



Amplify your biking experience

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# Business Plan 2021–2022

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## Executive Summary

Our high school, amongst many others, is home to a vast amount of e-bikers. Aware of the global transportation issues revolving around the auto chip shortage, we saw great potential in the e-bike industry, a market category that could be an alternative to cars. From **2020 to 2021**, used car prices have reached record-breaking highs, increasing by **27.4%**, resulting in the demand for less expensive vehicles. Gas prices have skyrocketed, further deterring people from making a car purchase in this market condition. Also, motor vehicles account for a large percentage of air pollution, thus making electric modes of transportation even more desirable.

Considering the previous problems, we sought to introduce a **specialized line of electric bikes** to an industry which is constantly expanding and in **high demand**. At Tronic Bikes, we have designed several e-bike models each suitable for a specific terrain and biking experience, whether one is searching for a more efficient commute in the city or an adventurous mountain excursion.

To lessen supply chain issues and a situation in which our bikes could be trapped in the ports, we decided on a manufacturer, **Haidong**, located in Poland. We chose Haidong to benefit from their fully stocked, local warehouses based here, in California, allowing us to efficiently ship and deliver our bikes.

Appealing to customers of all economic standings, we have organized a **24-month financing program**. Instead of purchasing a bike in full, one can finance their bike monthly. This is particularly desirable for younger customers on a narrow budget. In turn, their bike purchase will reduce their personal transportation bill paid to the VE Bank.

Upon entering the e-bike industry, safety has been our primary concern, as we seek to overcome the stigma that often associates e-bikes with danger. We require that all customers sign our liability waiver and review our safety manual upon purchase. Also, every bike comes with a free helmet. Currently, we are in the process of partnering with **CyclingSavvy**, an online, e-bike safety course. When a customer completes the course, proof of their completion will grant them a discount on insurance.

We aspire to build an industry **network**, where Tronic Bikes would act to advance both our consumers and other companies. Business-to-business partnerships serve as a promotional and financial advantage. Eventually, we want to develop a system of charging stations in our targeted geographic which would encourage buyers to be long term Tronic customers.

Our sales have continued to increase each month, so we are projected to break even in **January 2023** with **\$4.6 million** in revenue through the first fiscal year.

Within the first year we hope to establish ourselves as a **prominent** e-bike company. Instilled in our employees and embedded into our products is the drive to promote a healthy and eco-friendly lifestyle by providing **reliable** and **affordable** products.

*Ryan Mossbarger*

Ryan Mossbarger

Chief Executive Officer



## Business Rationale

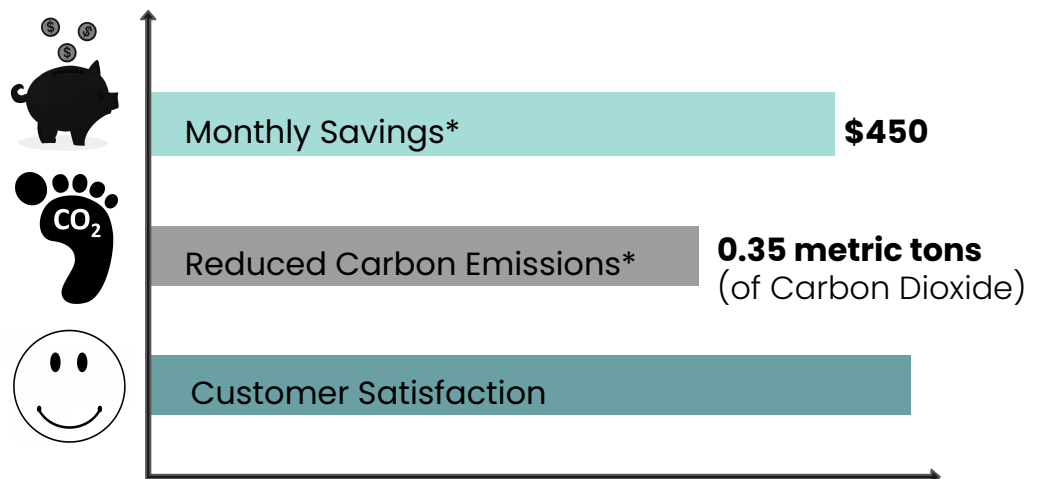
### Problem Statement

Currently, there is a short supply, yet high demand for both used and new cars. The **auto chip shortage** has caused used car prices to spike significantly, increasing by **21%** in the last **18 months** alone. Coupled with this supply shortage, Americans are reluctantly filling their gas tanks, as price per gallon has surged. Initially, the rise was due to the COVID-19 shutdowns, but more recently, Russia's invasion of Ukraine caused gas prices to significantly spike. In **March 2022**, it can be noted that gas prices in California rose to over **\$5** per gallon. Aside from the economic burden of depending on a car, motor vehicles are detrimental to our environment. Motor vehicles account for **95%** of carbon emissions in cities, resulting in excessive pollution which contributes to an increase in health issues and global warming. The culmination of these factors have amplified the demand for more affordable and **sustainable** transportation alternatives.

### Solution Statement

At Tronic Bikes, we strive to provide students with a more **convenient** and **efficient** form of transportation by producing a line of **electric bikes** and charging devices. By addressing the need for less expensive forms of transportation, these bikes will serve as an alternative for those with or without a car, while simultaneously reducing greenhouse gas emissions. With an eco-friendly approach to transportation, we also urge customers to take advantage of public transportation services (Refer to Appendix for more details). In order to promote an **active lifestyle**, we offer our customers a full experience, **customizable** in both payment and style. Intended for both professional and recreational use, our performance-oriented products serve our customers' individual transportation needs.

### Environmental Impact



\*calculated to include a few car rides to account for Uber/rideshares



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## Business Rationale

### Customer Empathy

The popularity in e-bikes has grown rapidly, which can be partially attributed to the increase in outdoor activities during COVID-19. This recent boom in the e-bike industry has resulted in a **145%** spike in sales in the last year. Since this trend has continued to gain traction, we wanted to introduce our innovative products to this new industry, where strong competitors have yet to develop.

NPR comments on the severity of the car shortage, "Auto-sales site CarGurus reports inventory levels are down **64%** over last year." People are on the search for less expensive modes of transportation as car prices reach an **all time high**. Especially for teenagers and young adults balancing and academic and social life, people are eager to find more **reasonable** options, such as e-bikes.

Regarding the increase in gas prices, studies show that at **\$5** per gallon, **57%** of people would be much more likely to consider buying an electric vehicle.. We want to capitalize on this momentum, insulating our consumers from fluctuations in gas prices.

Electric-powered vehicles provide people with a more eco-friendly substitute to certain motor exhaust modes of transportation. A recent Pew Research Center report found that about **47%** of adults support the idea of phasing out gas-powered vehicles. More specifically, Gen Z (**56%**), and Millennials (**57%**) are the highest supporters of this proposal—which constitutes the primary age of our target audience.

### Design for Delight

#### Follow Me Home:

- We conducted interviews with students, parents, and grandparents to find out their form of transportation.

#### Deep Probing Interviews:

- We followed up with daily commuters to ask if there were any flaws in their current mode of transportation.

#### Customer Problem Statement:

- Not enough teenagers have access to affordable transportation.

#### Brainstorming :

- We split off into groups to figure out multiple ideas for transportation.

#### 7 To Get 1:

- We came up with electric cars, smaller cars, buses, trains, subways, trolleys, and e-bikes.

#### 2x2 Narrowing:

- We narrowed it down to electric cars and e-bikes as a solution.

#### Storyboard:

- Check the appendix

#### 100 Point Narrowing:

- We created a google jamboard to utilize the point process.

#### Leap Of Faith Assumption:

- E-bikes are an appealing form of affordable transportation.

#### Prototyping:

- We started off by designing e-bike charging stations and developed into designing e-bikes.

#### Rapid Experimentation:

- We sent google forms to our target audience to see if our prototype was viable.

#### Customer Profile

This is **Emily** and **Sofia**:

- Ages 19 and 20
- College Students
- Love the outdoors
- Looking to save money on transportation and reduce their carbon footprint





## Business Rationale

### Company Goals

#### Short Term



We intend to expand our **online presence** and **social media following** by interacting with our customers directly, through broadcast emails and the use of live videos. Additionally, we are planning to host a series of **Demo days**, starting in the **spring of 2022**. By bringing our bikes to college campuses, it would act as another promotional source.

