For immediate release **15 August 2024**

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

Trading Update

"Some delay of revenue from the second half but continued progress with the execution of our strategic plan"

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

Trading

As reported with the Group's first half results, due to a period of prolonged destocking by our industrial and medical laser customers, the pattern of trading in FY2024 is more heavily weighted than normal towards the second half of the year.

Whilst the Group still expects to deliver an increase in output in the second half of the financial year, we now expect some revenues to be delayed out of the current reporting period, principally as a result of both supplier and customer delivery delays. As a result, the Group's full year adjusted PBT may be c.£1.5m lower than previously expected. The Group expects to issue a full year trading update on 8 October and its preliminary announcement of its full year results on 3 December 2024.

The Group's order book has continued to grow in the second half of the financial year and at the end of July 2024 stood at £116.8m (31 March 2024: £115.8m).

Our balance sheet remains strong and the Group's bank borrowings have reduced to £18.0m at the end of July (31 March 2024: £22.2m). The Group's total net debt at the end of July stands at £25.5m (31 March 2024: £30.4m).

Strategic progress

The Group continues to deliver on its strategic growth plan that sets a path to mid-teens profitability. The integration of the Artemis and GS Optics businesses into G&H has progressed well. The laser protection filtering and polymer optics capabilities that these two businesses respectively brought to the Group are enabling us to offer our customers enhanced systems solutions and address more complex photonics applications addressing a greater share of their overall needs. We expect this to open new programme revenue streams for the Group in the coming months.

We continue to monitor the market for further value creation acquisitions that offer the possibility to accelerate the Group's strategy. Our new approach to the integration of acquired businesses and our focus on delivering synergies as demonstrated with the two acquisitions completed in FY2023 is proving to be an attractive differentiator as sellers consider G&H against other potential acquirors.

The transfer of selected product lines to contract manufacturing partners in lower cost regions continues to progress to plan. All of the Group's hi-reliability fused fibre couplers are now being produced by our outsourced partners. Further acousto optic products are currently being qualified for volume production at our suppliers' facilities supporting margin expansion from outsourcing.

The phase one investment in the Group's new R&D facilities and engineering team in our Life Sciences centre of excellence at our Rochester NY campus will be completed before the end of this financial year. Interest from both new and existing customers in the capabilities that this innovation and medical device manufacturing hub can offer has been strong and we expect to receive further material orders in the coming months.

Whilst there has been some delay in securing the planned level of in-house operational efficiency benefits that form an important part of our strategic plan, focused continuous improvement activities are being prioritised to deliver these improvements especially as the anticipated recovery of several of our end-markets will provide further volume growth through our factories.

We are also mindful of growing low-cost competition for the Group's components sold into the medical laser market and are taking steps to address our cost base in this area of our business.

Outlook

Despite the macro-economic and geopolitical outlook remaining uncertain we continue to prepare for the sustained recovery in our industrial laser and semi-conductor markets in the early part of the coming calendar year. The Group's healthy order book along with a large high-quality pipeline of new business opportunities provides good visibility and confidence for next year. The Group's expectations for FY2025 trading remain unchanged.

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

"Whilst it is disappointing that our near-term trading has been impacted by a number of factors outside of our control, I am pleased with the progress that we continue to make in establishing the foundations to deliver our strategic objectives."

"I am optimistic that with the sustained recovery of our industrial markets expected in 2025 combined with the benefits of the improvement activities and focused investments we are making across the business we are well positioned to return G&H to mid-teens returns."

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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.