



**DIALIGHT PLC**

**RULES OF THE DIALIGHT PLC 2023 RESTRICTED SHARE  
PLAN**

Approved by shareholders of the Company in general meeting on [16 May] 2023

Adopted by the remuneration committee of the board of the Company on 22 March 2023

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## 1. DEFINITIONS AND INTERPRETATION

1.1 In the Plan, unless the context otherwise requires:

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

**"Award"** means a Conditional Award or an Option;

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

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

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

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

**"Conditional Award"** means a conditional right to acquire Shares granted under the Plan;

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

**"Dividend Equivalent"** means a benefit calculated by reference to dividends paid on Shares as described in Rules 2.6 and 6.3;

**"Early Vesting Date"** means either:

- (a) the date of cessation of employment of a Participant in the circumstances referred to in Rule 10.1 (Good leavers); or
- (b) a date of notification referred to in Rule 11.1 (General offers), the date of the relevant event referred to in Rule 11.2 (Schemes of arrangement and winding up) or the date of Vesting referred to in Rule 11.3 (Demerger and similar events);

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

**"Exercise Period"** means the period referred to in Rule 6.2 during which an Option may be exercised;

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

**"Grant Date"** means the date on which an Award is granted;

**"Group Member"** means:

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

**"Holding Period"** means a period specified by the Committee as referred to in schedule 3;

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

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

**"Market Abuse Regulation"** means Regulation (EU) No. 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse as it is in force at the relevant time;

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

**"Normal Vesting Date"** means the date on which an Award vests under Rule 5.1 (Timing of Vesting: Normal Vesting Date);

**"Option"** means a right to acquire Shares granted under the Plan which is designated as an option by the Committee under Rule 2.2 (Type of Award);

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

**"Participant"** means a person who holds an Award including their personal representatives;

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

**"Performance Condition"** means any objective condition(s) related to performance which is specified by the Committee under Rule 2.1 (Terms of grant), Rule 3.1 or any amended or relaxed condition(s) substituted in accordance with Rule 3.2;

**"Plan"** means the Dialight plc 2023 Restricted Share Plan as amended from time to time;

**"Rule"** means a rule of the Plan;

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

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

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

**"Vest"** means:

- (a) in relation to a Conditional Award, a Participant becoming entitled to have Shares transferred to them (or their nominee) subject to the Rules;
- (b) in relation to an Option, it becoming exercisable;

and **"Vesting", "Vested" and "Unvested"** shall be construed accordingly;

**"Vested Shares"** means those Shares in respect of which an Award Vests.

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

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

## 2. **GRANT OF AWARDS**

### 2.1 **Terms of grant**

Subject to Rule 2.8 (Timing of grant), Rule 2.9 and Rule 4 (Limits), the Committee may resolve to grant an Award to any Eligible Employee on:

- (a) the terms set out in the Plan; and
- (b) such additional terms, whether a Performance Condition in accordance with Rule 3 and/or any other terms as the Committee may specify.

An Award may only be made in accordance with the Directors' Remuneration Policy as approved by shareholders from time to time.

### 2.2 **Type of Award**

On or before the Grant Date, the Committee shall determine whether an Award shall be a Conditional Award or an Option. If the Committee does not specify the type of an Award on or before the Grant Date then an Award shall be a Conditional Award.

### 2.3 **Method of grant**

An Award shall be granted as follows:

- (a) a Conditional Award or an Option shall be granted by deed executed by the Company;
- (b) if an Award is an Option, the Committee shall determine the Option Price (if any) on or before the Grant Date provided that the Committee may reduce or waive such Option Price on or prior to the exercise of the Option.

### 2.4 **Indemnity from Participants**

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

### 2.5 **Award certificates**

As soon as is practicable after making an Award the Company shall issue, or procure the issue of, a certificate (the "**Award Certificate**") to be signed and returned by the Participant within 14 days of being sent such Award Certificate. The Award Certificate shall contain such terms and conditions as the Committee shall determine (provided that they are not inconsistent with the terms of this Plan) and shall specify:

- (i) the Grant Date;
- (ii) the Option Price, if any;
- (iii) the number of Shares in respect of which the Award is made;
- (iv) any applicable Performance Condition(s) or other terms as the Committee may specify;
- (v) the applicable vesting schedule for the Award;

- (vi) if to be determined at the Grant Date, whether and on what basis a Participant is entitled to dividend equivalents in respect of their Award pursuant to rule 2.6 (Treatment of Dividends);
- (vii) whether a Holding Period shall apply to the Award, as specified under schedule 3; and
- (viii) whether Malus and Clawback shall apply to an Award, as specified under schedule 2.

