

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 APRIL 2023



GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

COMPANY INFORMATION

Directors	P Deninger – Chairman (appointed 7 March 2023) A Sharkawy (appointed 7 March 2023) J P Kennedy - Chief Executive P G Sheehan (resigned 7 March 2023) I D Boyce (resigned 7 March 2023) A C Brandler (resigned 27 July 2022) I Korosis (resigned 7 March 2023) J L Lewis (resigned 27 July 2022) C J McBean (resigned 31 August 2022)
Company secretary	M Harvey
Registered number	03016796
Registered office	Unit 1, Forli Strada Alwalton Hill Peterborough PE7 3HH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor 101 Cambridge Science Park Milton Road Cambridge CB4 0FY
Bankers	HSBC Bank Plc 8 Canada Square London E15 5HQ

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

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GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

On 28 March 2023 Generation Phoenix Limited changed its name from E-Leather Limited. The company's registered number is unchanged. Throughout the report and accounts Gen Phoenix refers to Generation Phoenix Limited (formerly known as E-Leather Limited)

Principal activities

The principal activities of the Group and the Company are the development, manufacture and sale of premium high performance sustainable materials. All products are designed using recycled materials and produced using a large scale, efficient patented process which delivers very high performing materials that enables our customers to achieve their environmental goals. In a rapidly evolving landscape for increasingly sustainable materials, Gen Phoenix has earned an unparalleled reputation for delivering consistently high-quality materials at scale. Gen Phoenix offers class-leading sustainable solutions for the following markets:

Aviation, rail and bus seating
Footwear;
Luxury leather goods;
Public spaces seating
Commercial and domestic furniture upholstery; and
Automotive seating and interiors.

The Group includes a subsidiary located in the USA. Other international operations are delivered by end market focused sales teams and therefore a branch that was in Singapore ceased trading on 1 May 2023.

Business review

Gen Phoenix leverages a revolutionary, patented circular process to rescue leather offcuts destined for landfill and regenerates them into a premium recycled leather material coveted by the world's most iconic brands in fashion, footwear and transportation for its beauty and durability. The company's groundbreaking technology innovation breaks waste textiles down to the fibre level and then leverages the power of recycled water to build them back up stronger than before, resulting in a premium and durable recycled material.

During the year the business made significant strides forward

- Underlying revenue and trading from our core markets of Aviation, Rail and Bus recovered as our customer's confidence returned post Covid and our next generation materials have been successfully launched into these markets
- Working in close partnership with leading brands, Gen Phoenix made great strides in developing class leading materials to meet the demanding technical requirements of the footwear, luxury leather goods, and automotive interiors markets.
- We continued to scale our production at our new, state of the art factory which provides significantly greater flexibility to extend our technology platform to address a wider range of sustainable input materials including post-industrial, post-consumer, and plant-based waste streams.
- The Group is well funded following a successful refinancing that raised £15,000,000 of equity investment to further the company's mission to create premium and eco-conscious next generation materials.
- In addition to the new lead investor, Material Impact LLP the business was delighted to attract investment and support from key strategic partners, Dr. Martens, InMotion Ventures (the investment arm of Jaguar Land Rover) and Tapestry that owns brands that include Coach, Stuart Weitzman and Kate Spade.

As noted in the April 2022 financial statements the timing of the fundraising and restructuring has created a number of one off, non-cash items in both our financial statements for year ended 30 April 2022 and 30 April 2023.

The profit after tax for the year end 30 April 2023 was £76,876,027. This profit is stated after a one off non cash gains of £96,770,836 in respect of debt restructuring.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

The loss after tax for the year end 30 April 2022 was £49,621,884. This loss is stated after a one off, non-cash impairment charge of £16,738,472 and fair value adjustments in respect of financial instruments of £17,989,955.

Underlying Business Performance

Gen Phoenix's reputation for producing durable, high-performing recycled materials to the aviation, rail and bus industries ensures that we retain existing relationships and win new customers throughout the economic cycle and this is reflected in the continued growth in the year-end April 2023. Revenue growth was 28% and that positive trajectory has continued into the current year. The gross profit was £2,396,064 (2022 £2,849,372) and the operating loss before exceptional items, interest and tax was £13,778,898 (2022 £16,428,187). Gross margin decreased by 7% primarily due to the unprecedented global energy price increases experienced during the year. Reducing energy prices in the second half of the financial year have continued post year-end which has seen the reversal of the downward pressure on Gross Margin. The Directors were pleased to see the reduction in net cash consumed by operating activities reduce to £4,064,330 from £11,606,196 in the prior year.

During the year ended 30 April 2023 the Group continued to invest in research and development of new products for existing and new markets

Financing

On 7th March 2023 the Group raised £15,000,000 of equity investment to further the company's mission to create premium and eco-conscious next generation materials. The investment was led by venture capital firm Material Impact, with participation from Dr. Martens, InMotion Ventures (the investment arm of Jaguar Land Rover) and Tapestry that owns brands that include Coach, Stuart Weitzman and Kate Spade. The funding round also included existing investors who continue to support the company's growth plans. As part of this funding the Group converted and restructured £106,407,074 of debt and debt like items into equity with the remaining debt post the restructuring being £8,500,000. Capital repayment of the remaining £8,500,000 debt will commence in 2026.

Exceptional Items and Fair Value Adjustments

The reported financial statements include a non-cash exceptional item in respect of loan and interest waived totalling £30,828,640 and fair value adjustments of £65,942,196.

Strategy and sustainability

We are witnessing a watershed as end-consumers and conscientious brands reject greenwashing and insist on high quality and auditable ESG data, including carbon emissions and water usage. This changing dynamic has increased our momentum as brands have identified that Gen Phoenix will be a key enabler to support their consumer-driven and ambitious carbon reduction goals. As a result 2023 has seen Gen Phoenix transition from hundred million dollar to billion dollar markets, dramatically increasing the potential for positive impact. This was validated by the investments into Gen Phoenix from leading brands in the leather goods, footwear and automotive sectors.

Our mission is to become the leading supplier of premium sustainable materials as an alternative to traditional leather. Our strategy is to commercialise at scale leather-alternative materials that are better for the **planet**, **perform** without compromise, and are at a **price** point that allows adoption at scale. We have been supplying recycled leather at scale into aviation, rail and bus markets for more than decade, and more recently have successfully expanded this into footwear, luxury leather-goods, and automotive interiors. We work closely with our customers to bring real-world solutions that enable them to deliver on their environmental goals of carbon reduction, circularity and reduced virgin plastic without compromising the offering to their customers.

