Purchase of property, plant, and equipment		**(3.4)**	(0.8)	(1.4)
Additions to intangible assets	3	**(1.8)**	(2.1)	(5.4)
Net cash used in investing activities		**-**	(2.9)	(6.8)
Financing activities				
Proceeds on issue of shares – net of issue costs	12, 13	**-**	-	12.0
Drawdown of bank facility	10	**-**	0.5	6.2
Repayment of bank facility	10	**(5.2)**	(1.3)	(5.9)
Re-purchase of own shares		**-**	-	(0.1)
Repayment of lease liabilities (excluding payments of interest)		**(1.2)**	(1.5)	(2.9)
Net cash (used in)/generated from financing activities		**(6.4)**	(2.3)	9.3
Net (decrease)/increase in cash and cash equivalents		**(4.3)**	1.8	9.1
Cash and cash equivalents at beginning of period		**11.5**	0.6	2.0
Effect of exchange rates		**0.2**	0.1	0.4
Cash and cash equivalents at end of period		**7.4**	2.5	11.5

The accompanying notes on pages 18 to 33 form an integral part of these condensed interim financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the period ended 30 September 2024 (unaudited)

1. Basis of preparation and principal accounting policies

Dialight plc (the Company) provides sustainable, energy efficient and intelligent LED lighting technologies driving towards a net zero economy. Its primary market is North America, with smaller operations in EMEA and the rest of the world.

The Company is listed on the London Stock Exchange and is incorporated and domiciled in England and Wales under registration number 2486024. Its registered office is at 60 Petty France, London, England, SW1H 9EU.

This condensed consolidated interim financial information was approved for issue on 25 November 2024 and has not been audited nor reviewed.

Statement of compliance

This condensed consolidated interim financial information for the 6-month period ended 30 September 2024 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Conduct Authority and with UK-adopted International Accounting Standard 34 'Interim Financial Reporting' (IAS 34). The condensed consolidated interim financial information should be read in conjunction with the financial statements for the 15-month period ended 31 March 2024, which have been prepared in accordance with UK-adopted International Accounting Standards in conformity with the requirements of the Companies Act 2006.

This condensed consolidated interim financial information for the 6-month period ended 30 September 2024, and the comparative information in relation to the 6-month period ended 30 September 2023, do not comprise statutory accounts within the meaning of Section 434 of the Companies Act 2006. Statutory accounts for the 15-month period ended 31 March 2024 were approved by the Board of Directors on 29 July 2024 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, and did not contain a statement under Section 498 of the Companies Act 2006. The report drew attention by way of emphasis to a material uncertainty related to going concern.

Going concern

At 31 March 2024 the Group had US $28.8m of multicurrency revolving credit facilities of which US $22.8m was drawn with US $7.4m of cash on hand. Net bank debt has decreased from US $16.4m as at 31 March 2024 to US $15.4m as at 30 September 2024.

The facility was extended on 14 June 2024 to 21 July 2026 on the same terms as the original revolving credit facility agreement. 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

Further details of borrowings are included in note 10.

In assessing the going concern assumptions, the Directors have prepared an 18-month forecast through to 31 March 2026.

Whilst the Directors continue to believe the Group will be able to deliver on its transformation plan, generate forecast organic sales growth and realise cost reductions within the next 18 months, the Directors recognise that the transformation plan is in its early stages and, as such, a reliable history of its effectiveness is not yet available. In the 18-month forecast the Directors have assumed a 5% year on year increase in FY26 through organic growth and price increases. Whilst the Group believe this to be realistic target, market conditions continue to be challenging and the economic impact of the recent US election remains to be seen.

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

The cash flow forecasts to 31 March 2026 show a potential breach in the 12-month rolling interest cover covenant in FY25 Q3 due to the historical weak trading performance in the final quarter of the financial period ending 31 March 2024. The potential covenant breach has been communicated to HSBC who have agreed to reduce the interest rate covenant for the third quarter of FY25 (only) to 2.5x. This amendment is subject to legal finalisation at the date of these interim financial statements.

Further, the legal claim against the Company by Sanmina, which is explained further in note 4 represents an adverse outcome outside of the Group's control which may result in a material cash outflow for which a provision of US $19.5m has been recognised as at 30 September 2024.

