

Trek Bicycle Corporation Limited

Annual Report and Financial Statements

Period Ended

2 January 2021

Company Number 02355933

FRIDAY



AADP008W

A12

24/09/2021

#137

COMPANIES HOUSE

Trek Bicycle Corporation Limited

Contents

	Page
Strategic Report	1 - 3
Directors' Report	4 - 6
Directors' Responsibilities Statement	7
Independent Auditors' Report	8 - 11
Statement of Comprehensive Income	12
Statement of Financial Position	13
Statement of Changes in Equity	14
Statement of Cash Flows	15 - 16
Analysis of Net Debt	16
Notes to the Financial Statements	17 - 31

Company Information

Directors	Mr J Burke Mr C R Brown Ms J L Naeger
Company secretary	Ms J L Naeger
Registered number	02355933
Registered office	9 Sherbourne Drive Tilbrook Milton Keynes MK7 8HX
Independent auditors	BDO LLP Two Snowhill Birmingham B4 6GA
Solicitors	Devonshires Solicitors LLP London Wall London EC2M 5QY

Trek Bicycle Corporation Limited

Strategic Report For the Period Ended 2 January 2021

The Directors present the Strategic Report and financial statements for the period ended 2 January 2021 (previous period ended 28 December 2019).

Review of the business

Operational review

During 2020 we saw sales growth across all our major product categories. Electric Bike sales continue to grow and this is becoming an increasingly significant category in the business.

We continue to work directly with Retailers in all markets and continue to build strong trading relationships.

Despite uncertainties in the economic market and currency fluctuations during the year, our gross margin has been stable and we have controlled expenses, which have grown significantly less than sales during the year.

Key performance indicators

The key performance indicators used by the Company in monitoring its performance are as follows:

	12 months ended 2 January 2021	12 months ended 28 December 2019
Change in sales	41.3%	42.8%
Gross profit as % of sales	22.3%	22.2%
Profit after tax as % of sales	6.9%	4.1%

Future developments

We launched new products in 2020 under the Trek, Electra & Bontrager brands which have helped to drive further growth. In Spring 2020, the COVID-19 outbreak led to an increase in cycling and strong demand for bicycles, which has continued into 2021. We also plan to continue our retail growth, both through further development of our key partner retailers and Trek stores.

Environment

The Company recognises the importance of its environmental responsibilities, monitors its impact and designs and implements policies to reduce any damage that might be caused by the Company's activities.

Company vehicles are chosen with low CO2 emissions, cycling to work is promoted by giving staff discounts on cycling products and providing shower and bike storage facilities. All waste is collected by recycling agents. Our premises have been built to BREEAM standards.

Principal risks and uncertainties

The key risks fall broadly under the following categories:

Market

The market continues to be very competitive. We intend to counter associated risks by strengthening our relationships with retailers through the provision of additional retail services, sharing of best practice from the stores we own, and increasing our market share through retail partnerships.

Trek Bicycle Corporation Limited

Strategic Report (continued) For the Period Ended 2 January 2021

Principal risks and uncertainties (continued)

Financial

The Company's principal financial instruments during the year comprised cash, trade debtors, group trade creditors that arise directly from its operations. The main purpose of these financial instruments is to provide funding for the Company's operations.

The existence of these financial instruments exposes the Company to a number of financial risks. The Directors review and agree policies for managing each of these risks and they are summarised below:

Currency risk - the Company's purchases are made primarily in US dollars and euros and it is therefore exposed to currency exchange movements. The Parent Company takes out dollar foreign exchange contracts in its name to hedge some of these risks.

Interest rate risk - the Company is financed by equity and has no third party debt and therefore has no interest rate exposure.

Credit risk – the Company seeks to manage its credit risk by dealing with established customers and by identifying and addressing any credit issues in a timely manner.

Liquidity risk – the Company has no third party debt and seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably.

Brexit – we continue to monitor developments and work with our advisors and the Bicycle Association to ensure we are prepared for changes to the regulatory environment, particularly around imports and customs clearance. Trek Bikes operate in the UK, EU and rest of the world and therefore is well positioned to adapt to developments in this area.

COVID-19 – we have and will continue to adapt the business in response to the current global pandemic. Safety is our priority and we have rolled out appropriate measures in all aspects of the business. Cycling is deemed an essential activity by the UK government during this pandemic, allowing the business to continue trading throughout the pandemic.

