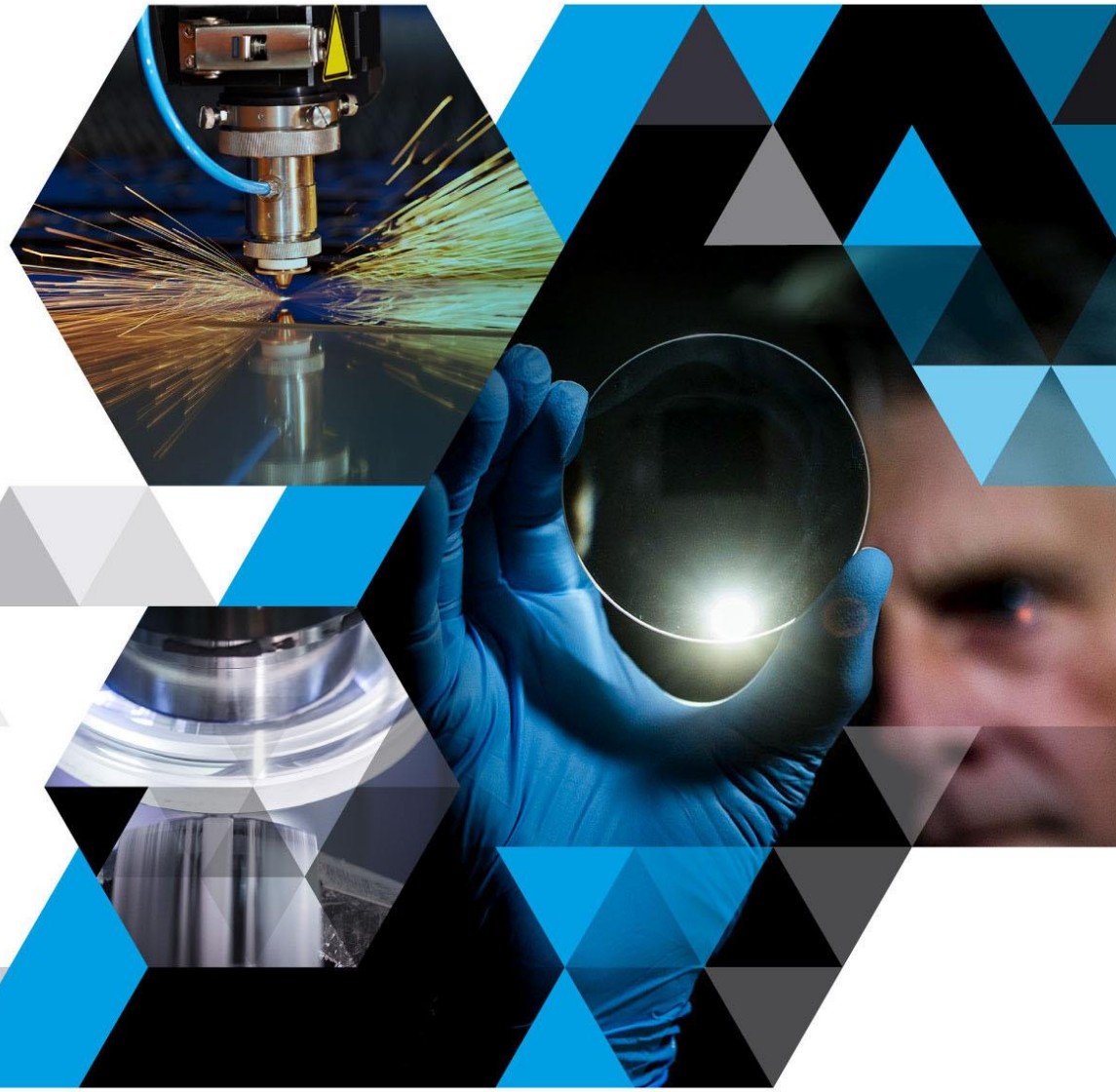


ANNUAL GENERAL MEETING

23 February 2022

CEO Mark Webster

Photonics and the future

- Photonics is the study and design of systems that depend on the transmission, modulation or amplification of streams of photons, the basic unit of light.
- Photonics is increasingly providing better solutions than electronics alone.
- Photonics is already transforming manufacturing, aerospace, communications and medicine.
- Optics and electronics are becoming inextricably linked and we believe the application of photonics will become ubiquitous.
- G&H has world class photonics components and systems capabilities.
- G&H is well placed to take advantage of and enable what is a transformational shift in technology.

Key highlights - FY2021

- **Trading:** Trading reflected strong and improving end markets and initial benefits from our manufacturing streamlining programme, more than offsetting currency headwinds and some supply chain issues. Adjusted profit before tax of £12.6 million, up 29.4% compared to previous year.

- **Order Book:** Year end order book of £97.8m, up 5.6%, or 8.6% excluding foreign exchange. Industrial and medical lasers demonstrated a sustained recovery, while telecommunications and medical diagnostics continued to perform at a high level.

- **Strategic investment:** Continued investment in R&D delivered strong returns with a record new product revenue contribution of £18.1 million. Our ambitious manufacturing streamlining programme was substantially completed, reducing our manufacturing sites from 12 to 9 during FY2021.

- **Strategic goals**: G&H made further progress in its long term goals of further diversification into A&D and life sciences and moving up the value chain.

First four months FY2022 - trading performance

- **Trading:** During the first four months of the new financial year, we have seen strong and improving levels of overall demand and the Group has a record order book across its principal areas of business, industrial lasers, telecoms, A&D and life sciences.