At the balance sheet date the Group does not have sufficient liquidity to settle the provision without taking mitigating actions or securing additional funding within the going concern period which may include seeking to agree a payment plan with Sanmina and/or new equity funding. The amount, timing, and receipt of any such funding is uncertain at the date of the approval of the interim financial statements.

These circumstances give rise to 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 it 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.

Taxation

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

Uncertainties under income tax treatment

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

Adoption of new and revised standards

The accounting policies adopted in the preparation of these unaudited condensed financial statements are consistent with the policies applied by the Group in its consolidated financial statements for the 15-month period ended 31 March 2024.

During the period the Group has adopted the following new and revised standards and interpretations which have had no impact on these condensed consolidated financial statements:

- Amendments to IAS 1 Presentation of Financial Statements— Classification of Liabilities as Current or Non-current;
- Amendments to IAS 1 Presentation of Financial Statements— Non-current Liabilities with Covenants; and
- Amendments to IFRS 16 Leases—Lease Liability in a Sale and Leaseback.

Consolidated statement of cash flows

Non-underlying costs have been separately presented for within operating activities in the consolidated statement of cash flows in order to present underlying cash generated by operations. An adjustment for non-underlying cash outflows has been made to present total cash generated by operations. Comparatives have been restated where applicable.

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

Estimates and judgements

The preparation of the condensed consolidated interim financial information 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.

Judgements

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 US $7.8m (31 March 2024: US $7.4m) of development and patent costs that relate to the current product portfolio of new products expected to launch over the next one to two years.

Inventory reserve – disposal of Traffic business

Following the decision by management to dispose of the Traffic business a judgement was made to make a specific provision for Traffic related inventory given the inventory remained the property of the Group at the date of completion and that there is no obligation by the acquirer to purchase any such inventory subsequent to completion. While under the sales and purchases agreement the acquirer has the right to acquire all or part of the related inventory, at the date of the approval of these financial statements the intention of the acquirer is not known. The provision totals $3.0m as at 30 September 2024 and 31 March 2024.

Estimates

Sanmina litigation

As previously announced, the Sanmina trial concluded on 23 September 2024. The jury rejected Dialight's claims relating to fraudulent inducement and wilful misconduct (the "Tort Claims"), whilst granting Dialight's claim that Sanmina had breached the Manufacturing Services Agreement ("MSA") and granting Sanmina's claims that Dialight had breached the MSA with respect to Sanmina's accounts receivable ("AR") and 'excess and obsolete' materials ("E&O") claims. The jury awarded damages of US $0.9m to Dialight in respect of Sanmina's breach of contract, and awarded c. US $5.3m in damages against Dialight in respect of Sanmina's AR claim and c. US $3.4m in damages against Dialight in respect of Sanmina's E&O claim. These awards are, however, subject to further challenge and to a definitive ruling by the judge that is not expected until early 2025.

The initial post-trial motions filed by both Dialight and Sanmina include motions relating to damages, interest payable on damages, and legal costs. There are multiple upside and downside variables outlined in these pleadings and the final potential outcomes in respect of damages range from the c. US $8.7m of gross damages awarded by the jury to Sanmina through to a net damages payment by Sanmina to Dialight of c. US $4.8m (if all of Dialight's post-trial motions are successful). Any awards in respect of interest and legal costs will, in part, follow the position on damages, though there are further stand-alone issues relating to the calculation of both interest and the award of legal costs. These issues will be refined through the current pleadings process, with final replies by both parties on the various motions due to be filed by 18 December 2024.

Based on the wide-range of potential outcomes, a provision of $19.5m (note 11) has been recognised as at 30 September 2024 representing management's best estimate of the net future outflow of damages, interest and legal costs, along with actual legal costs incurred in the 6-month period and legal costs committed to be incurred.

Inventory reserve

The total value of the inventory provision for all categories of inventory over which judgement has been exercised was US $7.7m (31 March 2024: US $6.6m) and this represents 14.0% (31 March 2024: 11.8%) of the gross inventory value.