S172 Statement

As required by section 172 of the Companies Act 2006, the Directors of the Company must act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:

1. The likely consequences of any decision in the long term;
2. The interests of the Company's employees;
3. The need to foster the Company's business relationships with suppliers, customers and others;
4. The impact of the Company's operations on the community and the environment;
5. The desirability of the Company maintaining a reputation for high standards of business conduct; and
6. The need to act fairly as between members of the Company.

The Directors believe the following issues are relevant in complying with section 172 of the Companies Act 2006.

Long term decisions

The Company actively seeks out strategies that provide mutual long term benefits to its supply chain and customers. The changes in the trading environment due to COVID-19 and Brexit has meant that the Company has operated quickly to ensure that these long term benefits are protected. This has involved securing supply, supporting customers through a volatile environment and focusing on communicating regularly with all parties.

Trek Bicycle Corporation Limited

Strategic Report (continued) For the Period Ended 2 January 2021

S172 Statement (continued)

Company's Employees

The Company is fully committed to ensuring diversity and inclusion as part of its culture. The Company is also continuously reviewing and improving its Learning and Development initiatives for employees, to ensure the appropriate support is in place to help staff develop and grow.

The board engages with employees with regular company-wide updates, supporting the development of online performance tools and training, and via the annual Great Place To Work survey as a focus on continuous improvement and development.

Business relationships with suppliers, customers and others

Fostering long term relationships with suppliers, retailers, end consumers and other stakeholders is a key part to the Company's success in the UK and the Company recognises the need to continue to develop and maintain such relationships.

The Company utilises its own experience in retail to support independent retailers and present opportunities in how to help them succeed. Throughout the pandemic, the Company has endeavoured to pay suppliers at its normal payment terms.

Community and environment

As an active member of the bicycle industry, the Company embraces its responsibility to be active in the resolution of the most pressing social issues in the environments in which it operates. The Company works hard to ensure it is able to leave behind a worthwhile and meaningful legacy, by recruiting local people and collaborating with organisations targeting those societal groups most in need of support everywhere it goes.

Sustainability is a key aspect in the Company's activities. It has committed to reducing the environmental impact of its actions, such as adapting packaging to reduce single-use plastics and promoting the bicycle as a suitable form of transport. The means in which goods are transported are regularly reviewed to ensure the Company's carbon footprint is minimised.

High standards of business conduct

The Company has established key policies to ensure high standards of corporate governance are maintained. This includes regular training and clear procedures around key topics such as whistleblowing, anti-money laundering and data protection. The Company ensures appropriate resources are in place to ensure these standards are maintained.

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



Mr. Chad Brown
Director

Date: *Sept. 16, 2021*

Trek Bicycle Corporation Limited

Directors' Report For the Period Ended 2 January 2021

The Directors present their annual report and the financial statements for the period ended 2 January 2021.

Principal activity

The principal activity of the Company continued to be that of the distribution of bicycles and accessories.

Results and dividends

The profit for the period, after taxation, amounted to £8,590,718 (2019 - £3,590,838).

During the period, dividends of £12,000,000 (2019 - £4,000,000) were paid. The Directors do not recommend the payment of a final dividend.

Directors

The Directors who served during the period and up to the date of signing this report were:

Mr J Burke
Mr C R Brown
Ms J L Naeger

Strategic report

The Company has chosen in accordance with Companies Act 2006, section 414C(11) to set out in the Company's Strategic Report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the Directors' Report. It has done so in respect of future developments and financial risk management objectives and policies and an indication of exposure to price risk, credit risk, liquidity risk and cash flow risk.

Post balance sheet events

There have been no significant events affecting the Company since the period end.

Streamlined Energy and Carbon Report ("SECR")

The gross Greenhouse Gas ("GHG") emissions for Trek Bicycle Corporation Ltd are 168 tonnes of carbon dioxide equivalent (tCO₂e) at an emissions intensity of 1.36 (CO₂e per £1,000 revenue) for the period ended 2 January 2021.

The gross GHG emissions figure includes all emissions required to be disclosed by the legislation, covering: emissions associated with the purchase of electricity and combustion gas, of utilities, company-controlled vehicles, and business mileage completed in employee-owned vehicles.

Boundaries

Operational boundaries have been set through the identification of GHG emission sources, the classification of these between direct and indirect emissions sources, and selection of the accounting scope. Emissions have been calculated using the 2020 conversion factors provided by the Department of Business and Energy.

