To the Directors of Mike's Bikes,

Ride On is a company that strives to provide quality Mountain and youth bikes to consumers at a reasonable price. The company wishes to not only meet but also exceed the expectations of customers in order to gain both trust and loyalty. RideOn was established in Waterloo, Ontario, Canada in 2011. One of the major goals of the company was to achieve the highest shareholder value in regards to competition. Ride On also wishes to increase revenue, production level and customer satisfaction. In 2012 our SHV was $14.99, which was the highest amount in our world. The SHV in 2017 was $28.80, which gave us a ranking of second place in the industry. Overall, our cumulative change in SHV was 167%. At the beginning of our establishment, our main strategy emphasized on high price and lower volume. We increased the price by 10% and increased product promotion by $1 000 000 compared to 2011. In the year 2013, our main focus was on brand awareness. A high price and lower volume can lead to high awareness but because we put a large amount of money into advertising in the previous year, we decided to reduce our branding expenses to $200 000. Originally RideOn began producing mountain bikes, but as years progressed, our company decided to launch a new line of youth bikes. We had a lot of inventory left over from previous years. Thus, the price of the mountain bikes were drastically decreased and the product was no longer being produced, focusing more on the new line of youth bikes that were launched. Furthermore, another strategy of increasing our SHV for upcoming years was to repurchase shares in order to increase equity owned by the company as well as to pay some dividends. Unfortunately, this strategy was not applied properly, presenting Ride On with many challenges. The company went into debt since an exceeded amount of dividends were paid. We expected to have a SHV of $81.05 but instead we ended up with $21.37. Overall, this was a huge obstacle for the company, but we learned from our mistakes and realized that the next time we examine our dividends and equity we need to carefully examine all aspects of our company before making a final decision.

Affirmation Statement

ARBUS 101 - World 4 - Team 2: RideOn

The listed team members below have participated in the preparation of this assignment and no other individuals have contributed to this assignment except as acknowledged.

TA: <Redacted>

Date: <Redacted>

Name:Joanna Weng

Name: <Redacted>

Name: <Redacted>

Name: <Redacted>

Rollover 1: Year 2012

Objective and Strategies

As this is the first year for our corporation, our shareholder value is the same as our competitors. For the bike industry we all start off with $10.75 and work with that *(Appendix A.1)*. Our firm decided that in order to start production we were going to increase retail price and increase production marketing, while reducing PR.

Decisions

Marketing

As this was the first year, we focused most of our time on marketing. We agreed to increase advertising expenditure and product awareness. As the result of these increases, we decreased PR expenditure *(Appendix A.2)*. We began by increasing our product advertising by $1,000,000. This increased the expenditure from $750,000 to $1,750,000 which was the maximum expenditure that we could spend. We then allocated $875,000 to television and $875,000 to magazines. For the time being we didn't allocate any funds to internet. Also, because we increased product advertising we decreased PR from $500,000 to $15. Our strategy was different from out competitors as they had low retail prices and high PR values. All of our decisions and information is based on the Market Research section in the simulation. We thought it would be wise to follow their suggestion being so new to the game.

Operating

All firms begin with 20,000 units of mountain bikes. Our firm decision was to increase sales of units to 27,000 with a planned production of 27,000 units. Being the first rollover, we spent most of our time and money on marketing production. Before we could sell more or any bikes we needed to establish our firm in the market and make ourselves known. After that we will be able to increase inventory and units of production.

Financing

As the first rollover we were not able to make decisions on equity, bonds and dividends. Also, being so early in the simulation we financially wouldn't not be able to make any changes. However our goal was to pay dividends off as early as we could.

Expected Results

We expected, being the first year, that we would be able to gain an advantage in shareholder values as well as market share. We also expected that with the changes we made we would be able to stay affordable to the consumers, retailers as well as keep our company running with no major problems.

<u>Rollover 2: Year 2013</u>

Objectives and Strategies

Ride On being a new mountain bike company had spent much of its time and funds on Marketing Production. For year two we decided to decrease marketing productions well as PR *(Appendix B.1)*. With that we increases retail price. However our main goal was to increase shareholder values and keep liabilities at a low. We are also trying to increase the amount or assets that we have.

Prior Year Results

As RideOn is a new mountain bike company we were pleased to find that we were top in the market with our retail sales total as $9,587,680. We had increased advertising expenditures to $1,700,000 as well as increase our retail price by 10%. This helped improve brand awareness sales and efficiency. With our strategy, it proved efficient and effective for our firm. We finished first with $20.10 overall. At this point our management skills have proven very positive for us. There isn't really any strong competition so far from any of the other firms. However that could always change and we won't let our confidence get the best of us.

Decisions

Marketing

Being the second we decreased our product marketing, PR and increased retail price. We reduced the advertising expenditures to $1,400,000 allocating $650,000 to television, $100,000 to internet and $650,000 to magazines. We also reduced the PR expenditures to $12, allocating $4 to each media. With that we increased the retail price to $775 *(Appendix B.2)*. We also decreased brand awareness to $200,000.

Operating

For the second rollover we didn’t make too many changes. The only change that we made was decreasing the forecast same units from 27,000 to 24,000 units. This changed planned productions from 27,000 units to 20,000 unites.

Financing

Again being so early in the game we were not given the choices to change the dividends, equity or bond. Also financially we still would have not been able to. However our plan is to still pay debt and dividends off as soon as our company is stable.