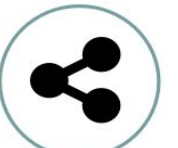


Upon entering an inherently expensive market, we strive to provide less expensive products. So far, we have accomplished this goal by offering a **24-month financing program** which serves as an alternative—for students of all financial standings—to purchasing a bike in full



**Safety** is a major priority at Tronic. With each purchase, our customers are required to sign our liability waiver and their e-bike comes with both a safety manual and helmet. To further encourage a safe biking experience, we urge our customers to take our online, e-bike safety training course through [cyclingsavvy.org](http://cyclingsavvy.org). By emailing a Certificate of Completion to Tronic, one will receive a 10% discount on their bike insurance.

#### Long Term



To further establish ourselves in the VE marketplace, we strive to create **at least 5 sales contracts** with other VE companies, starting within the Vehicles and Parts industry category. By doing so, we will be able to more efficiently publicize our brand in VE.



Inspired by **Tesla's** rapid method of expansion and ability promote themselves as a reputable brand, Tronic eventually wants to produce a **charging station network**. Although we plan to focus our expansion across the **sunbelt**, we will simultaneously be advertising our products and services nationwide.



To add another layer of safety to our e-bikes, we aspire to integrate **RFID technology** into our helmets. In order for the user to power up their e-bike, this tech would “check” that the rider has their helmet clasped, acting as “safety lock.”





## About the Business

### Company Overview

Tronic is primarily focused on providing customers with an affordable and efficient form of **transportation** through our line of e-bikes-- which can serve a variety of purposes including sport, entertainment, and commutes. We are part of the e-bike industry, which can be classified as a niche aspect of the broader transportation industry, as identified by the VE marketplace. Based in **San Juan Capistrano, CA**, our firm incorporated as a first year company on **October 15th, 2021**. Tronic is filed as an **S corporation** to capitalize on shareholder limited liability and to avoid double taxation. Our bikes are manufactured in **Haidong factories in Poland** then shipped to Haidong's California warehouses, located in both Chino and El Monte. Our initial cost of goods includes shipping to these warehouses, along with all tariffs and customs fees. We then employ **bikeflights.com** to ship from these warehouses directly to the customer. Bikeflights.com delivers the e-bikes **fully assembled** and in a timely manner. An order may take **1-2 days** for customers in California and up to a week for orders being shipped to other states. This delivery model is just one example of the ways we prioritize our customers' satisfaction and differentiate from competitors, as industry standard delivery time is one to five weeks, and require varying degrees of assembly upon arrival. In partnership with **Sundays Insurance**, and upon completion of our safety training course, customers receive up to 10% off monthly bike insurance payments.

**Our Mission:** *"To promote a healthy and eco-friendly lifestyle by providing reliable and affordable products."*



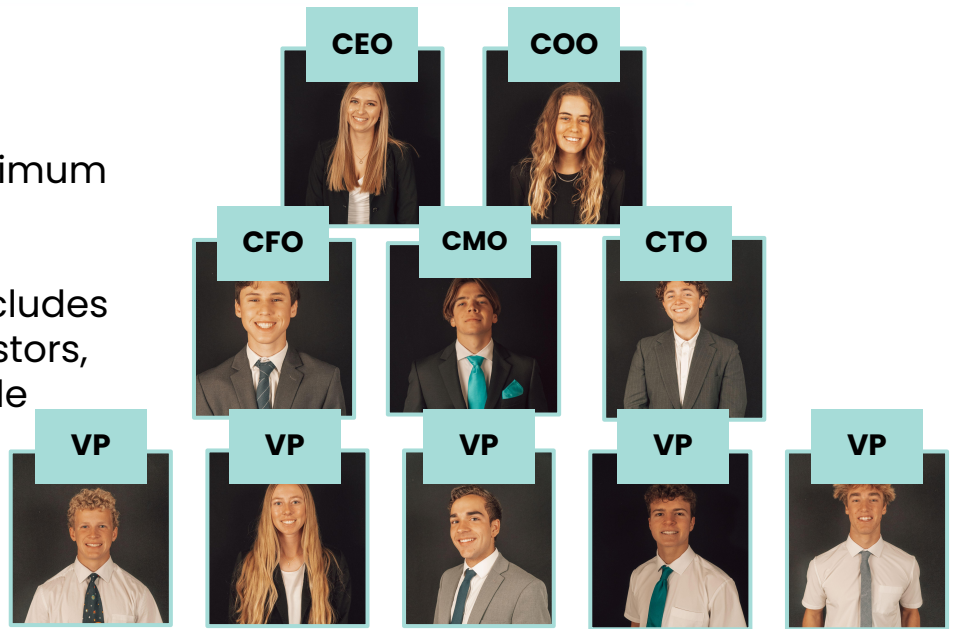


## About the Business

### Organization

Tronic follows a functional organization to allow for maximum company efficiency and department communication. Tronic's board of directors includes our coordinator, 3 angel investors, and mentors who help provide assistance and direction for the company. We have selected 5 chief officers and 5 vice presidents, working to

direct each specialized group (sales, marketing, IT, finance, and HR). We hold weekly leadership meetings to delegate responsibilities, communicated through department meetings.



### Qualifications

Our hiring process consists of a traditional application, interview, and testing series. We prioritize finding those who are most qualified and best fit for the role, along with choosing applicants who work dynamically with and add to our company culture. We value taking the time to train new employees in their role and as sales representatives, along with continuous quarterly 360 reviews to continue developing as individuals and progressing as a team.







## About the Business

### SWOT Analysis



#### Strengths

- Eco-friendly
- Financing option addresses high gas & car prices



#### Opportunities

- Lower monthly transportation costs
- Increased outdoor activity (COVID effect)

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#### Weaknesses

- Still developing brand recognition
- Limited utility



#### Threats

- Lithium ion batteries
- International manufacturing



### SWOT Analysis Extended

#### Strengths:

Our greatest strength lies in the way our company's **financing option** addresses the economy's spiking gas prices, the cost of used cars, and new cars. Tronic capitalizes on these economic trends, in conjunction with growing environmental mindfulness, working to **reduce greenhouse gas emissions**. We highlight our financing program as a main aspect of our business model because it provides a reliable **alternative** to the traditional modes of transportation that are becoming increasingly unavailable to individuals with a less disposable income.





## About the Business

### SWOT Analysis Extended (cont.)

#### Weaknesses:

In the early months of business, we have worked to establish ourselves as a trustworthy brand that both customers and firms recognize. Given that we are in the **early stages** of a startup, this is a **work in progress**, as we continue to develop brand loyalty through social media, trade shows, business-to-business transactions, and Demo days. Similarly, our product itself is **limited in utility**, and although it is applicable in many situations, it can not be used in every case, which is why we are looking to combat this through a **partnership** with a rideshare company.

#### Opportunities:

Given the **high cost of transportation**, we present our bikes as a way to **replace one's monthly car payment** with a bike payment (that may be supplemented with occasional rideshare payments, such as taking an Uber late at night, which still costs less on a month-to-month basis). Additionally, during the COVID-19 pandemic, **outdoor activity increased** drastically, which we can capitalize on as a functional sector of this outdoor entertainment industry.

#### Threats:

Lithium is an abundant natural resource used to make batteries, however, in recent years, we have seen a rapid increase in demand given the growth of electric vehicles. This poses a threat to our product's energy source, lithium ion batteries, given the possibility of **unpredictable shortages**. To address this, we have reached out to Faradion, a sodium ion battery manufacturer, to establish a back up plan. (**Sodium ion batteries**, similar in compound and function, are in significantly less risk for shortages). **International manufacturing**, a threat faced by many companies, is something we were mindful of when we chose our Polish supplier who maintains **fully stocked, local warehouses**.







## External Environment

### Industry & Competitive Analysis

	VIRTUAL COMPETITORS			REAL WORLD COMPETITORS		
Eco-friendly	✓	✓	✓	✓	✓	✓
Financing Option	✓		✓	✓	✓	✓
Offers Insurance	✓					
Ride sharing partnership	✓					
European Supplier	✓					
Safety Training Program	✓					

#### Real Market:

The rapid growth of the e-bike industry has led to an extreme increase in demand, meaning that there is plenty of room for companies, like us, to fit in and **capitalize** in this market. All of our real world competitors, such as Rad Power Bikes, Sondors, and Murf, each have 5 to 15 years of experience. Even with Tronic Bikes being a start-up company, we aspire to outperform our competitors in the areas of: **safety**, customization, affordability, **innovation**, and practicality. We prioritize our customers safety by implementing safety programs into the purchase of our bikes, and allowing our customers to fully customize their bikes. We manufacture our bikes in Poland, which gives us the upper hand when it comes to shipping delays. Due to the pandemic, **supply chain issues** have been more prevalent. Especially since a large portion of our U.S. competitors manufacture and ship their products from **China**, which has been known to experience major shipping backlogs.