Definition of reporting scopes and reporting requirements have been aligned with the GHG Protocol:

Scope 1: Direct Emissions

Emissions from activities owned or controlled by the Company that release emissions into the atmosphere.

Trek Bicycle Corporation Limited

Directors' Report (continued) For the Period Ended 2 January 2021

Streamlined Energy and Carbon Report ("SECR") (continued)

Scope 2: Indirect Emissions

Emissions released into the atmosphere associated with the Company's consumption of purchased electricity, heat, steam and cooling.

Scope 3: Other Indirect Emissions

Emissions that are a consequence of the Company's actions, which occur at sources which the Company does not own or control and which are not classed as Scope 2 emissions.

Results:

Emissions Source	For the period ended 2 January 2021
Scope 1: Natural Gas	37
Scope 1: Transport (leased vehicles)	26
Scope 2: Electricity (location based)	96
Scope 3: Transport (employee cars only)	9
Total tCO₂e	168
Total Energy Usage (kWh)	750,068
Intensity ratio - kgCO₂e per £000 revenue	1.36

This includes only emissions reportable under SECR and may not reflect the entire carbon footprint of the organisation.

Energy efficiency measures undertaken:

Trek Bicycle Corporation Ltd aims to operate at maximum energy efficiency to reduce environmental impact and costs. Examples of the improvements implemented include:

- An audit of the head office carbon footprint
- Move to green electricity tariff
- Recycling tyres and tubes
- Less paper throughout the business
- Reduced the number of non-recyclable plastic parts in packaging
- Reduced corporate travel
- Consolidation of shipments to retailers

Future planned energy efficiency measures:

The full business impacts of COVID 19, Brexit and the macro supply chain environment have yet to be realised and could have limiting influences on the coming financial year. It is with this in mind that the following CO₂ improvements will include as a minimum:

- Various carbon offsetting programs
- A review of all business travel and reducing it to essential levels
- Reducing the amount of air freight of the business

Trek Bicycle Corporation Limited

Directors' Report (continued) For the Period Ended 2 January 2021

Disclosure of information to auditors

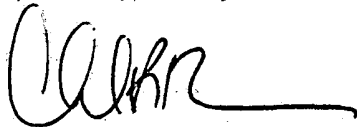
Each of the persons who are Directors at the time when this Directors' Report is approved has confirmed that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditors are 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's auditors are aware of that information.

Auditors

The auditors, BDO 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 by:



Mr. Chad Brown
Director

Date: Sept. 16, 2021

Trek Bicycle Corporation Limited

Directors' Responsibilities Statement For the Period Ended 2 January 2021

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with 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 of the profit or loss of the Company for that period.

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

- select suitable accounting policies for the Company's financial statements and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Trek Bicycle Corporation Limited

Independent Auditor's report to the members of Trek Bicycle Corporation Limited

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 02 January 2021 and of its profit for the period 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.

We have audited the financial statements of Trek Bicycle Corporation Limited ("the Company") for the period ended 02 January 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows, Analysis of Net Debt and Notes to the Financial Statements, and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the 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.

Trek Bicycle Corporation Limited

Independent Auditor's report to the members of Trek Bicycle Corporation Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Annual Report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

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

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

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 Strategic Report and Directors' Report.

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 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.

Trek Bicycle Corporation Limited

Independent Auditor's report to the members of Trek Bicycle Corporation 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.

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

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

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 acts by the Company which were contrary to applicable laws and regulations, including fraud. These included, but were not limited to, compliance with the Companies Act 2006, industry regulatory requirements and accounting standards.

We focussed on laws and regulations that could give rise to a material misstatement in the Financial Statements. Our testing included, but was not limited to:

- Enquiries of management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud, and procedures relating to:
 - Identifying, evaluation and complying with laws and regulations and whether they were aware of any instances of non-compliance;
 - Detecting and responding to the risk of fraud and whether they had knowledge of any actual or suspected or alleged fraud;
 - The internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations;
- Obtaining an understanding of the control environment in monitoring compliance with laws and regulations;
- Reviewing journals posted to revenue to identify any outside of the normal course of business or indicative of a manipulation of the revenue figure reported; and
- Identifying and testing a sample of journal entries, in particular journal entries posted with unusual account combinations.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Trek Bicycle Corporation Limited

Independent Auditor's report to the members of Trek Bicycle Corporation Limited (continued)

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.

DocuSigned by:

Stephen Hale

3BA3C7B6F3624AC...

