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Gooch & Housego PLC
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GOOCH & HOUSEGO PLC

("G&H", the "Company" or the "Group")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2025

Gooch & Housego PLC (AIM: GHH), the specialist manufacturer of optical components and systems, today announces its interim results for the six months ended 31 March 2025.

Key Financials

Period ended 31 March (Continuing operations)	**H1 2025**	H1 2024	**Change**
Revenue	**£70.9m**	£63.6m	**11.4%**
Adjusted profit before tax*	**£5.1m**	£2.6m	**91%**
Adjusted basic earnings per share*	**15.0p**	8.3p	**6.7p**
Net debt excluding IFRS 16	**£24.1m**	£22.2m	**£1.9m**
Net debt including IFRS 16	**£35.5m**	£30.4m	**£5.1m**
Statutory profit before tax	**£2.9m**	£0.3m	**£2.6m**
Statutory basic earnings per share	**8.1p**	(34.8p)	**42.9p**
Interim dividend per share	**4.9p**	4.9p	**-**

H1 2024 figures exclude the divested EM4 business

*Adjusted for amortisation of acquired intangible assets and non-recurring items.

Key Highlights

- **Portfolio** - integration of Phoenix Optical is proceeding to plan and helping to secure significant new customer orders. May 2025 agreement to acquire of Global Photonics will extend G&H's A&D capability and offering into the US market.
- **Revenue** - grew 11.4% or 7.5% on an organic, constant currency basis.
- **Profit** - adjusted operating profit increased by 60.5% with operating profit margins improving to 8.7% (2024: 6.0%). A&D segment turnaround to profitability.
- **Order book** - Group order book grew to £121.5m (Sept 2024: £104.5m), with Phoenix Optical contributing approximately £7m of this increase, and continues to grow.
- **Net debt** - Leverage comfortable at 1.3x. Debt facility extension to March 2030 with an improved margin grid.
- **Outlook** - unchanged full year expectations; >95% order cover, though increased execution risks due to increased global uncertainty. Strong prospects for further profitable growth in the coming years. Mid-teens return on sales by 2028.

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

"The strong performance achieved in the first half of the year, against a challenging macroeconomic background, is a testament to the positive progress the Group is making with the deployment of our new strategy and the resilience and depth of experience across our leadership team in navigating complex market dynamics.

"Our expectations for FY2025 are unchanged; trading has continued well post the period end and we have >95% cover for full year expected revenue, though there are increased execution risks due to increased global uncertainty.

"With our growing order book, strengthening market positions and differentiated photonics expertise aligned to structural growth drivers from megatrends, we remain confident in our ability to deliver further progress on our journey to mid-teens returns by 2028 and generate value for all our stakeholders."

Analyst meeting

A meeting for analysts will be held at 10.30 a.m. today at the offices of Burson Buchanan, 107 Cheapside, London EC2V 6DN. To register attendance, please contact Burson Buchanan at G&H@buchanan.uk.com.

A live audio webcast of the meeting will be available via the following link:

https://webcasting.buchanan.uk.com/broadcast/681e1301c4d6000013235e61

Following the meeting, a recording of the webcast will be made available for replay at the Group's website at

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For further information please contact:

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Notes to editors

1 Gooch & Housego is a photonics technology business 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 and Defence, Industrial and Telecom, and Life Sciences sectors. World leading design, development and manufacturing expertise is offered across a broad range of complementary technologies. It is headquartered in Ilminster, Somerset, UK.

2. 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.

Operating and Financial Review

Performance Overview

The Group's revenue for the six-month period totalled £70.9m (2024: £63.6m) representing an 11.4% growth over the prior year comparator period, or 7.5% on an organic, constant currency basis. Demand from the Group's Aerospace & Defence and Life Sciences markets was strong and revenues from the Group's fibre optic products used in subsea data cable networks also grew strongly but activity levels in the Group's industrial laser and semiconductor markets remained subdued. Uncertainty generated by the rapidly evolving tariff environment is damaging confidence amongst many of our customers to make capital investment decisions.

Revenue into our A&D markets grew strongly, by 30% on an organic, constant currency basis. All of the Group's submarkets in this segment experienced growth but components supplied by G&H for navigation instruments used in air platforms led the way. This was thanks to strong underlying demand for our customers' end applications but also due to improvements made in our Moorpark, CA facility to increase yield and throughput thereby allowing us to satisfy a greater share of our customers' overall demand.

Revenue in our Life Sciences segment grew by just over 14% on an organic, constant currency basis. The accelerating demand for a new instrument supplied to one of our significant Life Sciences customers allowed us to grow our revenues in our medical diagnostic market over the prior year. This growth was supported by our newly established medical diagnostic design, development and production facility based in our Rochester, NY site which transitioned two medical diagnostic instrument programmes into volume production. allowing us to start generating payback on the investment we have made in the facility over the last couple of years.

Our strong performance in the medical diagnostic market was supported by some recovery in our medical lasers markets compared with the first half of FY2024 when customer destocking activity significantly slowed demand for our components used in medical laser programmes. However, margins from our medical laser markets are under pressure as a result of lower cost Chinese competitors and we have concluded that we will end-of-life the majority of our product lines in this area. Our customers have been given the opportunity to place last time buy orders with our Cleveland, Ohio facility which we will deliver over the coming eighteen months. These products have contributed on average between £4-5m per annum of revenue.

In our Industrial segment revenue into our subsea data cable market grew strongly thanks to the ramp up of deliveries of our complex fibre optic module assemblies to our customers. However, deliveries into the semiconductor market fell as our end customer trimmed build rates of their photo lithography systems. Demand from our customers for our components that are incorporated into PCB production systems and industrial lasers was also lower than the comparator period. Our customers' products that are used in a wide range of consumer electronics and the automotive industries have been impacted by the increased uncertainty around global trading relationships and rising costs for consumers from the newly imposed tariffs. This is holding back confidence in investing in new capital equipment and other major infrastructure projects.

Overall, thanks to the volume growth and the benefits of our operational efficiency and supply chain actions underlying operating profit increased by 60.5% to £6.2m (2024: £3.8m). This represents a return on sales of 8.7% (2024: 6.0%).

On 30 October 2024 the Group acquired Phoenix Optical ("Phoenix"). From its facilities in St. Asaph, North Wales, Phoenix supplies polished, coated and assembled precision optics to customers around the world. The acquisition provides the Group with the opportunity to expand and accelerate its reach in the UK and European Aerospace & Defence markets.

The integration of the Phoenix Optical business has proceeded to plan and the Group has already secured new customer orders as a result of our newly combined capabilities. We are also seeing the benefits of the planned operational synergies thanks to combined facility capacity planning between Phoenix and the Group's other precision optics sites.

The Group's order book increased to £121.5 million (30 September 2024: £104.5 million) with the acquired Phoenix business bringing approximately £7 million of this increase. The growth on an organic constant currency basis was 4%. The level of enquiries for the Group's products and services remains high, especially from both existing and new defence equipment customers, supported by the broader capability and capacity now available to the Group as a result of the acquisition of the Phoenix business.

We expect to secure additional business for our advanced optics used in military vehicles and we are engaged with our medical diagnostic instrument customers on their next generation instrument programmes which we expect will convert into future orders for the Group. In our Industrial segment our customers continue to express optimism about the medium-term prospects for their end markets but the timing of recovery from these markets remains difficult to predict.

The background is rapidly evolving, with tariff arrangements implemented by the US administration and retaliatory

The background is rapidly evolving, with tariff arrangements implemented by the US administration and retaliatory actions of other nations. G&H's direct exposure to those countries that have been subjected to the most significant tariff increases on imports to the US is limited, but we remain vigilant to the more general market instability, potential for order delays and inflationary impacts of increasing global tariffs. We are also actively re-sourcing our supply of certain raw materials required in our production processes where availability has been restricted by some nations retaliating against the newly imposed tariffs which is putting pressure on non-Chinese sources of supply and actively choosing to have higher stock levels. We intend to pass on cost base increases arising from these developments through higher pricing where possible. Given the Group's considerable US-based manufacturing presence, the new tariffs could over time be a benefit to some parts of our business against their non-US competitors.

