



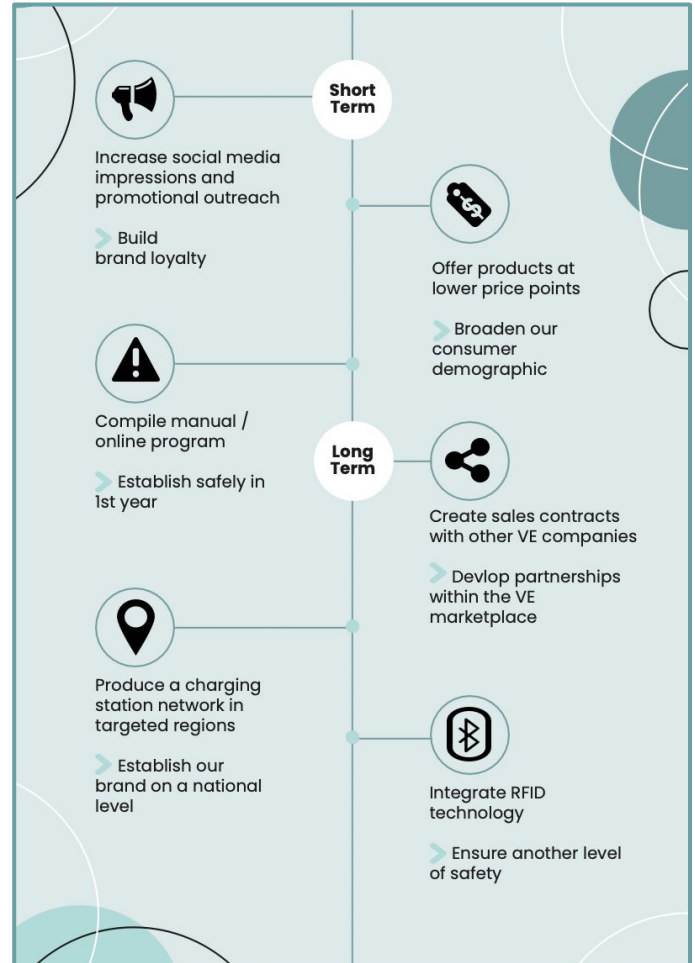
About the Business and Business Rationale

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 by **\$1.22** in just one year. 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, such as subways and trains, which accommodate e-bikes. 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.

OUR MISSION

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

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. With thirty four employees and five departments (Sales, Marketing, Finance, IT/Design, and HR) we have selected chief officers and vice presidents to direct each specialized group. Weekly leadership meetings are held to delegate and plan department responsibilities.





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**. However, this does not exclude our indirect market of parents and relatives.

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.

Product- Our e-bikes are offered in three different models, each suitable for a different terrain: city, beach, or mountain. Within each category, customers have the option to choose either our standard or prestige tier. Additionally, one can buy one of our three specialty e-bikes: the Stowaway, the Convoy, and the Redline.

Price- To purchase a bike in full, our pricing ranges from **\$1750-\$4650**. However, with the understanding that students are purchasing on a narrow budget, we suggest our 24-month bike financing option in which students can make monthly payments between **\$81-\$214** on a bike.

Placement- We will mainly rely on our website and Virtual Enterprise trade shows to market and sell our products. 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.

Promotion- Our primary promotion strategy is centered around our use of 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. Demo days enable us to interact with our target market and create personal connections with our customers while they test run our products.

Positioning- Our wide range of prices gives us a competitive advantage in a market that rests on the high end of prices. Tronic's prices lie in the middle, allowing us to capitalize on the demand for more reasonably priced e-bikes. We aim to be perceived in the e-bike market as technologically advanced and highly reliable while remaining affordable and available to the masses.

Business Risks and Solutions

Risk		Solution
Entering an industry in which the products are inherently expensive, especially with a target market having a narrow budget.	\$	Targeting middle to upper class individuals with the means of purchasing. Offering a 24-month financing option to pay in affordable installments.
The current supply chain issues facing businesses since the Coronavirus pandemic began, creating problems such as increased shipping times and part shortages.	🏠	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.
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.	🔋	Our e-bikes have a range and battery capacity above the industry standard, and our variety of styles maximize functionality for all purposes.