## 2.6 **Treatment of Dividends**

The Committee may decide at any time that a Participant (or their nominee) shall be entitled to receive a benefit determined by reference to the value of all or any of the dividends (excluding the dividend tax credit unless the Committee decides otherwise) that would have been paid on the Vested Shares in respect of dividend record dates occurring during the period between the Grant Date and the date of Vesting and may further decide that such benefit shall be provided in cash and/or shares. The Committee may decide to exclude the value of all or part of any special dividend from the amount of the Dividend Equivalent.

## 2.7 **Method of satisfying Awards**

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

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

The Committee may decide to change the way in which it is intended that an Award granted as a Conditional Award or an Option may be satisfied after it has been granted, having regard to the provisions of Rule 4 (Limits).

## 2.8 **Timing of grant**

Subject to Rule 2.9, an Award may only be granted:

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

but an Award may not be granted after [15 May] 2033 (that is, the expiry of the period of 10 years beginning with the date on which the Plan is approved by the shareholders of the Company).

## 2.9 **Dealing Restrictions**

No Award shall be made at any time when dealings in Shares are prohibited by the Listing Rules, the Company's Code, the City Code on Takeovers and Mergers, the Market Abuse Regulation or any other UK or overseas regulation or enactment.

## 2.10 **Non-transferability and bankruptcy**

An Award granted to any person:

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

## 3. **PERFORMANCE CONDITIONS**

### 3.1 **Imposition of Performance Conditions**

The Vesting of Awards shall be subject to the satisfaction of such Performance Conditions as the Committee shall from time to time determine are appropriate.

### 3.2 **Variation of Performance Conditions**

If events happen which cause the Committee, acting fairly and reasonably, to consider that Performance Conditions have become unfair or impractical, it may, if it considers it appropriate to do so, amend, relax or waive such Performance Conditions. The altered Performance Condition will, in the reasonable opinion of the Committee, not be materially less difficult to satisfy than the unaltered Performance Condition would have been but for the event in question. All affected Participants shall be notified in writing of any relaxation, amendment or waiver.

### 3.3 **Early Vesting**

The extent to which Awards Vest early on the occurrence of certain events is specified in Rule 10 or Rule 11.

### 3.4 **Exchanged Shares**

If, in accordance with Rule 11.2, there is a scheme of arrangement or change of Control as a result of which shares are exchanged for the Shares comprised in the original Award (the "**Exchanged Shares**"), the additional Shares or Exchanged Shares shall only Vest if, and in such proportion as, the original Award Vests or would have Vested.

## 4. **LIMITS**

### 4.1 **5 per cent. in 10 years limit**

An Award shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) in the period of 10 calendar years ending with that calendar year under the Plan and under any other executive share plan adopted by the Company to exceed such number as represents 5 per cent. of the ordinary share capital of the Company in issue at that time.

### 4.2 **10 per cent. in 10 years limit**

An Award shall not be granted in any calendar year if, at the time of its proposed Grant Date, it would cause the number of Shares allocated (as defined in Rule 4.3) in the period of 10 calendar years ending with that calendar year under the Plan and under any other employee share plan adopted by the Company to exceed such number as represents 10 per cent. of the ordinary share capital of the Company in issue at that time.

### 4.3 **Meaning of "allocated"**

For the purposes of Rules 4.1 and 4.2

- (a) Shares are allocated:
  - (i) when an option, award or other contractual right to acquire unissued Shares or treasury Shares is granted;
  - (ii) where Shares are issued or treasury Shares are transferred otherwise than pursuant to an option, award or other contractual right to acquire Shares, when those Shares are issued or treasury Shares transferred; and
- (b) any Shares which have been issued or which may be issued (or any Shares transferred out of treasury or which may be transferred out of treasury) to any trustees to satisfy the exercise of any option, award or other contractual right granted under any employee share plan shall count as allocated unless they are already treated as allocated under this Rule.

For the avoidance of doubt, existing Shares other than treasury Shares that are transferred or over which options, awards or other contractual rights are granted shall not count as allocated.

#### 4.4 **Post-grant events affecting numbers of "allocated" Shares**

For the purposes of Rule 4.3:

- (a) where:
  - (i) any option, award or other contractual right to acquire unissued Shares or treasury Shares is released or lapses (whether in whole or in part); or
  - (ii) after the grant of an option, award or other contractual right the Committee determines that:
    - (A) it shall be satisfied by a cash payment; or
    - (B) it shall be satisfied by the transfer of existing Shares (other than Shares transferred out of treasury)

the unissued Shares or treasury Shares which consequently cease to be subject to the option, award or other contractual right shall not count as allocated; and
- (b) the number of Shares allocated in respect of an option, award or other contractual right shall be such number as the Board shall reasonably determine from time to time.

#### 4.5 **Changes to investor guidelines**

Treasury Shares shall cease to count as allocated Shares for the purposes of Rule 4.3 if institutional investor guidelines cease to require such Shares to be so counted.

