

## **STRATEGIC REPORT**

The directors present their strategic report for the year ended 31st December 2023.

### **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:

	<b>2023</b>	<b>2022</b>
	<b>£'000</b>	<b>£'000</b>
Turnover	148,642	97,499
Operating profit	20,835	5,277
Profit for the financial year	15,701	3,892
Total equity	90,058	67,748
Current assets as % of current liabilities ("quick ratio")	194%	222%
Average number of employees	438	379
Research and development expenditure	1,062	566

Turnover increased by 52.5% to £148.6 million, as further benefits of the relocation of Jacobsen turf equipment manufacture from the United States came through together with higher vehicles sales. Gross profit increased by £17.4 million as volumes improved, offset partly by higher distribution costs £0.2 million and higher operating expenses £1.6 million.

The company's 'quick ratio' worsened mainly due to higher creditor levels. Employment levels rose on average by 16% as volumes continued to increase. 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 and economic conditions in major markets. 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.

### **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.

**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 the development of new all electric models. Principal decisions taken in the year were to strengthen the global dealer network, invest in new plant and machinery and proceed with further all electric models to the benefit of all stakeholders. 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.

On behalf of the Board



S R Rainger  
Director

Date 29TH JANUARY 2025