Delivering solutions at scale is essential in order to have a meaningful impact, and we are uniquely positioned to offer this following the opening of our 2nd factory in 2021.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

While Gen Phoenix's focus today is on manufacturing a premium, durable recycled leather at scale our innovative patented technology process is adaptable to a wide variety of inputs, including plant-based materials and post-consumer / post industrial leather and textile waste. We are uniquely positioned to be a leading material supplier to the new circular economy, helping brands to close this loop and bring new sustainable materials to market.

The Group has been at the forefront of producing sustainable materials for over a decade and is delighted that in recent years consumer demand has led to significantly increased interest in our technology platform from our target markets. As our core product is made from waste leather that would otherwise go to landfill we are extremely proud of the fact that up to 77% our product is recycled.

The group retained its ISO14001 environmental certification this year.

The Directors recognise that our sustainability credentials are key to the success of the business and therefore continuing to invest in our technology platforms to create a product that consumers demand and the production of transparent and accurate data is fundamental to our success.

Financial key performance indicators

The business uses the following key performance indicators to manage its business:

KPI	2023	2022
Revenue growth %	28%	47%
Gross Margin % excl. depn	12%	19%
Average stock days	75	98
Average debtor days	49	60

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**GROUP STRATEGIC REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

Principal risks and uncertainties**Overview**

The Group is developing new sustainable products, expanding into new markets and trading with customers on a global basis. The Directors consider the principal risks and uncertainties to be:

New product risk

The Group continues to develop innovative sustainable materials. The ultimate success of product development and the timelines to completion are unknown. The Group is iterating existing products as well as investigating novel new materials. The Group manages the risk by having a robust product and technology development governance process.

New market risk

The Group is providing materials to markets it is well established in as well as new markets and customers. During the year the Group has attracted investment from partners in our new markets and this has enabled the Group to access their experience. The Group also addresses the risk of understanding new markets by employing people with the requisite experience and knowledge in those markets.

Financial risk

The Group uses various financial instruments including loans, cash, equity instruments, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations. The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. The main risks arising from the Group's financial instruments are credit, currency and liquidity risk.

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit-rating agencies. The principal credit risk arises therefore from the Group's trade debtors. In order to manage credit-risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history.

Currency risk

The Group is exposed to foreign exchange risk. The Group has sought to manage currency risk by matching as closely as possible the currency that sales are priced in to the currency that costs are incurred in. The Group may also seek to hedge its exposure using forward exchange contracts. The Group had no open forward exchange contracts at either 30 April 2023 or 2022.

Liquidity Risk

The Group has built a business capable of providing sustainable products at scale and has been able to secure additional equity at the same time as restructuring its debt on 7th March 2023. The Group mitigates liquidity risk by rigorously forecasting its cash forecasts and will consider raising addition debt or equity should it be considered necessary.

This report was approved by the board and signed on its behalf.



J P Kennedy - Chief Executive
Director

Date: 18/10/2023

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

The directors present their report and the financial statements for the year ended 30 April 2023.

Results and dividends

The profit for the year, after taxation, amounted to £76,876,027 (2022 - loss £49,621,884).

The directors do not recommend the payment of a dividend (2022 £Nil).

Directors

The directors who served during the year and to the date of this report were:

P Deninger - Chairman (appointed 7 March 2023)
A Sharkawy (appointed 7 March 2023)
P G Sheehan (resigned 7 March 2023)
J P Kennedy -Chief Executive
I D Boyce (resigned 7 March 2023)
A C W Brandler (resigned 27 July 2022)
I Korosis (resigned 7 March 2023)
J L Lewis (resigned 27 July 2022)
C J McBean (resigned 31 August 2022)

Future developments

The directors anticipate no significant changes in the Group's activities in the foreseeable future.

Research and development

The Group has carried out research and development activities during the year, the spend in the year was £3m (2022 £3.8m).

Financial risk management

The Group uses various financial instruments including loans, cash, equity investments, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail in note 21. The main risks arising from the Group's financial instruments are credit risk and currency risk.

Directors' responsibilities statement

The directors are responsible for preparing the Group Strategic Report, the Directors' Report and the consolidated 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 applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

In preparing these financial statements, the directors are required to:

- select suitable accounting policies for the Group's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and to 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' Reports may differ from legislation in other jurisdictions.

Qualifying third party indemnity provisions

The Company has made qualifying third party indemnity provisions for the benefit of its directors which were in place during the year and remain in force at the date of this report.

Going concern

In line with the FRC guidance on Going Concern the Directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. During the year-end 30 April 2023 as the recovery from Covid continued the company consumed £4,064,330 in operating cash flows, a significant improvement from £11,606,196 that was consumed in the year-ended 30 April 2022. However, the Company expects to continue to incur trading losses and consume cash due to the investment in new innovative sustainable materials, the period of time to scale with large global customers and the ongoing investment in our world class manufacturing facilities. Following the debt and equity reconstruction as outlined in note 23 the company has £8,650,978 of secured debt that requires no interest payments until May 2025 and no principal repayments until May 2026.

The Directors have considered the future cash needs of the business by taking into account the current cost base and the future potential of existing and new markets and customers. These forecasts have been robustly stress tested and on this basis the Directors believe the company will continue in operational existence for the foreseeable future and meet its obligations as they become due and therefore have concluded that it is appropriate to prepare the financial statements on a going concern basis.

Disclosure of information to auditor

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the Company and the Group's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company and the Group's auditor is aware of that information.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**DIRECTORS' REPORT
FOR THE YEAR ENDED 30 APRIL 2023**

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

John Kennedy

J P Kennedy - Chief Executive
Director

Date: 18/10/2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

Opinion

We have audited the financial statements of Generation Phoenix Limited (the 'parent company') and its subsidiaries (the 'group') for the year ended 30 April 2023, which comprise the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Company Statement of Financial Position, the Consolidated Statement of Cash Flows, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity 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).

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 30 April, 2023 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are responsible for concluding on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the group or the parent company to cease to continue as a going concern.

In our evaluation of the directors' conclusions, we considered the inherent risks associated with the group's and the parent company's business model including effects arising from macro-economic uncertainties such as inflation, we assessed and challenged the reasonableness of estimates made by the directors and the related disclosures and analysed how those risks might affect the group's and the parent company's financial resources or ability to continue operations over the going concern period.

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's and the 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.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERATION PHOENIX LIMITED
(FORMERLY E-LEATHER LIMITED)**

Other information

The other information comprises the information included in the annual report and financial statements, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report and financial statements. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is 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.