#### Virtual Market:

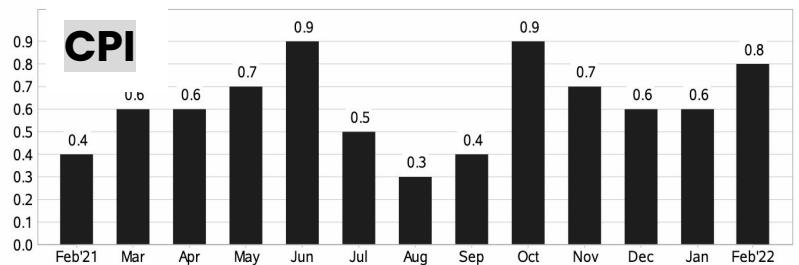
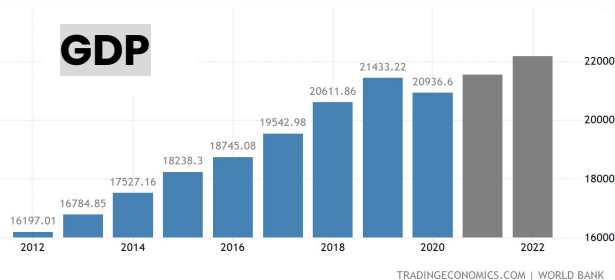
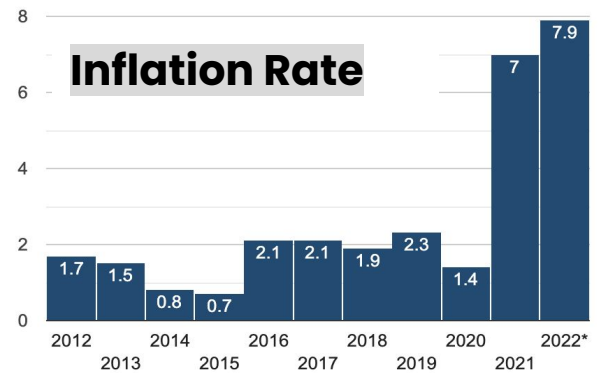
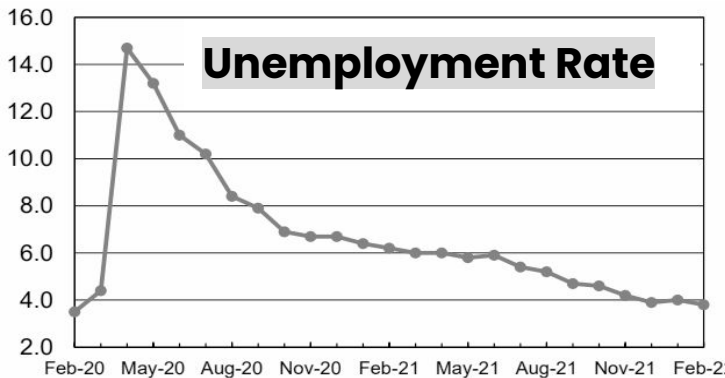
There is only a handful of companies in VE that sit in the **Vehicles and Parts** category with us. According to the VE marketplace insights, we make up more than **22%** of the entire category. The average sale per unit in this category is **\$1,872** while our company's average sale is **\$2,683.33**. Companies such as Never Ending and Electric Avenue produce e-bikes, but each company is limited to only one style and has no accessories. None of our virtual competitors offer the amount of custom bike styles, colors, tiers, and models that we do. In addition, we are the only VE electric bike company that offers **24-month financing**, which allows customers to spread their payments out across an extended period of time. We understand that the increasing inflation rate puts customers at a financial disadvantage, an obstacle which can be combated with our financing option.





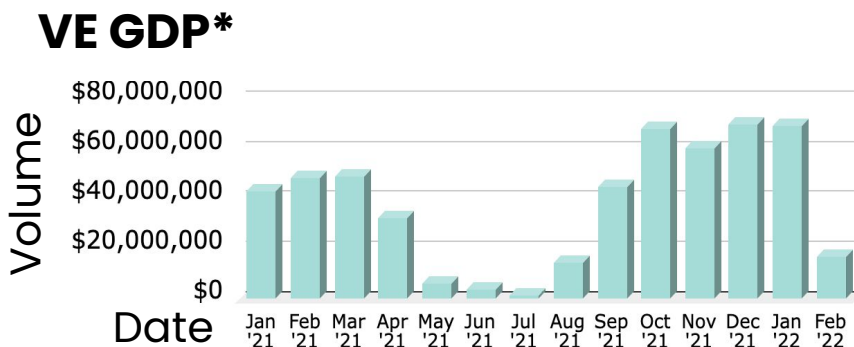
## External Environment

### External Factors: Real World Economy



Emerging from the COVID-19 pandemic, the **unemployment rate has decreased**, while the GDP, CPI, and Inflation Rate are all **on the rise**. This has dramatically increased prices of transportation, thus generating a need for affordable alternatives, which Tronic fulfills; simultaneously, high GDP has led to a **growing economy**, meaning **more customers** are in the market to buy.

### External Factors: Virtual Enterprise Economy



\*compiled using VE Hub Marketplace Insights

Similar to Real World Markets, the VE economy has seen a rebound since the COVID 19 dip, reaching **all time highs** in the last quarter, with an average monthly GDP of \$37k. Incorporating in October, Tronic entered the market **at an ideal time** and should continue to see **increasing sales** with such high Virtual Market GDP.



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## Marketing Plan

### Geographic

6 different bike options provide our customers with vehicles for urban, mountain, and coastal terrains.

### Demographic

We target males and females, ages **16-24**. This also includes our **secondary** target market of **parents** and **relatives** of these individuals.

### Psychographic

Individuals who are concerned with the **environmental** impact of their commute and are looking to **save money**.

### Target Market



### Socioeconomic

We appeal to middle and upper class consumers with our **wide range of prices**.

### Behavioral

Individuals who are **on-the-go**, enjoy the outdoors, and are **adventurous**.

### Benefit

We offer a **financing option** to reduce the cost of our bikes and provide an opportunity to save money while reducing carbon emissions.

## Business Risks and Solutions

### Risk

Entering an industry in which the products are **inherently expensive**, especially with a target market having a narrow budget.

### Solution

Targeting middle to upper class individuals with the means of purchasing. Offering a **24-month financing option** to pay in affordable installments.



### Risk

The current **supply chain** issues facing businesses since the Coronavirus pandemic began, creating problems such as increased shipping times and part shortages.

### Solution

Our supplier has fully functioning, fully **stocked warehouses, here in California**, with e-bikes manufactured in Poland, ensuring that we will be able to meet customer demand.



### Risk

An issue for all electric vehicles, **limited range and battery life** affect the practicality of our products being used as an alternative to traditional transportation.

### Solution

Our e-bikes have a range and battery capacity above the industry standard, and our variety of styles **maximize functionality** for all purposes.

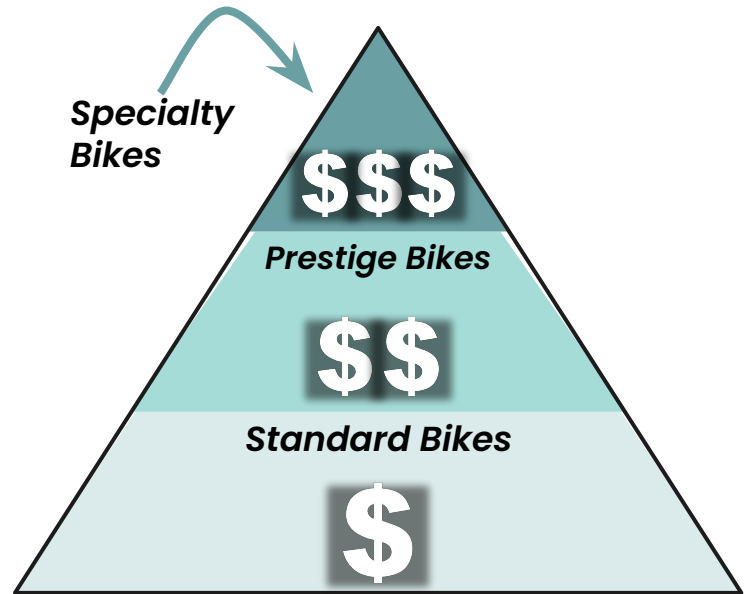




## Marketing Plan

### Marketing Mix ~ Price

Our e-bikes range in price from **\$1750** to **\$4650**. These prices are highly competitive with other e-bike companies, especially when taking into consideration the high quality and functionality of our e-bikes. When pricing our e-bikes, we took into account what the competition was charging for bikes of the same caliber and also aimed to maintain a consistent profit margin across all lines and trims of our bikes. Tronic's pricing model is designed to **maximize sales** while maintaining a **high level of profitability**.



