

REGISTERED NUMBER: 00309779 (England and Wales)

**Group Strategic Report,
Report of the Directors and
Consolidated Financial Statements
for the Year Ended
31 December 2022
for
Interface Europe Limited**

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for the Year Ended 31 December 2022**

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Interface Europe Limited

**Company Information
for the Year Ended 31 December 2022**

DIRECTORS:

N W Stansfield
A H Van Keken
Ms D S Verschuur

REGISTERED OFFICE:

10th Floor
The Colmore Building
20 Colmore Circus, Queensway
Birmingham
B4 6AT

REGISTERED NUMBER:

00309779 (England and Wales)

AUDITORS:

BDO LLP
Central Square
29 Wellington Street
Leeds
LS1 4DL

**Group Strategic Report
for the Year Ended 31 December 2022**

The directors present their strategic report of the company and the group for the year ended 31 December 2022.

The year end 2022 refers to the period from 3 January 2022 to 1 January 2023. The comparative year end refers to the period 4 January 2021 to 2 January 2022.

PRINCIPAL ACTIVITY

The company's principal activity in the year continues to be the toll manufacture and distribution of interior floor coverings in the UK, Ireland and the Middle East.

As the first and only flooring manufacturer to achieve third-party Carbon Neutral Enterprise certification, Interface neutralized its carbon impact across its entire business, including all operations and its full value chain. The Carbon Neutral Enterprise certification builds on our history as a purpose-driven flooring company and sets the stage for our future, guiding everything we do.

REVIEW OF BUSINESS

The Income statement is set out on page 13 and shows turnover for the year of £60,601,000 (2021 - £55,363,000) and a profit after taxation for the year of £3,550,000 (2021 - £3,477,000). The corporation tax charge over 2022 was £172,000 (2021 - £1,192,000).

Total group turnover increased by 9.5% in comparison to the previous year. Trading conditions weakened across all markets, overall gross profit as a percentage of sales decreased from 26.3% to 20.2%. Manufacturing costs remain subject to stringent scrutiny and have been reduced wherever possible. Selling, distribution and administrative expenses have decreased by 3.9% on the comparative year and have decreased as a percentage of turnover from 21.7% to 19%. Overall the contribution of the business to operating profit has decreased by £857,000.

The group and company are also committed to providing a safe environment to all employees. Reported accidents, those involving three or more days absence from work, for the UK and Ireland business were 3 in 2022 (2021 - 1). The incidence rate for all accidents, those involving an injury requiring either time off work or first aid treatment, was 1.3 per 200,000 hours worked (2021 - 2.8).

GOING CONCERN

In 2022 Covid-19 has had little impact on the business compared to prior two years. Nevertheless, 2022 was another eventful year. The Interface group has been working on minimizing the impact of the global raw material cost increase, impact of Russia's invasion on Ukraine in February 2022 on energy and transport pricing.

On February 24th, 2022, Russia invaded Ukraine. Several countries declared sanctions against Russia. As a result of these sanctions, trading with Russia, Belarus and Ukraine is affected and prices for several raw materials and transport increase.

The worldwide crisis impacts many companies, also the Interface group that Interface Europe Ltd is part of. As a result of the Russian invasion in Ukraine, the revenue, margins and result for 2022 have been slightly under pressure. This is mainly due to increases in pricing for energy, some raw materials and freight costs.

The Interface group will continue to keep acting to minimize impact of the Russian invasion in Ukraine on its business where possible. The Interface global group has a strong financial position and Group management is optimistic it will navigate the Interface group through these challenging times.

Market developments are very hard to predict in the current environment: impact differs widely per country and changes over time. In response to the increased pricing of raw materials and energy, the company introduced an energy surcharge halfway through 2022.

**Group Strategic Report
for the Year Ended 31 December 2022**

GOING CONCERN - CONTINUED

Despite the continued disruption of the global economy due to the Russian invasion in Ukraine, and the significant level of uncertainty created by the raw material crises, we showed that the impact of the Russian invasion in Ukraine doesn't have a material adverse effect on the financial condition or liquidity of Interface Europe Ltd. in 2022. We believe that this also holds true for 2023. Therefore, we continue to believe that the accounting principles can be maintained on a going concern base. The principles of valuation and determination of results used in these financial statements are therefore based on the assumptions of continuity of the company.

PRINCIPAL RISKS AND UNCERTAINTIES

The European group analyses and controls its risks by dividing them into categories (strategic, operational, financial and compliance). Control measures are defined for each identified risk. Interface has defined sufficient measures for the majority of its identified risks and uncertainties.

Strategic

The aim of the Interface Inc. group is overall growth of our primary service, which is offering our clients a total solution when it comes to interior design.

A significant proportion of the company's business is in the corporate office sector, which is very sensitive to economic and political developments. The performance of this sector remains an important factor in the performance of the company. The company seeks to manage this risk by continuing the development of other business sectors, such as hospitality, education, healthcare, and government. After becoming climate neutral and eliminating any negative impact the Interface Inc. group has on the environment the current mission is Climate Take Back, the Interface commitment to run our business in a way that creates a climate fit for life by not only achieving zero emissions, but actually positively contributing to climate change. Through this mission, the Interface Inc. group aims to retain its position as one of the most sustainable companies in the world and encourages others to follow its example.

Our strategic risk appetite is defined to be low to medium, as we currently have a stable core business. New strategic initiatives are carefully evaluated as to whether or not they actually will add value to our global strategy.

Operational

We have implemented strict operational procedures with regards to quality and safety. These are monitored continuously to assure premium quality products for our customers and a safe working environment for all staff.

To mitigate the risk that the market might not accept a certain product style, we are continuously evaluating and updating our concepts, designs and are renewing our product portfolio. This way we can offer our customers fresh new designs alongside our "best sellers".

To assure continuity in our production and IT environment, disaster and recovery plans and related procedures are in place.

Our operational risk appetite is defined to be low, as we like to avoid product complaints from our customers and mitigate any associated reputational risk.

In terms of the health and safety of our employees, we adopt a zero risk strategy, as our employees are the most important assets of the company.

**Group Strategic Report
for the Year Ended 31 December 2022**

PRINCIPAL RISKS AND UNCERTAINTIES (CONTINUED)

Financial

There are significant sales markets that are settled in US Dollars and Euros exposing the company to currency risks in these areas. This is monitored on a regular basis within the company and the co-ordinated treasury management across the European subsidiaries of Interface, Inc. reduces the impact of currency exposure.