#### 4.6 **Individual limit**

- (a) The maximum total market value of Shares (calculated as set out in this Rule) over which Awards may be granted to any employee during any financial year of the Company is 150% of his salary (as defined in this Rule).
- (b) For the purpose of this Rule 4.6:



- (i) an employee's salary shall be taken to be their base salary (excluding benefits in kind), expressed as an annual rate payable by the Participating Companies to them on the Grant Date (or such earlier date as the Committee shall determine). Where a payment of salary is made in a currency other than sterling, the payment shall be treated as equal to the equivalent amount of sterling determined by using any rate of exchange which the Committee may reasonably select; and
- (ii) the market value of the Shares over which an Award is to be granted shall be taken to be an amount equal to the middle-market quotation of such Shares (as derived from the London Stock Exchange Daily Official List) on the dealing day before the Grant Date or, if the Committee so determines, the average of the middle market quotations during a period determined by the Committee not exceeding the period of 5 dealing days ending with the dealing day before the Grant Date provided such dealing day(s) do not fall within any period when dealings in Shares are prohibited under the Company's share dealing code.

#### 4.7 **Effect of limits**

Any Award shall be limited and take effect so that the limits in this Rule 4 are complied with.

#### 4.8 **Restriction on use of unissued Shares and treasury Shares**

No Shares may be issued or treasury Shares transferred to satisfy the Vesting of any Conditional Award or the exercise of any Option to the extent that such issue or transfer would cause the number of Shares allocated (as defined in Rule 4.3 and adjusted under Rule 4.4) to exceed the limits in Rules 4.1 (5 per cent. in 10 years limit) and 4.2 (10 per cent. in 10 years limit) except where there is a variation of share capital of the Company which results in the number of Shares so allocated exceeding such limits solely by virtue of that variation.

### 5. **VESTING OF AWARDS**

#### 5.1 **Timing of Vesting: Normal Vesting Date**

Subject to Rule 5.3 (Restrictions on Vesting: regulatory and tax issues) and schedule 1 and schedule 2., an Award shall Vest on the later of:

- (a) the date on which the Committee determines whether or not any Performance Condition and any other condition imposed on the Vesting of the Award has been satisfied (*in whole or part*); and
- (b) the third anniversary of the Grant Date or such other date as the Committee may determine on or before the Grant Date,

except where earlier Vesting occurs on an Early Vesting Date under Rule 10 or Rule 11.

#### 5.2 **Extent of Vesting**

An Award shall only Vest to the extent:

- (a) that any Performance Condition is satisfied on the Normal Vesting Date or, if appropriate, the Early Vesting Date;
- (b) as permitted by any other term imposed on the Vesting of the Award; and
- (c) in relation to Vesting before the Normal Vesting Date, as permitted by Rules 10 and 11.

Where, under Rule 10 or Rule 11, an Award would (subject to the satisfaction of any Performance Condition) Vest before the end of the full period over which performance would be measured under the Performance Condition then, unless provided to the contrary by the Performance Condition, the extent to which the Performance Condition has been satisfied in such circumstances shall be determined by the Committee on such reasonable basis as it decides.

### 5.3 **Restrictions on Vesting: regulatory and tax issues**

An Award shall not Vest unless and until the following conditions are satisfied:

- (a) the Vesting of the Award, and the issue or transfer of Shares after such Vesting would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if, on the Vesting of the Award, a Tax Liability would arise by virtue of such Vesting and the Board decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 5.5 (Payment of Tax Liability) then the Participant must have entered into arrangements acceptable to the Board such that the relevant Group Member will receive the amount of such Tax Liability;
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the Vesting of the Award; and
- (d) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction.

For the purposes of this Rule 5.3, references to Group Member include any former Group Member.

### 5.4 **Tax liability before Vesting**

If a Participant will, or is likely to, incur any Tax Liability before the Vesting of an Award then that Participant must enter into arrangements acceptable to any relevant Group Member to ensure that it receives the amount of such Tax Liability. If no such arrangement is made then the Participant shall be deemed to have authorised the Company to sell or procure the sale of sufficient of the Shares subject to their Award on their behalf to ensure that the relevant Group Member receives the amount required to discharge the Tax Liability and the number of Shares subject to their Award shall be reduced accordingly.

For the purposes of this Rule 5.4, references to Group Member include any former Group Member.

### 5.5 **Payment of Tax Liability**

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

## 6. **CONSEQUENCES OF VESTING**

### 6.1 **Conditional Awards**

On or as soon as reasonably practicable after the Vesting of a Conditional Award, the Board shall, subject to Rule 5.5 (Payment of Tax Liability) and any arrangement made under Rules 5.3(b) and 5.3(c) (Restrictions on Vesting: regulatory and tax issues), transfer or procure the transfer of the Vested Shares to the Participant (or a nominee for them).