Pathway \$81	Pathway \$93	Stowaway \$127
Seaside \$104	Seaside \$116	Convoy \$139
Incline \$116	Incline \$127	Redline \$215
<b>STANDARD</b>	<b>PRESTIGE</b>	<b>SPECIALTY</b>

### FINANCING PROGRAM

Our 24-month financing program, available for all Tronic bikes, ranges from monthly payments of **\$81** to payments of **\$214** and drastically increases our market reach to customers who otherwise would be unable to afford the high upfront cost of an e-bike. This financing program is the first of its kind in the Virtual Enterprise world, which affords us a competitive advantage in the VE marketplace.





## Marketing Plan

### Marketing Mix ~ Product

#### Pathway

starting at



**\$1750**

#### Seaside

starting at



**\$2250**

#### Incline

starting at



**\$2500**

#### Redline



**\$4650**

#### Convoy



**\$3000**

#### Stowaway



**\$2750**

We understand that our customers have different needs and **preferences** when it comes to their e-bike riding experience. Therefore, we aim to meet the desires of every customer with a **wide array** of e-bikes. For our three mainline e-bikes, we offer the **Pathway**, for city riding, the **Seaside**, for beach cruising, and the **Incline**, for mountainous terrain. Each of the mainline models are available in the **Standard** and **Prestige** tier. The Standard tier comes with a limited set of accessories and the Prestige trim includes all of our premium e-bike accessories which are curated for each bikes' designated purpose. We also offer three additional bikes designed for specialty riding, the **Redline**, the **Convoy**, and the **Stowaway**. The Redline is electric dirt bike with full suspension, hydraulic disk brakes, and high-performance acceleration, perfect for sand dunes, mountain riding, and everything in between. The Convoy is similar to the Pathway in its urban and suburban focus, but includes an extended bench behind the rider which is built for hauling cargo or up to two extra passengers. The Stowaway is a compact and foldable e-bike, ideal for a customer needing to transport their e-bike or that has limited storage at home. Our robust selection of e-bikes ensures that our customers each find a bike suitable for *their* riding experience.







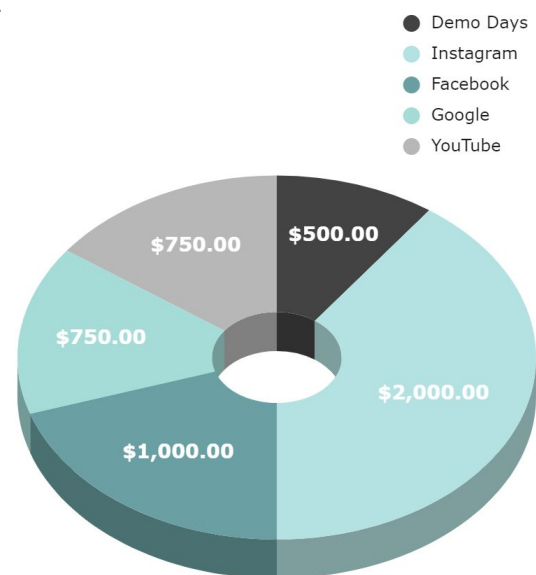
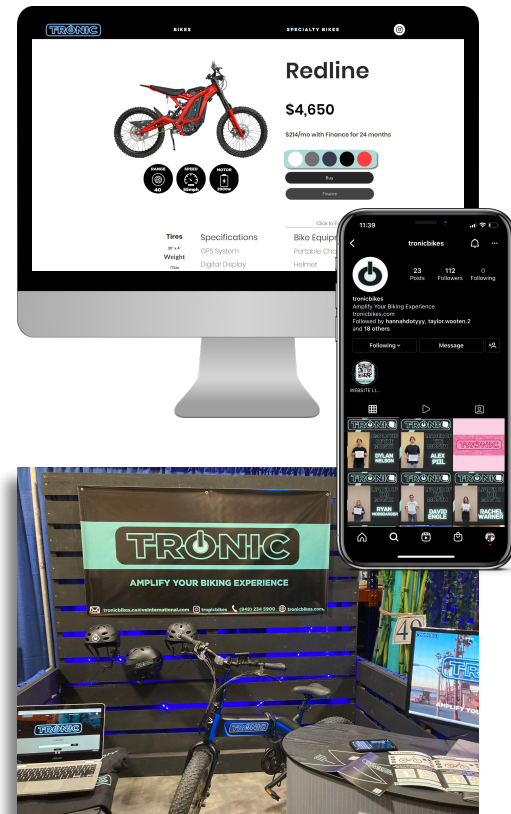
## Marketing Plan

### Marketing Mix ~ Promotion

Our primary promotion strategy is centered around social media and our website, particularly to appeal to our younger clientele. We also participate in Virtual Enterprise trade shows and host **demo days** at high schools and universities. This event enables us to interact with our primary target market and create brand awareness amongst this audience. Demo days allow students to test run our products, and in turn, we are able to create personal connections with our customers. Our future plans to partner with larger companies, both real and virtual, will further our promotional outreach.

### Marketing Budget

Here at Tronic, we allocate **\$5,000 per month** towards marketing our products. We take a targeted, data-driven approach with these funds that ensure our outreach is maximized for every dollar spent. We run demo days twice per month at a cost of approximately **\$250** per event, bringing our spending to **\$500** per month on demo days. Marketing on social media is highly effective, and we advertise on platforms from Meta and Alphabet. Advertising on social media platforms enables us to direct every advertisement to an individual in either our primary or secondary target market, which ensures that every dollar put towards marketing is used to its fullest extent. From Meta, we advertise on **Instagram** and **Facebook**. Instagram is statistically the most effective social media advertisement platform, and there is a wide base of users in our primary target market who use Instagram. Therefore, we dedicate **\$2,000** per month towards targeted Instagram ads. Facebook is where we focus on our secondary target market, that being the parents of the individuals in our primary target market. Facebook also provides great return on investment for advertisers, therefore, we spend **\$1,000** per month on Facebook advertising. With Alphabet, we dedicate **\$750** per month on **Google** ads based off of keywords from searches, and the remaining **\$750** on **YouTube** ads for those with adventurous user profiles in our target demographics.



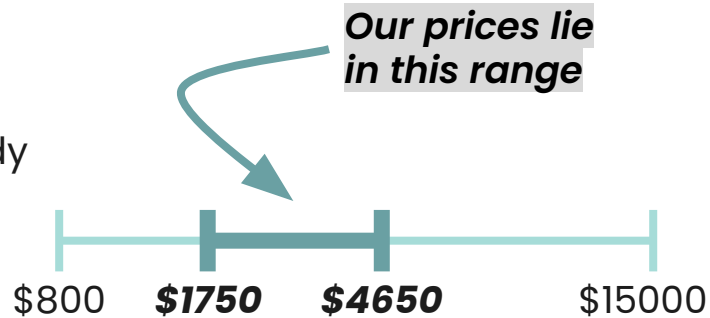




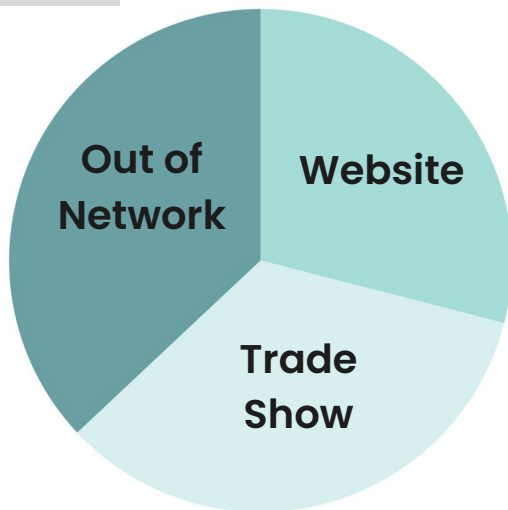
## Marketing Plan

### Marketing Mix ~ Positioning

Pricing in the e-bike industry ranges from **\$800** for a “skeleton” of an e-bike and up to **\$15000** for a top of the line, competition ready mountain e-bike. This majority of the market lies in the middle of this range, which is why Tronic capitalizes on the **sweet spot** in the middle of the market from **\$1750 to \$4650**. This position affords us the ability to appeal to a broad base of customers while still being able to provide an advanced, high quality product. We aim to be perceived in the e-bike market as **technologically advanced** and **highly reliable** while remaining affordable and available to the masses.