For each country and sales centre, the European group develop a separate pricing strategy which has a strategic fit with the local market. Changes in pricing and or margin strategies are discussed and evaluated within the Pricing Committee.

The main financial risks arising from the group's and company's activities are credit risk and liquidity risk. These are monitored by the board of directors and were not considered to be significant at the statement of financial position date.

The company's credit risk is primarily attributable to its trade debtors. Credit risk is managed by running credit checks on new and existing customers and by monitoring payments against contractual agreements.

Liquidity risk is managed through a co-ordinated approach, across the European subsidiaries of Interface Inc., through a mixture of long and short term debt finance and readily accessible bank deposit accounts to ensure that the group and company have sufficient funds for operations. The cash deposits are held in a mixture of short term deposits and current accounts which earn interest at a floating rate. Debt is maintained at fixed and floating interest rates.

Compliance

As a company we are aiming for full compliance with local laws and regulation. Newly hired staff are required to sign a code of conduct. With regards to production, health, safety, HR and other topics we have implemented procedures which enable us to operate in line with high industry standards

SECTION 172(1) STATEMENT

Section 172(1) statement Section 172 of the Companies Act 2006 (the "Act") requires a director of a company to act in the way he or she considers, in good faith, would most likely promote the success of the company for the benefit of its members as a whole. In doing so, section 172(1)(a)-(f) of the Act requires directors to have regard to certain stakeholders and matters (amongst other matters). The company engages with its stakeholders, when appropriate, and has processes in place to capture and consider stakeholders' insights and views. In performing their section 172 duties, the directors take into account this stakeholders' feedback, the section 172 matters as well as other factors they consider relevant to their board discussions and decision-making. In light of the disclosure requirements of Section 172(1) of the Act, set out below are further details on how the directors have had regard to the matters and stakeholders set out in section 172(1) during this financial year:

LIKELY CONSEQUENCES OF ANY DECISIONS IN THE LONG TERM

Interface Europe Limited is ultimately owned and managed by Interface Inc, based in Atlanta Georgia. They are primarily responsible for guiding the long term direction of the business and are involved in all strategic decisions. No long term decision is made without their involvement and consent. Any decisions taken will be to promote the companies long term mission which is to become climate neutral.

ENGAGEMENT WITH EMPLOYEES

The company places a premium on maintaining an expert and qualified employee base in order to provide innovative products and specialized technical service to its customers. As such, the company takes active steps to offering ongoing training programs, both online and academic to enable employees to build on their skills and capabilities. Internal communications are also designed to ensure that employees are informed of performance and strategy along with regular individual performance reviews. These include regular presentations and meetings with Q&A sessions and townhall meetings with a wide spectrum of colleagues in attendance. In addition, employees may report issues through the whistleblowing hotlines operated by Interface Inc. which may be discussed among the company's directors when appropriate. The integrity of this process is an important part of the governance arrangements of the company and the company group.

**Group Strategic Report
for the Year Ended 31 December 2022**

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHER KEY STAKEHOLDERS

Fostering positive and strong business relationships with key stakeholders, such as customers and suppliers, is critical to the creation of sustainable long-term value. As a result of the group's decentralised model, engagement with customers and suppliers is a matter that is largely delegated to the management teams of each business, who know their businesses best. As such, the directors support the management teams to manage those customer and supplier relationships. In addition, as part of its innovation and product development process, the company has multiple interactions with various partners in a number of jurisdictions around the world to develop commercially viable, environmentally friendly solutions for its customers. The company is also committed to engaging with its shareholder, being Interface Inc., its ultimate parent entity. The directors meet or communicate on a regular basis with Interface senior management, so feedback can be received, and any issues or questions raised can be properly considered.

Impact on the community and the environment

In addition to understanding and having regard to the interests of its stakeholders, the company is committed to reducing the impact of its operations on the community and the environment. Interface Inc., the company's ultimate parent entity, plays a constructive role in promoting the protection and enhancement of the environment as it encourages companies within its group to innovate and invest in new technologies to solve environmental challenges. The company's directors are aligned with this strategy and understand that it is both socially responsible and commercially compelling to develop sustainable solutions that meet or exceed the increasingly stringent environmental standards of the company's customers and regulators. As such, their decision-making is geared towards developing commercially viable, environmentally friendly solutions for the customers of the company and the company group in general.

Maintaining a reputation for high standards of business conduct

The company operates in end-markets characterised by long term relationships between stakeholders. Maintaining a strong reputation for high standards of business conduct is vital and Interface Inc, the company's ultimate parent entity, expects all entities within its group and members of the supply chain to act with integrity, acting openly, honestly and ethically. Interface inc maintains effective oversight with respect to business conduct. Integrity is underpinned with global corporate policies in relation to bribery and corruption, data protection, equality, diversity and inclusion, modern slavery, fraud and whistleblowing, each of which is reinforced through appropriate training. In addition to the group's core values, all employees must comply with these requirements and when taken together with the group's corporate responsibility commitments, they provide the framework within which the group, including the company, operates both internally and in its markets. Suppliers and contractors are also expected to behave in a consistent, responsible manner.

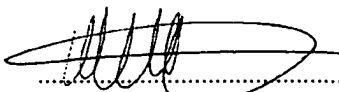
Acting fairly between members

As a wholly owned subsidiary, the directors do not consider the factor set out in section 172(1)(f) (need to act fairly between the members of the company) relevant to the proper discharge of their duty under section 172 of the Act.

KEY PERFORMANCE INDICATORS

The directors closely monitor the group's sales, margin and operating costs, managing business investment in accordance with market conditions. Commentary on these indicators is detailed above.

ON BEHALF OF THE BOARD:


.....
Ms D S Verschuur - Director

Date: 28th March 2024

**Report of the Directors
for the Year Ended 31 December 2022**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2022.

DIVIDENDS

Dividends were distributed for the year ended 31 December 2022 of £50,000,000 (2021: Nil)

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2022 to the date of this report.

N W Stansfield
A H Van Keken
Ms D S Verschuur

GOING CONCERN

Narrative in respect of the going concern assumption is included in the Strategic report and Accounting policies to these financial statements.

EMPLOYEES

In accordance with the group's Equal Opportunities and Dignity at Work Policy any person with a disability will be afforded equal employment, training and promotion opportunities. In accordance with this policy all reasonable steps will be taken to support the continuation of the employment of anyone who has a disability or who becomes disabled in the course of their employment.

Information to employees regarding the group and factors affecting its performance are provided through normal management channels and regular consultation.

