

Trend Trading Ltd
Bahnhofstrasse 1
8001 Zurich

ANNUAL REPORT 2021

Example

prepared by
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 Member of EXPERTsuisse

TABLE OF CONTENTS

Financial statements

- Balance sheet
- Income statement
- Notes to the financial statements

Proposed appropriation of available earnings

Zurich, 31 January 2022

M. Glücksbringer

Manuela Glücksbringer
Chairman of the Board of Directors

L. Trendsetter

Laurin Trendsetter
Head of Accounting

Trend Trading Ltd, Zurich

Balance sheet

ASSTES	Notes	31.12.2021	31.12.2020
		CHF	CHF
Current assets			
Cash and cash equivalents		8'431'773.09	6'921'106.54
Trade accounts receivable	B1	1'703'455.41	1'591'537.55
Receivables from related parties	B2	1'161'031.49	1'256'358.56
Other short-term receivables	B3	971'140.49	717'597.65
Inventories		3'514'000.00	2'590'700.00
Prepaid expenses and accrued income		238'854.21	129'332.00
Total current assets		16'020'254.69	13'206'632.30
Non-current assets			
Financial assets		593'155.92	575'765.51
Furniture, fixtures and equipment		278'100.00	353'804.00
Real estate	C6	1'427'100.00	1'327'100.00
Intangible assets		94'053.00	99'266.00
Total non-current assets		2'392'408.92	2'355'935.51
TOTAL ASSETS		18'412'663.61	15'562'567.81

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31.12.2021	31.12.2020
		CHF	CHF
Current liabilities			
Trade accounts payable		932'839.95	654'132.55
Short-term liabilities due to related parties	B4	49'559.12	201'863.25
Other short-term liabilities		71'110.06	310'124.57
Accrued expenses and deferred income		461'934.41	250'622.91
Total current liabilities		1'515'443.54	1'416'743.28
Long-term liabilities			
Long-term interest bearing liabilities	B5	795'000.00	350'000.00
Long-term liabilities due to related parties	B6	114'900.00	113'110.00
Long-term provisions	B7	1'228'000.00	396'900.00
Total long-term liabilities		2'137'900.00	860'010.00
Shareholders' equity			
Share capital		1'000'000.00	100'000.00
General legal reserves		500'000.00	50'000.00
Retained earnings		10'635'814.53	11'385'124.97
Profit for the year		2'623'505.54	1'750'689.56
Total shareholders' equity		14'759'320.07	13'285'814.53
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		18'412'663.61	15'562'567.81

Trend Trading Ltd, Zurich

Income Statement

	Notes	2021	2020
		CHF	CHF
Revenue from sale of goods and services	B8	19'194'504.07	16'959'923.51
Other operating income		35'213.00	29'569.35
Total operating income		19'229'717.07	16'989'492.86
Cost of material and goods sold		-12'092'239.53	-10'759'216.38
Operating income after costs for material and goods		7'137'477.54	6'230'276.48
Personnel expenses		-1'814'852.07	-1'797'608.74
Operating income after cost for material, goods and personnel		5'322'625.47	4'432'667.74
Rent and occupancy expenses		-83'108.63	-82'563.54
Transport expenses		-38'382.64	-42'389.11
Administrative expenses		-556'256.29	-545'356.96
Information and communication technology expenses		-58'520.14	-11'680.58
Marketing expenses		-590'962.25	-756'983.54
Other operating expenses		-12'708.07	-17'841.54
Operating result before depreciation, financial result and taxes		3'982'687.45	2'975'852.47
Depreciation on property, plant and equipment		-198'421.42	-267'677.29
Amortisation on intangible assets		-62'409.00	-125'982.50
Operating result before financial result and taxes		3'721'857.03	2'582'192.68
Financial income		27'869.54	108'898.21
Financial expenses		-85'842.68	-5'639.56
Operating result before taxes		3'663'883.89	2'685'451.33
Extraordinary, non-recurring or prior period income	B9	0.00	15'700.00
Extraordinary, non-recurring or prior period expenses	B10	-375'816.47	-456'898.20
Profit before taxes		3'288'067.42	2'244'253.13
Direct taxes		-664'561.88	-493'563.57
Profit for the year		2'623'505.54	1'750'689.56

Trend Trading Ltd, Zurich

Notes to the financial statements

A General information and basis of accounting

A1 General

These financial statements have been prepared in accordance with the provisions of the Swiss law Code of Obligations (CO), in particular the articles referring to commercial accounting and financial reporting (Art. 957 to 962). The main accounting and valuation principles used, which are not already specified by the Code of Obligations, are described as follows.

