24 February 2025

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

AGM Trading Update

"Further order book growth underpins improving trading performance"

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.

Since the beginning of the financial year the Group's order book, including Phoenix Optical ("Phoenix") acquired at the end of October 2024, has increased to £126.4m (30 September 2024: £104.5m) supported by strong order intake for medical diagnostic instrument programmes and new orders for defence optics and subsea data networks. The Group is also responding to a growing number of requests from our A&D customers for high value quotations for periscope, sighting and countermeasure systems.

The Group continues to execute on its strategic objectives. Operational efficiency improvements are supporting the delivery of additional capacity from our own facilities and our contract manufacturing partners provide the Group with further flexibility to respond efficiently to changes in customer demand.

The integration of Phoenix is proceeding to plan. The business has increased the size of its order book since joining G&H reflecting increased confidence from its customers who are seeing Phoenix's ability to service additional levels of demand thanks to the operational support that the Group is able to provide. We continue to monitor the market for further bolt-on acquisition opportunities, in line with the Board's strict criteria, to accelerate our sustainable margin growth strategy.

The Group is closely monitoring the impact of new tariffs being implemented by the US administration and the retaliatory responses from the countries affected. Whilst the Group has low levels of direct procurement into its US facilities from China, Mexico and Canada there may be some indirect inflationary cost base impacts. We intend to pass those on to our customers in the form of price increases. We are also alert to any potential supply chain disruptions caused by China limiting the export of certain materials that are used in the manufacture of our products in response to the new tariff regime. Our supply chain and engineering teams are working to identify alternative sources for those materials.

As previously reported, the recovery in our semiconductor and industrial laser markets remains slow. We continue to expect those markets to recover in the second half of this calendar year and to contribute to the Group's trading in our fourth quarter. We are starting to see the level of customer orders improve in several of our Industrial sub-markets but the recovery is not yet broadly based.

In the first four months of the year the Group has reduced its working capital levels. As a result of the acquisition of the Phoenix business net bank debt at the end of January 2025 increased to £19.2m (30 September 2024: £16.0m) with £1.1m of the increase in the four-month period the result of currency exchange movements. Lease liabilities totalled £10.2m (30 September 2024: £9.9m).

Despite the macro-economic and geopolitical outlook continuing to remain uncertain, the Group's growing order book, strong pipeline of accretive new business opportunities and the success of our self-help measures provide good visibility and confidence for G&H going forward. Assuming the Group is successful in navigating the changing tariff landscape, the Board's expectations for FY2025 trading remain unchanged.

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

"I am pleased to see the increase in the Group's order book since the beginning of the year. It is clear the focus on delivering our strategic plan through improved customer experience, superior operational execution and value creating technology is starting to bear fruit. Whilst we are mindful of the uncertainty that new tariff regimes are introducing across several of our end markets, we remain positive that the Group will deliver a significantly improved financial performance in FY2025. The Group is strongly positioned in attractive growth markets and well placed to benefit as its industrial markets return to growth."

For further information please contact:

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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.