On 14 May 2025, the Group announced that it had entered into an agreement to acquire US based Global Photonics. The business, which is based near Tampa, Florida, supplies optical systems for military land applications, including periscopes and fire-control systems, as well as instrumentation for air platforms and other advanced precision optics. Its expertise in cleanroom lithography, photolithographic reticle fabrication, ion beam etching and advanced thin film coatings will complement G&H's existing manufacturing capabilities and enhance the Group's offering into the North American market.

The transaction represents another 'speed to value' acquisition by G&H. We will be able to support the Global Photonics team with the wider capabilities of G&H, particularly in the areas of laser protection filtering and complex optical system design allowing them to secure further business through their existing strong reputation and well-established relationships with US defence prime contractors.

Revenue

Six months ended 31 March From continuing operations	**2025** **£'000**	2024 £'000	% Change
Industrial	**30,122**	31,674	(4.9%)
Aerospace & Defence	**23,466**	16,595	41.4%
Life Sciences	**17,290**	15,348	12.7%
Group Revenue	**70,878**	63,617	11.4%

Products and Markets - Industrial

Gooch & Housego's principal industrial markets are industrial lasers, telecommunications, sensing and semiconductor manufacturing. Industrial lasers are used in a diverse range of precision material processing applications ranging from microelectronics and semiconductors to automotive manufacturing.

Overall, sales of products by the Group into our industrial markets in the six months ended 31 March 2025 declined by 4.9%, or 6.5% when measured on an organic, constant currency basis, compared with the equivalent period last year which itself was a relatively weak comparator. Recovery in the semiconductor and industrial laser markets continues to be delayed and indeed production call off of our products used in the latest deep and extreme ultra violet photolithography machines fell as our end customer reduced build rates.

Offsetting to some extent these reductions we saw further growth in revenue from the subsea data cable market. Deliveries of our newly developed complex amplifier assemblies grew as we supported our end customers' delivery of their new cable networks. The ramp up in build rates of these more complex fibre optic assemblies has been enabled by the full transfer to our contract manufacturing partners of the build of our hi-reliability fibre couplers which has meant our production space and skilled operators can be transitioned to this new, more complex work.

Despite the reduced revenue in this segment, adjusted operating profit grew by 10.2% compared with H1 2024, to £3.8m and the adjusted return on sales percentage moved up to 12.6% (H1 2024: 10.9%). This is thanks to the benefits of a higher proportion of complex assemblies which command better margins within the revenue, together with the margin accretion benefit from the transfer of hi-reliability fibre coupler and other acousto-optic product manufacture to our low cost contract manufacturing partner.

Products and Markets - Aerospace & Defence (A&D)

In this segment the Group has well-established positions in periscopes and sighting systems, target designation and range finding, ring laser gyroscope navigational systems, opto-mechanical subsystems used in unmanned aerial vehicles (UAVs) and space satellite communications. We are working with our partners on the development and early stage prototypes of new directed energy weapon systems that will become an increasingly important element of defensive suites for both naval and land platforms.

The conflict in Ukraine together with a recognition by many Western NATO countries that they need to increase their defence budgets is generating higher levels of enquiries for the Group's precision optic systems which are a critical element within most modern defence systems. The combination of our recently acquired Artemis and Phoenix businesses with the existing capabilities of the G&H Group means that we are now able to offer more comprehensive product offerings to our customers.

We have completed initial deliveries of our advanced periscope systems for the UK MOD's programme to upgrade the Challenger MBT platform and for a very similar periscope to an eastern European NATO country for a new amphibious armoured vehicle programme. These deliveries allow both vehicles to progress in their trials programmes before transitioning into volume production in the coming years.

Group revenue into the A&D market grew by 41.4%, or 30.0% on an organic constant currency basis compared with the first half of FY2024. Deliveries of our super polished optical components used in ring laser gyroscopes increased again thanks to our end customers' programmes growing but also as a result of the improvements that have been made at our Moorpark, CA facility to increase production throughput and yield thereby allowing us to satisfy more of our customers overall demand.

Additional volumes in this segment together with our operational efficiency improvements resulted in the segment generating a profit in the period of £0.6m (H1 2024: loss of £1.6m). We believe further production efficiency improvements together with a greater proportion of the segment's revenues being derived from sub systems that contain more G&H content will mean that the segment can move towards high single digit returns in the coming years.

The integration of the Phoenix business is proceeding to plan. This acquisition has already allowed the Group to secure new customer orders and combined facility capacity planning between Phoenix and the Group's other precision optics sites is supporting the Phoenix business in delivering its record order book. The Group has moved quickly to identify alternative sources of Germanium following the Chinese government's decision to restrict supply to Western countries. Germanium is used in many of our products supplied into the defence market and we believe our newly established supply chain relationships for the provision of this material provide us with a competitive advantage.

Products and Markets - Life Sciences

Revenues from our medical diagnostic markets grew compared with the first half of FY2024 due to a ramp up in one

Revenues from our medical diagnostic markets grew compared with the first half of FY2024 due to a ramp up in one of our end customer programmes. We were also pleased to see the first two instrument production programmes launching in our Rochester, NY facility during the period. Our Life Sciences R&D team are working on a customer's programme to develop a new point of care instrument which we are optimistic will generate significant revenues for the Group. G&H is also able to offer the customer the manufacture of the disposable cartridge which is required in the operation of the instrument from our GS Optics business, demonstrating the synergy that comes from having this polymer optic capability within the Group.

Revenues from our Pockels cells that are used in medical lasers also saw some recovery from their very low levels in the first half of FY2024 but given the increasing competition we are facing from low-cost Chinese suppliers we have made the decision to end-of-life the majority of our product lines in this market. We have invited our customers to place last time buy orders with us which we will deliver over the coming eighteen months at which point our Cleveland, OH facility will transition to further develop its capacity for the growth of crystals used both within our Group and directly by end customers for optical applications.

Revenue from our Life Sciences market grew by 12.7% or 14.2% on an organic, constant currency basis in the six months to 31 March 2025, compared with the first half of FY2024. Despite the growth in revenue operating profit returns in this segment declined to 12.0% (H1 2024: 14.7%). In our medical diagnostic market pre negotiated price reductions for volume production came into effect on one of the instrument programmes as volumes increased while pricing for our Pockels cells came under pressures as a result of the increased competition from low cost suppliers noted above. We expect margins in this segment to recover as we secure the benefit of further revenue through our recently established Life Sciences facility in Rochester, NY and some selective outsourcing of other product lines to our own lower cost suppliers.

Strategy

G&H's strategy to become an 'innovative customer focused technology company' delivered responsibly by making a 'better world with photonics', continues to progress positively and the foundational building blocks are now in place to support the delivery of sustainable margin growth in the medium term. The successful execution of this strategy will ensure that G&H becomes and remains the 'first choice' for all our stakeholders whether that's for our employees, our customers, our shareholders, our eco-system partners or the communities in which we operate. We will offer differentiated performance through four key strategic priorities.

1. PEOPLE - Establish High Performance Teams

This will be achieved by following G&H's corporate values that guide the way we endeavour to do business, consisting of customer focus, integrity, action, unity and precision to deliver fundamental and sustainable improvement for our employees, for the profitability of the company and for the sustainability of our planet.

Priorities

- Embed our Vision, Mission, Values and Behaviours through every step of our employees' work experience.
- Invest in appropriate HR enablement tools to better support our employees.
- Apply greater rigour and structure to talent reviews and invest in employee development and succession planning.
- Review our benefits and incentive plans to ensure they remain market competitive and appropriately motivate and reward our employees for the right behaviours.
- Promote greater diversity amongst our team especially at management levels.
- Drive further improvements in our safety performance targeting zero harm in all of our facilities.