### SALES



### Marketing Mix ~ Placement

The majority of our sales are made either through our website, [tronicbikes.com](http://tronicbikes.com), or at Virtual Enterprise **trade shows**. Specifically, sales at trade shows consist of **29%** of our total sales, sales via website make up **34%**, and our Out-of-Network sales contract constitutes the remaining **37%**. Once an order is placed, our e-bikes are delivered to customers through direct shipment from our supplier's California warehouses. This process ensures our orders are **rapidly fulfilled**, which is strength many of our competitors in the e-bike industry are lacking. Further in the future, we are looking to partner with big box companies, such as Costco and Walmart, in order to expand brand awareness and broaden the availability of our e-bikes.





## Financial Highlights

### Sales Projection Summary



Units Sold	Nov-21	Act. Nov-21	Dec-21	Act. Dec- 21	Jan-22	Act. Jan-22	Feb-22	Act. Feb-22	Mar-22	Apr-22
Pathway	30	70	34	82	38	11	57	29	71	85
Seaside	25	37	28	103	31	3	28	1	40	52
Incline	20	32	22	131	24	0	22	1	32	42
Pathway Prestige					3	27	19	8	31	43
Seaside Prestige					3	7	5	0	15	25
Incline Prestige					3	31	22	1	30	38
Redline					3	48	34	11	42	50
Stowaway					3	0	0	1	8	16
Convoy					3	3	2	13	10	18

#### October:

- Tronic filed as an S corporation. We received **\$20,000** in seed money at a **\$10** par value as a new company in Virtual Enterprise. We also received a small business loan of **\$150,000** with a variable interest rate of 4.25% adjusted annually.

#### November:

- Tronic went on to receive three angel investors for **\$50,000** each. We also went to multiple trade shows, allowing us to surpass our projected sales.

#### December:

- Tronic entered into an out-of-network sales contract with Costco for **\$802,600**. This **232** unit retail deal fitted Costco's employees with e-bikes. We hope this opens up more opportunities for future brick and mortar deals. Additional trade shows allowed us to have a very successful month.

#### January:

- We adjusted our sales forecast accordingly, and were able to roughly predict January sales. With the multiple online and in-person trade show events, we were able to narrowly surpass our projected sales.

#### February:

- This was the first month in which our projected sales were much higher than our actual sales. This can be attributed to the cancellation of attendances at trade shows.

#### March:

- Even though we did not correctly assess the amount of sales for the previous month, we remain hopeful that our future demo day and trade shows will allow us to have a very successful month.

#### April:

- High projected sales are pictured in this month because of future sales contracts with Virtual Enterprise firms. We want to provide affordable transportation for companies in Virtual Enterprise.

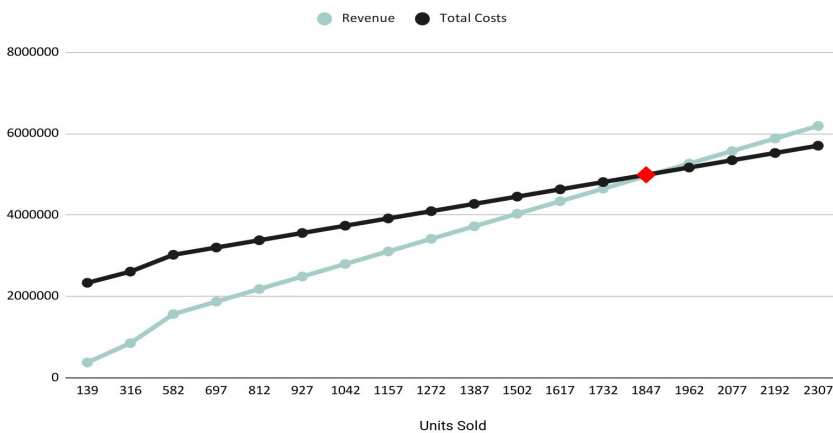




## Break-Even Analysis

Break even point in sales dollars:	\$5,034,825.45
Break even point in # of sales:	1,876.33

Break Even Analysis



Our break-even point in sales is **\$5,034,825.45** and we need to sell **1,877 units**. This projects us to break-even in **January 2023**.

Our average selling price is **\$2,683.34** and our average cost of goods sold is **\$1,555.56**. This makes our profit margins at about **42%**, which puts us ahead of our competitors.

### Tronic Bikes

#### Break Even Analysis

Average selling price per sale	\$2,683.34
Average cost of goods sold per sale	\$1,555.56
Average profit rate	42.03%
Annual Fixed Cost	\$2,116,084.97





## Balance Sheet

Tronic Bikes Balance Sheet As of February 2022	
<b>Assets</b>	
<b>Current Assets</b>	
Cash	\$ 1,267,839.27
Investments in stocks	-
Accounts receivable	-
Merchandise inventory	-
Supplies	\$ 445.00
<b>Total Current Assets</b>	<b>\$ 1,268,284.27</b>
<b>Fixed Assets</b>	
Computers	\$ 18,570.00
Less: accumulated depreciation	\$ 3,714.00
Furniture and fixtures	\$ 10,260.00
Less: accumulated depreciation	\$ 2,052.00
Office equipment	\$ 7,949.25
Less: accumulated depreciation	\$ 1,589.85
<b>Total Fixed Assets</b>	<b>\$ 29,423.40</b>
<b>Total Assets</b>	<b>\$1,297,707.67</b>
<b>Liabilities and Stockholders' Equity</b>	
<b>Current Liabilities</b>	
Accounts payable	-
Sales tax payable	\$ 165,424.34
Salaries payable	\$ 329,857.20
Payroll tax payable	\$ 146,516.40
401(k) payable	\$ 156,673.20
Other payable	\$ 149,040.00
Corporate tax payable	\$ 109,707.11
<b>Total Current Liabilities</b>	<b>\$1,057,218.25</b>
<b>Long Term Liabilities</b>	
Loan payable	\$ 138,120.00
<b>Total Liabilities</b>	<b>\$1,195,338.25</b>
<b>Stockholders' Equity</b>	
Common stock, \$10 par value, * # shares issued	\$ 170,000.00
Additional paid-in-capital	-
In excess of par value	-
Retained earnings	\$ (67,630.58)
<b>Total Stockholders' Equity</b>	<b>\$102,369.42</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$1,297,707.67</b>
Fundamental accounting equation: assets = liabilities + stockholders' equity. Be sure the balance sheet is balanced!	

The total cash in Tronic bank account at the end of February was **\$1,267,839.27**. Our total **fixed assets** was **\$1,297,707.67**, comprising of computers, furniture, and office equipment. Depreciation was calculated based on the VE standard of **20%**.

Our current **Liabilities** are a total of **\$1,057,218.25**, salaries payable is the most costly expense totalling to **\$329,857.20**. Other liabilities include sales tax, payroll tax, 401K, other payable, and loan payable.

Our **Stakeholder's equity** is comprised of common stock which includes seed money of **\$20,000** and angel investments from Razor, Nike, and Union bank of **\$150,000**. Our total liabilities plus equity equals our total assets of **\$1,297,707.67**.







## Profit and Loss

As of **February 2022**, our trade show sales contribute most of our sales. The total revenue through February is **\$2,023,350.41**. Our total operating expenses through January was **\$894,553.58**. Through April we are projected to make **\$2,963,826.00** in revenue. Our projected total operating expenses is **\$1,234,382.90**.