## 6.2 Options

- (a) An Option shall, subject to Rule 7.1 (Restrictions on the exercise of an Option: regulatory and tax issues), be exercisable in respect of Vested Shares for a period of 2 years beginning with the date on which the Option Vests unless it lapses earlier under Rule 10.2 (Cessation of employment in other circumstances), Rule 11.1 (General offers), Rule 11.2 (Schemes of arrangement and winding up) or Rule 11.3 (Demerger and similar events).
- (b) If an Option is not exercised during the last 30 days of the Exercise Period because of any regulatory restrictions referred to in Rule 7.1(a), the Committee may extend the period during which the Option may be exercised so as to permit the Option to be exercised.

## 6.3 Dividend equivalent

If the Committee decided at any time under rule 2.6 (Treatment of Dividends) that a Participant would be entitled to the Dividend Equivalent in relation to Shares under their Award, then the provision of the Dividend Equivalent to the Participant shall be made as soon as practicable after Vesting and;

- (a) in the case of a cash payment, shall be subject to such deductions (on account of tax or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable;
- (b) in the case of a provision of Shares, Rule 5.3 (Restrictions on Vesting: regulatory and tax issues), Rule 5.5 (Payment of Tax Liability) and schedule 2 shall apply as if such provision was the Vesting of an Award.

## 7. EXERCISE OF OPTIONS

### 7.1 Restrictions on the exercise of an Option: regulatory and tax issues

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

- (a) the exercise of the Option and the issue or transfer of Shares after such exercise would be lawful in all relevant jurisdictions and in compliance with the Listing Rules, any relevant share dealing code of the Company, the City Code on Takeovers and Mergers and any other relevant UK or overseas regulation or enactment;
- (b) if, on the exercise of the Option, a Tax Liability would arise by virtue of such exercise and the Board decides that such Tax Liability shall not be satisfied by the sale of Shares pursuant to Rule 7.4 (Payment of Tax Liability) then the Participant must have entered into arrangements acceptable to the Board that the relevant Group Member will receive the amount of such Tax Liability;
- (c) the Participant has entered into such arrangements as the Committee requires (and where permitted in the relevant jurisdiction) to satisfy a Group Member's liability to social security contributions in respect of the exercise of the Option; and
- (d) where the Committee requires, the Participant has entered into, or agreed to enter into, a valid election under Part 7 of ITEPA (*Employment income: elections to*

*disapply tax charge on restricted securities*) or any similar arrangement in any overseas jurisdiction.

For the purposes of this Rule 7.1, references to Group Member include any former Group Member.

## 7.2 **Exercise in whole or part**

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

## 7.3 **Method of exercise**

The exercise of any Option shall be effected in the form and manner prescribed by the Board. Unless the Board, acting fairly and reasonably determines otherwise, any notice of exercise shall, subject to Rule 7.1 (Restrictions on the exercise of an Option: regulatory and tax issues), take effect only when the Company receives it, together with payment of any relevant Option Price (or, if the Board so permits, an undertaking to pay that amount).

## 7.4 **Payment of Tax Liability**

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

## 7.5 **Transfer or allotment timetable**

As soon as reasonably practicable after an Option has been exercised, the Company shall, subject to Rule 7.4 (Payment of Tax Liability) and any arrangement made under Rules 7.1(b) and 7.1(c) (Restrictions on the exercise of an Option: regulatory and tax issues), transfer or procure the transfer to the Participant (or a nominee for them) or, if appropriate, allot to them (or a nominee for them) the number of Shares in respect of which the Option has been exercised.

## 8. **CASH ALTERNATIVE**

### 8.1 **Committee determination**

Where a Conditional Award Vests or where an Option has been exercised and Vested Shares have not yet been allotted or transferred to the Participant (or their nominee), the Committee may determine that, in substitution for their right to acquire such number of Vested Shares as the Committee may decide (but in full and final satisfaction of their right to acquire those Shares), they shall be paid by way of additional employment income a sum equal to the cash equivalent (as defined in Rule 8.2) of that number of Shares in accordance with the following provisions of this Rule 8.

### 8.2 **Limitation on the application of Rule 8.1**

Rule 8.1 shall not apply in relation to an Award made to a Participant in any jurisdiction where the presence of Rule 8.1 would cause:

- (a) the grant of the Award to be unlawful or for it to fall outside any applicable securities law exclusion or exemption; or

- (b) adverse tax or social security contributions consequences for the Participant or any Group Member as determined by the Board

provided that this Rule 8.2 shall apply only if its application would prevent the occurrence of a consequence referred to in (a) or (b) above.

