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**BODYSMART FINANCE LIMITED**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FOR THE FIRST FINANCIAL PERIOD**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

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**BODYSMART FINANCE LIMITED**  
**ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**CONTENTS**

	Page(s)
General Information	1
Directors' Report	2 - 3
Statement of Directors' Responsibilities	4
Independent Auditor's Report	5 - 7
Statement of Comprehensive Income	8
Statement of Financial Position	9
Statement of Changes in Equity	10
Statement of Cash Flows	11
Notes to the Financial Statements	12 - 24

**BODYSMART FINANCE LIMITED**  
**GENERAL INFORMATION**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**Directors**

Cheryl Heslop (appointed 16 April 2020)  
Ryan Mendez (appointed 16 April 2020)

**Registered office**

44 Esplanade  
St Helier  
Jersey  
JE4 9WG  
Channel Islands

**Company registered number**

131386

**Transfer agent, Registrar and**

**Principal paying agent**

Avenir Registrars Limited  
5 St. John's Lane  
London  
EC1M 4BH

**Borrower**

BodySmart Investment Group LLC  
Tasaheel Building  
Office 102  
Al Qusais  
Dubai  
UAE

**Calculation and Distribution agent**

ZigZag Management Experts LLC  
Unit No: 423  
DMCC Business Centre Level  
No 5 Jewellery & Gemplex 2  
Dubai  
United Arab Emirates

**Corporate Services Provider  
and Secretary**

Intertrust SPV Services Limited  
44 Esplanade  
St Helier  
Jersey  
JE4 9WG  
Channel Islands

**Note and Security Trustee**

Woodside Corporate Services Limited  
4th Floor  
50 Mark Lane  
London  
EC3R 7QR

**Independent Auditor**

Bracken Rothwell Limited  
2nd Floor, The Le Gallais Building  
54 Bath Street  
St Helier  
Jersey  
JE1 1FW  
Channel Islands

**Legal Counsel**

DWF Law LLC  
20 Fenchurch Street  
London  
EC3M 3AG

**BODYSMART FINANCE LIMITED**  
**DIRECTORS' REPORT**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

The Directors present their annual report and audited financial statements of BodySmart Finance Limited ("**Company**" / "**Issuer**") for the first financial period from 16 April 2020 to 31 December 2020.

**Incorporation**

The Company was incorporated in Jersey, Channel Islands as a public company on 16 April 2020 under the Companies (Jersey) Law 1991 with a registered number of 131386.

**Principal activities**

The principal activity of the Issuer is to establish a US\$100,000,000 secured medium term note programme (the "**Programme**"), issuing series of notes (the "**Notes**") in different series (each, a "**Series**"). The proceeds of the series of notes will fund the business activities of BodySmart Investment Group LLC ("**BIGL**" / "**Borrower**"), which are focused on the medical, aesthetic and wellness industries within the United Arab Emirates.

The Issuer proposes to issue US\$15,000,000 12% Fixed Rate Notes due 2025 (the "**Series 2020-B1 Notes**") under the Programme pursuant to the Investment Memorandum. The Series 2020-B1 Notes will be issued in denomination of US\$1.00 but every investor must at all times hold US\$125,000 worth of the Series 2020-B1 Notes, which is the minimum subscription amount.

The Investment Memorandum including the Pricing Supplement constitute Listing Particulars for the Series 2020-B1 Notes which the Issuer has prepared in compliance with the Listing Rules of the Open Market of the Frankfurt Stock Exchange (the "**Freiverkehr**"). The Issuer listed the Series 2020-B1 Notes to be admitted for trading on the Freiverkehr.

**Results and dividends**

The statement of comprehensive income for the period is set out on page 8. No dividends have been declared during the period.

**Directors**

The Directors in office during the period, and subsequently to the date of approval of these financial statements are presented on page 1.

The Directors had no interest in the ordinary shares of the Company throughout the period and up to the date of approving these financial statements.

**Going concern**

The Directors believe that the Company is well placed to manage its business risk successfully and therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. In accordance with the structuring of the transaction, the Company's obligations under the Notes are limited to the value of its assets.

The Directors have reviewed the expected future cash flows of the Company and considered the limited recourse feature of the Notes. Moreover, the Company's operating expenses are recoverable from and borne by BIGL.