Inventory reserve – raw materials and sub-assemblies

All raw 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, whilst 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 business continues to be skewed as a result of COVID-19. Management believes that any reasonably possible change in the assumption would not cause any significant change in the provision estimate for raw materials and sub-assemblies in the next financial year.

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.

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. Overheads comprise operations management, selling costs plus corporate costs, which includes share-based payments.

Costs relating to the administration of the PLC holding company are not allocated to an operating segment and disclosed as unallocated.

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

2. Operating segments (continued)

6-month period ended 30 September 2024 (unaudited)	Lighting US $m	Signals & Components US $m	Unallocated US $m	Total US $m
Revenue	66.7	23.6	-	**90.3**
Gross profit	24.2	5.6	-	**29.8**
Overhead costs	(19.2)	(3.9)	(5.8)	**(28.9)**
Underlying profit/(loss) from operating activities	**5.0**	**1.7**	**(5.8)**	**0.9**
Non-underlying costs (note 4)	(23.1)	-	(2.3)	**(25.4)**
Gain on disposal of business	-	5.2	-	**5.2**
(Loss)/profit from operating activities	**(18.1)**	**6.9**	**(8.1)**	**(19.3)**
Financial expense	-	-	(1.5)	**(1.5)**
(Loss)/profit before tax	**(18.1)**	**6.9**	**(9.6)**	**(20.8)**
Taxation	-	-	2.6	**2.6**
(Loss)/profit after tax	**(18.1)**	**6.9**	**(7.0)**	**(18.2)**

Other segmental data

Depreciation of property, plant, and equipment	1.0	0.4	-	**1.4**
Depreciation of right of use asset	1.0	0.3	-	**1.3**
Amortisation of intangible assets	1.6	-	-	**1.6**
Impairment of property, plant and equipment	0.4	-	-	**0.4**

6-month period ended 30 September 2023 (unaudited)	Lighting US $m	Signals & Components US $m	Unallocated US $m	Total US $m
Revenue	68.1	22.9	-	91.0
Gross profit	22.0	6.0	-	28.0
Overhead costs	(20.7)	(5.2)	(4.6)	(30.5)
Underlying profit/(loss) from operating activities	1.3	0.8	(4.6)	(2.5)
Non-underlying costs (note 4)	(1.4)	-	(0.6)	(2.0)
(Loss)/profit from operating activities	(0.1)	0.8	(5.2)	(4.5)
Financial expense	-	-	(2.1)	(2.1)
(Loss)/profit before tax	(0.1)	0.8	(7.3)	(6.6)
Taxation	-	-	1.4	1.4
(Loss)/profit after tax	(0.1)	0.8	(5.9)	(5.2)

Other segmental data

Depreciation of property, plant, and equipment	1.5	0.5	-	2.0
Depreciation of right of use asset	1.0	0.3	-	1.3
Amortisation of intangible assets	3.0	-	-	3.0

2. Operating segments (continued)

15-month period ended 31 March 2024 (audited)	Lighting US $m	Signals & Components US $m	Unallocated US $m	Total US $m
Revenue	171.1	54.9	-	226.0
Gross profit	57.6	12.5	-	70.1
Overhead costs	(50.8)	(12.3)	(11.6)	(74.7)
Underlying profit/(loss) from operating activities	6.8	0.2	(11.6)	(4.6)
Non-underlying costs (note 4)	(20.6)	(3.6)	(1.4)	(25.6)
Loss from operating activities	(13.8)	(3.4)	(13.0)	(30.2)
Financial expense	-	-	(4.1)	(4.1)
Loss before tax	(13.8)	(3.4)	(17.1)	(34.3)
Taxation	-	-	1.8	1.8
Loss after tax	(13.8)	(3.4)	(15.3)	(32.5)

Other segmental data

	Lighting US $m	Signals & Components US $m	Unallocated US $m	Total US $m
Depreciation of property, plant and equipment	3.3	1.0	-	**4.3**
Impairment of property, plant and equipment	1.1	-	-	**1.1**
Depreciation of right-of-use assets	2.3	0.7	-	**3.0**
Amortisation of intangible assets	7.7	-	-	**7.7**
Impairment of goodwill	11.2	-	-	**11.2**
Impairment of other intangible assets	4.1	0.5	-	**4.6**