### 8.3 **Cash equivalent**

- (a) For the purpose of this Rule 8, the cash equivalent of a Share is
  - (i) in the case of a Conditional Award, the market value of a Share on the day when the Award Vests;
  - (ii) in the case of an Option, the market value of a Share on the day when the Option is exercised reduced by the Option Price in respect of that Share.
- (b) Market value on any day shall be determined as follows:
  - (i) if on the day of Vesting or exercise, Shares are quoted in the London Stock Exchange Daily Official List, the middle-market quotation of a Share, as derived from that List, on that day; or
  - (ii) if Shares are not so quoted, such value of a Share as the Committee reasonably determines.

### 8.4 **Payment of cash equivalent**

As soon as reasonably practicable after the Committee has determined under Rule 8.1 that a Participant shall be paid a sum in substitution for their right to acquire any number of Vested Shares:

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

### 8.5 **Deductions**

There shall be deducted from any payment under this Rule 8 such amounts (on account of tax or similar liabilities) as may be required by law or as the Board may reasonably consider to be necessary or desirable.

## 9. **LAPSE OF AWARDS**

An Award shall lapse in accordance with the Rules or on the date specified in the Award Certificate.

## 10. **LEAVERS**

### 10.1 Good leavers

If a Participant ceases to be a director or employee of a Group Member before the Normal Vesting Date by reason of:

- (a) retirement with the agreement of their employer;
- (b) ill health, injury or disability evidenced to the satisfaction of the Committee;

- (c) redundancy (within the meaning of the Employment Rights Act 1996) or any overseas equivalent;
- (d) death;
- (e) their office or employment being with either a company which ceases to be a Group Member or relating to a business or part of a business which is transferred to a person who is not a Group Member; or
- (f) any other reason, if the Committee so decides

then, subject to Rule 5.3 (Restrictions on Vesting: regulatory and tax issues), Rule 11, and schedule 3 their Award shall Vest on the Normal Vesting Date unless the Committee decides that their Award shall Vest on the date of cessation and, in either case, Rule 10.3 (Leavers: reduction in number of Vested Shares) shall apply.

#### 10.2 **Cessation of employment in other circumstances**

If a Participant ceases to be a director or employee of a Group Member for any reason other than those specified in Rule 10.1 (Good leavers) then any Award held by them shall lapse immediately on such cessation.

#### 10.3 **Leavers: reduction in number of Vested Shares**

Where an Award Vests on or after a Participant ceasing to be a director or employee of a Group Member, the Committee shall determine the number of Vested Shares of that Award by the following steps:

- (a) applying any Performance Condition and any other condition imposed on the Vesting of the Award; and
- (b) applying a pro rata reduction to the number of Shares determined under 10.3(a) based on the period of time after the Grant Date and ending on the date of cessation relative to the period of 3 years (or such other period as the Committee may have set in accordance with Rule 5.1(b))

unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Vested Shares under Rule 10.3(b) is inappropriate in any particular case when it shall increase the number of Vested Shares to such higher number as it decides provided that number does not exceed the number of Shares determined under Rule 10.3(a).

If an Award Vests under any of Rules 11.1 to 11.3 when the holder of that Award has ceased to be a director or employee of a Group Member then this Rule 10.3 shall take precedence over Rule 11.5.

#### 10.4 **Meaning of ceasing employment**

A Participant shall not be treated for the purposes of this Rule 10 as ceasing to be a director or employee of a Group Member until such time as they are no longer a director or employee of any Group Member. If any Participant ceases to be such a director or employee before the Vesting of their Award in circumstances where they retain a statutory right to return to work then they shall be treated as not having ceased to be such a director or employee until such time (if at all) as they cease to have such a right to return to work while not acting as an employee or director.

#### 10.5 **Death following cessation of employment**

If a Participant dies following cessation of employment in circumstances where their Award did not lapse but it has not Vested by the time of their death, it shall Vest on the Normal Vesting Date unless the Committee decides that their Award shall Vest immediately on their death to the extent determined by reference to the time of cessation of employment in accordance with Rule 10.1.

## 11. TAKEOVERS AND OTHER CORPORATE EVENTS

### 11.1 General offers

If any person (or group of persons acting in concert):

- (a) obtains Control of the Company as a result of making a general offer to acquire Shares; or having obtained Control of the Company makes such an offer and such offer becomes unconditional in all respects,

the Board shall within 7 days of becoming aware of that event notify every Participant of it and, subject to Rule 11.4 (Internal reorganisations), the following provisions shall apply:

- (i) subject to Rule 5.3 (Restrictions on Vesting: regulatory and tax issues) and schedule 2., all Awards shall Vest on the date of such notification if they have not then Vested and Rule 11.5 (Corporate events: reduction in number of Vested Shares) shall apply; and
- (ii) any Option may, subject to Rule 7.1 (Restrictions on the exercise of an Option: regulatory and tax issues) be exercised within one month of the date of such notification, but to the extent that an Option is not exercised within that period, that Option shall (regardless of any other provision of the Plan) lapse at the end of that period.

