This announcement contains inside information as stipulated under the UK version of the Market Abuse Regulation (EU no. 596/2014) as it forms part of UK law by virtue of the European Union (Withdrawal) Act 2018 (as amended from time to time).

21 February 2024

Gooch & Housego PLC
("G&H" or the "Company" or the "Group")

AGM Trading Update

"Further order book growth but near-term demand impacted by destocking"

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of photonic components & systems, will hold its Annual General Meeting at 11.00 a.m. today at the Company's headquarters in Ilminster, Somerset.

In the first four months of the financial year the Group's order book has increased to £128.5m (September 2023: £124.1m) supported by strong intake from our medical diagnostic customers and new orders for our armoured vehicle periscope systems. We have also secured an important new customer in the sub-sea data communications market which will ramp-up to support revenues in the second half of FY2024.

The Group has made further progress in implementing operational improvements in its production facilities and has continued to reduce lead times offered to customers. We are delivering on our strategy of transferring additional product lines to our lower cost contract manufacturing partners which will support greater operational capacity and flexibility as well as some medium-term margin expansion.

As previously stated, some of our customers in the Industrial and Medical laser markets have been reducing their inventory holdings and reporting near term demand weakness from some end markets. This period of inventory adjustment is proving to be deeper and more prolonged than previously anticipated. Our semiconductor market customers have reduced near-term demand but still expect strong growth in the medium term. We have also received customer notification that certain US A&D programmes will no longer go ahead or have been deferred.

As a result, the Group's trading for FY2024 is expected to be more weighted to the second half and profit growth for the full year to be lower. Adjusted profit before tax is anticipated to be circa £3 million below management's previous expectations.

Given the strong medium term customer demand demonstrated by a growing order book, recent operational improvements and the Group's strategic focus, we believe we remain extremely well placed to respond quickly and benefit as several key end markets recover.

Strategy Update

The Group is executing against the recently communicated strategic objectives and is making strong progress. The build out of the production and R&D facilities at our new US medical diagnostics hub located within the GS Optics campus in Rochester, NY is progressing well. We have secured our first customer order for our US R&D team at the facility and are in discussions with a number of other Life Sciences customers for further R&D and production orders to be supplied from the facility. Our review of the Group's product portfolio is well advanced and near-term actions in this area are expected to support the future profit margin improvement of the Group, especially in our A&D business.

The integration of the recently acquired GS Optics and Artemis businesses within the Group is well advanced. The commercial synergies anticipated from the combination of our precision optics capabilities with Artemis' thin film coating services has been confirmed by some recent new contract awards and further large orders are being pursued. Whilst in the near-term GS Optics is impacted by the slowdown in demand from destocking by some of its Industrial market customers, we have received significant levels of interest from the Group's customers in our new polymer optics capabilities.

The Group's financial position remains strong. Working capital levels have been reduced in the first four months of the financial year and net debt at the end of January 2024 stood at £30.5m (Sept 2023: £31.7m).

Charlie Peppiatt, Chief Executive Officer of Gooch and Housego, commented:

"Whilst we are pleased with the order book growth, reduction in lead times and strategic progress, the Group's performance is likely to be impacted in the near term by market dynamics. Nonetheless, we remain focused on executing on our strategic objectives and our improved customer service has been recognised with important new orders from both existing and new customers.

"Our review of the Group's product portfolio is nearing completion. This will be an important contributor in improving the profitability of the Group, especially in our A&D business.

"G&H is well positioned in structural growth markets and is executing on its strategic plan that will deliver sustainable margin growth for the Group."

For further information please contact:

Charlie Peppiatt, Chief Executive Officer Chris Jewell, Chief Financial Officer	**Gooch & Housego PLC**	+44 (0) 1460 256440
Mark Court / Sophie Wills / Abigail Gilchrist G&H@buchanan.uk.com	**Buchanan**	+44 (0) 20 7466 5000
Christopher Baird / David Anderson	**Investec Bank plc**	+44 (0) 20 7597 5970

Notes to editors

1. Gooch & Housego is a photonics technology business headquartered in Ilminster, Somerset, UK with operations in the USA and Europe. A world leader in its field, the company researches, designs, engineers and manufactures advanced photonic systems, components and instrumentation for applications in the Aerospace & Defence, Industrial, Life Sciences and Scientific Research sectors. World leading design, development and manufacturing expertise is offered across a broad range of complementary technologies.

2. All financial information included in this announcement is sourced from unaudited management accounts and excludes any specific items. This announcement contains certain forward-looking statements that are based on management's current expectations or beliefs as well as assumptions about future events. These are subject to risk factors associated with, amongst other things, the economic and business circumstances occurring from time to time in the countries and sectors in which G&H operates. It is believed that the expectations reflected in these statements are reasonable but they may be affected by a wide range of variables which could cause actual results, and G&H's plans and objectives, to differ materially from those currently anticipated or implied in the forward-looking statements. Investors should not place undue reliance on any such statements. Nothing in this announcement should be construed as a profit forecast.

The person responsible for arranging the release of this announcement on behalf of the Company is Chris Jewell, Chief Financial Officer.