A2 Estimates and assumptions made by management

Financial reporting under the Code of Obligations requires certain estimates and assumptions to be made by management. Actual items in the annual accounts, which are based on the estimates and assumptions made by management, are as follows:

- Entry of profits
- Trade accounts receivable
- Inventories
- Property, plant and equipment and intangible assets
- Prepaid expenses and accrued income / Accrued expenses and deferred income
- Provisions

Assumptions are based on experience or are determined on the basis of other factors. Future results may deviate from these assumptions.

A3 Related parties

Related parties include directors, shareholders and auditors. Transactions with these parties are conducted at arm's length.

A4 Cash and cash equivalents (and current assets with a stock market price)

Cash and cash equivalents include cash on hand, bank balances and short-term money market investments with a maximum term of three months. They are reported in the balance sheet at nominal value.

Trend Trading Ltd, Zurich

A5 Trade accounts receivable

Trade accounts receivable are recorded at their original net amount, less a value adjustment for specific receivables carrying risk based on historic experience.

Tax allowable general value adjustments of 5% (Swiss debtors) resp. 10% (Foreign debtors) are made.

A6 Inventories

Inventories are recorded at cost and/or production cost. Acquisition costs are determined using the weighted average incl. customs and transport costs. Production costs include all attributable material and manufacturing costs as well as sales costs incurred in bringing the inventories to their present location or condition.

If the net realisable value is less than the acquisition or manufacturing cost on the balance sheet closing date, this is a determining factor for inventory provision.

Tax allowable general value adjustments of 33% are made.

A7 Tangible fixed assets

Property, plant and equipment is valued at acquisition or manufacturing costs and are depreciated on a straight-line basis from this value in accordance with their expected economic life. Exceptions are undeveloped land and land (i.e. when land and buildings are recorded as one tangible asset), which are not subject to depreciation. The useful lives or depreciation rates are as set out below and are adjusted if deemed necessary:

- Land (as part of buildings)	No depreciation
- Buildings	2.50%
- Building facilities	5.00%
- Machines and prod. facilities	10.00%
- Assets under construction	No depreciation
- Computers and hardware	20.00%
- Standardized software	20.00%
- Vehicle fleet	15%
- Leased assets	According to the asset class

If there are indications of overvaluation, the book values are reviewed and, if considered necessary, value adjustments are made.

Trend Trading Ltd, Zurich

A8 Intangible assets

Intangible assets generated internally are capitalized if they meet the following conditions cumulatively at the date of recognition:

- the intangible assets generated internally are identifiable and controlled by the entity;
- the intangible assets generated internally will generate a measurable benefit for the entity for more than one year;
- the expenses incurred in the creation of the intangible assets generated internally can be separately recognized and measured;
- it is likely that the resources required to complete and market or use the intangible assets for the entity's own purposes are available or will be made available.

Purchased intangible assets (goodwill, rights of use, patents) are capitalized at no more than their acquisition value.

Intangible assets are amortized using the straight-line method. As soon there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

A9 Revenue from sale of goods and services

Sales are recognized when risks and rewards are transferred to the client or a service has been provided. Normally, this is the case upon delivery of the goods. If installation services are part of the delivery, revenue is not recognized until the installation is completed.

Trend Trading Ltd, Zurich

B Additional information related to specific balance sheet and income statement positions

B1	Trade accounts receivable	31.12.2021	31.12.2020
		CHF	CHF
	Receivables from national customers	1'740'563.56	1'598'123.52
	Receivables from international customers	152'536.00	180'563.56
	Valuation allowance for bad debts	-189'644.15	-187'149.53
	Total	1'703'455.41	1'591'537.55
B2	Short-term receivables from related parties	31.12.2021	31.12.2020
		CHF	CHF
	Shareholder Laurin Trendsetter	1'161'031.49	1'256'358.56
	Total	1'161'031.49	1'256'358.56
B3	Other short-term receivables	31.12.2021	31.12.2020
		CHF	CHF
	WISECA, credit card settlements	450'463.56	421'123.56
	Direct tax receivables from cantonal tax authorities	17'356.00	14'986.35
	Prepayments from customers	325'655.65	279'502.18
	Receivables from social security institutions	175'101.78	0.00
	Withholding tax receivable from federal tax administration	2'563.50	1'985.56
	Total	971'140.49	717'597.65
B4	Short-term liabilities due to related parties	31.12.2021	31.12.2020
		CHF	CHF
	Shareholder Manuela Glücksbringer	49'559.12	141'569.35
	Shareholder Nick Ideenreich	0.00	60'293.90
	Total	49'559.12	201'863.25
B5	Long-term interest bearing liabilities	31.12.2021	31.12.2020
		CHF	CHF
	Mortgage loan due to UBS AG, Zurich	795'000.00	350'000.00
	Total	795'000.00	350'000.00
B6	Long-term liabilities due to related parties	31.12.2021	31.12.2020
		CHF	CHF
	Shareholder Nick Ideenreich	114'900.00	113'110.00
	Total	114'900.00	113'110.00