Progress

- The upskilling of the HR function through personal development and where appropriate replacement of a number of our site HR business partners continues to proceed in line with plan.
- A new Group-wide HR Information System has been implemented across the Group providing our HR leaders with a single source of secure interactive information on each of our employees.
- Revised incentive scheme implemented for our sales force ensuring they are appropriately motivated to grow the business and secure profitable new customer and programme positions.
- Completed full Groupwide employee engagement survey to help focus and align our activities to become a world class employer.
- Zero reportable accidents (RIDDOR) in the first half of FY2025.
- Environmental management certification to ISO 14001 for all sites over the next 3 years. Since

launching the new strategy, we now have five of our ten worldwide sites encompassed by ISO14001, with Plymouth (UK) and Rochester (US) on target to join them and receive certification in CY2025.

- The successful integration of Phoenix and its smooth transition into G&H has fostered a sense of unity and shared purpose among our employees and encouraged a greater willingness to harness and capitalise on the complementary expertise that Phoenix Optical brings to G&H.
- The Sustainability Committee successfully continues to provide leadership and focus on driving the Group's equality, diversity and inclusion agenda.

Future Priorities

- We will continue to develop a more focused approach to career planning and succession providing our high potential employees with structured development activities.
- We will continue to focus on ensuring our HR function is organised with the right talent to enable the delivery of the key 'people' element of our strategy aligned to a more customer focused structure.
- Renewed focus on how we attract, recruit, promote and retain a diverse group of talented people who share our values.
- Our incentive plans for management will be updated to allocate a greater reward for cash generation thereby supporting the Group's goal to further improve the efficiency with which it deploys its capital.
- Proactive follow-up to the actions and improvement opportunities raised in the last employee engagement survey to deliver further improvements in employee engagement, performance and well-being.
- Our Sustainability Committee and Sub-Committee will continue to establish a series of supporting working groups to help drive the Group agenda and accelerate our efforts in this area.
- We will continue our site health and safety inspections to achieve further improvement in our safety at work metrics. We are targeting zero workplace harm in our facilities.

2. SELF-HELP - Deliver an exceptional customer experience and superior operational execution

Priorities

- Leverage our Customer Relationship Management tools to improve the effectiveness of our Business Winning activities.
- Reorganise our commercial teams to clearly separate our product line management activities from our other selling activities.
- Support our product line and business development teams in selling more complex solutions that incorporate more of the Group's components and capabilities.
- Cross selling capabilities and products from newly integrated acquisitions through our global divisional sales team.
- Through strategic engagements with our customers ensure we are developing joint product and technology roadmaps that inform our R&D priorities.
- Disciplined focus on superior operational execution through productivity, quality, inventory management, delivery and new product introduction improvements
- Proactive outsourcing of carefully selected products earlier in life cycle where technological sovereignty is not a differentiator.
- Use our operations planning processes to improve our on-time delivery performance and reduce our lead times.

Progress

- Our sales, business development and commercial teams have been successfully reorganised to allow a better focus on our medium-term product management strategies and aligned more closely to the specialist end markets we serve in Aerospace & Defence optics, Industrial photonics and Life Sciences lasers and diagnostics.
- The Group's on time delivery performance further improved during the first half of year. G&H Moorpark, which was struggling to meet required performance levels a year ago, has led the way with the significant turnaround in operational performance at this site.
- We have strengthened our Supply Chain team with enhanced focus on driving process improvement and low-cost region manufacturing from our global supply chain. To support this we have expanded the talented local G&H team in Thailand.
- Following the qualification of our Asian contract manufacturing partner for FO products last year, we have successfully delivered the full ramp-up of the production of fused fibre couplers as a third source for the supply of those products to our customers in volume.
- After completing the transfer of our North American medical diagnostic manufacturing activity from its former site in Virginia into our newly acquired GS Optics facility in Rochester we have achieved ISO 13485 certification and FDA approval for the manufacture of medical devices at this location and completed the phase one build out of the expanded production area at the site.
- Several talented optical and mechanical engineers have been recruited for the Life Sciences

business unit in Rochester, NY successfully tapping into the large pool of optics talent in that area.

Future Priorities

- We have developed our Customer Relationship Management tool to allow us to further integrate it with our core ERP systems. This is enabling us to reduce our time to prepare customer quotes and give our sales team a more complete dashboard of our overall interactions with our customers.
- We will continue to identify further products to outsource to our Asian contract manufacturing partner. We intend to transfer products earlier in their product life cycle to enable us to secure the margin accretion and the additional capacity flexibility that can result from these transfers.
- We have identified further second source suppliers to mitigate the risk associated with some of our sole source suppliers, especially those that are assessed as being of higher risk following the recent US tariff actions and retaliatory measures from China and other nations.
- We will continue to focus on delivering the planned productivity and cost-of-poor-quality improvements over the period of the strategic plan.
- We will deliver further improvement of safety, quality, delivery, inventory and productivity across our operations through Lean and other continuous improvement tools.

3. TECHNOLOGY - Create value through our technology

Priorities

- Technology roadmaps that focus our investment on those areas identified as offering the greatest returns.
- A smaller number of development projects but with same level of overall Group investment thereby allowing an acceleration of time to market.
- On time and on budget delivery of our new product development programmes.
- An increasing proportion of the Group's revenue derived from products introduced in the last three years.
- A greater proportion of our engineers' time spent on new product development activities.
- A greater interaction between our business development and engineering teams to maximise our influence on our customers as well as ensuring our technology roadmaps reflect our customers latest plans,

Progress

- Spend on R&D in H1 FY2025 totalled £3.5m (H1 FY2024: £3.6m).
- We have identified, resourced and established actions plans for the vital few research programmes which will receive priority given their potential to deliver material accretion to the Group's revenues and profitability.
- The strengthened acousto-optic engineering and product line management team continues to focus on the commercialisation and ramp-up of further optimised Germanium-based modulators for CO_2 lasers used in semiconductor fabrication and micro-machining.
- Fibre optic: Design, development and award of new generation of fibre-optic components for semiconductor fabrication, submarine hi-reliability network coupler and medical diagnostics.
- Precision optic systems: Design, qualification and manufacture of novel imaging sighting systems for the UK's main battle tank and the application of unique advanced laser protection filters into A&D applications.
- Precision optics: Design and transfer to production of coating technology in the Deep Ultraviolet, opening up new business opportunities in advanced semiconductor laser tools.
- Life Sciences: Opening of the new Rochester, NY, Life Sciences Innovation Hub and Centre of Excellence in North America for the design and development point of care, user interface and apps development, AI, machine learning, cyber security of patient data.

Future Priorities

- Continued focused investment in the vital few development projects.
- Become a global hub and centre of excellence to develop our advanced thin film coating offerings and to capture a greater share of our customers' spend offering manufacture in region (US for US and UK for Europe).
- Win additional armoured fighting vehicle advanced periscope, sighting systems and fire control optical systems.
- Organically grow our high-value add optics business by leveraging the acquired polymer technology with in-house and newly acquired expertise in coatings, coupled with our capability to system integrate and offer optomechanical assemblies.

- Develop and expand our AO regional design centre in Fremont US to support strong pipeline for next generation product developments and customer-led R&D.
- Secure and launch US Medical Diagnostic R&D programmes.

4. **INVESTMENT - Apply focused investment across the business**

Priorities

- Ensure acquired businesses are successfully integrated into the Group and that the expected commercial and operational synergies are achieved.
- Tight management and reduction of the Group's investment in its working capital, through efficient operations planning and inventory procurement policies.
- Ensure Group investment in new capital equipment is optimised and appropriately prioritised into the areas of the business that offer the most attractive potentials for returns and aligned to new strategic priorities.
- Regularly review the portfolio to ensure we have in all cases a differentiated offering capable of delivering attractive returns.
- Assess and execute suitable accretive and strategic acquisitions to deliver 'speed to value'.
- End of life or divest those elements of the portfolio that are not differentiated or non-core.
- Invest in our supply chain partners with our capital equipment and our on-site supply chain staff to help drive superior returns for the Group and improved responsiveness for our customers.

