18 March 2024

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

Divestment of EM4

Completion of an important milestone on the rationalisation of the Group's A&D product portfolio

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of photonic components and systems announces that it has sold its subsidiary EM4, LLC to EMFOUR Acquisition Co., LLC, a subsidiary of a US-based global technology company (the "Buyer") for a total consideration of up to $12.0m (£9.4m) (the "Disposal").

The EM4 business, located near Boston (MA), manufactures optoelectronic components and laser modules primarily for the US A&D market. The business also manufactured and supplied fused fibre couplers, but this product line has been excluded from the sale and transferred to the Group's Torquay facility.

The total consideration payable of up to $12.0m comprises an initial consideration of $5.25m (£4.1m) and deferred consideration of up to $6.75m (£5.3m). The initial consideration will be settled in cash subject to customary adjustments for working capital, cash and debt at completion. The deferred consideration, which is based upon the performance of the EM4 business in the period ending 30 September 2025, will be settled in cash. The net proceeds of the Disposal will be used to reduce the Group's borrowings.

In the Group's results for the year ended 30 September 2023, the elements of the EM4 business that are subject to the sale contributed £13.4m of revenue and delivered a loss before tax of £0.7m. Some of the Group's global function resources previously charged to the EM4 business will be redeployed following the Disposal to support the execution of the Group's strategy. At 31 January 2024, the book value of the gross assets of the business totalled £12.4m. The Disposal and its associated costs are expected to generate a non-underlying charge of circa £8.0m (cash effect circa £1.5m). The transaction is expected to be marginally accretive to underlying earnings for the year ending 30 September 2024.

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

"I am pleased to be able to report the completion of an important milestone on our journey to deliver sustainable margin growth for the Group. The divestment of EM4 is the result of a carefully considered and ongoing review of our A&D product portfolio."

"The Disposal supports the Group's consolidation of our A&D activities into areas where we can offer differentiated products to our customers and enable the Group to grow our optical systems business and maximise value creation from accretive optical systems solutions."

"I would like to thank the EM4 team in Boston for their contribution to G&H and wish them well for the future."

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.