Geographical segments

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

	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
North America	**76.3**	**74.7**	183.7
EMEA	**5.0**	**6.3**	18.3
Rest of World	**9.0**	**10.0**	24.0
Revenue	**90.3**	**91.0**	226.0

3. Intangible assets

	Patents, licenses, and trademarks US $m	Software licenses US $m	Development costs US $m	**Total US $m**
Net book value at 1 April 2024	1.6	0.7	5.8	**8.1**
Additions	0.4	-	1.4	**1.8**
Amortisation	(0.5)	(0.2)	(0.9)	**(1.6)**
Foreign exchange movements	-	0.1	-	**0.1**
Net book value at 30 September 2024	**1.5**	**0.6**	**6.3**	**8.4**

Additions to development costs and patents, licenses, and trademarks relate to the development of new products and include direct costs of material, direct labour and directly attributable overheads. Costs are only capitalised once the initial research phase has been completed and the business case has been approved by management. Further the costs must be reliability measurable, the product and process is technically and commercially viable, future economic benefits are probable, the Group has intention and sufficient resource to complete the development and intends to use or sell the asset.

The amortisation expense is recognised within administrative expenses.

4. Non-underlying costs and gain on disposal of business

Non-underlying costs

The Group incurs cost and earns income that is non-recurring in nature or that, in the Director's judgement, should 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 represents the components of non-underlying items recognised in the income statement. All costs are recognised within administrative expenses unless otherwise stated.

	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
Transformation project	**3.1**	0.7	4.5
Business disposal costs	**-**	-	3.5
Sanmina litigation	**22.3**	1.3	2.3
Impairment of goodwill	**-**	-	11.2
Impairment of other intangible assets (excluding business disposal impairment)	**-**	-	4.1
Non-underlying costs	**25.4**	2.0	25.6

Transformation project

In the 6-month period ended 30 September 2024 the Group has incurred US $3.1m of non-underlying costs relating to the transformation plan (6-month period ended 30 September 2023: US $0.7m). 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, whilst at the same time focusing more resources on the most attractive growth opportunities within its core industrial LED lighting market. The multi-year transformation plan is a material, infrequent programme and is not considered to be part of the underlying performance of the business. Implementation of the plan is expected to be complete by 31 March 2026. The costs incurred in the 6-month period to 30 September 2024 relate to resetting and realigning the Group's cost base including severances, consulting costs, and related legal and professional fees.

Sanmina litigation

During the 6-month period to 30 September 2024 costs of US $22.3m have been expensed (6-month period ended 30 September 2023: US $1.3m) in connection with Company's legal action taken against Sanmina.

As previously reported, Dialight sought to reach a negotiated conclusion of various outstanding matters and performance issues following the termination, in 2018, of the manufacturing services agreement (MSA) with its former manufacturing partner, Sanmina Corporation ("Sanmina").

The trial between the Group and Sanmina commenced on 9 September 2024 and concluded on 23 September 2024. The jury rejected Dialight's claims relating to fraudulent inducement and wilful misconduct, whilst granting Dialight's claim that Sanmina had breached the Manufacturing Services Agreement ("MSA") and granting Sanmina's claim that Dialight had breached the MSA with respect to Sanmina's accounts receivable ("AR") and 'excess and obsolete' materials ("E&O") claims.

The jury awarded damages of US $0.9m to Dialight in respect of Sanmina's breach of contract, and awarded c. US $5.3m in damages against Dialight in respect of Sanmina's AR claim and c. US $3.4m in damages against Dialight in respect of Sanmina's E&O claim.

The expense incurred in the 6-month period to 30 September 2024 of US $22.3m includes managements best estimate of the future outflow of the damages awarded against Dialight, less the damages awarded to Dialight and the write-off of an escrow account held by the Company at 31 March 2024 in relation to the Sanmina litigation. Legal costs incurred by the Company in during the 6-month period to 30 September 2024, together with an estimate of those legal costs committed to be incurred over the next 6-month period in concluding this litigation have also been included in this charge, together with management's best estimate of the potential costs that may be awarded against the Company in respect of interest accrued on the damages awarded to Sanmina and on meeting Sanmina's legal costs associated with this litigation.