Stephen Hale (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham
United Kingdom

Date: 21 September 2021

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

Trek Bicycle Corporation Limited

Statement of Comprehensive Income For the Period Ended 2 January 2021

	Note	2021 £	2019 £
Turnover	4	123,686,304	87,519,216
Cost of sales		(96,073,273)	(68,112,927)
Gross profit		<u>27,613,031</u>	<u>19,406,289</u>
Distribution costs		(2,946,410)	(2,484,977)
Administrative expenses		(17,533,525)	(16,414,275)
Other operating income		3,418,830	3,820,594
Operating profit	5	<u>10,551,926</u>	<u>4,327,631</u>
Interest receivable and similar income	8	116,050	92,635
Interest payable and similar expenses	9	(35,081)	(49,526)
Profit before tax		<u>10,632,895</u>	<u>4,370,740</u>
Tax on profit	10	(2,042,177)	(779,902)
Profit for the financial period		<u><u>8,590,718</u></u>	<u><u>3,590,838</u></u>

There was no other comprehensive income for 2021 (2019 - £Nil).

The notes on pages 17 to 31 form part of these financial statements.

Trek Bicycle Corporation Limited

Registered number: 02355933

Statement of Financial Position As at 2 January 2021

		2	2	28	28
		January	January	December	December
		2021	2021	2019	2019
	Note	£	£	£	£
Fixed assets					
Intangible assets	12		62,051		72,393
Tangible assets	13		963,722		880,571
			<u>1,025,773</u>		<u>952,964</u>
Current assets					
Stocks	14	10,983,590		12,648,051	
Debtors: amounts falling due within one year	15	14,207,907		18,163,599	
Cash at bank and in hand		1,054,631		386,426	
		<u>26,246,128</u>		<u>31,198,076</u>	
Creditors: amounts falling due within one year	16	(20,448,798)		(22,033,801)	
Net current assets			<u>5,797,330</u>		<u>9,164,275</u>
Total assets less current liabilities			<u>6,823,103</u>		<u>10,117,239</u>
Provisions for liabilities					
Deferred tax	18	-		(14,806)	
Other provisions	19	(507,176)		(377,224)	
			<u>(507,176)</u>		<u>(392,030)</u>
Net assets			<u><u>6,315,927</u></u>		<u><u>9,725,209</u></u>
Capital and reserves					
Called up share capital	20		799,327		799,327
Profit and loss account	21		5,516,600		8,925,882
			<u><u>6,315,927</u></u>		<u><u>9,725,209</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:



Mr. Chad Brown
Director

Date: Sept 16, 2021

The notes on pages 17 to 31 form part of these financial statements.

Trek Bicycle Corporation Limited

Statement of Changes in Equity For the Period Ended 2 January 2021

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 29 December 2019	799,327	8,925,882	9,725,209
Comprehensive income for the period			
Profit for the period	-	8,590,718	8,590,718
Total comprehensive income for the period	-	8,590,718	8,590,718
Contributions by and distributions to owners			
Dividends	-	(12,000,000)	(12,000,000)
Total transactions with owners	-	(12,000,000)	(12,000,000)
At 2 January 2021	799,327	5,516,600	6,315,927

Statement of Changes in Equity For the Period Ended 28 December 2019

	Called up share capital	Profit and loss account	Total equity
	£	£	£
At 30 December 2018	799,327	9,335,044	10,134,371
Comprehensive income for the period			
Profit for the period	-	3,590,838	3,590,838
Total comprehensive income for the period	-	3,590,838	3,590,838
Contributions by and distributions to owners			
Dividends	-	(4,000,000)	(4,000,000)
Total transactions with owners	-	(4,000,000)	(4,000,000)
At 28 December 2019	799,327	8,925,882	9,725,209

The notes on pages 17 to 31 form part of these financial statements.