Expected Results

Though we have decreased marketing production, awareness and PR, we have still kept the allocated funds for each at a level where we are still competing with the other firms. Our advertising is still important and we are still publicising out product. We still want to be recognized and compete with the other firms. Though we have decreased the production we have increased retail sales. We expect that though we may sell less products, the amount lost will be gained in the increase in retail price.

Rollover 3: Year 2014

Objectives and Strategies

Our strategy for roll-over 3 was to focus on capacity control, as well as our debt. Our main objective was to continue implementing a low volume-high price strategy to maximize revenue. To do so, we wanted to sell our left-over inventory before introducing new products. Our capacity sold (SCU) for the previous years were consistently at 0, making our total capacity 20,000. Our idle time fluctuated between 40% in 2011 to 18% in 2012 and back to 40% in 2013. The idle time was greater than 10% in prior years meaning that our company had too much capacity. In order to decrease our capacity, our company decided to decrease wastage and increase production, as well as selling some capacity. Efficiency expenditures accumulate over time so a constant level of efficiency would slowly decrease wastage levels. By selling capacity, our company would also be able to receive some short term benefits such as obtaining more available cash for the firm and reducing depreciation costs.

Prior Year Results

Although Ride On's sales (15,464) and market share (20.2%) were the lowest in the world, we were still able to remain first in our world with a SHV of $20.10, with the closest competition at $14.31 *(Appendix C.1)*. Our forecasted net income was $3,030,669 higher than our actual result *(Appendix C.2)*. Our company strategy was to sell low volumes of bikes at the highest retail price possible. We placed our retail price at $775, the same as JPRK, while JAKD and Sports Cycle were at $700. Although our company was on the low end in terms of retail and wholesale sales, our gross margin ($6,019,381) remained the highest which allowed our company's profit to rise above our competitors *(Appendix C.3)*. Our inventory levels were much too high as we had 7,962 units left over which wastes assets. Our product awareness (0.29) was around the average for our world and our PR was the lowest at 0.02, as we followed the product dimension sensitivities for mountain bikes. However, we did not allocate a lot of our assets towards product awareness because in the year 2012, our company allocated $1,750,000 to product advertising which gave us a head start. After our financial and operational decisions, our company had $8,790,768 in cash available to fund our expenditures and production in the future. Our company was able to raise our net income from $1,916,950 to $2,576,504 in 2013. Although our company remained at the top of our world, it is clear that competitors are catching up and our company should evaluate our decisions better to ensure that our forecasted results are not too high, meaning that we should be more realistic.

Decisions

Marketing

Our sales volume was only 15,464 which was the lowest amount compared to our competitors. We spent $1,250,000 on product awareness because we had allocated $1,750,000 in 2012 and decided that we could afford to cut back a little on our advertising expenditure. We decided to spend an extremely low amount of money on product PR ($12) to follow the sensitivities. Ride On spent $200,000 on brand awareness, a slight decrease from $250,000, but stable enough to benefit the company. Ride On has decreased the retailer margin to 20% for bike shops, sport shops, and discount stores. While bike and discount stores received $200 in extra support, sports stores received $500. We allocated $550,000 in both TV and magazine marketing, and $150,000 on the Internet. Our company chose to implement these decisions in hopes of increasing product distribution to ultimately raise retailer sales. We kept the price of our bikes to the absolute maximum ($775) to follow through with our strategy.

Operating

Ride On's goals in terms of operations are to increase efficiency and quality. Our capacity was decreased by 9322 Standard Capacity Units (SCU) as to decrease our idle time while increasing production. Our company produced 19,415 units of mountain bikes to follow our strategy of low volume for a high price. The decreased production capacity allowed our efficiency improvement to increase to $1,563,559, but our quality improvement to decrease to $42,056.

Financing

Our total debt was $975,000 meaning our debt/equity ratio was at 0.125. Our company decided to repay part of our long term debt ($25,000) because we had excess cash from cutting back on operating expenses to be able to. This was a good decision as it decreases the amount of interest (8%) that would have had to been paid. Our debt equity ratio decreased to 0.074 which dropped our annual interest it $46,000.

Expected Results

Based on the decisions that our company has made for this roll-over, we expect to see an increase in profit. We used a part of our assets to reduce the amount of interest on debt so our liabilities should decrease slightly. As our product and brand awareness numbers were only a slight decrease from previous years, we expect our sales to remain relatively constant. We chose to reduce our capacity and improve our efficiency and quality in order to follow the low volume-high price strategy. Our left-over inventory levels are much too high and unacceptable so our goal for the future is to sell the remaining units before launching new products in case the old ones become obsolete. We do not expect our SHV to increase significantly, but rather a moderate amount is predicted. The price for our mountain bikes is the absolute highest, meaning that we are expecting a high gross margin and a decent amount of profit. The decisions our company made were aimed towards limiting capacity because we want to sell off our existing products first through our selling strategy. We want to maximize profits so we chose to cut back a small amount on brand and product awareness to pay off some debts and increase our cash for future product launches.

Rollover 4: Year 2015

Objective and Strategies

The major focal areas that our company wanted to address during roll-over 4 was our inventory levels, equity, dividends, and the launch of a new product. In terms of inventory, we have too many excess products which means that we should decrease the price of the existing bikes and increase advertising. We plan to increase our SHV by repurchasing our shares to increase equity owned by our company and paying off dividends in order to get returns on investment. Our company wants to launch a new youth bike for sale, which means that a lot of advertisement is needed to raise awareness. We are going to continue the selling strategies for the new product of a low volume-high cost approach, as it did provide our company with maximum profits, however; we are going to be careful to avoid having too much left-over inventory this time. Our goal is to sell off our old products as they are taking up storage space and may become obsolete soon as redevelopments are available. Our focus has shifted mainly to the new youth bikes and fixing our selling strategy to eliminate high levels of left-over inventory.