AMPLIFY YOUR BIKING EXPERIENCE



Financial Highlights & Projections

Tronic Bikes started with **\$20,000** in seed money, which was followed by applying and receiving a **\$150,000** small business loan. This loan came with a reasonable variable interest rate of prime (**3.25%**) plus an additional **1%**, adjusted annually. We obtained another **\$150,000** from three angel investor applications: Razor, Union Bank, and Nike.

Our sales for January were lower than December due to the Out-Of-Network contract we signed with Costco. We plan on making contracts with other VE firms for business-to-business sales. We started selling our prestige models and specialty bikes in the month of January in preparation for the trade show we attended in Bakersfield. In the month of January, we sold **130 units** in total, making our COGS **\$231,465** and total profit **\$1,710,367.00**.

US Network Bank

Date	Name/Description/Acct#	Ref#	Amount	Balance
Jan. 31, 2022	Wynne Aubrey 51328, 51328 (US013770), Jasper, TN VE Checkout transaction #655866 01/31/2022 01:16 PM CT Acct. #630960690	5988301	\$1,872.50	\$725,863.36

Current Balance

Balance
\$725,863.36

Tronic Bikes Balance Sheet As of January 2022	
Assets	
Current Assets	
Cash	\$ 725,863.36
Investments in stocks	-
Accounts receivable	-
Merchandise inventory	-
Supplies	\$ 445.00
Total Current Assets	\$ 726,308.36
Fixed Assets	
Computers	\$ 15,570.00
Less: accumulated depreciation	\$ 3,714.00
Furniture and fixtures	\$ 10,280.00
Less: accumulated depreciation	\$ 2,052.00
Office equipment	\$ 7,949.25
Less: accumulated depreciation	\$ 1,589.85
Total Fixed Assets	\$ 29,423.40
Total Assets	755,732
Liabilities and Stockholders' Equity	
Current Liabilities	
Accounts payable	-
Sales tax payable	\$ 155,424.34
Salaries payable	\$ 274,884.00
Payroll tax payable	\$ 122,097.00
401(k) payable	\$ 130,561.00
Other payable	\$ 124,200.00
Corporate tax payable	\$ 91,422.58
Total Current Liabilities	\$898,585.93
Long Term Liabilities	
Loan payable	\$ 138,120.00
Total Liabilities	1,036,706
Stockholders' Equity	
Common stock, \$10 par value, * # shares issued	\$ 170,000.00
Additional paid-in-capital	-
In excess of par value	-
Retained earnings	\$ (450,974.24)
Total Stockholders' Equity	-280,974
Total Liabilities and Stockholders' Equity	755,732

Balance Sheet

Units Sold	Year 1															
	Nov-21	Act. Nov-21	Dec-21	Act. Dec-21	Jan-22	Act. Jan-22	Feb-22	Mar-22	Apr-22	May-22	Jun-22	Jul-22	Aug-22	Sep-22	Oct-22	Total Units Sold
Pathway	30	70	34	82	38	11	57	71	85	99	113	127	141	155	169	1278
Seaside	25	37	28	103	31	3	28	40	52	64	76	88	100	112	124	911
Incline	20	32	22	131	24	0	22	32	42	52	62	72	82	92	102	790
Pathway Prestige					3	27	19	31	43	55	67	79	91	103	115	632
Seaside Prestige					3	7	5	15	25	35	45	55	65	75	85	414
Incline Prestige					3	31	22	30	38	46	54	62	70	78	86	517
Redline					3	48	34	42	50	58	66	74	82	90	98	641
Stowaway					3	0	0	8	16	24	32	40	48	56	64	291
Convoy					3	3	2	10	18	26	34	42	50	58	66	313
Avg Unit Price																
Pathway	\$1,800.00	\$1,800.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,750.00	\$1,756.67
Seaside	\$2,900.00	\$2,900.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,250.00	\$2,336.67
Incline	\$4,500.00	\$4,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,766.67
Pathway Prestige					\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00
Seaside Prestige					\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00	\$2,500.00
Incline Prestige					\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00
Redline					\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00	\$4,650.00
Stowaway					\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00	\$2,750.00
Convoy					\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00	\$3,000.00