The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

**BODYSMART FINANCE LIMITED**  
**DIRECTORS' REPORT (continued)**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

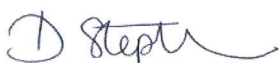
**Secretary**

The Secretary of the Company throughout the period and subsequently to the date of approval of these financial statements was Intertrust SPV Services Limited.

**Independent auditor**

Bracken Rothwell Limited have indicated their willingness to be appointed as the first auditor of the Company. A resolution that they will be appointed will be proposed at a board meeting with the Directors of the Company.

By order of the board



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**Intertrust SPV Services Limited**

44 Esplanade  
St Helier  
Jersey  
JE4 9WG  
Channel Islands

Dated: 27 October 2021

**BODYSMART FINANCE LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

The Directors are responsible for preparing their annual report and financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 (**Law**) requires the Directors to prepare financial statements for each financial period in accordance with prescribed generally accepted accounting principles. The Directors have elected to prepare its financial statements in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board. The financial statements of the Company are required by law to give a true and fair view of the state of affairs and of the profit or loss of the Company for that period. In preparing these financial statements the Directors should:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- specify which of the prescribed generally accepted accounting principles have been adopted in their preparation; and
- 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 which are sufficient to show and explain its transactions and are such as to disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements prepared by the Company comply with the requirements of the Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors confirm that they have complied with all the above requirements in preparing the financial statements.

So far as the Directors are aware, there is no relevant information of which the Company'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 Company's auditors are aware of that information.



## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BODYSMART FINANCE LIMITED

### Auditor Authorisation

Bracken Rothwell Limited is authorised to act as auditor to BodySmart Finance Limited since it satisfies the requirements set out in Article 102(1)(c) of the Companies (Jersey) Law 1991.

### Opinion

We have audited the financial statements of BodySmart Finance Limited (the 'Company') for the period ended 31 December 2020 which comprise the Statements of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and Statement of Cash Flows and notes 1 to 17 to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

In our opinion, the financial statements:

- present a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance for the period then ended;
- have been properly prepared in accordance with IFRS; and
- have been prepared in accordance with the Companies (Jersey) Law 1991;

### 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 Company in accordance with the Ethical Standards as issued by the Financial Reporting Council ("FRC") in the United Kingdom and other guidance and ethical requirements that are relevant to our audit of the financial statements in Jersey, 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

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 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 other information comprises the information included in the Director report other than the financial statements and our Auditor's report thereon. The Directors are responsible for the other information contained within the Director report. Our opinion on the financial statements does not



**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BODYSMART FINANCE LIMITED  
(continued)**

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.

**Opinions on Other Matters**

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

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

**Matters on Which We Are Required to Report by Exception**

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

We have nothing to report in respect of the following matters, in our opinion:

- the financial statements are in agreement with the accounting records and returns; and
- we have received all the information and explanations we require for our audit.

**Responsibilities of Directors**

As explained more fully in the statement of Directors' responsibilities on page 4, 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 controls 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 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 Company or to cease operations, or have no realistic alternative but to do so.



BRACKEN | ROTHWELL  
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BODYSMART FINANCE LIMITED  
(continued)**

**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. 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:

We gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of non-compliance or fraud by the Company. We designed audit procedures to detect material misstatements due to fraud and error. We note that it can be harder to detect those arising due to fraud as they may involve deliberate concealment or collusion. We focused on laws and regulations that could give rise to material misstatement in the Company's financial statements, including, but not limited to, Companies (Jersey) Law 1991. Our tests included, but were not limited to, agreement of the financial statement disclosures to underlying supporting documentation, review of correspondence with regulators and legal advisers and enquiries of management. There are inherent limitations in the audit procedures described above and the more removed from the financial transactions, the less likely it is that we would become aware of non-compliance with laws and regulations.

A further description of our responsibilities is available on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's report.