Prior Year Results

In year 2014, our company was in first place with a SHV of $21.32 compared to JPRK ($18.24), JAKD ($19.01) and Sports Cycle ($12.83) *(Appendix D.1)*. However, our company received the lowest amount in retail sales, wholesale sales, gross margin, and thus profit after tax. Our company received the lowest amount of total sales (13,264 or 16.4%) for mountain bikes which is extremely disappointing. Besides product advertisement, our company lagged behind our competitors in all other aspects of customer satisfaction as well. Our company did well in terms of internal results as our low capacity allowed for the lowest idle time and wastage percentage. Our company also invested the most amount of money into production improvement compared to other competitors as well as a significant increase from our previous years ($250,000). The greatest disappointment for our company would be our high closing inventory units (12,172) which points out that something needs to be done to ensure that our old products are sold. Overall, our forecasted values for our net income ($4,804,922) were far off from actuality ($1,816,882) meaning that we must be more careful and strict on our predictions.

Although our company remains in first place, the competitors are quickly catching up and we must re-evaluate our strategies.

Decisions

Marketing

Our company added a new line of youth bicycles because we have around $6 million in cash which is on the lower end compared to our competitors who will probably choose road bikes. We decided to keep the amount advertising expenditure ($1, 250,000) for mountain and youth bikes the same in order to test out the waters. Our company decided that PR was not as important as advertising so we eliminated the factor altogether. Due to the fact that the youth bikes are new to the market, our company decided to give them more media exposure compared to the mountain bikes which received the same values as the year before. Youth bikes received $250,000 on the Internet and magazines, and $750,000 on TV based off sensitivities. Our company decided to stay consistent in terms of brand advertising value ($200,000), extra support to sports and discount stores ($500), extra support to bike shops ($200), and all the retail margins at 20%. We realized that the problem with our strategy for the mountain bikes was that there were not enough buyers therefore we decreased the price of mountain bikes to the lowest cost of $500 and youth bikes to $500, the highest possible cost.

Operating

Our company chose to introduce youth bikes, and because we decreased the capacity of mountain bikes in the prior year, we were able to launch 40,000 units. Our aim is to sell off the remainder of our mountain bikes at a lower price which means we are not buying anymore new units. Our forecasted revenue for youth bikes is $15,200,000 as we intend to sell all our units since we invested more money into awareness. We increased our efficiency and quality as well in order to boost our revenue by spending $2,570,025 to allow for 97.8% maximum efficiency and 50,000 for quality to ensure a 73.9% index to raise the product appeal.

Financing

Our company decided to continue repaying our debts in order to reduce our annual interest payments. We paid off $423,113 off of our total of $551,887, reducing our debt equity ratio to 0.071. Our company decided to repurchase $776,981 of our shares in order to increase the amount of equity owned, as well as paying off $1.03 in dividends, all in order to ultimately increase our SHV. We chose these numbers to be safe and ensure that there is a low risk of our company not having enough money in cases of emergencies. Our company had to maintain a sustainable dividend payment policy, but as there was also a new product launch, the payment could not be set too high.

Expected Results

Our company expects to earn a higher income in the next year because of the new product launch with a revised strategy to ensure both profit and lack of excess inventory. As we allocated a large sum of money into awareness, we expect that the sales of our youth bikes will be high. By reducing the cost of mountain bikes to the lowest possible price, we expect to sell off all our remaining units. We hope that by paying debts, repurchasing shares and paying dividends, we will be able to increase our SHV by a significant amount.

Rollover 5: Year 2016

Objectives and Strategies

Our strategy for this year is to focus more on our new line of youth bikes instead of our mountain bikes. We decided to lower the price of the mountain bikes and eventually stop producing them. We had too much inventory left over. RideOn also believed that youth bikes could be sold at a high price without customer hesitation when deciding to purchase them. We also thought it would be beneficial to pay off all our dividends and debts so no interest was charge, making this is the main focus of our company for this year. As a company, we believed that if we paid off our debt, we could focus on other aspects of our company such as marketing and advertising.

Prior Year Results

During this year, we had too much inventory left over of our mountain bikes. Therefore, we decreased the price of these bikes. Our SHV during this year was $38.07. Overall, our company was trying to focus on the launch of our new youth bikes. The retail price for the new youth bike was $500. In terms of debt, the amount of long-term debt repaid was $423,113. In addition, the amount of equity repurchased was $776,981. At this point we were not too concerned with paying off our dividends, therefore our dividends per share was $1.03. Even though we were not focusing on our mountain bike line, we still decided to spend money on advertising for it in order to get rid of the leftover inventory. We spent $550,000 on advertising through magazines and television and a total of $150,000 through online advertisements.

Decisions

Marketing

This year, RideOn decided to emphasize more on the production and selling of our youth bikes. Therefore, we decided to increase our advertising of our new product instead of the mountain bike line. We stopped all of our advertising for our mountain bikes. In regards to our product titled “ Mini 2015”, our company spent $900,000 on advertising through television and $250,000 through both magazines and the Internet. The reason why more money is being invested in one media selection than another is because one form of media may reach more consumers than the other. In this case, television will raise more product awareness to the public. In addition, for our other product titled “ Free ranger” we invested in $550,000 for television advertising, $150,000 for internet advertising and $650,000 for magazine advertising. Overall, our marketing strategies revolved around the new products. Another example of this would be the pricing of our bikes. RideOn wanted to sell the remaining inventory of the mountain bikes so the price decreased to $500. The lower the price, the more consumers will be attracted to the product, hence, their willingness to buy the actual product increases.