Trek Bicycle Corporation Limited

Statement of Cash Flows For the Period Ended 2 January 2021

	2 January 2021 £	28 December 2019 £
Cash flows from operating activities		
Profit for the financial period	8,590,718	3,590,838
Adjustments for:		
Amortisation of intangible assets	10,342	10,219
Depreciation of tangible assets	322,384	262,268
Interest paid	35,081	49,526
Interest received	(116,050)	(92,635)
Taxation charge	2,042,177	779,902
Decrease/(increase) in stocks	1,664,461	(313,019)
Decrease/(increase) in debtors	3,960,742	(1,787,221)
(Decrease)/increase in creditors	(457,388)	607,374
Increase in provisions	129,952	72,224
Corporation tax (paid)	(994,926)	(1,003,134)
Loss on disposal of investments	-	94,770
Net cash generated from operating activities	15,187,493	2,271,112
Cash flows from investing activities		
Purchase of tangible fixed assets	(405,535)	(316,992)
Interest received	116,050	92,635
Net cash from investing activities	(289,485)	(224,357)

Trek Bicycle Corporation Limited

Statement of Cash Flows (continued) For the Period Ended 2 January 2021

	2 January 2021 £	28 December 2019 £
Cash flows from financing activities		
Other new loans	(2,000,000)	2,000,000
Dividends paid	(12,000,000)	(4,000,000)
Interest paid	(35,081)	(49,526)
Net cash used in financing activities	(14,035,081)	(2,049,526)
Net increase/(decrease) in cash and cash equivalents	862,927	(2,771)
Cash and cash equivalents at beginning of period	191,331	194,102
Cash and cash equivalents at the end of period	1,054,258	191,331
Cash and cash equivalents at the end of period comprise:		
Cash at bank and in hand	1,054,631	386,426
Bank overdrafts	(373)	(195,095)
	1,054,258	191,331

Analysis of Net Debt For the Period Ended 2 January 2021

	At 29 December 2019 £	Cash flows £	At 2 January 2021 £
Cash at bank and in hand	386,426	668,205	1,054,631
Bank overdrafts	(195,095)	194,722	(373)
Debt due within 1 year	(2,000,000)	2,000,000	-
	(1,808,669)	2,862,927	1,054,258

The notes on pages 17 to 31 form part of these financial statements.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

1. General information

Trek Bicycle Corporation Limited ('the Company') is a private company limited by shares, domiciled and incorporated in England and Wales, company registration number 02355933. The address of the Company's registered office and principal place of business is 9 Sherbourne Drive, Tilbrook, Milton Keynes, MK7 8HX.

The Company's principal activities and the nature of the Company's operations are disclosed in the Strategic Report and Directors' Report.

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 management to exercise judgement in applying the Company's accounting policies (see note 3).

The following principal accounting policies have been applied:

2.2 Going concern

Historically, the Company has been funded by cash flows generated from trading and a line of credit facility. The Directors have prepared profit and cash flow forecasts for a period of at least 12 months from the date of signing these financial statements. The Company has seen increased demand and so achieved growth in revenue, remaining profitable in the period following the global outbreak of COVID 19. The forecasts show that the Company will be able to operate and meet its external liabilities as they fall due for payment for a period of at least 12 months from the date of approval of these financial statements. The Directors have also considered the potential risks in the forecast and the mitigation actions that could be taken to manage cash flows and the headroom shown as available in the forecast through the forecast period.

In the preparation of the forecast, risk assessment and mitigation actions for the period the Directors have considered key external factors that exist at the date of approval of the financial statements related to COVID 19. The risk continues to be monitored, but the Directors' assessment is that the market for bicycles and accessories will remain resilient until at least December 2022, COVID 19 related economic uncertainty notwithstanding.

In light of the forecasts prepared, and noting that the Company has access to significant undrawn funding via its line of credit and other facilities, if required, the Directors remain of the view that the forecast is achievable (despite external factors such as COVID-19) and that the headroom within the forecast should be sufficient to enable the Company to operate and meet its liabilities as they fall due for payment throughout the period.

On the bases noted above, the Directors consider that it is appropriate to prepare the financial statements on the going concern basis. The financial statements do not include the adjustments that would be necessary if the Company is not able to achieve its forecasts or is unable to continue as a going concern.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

2. Accounting policies (continued)

2.3 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.

2.4 Turnover

The turnover shown in profit or loss represents the value of all goods sold during the period, less returns received, at selling price exclusive of Value Added Tax. Sales are recognised at the point at which the Company has fulfilled its contractual obligations and the risks and rewards attaching to the product, such as obsolescence, have been transferred to the customer.

2.5 Operating leases

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

The Company 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 29 December 2017 to continue to be charged over the period to the first market rent review rather than the term of the lease.

2.6 Interest income

Interest income is recognised in profit or loss using the effective interest method.

2.7 Finance costs

Finance costs are charged to the 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.