Our initial capital raise allowed us to open our doors and begin offering our products to our customers. We started off with our initial seed money of **\$20,000** and issued common stock valued at **\$10** per share. We secured a business loan of **\$150,000** for five years at a variable interest rate which will reset each year. Our first year interest rate is the prime rate **(3.25%)** plus **1%**. We also obtained 3 angel investors of **\$50,000** per investment totaling **\$150,000**. We are very excited to work with our angel investors: Nike, Razor, and Union Bank.

### Tronic Bikes Profit and Loss Statement For the Year Ending 04/30/2022

	April 2022 Projected	February 2022 Actual
<b>Sales revenues</b>		
Online Sales	\$ 921,062.92	\$543,726.93
Trade fair revenues	\$ 1,240,163.08	\$677,023.48
Contractual sales to non-VE entities	\$ 802,600.00	\$802,600.00
<b>Total sales revenues</b>	<b>\$2,963,826.00</b>	<b>\$2,023,350.41</b>
<b>Cost of goods sold or services provided</b>	<b>\$ 1,392,998.22</b>	<b>\$970,360.00</b>
<b>Gross profit</b>	<b>\$1,570,827.78</b>	<b>\$1,052,990.41</b>
<b>Gross profit margin</b>	<b>53%</b>	<b>52.04%</b>
<b>Operating expenses</b>		
Salaries	\$ 474,081.50	\$342,607.53
Rent	\$ 24,234.00	\$17,310.00
Depreciation	\$ 7,355.85	\$5,954.72
Payroll tax	\$ 218,097.00	\$153,253.71
Advertising/Promotion	\$ 73,500.00	\$52,500.00
Insurance	\$ 22,449.00	\$16,035.00
Pension or 401(k)	\$ 226,561.00	\$162,926.86
Interest	\$ 3,550.55	\$2,584.33
Supplies	\$ 1,800.00	\$1,285.71
Utilities	\$ 25,704.00	\$18,360.00
Trade show registration	\$ 18,000.00	\$14,571.43
Other(shipping)	\$ 139,050.00	\$107,164.29
<b>Total operating expenses</b>	<b>\$ 1,234,382.90</b>	<b>\$894,553.58</b>
<b>Income from operations</b>	<b>\$336,444.88</b>	<b>\$158,436.83</b>
<b>Income from other revenues</b>	<b>-</b>	<b>-</b>
Angel Investors	\$150,000.00	\$150,000.00
Seed Money	\$20,000.00	\$20,000.00
<b>Net income before taxes</b>	<b>\$506,444.88</b>	<b>\$328,436.83</b>
Corporate income tax	\$106,353.42	\$68,971.74
<b>Net income after taxes</b>	<b>\$400,091.46</b>	<b>\$259,465.10</b>

-Depreciation was calculated on the VE standard of 20% per year

-Corporate tax was calculated on the VE standard of 21%

-Sales tax was calculated at 7.25% per CA





## Additional Finances



Tronic's financing program allows us to receive the full price of the bike when customers decide to utilize monthly payments. We work with the VE Bank, where we send invoices at the **20th** of each month for the full bike payments to ensure that the total income is reflected for the month. In return, we send the VE Bank the sum of all the monthly payments, which includes a **9.9%** interest rate.

Tronic has partnered with **Sundays Insurance**, an international biking insurance company based in Delaware. Through a negotiated partnership, Tronic customers can expect up to a **10%** discount on annual insurance provided they complete the safety training course and prove that they are responsible e-bike owner. This partnership sets us apart from our main competitors.



Our Out-of-Network sales contract with Costco allowed us to sell **232** units at **\$802,600.00**. We fitted Costco's employees with fleets of e-bikes at retail prices. Hopefully, this sales contract proves to be a gateway to many other Costco deals in the future. These future deals would be at wholesale prices in order to put our e-bikes in brick-and-mortar stores.

Those living in cities can take advantage of our promotion on our city e-bike, the Pathway. Tronic is a part of **Uber Vouchers**. Whenever a customer purchases either a standard or prestige Pathway, they are entitled to an **\$100** Uber Voucher. This voucher applies to both Uber's rideshare and food delivery services. Whether one needs a further ride for a special occasion, or just wants groceries, this voucher fills many wants that an e-bike is not always equipped for.







## Appendix

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### *Liability Waiver*

#### Tronic Liability Waiver



Tronic is not liable for any property damage, injuries or losses that you suffer or incur as of result of operating a Tronic bike. This includes but is not limited to

- i) Death or personal injury to the customer or third parties
- ii) Damage to the bike itself or any of the customer's other property
- iii) Damage to a third party's property as a result of negligent operations or not following proper safety precautions

Every Tronic bike we sell comes with a one year warranty. This policy is void if the bike is damaged as a result of improper care, use, or negligence. To learn more about this policy, please contact Tronic at [tronicbikes.ca@veinternational.org](mailto:tronicbikes.ca@veinternational.org).

I understand that by buying a Tronic bike and signing this waiver, I am agreeing to follow all safety precautions as outlined in the safety manual. I understand Tronic can not be held liable for damage or injuries.

**I have read and understand all terms and conditions outlined in this waiver, and acknowledge that my signature represents agreement to all terms of service as detailed.**

Signature: \_\_\_\_\_





## Safety Establishments

### Safety Manual\*



### OWNER'S MANUAL

We hope you like your new bike! This is your Tronic Bike user manual. Please read it carefully and thoroughly before operating. Enjoy your bike safely and responsibly, and feel free to contact us if you have any questions or concerns regarding the content in this manual.

\* provided upon purchase

- ⚠ WARNING: Damage to the electrical bike system can lead to an electrical fire or malfunctioning, possibly resulting in injury or death.
- ⚠ WARNING: Touching the brake rotor while hot can cause damage to skin, resulting in burns, slicing damage, and transfer of natural oils.
- ⚠ WARNING: Do not touch the wheel spokes while in motion.
- ⚠ WARNING: Using a damaged battery can lead to bike damage and is a potential fire hazard, which can cause injury, property damage, and/or death.
- ⚠ WARNING: Footrests are for your feet only
- ⚠ WARNING: Do not stand while bike is in motion
- ⚠ WARNING: Only one rider on the bike at a time
- ⚠ WARNING: Kickstand is designed for loading cargo: do not assume the bike is stable while kickstand is in use. Do not have the kickstand down while the bike is in motion
- ⚠ WARNING: Never do anything that interferes with your ability to safely or cognitively operate the bike, including riding while intoxicated, drowsy, or distracted
- ⚠ WARNING: Don't use front brakes on their own
- ⚠ WARNING: Do not cover up charger while charging
- ⚠ WARNING: Do not open battery housing, this will void warranty and can cause property damage, injury, and/or death

It is **your responsibility** to ensure that you are adequately experienced and able to ride our ebike: serious death and injury can occur.

NEVER leave a bike unattended with children

DO NOT EXCEED MAXIMUM LOAD LIMIT : 330 lbs



### SAFE OPERATIONS

Before all rides ensure that the condition of the bike is adequate and all components are performing properly:

- Ensure that the brakes are working properly and is free of damage.
- Ensure that both tires are adequately inflated and free of punctures.
- Ensure all accessories are secured properly in their respective locations.
- Ensure the handle bar and handlebar stem are aligned and secure.
- Ensure the battery is fully charged and operational.

If you find any of these aspects to be non functioning or in poor condition, do not ride your bike.

Contact us at [tronicbikes.ca@veinternational.org](mailto:tronicbikes.ca@veinternational.org) for next steps.

#### SAFETY REQUIREMENTS:

You must stay in the bike lane and or on the sidewalk, watch for pedestrians, moving vehicles, inanimate objects: remain cognizant at all times.

It is consumer discretion to go the speed that is appropriate for any given situation, based on terrain and surroundings.

You must obey traffic laws, including adhering to any set speed limits, stop signs and utilizing appropriate hand signals to communicate with other vehicles.

Fully charge your bike before use, and check the battery more thoroughly on a monthly basis.

Remain within the ranges of your given bike to ensure you have enough electricity: Pathway 35 miles, Seaside 45 miles, Ultra 50 miles.

**ALWAYS wear your helmet while riding, and diligently follow all outlined safety procedures.**



### CONTINGENCIES

#### WHAT TO DO IF...

If your battery overheats, disconnect it and immediately contact Tronic Bikes.

If your battery becomes deactivated or problems occur, contact Tronic Bikes.