STREAMLINED ENERGY AND CARBON REPORTING

In Accordance with the Streamlined Energy and Carbon ("SECR") reporting requirements, the directors report on the group's energy usage and greenhouse gas emissions for the Year ended 31 December 2022.

In accordance with the requirements, energy usage figures reflect the group's electricity and gas usage during the Year at Craigavon, the factory, and our Warehouse and office facilities in Birmingham and Halifax.

Emissions have been calculated using conversion factors available from public information sources.

Total green electricity	1,471,810 (2021: 1,627,978)	kWh
Total non-green electricity	253,566 (2021: 180,730)	kWh
Total Gas	232,898 (2021: 236,235)	kWh
Total Co2 emissions	92 (2021:94)	Tonnes
Intensity ratio	1.48t (2021: 1.71t)	Co2 per £m of turnover

During 2022 The Group has undertaken the following programs to reduce carbon emissions and the use of energy:

1. Investigation into more efficient running of the air source heat pump in the factory
2. Grid duck metering has been installed enabling a better understanding of where energy is used, with a view to reducing energy usage
3. Business case for solar PV for Craigavon has been submitted
4. Move to electric or hybrid vehicles.
5. Investigating alternatives to gas heating in the warehouse
6. Education programme to be rolled out in 2023
7. ESOS report due in 2023 - recommendations to be evaluated

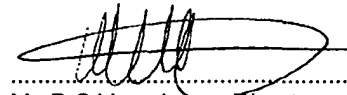
Interface Europe Limited (Registered number: 00309779)

**Report of the Directors
for the Year Ended 31 December 2022**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

ON BEHALF OF THE BOARD:


.....
Ms D S Verschuur - Director

Date: 28th March 2024.....

**Statement of Directors' Responsibilities
for the Year Ended 31 December 2022**

The directors are responsible for preparing the Group Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF INTERFACE EUROPE LIMITED

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Interface Europe Limited ("the Parent Company") and its subsidiaries ("the Group") for the year ended 31 December 2022 which comprise the Consolidated Income Statement, the Consolidated Other Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Group and the Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group or Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Report of the Directors, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other

information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and the Parent Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on our understanding of the Group and the sector in which it operates, discussion with management and those charged with governance, and obtaining an understanding of the Group's policies and procedures regarding compliance with laws and regulations, we identified the principal risks of non-compliance with laws and regulations to be in respect of the reporting framework (FRS 102), UK tax legislation and the UK Companies Act 2006 and we considered the extent to which non-compliance might have a direct impact and material effect on the Group's financial statements or its continued operation.

Our procedures in respect of the above included:

- Discussions with management including those charged with governance, inquiring specifically as to whether there were any known or suspected instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of expenditure accounts to understand the nature of costs incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Based on our risk assessment, we considered the areas most susceptible to fraud to be revenue recognition, with regards to cut-off, manual revenue journals and management override of controls.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, to supporting documentation;
- Challenging assumptions made by management in their significant accounting estimates and judgements, in particular in respect of the defined benefit pension scheme.
- Testing a sample of credit notes around the year end and post year end and considering whether revenue was recorded appropriately; and
- Testing a sample of sales invoices recorded around the year end date by reference to underlying documentation as to whether revenue had been recorded in the correct accounting period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members who were all deemed to have appropriate competence and capabilities and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.


Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at:

<https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Parent Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Parent Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Parent Company and the Parent Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

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Graham Driver (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Leeds, UK

Date: 29 March 2024

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Interface Europe Limited (Registered number: 00309779)

**Consolidated Income Statement
for the Year Ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
TURNOVER	4	60,601	55,363
Cost of sales		(48,385)	(40,822)
GROSS PROFIT		12,216	14,541
Selling and distribution expenses		(7,935)	(6,349)
Administrative expenses		(3,592)	(5,642)
		689	2,550
Other operating income		1,072	68
OPERATING PROFIT	7	1,761	2,618
Interest receivable and similar income	8	1,961	2,078
		3,722	4,696
Interest payable and similar expenses	9	-	(1)
Other finance costs	22	-	(26)
PROFIT BEFORE TAXATION		3,722	4,669
Tax on profit	10	(172)	(1,192)
PROFIT FOR THE FINANCIAL YEAR		3,550	3,477
Profit attributable to: Owners of the parent		3,550	3,477

The notes on pages 20 to 39 form part of these financial statements

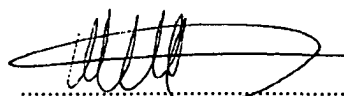
**Consolidated Other Comprehensive Income
for the Year Ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
PROFIT FOR THE YEAR		3,550	3,477
OTHER COMPREHENSIVE INCOME			
Actuarial gains		12,208	9,371
Deferred tax effect of actuarial movements		(4,273)	(2,343)
Deferred tax effect of non actuarial movements		(580)	(1,085)
Current tax in relation to pension contributions in the year		558	551
Currency translation differences on foreign currency net investments		87	(97)
		<hr/>	<hr/>
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		8,000	6,397
		<hr/>	<hr/>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		11,550	9,874
		<hr/>	<hr/>
Total comprehensive income attributable to: Owners of the parent		11,550	9,874
		<hr/>	<hr/>

Consolidated Statement of Financial Position
31 December 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	13	-	-
Tangible assets	14	3,890	4,494
Investments	15	-	-
		<u>3,890</u>	<u>4,494</u>
CURRENT ASSETS			
Stocks	16	252	99
Debtors: amounts falling due within one year	17	25,520	69,750
Cash at bank		589	651
		<u>26,361</u>	<u>70,500</u>
CREDITORS			
Amounts falling due within one year	18	(11,111)	(8,258)
NET CURRENT ASSETS		<u>15,250</u>	<u>62,242</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		19,140	66,736
PROVISIONS FOR LIABILITIES	20	(363)	(495)
PENSION ASSET	22	14,288	5,274
NET ASSETS		<u>33,065</u>	<u>71,515</u>
CAPITAL AND RESERVES			
Called up share capital	21	21,442	34,166
Share premium		-	5,276
Retained earnings		11,623	32,073
		<u>33,065</u>	<u>71,515</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28-03-2024 and were signed on its behalf by:

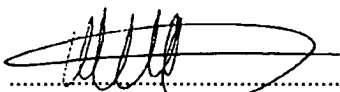


 Ms D S Verschuur - Director

Company Statement of Financial Position
31 December 2022

	Notes	2022 £'000	2021 £'000
FIXED ASSETS			
Intangible assets	13	-	-
Tangible assets	14	658	724
Investments	15	19,971	19,971
		<u>20,629</u>	<u>20,695</u>
CURRENT ASSETS			
Stocks	16	243	94
Debtors: amounts falling due within one year	17	17,174	65,635
Cash at bank		589	650
		<u>18,006</u>	<u>66,379</u>
CREDITORS			
Amounts falling due within one year	18	(22,639)	(22,702)
NET CURRENT (LIABILITIES)/ASSETS		<u>(4,633)</u>	<u>43,677</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		15,996	64,372
PROVISIONS FOR LIABILITIES	20	(3)	(19)
PENSION ASSET	22	14,288	5,274
NET ASSETS		<u>30,281</u>	<u>69,627</u>
CAPITAL AND RESERVES			
Called up share capital	21	21,442	34,166
Share premium		-	5,276
Retained earnings		8,839	30,185
		<u>30,281</u>	<u>69,627</u>
Company's profit for the financial year		<u>2,741</u>	<u>10,756</u>

The financial statements were approved by the Board of Directors and authorised for issue on 28-03-2024 and were signed on its behalf by:


.....
Ms D S Verschuur - Director

**Consolidated Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2021	34,166	22,199	5,276	61,641
Changes in equity				
Total comprehensive income	-	9,874	-	9,874
Balance at 31 December 2021	<u>34,166</u>	<u>32,073</u>	<u>5,276</u>	<u>71,515</u>
Changes in equity				
Reduction in share capital	(12,724)	18,000	(5,276)	-
Dividends	-	(50,000)	-	(50,000)
Total comprehensive income	-	11,550	-	11,550
Balance at 31 December 2022	<u>21,442</u>	<u>11,623</u>	<u>-</u>	<u>33,065</u>

**Company Statement of Changes in Equity
for the Year Ended 31 December 2022**

	Called up share capital £'000	Retained earnings £'000	Share premium £'000	Total equity £'000
Balance at 1 January 2021	34,166	12,934	5,276	52,376
Changes in equity				
Total comprehensive income	-	17,251	-	17,251
Balance at 31 December 2021	34,166	30,185	5,276	69,627
Changes in equity				
Reduction in share capital	(12,724)	18,000	(5,276)	-
Dividends	-	(50,000)	-	(50,000)
Total comprehensive income	-	10,654	-	10,654
Balance at 31 December 2022	21,442	8,839	-	30,281

**Consolidated Statement of Cash Flows
for the Year Ended 31 December 2022**

	Notes	2022 £'000	2021 £'000
Cash flows from operating activities			
Cash generated from operations	27	1,170	1,017
Interest paid		-	(1)
Tax paid		(923)	(539)
Net cash from operating activities		<u>247</u>	<u>477</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		(315)	(436)
Interest received		6	-
Net cash from investing activities		<u>(309)</u>	<u>(436)</u>
(Decrease)/increase in cash and cash equivalents		<u>(62)</u>	<u>41</u>
Cash and cash equivalents at beginning of year	28	651	610
Cash and cash equivalents at end of year	28	<u><u>589</u></u>	<u><u>651</u></u>

**Notes to the Consolidated Financial Statements
for the Year Ended 31 December 2022**

1. GENERAL INFORMATION

Interface Europe Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the General Information page.

The financial statements are prepared in sterling which is the functional currency of the group.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements of Interface Europe Ltd have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland" ("FRS 102") and the Companies Act 2006.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires Group management to exercise judgement in applying the Group's accounting policies (note 3).

3. ACCOUNTING POLICIES

Basis of preparing the financial statements and going concern

In 2022 Covid-19 has had little impact on the business compared to prior two years. Nevertheless, 2022 was another eventful year. The Interface group has been working on minimizing the impact of the global raw material cost increase, impact of Russia's invasion on Ukraine in February 2022 on energy and transport pricing.

On February 24th, 2022, Russia invaded Ukraine. Several countries declared sanctions against Russia. As a result of these sanctions, trading with Russia, Belarus and Ukraine is affected and prices for several raw materials and transport increase.

The worldwide crisis impacts many companies, also the Interface group that Interface Europe Ltd is part of. As a result of the Russian invasion in Ukraine, the revenue, margins and result for 2022 have been slightly under pressure. This is mainly due to increases in pricing for energy, some raw materials and freight costs.

The Interface group will continue to keep acting to minimize impact of the Russian invasion in Ukraine on its business where possible. The Interface global group has a strong financial position and Group management is optimistic it will navigate the Interface group through these challenging times.

Market developments are very hard to predict in the current environment: impact differs widely per country and changes over time. In response to the increased pricing of raw materials and energy, the company introduced an energy surcharge halfway through 2022.

Despite the continued disruption of the global economy due to the Russian invasion in Ukraine, and the significant level of uncertainty created by the raw material crises, we showed that the impact of the Russian invasion in Ukraine doesn't have a material adverse effect on the financial condition or liquidity of Interface Europe Ltd. in 2022. We believe that this also holds true for 2023. Therefore, we continue to believe that the accounting principles can be maintained on a going concern base. The principles of valuation and determination of results used in these financial statements are therefore based on the assumptions of continuity of the company.

The financial statements are prepared on a going concern basis under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 required the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

Basis of preparing the financial statements and going concern (continued)

The year end 2022 refers to the year from 3 January 2022 to 1 January 2023. The comparative year end refers to the period 4 January 2021 to 2 January 2022.

Basis of consolidation

The group consolidated financial statements include the financial statements of the company and all of its subsidiary undertakings. No income statement is presented for Interface Europe Ltd as permitted by section 408 of the Companies

A subsidiary is an undertaking controlled by the group. Control is the power to govern financial and operating policies of an entity so as to obtain benefit from its activities.

Any subsidiary undertakings sold or acquired during the year are included up to, or from, the dates of change of control.

All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Related party exemption

The company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 "The Financial Reporting Standard applicable in UK and Republic of Ireland", not to disclose related party transactions with wholly owned companies within the group.

Transactions between group entities which have been eliminated on consolidation are not disclosed within the financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax. Turnover is recognised when the risks and rewards of owning the goods have passed to the customer, which is generally on delivery.