Operating

RideOn’s idle time is 0%; therefore we can increase capacity by a little. Unfortunately, our quality improvement decreased. In 2015 it was $50,000 and then in 2016 it decreased to $33,344. As a company, we decided that we wouldn’t spend too much money on advertising, which decreased our quality improvement. Instead, we decided to put that amount of money into paying our equity and dividends. Our efficiency improvement is $2,570,025 and our capacity increase was a total of 11696 Standard Capacity Units. Furthermore, in terms of unit of sales, we decided to increase the quantity of our youth bikes while selling all of our mountain bikes completely (Appendix E.2)

Financing

This year we decided to pay off as much debt as possible so that no additional interest would be charged. At this point, if we paid off more dividends and equity, it would positively affect us as a company financially. We decided to repurchase $3,580,000 in terms of equity. In addition, we also decided to pay a long-term debt amount of $3,580,000. The reason as to why we decided to pay off as much debt and equity as possible is because as a company we believe that we are financially stable in regards to our competition. RideOn also decided to pay off a large amount of dividends, we increased our dividend per share to $6.39 and issued $5, 582, 048. In terms of ratios, our current ratio is 7.0059 therefore; there was an increase in liquidity. We believed that we could pay off more debt. Our debt to equity ratio was 2.74, which means that our company had a high leverage ratio. This is the highest our ratio has ever been. This is due to the fact that the company is a high risk to investors. Our return on sales ratio was 0.218, this is a sign that our company should pay more attention to our assets and our return on equity is 0.388. Furthermore, our earnings per share ratio is 0.950, which was the lowest EPS in our world, meaning that we may be running into some financial issues in the future. Lastly our inventory turnover ratio was 372.165. The reason for this is because of our high inventory of our mountain bikes that we currently have in stock (Appendix E.1)

Expected Results

As a company, we thought that we were at the stage where we could pay off our dividends and interests. We had predicted that repaying back our dividends would result in a financial gain and increase our shareholder value. We wanted to repurchase our shares, as it will increase equity owned by the company. As a result, we expected to have a SHV of $81.05.

Rollover 6: Year 2016-2017

Objectives and Strategies

This year marks the second year of acquiring Presidency of the firm, RideOn. To recover from last year’s inefficient cashflow management, for 2016, we decided to sell some capacity, issue equity, and file for more debt. Our goal for this year was to recover from the excessive debt RideOn is responsible for.We decided that we would hold off on paying any more dividends and do everything within our range of capability to decrease our expenditure in the most efficient way possible. To do this, we focused on reducing costs associated with the fields of advertising, branding, and distribution. In rollover 1, our firm strategy was high cost, low volume. As a recovery tactic, this year we decided to shift our strategy to low cost, low volume, and low quality. Because of last year's results, we focused mainly on selling our past inventory and avoided producing any more goods because we were low on capital funds.

Prior Year Results

The previous rollover was a devastating disappointment to the firm as it went into severe debt and company SHV decreased substantially from $38.07 to $21.37 (*Appendix A.2)*. This served as quite a shock to all RideOn executives because we orginally expected a SHV of $81.05 through offline testing. This unfortunate event depleted our chances of achieving our major goal of constantly maximizing profit and SHV to acquire the highest in our world. However, we were still first place in our world because as it turns out, our biggest competition "JPRK" also made similar mistakes in financial planning. JPRK's SHV also dropped from $38.07 to $21.37. Our expected results deviated from our actual results by 100%. As indicated in the Industry Benchmark report for the period 2016, the demand forecast accuracy was 0%. As indicated on the cash flow statement for 2016, we ended up with a negative cash flow of -$21 030 034. This implies that we spent much more money than we received. We even had to withdraw money through Overdraft funds of $8 939 076 because we did not have enough money left in our bank account to implement our decisions

The main reason for this downfall was that we failed to analyze RideOn's financial data before implementing our decisions, primarily, the Proforma Reports. Firstly, we paid too much debt. Paying off all debt was not necessary. By trying to get out of debt, we went into further debt. Second, we repurchased too much equity (much more than we could afford). This left RideOn with a very high debt to equity ratio of 2.74. This shows that that the company is a high risk to investors, a major reason for the decrease in SHV. JPRK's ratio is 1.49, JAKD's ratio is 0.03, and Sports Cycle is at 100 (the highest in our world). Third, we issued $5 582 048 in dividends, which was much more than we could afford at the time. We relied too heavily on the numerical index and did not consider the actual dollar amount. We also had low accounts receivables where the only cash we received was from sales (which was very low) and from interest from cash in the bank. Lastly, the holding costs were extremely high ($1 155 800) which indicates very poor planning in production and capacity.

We ended the year with a closing inventory of 46 016 youth bikes and 216 new mountain bikes. Our price for youth bikes was too high ($500) and was thus not competitive with other firms. For this reason, we did not sell much and had the second lowest market share (*Appendix F.1***)**. Also, RideOn had the lowest quality index of 0.58 when compared to other firms in our world. The quality indexes for JPRK, JAKD, and Sports Cycle are 0.61, 0.76, and 0.73, respectively. Refer to (*Appendix F.2)* which gives a product quality ranking of RideOn's products: Adv2, Mini_2015, and FreeRanger_2016. We also had the lowest brand awareness compared to all other firms in our world (*Appendix F.3***)**, which is consistent with our past. Overall, after Rollover 5, we remained first in our world, however, competition was trailing close behind. JPRK, JAKD, and Sports Cycle had a SHV of $19.27, $15.95, and $0.01 respectively.