Opinions on other matters prescribed by the Companies Act 2006

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.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

Matters on which we are required to report by exception

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 directors' responsibilities statement, 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below:

- We obtained an understanding of the legal and regulatory frameworks that are most applicable to the company and determined that the most significant are those that relate to the operational environment, the financial reporting framework (FRS102 and Companies Act 2006) and relevant tax compliance regulations;
- We obtained an understanding how the company is complying with these legal and regulatory frameworks by making enquiries to management. We have corroborated our enquiries through our review of board minutes;
- We assessed the susceptibility of the company's financial statements to material misstatement including how fraud might occur. Audit procedures included:
 - Identifying and assessing the design effectiveness of management's controls designed to prevent and detect irregularities
 - Challenging assumptions and judgements made by management in its evaluation of accounting estimates
 - Identifying and testing journal entries;
- These audit procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error and detecting irregularities that result from fraud is inherently more difficult than detecting those that result from error, as fraud may involve collusion, deliberate concealment, forgery or intentional misrepresentations. Also, the further removed non-compliance with laws and regulations is from events and transactions reflected in the financial statements, the less likely we would become aware of it;
- It is the audit partner's assessment that the audit team collectively had the appropriate competence and capabilities to identify or recognise non-compliance with laws and regulations based on understanding of, and practical experience with audit engagements of a similar nature and complexity through appropriate training and participation.
- We communicated relevant laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit;

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: 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 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 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 company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF GENERATION PHOENIX LIMITED
(FORMERLY E-LEATHER LIMITED)**

Stephen Wyborn

Stephen Wyborn
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
19 October 2023

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 APRIL 2023**

	Notes	2023 £	2022 £
Revenue	4	19,208,626	15,041,286
Cost of sales		(16,812,562)	(12,191,914)
Gross profit		2,396,064	2,849,372
Administrative expenses excl. exceptional item		(16,189,625)	(19,277,559)
Administrative expenses - exceptional item impairment	11	-	(16,738,472)
Total administrative expenses		(16,189,625)	(36,016,031)
Operating loss	5	(13,793,562)	(33,166,659)
Interest receivable and similar income	9	64,183	10,029
Interest payable and fair value movements	10	58,678,336	(17,986,885)
Exceptional item - restructuring	11	30,828,639	-
Profit/(loss) before taxation		75,777,596	(51,143,515)
Tax on profit/loss	12	1,098,431	1,521,631
Profit/(loss) for the financial year		<u>76,876,027</u>	<u>(49,621,884)</u>
Currency translation differences		(66,137)	145,808
Other comprehensive income/(expense) for the year		(66,137)	145,808
Total comprehensive profit/(loss) for the year		<u>76,809,890</u>	<u>(49,476,075)</u>

There were no recognised gains and losses for 2023 or 2022 other than those included in the consolidated statement of comprehensive income.

The notes on pages 25 to 48 form part of these financial statements.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)
REGISTERED NUMBER:03016796

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2023

	Note	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	13		34,209,685		38,000,000
			<u>34,209,685</u>		<u>38,000,000</u>
Current assets					
Stocks	15	3,479,653		3,285,591	
Debtors: amounts falling due within one year	16	8,456,207		11,828,164	
Cash at bank and in hand	17	14,659,592		5,559,001	
		<u>26,595,452</u>		<u>20,672,756</u>	
Creditors: amounts falling due within one year	18	(7,180,863)		(18,151,433)	
Net current assets			<u>19,414,589</u>		<u>2,521,323</u>
Total assets less current liabilities			<u>53,624,274</u>		<u>40,521,323</u>
Creditors: amounts falling due after more than one year	19	(8,650,978)		(94,724,284)	
Provisions for liabilities					
Provisions	22	(1,096,857)		(683,687)	
			<u>(1,096,857)</u>		<u>(683,687)</u>
Net assets/(liabilities)			<u>43,876,438</u>		<u>(54,886,648)</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)
REGISTERED NUMBER:03016796

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2023

	Note	2023 £	2022 £
Capital and reserves			
Called up share capital	23	37,800,937	10,272,014
Share premium account	24	55,736,661	36,647,067
Capital redemption reserve	24	466	466
Other reserves	24	378,981	378,981
Retained earnings	24	(50,040,607)	(102,185,175)
Equity attributable to owners of the parent Company		<u>43,876,438</u>	<u>(54,886,648)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/10/2023

John Kennedy

J P Kennedy - Chief Executive
 Director

The notes on pages 25 to 48 form part of these financial statements.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)
REGISTERED NUMBER:03016796

COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 30 APRIL 2023

	Notes	2023 £	2023 £	2022 £	2022 £
Fixed assets					
Tangible assets	13		34,209,685		38,000,000
Current assets					
Stocks	15	3,416,713		3,126,945	
Debtors: amounts falling due within one year	16	7,301,042		10,652,372	
Cash at bank and in hand	17	14,541,953		5,443,520	
		<u>25,259,708</u>		<u>19,222,837</u>	
Creditors: amounts falling due within one year	18	<u>(7,365,724)</u>		<u>(18,136,217)</u>	
Net current assets			<u>17,893,984</u>		1,086,620
Total assets less current liabilities			<u>52,103,669</u>		<u>39,086,620</u>
Creditors: amounts falling due after more than one year	19	(8,650,978)		(94,724,284)	
Provisions for liabilities					
Provisions	22	(1,096,857)		(683,687)	
			<u>(1,096,857)</u>		<u>(683,687)</u>
Net assets/(liabilities)			<u>42,355,834</u>		<u>(56,321,350)</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)
REGISTERED NUMBER:03016796

COMPANY STATEMENT OF FINANCIAL POSITION (CONTINUED)
AS AT 30 APRIL 2023

	Notes	30 April 2023 £	30 April 2022 £
Capital and reserves			
Called up share capital	23	37,800,937	10,272,014
Share premium account	24	55,736,661	36,647,067
Capital redemption reserve	24	466	466
Other reserves	24	378,981	378,981
Retained earnings	24	(51,561,212)	(103,619,878)
		<u>42,355,834</u>	<u>(56,321,350)</u>

The profit for the company for the year was £76,723,988 (2022: loss £49,550,910)

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 18/10/2023

John Kennedy

J P Kennedy - Chief Executive
Director

The notes on pages 25 to 48 form part of these financial statements.