It is anticipated that, following the jury verdict, the judge will issue her final judgement on this litigation, including any award of interest costs and reimbursement of the defendant's legal costs within the next six months.

Refer to note 11 for details of the provision recognised in the period.

Gain on disposal of business

On 29 July 2024 the Group entered into an agreement for the sale of its business manufacturing signal lights used in traffic, pedestrian and railroad management in North America (the Traffic Business) to Leotek Electronics USA LLC realising gross cash proceeds of US $5.2m.

5. Financial expense

	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
Net interest income on defined benefit pension asset	**-**	-	(0.3)
Interest expense on financial liabilities, except lease liabilities	**1.1**	1.6	3.3
Facility arrangement fee expense	**0.1**	-	0.4
Interest expense on lease liabilities	**0.3**	0.5	0.7
Financial expense	**1.5**	2.1	4.1

6. Income tax expense

The tax credits of US $2.6m for the 6-month period to 30 September 2024 and of US $1.4m for the 6-month period to 30 September 2023 reflect the best estimate of the weighted average annual income tax rate expected for the full financial year. Non-underlying items have been taxed using the relevant tax rates where deductions are available.

7. Earnings per share (EPS)

Basic earnings per share

The calculation of the basic EPS for the 6-month period ending 30 September 2024 was based on a loss for the period of US $18.2m (6-month period to 30 September 2023: US $5.2m loss) and a weighted average number of ordinary shares outstanding during the 6 months ended 30 September 2024 of 39,828,141 (6 months ended 30 September 2023: 33,186,149).

The calculation of the basic EPS for the 15-month period ending 31 March 2024 was based on a loss for the period of US $32.5m and a weighted average number of ordinary shares outstanding during the period of 35,603,515.

	6-month period ended 30 September 2024 (unaudited)	6-month period ended 30 September 2023 (unaudited)	15-month period ended 31 March 2024 (audited)
Loss for the period (US $m)	**(18.2)**	(5.2)	(32.5)
Weighted average number of shares (000s)	**39,828**	33,186	35,604
Basic loss per share	**(45.8) cents**	(15.8) cents	(91.1) cents

Diluted earnings per share

Where a loss has been recognized 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.

	6-month period ended 30 September 2024 (unaudited)	6-month period ended 30 September 2023 (unaudited)	15-month period ended 31 March 2024 (audited)
Loss for the period (US $m)	**(18.2)**	(5.2)	(32.5)
Weighted average number of shares (000s)	**39,828**	33,186	35,604
Diluted loss per share	**(45.8) cents**	(15.8) cents	(91.1) cents

8. Dividends

There were no dividends declared or paid in the 6-month period ended 30 September 2024 (6-month period ended 30 September 2023: nil).

The Directors have not declared an interim dividend for 2024 (2023: nil).

9. Inventories

	30 September 2024 US $m (unaudited)	30 September 2023 US $m (unaudited)	31 March 2024 US $m (audited)
Raw materials and consumables	**19.5**	23.9	18.8
Work in progress	**10.4**	15.1	13.4
Finished goods	**17.0**	19.4	16.7
Spare parts	**0.2**	0.2	0.2
Total	**47.1**	58.6	49.1

In the 6-month period to 30 September 2024 inventories to the value of US $33.8m (30 September 2023: $36.8m) were recognised as an expense. The inventory reserve at the balance sheet date was US $7.7m (30 September 2023: $3.5m, 31 March 2024: $6.6m), which represents 14.0% of gross inventory (30 September 2023: 5.6%, 31 March 2024: 11.8%). The reserve increased from 31 March 2024 by US $1.1m due to additions of US $1.9m driven by an increase in ageing of stock on hand offset by utilisation of stock previously provided for totalling US $0.8m.

10. Borrowings

The Group's bank facility comprise a revolving credit facility (RCF) of US $28.8m from HSBC. A balance of US $5.2m was repaid in August 2024 using the proceeds received from the disposal of the Traffic business after which the facility was reduced by a corresponding amount from US $34.0m to US $28.8m. The facility was extended on 14 June 2024 to 21 July 2026 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 RCF facility is subject to quarterly covenants comprising 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 3.0x to 4.5x, and an interest cover minimum covenant target of a 4.0x to 2.5x. The covenants reverted to the original hurdles from quarter ending 31 December 2023 onwards.