If your bike will not start, contact Tronic Bikes.

If your handle bars are not aligned, go on the website to find more specific information to fix it at home or contact Tronic Bikes to discuss repair.

If brakes are not working DO NOT RIDE: check your brake pads, check your brake lines, and if you can not fix it or find a problem CONTACT TRONIC BIKES.

Disclaimer: The battery will get hot while in use, this is normal.

### CONTACT US

- 🌐 [tronicbikes.com](http://tronicbikes.com)
- ✉ [tronicbikes.ca@veinternational.org](mailto:tronicbikes.ca@veinternational.org)
- ☎ (949)-234-5900
- 📷 @tronicbikes
- 📍 29211 Stallion Ridge, San Juan Capistrano, CA 92675





## Safety Establishments

### Insurance Policy ~ Quick Facts

#### Small Business Insurance:

- General Liability Insurance-**\$27**  
**\$2,000,000** aggregate limit with  
**\$1,000,000** per occurrence
- Product Liability  
Insurance-**\$1,416**
- Worker's Compensation  
Insurance-**\$1690**
- Cyber Liability-**\$27**  
**\$2,000,000** aggregate limit with  
**\$1,000,000** per occurrence
- Commercial Umbrella-**\$47**  
**Additional \$5,000,000**

#### Customer Insurance

- Sundays Insurance
- Annual **\$100** with added  
premiums
- Bike is insured at full value
- Protects against theft and crash  
damage
- Premiums include personal  
liability, medical payments, and  
travel damage/loss



Become a member of  
CyclingSavvy and take the FREE  
Online Essentials Short Course.  
This course teaches e-bike riders  
fundamental safety rules and  
procedures to encourage a *safe*  
biking experience.

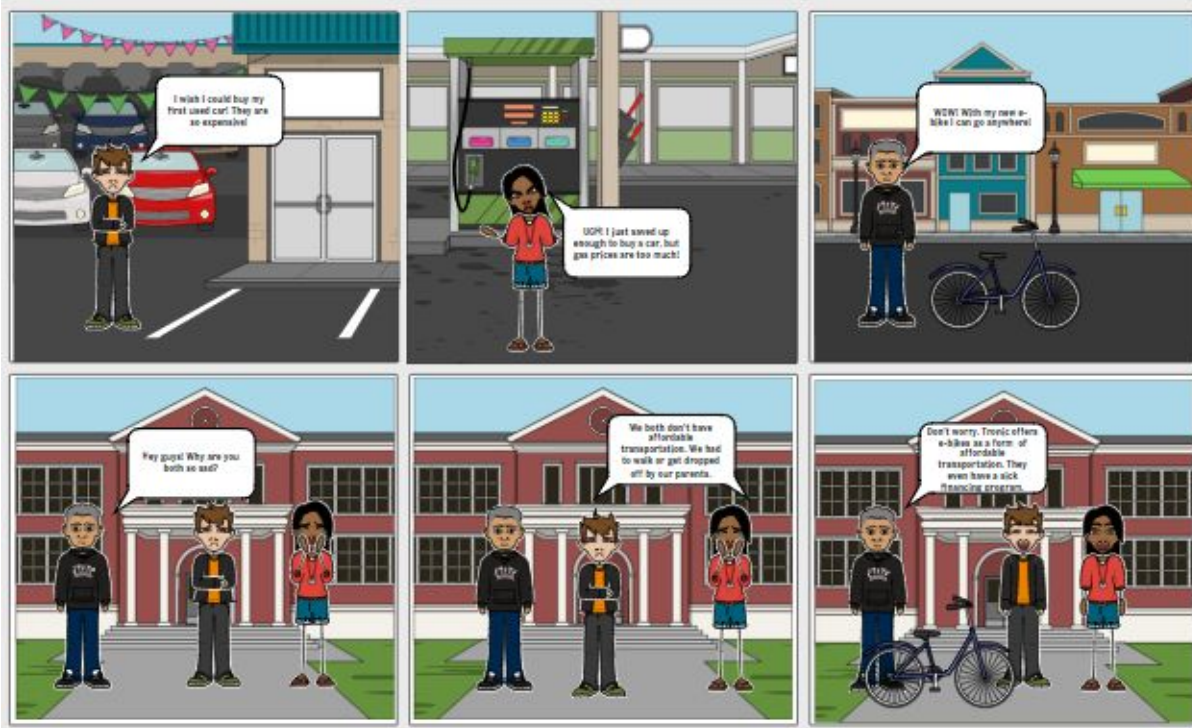




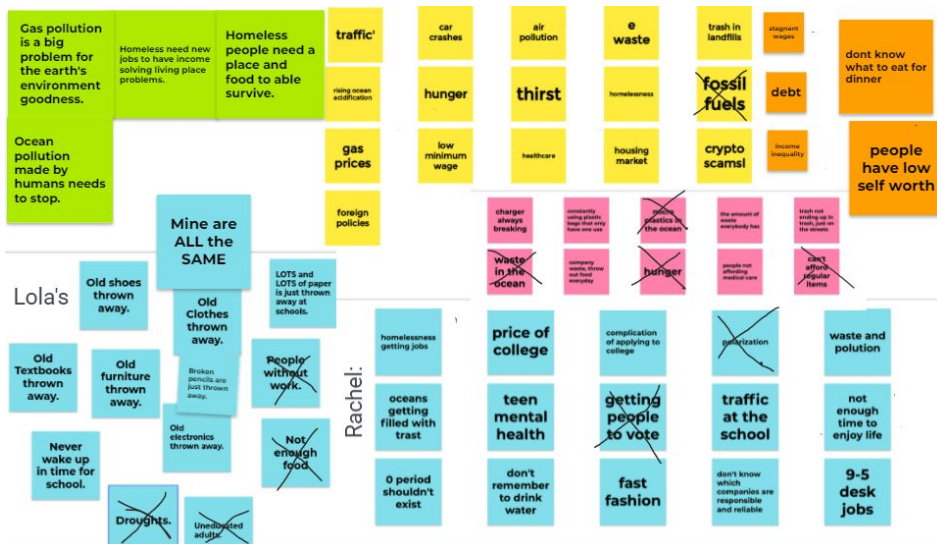


## Design 4 Delight Extended

### Storyboard



### Google Jamboard



AMPLIFY YOUR BIKING EXPERIENCE

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## Contracts

### Angel Investors



October 20, 2021

VE Central Office  
122 Amsterdam Avenue  
New York, NY 10023

Dear Teri Jones:

Please accept this letter of support as my intention to invest \$50,000 (Virtual Enterprise currency) in Tronic Bikes. In exchange for this investment of funds, I understand that I will be taking an equity stake in their business by receiving a commensurate number of shares of stock in their company.

I affirm that I have done the following to review and evaluate this company:

1. Listened to a business pitch from the executive team outlining the firm's business plan, including the marketing plan, operating budget, and sales/revenue projections.
2. Reviewed company projections and assumptions.
3. Engaged in Q&A or discussion to clarify and guide the firm's direction.

I understand that upon approval of this equity investment by the VE Central Office, Tronic Bikes will prepare and send to me a stock certificate outlining the number of shares awarded based on a \$10 Par Value. I also understand that as a result of my investment, I will be placed on the company's Board of Directors.

Here's to a successful venture, and I look forward to being able to share my experience and help guide the launch of your business.

Sincerely,

*Brent R. Engle*  
Brent R. Engle  
CEO, Razor USA LLC  
479-586-1741 / bengle@razorusa.com

Razor USA LLC \* 12723 166<sup>th</sup> St. \* Cerritos, CA 90703 \* 562-345-6000 \* 866-467-2967



VE Central Office  
122 Amsterdam Avenue  
New York, NY 10023

Dear Regional Director, Tronic Bikes,

Please accept this letter of support as my intention to invest \$50,000 (Virtual Enterprise currency) in Tronic Bikes. In exchange for this investment of funds, I understand that I will be taking an equity stake in their business by receiving a commensurate number of shares of stock in their company.

I affirm that I have done the following to review and evaluate this company:

1. Listened to a business pitch from the executive team outlining the firm's business plan, including the marketing plan, operating budget and sales/revenue projections.
2. Reviewed company projections and assumptions.
3. Engaged in Q&A or discussion to clarify and guide the firm's direction.

I understand that upon approval of this equity investment by the VE Central Office, Tronic Bikes will prepare and send to me a stock certificate outlining the number of shares awarded based on a \$10 Par Value. I also understand that as a result of my investment, I will be placed on the company's Board of Directors.