**Alistair Rothwell FCA**

For and on behalf of:  
**Bracken Rothwell Limited**  
*2<sup>nd</sup> Floor, The Le Gallais Building*  
*54 Bath Street, St Helier*  
*Jersey, JE1 1FW*

Date: *27 October 2021*

**BODYSMART FINANCE LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

	Notes	From 16 April 2020 to 31 December 2020	
		US\$	US\$
<b>Income</b>			
Interest Income	8	3,836	
Corporate benefit fee	8	1,000	
Rechargeable income		410,459	
<b>Total income</b>			415,295
<b>Expenses</b>			
Interest expense	11	3,836	
Administration fees		16,274	
Commission & Brokerage charges		82,500	
Directors fees		3,538	
Formation expenses		7,215	
Agent and Maintenance fees		14,710	
Security Trustee fees		885	
Bank interest and charges		6,951	
Management fees		5,032	
Process agent fee		1,219	
Legal and professional fees		246,893	
Foreign exchange loss		23,275	
Sundry expenses		1,967	
<b>Total expenses</b>			414,295
<b>Profit for the period</b>			1,000
<b>Other comprehensive income</b>			-
<b>Total comprehensive income for the period</b>			<u>1,000</u>

All the items dealt with in arriving at the result for the period relate to continuing activities.

The notes on pages 12 to 24 form part of these financial statements

**BODYSMART FINANCE LIMITED**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2020**

	Notes	31 December 2020 US\$
<b>ASSETS</b>		
<b>Non-current assets</b>		
Loan receivable	6	<u>330,000</u>
		<u>330,000</u>
<b>Current assets</b>		
Cash and cash equivalents	7	16,765
Other receivables and prepayments	8	<u>301,797</u>
<b>Total current assets</b>		<u>318,562</u>
<b>Total assets</b>		<u><b>648,561</b></u>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	12	2
Retained earnings		<u>1,000</u>
<b>Total equity</b>		<u>1,002</u>
<b>Liabilities</b>		
<b>Non-current liabilities</b>		
Notes payable	9	<u>330,000</u>
		<u>330,000</u>
<b>Current liabilities</b>		
Trade payables	10	293,703
Other payables and accrued expenses	11	<u>23,856</u>
		<u>317,559</u>
<b>Total liabilities</b>		647,559
<b>Total equity and liabilities</b>		<u><b>648,561</b></u>

The financial statements on pages 8 to 24 were approved and authorised for issue by the Board of Directors on 27 October 2021 and signed on its behalf by:

  
 ..... Director

The notes on pages 12 to 24 form part of these financial statements

**BODYSMART FINANCE LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

	Share capital	Retained earnings	Total
	US\$	US\$	US\$
On 16 April 2020	-	-	-
Issuance of share capital	2	-	2
Total comprehensive income for the period	-	1,000	1,000
As at 31 December 2020	<u>2</u>	<u>1,000</u>	<u>1,002</u>

The notes on pages 12 to 24 form part of these financial statements

**BODYSMART FINANCE LIMITED**  
**STATEMENT OF CASH FLOWS**  
**FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

	Notes	31 December 2020 US\$
<b>Operating activities</b>		
Total comprehensive income for the period		1,000
<i>Adjustments for:</i>		
Interest income	8	(3,836)
Interest expense	11	3,836
Increase in trade payables	10	293,703
Increase in other receivables and prepayments	8	(301,796)
Increase in other payables and accrued expenses	11	23,856
<b>Net cash generated from operating activities</b>		<u>16,763</u>
<b>Investing activities</b>		
Issuance of loan	6	<u>(330,000)</u>
<b>Net cash used in investing activities</b>		<u>(330,000)</u>
<b>Financing activities</b>		
Proceeds from issuance of share capital	12	2
Proceeds from issuance of Note Series	9	<u>330,000</u>
<b>Net generated from financing activities</b>		<u>330,002</u>
Increase in cash and cash equivalents		16,765
Cash and cash equivalents at beginning of period		-
<b>Cash and cash equivalents at end of period</b>		<u><u>16,765</u></u>

The notes on pages 12 to 24 form part of these financial statements

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**1. General information**

BodySmart Finance Limited ("**Company**"/"**Issuer**") is a company incorporated in Jersey, Channel Islands as a public company under the Companies (Jersey) Law 1991 on 16 April 2020, under a registered number of 131386. The Company presents its financial statements for the first financial period from 16 April 2020 to 31 December 2020.

The principal activity of the Issuer is to establish a US\$100,000,000 secured medium term note programme (the "**Programme**"), issuing series of notes (the "**Notes**") in different series (each, a "**Series**"). The proceeds of the series of notes will fund the business activities of BodySmart Investment Group LLC ("**BIGL**"/ "**Borrower**"), which are focused on the medical, aesthetic and wellness industries within the United Arab Emirates.