Profit is recognised on supply and fit contracts if the final outcome can be assessed with reasonable certainty, by including, in the income statement, turnover and related costs as contract activity progresses. Turnover is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. It is capitalised and amortised through the income statement over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition; and
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Intangible assets

Patents and trademarks are stated at cost less depreciation. Goodwill, patents and trademarks are amortised on a straight line basis for a period not exceeding twenty years which the directors consider to be their useful economic life.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value of each asset on a straight line basis over its expected useful life, at the following rates:

Leasehold improvements -	over the period of the lease
Plant, machinery, and motor vehicles -	8.33% - 33.33% per annum
Fixtures, fittings and equipment -	10% - 50% per annum

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued

Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to sell, which is equivalent to the net realisable value. Cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Cost is calculated using the FIFO (first-in, first-out) method. Provision is made for obsolete, slow-moving or defective items where appropriate.

Work in progress

Work in progress represents accrued income on supply and fit contracts, where the final outcome can be assessed with reasonable certainty. Work in progress is calculated by reference to the value of work performed to date as a proportion of the total contract value.

Taxation

Current tax, including UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the group's taxable profits and its results as stated in the financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to the reversal of the timing difference.

Where items recognised in other comprehensive income or equity are chargeable to or deductible for tax purposes, the resulting current or deferred tax expense or income is presented in the same component of comprehensive income or equity as the transaction or other event resulted in the tax expense or income.

Deferred tax assets and liabilities are offset only if: (a) the company has a legally enforceable right to set off current tax assets against current liabilities; and (b) the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Provisions

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation. Provisions are charged as an expense to the statement of comprehensive income in the year that the company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties. When payments are eventually made, they are charged to the provision carried in the statement of financial position.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the statement of financial position date. Exchange differences arising from the retranslation of the opening net investment in overseas subsidiary undertakings at the year end rate are taken directly to reserves. All other differences are taken to the income statement.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

3. ACCOUNTING POLICIES - continued

Sale and leasebacks

Sale and leasebacks, by means of an operating lease, are accounted for in the same manner as a standard operating lease. On sale the asset is removed and the profit deferred over the lease term.

Operating lease rentals

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such basis. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term.

Onerous leases

Where the unavoidable costs of a lease exceed the economic benefit expected to be received from it, a provision is made for the present value of the obligations under the lease.

Pension costs

The pension costs for defined contribution schemes are the contributions payable in the year.

For defined benefit schemes, pension scheme assets are measured using bid prices, and pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus / deficit is split between operating charges, finance items, and, in the statement of comprehensive income, actuarial gains and losses. The deferred tax charge on the scheme surplus is calculated at 35% which is the prevailing rate of tax in which an authorised surplus payment would attract. A tax credit is received on contributions made into the defined benefit scheme and recorded in other comprehensive income. This is at the current rate of corporation tax in the year the contributions are made.

Share-based payments

Where restricted share awards are granted to employees they vest with respect to each recipient over a three year period from the grant date, provided the individual remains in the employment or service of the Company as of the vesting date. Additionally, these shares (or a portion thereof) could vest earlier upon the attainment of certain performance criteria, in the event of a change in control of the company, or upon involuntary termination without cause. The expense in relation to these awards is calculated by reference to the market value of the shares at the date of the grant, and recognised over the vesting period.

Financial instruments

Financial assets and financial liabilities are recognised when the group becomes a party to the contractual provisions of the instrument.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

All financial assets and liabilities are initially measured at transaction price (including transaction costs), except for those financial assets classified as at fair value through profit and loss, which are initially measured at fair value (which is normally the transaction price excluding transaction costs), unless the arrangement constitutes a financing transaction. If an arrangement constitutes a financing transaction, the financial asset or financial liability is measured at the present value of the future payments discounted at a market rate of interest for a similar debt instrument.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

**3. ACCOUNTING POLICIES - continued
Financial instruments (continued)**

The following assets and liabilities are classified as basic financial instruments - other investments, trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, accruals, bank loans and other loans.

Other investments, trade debtors, other debtors, cash and bank balances, trade creditors, other creditors, accruals and other loans are measured at the amortised cost equivalent to the undiscounted amount of cash or other consideration expected to be paid or received.

Bank loans are initially measured at the present value of future payments, discounted at market rate of interest and subsequently measured at amortised cost using the effective rate of interest.

Impairment of assets

Assets, other than those measured at fair value, are assessed for indicators of impairment at each balance sheet date. If there is objective evidence of impairment, an impairment loss is recognised in profit and loss as described below.

Non financial assets

An asset is impaired when there is objective evidence that, as a result of one or more events that occurred after initial recognition, the estimated recoverable value of the asset has been reduced. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Financial assets

For financial assets carried at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate of the amount that would be received for the asset if it were sold at the reporting date.

Where indicators exist for a decrease in impairment loss, and the decrease can be related objectively to an event occurring after the impairment was recognised, the prior impairment loss is tested to determine reversal. An impairment loss is reversed on an individual impaired financial asset to the extent that the revised recoverable value does not lead to a revised carrying amount higher than the carrying value had the impairment loss not been recognised.

Critical accounting judgements and sources of estimation uncertainty

In the application of the group's accounting policies, management is required to make judgements, estimates and assumptions about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The critical judgements that the directors have made in applying the group's accounting policies and the key sources of estimation uncertainty that have had the most significant effect on the amounts recognised in the financial statements are described below:

Impairment of investments

The group considers whether investments are impaired. Where indication of impairment is identified the estimation of the recoverable amount requires estimation of the future cash flows from the cash generating units and a selection of appropriate discount rates in order to calculate the net present value of those future cash flows.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

3. ACCOUNTING POLICIES - continued

Critical accounting judgements and sources of estimation uncertainty (continued)

Recoverability of intercompany receivables

The directors consider the intercompany receivables to be recoverable, based on the continued support as provided by the wider Interface Inc. group.

Useful economic lives of tangible assets

The annual depreciation charge for tangible assets is sensitive to changes in the estimated useful economic lives and residual values of the assets. The useful economic lives and residual values are re-assessed annually. They are amended when necessary to reflect current estimates, based on technological advancement, future investments, economic utilisation and the physical condition of the assets.

Retirement benefit obligations

The group operates defined benefit schemes. Asset valuations are based on the fair value of assets. The valuation of liabilities of the schemes are based on statistical and actuarial calculations, using various assumptions including discount rates, future salary and pension increases, life expectancy of scheme members and cash commutations. The actuarial assumptions may differ materially from actual experience due to changes in economic and market conditions, variations in actual mortality, higher or lower cash withdrawal rates and other changes in factors assessed. Any of these differences could impact the assets and liabilities recognised in the balance sheet in future periods.

4. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the group.