The cash flow forecasts to 31 March 2026 show a potential breach in the 12-month rolling interest cover covenant in FY25 Q3 due to the historical weak trading performance in the final quarter of the financial period ending 31 March 2024. The potential covenant breach has been communicated to HSBC who have agreed to reduce the interest rate covenant for the third quarter of FY25 (only) to 2.5x. This amendment is subject to legal finalisation at the date of these interim financial statements.

In the 6-month period to 30 September 2024 the covenants have been complied with and the outstanding borrowings of US $22.8m have been classified as a non-current liability as at 30 September 2024 in line with the facility expiring in July 2026.

	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
Borrowings at the beginning of the period	**27.9**	30.4	27.4
Facility drawdown (RCF)	**-**	0.5	6.2
Facility repayment (RCF)	**(5.2)**	-	(3.4)
Facility repayment (CBILS)	**-**	(1.3)	(2.5)
Foreign exchange movements	**0.1**	0.2	0.2
Borrowings at the end of the period	**22.8**	29.8	27.9

11. Provisions

	Warranty and claims US $m	Lease dilapidations US $m	Sanmina litigation US $m	**Total US $m**
Balance at 1 April 2024	2.2	0.6	-	**2.8**
Additions	-	0.5	22.3	**22.8**
Net transfer from other liabilities and other receivables	-	-	(0.9)	**(0.9)**
Utilisation	-	(0.5)	(1.9)	**(2.4)**
Foreign exchange movements	-	0.1	-	**0.1**
Balance at 30 September 2024	**2.2**	**0.7**	**19.5**	**22.4**
Of which:				
Current	**2.2**	**-**	**19.5**	**21.7**
Non-current	**-**	**0.7**	**-**	**0.7**

Warranty and claims

The warranty provision relates to sales made over the last nine years and has been estimated based on historical warranty data for similar products.

Lease dilapidations

Lease dilapidations relate to obligations to restore leased premises back to the original condition. During the period to 30 September 2024 lease restoration costs of US $0.5m were incurred in relation to the old Malaysian facility with US $0.5m of costs provided for in relation to the new Malaysian facility and new head office in London.

Sanmina litigation

Refer to note 4 for details of the Sanmina litigation provision.

12. Share capital

	6-month period ended 30 September 2024 Number (unaudited)	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 Number (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)
Authorised:				
Ordinary shares of 1.89p each	**39,828,141**	**1.2**	33,192,884	1.0
Issued and fully paid:				
Share capital at the beginning of the period	**39,828,141**	**1.2**	32,946,371	1.0
Issued during the period	**-**	**-**	246,513	-
Share capital at the end of the period	**39,828,141**	**1.2**	33,192,884	1.0

	15-month period ended 31 March 2024 Number (audited)	15-month period ended 31 March 2024 US $m (audited)
Authorised:		
Ordinary shares of 1.89p each	39,828,141	1.2
Issued and fully paid:		
Share capital at the beginning of the period	32,946,371	1.0
Issued during the period	6,881,770	0.2
Share capital at the end of the period	39,828,141	1.2

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 have been allotted to raise gross proceeds of approximately US $12.7m. Share issue costs of US $0.9m have been netted off against the share premium arising on the new share issue (see note 13).

13. Share premium account

	6-month period ended 30 September 2024 US $m (unaudited)	6-month period ended 30 September 2023 US $m (unaudited)	15-month period ended 31 March 2024 US $m (audited)
Share premium at the beginning of the period	**13.0**	1.2	1.2
Issued during the period	**-**	-	12.7
Share issue costs	**-**	-	(0.9)
Share premium at the end of the period	**13.0**	1.2	13.0

14. Principal exchange rates

	6-month period ended 30 September 2024 (unaudited)	6-month period ended 30 September 2023 (unaudited)	15-month period ended 31 March 2024 (audited)
Average for the period			
Pound sterling	**0.7815**	0.7944	0.8010
Euro	**0.9201**	0.9183	0.9240
Canadian dollar	**1.3666**	1.3422	1.3491
Mexican peso	**18.0464**	17.3735	17.5790

	30 September 2024 (unaudited)	30 September 2023 (unaudited)	31 March 2024 (audited)
At balance sheet date			
Pound sterling	**0.7479**	0.8237	0.7925
Euro	**0.8952**	0.9490	0.9264
Canadian dollar	**1.3449**	1.3515	1.3540
Mexican peso	**19.4581**	17.6017	16.5558

15. Related party transactions

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

There have been no changes in the nature of related party transactions from those described in the March 2024 Annual Report that could have a material effect on the financial position or performance of the Group in the period to 30 September 2024.