The Issuer proposes to issue US\$15,000,000 12% Fixed Rate Notes due 2025 (the "**Series 2020-B1 Notes**") under the Programme pursuant to the Investment Memorandum. The Series 2020-B1 Notes will be issued in denomination of US\$1.00 but every investor must at all times hold US\$125,000 worth of the Series 2020-B1 Notes, which is the minimum subscription amount.

**2. Basis of preparation**

**Statement of compliance**

These financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (**IFRS**) as issued by the International Accounting Standards Board (**IASB**).

**Basis of measurement and presentation**

These financial statements have been prepared on a historical cost basis. The principal accounting policies applied in the preparation of these financial statements are set out below.

**Functional and presentation currency**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

**Going concern**

The Directors believe that the Company is well placed to manage its business risk successfully and therefore have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, being 12 months from the date of this report. In accordance with the structuring of the transaction, the Company's obligations under the Notes are limited to the value of its assets.

The Directors have reviewed the expected future cash flows of the Company and considered the limited recourse feature of the Notes. Moreover, the Company's operating expenses are recoverable from and borne by BIGL.

The Directors are not aware of any material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the financial statements have been prepared on a going concern basis.

**Adoption of new and revised standards**

***Standards, amendments and interpretations issued and effective***

This is the first financial reporting period for the Company and all effective standards, interpretations and amendments under IFRS have been adopted.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**2. Basis of preparation (continued)**

**Adoption of new and revised standards (continued)**

***New standards, amendments and interpretations that are effective for the current year***

The Company has applied the below amendments to IFRS Standards and Interpretations issued by IASB that are effective for an annual period that begins on or after 1 January 2020. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

**Amendments to references to the conceptual framework in IFRS standards**

The Company has adopted the applicable amendments included in Amendments to references to the conceptual framework in IFRS standards for the first time in the current period. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised conceptual Framework.

The applicable Standards which are amended are IAS 1 and IAS 37.

***New standards, amendments and interpretations issued but not yet effective***

At the date of authorisation of these financial statements, the Company has not applied new standards, amendments to standards and interpretations that have been issued but are not yet effective:

Amendments to IAS 1 - *Classification of liabilities as current or non-current*

Annual improvements to IFRS standards 2018-2020 cycle - *Amendments to IFRS 1 First-time Adoption of International Financial Reporting Standards and IFRS 9 Financial Instruments*

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

**3. Significant accounting policies**

**Notes interest income and expense**

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of the financial instrument but does not consider future credit losses. The calculation includes transactions costs and all other premiums or discounts.

The Programme interest income and expense are recognised on a time-proportion basis using the effective interest method.

**Operating expenses**

The operating expenses are recognised in the financial statements in the period in which they are incurred on an accrual basis. These are recoverable from and borne by BIGL.

**Taxation**

Current tax, including Jersey tax and any other taxes, is provided for at 0% using the tax rates and laws that have been enacted or substantively enacted in Jersey by the financial period end date.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**3. Significant accounting policies (continued)**

**Foreign currencies**

In preparing the financial statements of the Company, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing on the dates of the transactions.

At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

**Financial instruments**

The Company's financial instruments comprise cash and cash equivalents, notes payable, loan receivable and other payables and receivables that arise directly from its operations. These financial instruments are classified in accordance with the principles of IFRS 9 as described below.

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value, except for trade receivables that do not have a significant financing component which are measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

**Classification of financial assets**

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

***Classification of financial assets (continued)***

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset:

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

*(i) Amortised cost and effective interest method*

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

Interest income is recognised in profit or loss.

*(ii) Financial assets at FVTPL*

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

***Impairment of financial assets***

The Company recognises a loss allowance for expected credit losses on receivables. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime expected credit losses ("ECL") for receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. The Company recognizes ECL for cash and bank balances using the general approach and uses an approach similar to the simplified approach for receivables as required by IFRS 9.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

**Notes payable**

Notes will be issued in multiple classes or series by the Company in either credit linked, fixed rate, floating rate, index linked, dual currency, zero coupon or variable coupon forms. Notes issued by the Company are initially recognised at the value of the proceeds of the issue and subsequently at fair value through profit or loss. The Issuer listed the Series 2020-B1 Notes to be admitted for trading on the Freiverkehr.