Progress

- After completing the acquisition of Phoenix, the integration of the business proceeds in line with plan. Additional commercial synergies for Phoenix have been identified and the establishment, fit-out and opening of our North American Life Sciences hub was completed in the first half of the year.
- As our supply chain is able to increasingly improve on-time delivery performance we have been able to further reduce the levels of our safety stock holding.
- Where our customers request us to carry safety stocks to protect their programmes we ensure that they provide us with advanced funding to cover the working capital investment. This is being successfully implemented.
- We entered into an agreement to acquire Global Photonics, an optical systems specialist, based in Tampa FL, in May 2025.
- We continue to monitor the market for potential acquisition targets. We are supported in this activity by a network of advisors with whom we have shared our acquisition criteria.

Future Priorities

- We will continue to identify and deliver commercial synergies from the acquisitions of GS Optics, Artemis, Phoenix and Global Photonics as part of the G&H Group.
- We continue to see the benefits from substituting previously third party spend in both G&H and the newly acquired businesses with internal supply.
- Our customers remain positive about the combined offerings that G&H is now able to provide with the addition of the businesses acquired over the last couple of years. We expect this to be converted into additional new business awards.
- We will continue to explore acquisition opportunities that may be a match to our acquisition criteria and deliver speed to value creation for the Group as well as continue to review our portfolio related to further divestment or end of life of non-core or non-performing product lines.
- Our capital equipment spend will be optimised and focused tightly on those areas of the business that offer the greatest potential return.
- We are targeting further reduction in our inventory holdings.

Financial Review

Group revenue grew by 11.4% or 7.5% on an organic, constant currency basis. Gross margins progressed to 30.4% from 29.1% in the first half of FY2025 due to the additional volume and the delivery of the strategic actions we are implementing.

Whilst the new US tariff regime did not take effect until after the end of the reporting period we have notified our customers that we intend to pass on any incremental costs to them. We have developed new reporting tools to enable us to quickly assess the impact on existing customer orders so that we can apply a tariff surcharge where required and protect the Group's margins.

The Group's spend on R&D totalled £3.5m, broadly consistent with the first half of FY2024 (H1 2024: £3.6m). Primary areas of focus for the Group's R&D teams in the period were fibre optic module assemblies used for both telecoms and sensing applications and further complex electro/optic assemblies for military land and air platforms.

The growth in the Group's overheads to £11.9m (2024: £11.1m) was principally as a result of the acquisition of the Phoenix business within the Group's reported numbers. Excluding this effect overheads grew by 2.6% reflecting wage inflation. The Group has also continued to invest in its supply chain team in Asia in order to support the transition of more of the Group's product lines to our low-cost region partners.

Underlying operating profit increased by 60.5% to £6.2m (2024: £3.8m). Reported operating profit grew to £4.2m (2024: £1.6m). Further details of the adjustments made between underlying and reported profit measures are set out below.

The Group's interest charges totalled £1.3m (2024: £1.2m). The charge reflected additional borrowing taken to fund the acquisition of the Phoenix business at the end of October 2024.

The Group's adjusted effective tax rate was 22.9% (2024: 19.2%). Adjusted earnings per share was 15.0p (2024:8.3p)

Alternative Performance Measures

In the analysis of the Group's financial performance, alternative performance measures are presented to provide readers with additional information. The interim report includes both statutory and adjusted non-GAAP financial measures. The Directors believe the latter reflect the underlying performance of the business. Items excluded from the adjusted results, together with their prior period comparatives, are set out below.

Reconciliation of adjusted performance measures

	Operating profit		**Net finance costs**		**Profit before tax**		**Taxation**		**Profit after tax from continuing operations**		**Earnings p share**	
Half Year to 31 March	**2025 £000**	2024 £000	**2025 £000**	2024 £000	**2025 £000**	2024 £000	**2025 £000**	2024 £000	**2025 £000**	2024 £000	**2025 Pence**	2 pe
Reported	**4,156**	1,571	(1,288)	(1,247)	**2,868**	324	**(776)**	(168)	**2,092**	156	**8.1p**	[illegible]
Amortisation of acquired intangible assets	**1,097**	1,074	**-**	-	**1,097**	1,074	**(234)**	(224)	**863**	850	**3.3p**	[illegible]
Restructuring and other costs	**412**	649	**-**	-	**412**	649	**(80)**	(59)	**331**	590	**1.3p**	[illegible]
Acquisition costs	**426**	116	**-**	-	**426**	116	**(17)**	(54)	**410**	62	**1.6p**	[illegible]
Site closure costs	**64**	425	**-**	-	**64**	425	**-**	(2)	**64**	423	**0.2p**	[illegible]
Interest on deferred consideration	**-**	-	184	57	**184**	57	**(50)**	-	**134**	57	**0.5p**	[illegible]
Adjusted	**6,155**	3,835	(1,104)	(1,190)	**5,051**	2,645	**(1,157)**	(507)	**3,894**	2,138	**15.0p**	[illegible]

Cash Flow and Financing

In the six months ended 31 March 2025, G&H generated net cash from operations of £2.6m, compared with £2.5m in the same period of 2024. Working capital levels increased by £6.7m from the end of FY2024. This was driven by growth in receivables given high levels of invoicing in March which have since been converted to cash. The Group's inventory also grew by £5.3m although this was to some extent offset by higher trade creditor balances at the end of March. The Group has chosen to increase its inventory of some materials such as Germanium in response to new uncertainties in the availability of these materials as a result of export restrictions imposed by the Chinese government.

The net cash outflow on the acquisition of the Phoenix business totalled £2.7m. This comprised consideration paid of £2.9m less cash received with the business of £0.2m. Transaction fees totalled £0.3m. Deferred contingent consideration of up to £3.35m is payable based upon the financial performance of the business in the three years ended 30 June 2027. We have assessed the present value of the deferred consideration liability at 31 March 2025 to be £1.7m.

Capital expenditure on property, plant and equipment was £2.5m in the period (2024: £1.8m). The principal areas of investment in H1 FY2025 were in our fibre optic facility in Torquay where we continued our investment in new fibre optic module assembly lines as programme migrate to their production phase. We also invested in additional heavy water for our Cleveland facility in order to increase their crystal growth capacity. This investment was accelerated in order to take receipt in advance of the new tariff regime coming into effect at the beginning of April.

Our investment in intangible fixed assets totalled £1.2m (2024: £1.2m). We have started the transition of the Phoenix business onto the Group's ERP system and expect them to go live on the system in Q3 of this financial year allowing them to be fully integrated with the Group's business management and reporting systems. In the period we also implemented a new G&H-wide HR Information System that provides a one stop shop for all employee performance management activities as well as the administration of the Group's payroll.

As at 31 March 2025 the Group had drawn 38.4m on its revolving credit facility (September 2024: 30.4m). On 1 April 2025 the Group extended its facility to 31 March 2030 with an increased committed facility of 55m and an uncommitted accordion facility of 15m. On completion of the Global Photonics acquisition, 5m will be converted from the accordion to the committed facility resulting in a committed facility of 60m and an accordion of 10m.

At 31 March 2025 the Group's net debt totalled £35.5m (30 September 2024 - £25.8m) including lease liabilities of £11.5m (30 September 2024 - £9.9m). Consistent with the Group's borrowing agreements, which exclude the impact of IFRS 16, Leases, our leverage ratio was 1.3 times at 31 March 2025 (30 September 2024: 0.9 times).

Environmental, Social and Governance

In the first half of the year the Group achieved a like for like reduction of 13.9% in its carbon intensity measure. During the period we transitioned our Artemis site in Plymouth and our site in Cleveland, Ohio to purchasing all of their electricity from renewable sources.

We are continuing to invest to support our target of being net zero for scope 1 and 2 emissions by 2035. We are working with the landlord of our facility in Plymouth to explore the installation of solar panels for the onsite generation of electricity.

Our programme to extend ISO 14001 - Environmental Management - to all of the Group's sites continues. We expect our Plymouth and Rochester, NY sites to achieve accreditation in the second half of this financial year and to have all Group's facilities accredited by the end of FY2027.

The Group manages its activities in this area through the Sustainability Committee of the Board. This Committee is

The Group manages its activities in this area through the Sustainability Committee of the Board. This Committee is chaired by our non-executive director, Susan Searle. This Committee is supported in its work by a Sustainability subcommittee staffed with representatives from across the Group. The remit of the Sustainability Committee includes oversight of the Group's activities to ensure appropriate adherence to the Group's Ethics & Anti-Corruption, Equality, Diversity & Inclusion, Trade Compliance and Cyber Security policies. We are using the Group's new HR Information System to deliver training content electronically and to use the system to record course completion by employees.