Decisions

Marketing

Since reducing expenditure was one of the main strategies for this year, many expenses in marketing were reduced to incur as much operational funds as possible. The price of the youth bike was decreased substantially from $500 to $345 in order to sell off the rest of the inventory from the last year (46 016 bikes) as quickly as possible. Advertising (especially T.V ads since they are the most sensitive for youth) for youth bikes was decreased to $1 000 000 from $1 400 000 in order to increase sales. The price of the new mountain bike was also reduced from $710 to $650.This was also done in hopes of selling off remaining inventory (216 bikes) from the prior year. Advertising (especially T.V ads and magazines since they are most sensitive to mountain bike riders) was reduced from $1 350 000 to $136 000. $0 was spent on PR for both bikes, which is consistent with the past philosophy. $50 000 was spent in branding. In regards to distribution, the retail margin was set to 20% because we wanted as much profit as possible and sales volume was 16 972 bikes in the last period, which is the lowest amount compared to other firms in our world.

Operating

Due to extreme debt, our operations budget had to be thoroughly rationed in several ways. The S.C.U for mountain bikes is 0.50. The S.C.U for youth bikes is 0.25. In order to be as productive as possible, production was targeted to fulfill the exact amount of capacity available. 10 762 S.C.U in capacity was sold to increase capital leaving only 11 612 S.C.U. This equated to selling 46 016 mini bikes and 216 mountain bikes. For this reason, we decided to abandon our original mountain bike *Adv2*. Out of everyone in this world, our company had the lowest capacity because we had the highest debt. The capacities of JPRK, JAKD, and Sports Cycles were 38 000 S.C.U, 16 000 S.C.U, and 20 000 S.C.U. We decided we would not produce anymore bikes and would focus on selling the ones left in our inventory so that holding costs would not be an issue in the future and because these products would depreciate overtime. For this year, there was no budget allocated to improve efficiency and quality because of the shortage of funds we were subject to, thus we expected the quality and efficiency of our products and production to decrease.

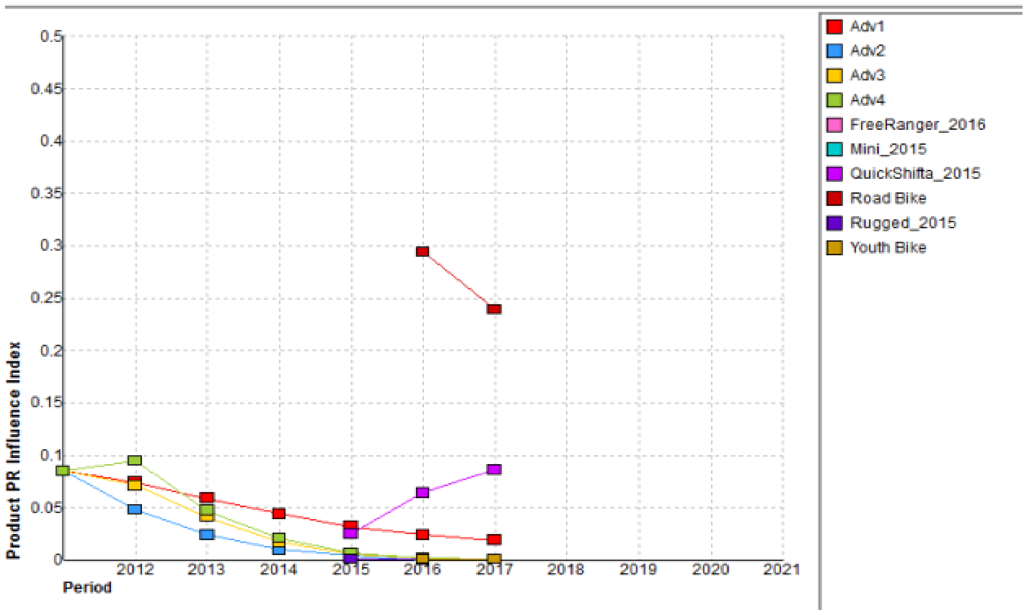
Financing

At this time, RideOn did not have sufficient funds to operate. Thus, it was decided that debt would be raised as much as possible to finance our operations. The maximum debt that was possible to be raised was $680 000. This comes with an interest rate of 8.8% and an annual interest of $60 406. The maximum debt that is offered to us is so low because our debt to equity ratio was too high (at the time, it was 2.74), giving us a poor credit ranking. As for equity, it was decided that $6 050 000 in equity would be raised in order gain more financial support because the more shares we have, the more money we have to finance our operations. It was decided that dividends would not be issued at all until RideOn is back on track and financially capable of doing so. By focusing on these 3 major aspects, we hoped that our debt to equity ratio would decrease to a range between 0 and 1. During our rollover, we realized we had a funds shortage of $4 094 207 and couldn't implement all of decisions, however, we hoped that the profit gained from this rollover would help in these expenses. In regards to the cashflow statement, $10 048 642 was dispersed to operating expenses, $1 422 085 was dispersed to investments, and $6 710 161 was dispersed to financing.