GENERATION PHOENIX LIMITED
(FORMERLY E-LEATHER LIMITED)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2023

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 May 2021	10,272,014	36,647,067	466	378,981	(52,709,100)	(5,410,572)
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(49,621,884)	(49,621,884)
Currency translation differences	-	-	-	-	145,808	145,808
Other comprehensive income for the year	-	-	-	-	145,808	145,808
Total comprehensive loss for the year	-	-	-	-	(49,476,075)	(49,476,075)
At 1 May 2022	10,272,014	36,647,067	466	378,981	(102,185,175)	(54,886,648)

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)
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Equity shares issued	27,528,924	19,089,594	-	-	--	46,618,518
Comprehensive profit for the year						
Profit for the year	-	-	-	-	76,876,027	76,876,027
Share based payment reserve					14,664	14,664
Currency translation differences	-	-	-	-	(66,137)	(66,137)
Adjustment to earnings – restructuring	-	-	-	-	(24,679,985)	(24,679,985)
Total comprehensive profit for the year	27,528,924	19,089,594	-	-	52,144,569	98,763,087
At 30 April 2023	37,800,938	55,736,661	466	378,981	(50,040,607)	43,876,439

The notes on pages 25 to 48 form part of these financial statements.

**GENERATION PHOENIX LIMITED
(FORMERLY E-LEATHER LIMITED)**

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 APRIL 2023**

	Called up share capital	Share premium account	Capital redemption reserve	Other reserves	Retained earnings	Total equity
	£	£	£	£	£	£
At 1 May 2021	10,272,014	36,647,067	466	378,981	(54,068,968)	(6,770,440)
Comprehensive loss for the year						
Loss for the year	-	-	-	-	(49,550,910)	(49,550,910)
At 1 May 2022	10,272,014	36,647,067	466	378,981	(103,619,878)	(56,321,350)
Equity shares issued	27,528,924	19,089,594	-	-	-	46,618,518
Comprehensive profit for the year						
Profit for the year	-	-	-	-	76,723,988	76,723,988
Share based payment					14,664	14,664
Adjustment to earnings – restructuring	-	-	-	-	(24,679,985)	(24,679,985)
Total comprehensive profit for the year	27,528,924	19,089,594	-	-	(52,058,667)	98,677,185
At 30 April 2023	<u>37,800,938</u>	<u>55,736,661</u>	<u>466</u>	<u>378,981</u>	<u>(51,561,212)</u>	<u>42,355,835</u>

The notes on pages 25 to 48 form part of these financial statements.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 APRIL 2023**

	2023 £	2022 £
Cash flows from operating activities		
Profit/(loss) for the financial year	76,876,027	(49,621,884)
Adjustments for:		
Depreciation of tangible assets	4,514,656	6,801,249
Share based payment	14,664	-
Exceptional item - Impairment of tangible assets	-	16,738,472
Exceptional item – restructuring	(30,828,639)	-
Interest payable and similar charges	(58,678,336)	17,986,885
Interest receivable and similar income	(64,183)	(10,029)
Taxation credit	(1,098,431)	(1,521,631)
(Increase)/decrease in stocks	(194,062)	(1,175,781)
(Increase)/decrease in debtors	1,051,489	(3,513,473)
Increase/(decrease) in creditors	586,663	2,428,642
Increase/(decrease) in provisions	413,170	135,545
Corporation tax received/(paid)	3,408,789	-
Net foreign exchange losses	(66,137)	145,809
Net cash consumed by operating activities after tax	(4,064,330)	(11,606,196)
Cash flows from investing activities		
Purchase of tangible fixed assets	(724,341)	(3,085,424)
Interest received	64,183	-
Net cash from investing activities	(660,158)	(3,085,424)
Cash flows from financing activities		
Issue of redeemable convertible preference shares	-	9,526,662
Issue of Series B shares	15,000,000	-

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

Professional fees in relation to equity issue	(626,871)	-
Repayment of loans	-	(1,949,538)
Interest paid	(548,050)	(823,180)
Net cash raised through financing activities	13,825,079	6,753,944
Net increase/(decrease) in cash and cash equivalents	9,100,591	(7,937,676)
Cash and cash equivalents at beginning of year	5,559,001	13,496,677
Cash and cash equivalents at the end of year	<u>14,659,592</u>	<u>5,559,001</u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	<u>14,659,592</u>	<u>5,559,001</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

1. General information

Generation Phoenix Limited is a private company limited by shares and incorporated in England and Wales. Its registered office is located at Unit 1, Forli Strada, Alwalton Hill, Peterborough, PE7 3HH.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland 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 (see note 3).

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own Statement of Comprehensive Income in these financial statements.

The Company has taken advantage of the exemption conferred by FRS 102 not to prepare a parent cashflow.

The following principal accounting policies have been applied:

2.2 Basis of consolidation

The consolidated financial statements present the results of the Company and its own subsidiaries ("the Group") as if they form a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the Consolidated statement of financial position, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Consolidated Statement of Comprehensive Income from the date on which control is obtained. They are deconsolidated from the date control ceases.

In accordance with the transitional exemption available in FRS 102, the group has chosen not to retrospectively apply the standard to business combinations that occurred before the date of transition to FRS 102, being 01 May 2014.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)**2.3 Going concern**

In line with the FRC guidance on Going Concern the Directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis. The financial statements have been prepared on a going concern basis which assumes that the company will continue in operational existence for the foreseeable future and meet its liabilities as they fall due. During the year-end 30 April 2023 as the recovery from Covid continued the company consumed £4,064,330 in operating cash flows, a significant improvement from £11,606,196 that was consumed in the year-ended 30 April 2022. However, the Company expects to continue to incur trading losses and consume cash due to the investment in new innovative sustainable materials, the period of time to scale with large global customers and the ongoing investment in our world class manufacturing facilities. Following the debt and equity reconstruction as outlined in note 23 the company has £8,650,978 of secured debt that requires no interest payments until May 2025 and no principal repayments until May 2026.

The Directors have considered the future cash needs of the business by taking into account the current cost base and the future potential of existing and new markets and customers. These forecasts have been robustly stress tested and on this basis the Directors believe the company will continue in operational existence for the foreseeable future and meet its obligations as they become due and therefore have concluded that it is appropriate to prepare the financial statements on a going concern basis.

2.4 Revenue

Revenue is recognised at the point of the legal transfer of goods as defined by the contract terms and represents amounts invoiced in respect of those goods supplied during the year, exclusive of Value Added Tax.