Notes may be made to further stock exchanges by the Issuer (or on its behalf) for the notes to be admitted to listing and trading on such stock exchanges.

The Series 2020-B1 Notes have been authorised by the Board of Directors of the Issuer to be deposited with the Euroclear UK and Ireland Limited on or prior to the closing date in accordance with the Uncertified Securities Regulation 2001 (SI2001 No.3755) including any modification thereof for the the time being in force (the "**CREST Regulations**") and the rules, regulations, procedures, facilities and requirements as defined in the CREST Regulations.

The Notes may be issued in bearer form or in register form as specified in the relevant pricing supplements.

The register of noteholders the Series 2020-B1 Notes shall be maintained at all times in the United Kingdom by the Registrar where title is recorded as being held in uncertificated form. The Series 2020-B1 Notes may be transferred by means of the Relevant System (as defined in CREST Regulations).

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**3. Significant accounting policies (continued)**

**Financial instruments (continued)**

**Notes payable (continued)**

The Directors have considered the Interest Rate Benchmark Reform Amendments to IFRS 9, IAS 39 and IFRS 7 issued by the IASB in September 2019 which are mandatorily effective 1 January 2020. These amendments provide reliefs for companies affected by the intended future reform of IBOR and impact of this on the financial instruments of the Company. The directors do not consider this to be material to the instruments of the Company as future valuations will be based on any such replacement to the benchmark that arises from the reform.

***Classification as debt or equity***

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

***Financial liabilities***

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at FVTPL.

Financial liabilities that are not (i) contingent consideration of an acquirer in a business combination, (ii) held-for-trading, or (iii) designated as at FVTPL, are measured subsequently at amortised cost using the effective interest method.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

***Derecognition of financial instruments***

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised), and the consideration received (including any new asset obtained less any new liability assumed) is recognised in the statement of comprehensive income.

The Company derecognises a financial liability when its contractual obligations are discharged, cancelled, or expired.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**4. Critical accounting judgements and key sources of estimation uncertainty**

In applying the Company's accounting policies, which are described in note 3, the Directors are required to make judgements (other than those involving estimations) that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts 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.

**Critical judgements in applying the Company's accounting policies**

The following are the critical judgements, apart from those involving estimations (which are presented separately below), that the Directors have made in the process of applying the Company's accounting policies and that have the most significant effect on the amounts recognised in financial statements.

***Business model assessment***

Classification and measurement of financial assets depends on the results of the Notes issued, payments of principal and interest, and the business model test. The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment includes judgement reflecting all relevant evidence including how the performance of the assets is evaluated and their performance measured, the risks that affect the performance of the assets and how these are managed and how the managers of the assets are compensated. The Company monitors financial assets measured at amortised cost or fair value through other comprehensive income that are derecognised prior to their maturity to understand the reason for their disposal and whether the reasons are consistent with the objective of the business for which the asset was held. Monitoring is part of the Company's continuous assessment of whether the business model for which the remaining financial assets are held continues to be appropriate and if it is not appropriate whether there has been a change in business model and so a prospective change to the classification of those assets. No such changes were required during the periods presented.

**Key sources of estimation uncertainty**

There are no key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**5. Taxation**

The Company is liable to pay Jersey income tax at 0%.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**6. Loan receivable**

	2020 US\$
Loan receivable	<u>330,000</u>

The legal time of maturity for the above loan receivable from Borrower is on 3 June 2025.

At any time following the date of this Agreement, the Company shall issue the Notes and shall, at least two Business Days' prior to any such issue, notify the Borrower of:

- (i) the notional amount of the Notes to be issued (the "**Subscription Amount**");
- (ii) any accrued interest payment to be received by the Lender in relation to such Subscription Amount (the "**Accrued Interest Amount**"); and
- (ii) the date on which the Notes are to be issued (the "**Issue Date**"),

Interest shall accrue daily and shall be payable semi-annually in arrears on 3 December and 3 June in each year with the first payment falling due on the date being six months after the applicable Issue Date, being 3 December 2020, and with a final payment on the Facility Repayment Date.

**7. Cash and cash equivalents**

	2020 US\$
Cash at bank	<u>16,765</u>

The carrying value of the cash and cash equivalents approximate to their fair values. The Company did not identify any expected credit losses on the bank accounts as at the reporting date. Outstanding payments amount to US\$13,347 as at reporting date.