Dividends

An interim dividend of 4.9p per share (2024: 4.9p) has been declared. This dividend will be payable to shareholders on the register as at 20 June 2025 on 25 July 2025. The Board intends to review its dividend policy in the second half of the financial year, in order to assess whether some element of the dividend if reinvested in the business, may generate a better return for our shareholders.

Prospects and outlook

The strong performance achieved in the first half of the year, against a challenging macroeconomic background, is a testament to the positive progress the Group is making with the deployment of our new strategy and the resilience and depth of experience across our leadership team in navigating complex market dynamics. With our growing order book, strengthening market positions and differentiated photonics expertise aligned to structural growth drivers from megatrends, we remain confident in our ability to deliver further progress on our journey to mid-teens returns over the medium term and generate value for all our stakeholders.

Following the implementation of changing global trading policies from the new US administration and the consequent retaliatory measures from China and other nations we are seeing near-term uncertainty increase, especially in our Industrial, semiconductor and Life Sciences markets. This has resulted in reduced demand levels from our industrial market persisting longer than we expected and delays with infrastructure, semiconductor and Life Sciences projects, including increased regulatory approved lead times   However, we are well positioned to benefit from recovering demand levels in these markets.

In our A&D business we are seeing strong demand, especially for our optical systems, advanced coatings, ring laser gyros, armour vehicle periscope and our imaging solutions for air, sea and land equipment.

The overhaul and turnaround of the Group's A&D business unit supported by operational improvements, the refocusing of our R&D resources and complementary 'speed to value' acquisitions have positioned us well to meet increased demand from existing customers, capture new business opportunities and become a full optical systems solutions provider for prime defence contractors in the US, Europe and RoW. At the same time the integration of Phoenix is proceeding to plan and we are seeing significant commercial synergy opportunities arising from our combined value proposition.

Global Photonics will be a strong strategic and operational fit for G&H, bringing deep application expertise, strong relationships with U.S. defence primes and complementary manufacturing capabilities to our growing Optical Systems division. This acquisition accelerates our plan to become the partner of choice for high-precision optical systems in both the UK and the U.S. and opens exciting new growth channels in North America. The establishment of a full optical systems engineering and manufacturing capability in the U.S. for the Aerospace & Defence market mirrors our successful strategy for the U.S. healthcare sector with the recent opening of our G&H Innovation Hub for Life Sciences in Rochester NY.

Our order book remains at a healthy and growing level and we have over 95% cover needed to support expected FY2025 revenue. At the same time, we have entered a period of unprecedented global macroeconomic uncertainty and fluidity which has increased near-term risk. The Group is proactively managing this increased complexity and uncertainty in the global supply chain since the imposition of the new and constantly changing US tariff regime and the associated counter measures from other countries. G&H is also involved in advanced hi-tech development and production programmes some of which are dependent upon inputs from our customers, regulators and suppliers in order to progress to their expected timescales. Nevertheless, our expectations for FY2025 are unchanged and the Group has strong prospects for further profitable growth in the coming years. We expect to achieve mid-teens return on sales by 2028.

Principal Risks and Uncertainties

The principal risks and uncertainties to which the Group is exposed and our approach to managing those risks are unchanged from those identified on page 98 of our 2024 Annual Report available on our website. At the end of 2024 we identified geopolitical risks as the most significant for the Group and we have indeed seen the impact of this in the new tariff regime imposed by the US and consequent retaliatory measures from other countries. Our mitigation plan has been to limit as much as possible our direct exposure to supply from China and that has helped us significantly in the reporting period. To the extent our US sites do experience higher import costs we have communicated to our customers that we intend to pass those costs on to them in the form of a tariff surcharge. Our US manufacturing presence may also in the medium term bring additional business to the Group but the uncertainty the tariffs bring has impacted our customers' confidence, particularly in our Industrial markets, to make investment decision that drive demand for our products.

We identified security of material supply as an important risk for the Group. Recent export restrictions imposed by the Chinese government on certain raw materials important in the production of precision optics had the potential to impact the Group severely. Our supply chain team are moving quickly to identify and secure alternative non-Chinese source of supply. Nevertheless, the Group remains dependent to some degree on the continued availability of these materials in many cases to supplement and enable our own in-house production.

The Group's development and production programmes frequently depend upon the timely performance of our suppliers, regulatory authorities and our customers. Delays experienced by these partners can have an adverse impact on the Group's revenue and profitability. We seek to work closely with these partners to mitigate these risks but they are not fully within the Group's control.

There is an ever present risk from the emergence of new competitors in our markets, especially from lower cost regions. This is a constant phenomenon and risks lowering the price points for the Group's products. Whilst we seek to mitigate this risk by continuing to develop advanced product solutions for our customers that can address their most complex needs, thanks to our investment in our product line management teams we are better able to quickly identify if it is preferable to end of life product lines. This was the case for many of the Pockels cell product lines manufactured by our Cleveland facility. We identified the emerging threat quickly and proactively offered customers the chance to make a last time buy in advance of seeing the price points for those products eroded by low cost competitors. We will now focus that site on those areas where we have a differentiated offering, namely the growth of high quality crystals for the optics market.

Group Income Statement

Unaudited interim results for the 6 months ended 31 March 2025

	Note	Half Year to 31 March 2025 (Unaudited) Underlying £'000	Non-underlying £'000	Total £'000	Half Year to 31 March 2024 (Unaudited) Underlying £'000	Non-underlying £'000	Total £'000	Full Year to 30 September 2024 (Audited) Total £'000
Revenue	4	70,878	-	70,878	63,617	-	63,617	135,990
Cost of revenue		(49,310)	-	(49,310)	(45,115)	-	(45,115)	(94,341)
Gross profit		21,568	-	21,568	18,502	-	18,502	41,649
Research and development		(3,535)	-	(3,535)	(3,554)	-	(3,554)	(7,828)
Sales and marketing		(4,344)	-	(4,344)	(4,572)	-	(4,572)	(8,474)
Administration		(7,857)	(1,999)	(9,856)	(6,815)	(2,264)	(9,079)	(19,364)
Other income and expenses		323	-	323	274	-	274	829
Operating profit / (loss)	4	6,155	(1,999)	4,156	3,835	(2,264)	1,571	6,812
Net finance costs		(1,104)	(184)	(1,288)	(1,190)	(57)	(1,247)	(2,604)
Profit / (loss) before income tax expense		5,051	(2,183)	2,868	2,645	(2,321)	324	4,208
Income tax expense	6	(1,157)	381	(776)	(507)	339	(168)	(931)
Profit / (loss) for the period from continuing operations		3,894	(1,802)	2,092	2,138	(1,982)	156	3,277
Loss for the period from discontinued operations		-	-	-	-	(9,262)	(9,262)	(9,654)
Profit / (loss) for the period		3,894	(1,802)	2,092	2,138	(11,244)	(9,106)	(6,377)
Earnings / (loss) per share								
From continuing operations								
Basic earnings per share	7	15.0p	(6.9p)	8.1p	8.3p	(7.6p)	0.7p	12.7p
Diluted earnings per share	7	14.8p	(6.8p)	8.0p	8.2p	(7.5p)	0.7p	12.5p
From continuing and discontinued operations								
Basic earnings per share		15.0p	(6.9p)	8.1p	8.3p	(43.1p)	(34.8p)	(24.7p)
Diluted earnings per share		14.8p	(6.8p)	8.0p	8.2p	(43.0p)	(34.8p)	(24.7p)

Group Statement of Comprehensive Income

Group Statement of Comprehensive Income

	Half Year to 31 Mar 2025 (Unaudited) £'000	Half Year to 31 Mar 2024 (Unaudited) £'000	Full Year to 30 Sep 2024 (Audited) £'000
Profit / (loss) for the period	2,092	(9,106)	(6,377)
Other comprehensive income / (expense)			
Gains on cash flow hedges	18	104	126
Currency translation differences	1,737	(2,064)	(4,712)
Other comprehensive income / (expense) for the period	1,755	(1,960)	(4,586)
Total comprehensive income / (expense) for the period	3,847	(11,066)	(10,963)