Sales Projections



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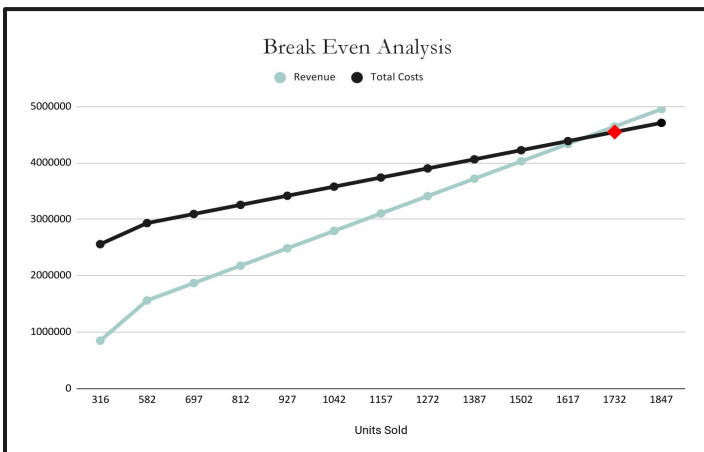


Financial Highlights & Projections

As previously mentioned, Tronic signed with Costco and negotiated an Out-of-Network Sales Contract which will bring in **\$802,762** over a 7 month period. 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.

Our 24-month financing program is a unique and innovative purchasing option for VE students. By financing a bike instead of purchasing one in full, students are presented with the opportunity to pay monthly at a starting price of **\$81**. Also, by investing in Tronic Bikes, one's bike purchase will fulfill their transportation expense, thus decreasing their car payment and eliminating the cost of gas.

Break Even Analysis



Break even point in sales dollars:	\$4,443,781.75
Break even point in # of sales:	1,656.06

Tronic Bikes	
Break Even Analysis	
Average selling price per sale	\$2,683.34
Average cost of goods sold per sale	\$1,405.56
Average profit rate	47.62%
Annual Fixed Cost	\$2,116,084.97

Tronic Bikes Profit and Loss Statement For the Year Ending 04/30/2022			
	April 2022 Projected	January 2022 Actual	
Sales revenues			
Online Sales	\$ 921,062.92	\$476,866.93	
Trade fair revenues	\$ 1,240,163.08	\$576,733.48	
Contractual sales to non-VE entities	\$ 802,600.00	\$802,600.00	
Total sales revenues	\$2,963,826.00	\$1,856,200.41	
Cost of goods sold or services provided	\$ 1,392,998.22	\$873,413.00	
Gross profit	\$1,570,827.78	\$982,787.41	
Gross profit margin	53%	52.95%	
Operating expenses			
Salaries	\$ 474,081.50	\$274,881.60	
Rent	\$ 24,234.00	\$13,848.00	
Depreciation	\$ 7,355.85	\$4,903.88	
Payroll tax	\$ 218,097.00	\$122,097.00	
Advertising/Promotion	\$ 73,500.00	\$42,000.00	
Insurance	\$ 22,449.00	\$12,828.00	
Pension or 401(k)	\$ 226,561.00	\$130,561.00	
Interest	\$ 3,550.55	\$2,077.11	
Supplies	\$ 1,800.00	\$257.14	
Utilities	\$ 25,704.00	\$14,688.00	
Trade show registration	\$ 18,000.00	\$12,000.00	
Other(shipping)	\$ 139,050.00	\$87,300.00	
Total operating expenses	\$ 1,234,382.90	\$717,441.73	
Income from operations	\$336,444.88	\$265,345.68	
Income from other revenues	-	-	
Angel Investors	\$150,000.00	\$150,000.00	
Seed Money	\$20,000.00	\$20,000.00	
Net income before taxes	\$506,444.88	\$435,345.68	
Corporate income tax	\$106,353.42	\$91,422.59	
Net income after taxes	\$400,091.46	\$343,923.08	

-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

Profit and Loss Statement

So far, Tronic has reached an average profit margin of **48%**. As our profitability continues to increase, we predict that we'll start to **break even in November**, especially if we begin to sell our bikes to other VE companies.