2.5 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

At each reporting date, the directors consider whether there have been events that suggest that fixed assets have been impaired. Should a trigger event be identified a review is performed to compare the carrying value of the assets to their recoverable amounts. If an impairment is required, the asset is written down to its recoverable amount in accordance with FRS 102 Section 27 Impairment of Assets.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

Leasehold property	- 10% straight line
Plant & machinery	- 10 to 20% straight line
Office equipment	- 20 to 25% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date. Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in profit or loss.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.6 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Work in progress and finished goods are valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment.

2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Consolidated Statement of Cash Flows, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

2.9 Financial instruments

The Group normally enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

The convertible loan notes may be settled in a variable number of the Company's own equity instruments and are recognised as an other financial instrument in accordance with FRS102. The proceeds received on issue are initially measured at transaction price and subsequently measured at fair value through the profit and loss at the end of each reporting period.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.10 Creditors

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

2.11 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is GBP.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss except when deferred in other comprehensive income as qualifying cash flow hedges.

On consolidation, the results of overseas operations are translated into Sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.12 Financial liabilities

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form.

Financial liabilities considered complex under FRS 102 are initially classified as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

The Group determines the classification of its financial liabilities at initial recognition. All financial liabilities are recognised initially at fair value and in the case of loans and borrowings, plus directly attributable transaction costs.

Subsequently, the measurement of financial liabilities depends on their classification as follows:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss includes financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives, including separately embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss.

Interest bearing loans and borrowings

Obligations for loans and borrowings are recognised when the Group becomes party to the related contracts and are measured initially at the fair value of consideration received less directly attributable transaction costs.

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method.

Gains and losses arising on the repurchase, settlement or otherwise cancellation of liabilities are recognised respectively in finance revenue and finance cost.

2.13 Finance costs

Finance costs are charged to the Consolidated statement of comprehensive income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

2.14 Dividends

Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.15 Share based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the Consolidated statement of comprehensive income with a corresponding credit to profit and loss reserves.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised.

Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate share premium.

2.16 Operating leases

Rentals paid under operating leases are charged to profit or loss on a straight line basis over the lease term.

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the lease term, unless another systematic basis is representative of the time pattern of the lessee's benefit from the use of the leased asset.

The Group has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 May 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.17 Pensions

The Group operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the group pays fixed contributions into a separate entity. Once the contributions have been paid the Group has no further payments obligations.

The contributions are recognised as an expense in the Consolidated statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the Consolidated statement of financial position. The assets of the plan are held separately from the Group in independently administered funds.

2.18 Interest income

Interest income is recognised in the Consolidated statement of comprehensive income using the effective interest method.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

2. Accounting policies (continued)

2.19 Borrowing costs

All borrowing costs are recognised in the Consolidated statement of comprehensive income in the year in which they are incurred.

2.20 Provision for liabilities

Provisions are made where an event has taken place that gives the Group 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 Consolidated statement of comprehensive income in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the Consolidated 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 Consolidated statement of financial position.

2.21 Taxation

Tax is recognised in profit or loss except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the reporting date in the countries where the Company and the Group operate and generate income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Statement of Financial Position date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits;
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met; and
- Where they relate to timing differences in respect of interests in subsidiaries, associates, branches and joint ventures and the Group can control the reversal of the timing differences and such reversal is not considered probable in the foreseeable future.

Deferred tax balances are not recognised in respect of permanent differences. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

3. Judgements in applying accounting policies and key sources of estimation uncertainty

Preparation of the financial statements require that management makes significant judgements and estimates. The Group's main area where a level of significant judgement and estimate are applied is the carrying value of the group's plant and machinery. The Directors recorded an impairment in the year-ended 30 April 2022 and in the current year applied judgement to consider whether there has been a further indicator or impairment or whether significant change to the financial forecasts that would have required a reversal of the impairment.

4. Revenue

The revenue and profit before tax are attributable to the one principle activity of the company. An analysis of revenue is given below:

	2023 £	2022 £
United Kingdom	1,639,226	1,091,054
Europe	8,962,388	6,927,203
United States of America and Canada	7,039,971	6,174,032
Rest of the World	<u>1,567,041</u>	<u>848,996</u>
	<u>19,208,626</u>	<u>15,041,286</u>

5. Operating loss

The operating loss is stated after charging:

	2023 £	2022 £
Depreciation of tangible fixed assets -owned by the Group	4,514,656	6,801,249
Impairment of tangible assets (see note 11)	-	16,738,472
Share based payment	14,664	-
Exchange differences	(108,464)	(13,267)
Other operating lease rentals	1,788,110	1,883,534
Research and development expenses	2,998,500	3,748,125

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

6. Auditor's remuneration

	2023 £	2022 £
Fees payable to the Group's auditor and its associates for the audit of the Group's annual financial statements	<u>69,950</u>	<u>55,451</u>
Fees payable to the Group's auditor and its associates in respect of:		
Other services relating to taxation	<u>463</u>	<u>600</u>

7. Employees

Staff costs, including directors' remuneration, were as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Wages and salaries	7,469,966	6,866,156	7,439,984	6,771,494
Social security costs	1,101,178	1,015,213	1,051,610	964,079
Cost of defined contribution pension scheme	229,617	201,556	229,632	201,556
Share based payment	14,664	-	14,664	-
	<u>8,815,425</u>	<u>8,082,925</u>	<u>8,735,890</u>	<u>7,937,129</u>

The average monthly number of employees, including the executive directors, during the year was as follows:

	Group 2023 No.	Group 2022 No.	Company 2023 No.	Company 2022 No.
Manufacturing	92	69	92	69
Sales and marketing	18	22	17	21
Administration and management	23	17	23	17
Indirect	17	34	17	34
	<u>150</u>	<u>142</u>	<u>149</u>	<u>141</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

8. Directors' remuneration

	2023 £	2022 £
Directors' emoluments	<u>407,500</u>	<u>508,481</u>

The highest paid director received remuneration of £315,435 (2022 - £370,267).

The total compensation receivable by key management personnel was £984,928 (2022: £1,087,535).

Key management personnel includes the directors and the wider senior management team.