- **Markets:** High demand for industrial lasers, in particular for those used semiconductor manufacturing, where a combination of high market growth and our new products winning market share has led to substantial growth. Hi-reliability fibre coupler demand has been robust for undersea cables and increasingly for constellation space satellites. Medical lasers continue to benefit from the return of elective surgery and demand for our medical diagnostics remains at a high level.

- **Order book:** As at 31 January 2022 our order book stood at a record £110.5 million (31 January 2021: £95.0 million) an increase of 16.3% compared to previous year.

- **Outlook:** Pandemic related factors have restrained trading during the period, these include recruitment, self isolation and supply chain challenges. Mitigating actions are in place. As a result, we expect trading to have a slightly higher second half weighting than anticipated, but the full year outcome to remain unchanged.

- **Finance:** The Company remains in a strong financial position with a robust balance sheet and low net debt**.**

A responsible business

We are focused on creating a long term sustainable business.

Environment

- New solar panels installed on our Ilminster facility in the year. They are already installed at Torquay and further installation planned at our Ashford, Kent site.
- G&H is now generating approx. 600 kWp of electricity a year from solar sources. Carbon emissions reduced by 7.5% in the year.
- By September 2021 42% of our purchased electricity was from renewable sources.

Social

- Employee workshops held to develop the behaviours we expect by which we deliver our Mission and Values.
- We support the communities in which we work.

Governance

- We are committed to maintaining the highest standards of corporate governance. The Company has adopted the UK Corporate Governance Code (2018)

Our strategy remains diversification and moving up the value chain

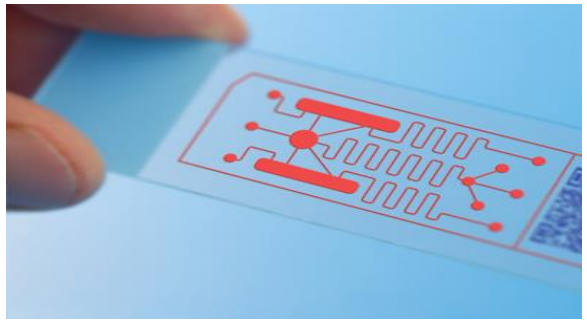
Our core strategic objectives

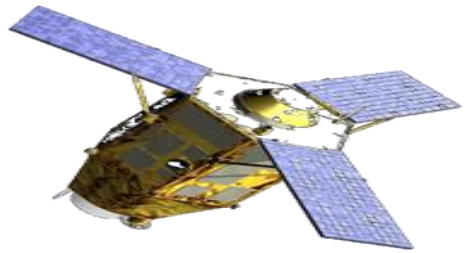
To further diversify the business

- A&D and Life Sciences with 33.1% and 22.1% of FY2021 Group revenue respectively represent a counter balance to our exposure to the economic cycle in our industrial markets. This represents considerable progress over the last few years.

To secure a greater proportion of the Group's revenues from sub-assemblies and systems

- They now account for 33.2% of FY2021 Group revenue. The acquisition of ITL has provided the platform for a systems engineering hub.





R&D – activities FY22

Space

- Fiber-optics for satellite constellations
- Imaging systems for planetary exploration
- Very high-power amplifiers for Space to Ground links

Aerospace & Defence

- New generation multi-band sighting systems
- High speed lasers for RF over Fiber
- Ruggedized MWIR lenses

Sensing

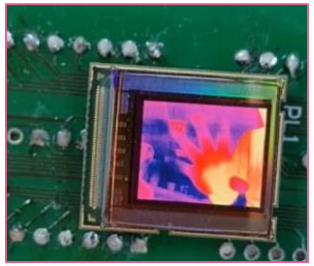
- Next-generation Fibre-Qs for sensing in Oil, Gas & Security
- Qualification of laser engines for Wind Sensing
- Advancing hybrid photonic integration for Quantum sensing

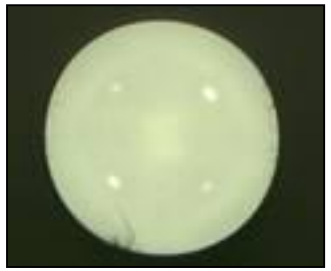
Industrial & Telecoms

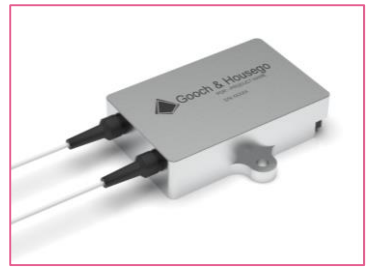
- More efficient modulators for micro-electronics
- Fiber-optic modules for photolithographic systems
- Fibre optic couplers for undersea networks

Bio-photonics

- Photonic sub-systems for ophthalmic and cardio OCT
- Non-invasive Nitric Oxide delivery systems
- “At-home” point of care for detecting respiratory pathogens







Summary and Outlook

- G&H has a world class photonics capability and is well placed to take advantage of the opportunities in our target sectors.
- FY2021 saw the Group's trading performance recover strongly from the impact of the pandemic in the previous year. Ambitious manufacturing streamlining programme was substantially completed, reducing manufacturing sites from 12 to 9.
- In the first four months of FY2022 we have seen strong and improving levels of overall demand and the Group has a record order book across its principal areas of business, industrial lasers, telecoms, A&D and life sciences.
- Pandemic related factors impacted trading in the first four months, but the full year outcome remains unchanged.
- The Company remains in a strong financial position with a robust balance sheet and low levels of net debt
- Fundamental demand for our photonic technologies and system capabilities is strong and improving and we remain confident in the short and long-term growth potential for G&H in our target sectors.
- G&H remains committed to the long-term goals of further diversification into A&D and life sciences and moving up the value chain. We intend to pursue these policies through internal investment and where appropriate, acquisitions.