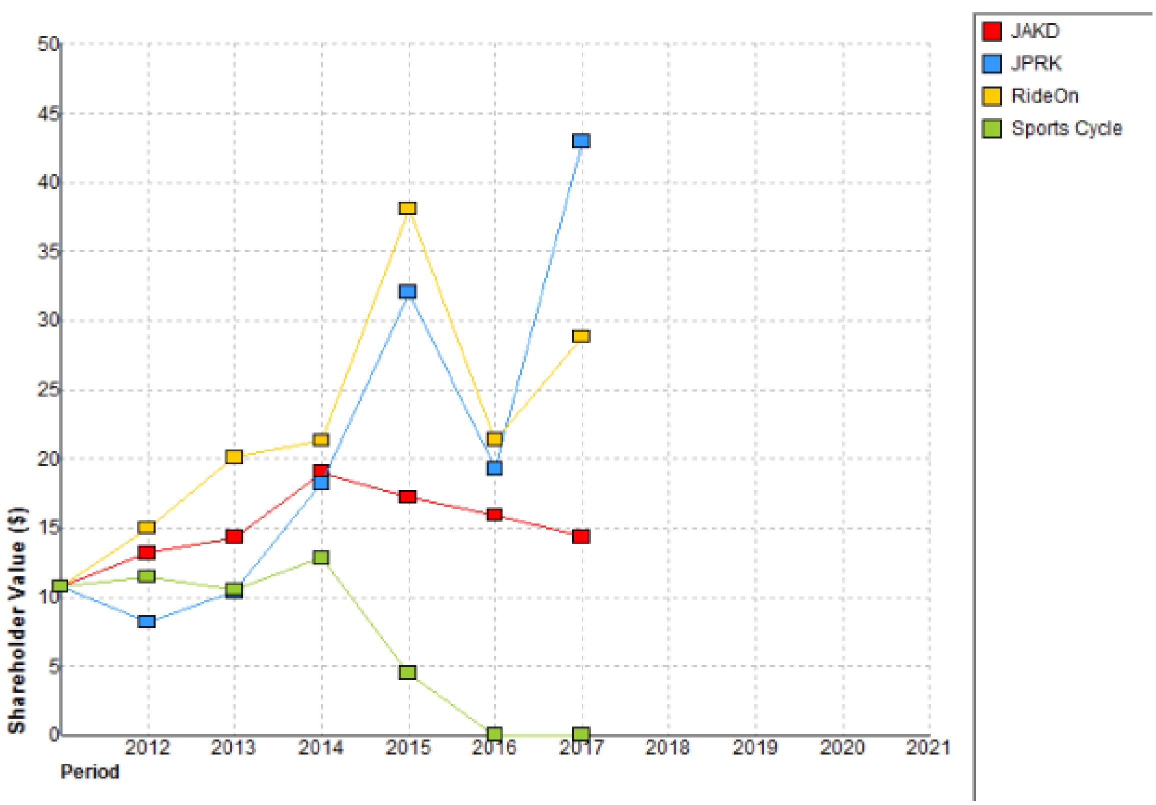
Expected Results

The main two things we expected this year was to obtain a positive net cash flow and come out of bankruptcy and to increase SHV as much as possible. Thus, we considered this rollover to be our recovery period. This was the last rollover and thus the most essential to our goal of obtaining the highest SHV possible in our world. By focusing on raising debt, issuing equity, and avoiding paying any more dividends, we hoped that our company would come out of debt so that they can dominate in the future. We also hoped that by production rationing and calculating capacity to exact values, we could be as productive as possible. We expected to increase SHV to$28.70 and match our forecast results as closely as possible.