An analysis of turnover by class of business is given below:

	2022	2021
	£'000	£'000
Interior floor coverings	46,619	42,242
Toll manufacture	8,764	7,988
Provision of admin services	5,218	5,133
	<u>60,601</u>	<u>55,363</u>

An analysis of turnover by geographical market is given below:

	2022	2021
	£'000	£'000
United Kingdom	33,384	30,518
Europe	19,888	19,303
Asia	86	264
Other	7,243	5,278
	<u>60,601</u>	<u>55,363</u>

Substantially all of the group's turnover, profits and net assets arise from UK operations.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

5. EMPLOYEES AND DIRECTORS

Staff costs (including directors) consist of:

	Group 2022 £'000	Group 2021 £'000
Wages and salaries	11,249	10,765
Social security costs	1,273	1,253
Other pension costs	1,045	937
	<u>13,567</u>	<u>12,955</u>

The average number of employees (including directors) during the year was as follows:

	Group 2022 Number	Group 2021 Number
Sales, marketing and distribution	61	52
Direct production	107	103
Administration	43	46
Management	21	32
	<u>232</u>	<u>233</u>

6. DIRECTORS' EMOLUMENTS

	2022 £'000	2021 £'000
Fees and remuneration	586	796
Amounts receivable under long term incentive schemes	118	-
Payments to defined contribution pension schemes	-	-
	<u>-</u>	<u>-</u>

One director (2021: one) received payments through the group payroll.

One director (2021: one) was a member of a defined contribution scheme.

One director (2021: nil) received shares under a long term incentive schemes.

Highest paid director

The highest paid director emoluments consist of:

	2022 £'000	2021 £'000
Emoluments and amounts receivable under long-term incentive plans	<u>704</u>	<u>796</u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

7. OPERATING PROFIT

The operating profit is stated after charging / (crediting):

	2022 £'000	2021 £'000
Depreciation - owned fixed assets	919	919
Loss on disposal of fixed assets	-	242
Operating lease rentals:		
- plant and machinery	976	946
- other	274	323
Auditors' remuneration for the audit of the company's annual accounts	91	35
Auditors' remuneration for services to the group:		
- The audit of the company's subsidiaries pursuant to legislation	25	-
Share based payment expense	25	-
Coronavirus Job Retention Scheme (CJRS)	-	(68)
Exchange differences	(109)	76
	<u> </u>	<u> </u>

Coronavirus Job Retention Scheme (CJRS) - Where the Company receives Coronavirus Job Retention Scheme (CJRS) expenditure credits, these are accounted for as government grant income within other income, and is presented separately to the staff costs administration. The income is recognised on the accruals model under FRS 102 Section 24 'Government Grants'.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2022 £'000	2021 £'000
From fellow subsidiary undertakings	1,791	2,078
Interest received on pension scheme assets	164	-
Other interest	6	-
	<u>1,961</u>	<u>2,078</u>

9. INTEREST PAYABLE AND SIMILAR EXPENSES

	2022 £'000	2021 £'000
Interest payable	-	1
	<u> </u>	<u> </u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

10. TAXATION

	2022 £'000	2021 £'000
Current tax		
UK corporation tax on profits of the year	769	1,173
Tax overprovided in previous years	(717)	-
Total current tax	52	1,173
Deferred tax		
Origination and reversal of timing differences	(130)	19
Taxation on profit on ordinary activities	172	1,192

The tax assessed for the year is different than the standard rate of corporation tax in the UK. The differences are explained below:

	2022 £'000	2021 £'000
Profit on ordinary activities before tax	3,721	4,669
Profit on ordinary activities at the standard rate of corporation tax in the UK of 19.00% (2021 - 19.00%)	707	887
Effects of:		
Expenses not deductible for tax purposes	18	15
Other timing differences	164	172
Tax overprovided in previous years	(717)	-
Change in deferred tax rates	-	118
Tax charge for year	172	1,192

11. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income Statement of the parent company is not presented as part of these financial statements.

The total comprehensive income as per the company statement of changes in equity of £10,654,000 (2021: £17,251,000) includes a £7,914,000 other comprehensive gain (2021: £6,495,000).

12. DIVIDENDS

	2022 £'000	2021 £'000
Interim (£0.5724 per share)	50,000	-

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

13. INTANGIBLE FIXED ASSETS

Group

	Goodwill £'000	Patents & trademarks £'000	Intellectual property rights £'000	Totals £'000
COST				
At 1 January 2022 and 31 December 2022	14,119	6	357	14,482
AMORTISATION				
At 1 January 2022 and 31 December 2022	14,119	6	357	14,482
NET BOOK VALUE				
At 31 December 2022	-	-	-	-
At 31 December 2021	-	-	-	-

Company

	Goodwill £'000	Patents & trademarks £'000	Intellectual property rights £'000	Totals £'000
COST				
At 1 January 2022 and 31 December 2022	2,887	6	357	3,250
AMORTISATION				
At 1 January 2022 and 31 December 2022	2,887	6	357	3,250
NET BOOK VALUE				
At 31 December 2022	-	-	-	-
At 31 December 2021	-	-	-	-

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

14. TANGIBLE FIXED ASSETS

Group

	Leasehold improvements £'000	Fixtures, fittings, plant and machinery £'000	Totals £'000
COST			
At 1 January 2022	2,049	12,711	14,760
Additions	45	270	315
Disposals	-	(13)	(13)
At 31 December 2022	<u>2,094</u>	<u>12,968</u>	<u>15,062</u>
DEPRECIATION			
At 1 January 2022	777	9,489	10,266
Charge for year	186	733	919
Eliminated on disposal	-	(13)	(13)
At 31 December 2022	<u>963</u>	<u>10,209</u>	<u>11,172</u>
NET BOOK VALUE			
At 31 December 2022	<u>1,131</u>	<u>2,759</u>	<u>3,890</u>
At 31 December 2021	<u>1,272</u>	<u>3,222</u>	<u>4,494</u>

Company

	Leasehold improvements £'000	Fixtures, fittings, plant and machinery £'000	Totals £'000
COST			
At 1 January 2022	813	215	1,028
Additions	45	12	57
At 31 December 2022	<u>858</u>	<u>227</u>	<u>1,085</u>
DEPRECIATION			
At 1 January 2022	171	133	304
Charge for year	93	30	123
At 31 December 2022	<u>264</u>	<u>163</u>	<u>427</u>
NET BOOK VALUE			
At 31 December 2022	<u>594</u>	<u>64</u>	<u>658</u>
At 31 December 2021	<u>642</u>	<u>82</u>	<u>724</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