9. Interest receivable and similar income

	2023 £	2022 £
Other interest receivable	<u>(64,183)</u>	<u>(10,029)</u>

10. Interest payable and fair value movements

	2023 £	2022 £
Fair value change on convertible loan notes	(11,286,441)	(5,773,590)
Fair value change on Redeemable Convertible Preference shares	(54,655,756)	19,937,295
Loan interest payable and related charges	7,263,864	3,823,180
	<u>(58,678,332)</u>	<u>17,986,885</u>

11. Exceptional Items

	2023 £	2022 £
Impairment of Fixed Assets	-	16,738,472
Loan and interest waived	(30,828,640)	-
	<u>(30,828,640)</u>	<u>16,738,472</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

12. Taxation

	2023	2022
	£	£
Corporation tax		
Corporation tax credit for the year	(1,000,000)	(1,250,000)
Adjustments in respect of previous years	-	(272,293)
Foreign tax on income for the year	(98,431)	662
	<u>(1,098,431)</u>	<u>(1,521,631)</u>
Taxation on loss on ordinary activities	<u>(1,098,431)</u>	<u>(1,521,631)</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

12. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is higher than the standard rate of corporation tax in the UK of 19% (2022 - 19.0%). The differences are explained below:

	2023 £	2022 £
Profit/(loss) on ordinary activities before tax	75,777,596	(51,143,515)
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2022: 19.0%)	14,397,743	(9,717,268)
Effects of:		
Expenses not deductible for tax purposes	-	1,755,918
Income not taxable for tax purposes	(20,874,523)	-
Capital allowances for year in excess of depreciation	-	-
Higher rate taxes on overseas earnings	(98,431)	662
Adjustments to tax charge in respect of prior periods	-	(272,293)
Adjustments for change in tax rates	-	-
Deduction for R&D expenditure	(1,000,000)	(1,250,000)
Unrelieved tax losses carried forward	6,476,780	7,961,350
Total tax credit for the year	<u>(1,098,431)</u>	<u>(1,521,631)</u>

Factors that may affect future tax charges

The UK Government previously announced that the rate of UK Corporation tax would reduce to 17% with effect from 1 April 2020. In the Spring Budget 2021, the Government announced that the rate of UK Corporation tax would increase from 19% to 25% with effect from 1 April 2023. The new law was substantively enacted on 24 May 2021.

A deferred tax asset of £21.4m (2022: £19.6m) has not been recognised at 30 April 2023 on unutilised losses carried forward of £85.5m (2022: £78.5m) as the directors consider that it is unlikely that they will be utilised in the foreseeable future against taxable profits.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

13. Tangible fixed assets

Group and Company

	Leasehold property £	Plant & machinery £	Office equipment £	Asset under construction £	Total £
Cost					
At 1 May 2022	796,883	77,707,341	950,559	2,902,485	82,357,267
Additions	-	47,266	168,809	508,267	724,341
Disposals	-	-	-	-	-
Transfers between classes	-	-	-	-	-
At 30 April 2023	<u>796,883</u>	<u>77,754,607</u>	<u>1,119,368</u>	<u>3,410,751</u>	<u>83,081,609</u>
Depreciation					
At 1 May 2022	717,382	42,917,845	722,040	-	44,357,267
Charge for the year on owned assets	20,889	4,353,926	139,831	-	4,514,656
Disposals	-	-	-	-	-
At 30 April 2023	<u>738,281</u>	<u>47,271,772</u>	<u>861,871</u>	<u>-</u>	<u>48,871,924</u>
Net book value					
At 30 April 2023	<u>58,602</u>	<u>30,482,835</u>	<u>257,497</u>	<u>3,410,751</u>	<u>34,209,685</u>
At 30 April 2022	<u>79,501</u>	<u>34,789,496</u>	<u>228,519</u>	<u>2,902,485</u>	<u>38,000,000</u>

All of the Group's tangible fixed assets are held in the Parent Company.

The asset under construction at 30 April 2023 relates to the addition of a lacquering line.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

14. Fixed asset investment

Subsidiary undertaking

As at 30 April 2023 the following was a subsidiary undertaking of the Company:

Name	Class of shares	Holding	Principal activity
Generation Phoenix Inc. 2530 Meridian Parkway Suite 200 Durham NC 27713 USA	Ordinary	100%	Distributor of high performance material

The aggregate of the share capital and reserves as at 30 April 2023 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves	Profit/(loss)
	£	£
Generation Phoenix Inc.	<u>1,520,605</u>	<u>(85,902)</u>

15. Stocks

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Raw materials	2,109,222	2,154,657	2,109,222	2,154,657
Work in progress	765,482	176,291	765,482	176,291
Finished goods and goods for resale	604,949	954,643	542,009	795,997
	<u>3,479,653</u>	<u>3,285,591</u>	<u>3,416,713</u>	<u>3,126,945</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

16. Debtors

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Trade debtors	2,576,982	2,510,201	1,421,817	1,335,189
Other debtors	3,100,114	4,012,290	3,100,114	4,012,290
Prepayments and accrued income	530,319	736,414	530,319	735,635
Tax recoverable	2,248,791	4,569,259	2,248,791	4,569,259
	<u>8,456,207</u>	<u>11,828,164</u>	<u>7,301,042</u>	<u>10,652,373</u>

Included within other debtors is an amount of £2,325,024 (2022: £2,325,024) which is recoverable after more than 12 months.

17. Cash and cash equivalents

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Cash at bank and in hand	<u>14,659,592</u>	<u>5,559,001</u>	<u>14,541,953</u>	<u>5,443,520</u>

18. Creditors: Amounts falling due within one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Other loans	-	2,101,881	-	2,101,881
Trade creditors	1,649,834	732,468	1,649,834	732,468
Amounts owed to subsidiary undertaking	-	-	943,581	672,316
Other taxation and social security	363,906	216,203	363,906	216,203
Other creditors	308,243	156,567	301,660	150,023
Accruals and deferred income	4,858,881	14,944,314	4,106,743	14,263,326
	<u>7,180,863</u>	<u>18,151,433</u>	<u>7,365,724</u>	<u>18,136,217</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

19. Creditors: Amounts falling due after more than one year

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Convertible loan notes	-	13,660,709	-	13,660,709
Other loans	8,650,978	29,474,685	8,650,978	29,474,685
Redeemable Convertible Preference shares treated as debt	-	27,292,257	-	27,292,257
Less: Issuance costs	-	(80,097)	-	(80,097)
Fair value movement on Redeemable Convertible Preference shares	-	24,376,730	-	24,376,730
	<u>8,650,978</u>	<u>94,724,283</u>	<u>8,650,978</u>	<u>94,724,283</u>

Unsecured Convertible Loan Notes

In September 2020, the company received £13,939,808 through the issue of unsecured convertible loan notes from existing shareholders and the Future Fund. The terms of the loans are that they accrue interest at 15% per annum.

The loans were intended to automatically convert into a variable number of shares on the company's next qualifying funding round at a discount of 30% to the price set by that qualifying funding round. In the absence of a qualifying funding round, at maturity the loan note holders would have had the option to choose: (i) for it to be repaid by the company with a redemption premium (being a premium equal to 100% of the principal); or (ii) to convert into equity at a discount of 30% to the price set by the most recent funding round.