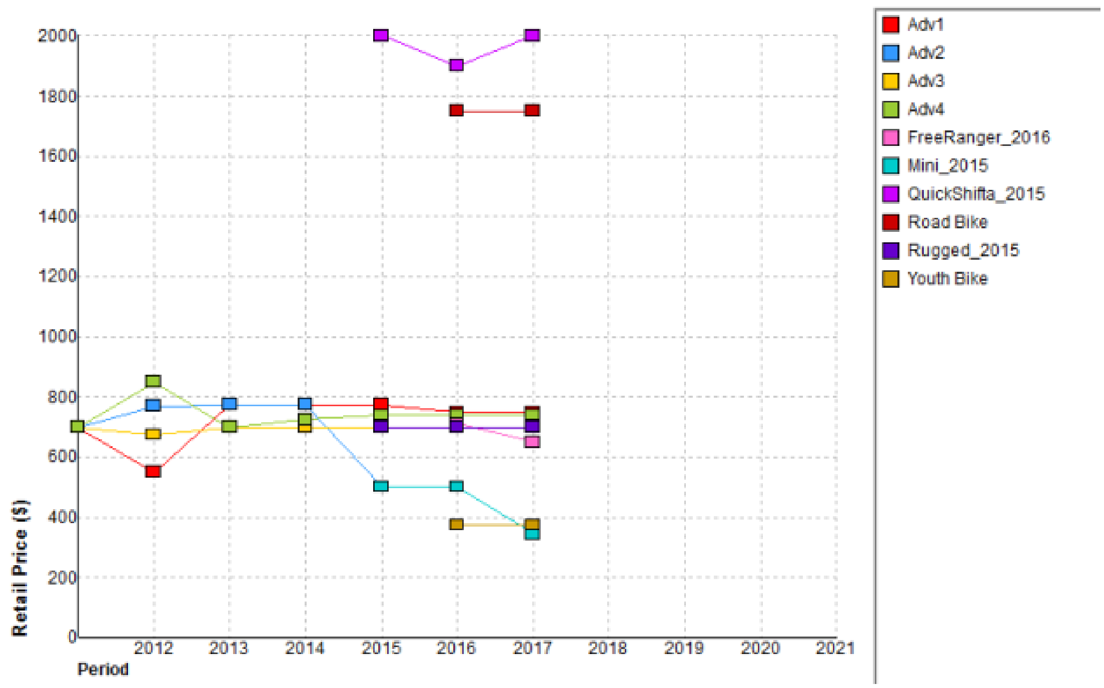
Appendix A.1 - Multi-firm Product PR



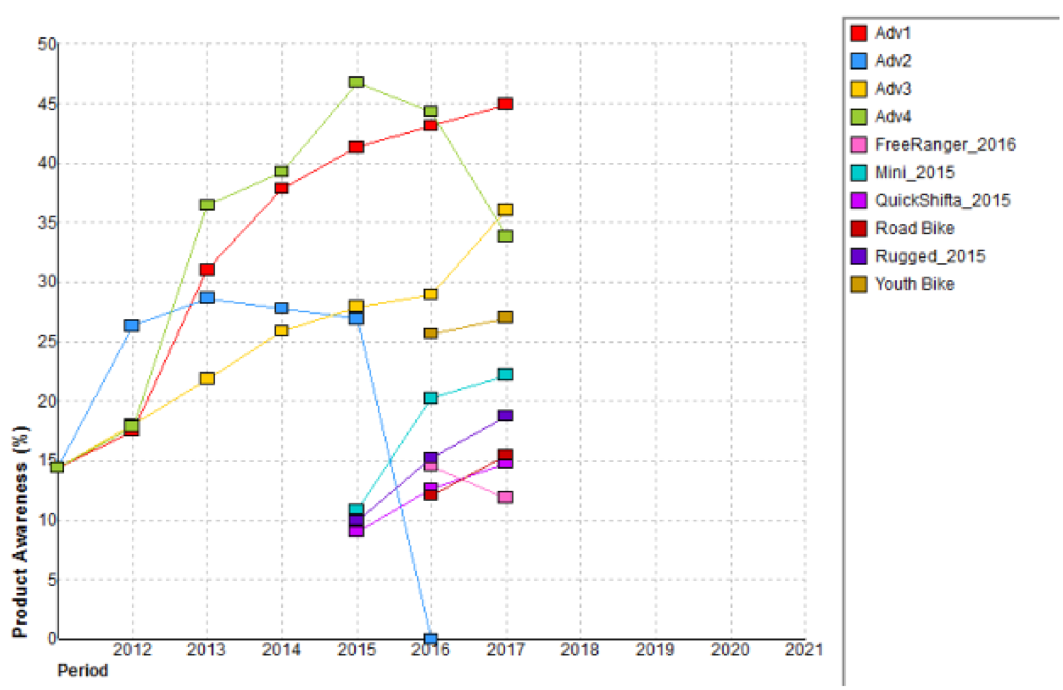
Appendix A.2 - Multi-firm Shareholder Values



Appendix B.1 - Multi-firm Product Price



Appendix B.2 - Multi-firm Product Awareness



Appendix C.1 - Shareholder Value for 2013

Appendix C.2 - Forecast Results Reports Overview 2013

Forecast Results Reports Overview

2012 Fall - AFM131 - Section 005 - World 4-7 - RideOn

TO: President
FROM: Vice President Finance
DATE: 31 December 2012
SUBJECT: Forecast Financial Reports for 2013

The following key results have been calculated for 2012:

	Actual 2012	Forecast 2013	Variance
Sales Revenue	$9,746,737	$14,880,000	53%
Gross Margin	$5,409,999	$9,372,423	73%
Net Income	$1,916,950	$4,947,619	158%
Net Income (% of sales)	20%	33%	

Appendix C.3 - Industry Reports Overview 2013

Industry Reports Overview

2012 Fall - AFM131 - Section 005 - World 4-7 - RideOn

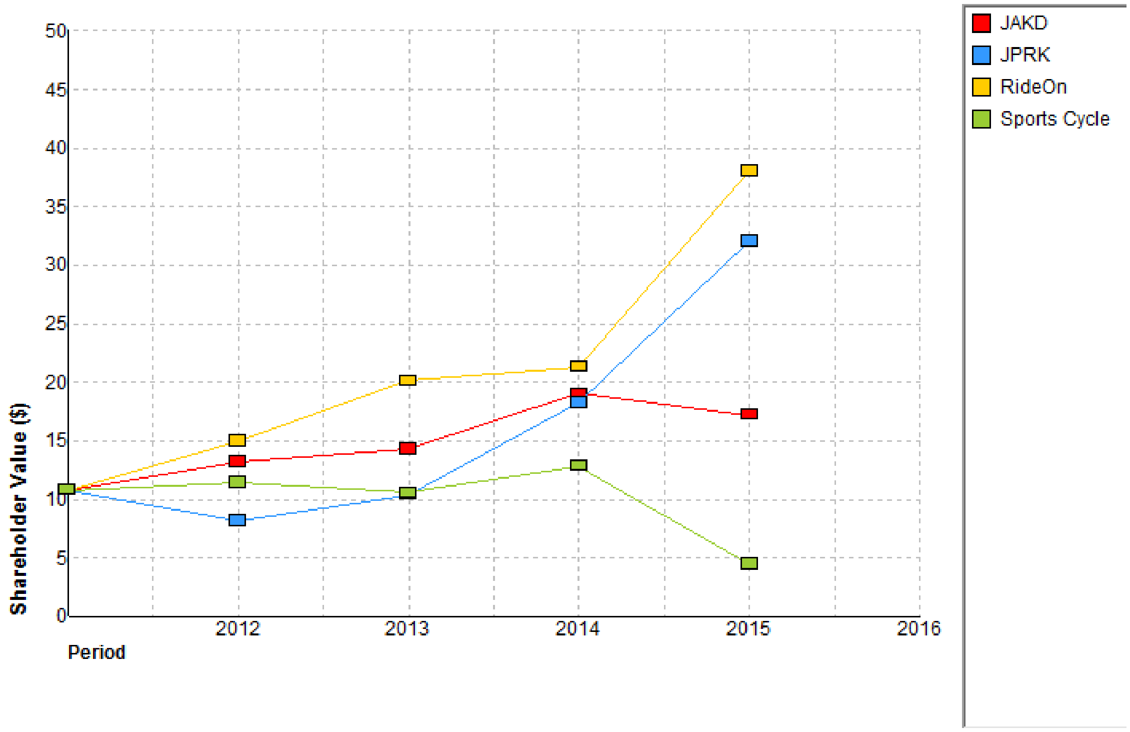
TO: President
FROM: Corporate Strategy Consultants (CSC)
DATE: 31 December 2013
SUBJECT: Industry Reports for 2013

