

STRATEGIC REPORT

The directors present their strategic report for the year ended 31st December 2022.

PRINCIPAL ACTIVITY, REVIEW OF OPERATIONS AND FUTURE DEVELOPMENTS

The principal activity of the company is the manufacture and sale of commercial grass care machinery.

The company's key financial and other performance indicators during the year were as follows:

	2022	2021
	£'000	£'000
Turnover	97,499	66,624
Operating profit	5,277	1,835
Profit for the financial year	3,892	1,204
Total equity	67,748	61,219
Current assets as % of current liabilities ("quick ratio")	222%	226%
Average number of employees	379	326
Research and development expenditure	566	985

Turnover increased by 46.3% to £97.5 million, as the recovery from the pandemic continued and further benefits of the relocation of Jacobsen turf equipment manufacture from the United States came through. Gross profit increased by £6.6 million as volumes improved, offset partly by higher distribution costs £0.9 million, higher operating expenses £2.3 million and lower other operating income £0.1m from reduced furlough grants.

The company's 'quick ratio' worsened slightly mainly due to higher creditor levels. Employment levels rose on average by 16% as volumes continued to recover and additional product lines were relocated from the United States. Research and development expenditure remained at high levels as the company remains committed to developing and introducing high quality turf equipment and vehicles, delivering superior performance for our customers.

Future strategy remains to build our brands, introduce new products including all electric models and to continue to win market share in order to become the premier supplier of high-quality turf maintenance equipment.

PRINCIPAL RISKS AND UNCERTAINTIES

The principal risks and uncertainties facing the company are competitive, foreign exchange exposures, economic conditions in major markets and the recovery from the pandemic. The commercial turf equipment business operates in a mature market with well-established global competitors. Forward foreign currency contracts are used to reduce exposures to foreign exchange rates. Credit risks are managed within frequently reviewed limits and dealer agreements. All funding is provided from a group cash pool system, which is unconditionally guaranteed by the ultimate parent company, Textron Incorporated. Interest rate risk is therefore mainly managed at group level with interest bearing bank accounts in a net liability position at year end.

SECTION 172(1) STATEMENT

During the year the directors have acted in a way that they considered, in good faith, to be most likely to promote the long-term success of the company. Regular strategic reviews are held with representatives of the one main shareholder and the company's employees are frequently surveyed, briefed on performance and engaged through various formal and informal channels such as trade unions, management briefings and departmental communications. The directors also had regard to maintaining high standards of business conduct, operational impacts on the community and environment, the need to build strong enduring business relationships with suppliers, customers utilising dedicated channel managers and others and to assess the consequences of any decision in the long term. Annual dealer meetings, regular in-depth reviews with both dealers and suppliers using scorecard data and fortnightly full management meetings provide strong continuous oversight.

RANSOMES JACOBSEN LIMITED

English Company Registration No. 01070731

STRATEGIC REPORT Continued


SECTION 172(1) STATEMENT Continued

The directors review strategy and operational performance as well as legal and regulatory compliance. As the benefit of the relocation of additional mower product lines to the company from a fellow subsidiary undertaking in the United States came through, the directors continued to increase employment numbers and maintained the development schedule of all electric models. As a result of these activities, the directors have an overview of engagement with all stakeholders, and other relevant factors, which enables the directors to comply with their legal duty under section 172 of the Companies Act 2006.

COVID-19

Manufacturing capacity remained partially constrained by supplier lead times. Material availability and pricing are being closely monitored, with appropriate actions being taken where necessary. The overall financial position of the company and wider group remains sound.

On behalf of the Board



S R Rainger
Director

Date 28/9/23