15. FIXED ASSET INVESTMENTS

Company

Shares in
group
undertakings
£'000

COST

At 1 January 2022
and 31 December 2022

19,971

NET BOOK VALUE

At 31 December 2022

19,971

At 31 December 2021

19,971

The group or the company's investments at the Statement of Financial Position date in the share capital of companies include the following:

Subsidiaries

Interface Ireland Limited

Registered office: Ireland

Nature of business: Distribution of interior floor coverings

	%
Class of shares:	holding
Ordinary	100.00

Interface UK Manufacturing Limited

Registered office: UK

Nature of business: Toll manufacture of interior floor coverings

	%
Class of shares:	holding
Ordinary	100.00

Interface Administration Services Limited

Registered office: UK

Nature of business: Provision of administration services

	%
Class of shares:	holding
Ordinary	100.00

TF Firth & Sons Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Firth Carpets Limited

Registered office: UK

Nature of business: Dormant

	%
Class of shares:	holding
Ordinary	100.00

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

16. STOCKS

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Finished goods	252	99	243	94

17. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade debtors	9,251	7,509	7,434	5,856
Amounts owed by group undertakings	15,460	61,612	9,164	59,375
Other debtors	236	37	221	-
VAT	52	-	-	-
Prepayments and accrued income	521	592	355	404
	25,520	69,750	17,174	65,635

Intercompany balances are unsecured, have no fixed date of repayment and are contractually repayable on demand. Based on the contractual position, these balances are presented as Current assets in line with the requirements of FRS 102, though these are not expected to be recovered within 12 months.

18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Trade creditors	616	583	295	458
Amounts owed to group undertakings	4,508	1,975	17,907	18,605
Tax	706	1,884	575	1,892
Social security and other taxes	2,102	803	1,875	334
Other creditors	2,211	1,802	1,395	828
Accruals and deferred income	968	1,211	592	585
	11,111	8,258	22,639	22,702

Intercompany balances are unsecured, have no fixed date of repayment and are repayable on demand.

19. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group

	Non-cancellable operating leases	
	2022	2021
	£'000	£'000
Within one year	1,269	1,230
Between one and five years	3,458	4,075
In more than five years	1,016	2,887
	5,743	8,192

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

19. LEASING AGREEMENTS - continued

Company

	Non-cancellable operating leases	
	2022	2021
	£'000	£'000
Within one year	599	1,053
Between one and five years	1,668	3,768
In more than five years	321	2,887
	<u>2,588</u>	<u>7,708</u>

20. PROVISIONS FOR LIABILITIES

	Group		Company	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Deferred tax				
Accelerated capital allowances	<u>363</u>	<u>495</u>	<u>3</u>	<u>19</u>
Deferred tax liability/ (asset) per the financial statements	<u>363</u>	<u>495</u>	<u>3</u>	<u>19</u>
Pension timing difference (netted off pension asset/ liability)	<u>7,693</u>	<u>2,840</u>	<u>7,693</u>	<u>2,840</u>
Deferred tax liability/ (asset)	<u>8,056</u>	<u>3,335</u>	<u>7,696</u>	<u>2,859</u>

Group

	Deferred tax
	£'000
Balance as 31 December 2021	3,335
Charged/ (credited) to the income statement	(132)
Charged/ (credited) to other comprehensive income	<u>4,853</u>
Balance at 31 December 2022	<u>8,056</u>

A deferred tax asset of £2,985,000 (2021: £2,985,000) in respect of capital losses has not been recognised as there is uncertainty concerning the availability of suitable future taxable profits against which this asset can be offset.

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

21. CALLED UP SHARE CAPITAL

Allotted and issued:

Number:	Class:	Nominal Value:	2022 £'000	2021 £'000
63,579,407	Ordinary	31.379p	19,951	31,790
23,766,667	'A' Ordinary	6.275p	1,491	2,376
			<u>21,442</u>	<u>34,166</u>

The Ordinary shares and the 'A' Ordinary shares each carry equal voting rights.

The priority and amounts receivable in the event of the winding up of the company are as follows:

'A' Ordinary shares	6.275p per share
Ordinary shares	31.379p per share

On the 13th October 2022 a special resolution was passed to reduce the share capital of the company by cancelling and extinguishing, for no consideration, paid up capital to the extent of:

'A' Ordinary shares	4p per share
Ordinary shares	19p per share

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

22. EMPLOYEE BENEFIT OBLIGATIONS

The company operates a defined benefit scheme that pays out pensions at retirement based on service and final salary. The Scheme closed to future accrual on 1 April 2010. The assets of the Scheme are held separately from those of the company.

The funding policy is agreed between the Scheme trustees and the company and is formally set out in a Statement of Funding Principles, Schedule of Contributions and Recovery Plan following each full actuarial valuation.

Contributions of £2,233,000 were made during the year (2021 - £2,900,000). Continuing company contributions have been agreed with the trustees and the company expects to contribute £733,000 to its defined benefit pension scheme in 2023.

The numbers below are based on the results of the full actuarial valuation of the Scheme as at 5 April 2018. The valuation results have been adjusted to the reporting date, by a qualified independent actuary on a FRS 102 basis, using an approximate roll-forward approach, allowing for benefits paid for members over the period. The projected unit method has been used to calculate the liabilities.

The company has an unconditional right to the refund of any surplus at the end of the scheme life. The repayment of such surplus, being an authorised surplus repayment, is taxed in the UK at 35%. Deferred tax is therefore recorded at this rate when the scheme is in surplus and at the prevailing rate of corporation tax when in deficit.