I am looking forward to watching Tronic Bikes establish itself as a leader in the fast growing market to better serve those commuters who seek alternative modes of transportation and a desire to live a more active lifestyle.

Sincerely,

*Damian S. Mossbarger*  
Damian S. Mossbarger, CFP®  
Vice President - Senior Financial Advisor  
UnionBank Investment Services

UnionBank Investment Services  
9500 Von Karman Avenue, Suite 200  
Irvine, CA 92618

Tel. 949.553.2206

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BRANDON S. KELLY, CFP®  
Vice President  
Senior Financial Advisor  
DAMIAN S. MOSSBARGER, CFP®  
Vice President  
Senior Financial Advisor



October 19<sup>th</sup>, 2021

VE Central Office  
122 Amsterdam Avenue New York, NY 10023

Dear Regional Director, Tronic Bikes

Please accept this letter of support as my intention to invest \$50,000 in Tronic Bikes. In exchange for this investment of funds, I understand that I will be taking an equity stake in their business by receiving a commensurate number of shares of stock in their company.

I affirm that I have done the following to review and evaluate this company:

1. Listened to a business pitch from the executive team outlining the firm's business plan, including the marketing plan, operating budget, and sales/revenue projections.
2. Reviewed company projections and assumptions.
3. Engaged in Q&A or discussion to clarify and guide the firm's direction.

I understand that upon approval of this equity investment by the VE Central Office, Tronic Bikes will prepare and send to me a stock certificate outlining the number of shares awarded based on a \$10 Par Value. I also understand that as a result of my investment, I will be placed on the company's Board of Directors.

I am looking forward to watching Tronic Bike establish itself as a leader in this fast growing market to better serve those consumers who seek alternative modes of transportation and desire to live a more active lifestyle.

Sincerely,

Jennifer Hill  
VP, Global Technology, Asia Pacific & Latin America  
Nike Inc  
503.329.2409

\* This letter is in support of San Juan Hills Virtual Enterprise (VE) Angel investment program. This is not "real" worth commitment.

NIKE, INC. ONE BOWERMAN DRIVE BEAVERTON, OREGON 97005.6453 T: 503.671.6453 F: 503.671.6300 NIKE.COM



29211 Stallion Ridge, San Juan Capistrano, CA, 92675  
(949) 234-5900 cell  
(949) 438-9727 fax  
tronicbikes.ca@vcenterational.org  
https://www.tronicbikes.com

#### Tronic Bikes Contract

This agreement is effective as of 11/26/2021, between Costco and Tronic Bikes from 11/26/2021 to 4/30/2021. The parties hereby agree to the following terms and conditions:

#### Electric Bikes with accessories:

Costco hereby agrees to purchase the items below, supplied by Tronic Bikes.

Item 001	Quantity	Unit Price (\$)	Extended Price (\$)
Pathway electric bike	42	1,800	-
First aid kit	42	*	-
Helmet	42	*	-
<b>Total</b>			<b>\$75,600.00</b>
Item 002	Quantity	Unit Price (\$)	Extended Price (\$)
Scout electric bike	80	2,900	-
First aid kit	80	*	-
Helmet	80	*	-
Suspension	80	*	-
GPS system	80	*	-
<b>Total</b>			<b>\$232,000.00</b>
Item 003	Quantity	Unit Price (\$)	Extended Price (\$)
Ultra electric bike	110	4,300	-
First aid kit	110	*	-
Helmet	110	*	-
Suspension	110	*	-
GPS system	110	*	-
Bluetooth speaker	110	*	-
Portable charger	110	*	-
<b>Total</b>			<b>\$495,000.00</b>
<b>Total (Items 001-003)</b>			<b>\$802,600.00</b>

\*Included in the Unit Price of the electric bike

**TERMS AND CONDITIONS** - This contract agreement may be cancelled with 90 days written notice. The period of this contract is one time payment from the effective date unless modified in writing 90 days in advance on any agreed delivery dates stated in the agreement. Title and ownership of this agreement is non-transferable to any other party.

Tronic Bikes guarantees delivery of the quantities and items stated above in accordance with the terms and conditions stated in this agreement. Tronic Bikes hereby agrees to honor the firm-fixed prices stated above during the period of the contract agreement with no consideration for economic price adjustments.

**CANCELLATION** - The Contract may not be cancelled without the written agreement of both parties. Any party defaulting on the stated terms will incur the costs associated with recovery and all associated litigation fees.

**RENEWABLE OPTIONS** - During the final period of this agreement, either party may offer to negotiate optional years.

**CORPORATE COMMITMENT** - By signing this agreement, the Costco, hereby agrees to offer the expertise of its officers as advisors to Tronic Bikes. This mentoring will assist in the successful operations of Tronic Bikes, thus protecting your valued investment in our product.

The signatures below represent the authority to fully execute this agreement.

*David Gorbach*  
Signature of Costco Representative  
Date 12/18/21  
*David Gorbach / AGM*  
Printed Name / Title  
Phone Number 714-372-7510

*Taylor Wooten*  
Signature of Tronic  
Date 12/18/21  
*Taylor Wooten / VP of Finance*  
Printed Name and Title  
Phone Number 949-377-5541

\*\*\*Please note that this is not a real contract that does not contain physical products or real money, it is solely for educational purposes.

## Out-of- Network Contract

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## Additional Finances

### Bank Account

Account details				
Account:	Tronic Bikes (Budget Checking) - 630448132			<a href="#">Download account details (Excel)</a>
Period:	from	03/15/2021	until	02/28/2022 <input type="button" value="Show"/>
Date	Name/Description/Acct#	Ref#	Amount	Balance
Feb. 28, 2022	Alexander PiiL.51977.51977 (US011987), San Juan Capistrano, CA VE Checkout transaction #671883 02/28/2022 11:15 AM CT Acct #630913358	6076900	\$148.01	\$1,267,839.27

### Balance

\$1,267,839.27

### Loan Amortization Table

Tronic						
Loan Amortization Table						
	Loan Information			Summary		
	Loan Amount (Principal)		150,000	Rate (per period)		0.3542%
	Annual Interest Rate		4.25%	Number of Payments		60
	Term of Loan in Years		5	Total of Payments		\$166,766.00
	# of Payments per Year		12	Total Interest		\$16,766.00
	Payment Type		end of period			
	Monthly Payment		(\$2,779.43)			
No.	Principal	Interest for the Period	Total Balance Outstanding	Payment for the period	Principal Reduction	Revised Balance Outstanding
1	150,000	531.25	150,531.25	2779.43	2248.18	147,751.82
2	147751.82	523.29	148,275.10	2779.43	2256.15	145,495.67
3	145495.67	515.30	146,010.97	2779.43	2264.14	143,231.53
4	143231.53	507.28	143,738.81	2779.43	2272.16	140,959.38
5	140959.38	499.23	141,458.61	2779.43	2280.20	138,679.18
6	138679.18	491.16	139,170.33	2779.43	2288.28	136,390.90
7	136390.90	483.05	136,873.95	2779.43	2296.38	134,094.52
8	134094.52	474.92	134,569.44	2779.43	2304.52	131,790.00
9	131790.00	466.76	132,256.76	2779.43	2312.68	129,477.32
10	129477.32	458.57	129,935.89	2779.43	2320.87	127,156.46
11	127156.46	450.35	127,606.80	2779.43	2329.09	124,827.37
12	124827.37	442.10	125,269.47	2779.43	2337.34	122,490.03



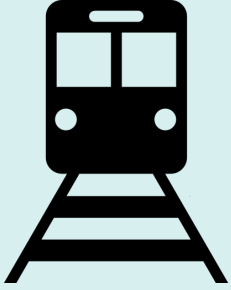
AMPLIFY YOUR BIKING EXPERIENCE

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## Additional Benefits

### *E-Bikes and Public Transportation*



E-bikes are **ALLOWED** on both subways and trains. Those living in urban and suburban areas can benefit from public transportation during the winter months or if their destination is particularly far.

### **Subways & Trains**

### **Buses**

There are strict **LIMITATIONS** on whether or not e-bikes are allowed on buses. One's e-bike must meet a certain weight requirement and be foldable.



Tronic will **GRANT** customers who purchase a Pathway e-bike a \$100 voucher towards ridesharing services with Uber.

### **Ridesharing**



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