Given the terms of the loan they are classified as non-basic financial instruments and recorded at fair value. As outlined in note 23 the holders of the Convertible Loan note elected to convert their notes into 3,600,000 of Series A Shares. As a result a fair value adjustment of £11,286,441 has been recorded.

Redeemable Convertible Preference Shares

At 30 April 2021 the Company had issued 17,723,998 redeemable convertible preference shares that accrue interest at 15% per annum. During the year-ended 30 April 2022 the Company issued a further 9,568,259 redeemable convertible preference shares that included redemption premiums of £16,612,780 that became a liability upon issuance. Given the terms of the redeemable convertible preference shares they were accounted for as a liability and were classified as non-basic financial instrument and were therefore recorded at fair value. As outlined in note 23 the holders of 27,292,257 Redeemable Convertible Preference Shares that were accounted for as debt have consolidated their holdings and converted their holding into deferred shares in the Company. As a result a fair value adjustment of £54,655,756 has been recorded.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

20. Loans

Other loans are aged as follows:

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Amounts falling due within one year				
Other loans	-	2,101,881	-	2,101,881
Amounts falling due 1-2 years				
Other loans	-	4,474,685	-	4,474,685
Amounts falling due 2-5 years				
Other loans	8,650,978	-	8,650,978	-
Convertible loan notes	-	13,660,709	-	13,660,709
Amounts falling due after more than 5 years				
Other loans	-	25,000,000	-	25,000,000
	<u>8,650,978</u>	<u>45,237,274</u>	<u>8,650,978</u>	<u>45,237,274</u>

On 18 September 2017, a 7 year term loan for £25,000,000 was entered into with Ampleforth Investments Limited. The loan is secured against the new manufacturing facility.

During the year ended 30 April 2018 the Group drew down £9,000,000 of a venture debt facility from Bootstrap Europe II S.C. Sp with a further £1,000,000 drawn down during the following year. The loan is also secured against the new manufacturing facility.

On 7th March 2023 as part of the debt and equity restructure £4,653,130 of the loans were converted into 5,066,666 Series A shares. In addition on 7th March of £30,828,640 was waived by Ampleforth Investments and is treated as an exceptional gain (see note 11). Following the conversion and the waiver the company owed £8,500,000, equally between Ampleforth Investments and Bootstrap with interest accruing at 10% per annum.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

21. Financial instruments

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Financial assets				
Cash and cash equivalents	14,659,592	5,559,001	14,541,953	5,443,520
Financial assets measured at amortised cost	5,514,823	6,272,652	4,359,657	5,097,640
	<u>20,174,414</u>	<u>11,831,653</u>	<u>18,901,610</u>	<u>10,541,160</u>
Financial liabilities				
Other financial liabilities measured at fair value through profit or loss	-	65,249,599	-	65,249,599
Financial liabilities measured at amortised cost	15,159,693	47,253,347	16,497,418	48,874,924
	<u>15,159,693</u>	<u>112,502,946</u>	<u>16,497,418</u>	<u>114,124,523</u>

Financial assets measured at amortised cost comprise cash, trade and other debtors and amounts owed by subsidiary companies.

Financial liabilities measured at amortised cost comprise loans, trade and other creditors, accruals and amounts owed to subsidiary undertaking.

Financial risk management

The Group uses various financial instruments including loans, cash, equity investments, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the Group's operations.

The existence of these financial instruments exposes the Group to a number of financial risks, which are described in more detail below. The main risks arising from the Group's financial instruments are credit risk and currency risk.

Credit risk

The Group's principal financial assets are cash and trade debtors. The credit risk associated with the cash is limited as the counterparties have high credit ratings assigned by international credit rating agencies. The principal credit risk arises therefore from the Group's trade debtors. In order to manage credit risk the directors set limits for customers based on a combination of payment history and third party credit references. Credit limits are reviewed on a regular basis in conjunction with debt ageing and collection history. Credit insurance cover is also in place to help mitigate this risk.

Currency risk

The Group is exposed to foreign exchange risk. The Group has sought to manage currency risk by matching as closely as possible the currency that sales are priced in to the currency that costs are incurred in. The Group also seeks to hedge its exposure using forward exchange contracts.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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22. Provisions

Group

See group and company note below:

	Product warranty provision £	Dilapidation provision £	Total £
At 1 May 2022	92,348	591,339	683,687
Charged to profit or loss	267,302	145,868	413,170
At 30 April 2023	<u>359,650</u>	<u>737,207</u>	<u>1,096,857</u>

Product warranty provision

The provision is to cover the potential costs of supplying replacement material to customers under normal terms of business. It is expected that most of these costs will be incurred in the next financial period and will have been fully incurred within two years of the statement of financial position date.

Dilapidation provision

The dilapidation provision represents the 'wear and tear' costs likely to be incurred to return the properties to their original condition at the end of their leases.

Company

	Product warranty provision £	Dilapidation provision £	Total £
At 1 May 2022	92,348	591,339	683,687
Charged to profit or loss	267,302	145,868	413,170
At 30 April 2023	<u>359,650</u>	<u>737,207</u>	<u>1,096,857</u>

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

23. Share capital

	2023	2022
	£	£
Shares classified as equity		
Allotted, called up and fully paid		
6,969,195- Ordinary A shares of £0.00500 each	-	34,846
579,902- Ordinary B shares of £0.01000 each	-	5,799
98,473 – Old Ordinary C shares of £0.01000 each	-	985
6,969,195- Preference shares of £0.99500 each	-	6,934,349
78,693- Deferred shares of £0.01000 each	-	787
259,353- Enterprise shares of £0.00010 each	-	26
3,295,222- Senior Preference shares of £1.00000 each	-	3,295,222
8,666,666 – Series A shares of £0.01 each	86,667	-
15,000,000 – Series B shares of £0.01 each	150,000	-
3,756,427,061 – Deferred shares of £0.01 each	37,564,270	-
	<hr/>	<hr/>
	<u>37,800,937</u>	<u>10,272,014</u>

Shareholder rights

On 7th March 2023 the Company has raised £15,000,000 by issuing Series B shares to a new lead investor, Material Impact as well as to three strategic investors and three existing investors. As part of the fundraising secured creditors waived £30,828,640 of their debt and converted £4,653,130 of their debt into 5,066,666 Series A shares in the Company. The holders of the Convertible Loan note elected to convert their notes into 3,600,000 of Series A shares. The holders of 27,292,257 Redeemable Convertible Preference shares that were accounted for as debt have consolidated their holdings and converted their holding into deferred shares in the Company. All other shareholders converted their holdings into deferred shares in the Company. All warrants and options in existence at 7th March 2023 were terminated.