### 11.2 Schemes of arrangement and winding up

In the event that:

- (a) a compromise or arrangement is sanctioned by the Court under section 899 of the Companies Act 2006 in connection with or for the purposes of a change in Control of the Company; or
- (b) the Company passes a resolution for a voluntary winding up of the Company; or
- (c) an order is made for the compulsory winding up of the Company

all Awards shall, subject to Rule 5.3 (Restrictions on Vesting: regulatory and tax issues), Rule 11.4 (Internal reorganisations) and schedule 2 Vest on the date of such event if they have not then Vested and Rule 11.5 (Corporate events: reduction in number of Vested Shares) shall apply.

If an event described in this Rule occurs then an Option may, subject to Rule 7.1 (Restrictions on the exercise of an Option: regulatory and tax issues) and Rule 11.4 (Internal reorganisations), be exercised within one month of such event, but to the extent that the Option is not exercised within that period, it shall (regardless of any other provision of the Plan) lapse at the end of that period.

### 11.3 Demerger and similar events

If a demerger, special dividend or other similar event (the "**Relevant Event**") is proposed which, in the opinion of the Committee, would affect the market price of Shares to a material extent, then the Committee may, at its discretion, decide that the following provisions shall apply:

- (a) the Committee shall, as soon as reasonably practicable after deciding to apply these provisions, notify a Participant that, subject to earlier lapse under Rule 10, their Award Vests and, if relevant, their Option may be exercised on such terms as the Committee may determine and during such period preceding the Relevant Event or on the Relevant Event as the Committee may determine;
- (b) if an Award Vests, or an Option is exercised, conditional upon the Relevant Event and such event does not occur then the conditional Vesting or exercise shall not be effective and the Award shall continue to subsist; and
- (c) if the Committee decides that an Award Vests under this Rule 11.3 then the date of that Vesting shall be the Early Vesting Date and the provisions of Rule 11.5 (Corporate events: reduction in number of Vested Shares) shall apply.

#### 11.4 **Internal reorganisations**

In the event that:

- (a) a company (the "**Acquiring Company**") is expected to obtain Control of the Company as a result of an offer referred to in Rule 11.1 (General offers) or a compromise or arrangement referred to in Rule 11.2(a) (Schemes of arrangement and winding up); and
- (b) at least 75% of the shares in the Acquiring Company are expected to be held by substantially the same persons who immediately before the obtaining of Control of the Company were shareholders in the Company,

then the Committee, with the consent of the Acquiring Company, may decide before the obtaining of such Control that an Award shall not Vest under Rule 11.1 or Rule 11.2 but shall be automatically surrendered in consideration for the grant of a new award which the Committee determines is equivalent to the Award it replaces except that it will be over shares in the Acquiring Company or some other company.

The Rules will apply to any new award granted under this Rule 11.4 as if references to Shares were references to shares over which the new award is granted and references to the Company were references to the company whose shares are subject to the new award.

#### 11.5 **Corporate events: reduction in number of Vested Shares**

If an Award Vests under any of Rules 11.1 to 11.3, the Committee shall determine the number of Vested Shares of that Award by the following steps:

- (a) applying any Performance Condition and any other condition imposed on the Vesting of the Award; and
- (b) subject to Rule 10.3 (Leavers: reduction in number of Vested Shares), by applying a pro rata reduction to the number of Shares determined under Rule 11.5(a) based on the period of time after the Grant Date and ending on the Early Vesting Date relative to the period of 3 years (or such other period as the Committee may have set in accordance with Rule 5.1(b)) unless the Committee, acting fairly and reasonably, decides that the reduction in the number of Vested Shares under Rule 11.5(b) is inappropriate in any particular case when it shall increase the number of Vested Shares to such higher number as it decides provided that number does not exceed the number of Shares determined under Rule 11.5(a).

If an Award Vests under any of Rules 11.1 to 11.3 after the holder of that Award has ceased to be a director or employee of a Group Member then Rule 10.3 shall take precedence over this Rule 11.5.



## 12. **ADJUSTMENT OF AWARDS**

### 12.1 **General rule**

In the event of any variation of the share capital of the Company or a demerger, special dividend or other similar event which affects the market price of Shares to a material extent, the Committee may make such adjustments as it considers appropriate under Rule 12.2 (Method of adjustment).

### 12.2 **Method of adjustment**

An adjustment made under this Rule shall be to one or more of the following:

- (a) the number of Shares comprised in an Award;
- (b) subject to Rule 12.3 (Adjustment below nominal value), the Option Price; and
- (c) where any Award has Vested or Option has been exercised but no Shares have been transferred or allotted after such Vesting or exercise, the number of Shares which may be so transferred or allotted and (if relevant) the price at which they may be acquired.

