For immediate release **17 August 2022**

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

Trading Update and Directorate Changes

"Further order book momentum, but short-term output constrained"

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of photonic components & systems, provides an update on trading and proposed directorate changes.

Strong order book

In the second half of the financial year, we have continued to see strong and improving levels of demand for the Group's products and services and the order book has reached another record level. Overall demand is strong across all principal areas of the business, namely industrial lasers, telecoms, A&D and life sciences:

- Continued high demand for industrial lasers, in particular for those used in semiconductor manufacturing where a combination of high market growth and our new products winning market share has led to substantial growth.
- Extended order book visibility has been secured for our Hi-reliability fibre couplers for undersea cables and increasingly for constellation space satellites.
- In the last few months, we have seen a notable increase in A&D orders, both in the US and Europe, where there has been further interest in our upgraded optical imaging system for armoured vehicles following the award of the £4 million Challenger 3 Tank contract announced earlier this year.
- Medical lasers continue to benefit from the return of elective surgery and demand for our medical diagnostics products remains high.

As at 31 July 2022 our order book stood at a record £140.6 million (31 July 2021: £97.7 million) a 43.9% increase on the same time last year, or 32.6% at constant currency. This represents an increase on the strong half year order book of 17.3% (31 March 2022: £119.9 million), or 12.6% at constant currency.

Current trading and full year outlook

G&H has and continues to invest materially to add further productive capacity to meet the demands of a growing order book. Our ability to expand capacity in the second half of the financial year has however been 'gated' by highly competitive labour markets in the UK and US, supply chain shortages, in particular electronic parts from Asia and COVID-related absences. Relatively good progress has been made hiring and training new operators, but this has been partially offset by higher than 'normal' rates of attrition. As such the capacity ramp up is taking longer than expected and longer than similar capacity ramp ups have typically taken in the past.

Second half trading levels are expected to be better than the first half of the financial year due to the actions taken to improve recruitment and ameliorate supply chain shortages with higher inventory, but the longer ramp up and the higher level of investment to meet the increased order book mean that adjusted profit before tax is now forecast to be around £3.5 million lower than management's previous expectations.

Given the lower levels of profitability now expected for the financial year, management will review intangible asset carrying values and make any required adjustments as part of the year end close.

FY2023 Outlook

Given the strong order book visibility for FY2023 and the ramp up in capacity that is being delivered by the Group we expect to deliver double-digit volume growth in the coming financial year. Our work to mitigate the effect of input cost inflation through pricing adjustment continues to be successful and we expect this to be ongoing. The growth in revenue is expected to positively drive the Group's EBIT margin in FY2023.

Dividend

The Board's intention is to maintain a progressive full year dividend per share in the range of 12.4p to 12.7p for FY2022 (FY2021: 12.2p), reflecting the positive longer-term outlook for the Group.

Inorganic expansion

The Company continues to review options to support the growth of the Group through acquisitions. The Group's robust balance sheet and existing long term debt facilities mean that we are well placed to execute on this element of our strategy.

Mark Webster, Chief Executive Officer of Gooch & Housego, commented:

"In the second half of the financial year we have continued to see strong and improving levels of overall demand and a record order book across all principal areas of the business. G&H has invested in adding productive capacity to meet increasing demand but has been 'gated' by highly competitive labour markets in the UK and US, supply chain shortages and COVID-related absences.

"In addition to the progress that has been made with recruitment and retention we are accelerating the transfer of our higher volume products to our contract manufacturer in Asia in order to add further capacity.

"Fundamental demand for our photonic technologies and system capabilities is strong and improving and though the short-term impact of capacity constraints is disappointing we remain confident in the long growth potential of all our target sectors."

Directorate changes

G&H also announces that Mark Webster will be retiring at the end of this financial year and stepping down from his role as CEO of G&H. Mark has served over 10 years at G&H, most recently as CEO for over 8 years, and prior to that as a Non-Executive Director. He has led the Group's transformation and expansion into new market opportunities, especially in the Life Sciences and A&D sectors, and most recently through a challenging international economic backdrop which encompassed the COVID pandemic.

The Board is pleased to announce that he will be succeeded as CEO of G&H by Charlie Peppiatt, with effect from 14 September 2022, who until recently was Executive Vice President at TT Electronics PLC, which he joined after they acquired Stadium Group PLC in 2018 where he was CEO. Charlie brings a wealth of experience from his career in global hi-tech businesses supplying into the medical, industrial, aerospace and defence sectors, not only from his time in these roles but also prior to that at Laird PLC, where his roles included VP

Global Operations for Laird Technologies based in China, General Manager for Amesbury Group based in USA and Managing Director with Laird Security Systems in the UK.

There will be a period of handover between Mark and Charlie in the latter part of September.

Gary Bullard, Chairman of G&H said:
"Mark has led G&H for over 8 years through significant transformation and change. The Group is now a better balanced and professional business with a strong platform for future growth. We wish him well in his retirement and thank him for his service.

"I am delighted to welcome Charlie to G&H and believe he is uniquely qualified to lead the Group in exploiting the significant opportunities that are opening up to us and the continued growth of the photonics sector."

Charlie Peppiatt said:
"I am thrilled to be joining the global team at G&H and look forward to leading the organisation to accelerate its organic growth and acquisition strategy, deliver improved profitability and set the business on track to create further value for our shareholders."

For further information 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 following information is disclosed pursuant to Schedule Two paragraph (g) of the AIM Rules for Companies.

Charles St John Stewart Peppiatt (aged 52 years) holds no current directorships. In the past five years he has held the following directorships or partnerships:

Dongguan Arlec Electrical Products Co. Limited
Ferrus Power Limited
Fox Industries Limited
Hale End Holdings Limited
Intron Limited

Kingslo Limited
KRP Power Source (UK) Limited
Optek Technology Inc
Stadium Asia Limited
Stadium Electrical Holdings Limited
Stadium Electronics Limited
Stadium IGT Limited
Stadium Power Limited
Stadium United Wireless Limited
Stadium Wireless Devices Limited
Stadium Zirkon UK Limited
STMC Limited
Stontronics Limited
TT Electronics IOT Solutions Limited
TT Electronics Sweden AB
Valuegolden Limited
Ying Si Ke Electrical Products Co. Limited
Zirkon Holdings Limited

There is no further information to be disclosed pursuant to Rule 17 or Schedule Two paragraph (g) of the AIM Rules for Companies.