2.8 Borrowing costs

All borrowing costs are recognised in the Statement of Comprehensive Income in the period in which they are incurred.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

2. Accounting policies (continued)

2.9 Pensions

Defined contribution pension plan

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

The contributions are recognised as an expense in the Statement of Comprehensive Income when they fall due. Amounts not paid are shown in accruals as a liability in the Statement of Financial Position. The assets of the plan are held separately from the Company in independently administered funds.

2.10 Current and deferred taxation

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, 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 operates and generates 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; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

2.11 Intangible assets

Goodwill

Goodwill represents the difference between amounts paid on the cost of a business combination and the acquirer's interest in the fair value of its identifiable assets and liabilities of the acquiree at the date of acquisition. Subsequent to initial recognition, goodwill is measured at cost less accumulated amortisation and accumulated impairment losses. Goodwill is amortised on a straight line basis to the Statement of Comprehensive Income over its useful economic life.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

2. Accounting policies (continued)

2.11 Intangible assets (continued)

Other intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

All intangible assets are considered to have a finite useful life. If a reliable estimate of the useful life cannot be made, the useful life shall not exceed ten years.

Amortisation is provided on the following bases:

Software	- 50 % per annum
----------	------------------

2.12 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.

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 improvements	- Over the remaining lease term
Fixtures and fittings	- 10-33% per annum

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 the Statement of Comprehensive Income.

2.13 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.14 Stocks

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

2. Accounting policies (continued)

2.15 Provisions for liabilities

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Statement of Comprehensive Income in the period that the Company becomes aware of the obligation, and are measured at the best estimate at the Statement of Financial Position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Statement of Financial Position.

2.16 Financial instruments

The Company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised when the Company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include trade and other debtors, amounts due from group companies and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the financial asset is measured at the present value of the future receipts discounted at a market rate of interest.

Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the Company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

2. Accounting policies (continued)

2.16 Financial instruments (continued)

Classification of financial liabilities

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

Basic financial liabilities

Basic financial liabilities, including trade and other creditors, and amounts due to group companies, are initially recognised at transaction price and subsequently measured at amortised costs, unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the Company's contractual obligations are discharged, cancelled, or they expire.

Equity instruments

Equity instruments issued by the Company are recorded at the fair value of proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the Company.

2.17 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

The Directors do not consider that there are any critical areas of judgement that need to be brought to the attention of the readers of the accounts.

The key areas of estimation that affects these accounts are the assessment of the net realisable value of stock and the assessment of impairment of trade debtors and the calculation of the warranty provision. The provision for bad debts at the reporting date and the net bad debt expense recognised in profit or loss in the period were £118,421 (2019 - £438,392) and charge of £15,038 (2019 - charge of £237,092) respectively. Stock provisions at the reporting date and the net stock impairment recognised in profit or loss in the period were £88,934 (2019 - £174,280) and a credit of £37,823 (2019 credit of - £102,678) respectively. Disclosure in respect of the warranty provision is made in note 19.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

4. Turnover

An analysis of turnover by class of business is as follows:

	2021 £	2019 £
Distribution of bicycles & accessories	<u>123,686,304</u>	<u>87,519,216</u>

Analysis of turnover by country of destination:

	2021 £	2019 £
United Kingdom	87,472,641	58,358,800
Rest of the World	36,213,663	29,160,416
	<u>123,686,304</u>	<u>87,519,216</u>

5. Operating profit

The operating profit is stated after charging:

	2021 £	2019 £
Exchange losses	151,071	1,172,896
Depreciation of owned tangible fixed assets	322,384	262,268
Amortisation of intangible assets	10,342	10,219
Impairment of stocks recognised or reversed	(37,823)	(102,678)
Operating lease charges	<u>1,109,048</u>	<u>919,297</u>

Other operating income in the current period and prior period represents a recharge of costs to Trek Bicycle Corporation group undertakings.

6. Auditors' remuneration

	2021 £	2019 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	<u>42,800</u>	<u>42,800</u>
For other services		
Taxation compliance services	<u>2,750</u>	<u>2,750</u>

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

7. Employees

Staff costs were as follows:

	2021 £	2019 £
Wages and salaries	6,583,154	5,471,923
Social security costs	696,968	569,341
Cost of defined contribution scheme	187,423	142,568
	<u>7,467,545</u>	<u>6,183,832</u>

The Directors did not receive any remuneration in respect of their services to the Company during the period (2019 - £Nil).