The Series B shares have the most senior liquidation preference after the Deferred shares (see below) and shall confer on the holder each Series B share ten votes per share. In certain circumstances B shares are convertible into Ordinary shares.

The Series A shares have the second most senior liquidation preference and shall confer on the holder of each share one vote per share. In certain circumstances A Shares are convertible into Ordinary shares.

New C Ordinary shares rank behind the Series B and the Series A shares in liquidation preference and have no voting rights. No new C Ordinary shares were issued by 30 April 2023. Please refer to note 31.

The D Ordinary shares participate when a surplus on exit is greater than £250m and they have no voting rights. Warrants over 596,884 D Ordinary Shares were issued to founder and early stage investors.

The Deferred shares have the most senior liquidation preference where there is a surplus of assets on a distribution. It is noted that the Deferred Shareholders would be entitled to an amount of £1 for the entire class of Deferred shares.

The rights of the shares that were consolidated, subdivided and converted into Deferred shares were disclosed in the prior year financial statements.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

23. Share capital (continued)		2023	2022
		£	£
	Shares classified as debt		
	Allotted, called up and fully paid		
	0 (2022 - 27,292,257) Redeemable Convertible Preference shares of £1.00000 each	-	27,292,257

Share warrants

No warrants were issued in the year; At 30 April 2023, 0 (2022: 1,566,052) warrants were in issue allowing the holder to subscribe to further Ordinary A shares and Preference shares at a combined subscription price of £9 per share. These warrants were cancelled as part of the equity raise and debt restructure.

Contingent rights to the allotment of shares

At 30 April 2023 options in respect of 0 (2022: 5,500) Ordinary A shares, having satisfied the prescribed conditions, were eligible to be exercised. The exercise period is 15 years from the date the options were granted and the exercise price ranged from £7 to £8. These options were cancelled as part of the equity raise and debt restructure.

24. Reserves**Share premium**

Includes any premiums received on issue of share capital. Any transaction costs associated with the issuing of shares are deducted from share premium.

Retained earnings

Included in retained earnings is an amount that represents the difference in the fair value and the liquidated sum of the convertible loan note that was written off as part of the restructure in the year.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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25. Share based payments

On 24 September 2014 certain management entered into an agreement with the Company to surrender certain employment rights in exchange for which the Company shall allot and issue to management a certain number of new Enterprise shares of £0.0001 each in the capital of the Company (the "Enterprise shares").

	Weighted average exercise price (pence) 2023	Number 2023	Weighted average exercise price (pence) 2022	Number 2022
Outstanding at the beginning of the year	601	259,353	601	259,353
Forfeited during the year	(601)	(259,353)	-	-
Outstanding at the end of the year	-	-	601	259,353

These shares were converted into Deferred shares as part of the equity raise and debt restructure as outlined above.

Subsequent to the year-end a number of Gen Phoenix Directors and Employees subscribed for C Ordinary shares as part of the Generation Phoenix Growth Share Plan. The rights to these shares vest over 48 months subject to continued employment. In addition, a number of employees were granted options over C Ordinary shares as part of the Generation Phoenix Share Option Plan. These options vest over 48 months subject to continued. It was agreed by the Board that these should vest from 7th March 2023.

The Directors have valued the C shares using a Monte Carlo simulation model and valued the options over the C shares using a Black-Scholes model. In the year-end 30 April 2023 the Company has recorded a share based payment charge of £14,664 to represent the period from 7th March 2023 to 30 April 2023.

26. Contingent liabilities

There were no contingent liabilities at 30 April 2023 or 30 April 2022.

27. Capital commitments

Capital commitments outstanding at the year-end relate to the new lacquering line and amounted to £386,307 (2022: £519,377).

28. Pension commitments

The Group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension cost charge represents contributions payable by the Group to the fund and amounted to £229,632 (2022: £201,556).

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
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29. Commitments under operating leases

At 30 April 2022 the Group and the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	Group 2023 £	<i>Group 2022 £</i>	Company 2023 £	<i>Company 2022 £</i>
Not later than 1 year	1,019,173	<i>1,883,534</i>	1,019,173	<i>1,883,534</i>
Later than 1 year and not later than 5 years	7,534,138	<i>7,534,138</i>	7,534,138	<i>7,534,138</i>
Later than 5 years	24,550,507	<i>26,558,762</i>	24,550,507	<i>26,558,762</i>
	<u>33,103,817</u>	<i><u>35,976,434</u></i>	<u>33,103,817</u>	<i><u>35,976,434</u></i>

30. Related party transactions

The Company has taken advantage of the exemption conferred by FRS 102 not to disclose transactions with entities where 100% voting rights are controlled within the Group.

Included within other debtors is a balance of £0 (2022: £30,999) relating to amounts outstanding under loans made to directors and other key management personnel in prior years. The purpose of these loans was for the acquisition of the Company's shares. Loans are interest free and repayable under certain specified circumstances.

Individual loan balances at the previous year end were repaid during the year. The balances at 30 April as follows:

Directors Loans

J P Kennedy loan outstanding at the year end was £0 (2022: £5,835).

Key Management Personnel

C den Ouden: £0 (2022: £25,164) outstanding at year end.

GENERATION PHOENIX LIMITED (FORMERLY E-LEATHER LIMITED)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 2023**

31. Post balance sheet events

On 16th May 2023 the Company issued 2,989,785 new C Ordinary Shares to Elemental SN Limited, a trust that holds the shares on behalf of current employee shareholders.

32. Controlling party

At 30 April 2023 the Company's controlling party was Material Impact Partners LLC, USA.

33. Analysis of net debt

	At 1 May 2022 £	Cash flows £	Interest £	Fair value movement £	Other non-cash changes £	At 30 April 2023 £
Cash at bank and in hand	5,559,001	9,100,591	-	-	-	14,659,592
Debt due after 1 year	(94,724,283)	-	(150,978)	65,942,196	20,282,087	(8,650,978)
Debt due within 1 year	<u>(2,101,881)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,101,881</u>	<u>-</u>
	<u>(91,267,163)</u>	<u>9,100,591</u>	<u>(150,978)</u>	<u>65,942,196</u>	<u>22,383,968</u>	<u>6,008,614</u>