Group Balance Sheet

Unaudited interim results for the 6 months ended 31 March 2025

Group Balance Sheet	**31 Mar 2025 (Unaudited)**	31 Mar 2024 (Unaudited)	30 Sep 2024 (Audited)

		As restated	
	£'000	£'000	£'000
Non-current assets			
Property, plant and equipment	38,370	37,799	37,915
Right of use assets	10,395	8,956	9,180
Intangible assets	55,495	54,297	51,051
	104,260	**101,052**	**98,146**
Current assets			
Inventories	37,597	32,022	30,631
Trade and other receivables	37,860	31,661	30,908
Cash and cash equivalents	5,546	4,816	6,622
	81,003	**68,499**	**68,161**
Current liabilities			
Trade and other payables	(22,010)	(16,933)	(18,075)
Borrowings	-	(10)	(10)
Lease liabilities	(1,881)	(913)	(1,289)
Tax liabilities	(1,992)	(866)	(2,005)
Deferred consideration	(2,074)	-	-
	(27,957)	**(18,722)**	**(21,379)**
Net current assets	**53,046**	**49,777**	**46,782**
Non-current liabilities			
Borrowings	(29,604)	(26,971)	(22,563)
Lease liabilities	(9,591)	(7,282)	(8,570)
Provision for other liabilities and charges	(1,100)	(1,398)	(1,429)
Deferred consideration	(1,682)	(927)	-
Deferred tax liabilities	(4,809)	(4,992)	(3,978)
	(46,786)	**(41,570)**	**(36,540)**
Net assets	**110,520**	**109,259**	**108,388**
Shareholders' equity			
Called up share capital	5,159	5,159	5,159
Share premium account	16,051	16,051	16,051
Merger reserve	11,561	11,561	11,561
Cumulative translation reserve	6,838	7,749	5,101
Hedging reserve	159	119	141
Retained earnings	70,752	68,620	70,375
Equity Shareholders' Funds	**110,520**	**109,259**	**108,388**

Statement of Changes in Equity

Unaudited interim results for the 6 months ended 31 March 2025

Statement of Changes in Equity	Share capital account	Share premium account	Merger reserve	Retained earnings	Hedging reserve	Cumulative translation reserve	Total equity
	£000	£000	£000	£000	£000	£000	£000
At 1 October 2023	**5,159**	**16,051**	**11,561**	**76,920**	**15**	**10,027**	**119,733**
Restatement	**-**	**-**	**-**	2,495	**-**	(214)	**2,281**
As restated	5,159	16,051	11,561	79,415	15	9,813	**122,014**
Loss for the period	-	-	-	(9,106)	-	-	**(9,106)**
Other comprehensive income / (expense) for the period	-	-	-	-	104	(2,064)	**(1,960)**
Total comprehensive (expense) / income for the period	-	-	-	(9,106)	104	(2,064)	**(11,066)**
Dividends	-	-	-	(2,114)	-	-	**(2,114)**
Share based payments	-	-	-	425	-	-	**425**
At 31 March 2024 (unaudited)	**5,159**	**16,051**	**11,561**	**68,620**	**119**	**7,749**	**109,259**
At 1 October 2024	**5,159**	**16,051**	**11,561**	**70,375**	**141**	**5,101**	**108,388**
Profit for the period	-	-	-	2,092	-	-	**2,092**
Other comprehensive income for the period	-	-	-	-	18	1,737	**1,755**

the period							
Total comprehensive income for the period	-	-	-	2,092	18	1,737	**3,847**
Dividends	-	-	-	(2,140)	-	-	**(2,140)**
Share based payments	-	-	-	425	-	-	**425**
At 31 March 2025 (unaudited)	**5,159**	**16,051**	**11,561**	**70,752**	**159**	**6,838**	**110,520**

Group Cash Flow Statement

Unaudited interim results for the 6 months ended 31 March 2025

Group Cash Flow Statement	Half Year to 31 Mar 2025 (Unaudited)	Half Year to 31 Mar 2024 (Unaudited)	Full Year to 30 Sep 2024 (Audited)
	£'000	£'000	£'000
Cash flows from operating activities			
Cash generated from operations	3,590	2,220	14,247
Income tax (paid) / refunded	(1,040)	315	(62)
Net cash generated from operating activities	**2,550**	**2,535**	**14,185**
Cash flows from investing activities			
Disposal of subsidiary, net of cash disposed	-	2,380	1,665
Acquisition of subsidiaries, net of cash acquired	(2,716)	-	(351)
Purchase of property, plant and equipment	(2,463)	(1,789)	(3,526)
Sale of property, plant and equipment	325	12	-
Purchase of intangible assets	(1,218)	(1,217)	(1,716)
Interest received	8	28	40
Net cash used in investing activities	**(6,064)**	**(586)**	**(3,888)**
Cash flows from financing activities			
Drawdown of borrowings	7,874	2,789	4,731
Repayment of borrowings	(1,585)	(2,988)	(8,046)
Repayment of lease liabilities	(794)	(904)	(1,715)
Interest paid	(1,112)	(1,220)	(2,487)
Dividends paid to ordinary shareholders	(2,140)	(2,114)	(3,378)
Net cash generated by / (used in) financing activities	**2,243**	**(4,437)**	**(10,895)**
Net decrease in cash	**(1,271)**	**(2,488)**	(598)
Cash at beginning of the period	**6,622**	**7,294**	7,294
Exchange gains / (losses) on cash	195	10	(74)
Cash at the end of the period	**5,546**	**4,816**	6,622

Notes to the Group Cash Flow Statement

Notes to the Group Cash Flow Statement	**Half Year to 31 Mar 2025 (Unaudited) £'000**	Half Year to 31 Mar 2024 (Unaudited) £'000	Full Year to 30 Sep 2024 (Audited) £'000
Profit before income tax from continuing operations	**2,868**	**324**	4,208
Loss before income tax from discontinued operations	**-**	**(9,465)**	(9,876)
Adjustments for:			
- Amortisation of acquired intangible assets	1,097	1,074	2,002
- Amortisation of other intangible assets	758	905	1,755
- Loss on disposal of subsidiary	-	8,261	8,910
- Loss on disposal of property, plant and equipment		-	128
- Depreciation	4,046	4,052	7,732
- Share based payments	425	425	715
- Amounts claimed under the RDEC	(200)	(100)	(392)
- Finance income	(8)	(28)	(40)
- Finance costs	1,112	1,275	2,696
- Non cash interest charge included in finance costs	184	(57)	-
Total adjustments	**7,414**	**15,807**	23,506
Changes in working capital			
- Inventories	(5,299)	380	257
- Trade and other receivables	[illegible]	[illegible]	[illegible]

- Trade and other receivables	(4,884)	849	863
- Trade and other payables	3,491	(5,675)	(4,711)
Total changes in working capital	**(6,692)**	**(4,446)**	(3,591)
Cash generated from operating activities	**3,590**	**2,220**	14,247

Reconciliation of net cash flow to movements in net debt

	Half Year to 31 Mar 2025 (Unaudited) £'000	Half Year to 31 Mar 2024 (Unaudited) £'000	Full Year to 30 Sep 2024 (Audited) £'000
Decrease in cash in the period	(1,271)	(2,488)	(598)
Drawdown of borrowings	(7,874)	(2,789)	(4,731)
Repayment of borrowings	2,647	4,158	10,243
Changes in net debt resulting from cash flows	(6,498)	(1,119)	4,914
New leases	(414)	(218)	(3,116)
Acquired leases	(1,631)	-	-
Translation differences	(830)	1,286	2,913
Non cash movements including leases disposed	(347)	1,401	1,189
Movement in net debt in the period / year	(9,720)	1,350	5,900
Net debt at start of period	(25,810)	(31,710)	(31,710)
Net debt at end of period	(35,530)	(30,360)	(25,810)

Analysis of net debt

	At 1 Oct 2024 £'000	**New leases £'000**	**Cash flow £'000**	**Exchange movement £'000**	**Acquisition of subsidiary £'000**	**Non-cash movement £'000**	**At 31 Ma 202 £'00**
Cash at bank and in hand	6,622	-	(1,429)	195	158	-	**5,54**
Debt due within one year	(10)	-	10	-	-	-	
Debt due after one year	(22,563)	-	(6,299)	(695)	-	(47)	**(29,604**
Lease liabilities	(9,859)	(414)	1,062	(330)	(1,631)	(300)	**(11,472**
Net debt	(25,810)	(414)	(6,656)	(830)	(1,473)	(347)	**(35,530**

Notes to the Interim Report

1. Basis of Preparation

The unaudited Interim Report has been prepared under the historical cost convention as modified by financial assets and financial liabilities at fair value and in accordance with UK adopted International Accounting Standards and with the requirements of the Companies Act 2006 as applicable to companies reporting under those standards.