The average monthly number of employees, including the Directors, during the period was as follows:

	2021 No.	2019 No.
Distribution staff	25	24
Administrative staff	148	112
	<u>173</u>	<u>136</u>

8. Interest receivable and similar income

	2021 £	2019 £
Group undertakings interest receivable	90,935	-
Interest on financial assets not measured at fair value through profit or loss	25,115	92,635
	<u>116,050</u>	<u>92,635</u>

9. Interest payable and similar expenses

	2021 £	2019 £
Bank interest payable	16,238	29,369
Group undertakings interest payable	18,843	20,157
	<u>35,081</u>	<u>49,526</u>

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

10. Taxation

	2021 £	2019 £
Corporation tax		
Current tax on profits for the period	2,069,158	832,141
Adjustments in respect of previous periods	(7,125)	(60,755)
Total current tax	<u>2,062,033</u>	<u>771,386</u>
Deferred tax		
Origination and reversal of timing differences	(38,805)	8,516
Adjustments in respect of previous periods	15,396	-
Effect of change in tax rate	3,553	-
Taxation on profit on ordinary activities	<u><u>2,042,177</u></u>	<u><u>779,902</u></u>

Factors affecting tax charge for the period

The tax assessed for the period is higher than (2019 - lower than) the standard rate of corporation tax in the UK of 19% (2019 - 19%). The differences are explained below:

	2021 £	2019 £
Profit on ordinary activities before tax	<u>10,632,895</u>	<u>4,370,740</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2019 - 19%)	2,020,250	830,441
Effects of:		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	1,645	11,744
Adjustments in respect of previous periods	8,271	(60,755)
Other differences	-	(18,098)
Amounts relating to change in tax rates	3,553	(1,003)
Fixed asset permanent differences	8,458	17,573
Total tax charge for the period	<u><u>2,042,177</u></u>	<u><u>779,902</u></u>

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

10. Taxation (continued)

Factors that may affect future tax charges

The Corporation tax is calculated at 19% (2019 - 19%) of the estimated assessable profit for the year. Changes to the UK corporation tax rates were substantively enacted as part of the Finance Bill 2020 on 17 March 2020. The rate applicable from 1 April 2020 now remains at 19%, rather than the previously enacted reduction to 17%. Deferred taxes at the Statement of Financial Position date have been measured using these enacted rates and reflected in these financial statements. The UK government announced on 3 March 2021 that the government are intending to increase the corporation tax rate from 19% to 25% from April 2023. As this rate was not substantively enacted at the Statement of Financial Position date it has not been used to calculate the deferred tax balances.

11. Dividends

	2 January 2021 £	28 December 2019 £
Final paid	<u>12,000,000</u>	<u>4,000,000</u>

12. Intangible assets

	Software £	Goodwill £	Total £
Cost			
At 29 December 2019	68,010	84,333	152,343
At 2 January 2021	<u>68,010</u>	<u>84,333</u>	<u>152,343</u>
Amortisation			
At 29 December 2019	68,010	11,940	79,950
Charge for the period	-	10,342	10,342
At 2 January 2021	<u>68,010</u>	<u>22,282</u>	<u>90,292</u>
Net book value			
At 2 January 2021	<u>-</u>	<u>62,051</u>	<u>62,051</u>
At 28 December 2019	<u>-</u>	<u>72,393</u>	<u>72,393</u>

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

13. Tangible fixed assets

	Leasehold improvements £	Fixtures and fittings £	Total £
Cost or valuation			
At 29 December 2019	1,414,715	1,028,492	2,443,207
Additions	126,280	279,255	405,535
At 2 January 2021	<u>1,540,995</u>	<u>1,307,747</u>	<u>2,848,742</u>
Depreciation			
At 29 December 2019	734,929	827,707	1,562,636
Charge for the period on owned assets	160,270	162,114	322,384
At 2 January 2021	<u>895,199</u>	<u>989,821</u>	<u>1,885,020</u>
Net book value			
At 2 January 2021	<u>645,796</u>	<u>317,926</u>	<u>963,722</u>
At 28 December 2019	<u>679,786</u>	<u>200,785</u>	<u>880,571</u>

14. Stocks

	2 January 2021 £	28 December 2019 £
Finished goods and goods for resale	<u>10,983,590</u>	<u>12,648,051</u>

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

15. Debtors

	2 January 2021 £	28 December 2019 £
Trade debtors	13,122,825	16,372,870
Amounts owed by group undertakings	16,886	1,152,628
Other debtors	720,046	276,334
Prepayments and accrued income	343,100	361,767
Deferred taxation	5,050	-
	<u>14,207,907</u>	<u>18,163,599</u>

During the period, an impairment loss of £15,038 (2019 - £237,092) was recognised in respect of trade debtors which are not expected to be recovered.