16. Principal and emerging risks

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 the Board have identified as material to the Group. They represent a "point-in-time" assessment, as the environment in which the Group operates is constantly changing and new risks may always arise.

The principal risks and uncertainties affecting the business activities of the Group for the six months ended 30 September 2023 remain substantially unchanged as those disclosed in the March 2024 Annual Report.

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.
- **Growth (Current offering, customer requirements and markets) –** Risk of stagnation of addressable market of current product portfolio, product portfolio management efficiency, and execution risk on current sales/route to market. Understanding customer requirements regarding product function and price. Risk from failure to recognise emerging markets and focus concentrated on North America.
- **Environmental and geological –** The Group's main manufacturing centre is in Mexico and its main market is North America. Any impediment to raw materials getting into Mexico or restrictions on finished goods entering North America related to natural disasters could have a large impact on profitability. Disruption to global markets and transport systems and/or workforce arising from geological, biological, economic and/or political events may impact the Group's ability to operate and the demand for its products.
- **Funding –** The Group has a net bank debt position and there is a significant risk related to liquidity. The Group has not paid a dividend since 2015. In light of the litigation against Sanmina, the Group has a potentially large cash outflow in settlement of damages that have been awarded against the Company.
- **Cyber and data integrity –** Disruption to business systems would have an adverse impact on the Group if our systems suffered cyber-attacks (including ransomware, phishing, DDOS attack). The Group also needs to ensure the protection and integrity of its data. There can be additional risk if internal data management processes are not mapped and continually improved. With the Group's dispersed international footprint, increasing automation there is greater risk of impact on IT infrastructure/communications between employees.
- **Talent and diversity –** Group performance is dependent on attracting and retaining high-quality staff across all functions. Risk in the labour market hardening in all markets (especially Mexican wage inflation risk) and age profile of key staff increasing.
- **Geo-political and macro-economic impacts –** There is risk attaching to macroeconomic performance in North America. Risk of macro-economic shocks (including interest rates) have increased globally, and geopolitical risk has increased across Europe, Middle East and Asia. Following the results of the US election in November 2024 there is an increased risk in relation to the Group's Mexican facilities arising from the outcome of any decision to renew the United States-Mexico-Canada Agreement in July 2026 and to the imposition of tariffs by the new US administration.

16. Principal and emerging risks (continued)

- **Product risk –** Risk relating to commercial obligations (including warranty), legal, product recall and reputational risks arising from under-performance or non-performance of product against contracted specification and/or product malfunction.
- **Product development strategy –** Inability to translate market requirements into profitable products. Failure to deliver technologically advanced products and to react to disruptive technologies. Emerging pressure to innovate ESG-friendly and less carbon-dense products.
- **Production capacity and supply chain –** The Group operates a complex international supply chain (both inbound and outbound) which can be impacted by a range of risk factors including political disruption, border frictions, logistics challenges and other compliance issues. Supply chain challenges can in turn impact production capacity and efficiency – as well as other factors including investment in capacity, labour-supply issues and costs of production.

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 2024 and beyond.

DIRECTORS' RESPONSIBILITIES

We confirm that to the best of our knowledge:

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

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

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

On behalf of the Board,

Steve Blair
Group Chief Executive

25 November 2024

The directors are required to prepare financial statements for the Group in accordance with International Financial Reporting Standards (IFRS).

International Accounting Standard 34 (IAS 34), defines the minimum content of an interim financial report, including disclosures, and identifies the accounting recognition and measurement principles that should be applied to an interim financial report.

Directors are also required to:

- select suitable accounting policies and then apply them consistently; present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements under IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the Parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.