**8. Other receivables and prepayments**

	2020 US\$
Interest receivables	3,038
Other receivables	284,019
Prepayments	<u>14,739</u>
	<u>301,796</u>

During the period, the Company recognised interest income of US\$3,836 of which US\$3,038 was receivable as at 31 December 2020.

Other receivables include rechargeable income which is receivable from BIGL. These also consist of a corporate fee of US\$ 1,000 which is due to be paid to the Company by the borrower under the terms of the loan agreement established in relation to the Notes.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**9. Notes payable**

	2020 US\$
Series 2020-B1 12% Fixed Rate Notes	<u>330,000</u>

The notes payable have been classified as non-current within the statement of financial position.

The Company's loan receivable has been funded via proceeds of the Notes issued to Noteholders. The Issuer listed the Series 2020-B1 Notes to be admitted for trading on the Freiverkehr. The outstanding Notes Series at year end is a form of credit linked note which is attached to certain reference obligations.

Based on the detailed assessment performed by the Directors, they are of the view that the carrying amount of Notes approximates to the obligation for the expected amount payable as at the year end date.

***Coupon***

The interest due from the Borrower to the Issuer (as lender under the Loan Agreement) is calculated at 12% per annum, which matches the 12% coupon payable by the Issuer to the holders of the Series 2020-B1 Notes (the "**Coupon**").

The Issuer has a call option in respect of the Series 2020-B1 Notes issued, which it may exercise any time after 3 June 2023 (the "**Call Option**"); upon the exercise of all Call Option, the Loan Agreement shall terminate, or be accelerated to the extent required to give full effects to any exercise of the Call Option (the "**Call Acceleration Date**").

***Maturity***

The scheduled termination date of the Notes is on 3 June 2025.

***Limited recourse***

The Series 2020-B1 Notes are limited recourse obligation of the Issuer, and recourse is limited to the Issuer Security.

The ability of the Issuer to meet its obligation to pay amounts due under the Series 2020-B1 Notes and its operating and administrative expenses is solely dependent upon the extent of monies received or recovered by or on behalf of the Issuer. In relation to the Series 2020-B1 Notes, such monies consist solely of monies received by way of (a) contractual payments on the Loan (including interest, principal and payment of its ongoing arrangement fees by the Borrower), and/or realisation on enforcement or disposal of assets subject to the Issuer security are together called Realised Funds.

**10. Trade payables**

	2020 US\$
Trade payables	<u>293,703</u>

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**11. Other payables and accrued expenses**

	2020 US\$
Interest payable	3,038
Due to Borrower	16,763
Other payables	4,055
	<u>23,856</u>

During the period, the Company recognised interest expense of US\$3,836 of which US\$3,038 was outstanding as at 31 December 2020.

**12. Share capital**

	2020 US\$
<b>Authorised</b>	
10,000 ordinary shares of US\$ 1.00 each	
<b>Allotted, called up and paid</b>	
2 ordinary shares of US\$ 1.00 each	<u>2</u>

Each issued share is entitled to dividends when declared and carries one voting right.

During the period, the Company declared no dividends.

**13. Financial risk management**

The Company's activities expose it to a variety of risks: liquidity risk, credit risk, interest risk and market risk. The Board has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for identifying and analysing the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits.

**Credit risk**

Credit risk is the risk that the counterparty to the financial assets may default. The total amount of credit risk exposure at period end is presented below.

	2020 US\$
Cash and cash equivalents	16,765
Loan receivables	330,000
Other receivables	287,058
	<u>633,823</u>

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**13. Financial risk management (continued)**

Credit risk relating to financial assets at amortised cost including bank balances, loan receivables and other receivables are assessed at each reporting date in order to determine any significant increase in risk that will give rise to recognition of additional ECL as required by IFRS 9. The credit risk on cash transactions is in part mitigated by transacting with counterparties that are regulated entities subject to prudential supervision, or with high credit-ratings assigned by international credit-rating agencies. The Company's cash and cash equivalents are deposited with Coutts Monsas bank account as at period end.

The Board monitors the performance and recoverability of these assets on a periodic basis. The Company has no net exposure to any financial assets since its obligations, as disclosed in note 9 is limited recourse to the amounts due and receivable from the Company's financial assets.

**Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its payment obligations as they fall due.

The contractual payments to Noteholders are contingent upon the cash flows received from the interest from the Borrower. As a result of the limited recourse nature of the Notes, unless cash is received from the Borrower, the Company is not obliged to settle any periodic repayments to the Noteholders. Moreover, because the timing of cash flows on assets and liabilities are matched, the Directors believe that there is no significant liquidity risk.

The ability of the Company to meet its obligations to make interest payments on the Notes is dependent on the amount and timing of the receipts of interest income from the Borrower.

The undiscounted contractual maturity profile of the Company's financial assets and liabilities is as follows:

	Up to three months US\$	Three months - one year US\$	Over one year US\$	Total US\$
<b><u>Financial assets</u></b>				
Loan receivables			330,000	330,000
Other receivables	287,058	-	-	287,058
Cash and cash equivalents	16,765	-	-	16,765
	<u>303,823</u>	<u>-</u>	<u>330,000</u>	<u>633,823</u>
<b><u>Financial liabilities</u></b>				
Loans payable	-	-	330,000	330,000
Trade payables	293,703	-	-	293,703
Other payables	23,856	-	-	23,856
	<u>317,559</u>	<u>-</u>	<u>330,000</u>	<u>647,559</u>

**Market risk**

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income or the value of its financial assets/liabilities. The objective of market risk is to manage and control market risk exposures within acceptable parameters.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**13. Financial risk management (continued)**

**Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Interest rate risk is the risk that the Company's earnings will not be affected as a result of fixed rate of Interest in the value of financial instruments due to changes in market interest rates. The Company's Series 2020-B1 Notes Facility bears coupon payment at a fixed rate of 12% per annum, while the loan bears interest at a fixed rate of 12% per annum.

The Notes issued by the Company are interest bearing instruments however the Company's interest liabilities are limited recourse to the amount of the collections from the Interest income generated by the Loan receivable from the Borrower (see note 9). Therefore, despite any fluctuation in the market interest rates, the interest expense that the Company will incur in each financial period will always be equivalent to the income generated by the Loan receivable. The Directors therefore believe that the Company's exposure to interest rate risk is passed to the Noteholders.

<b>Categories of Financial Instruments</b>	2020 US\$
<u>Financial assets at amortised cost</u>	
Loan receivables	330,000
Other receivables	287,058
Cash and cash equivalents	16,765
	<u>633,823</u>
<u>Financial liabilities at amortised cost</u>	
Loan payables	330,000
Trade payables	293,703
Other payables	23,856
	<u>647,559</u>

The Board believes that the carrying amounts of financial assets and financial liabilities above are reasonable approximation of their fair values.

**Fair value hierarchy**

The Company measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

Level 1: quoted prices (unadjusted) in active markets for identical assets and liabilities.

Level 2: inputs other than quoted prices included within Level 1 that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs that are unobservable. This category includes all instruments for which the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation.

As at 31 December 2020, there are no balances measured at fair value.

**BODYSMART FINANCE LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**FOR THE PERIOD FROM 16 APRIL 2020 TO 31 DECEMBER 2020**

**14. Immediate and ultimate controlling party**

The Company is owned by Intertrust Fiscal Trustee A.R.L. in its capacity as trustee of the BodySmart Charitable Trust.

**15. Related party transactions**

Cheryl Heslop and Ryan Mendez are both directors of certain subsidiaries of Intertrust Fiduciary Services (Jersey) Limited, including Intertrust SPV Services Limited, which provides administration services to the Company. Intertrust Fiduciary Services (Jersey) Limited is the holding company of Intertrust Fiscal Trustee A.R.L.

The directors are considered to be the key management personnel. The directors do not receive remuneration from the Company. The fees charged by Intertrust SPV Services Limited include the provision of directors.

Intertrust Fiscal Trustee A.R.L. is entitled to receive fees for acting as trustee of BodySmart Finance Limited and Intertrust SPV Services Limited is entitled to receive fees for acting as company secretary, provision of directors and other administration services to the Company. During the period, the Company incurred fees from the provision of these services amounting to GBP34,278 of which GBP22,319 was outstanding as at year end. The incurred fees, among other operating expenses, are recoverable from and borne by BIGL.

**16 Key management personnel**

The key management personnel have been identified as being the Directors of the Company. No other emoluments are payable to Directors except as disclosed above.

**17. Subsequent events**

There were no significant events after period end and up to the date of approval of these financial statements.