### 12.3 **Adjustment below nominal value**

An adjustment under Rule 12.2 may have the effect of reducing the price at which Shares may be subscribed for on the exercise of an Option to less than their nominal value, but only if and to the extent that the Board is authorised:

- (a) to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares in respect of which the Option is exercised and which are to be allotted after such exercise exceeds the price at which the Shares may be subscribed for; and
- (b) to apply that sum in paying up such amount on such Shares

so that on exercise of any Option in respect of which such a reduction shall have been made the Board shall capitalise that sum (if any) and apply it in paying up that amount.

## 13. **ALTERATIONS**

### 13.1 **General rule on alterations**

Except as described in Rule 13.2 (Shareholder approval), and Rule 13.4 (Alterations to disadvantage of Participants) the Committee may at any time alter the Plan or the terms of any Award.

### 13.2 **Shareholder approval**

Except as described in Rule 13.3 (Exceptions to shareholder approval), no alteration to the advantage of an individual to whom an Award has been or may be granted shall be made under Rule 13.1 to the provisions concerning:

- (a) eligibility;
- (b) the individual limits on participation;
- (c) the overall limits on the issue of Shares or the transfer of treasury Shares;
- (d) the basis for determining a Participant's entitlement to, and the terms of, Shares or cash provided under the Plan;

- (e) the adjustments that may be made in the event of any variation of capital; and
- (f) the terms of this Rule 13.2 without the prior approval by ordinary resolution of the members of the Company in general meeting.

### 13.3 **Exceptions to shareholder approval**

Rule 13.2 (Shareholder approval) shall not apply to:

- (a) any minor alteration to benefit the administration of the Plan, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for Participants or any Group Member; or
- (b) any alteration relating to the Performance Condition made under Rule 13.4 (Alterations to disadvantage of Participants).

No alteration to the material disadvantage of Participants (other than to any Performance Condition) shall be made under Rule 13.1 unless:

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

### 13.4 **Alterations to disadvantage of Participants**

No alteration to the material disadvantage of Participants (other than to any Performance Condition) shall be made under Rule 13.1 unless:

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

## 14. **MISCELLANEOUS**

### 14.1 **Employment**

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

### 14.2 **Disputes**

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

#### 14.3 **Share rights**

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

#### 14.4 **Listing**

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

#### 14.5 **Notices**

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

#### 14.6 **Third parties**

Subject to Rule 2.10, no third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of the Plan.

#### 14.7 **Benefits not pensionable**

Neither the making of an Award nor any benefit which may accrue to the Participant on the Vesting of an Award shall form part of the Participant's pensionable remuneration for the purposes of any pension plan or similar arrangement which may be operated by any Group Member.

#### 14.8 **Termination of plan**

The Plan shall terminate on the tenth anniversary of the date on which the Plan is approved by the shareholders of the Company or at any earlier time by a resolution of the Committee. Termination of the Plan shall be without prejudice to the subsisting rights of Participants or any other relevant persons.

#### 14.9 **Data protection**

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

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

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

#### 14.10 **Governing law**

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

## **SCHEDULE 1**

### **CASH CONDITIONAL AWARDS**

The Rules of the Dialight plc 2023 Restricted Share Plan shall apply to a right (a "**Cash Conditional Award**") to receive a cash sum granted or to be granted under this Schedule as if it was a Conditional Award, except as set out in this Schedule. Where there is any conflict between the Rules and this Schedule, the terms of this Schedule shall prevail.

1. The Committee may grant or procure the grant of a Cash Conditional Award.
2. Each Cash Conditional Award shall relate to a given number of notional Shares.
3. On the Vesting of the Cash Conditional Award the holder of that Award shall be entitled to a cash sum which shall be equal to the "**Cash Value**" of the notional Vested Shares, where the Cash Value of a notional Share is the market value of a Share on the date of Vesting of the Cash Conditional Award. For the purposes of this Schedule, the market value of a Share on any day shall be determined in accordance with Rule 8.3 (Cash equivalent).
4. The cash sum payable under paragraph 3 above shall be paid by the employer of the Participant as soon as practicable after the Vesting of the Cash Conditional Award, net of any deductions (on account of tax or similar liabilities) as may be required by law.
5. For the avoidance of doubt, a Cash Conditional Award shall not confer any right on the holder of such an Award to receive Shares or any interest in Shares.

## **SCHEDULE 2**

### **MALUS AND CLAWBACK**

#### **1. EVENTS THAT LEAD TO RECOVERY AND WITHHOLDING**

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

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

The Discovery Period may be extended by the Committee for an additional period of two years, being therefore a total period of five years from the date on which an Award Vests, if an event occurs which the Committee determines could result in the operation of Recovery or Withholding under (a) to (c) above and there is an ongoing investigation into the circumstances of such event. The Committee will notify any individuals to whom this may apply.