The Interim Report was approved by the Board of Directors on 3 June 2025. The Interim Report does not constitute statutory financial statements within the meaning of the Companies Act 2006 and has not been audited.

Comparative figures in the Interim Report for the year ended 30 September 2024 have been taken from the Group's audited statutory financial statements on which the Group's auditors, PricewaterhouseCoopers LLP, expressed an unqualified opinion. The comparative figures to 31 March 2024 are unaudited. These figures have been restated to reflect the recognition of a deferred tax asset in respect of accumulated trading losses in our US tax Group, further details of which are provided on page 147 of the Group's 2024 Annual Report. The effect of this restatement was to increase net assets as at 31 March 2024 by £2.3m. We have also netted deferred tax assets and deferred tax liabilities where they relate to taxes levied by the same taxation authority on the same taxable entity. The effect of this was to net deferred tax assets of £4.1m against the deferred tax liabilities as at 31 March 2024. There was no effect on the income statement for the period ended 31 March 2024 arising from either adjustment.

The Interim Report will be announced to all shareholders on the London Stock Exchange and published on the Group's website on 3 June 2025. Copies will be available to members of the public upon application to the Company Secretary at Dowlish Ford, Ilminster, Somerset, TA19 0PF.

There were no changes to accounting policies described in the annual financial statements for the year ended 30 September 2024 that had a material effect on the financial statements.

Cash flow projections show that the Group has sufficient funding available to withstand plausible downside scenarios, and therefore the financial statements have been prepared on a going concern basis.

2. Estimates

The preparation of interim financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed consolidated interim financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements for the year ended 30 September 2024.

3. Financial risk management

The Company's activities expose it to a variety of financial risks, market risk (including currency risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The interim condensed consolidated financial statements do not include all financial risk management information and disclosures required in the annual financial statements and should be read in conjunction with the Company's annual financial statements as at 30 September 2024. There have been no changes to the risk management policies since the year end.

4. Segmental analysis - continuing operations

For half year to 31 March 2025	Aerospace & Defence £'000	Life Sciences / Biophotonics £'000	Industrial £'000	Corporate £'000	Total £'000
Revenue					
Total revenue	25,147	17,760	31,463		74,370
Inter and intra-division	(1,681)	(470)	(1,341)	-	(3,492)
External revenue	23,466	17,290	30,122	-	70,878
Divisional expenses	(21,385)	(14,529)	(25,325)	418	(60,821)
EBITDA[1]	**2,081**	**2,761**	**4,797**	**418**	**10,057**
EBITDA %	8.9%	16.0%	15.9%		14.2%
Depreciation and amortisation	(1,748)	(927)	(1,382)	(747)	(4,804)
Operating profit / (loss) before amortisation of acquired intangible assets	**333**	**1,834**	**3,415**	**(329)**	**5,253**
Amortisation of acquired intangible assets	-	-	-	(1,097)	(1,097)
Operating profit / (loss)	**333**	**1,834**	**3,415**	**(1,426)**	**4,156**
Operating profit / (loss) margin %	1.4%	10.6%	11.3%	-	5.9%
Add back non-recurring items	266	245	391	1,097	1,999
Operating profit / (loss) excluding non-recurring items	599	2,079	3,806	(329)	6,155
Adjusted operating profit / (loss) margin %	2.6%	12.0%	12.6%	-	8.7%

For half year to 31 March 2024	Aerospace & Defence £'000	Life Sciences / Biophotonics £'000	Industrial £'000	Corporate £'000	Total £'000
Revenue					
Total revenue	18,041	16,212	33,002	-	67,255
Inter and intra-division	(1,446)	(864)	(1,328)	-	(3,638)
External revenue	16,595	15,348	31,674	-	63,617
Divisional expenses	(16,932)	(12,506)	(27,058)	481	(56,015)
EBITDA[1]	**(337)**	**2,842**	**4,616**	**481**	**7,602**
EBITDA %	(2.0%)	18.5%	14.6%	-	11.9%
Depreciation and amortisation	(1,423)	(889)	(1,778)	(867)	(4,957)
Operating (loss) / profit before amortisation of acquired intangible assets	**(1,760)**	**1,953**	**2,838**	**(386)**	**2,645**
Amortisation of acquired intangible assets	-	-	-	(1,074)	(1,074)
Operating (loss) / profit	**(1,760)**	**1,953**	**2,838**	**(1,460)**	**1,571**
Operating (loss) / profit margin %	(10.6%)	12.7%	9.0%	-	2.5%
Add back non-recurring items	205	296	617	1,146	2,264
Operating (loss) / profit excluding non-recurring items	(1,555)	2,249	3,455	(314)	3,835
Adjusted operating (loss)/profit margin %	(9.4%)	14.7%	10.9%	-	6.0%

[1]EBITDA = Earnings before interest, tax, depreciation and amortisation.

All of the amounts recorded are in respect of continuing operations.

4. Segmental analysis continued

Analysis of revenue from continuing operations by destination

	Half year to 31 Mar 2025 (Unaudited) £'000	Half year to 31 Mar 2024 (Unaudited) £'000
United Kingdom	24,064	17,219
North and South America	22,864	22,614
Continental Europe	13,107	13,921
Asia-Pacific	10,843	9,863
	70,878	**63,617**

5. Non-underlying items

	Half Year to 31 Mar 2025	Half Year to 31 Mar 2024	Full Year to 30 Sep 2024

	31 Mar 2025 (Unaudited)	31 Mar 2024 (Unaudited)	30 Sep 2024 (Audited)
	£'000	£'000	£'000
Profit before tax from continuing operations	2,868	324	4,208
Amortisation of and impairment of acquired intangible assets	1,097	1,074	2,002
Restructuring and other costs	412	649	911
Acquisition costs	426	116	228
Site closure costs	64	425	549
Interest on deferred consideration	184	57	209
Adjusted profit before tax	5,051	2,645	8,107

The restructuring costs in the period ended 31 March 2025 relate to non-recurring costs arising from our manufacturing streamlining activities.

6. Tax expense

Analysis of tax charge in the period

	Half Year to 31 Mar 2025 (Unaudited) £'000	Half Year to 31 Mar 2024 (Unaudited) £'000	Full Year to 30 Sep 2024 (Audited) £'000
Current taxation			
UK Corporation tax	1,368	93	1,963
Overseas tax	(181)	(28)	(212)
Adjustments in respect of prior year tax charge	-	-	107
Total current tax	**1,187**	**65**	**1,858**
Deferred tax			
Origination and reversal of temporary differences	(411)	(272)	(321)
Adjustments in respect of prior years	-	173	(606)
Total deferred tax	**(411)**	**(99)**	**(927)**
Tax expense / (credit) per income statement	**776**	**(34)**	**931**
Tax (credit) / charge on loss from discontinued operations	**-**	**(203)**	(222)

The tax charge for the six months ended 31 March 2025 is based on the estimated effective rate of the tax for the Group for the full year to 30 September 2025. The estimated rate is applied to the profit before tax.
The adjusted effective tax rate on profit from continuing activities is 22.9% (H1 2024: 19.2%).

