For immediate release **22 February 2023**

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

AGM Trading Update

"Significant progress made in adding productive capacity. Review of the Group's strategy progressing to plan. Trading in line with expectations."

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.

During the first four months of the financial year, the Group has made good progress in increasing its productive capacity as a result of our refocused recruitment and operational improvement activities. We are pleased to report that our UK production facilities are now fully resourced and, whilst we still have further roles to fill in some of our US facilities, the situation continues to improve. Our investment in inventory has helped protect our production programmes from persistent supply chain constraints. Consequently, the Group is making steady progress in lowering its lead-time for new orders received and reducing its overdue order book. The addition of productive capacity means that we now expect revenues to be more evenly balanced between the first and second halves of the financial year.

As previously reported, the Group continues to experience input cost inflation both in its employment costs and its supply chain. Whilst we are seeking to pass on these additional costs in our pricing, the size of the Group's order book means there will be some timing lag in this cost recovery. We, therefore, still expect inflation to have an impact on the Group's profitability in the current financial year.

Current year's trading continues to be in line with the Board's expectations.

As at 31 January 2023, our order book stood at £129.3 million (31 January 2022: £110.5 million), an increase of 17.0% compared with the same time last year but a reduction of 12.5% from the record level seen at the end of the previous financial year (30 September 2022: £147.7m). The improving levels of output have contributed to the order book reduction. We have also seen a moderation of order intake in parts of our Industrial and Life Science markets, with evidence of overstocking by some of our customers. Whilst we are alert to a potential market slow down, there remain multiple large value order opportunities for the Group's products and services that we expect to secure in the coming months and which will underpin expected revenues for FY2023 and beyond.

The Group is refocusing investment into the development of earnings accretive new products with urgency to meet customer requirements. We are partnering with key customers in a number of areas including advanced semiconductor capacity expansion, directed energy systems, high power amplifiers for space communication and quantum based sensing, all of which are expected to provide the Group with profitable growth in the future.

Whilst we continue to invest in higher levels of inventory to protect our production programmes our receivables balance has reduced compared with the end of the previous financial year leading to a reduction in the Group's net debt position during the first four months of the financial year.

The review of the Group's strategy is progressing well and we expect to be able to provide more information at the time of the Group's interim results in June 2023.

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

"I am pleased with the initial progress in FY2023 from our initiatives to improve output, on-time delivery performance and lead times to meet customer expectations. We remain focused on further improvement across our production facilities as well as with our supply chain partners.

"There continues to be a significant level of positive technical interaction with our customers as we work with them on the development of their next generation photonics projects.

"The Group strategy review is progressing well and full year trading remains on track to meet the Board's expectations."

A slide deck to accompany the AGM can be viewed at the investor section of the Company's website, https://gandh.com/investors/

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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, Europe and China. 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.