16. Creditors: Amounts falling due within one year

	2 January 2021 £	28 December 2019 £
Bank overdrafts	373	195,095
Bank loans	-	2,000,000
Trade creditors	177,772	111,313
Amounts owed to group undertakings	12,516,722	15,854,927
Corporation tax	1,224,248	157,141
Other taxation and social security	3,878,945	1,757,388
Other creditors	207,206	-
Accruals and deferred income	2,443,532	1,957,937
	<u>20,448,798</u>	<u>22,033,801</u>

The bank overdraft and bank loan are secured by Group cross-guarantee (see note 22).

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

17. Loans

Analysis of the maturity of loans is given below:

	2 January 2021 £	28 December 2019 £
Amounts falling due within one year		
Bank loans	-	2,000,000
	<u> </u>	<u> </u>

18. Deferred taxation

	2021 £
At beginning of year	(14,806)
Charged to profit or loss	19,856
At end of year	<u> 5,050 </u>

The deferred taxation balance is made up as follows:

	2 January 2021 £	28 December 2019 £
Fixed asset timing differences	(98,708)	(72,169)
Short term timing differences	103,758	57,363
Asset/(liability)	<u> 5,050 </u>	<u> (14,806) </u>

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

19. Provisions

	Warranty provision £
At 29 December 2019	377,224
Charged to profit or loss	426,263
Utilised in period	(296,311)
At 2 January 2021	507,176

Warranties are provided to customers in respect of bikes and other parts. The guarantees are for the lifetime of the bike frames and up to 5 years for all other parts.

20. Share capital

	2 January 2021 £	28 December 2019 £
Allotted, called up and fully paid		
99,327 (2019 - 99,327) Ordinary shares of £1.00 each	99,327	99,327
175,000 (2019 - 175,000) Preference 'A' shares of £1.00 each	175,000	175,000
175,000 (2019 - 175,000) Preference 'B' shares of £1.00 each	175,000	175,000
175,000 (2019 - 175,000) Preference 'C' shares of £1.00 each	175,000	175,000
175,000 (2019 - 175,000) Preference 'D' shares of £1.00 each	175,000	175,000
	799,327	799,327

The Company's ordinary shares, which carry no right to fixed income, each carry the right to one vote at general meetings of the Company.

Each of the classes of the redeemable preference shares are redeemable at par at any time at the discretion of the Directors. Holders are entitled to preferential repayment of capital on liquidation. There are no rights to dividend or to vote at general meetings.

21. Reserves

Profit and loss account

Cumulative profit and loss net of distribution to owners.

Trek Bicycle Corporation Limited

Notes to the Financial Statements For the Period Ended 2 January 2021

22. Financial commitments, guarantees and contingent liabilities

The assets of the Company have been pledged as part of the security for a term loan and asset based lending facility held by the parent undertaking. The total balance of the term loan and facility at 2 January 2021 was in excess of the total of the Company's assets.

23. Pension commitments

The Company operates a defined contribution pension scheme for all qualifying employees. The assets of the scheme are held separately from those of the Company in an independently administered fund. The charge to profit or loss in respect of defined contribution schemes was £187,423 (2019 - £142,568). Contributions totalling £38,921 (2019 - £32,427) were payable to the fund at the period end and are included in creditors.

24. Commitments under operating leases

At 2 January 2021 the Company had future minimum lease payments due under non-cancellable operating leases for each of the following periods:

	2 January 2021 £	28 December 2019 £
Not later than 1 year	951,016	952,446
Later than 1 year and not later than 5 years	3,149,269	3,133,861
Later than 5 years	484,798	1,849,929
	<u>4,585,083</u>	<u>5,936,236</u>

25. Related party transactions

The aggregate remuneration of key management personnel is as follows:

	2 January 2021 £	28 December 2019 £
Aggregate compensation	<u>432,223</u>	<u>700,413</u>

26. Controlling party

The Company's immediate and ultimate parent company is Trek Bicycle Corporation, which is registered in the state of Wisconsin, USA. Trek Bicycle Corporation is the parent undertaking of the largest and the smallest group, which includes the Company and for which group financial statements are prepared.