Trend Trading Ltd, Zurich

B7 Long-term provision	31.12.2021	31.12.2020
	CHF	CHF
Provision for product warranty	700'000.00	0.00
Provision for property restoration costs	528'000.00	396'900.00
Total	1'228'000.00	396'900.00

B8 Revenue from sale of goods and services	2021	2020
	CHF	CHF
Gross revenue from national customers	18'228'571.48	15'356'986.56
Gross revenue from international customers	1'569'860.65	1'425'086.00
Other revenue	289'535.54	375'663.56
Change in allowance for bad debts an bad debt losses occurred	-9'568.60	-47'249.05
Change in provision for product liability	-700'000.00	0.00
Other sales reductions	-183'895.00	-150'563.56
Total	19'194'504.07	16'959'923.51

B9 Explanation of exceptional, non-recurring or prior-period income	2021	2020
	CHF	CHF
Income from violation of a non-competition clause	0.00	15'700.00
Total	0.00	15'700.00

B10 Explanation of exceptional, non-recurring or prior-period expenses	2021	2020
	CHF	CHF
Subsequent VAT claims resulting from a VAT audit (2016-2020)	215'816.47	0.00
Additional payments for the use of license rights	160'000.00	456'898.20
Total	375'816.47	456'898.20

Trend Trading Ltd, Zurich

C Additional information

C1 Legal form, domicile and share capital

The company was founded on 2nd March 2006 as a Joint Stock Company and registered in the commercial register on 15th March 2006. It is domiciled in Zurich.

The share capital amounts to CHF 1'000'000 and consists of 5'000 of registered shares of CHF 200 each.

C2 Average number of employees (full-time equivalents)

The annual average number of employees (FTE) for the reporting year, as well as the previous year was below 50.

C3 Liabilities to employee benefit schemes	31.12.2021	31.12.2020
	CHF	CHF
Swiss Life, Zurich	5'665.45	2'384.20

C4 Lease obligations not recorded in the balance sheet with residual maturities of more than one year	31.12.2021	31.12.2020
	CHF	CHF
Residual value of lease obligations		
Up to 1 year	82'800.00	92'200.00
1 - 5 years	331'200.00	327'600.00
More than 5 years	165'600.00	276'600.00
Total	579'600.00	696'400.00

The amounts shown are nominal future payments for rental or leasing contracts up to the end of their contract period including VAT (if any).

C5 Collateral provided for liabilities of third parties	31.12.2021	31.12.2020
	CHF	CHF
Trade accounts receivable	1'703'455.41	1'591'537.55
(Joint security for Smartproducts Ltd, Zurich in favour of UBS AG)		
Total	1'703'455.41	1'591'537.55

Trend Trading Ltd, Zurich

C6 Assets pledged to secure own liabilities, as well as assets with retention of title	31.12.2021	31.12.2020
	CHF	CHF
Real estate	1'427'100.00	1'327'100.00
(to UBS AG Zurich for securisation of mortgage loan, see liabilities)		
Total	1'427'100.00	1'327'100.00

C7 Net release of hidden reserves	2021	2020
	CHF	CHF
Net release without consideration of deferred tax impact	350'000.00	0.00

Trend Trading Ltd, Zurich

Proposed appropriation of available earnings

PROPOSAL	2021	2020
	CHF	CHF
Retained earnings carried forward	10'635'814.53	11'385'124.97
Profit for the year	2'623'505.54	1'750'689.56
Available earnings	13'259'320.07	13'135'814.53
The board of directors proposes to the general meeting of shareholders the following appropriation of available earnings:		
Payment of a dividend	3'000'000.00	2'500'000.00
To be carried forward	10'259'320.07	10'635'814.53
Total	13'259'320.07	13'135'814.53

Prior year figures are shown for comparative reasons only.