#### **2. AMOUNT TO BE SUBJECT TO RECOVERY AND WITHHOLDING**

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

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

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

#### **3. SATISFACTION OF THE RECOVERY AND WITHHOLDING**

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

- (i) The Committee may reduce (including, if appropriate, reducing to zero) any of the following elements of the remuneration of the Relevant Individual:
  - (A) the amount of any future bonus which would, but for the operation of the Recovery and Withholding, be payable to the Relevant Individual in respect of the relevant financial year under any bonus plan operated by any Group Member; and/or
  - (B) the number of Shares subject to any subsisting award (either unvested or vested but unexercised, as relevant) held by the Relevant Individual under any deferred bonus plan operated by any Group Member; and/or
  - (C) the number of Shares subject to any subsisting Award and/or other award (either unvested or vested but unexercised, as relevant) held by the Relevant Individual under the Plan or any other employees' share plan or share award arrangement (except for any award which is tax-advantaged pursuant to Schedules 2 to 5 inclusive of the Income Tax (Earnings and Pensions) Act 2003 or any deferred bonus plan which is not approved by shareholders in general meeting) notwithstanding the extent to which any performance condition and/or any other condition imposed on any such Award and/or other award (as relevant) has been satisfied; and/or
- (ii) the Committee may require the relevant individual to pay to such Group Member as the Committee may direct, and on such terms as the Committee may direct (including, but without limitation to, on terms that the relevant amount is to be deducted or withheld from the Relevant Individual's salary or from any other payment to be made to the Relevant Individual by any Group Member), such amount as is required for the Recovery and Withholding to be satisfied in full.

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

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

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

### SCHEDULE 3

#### HOLDING PERIODS

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

This schedule 3 shall apply to such individuals as the Committee, in its discretion, determines appropriate.

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

- (i) to hold their Net Vested Shares during the Holding Period applying to those Shares in accordance with such terms and conditions that the Committee may impose and determine from time to time, which may include their Net Vested Shares being held by a nominee appointed by the Company, on their behalf;
- (ii) not to sell, transfer, assign or dispose of any interest in their Net Vested Shares until the expiry of the Holding Period applying to those Shares;
- (iii) that if they acquire any further Shares by virtue of their holding of Net Vested Shares during the Holding Period those newly acquired Shares shall also be held subject to the terms of this schedule 3 as they apply to the original Net Vested Shares until the expiry of the Holding Period unless the Committee, in its discretion, determines otherwise; and
- (iv) to enter into any other document required by the Committee from time to time to give effect to the restrictions under this schedule 3.

For the avoidance of any doubt:

- (A) subject to the Committee's discretion under paragraph 3(iv) of this Schedule to specify that a Holding Period shall expire at any date that it may determine, where a Participant holds their Net Vested Shares subject to a Holding Period pursuant to the provisions of this schedule 3 and that Participant subsequently ceases to be employed by, or ceases to be an executive director of, the Company (including in circumstances where that Participant's Award Vests on any earlier Vesting Date than would have otherwise been the case but for that cessation), then that Participant's Net Vested Shares shall remain subject to that Holding Period on the same terms notwithstanding the cessation;
- (B) Net Vested Shares shall not be subject to any risk of forfeiture during the Holding Period; and
- (C) any Shares delivered under rule 6.3 shall not be subject to the Holding Period.

#### 2. PERMITTED TRANSFERS DURING THE HOLDING PERIOD

- (i) Subject to the prior approval of the Committee, the Participant may transfer or assign some or all of their Net Vested Shares to their spouse or civil partner or to the Participant's personal pension plan (the "**transferee**") during the Holding Period provided that the transferee has agreed to comply with the terms of this Schedule 3, any other terms and conditions imposed by the Committee and the decisions of



the Committee and the transferee agrees not to sell, transfer, assign or dispose of those Net Vested Shares until the expiry of the Holding Period.

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

**3. EXPIRY OF THE HOLDING PERIOD**

The Holding Period shall expire on the earliest of:

- (i) the second anniversary of the date on which the Award Vested;
- (ii) the date of an event under rule 11 (but excluding an internal reorganisation under rule 11.4);
- (iii) the death of the Participant; and
- (iv) such other date determined by the Committee, in its discretion.

Net Vested Shares shall cease to be subject to any restrictions under this schedule 3 once the Holding Period has expired. As soon as reasonably practicable following the expiry of the Holding Period the Board shall transfer or procure the transfer of the legal title for the Net Vested Shares and any documents of title relating to those Net Vested Shares to the Participant or their nominee as relevant.

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

Nothing in this schedule 3 shall remove and/or reduce any additional requirements that may apply to the Participant under the Company's share ownership guidelines from time to time.