7. Earnings per share

The calculation of earnings per 20p Ordinary Share is based on the profit for the period using as a divisor the weighted average number of Ordinary Shares in issue during the period. The weighted average number of shares is given below.

	Half Year to 31 Mar 2025 (Unaudited) No.	Half Year to 31 Mar 2024 (Unaudited) No.	Full Year to 30 Sep 2024 (Audited) No.
Number of shares used for basic earnings per share	**25,786,397**	25,786,397	25,786,397
Dilutive shares	**487,379**	330,799	394,682
Number of shares used for dilutive earnings per share	**26,273,776**	26,117,196	26,181,079

A reconciliation of the earnings used in the earnings per share calculation is set out below:

	Half Year to 31 Mar 2025 (Unaudited)		Half Year to 31 Mar 2024 (Unaudited)		Full Year to 30 Sep 2024 (Audited)	
	£'000	**p per share**	£'000	p per share	£'000	p per share
Basic earnings per share from continuing operations	**2,092**	**8.1p**	**156**	**0.7p**	**3,277**	**12.7p**
Adjustments net of income tax expense:						

Adjustments net of income tax expense:						
Amortisation of acquired intangible assets (net of tax)	863	3.3p	850	3.3p	1,540	5.9p
Acquisition costs	410	1.6p	62	0.3p	195	0.8p
Site closure costs	64	0.2p	-	-	658	2.6p
Restructuring costs (net of tax)	331	1.3p	1,013	3.8p	743	2.9p
Unwind of discount on deferred consideration	134	0.5p	57	0.2p	157	0.6p
Total adjustments net of income tax expense	1,802	6.9p	1,982	7.6p	3,293	12.8p
Adjusted basic earnings per share	**3,894**	**15.0p**	**2,138**	**8.3p**	**6,570**	**25.5p**
Basic diluted earnings per share	**2,092**	**8.0p**	**174**	**0.7p**	**3,277**	**12.5p**
Adjusted diluted earnings per share	**3,894**	**14.8p**	**2,138**	**8.2p**	**6,570**	**25.1p**
Basic and diluted loss per share from discontinuing operations	**-**	**-**	**(9,152)**	**(35.5p)**	**(9,654)**	**(37.4p)**

Adjusted earnings per share before amortisation of acquired intangible assets and adjustments has been shown because, in the opinion of the Directors, it more accurately reflects the trading performance of the Group.

8. Dividend

The Directors have declared an interim dividend of 4.9p per share for the half year ended 31 March 2025 (2024: 4.9p).

	Half Year to 31 Mar 2025 (Unaudited) £'000	Half Year to 31 Mar 2024 (Unaudited) £'000	Full Year to 30 Sep 2024 (Audited) £'000
Final 2024 dividend: 8.3p per share (Final 2023 dividend paid in 2024: 8.2p)	**2,140**	2,114	2,114
2024 Interim dividend of 4.9p per share (2023: 4.8p per share)	**-**	-	1,264
	2,140	2,114	3,378

9. Borrowings

	31 March 2025 £000	31 March 2024 £000	30 September 2024 £'000
Current:			
Bank borrowings	**-**	10	10
Leases	**1,881**	913	1,289
	1,881	923	1,299
Non-current:			
Bank borrowings	**29,604**	26,971	22,563
Leases	**9,591**	7,282	8,570
	39,195	34,253	31,133
Total borrowings	**41,076**	35,176	32,432

G&H's primary lending bank is NatWest Bank. The Group's facilities were amended and extended on 1 April 2025 and they now comprise a 55m (£42.6m) dollar revolving credit facility and a 15m (£11.6m) flexible acquisition facility. At 31 March 2025, the balance drawn on the revolving credit facility was 38.4m (£29.6m) (September 2024: 30.4m (£22.7m)) and on the flexible acquisition facility nil (September 2024: nil).

The revolving credit facility is committed until 31 March 2030 and attract an interest rate of between 1.45% and 1.95% above rates specified by the bank dependent upon the Company's leverage ratio, payable on rollover dates.

The Group's banking facilities are secured on certain of its assets including land and buildings, property plant and equipment and inventory.

Maturity profile of bank borrowings

	31 March 2025 £000	31 March 2024 £000	30 September 2024 £'000
Within one year	**-**	10	10
Between one and five years	**29,604**	26,971	26,670
	29,604	26,981	26,680

Maturity profile of lease liabilities

	31 March 2025 £000	31 March 2024 £000	30 September 2024 £'000

Within one year	**2,442**	1,934	1,929
Between two and five years	**7,602**	5,489	7,674
After five years	**3,263**	3,380	2,129
	13,307	10,803	11,732

10. Called up share capital

	31 Mar 2025 No.	30 Sep 2024 No.	31 Mar 2025 £'000	30 Sep 2024 £'000
Allotted, issued and fully paid				
Ordinary share of 20p each	**25,786,397**	25,786,397	**5,159**	5,159

11. Acquisition of subsidiary

Phoenix Optical Technologies Limited

On 30 October 2024, Gooch & Housego PLC acquired the entire issued share capital of Phoenix Optical Technologies Limited ("Phoenix"), a precision-optics company. This acquisition extends G&H's precision optics capabilities in its A&D markets.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	£000
Purchase consideration	
Cash paid	**2,874**
Contingent consideration	**2,244**
Deferred consideration	**150**
Discount on contingent consideration net of deferred tax	**(489)**
Total purchase consideration	**4,779**

Acquisition costs of £313,000 are included within administration expenses in the income statement.

11. Acquisition of subsidiary (continued)

The provisional fair value of the assets and liabilities recognised as a result of the acquisition were as follows:

	Final fair value £000
Cash	**158**
Trade and other receivables	**1,439**
Inventories	**825**
Plant and equipment	**864**
Right of use assets	**1,567**
Current tax liabilities	**(1)**
Lease liabilities	**(1,632)**
Intangible assets - customer relationships	**2,941**
Intangible assets - brand	**531**
Trade and other payables	**(1,477)**
Deferred tax liabilities	**(1,046)**
Add: goodwill	**610**
Net assets acquired	**4,779**

The goodwill is attributable to the workforce and the future profitability of the acquired business. It will not be deductible for tax purposes.

In the event that certain pre-determined EBITDA targets are achieved by Phoenix in the three 12 month periods ended

In the event that certain pre-determined EBITDA targets are achieved by Phoenix in the three 12 month periods ended 30 June 2025, 2026 and 2027, additional consideration of up to £3.35m is payable in cash on or around 31 October 2025, 2026 and 2027 respectively.

The fair value of the remaining contingent consideration of £1,600,000 was estimated by calculating the present value of the future expected cash flows. The estimates are based on a discount rate of 14.3%.

The acquired business contributed revenues of £3m and a net loss before tax of £200,000 to the Group for the period from acquisition to 31 March 2025.

	2025 **£000**
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**2,874**
Less cash acquired	**(158)**
Net outflow of cash - investing activities	**2,716**

12. Post balance sheet events

Global Photonics

On 14 May 2025, Gooch & Housego PLC entered in to an agreement to acquire U.S.based Global Photonics for a total consideration of 17.5 million.

This acquisition significantly extends G&H's presence in the U.S. Aerospace & Defence market and marks an important step towards replicating the success of the Group's optical systems hub in the UK by establishing a full optical systems engineering and manufacturing capability in the United States. Global Photonics, which is based near Tampa, Florida, supplies optical systems for military land applications, including periscopes and fire-control systems, as well as instrumentation for air platforms and other advanced precision optics. Its expertise in cleanroom lithography, photolithographic reticle fabrication, ion beam etching and advanced thin film coatings will complement G&H's existing manufacturing capabilities and enhance the Group's offering into the North American market.

The consideration comprises cash consideration of 8.75 million, funded from existing resources, together with 8.75 million of new G&H shares to be satisfied by the issue of new G&H ordinary shares.

In its financial year ended 31 December 2024, Global Photonics' revenue was c. 11.1 million and its adjusted EBITDA was c. 1.8 million. As at the end of December 2024 Global Photonics had gross assets of c 4.1 million.

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