	2022	2021
	£'000	£'000
Change in benefit obligation during the year:		
Benefit obligation at 31 December 2021	(134,550)	(145,053)
Movement in year:		
Past service cost	-	(300)
Interest cost	(2,446)	(1,854)
Actuarial gains	50,677	7,837
Benefits paid from Scheme	4,689	4,820
Benefit obligation at 31 December 2022	<u>(81,630)</u>	<u>(134,550)</u>
	2022	2021
	£'000	£'000
Change in Scheme assets during the year:		
Fair value of Scheme assets at 31 December 2021	142,664	141,962
Movement in year:		
Interest income	2,610	1,828
Actuarial (losses)/ gains on Scheme assets	(38,469)	1,534
Employer contributions	2,233	2,900
Administration expenses	(738)	(740)
Benefits paid from Scheme	(4,689)	(4,820)
Fair value of Scheme assets at 31 December 2022	<u>103,611</u>	<u>142,664</u>
	2022	2021
	£'000	£'000
Amounts recognised in the statement of financial position:		
Present value of wholly or partly funded obligations	(81,630)	(134,550)
Fair value of Scheme assets	103,611	142,664
Scheme surplus	<u>21,981</u>	<u>8,114</u>
Related deferred tax liability	(7,693)	(2,840)
Net asset	<u>14,288</u>	<u>5,274</u>

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)****Components of pension expense:**

	2022 £'000	2021 £'000
Amount recognised in the income statement		
Administration expenses	(738)	(740)
Past service cost	-	(300)
Recognised in arriving at operating profit	(738)	(1,040)
Net interest on the defined benefit asset / (liability)	164	(26)
Total recognised in the income statement	(574)	(1,066)
Actual return less expected return on pension scheme assets	(38,469)	1,534
Experience gains and losses arising on the Scheme liabilities	50,677	7,837
	12,208	9,371
Analysis of amount recognised in statement of comprehensive income		
Actuarial gains	12,208	9,371
Cumulative amount of actuarial losses recognised in the statement of comprehensive income	(8,012)	(20,220)

Principal actuarial assumptions:

	2022	2021
Assumptions to determine benefit obligations		
Discount rate	4.75%	1.85%
Rate of RPI price inflation	3.40%	3.40%
Rate of CPI price inflation	2.50%	2.50%
Rate of pension increases (RPI capped at 5.0%)	2.90%	3.30%
Rate of pension increases (RPI capped at 2.5%)	1.85%	2.25%

Assumptions to determine net pension cost

Discount rate	4.75%	1.85%
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Weighted average life expectancy on post-retirement mortality table used to determine benefit obligation for:

Members aged 65 (Current male life expectancy)	20.6 years	20.9 years
Members aged 45, male life expectancy at age 65	21.5 years	21.9 years

Scheme assets

Percentage of Scheme assets by asset allocation

	2022	2021
Equities	0%	0%
Bonds / other	100%	100%
	100%	100%

Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022

EMPLOYEE BENEFIT OBLIGATIONS (CONTINUED)

Statement of financial position reconciliation	2022 £'000	2021 £'000
Gross statement of financial position asset / (liability) 31 December 2021	8,114	(3,091)
Pension expense recognised in income statement in the financial year	(574)	(1,066)
Amounts recognised in statement of comprehensive income in the financial year	12,208	9,371
Actual contributions made by the company in the financial year	2,233	2,900
	<hr/>	<hr/>
Gross statement of financial position asset / (liability) at 31 December 2022	21,981	8,114
	<hr/>	<hr/>

23. ULTIMATE PARENT COMPANY

The directors regard Interface Inc., a company incorporated in the United States of America, as the company's ultimate parent undertaking. During the year ended 31 December 2022, Interface Europe Ltd's immediate parent undertaking was Interface Europe Holding BV, a company incorporated in the Netherlands, representing the smallest group of which Interface Europe Ltd is a member. As of January 27, 2024, the immediate parent undertaking is Interface Europe European Manufacturing B.V., company incorporated in the Netherlands, representing the smallest group of which Interface Europe Ltd is a member.

Interface Inc. is the parent undertaking of the largest group of which Interface Europe Ltd is a member and for which group accounts are drawn up. Copies of those group accounts are available from 1280 West Peachtree Street, Atlanta, Georgia, 30309, USA.

24. RELATED PARTY DISCLOSURES

The total remuneration for key management personnel including directors for the period totalled £1,345,000 (2021 - £1,553,000).

25. POST BALANCE SHEET EVENTS

There are no post balance sheet events to report.

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

26. SHARE-BASED PAYMENT TRANSACTIONS

Interface Inc. operates a restricted stock award scheme in its own shares for certain senior employees and directors of the group. Certain UK employees are eligible to participate in the Scheme. The awards vest over a three year period from the date of grant, provided that the employee remains in the employment or service of the company as of the vesting date. Additionally the awards vest earlier upon attainment of certain performance criteria, in the event of change of control of the company, or upon involuntary termination without cause. The awards have an exercise price of £nil.

	2022 Number	2021 Number
Outstanding at the beginning of the year	146,528	75,833
Granted during the year	47,664	90,326
Surrendered during the year	(16,721)	(12,397)
Vested during the year	(12,541)	(7,234)
Outstanding at the end of the year	<u>164,930</u>	<u>146,528</u>

All awards that vest are effectively exercised on the same date.

The weighted average share price at the date of vesting of the share awards was \$13.61 (2021 - \$10.92).

The weighted average fair value of the awards granted during the year was \$13.19 (2021 - \$14.36). The fair value of the awards granted has been calculated by reference to the market value of the Interface Inc. shares at the date of the grant.

The share-based remuneration expense (note 7) comprises:

	2022 £'000	2021 £'000
Equity-settled schemes	<u>25</u>	<u>-</u>

The group did not enter into any share-based payment transactions with parties other than directors or employees during the current or preceding period.

27. RECONCILIATION OF PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS

	2022 £'000	2021 £'000
Profit before taxation	3,722	4,669
Depreciation charges	919	919
Loss on disposal of fixed assets	-	242
Foreign exchange gains / (losses)	87	(97)
Employer contributions	(2,233)	(2,900)
Pension scheme administration expenses	738	1,040
Increase / (decrease) in provisions	-	(77)
Finance costs	-	27
Finance income	(1,961)	(2,078)
	<u>1,272</u>	<u>1,745</u>
(Increase)/decrease in stocks	(153)	194
Increase in trade and other debtors	(3,927)	(1,300)
Increase in trade and other creditors	<u>3,978</u>	<u>378</u>
Cash generated from operations	<u><u>1,170</u></u>	<u><u>1,017</u></u>

**Notes to the Consolidated Financial Statements - continued
for the Year Ended 31 December 2022**

28. CASH AND CASH EQUIVALENTS

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

Year ended 31 December 2022

	31.12.22	1.1.22
	£'000	£'000
Cash and cash equivalents	589	651
	<u> </u>	<u> </u>

Year ended 31 December 2021

	31.12.21	1.1.21
	£'000	£'000
Cash and cash equivalents	651	610
	<u> </u>	<u> </u>

29. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.22 £'000	Cash flow £'000	At 31.12.22 £'000
Net cash			
Cash at bank	651	(62)	589
	<u> </u>	<u> </u>	<u> </u>
	651	(62)	589
	<u> </u>	<u> </u>	<u> </u>
Total	<u> </u> 651	<u> </u> (62)	<u> </u> 589