The following key industry results have been calculated for 2013:

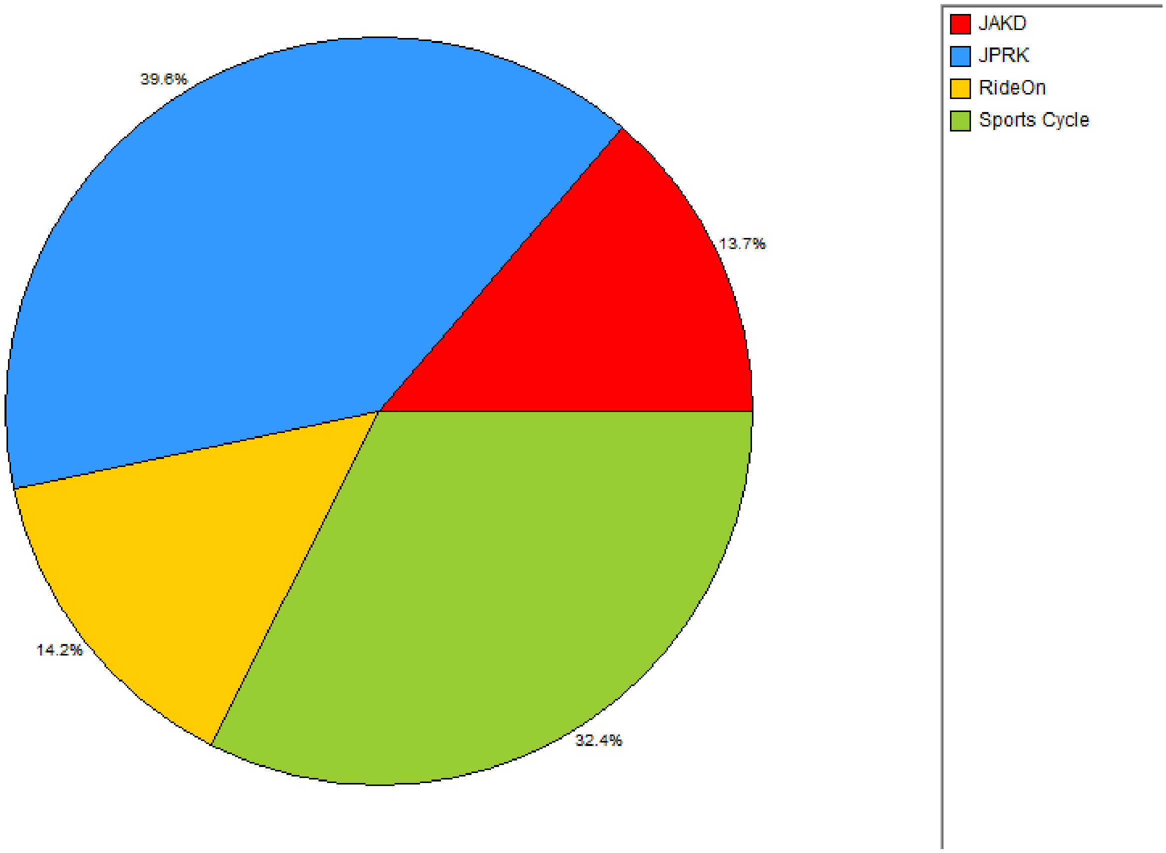
	JPRK	RideOn	JAKD	Sports Cycle
Shareholder Value (SHV)	**$10.37**	**$20.10**	**$14.31**	**$10.55**
Cumulative Change in SHV	(4%)	86%	33%	(2%)
Wholesale Sales Revenue	$9,666,962	$9,587,680	$9,351,160	$11,742,640
Gross Margin	$5,231,527	$6,019,381	$4,645,788	$5,796,748
Gross Margin % (of sales)	54%	63%	50%	49%
Profit Before Tax	$1,470,546	$3,680,719	$2,298,306	$1,369,280
Profit Before Tax % (of sales)	15%	38%	25%	12%
Profit After Tax	$1,029,382	$2,576,504	$1,608,814	$958,496
Earnings per Share	$1.029	$2.577	$1.609	$0.958

These results are presented in more detail in the following reports:

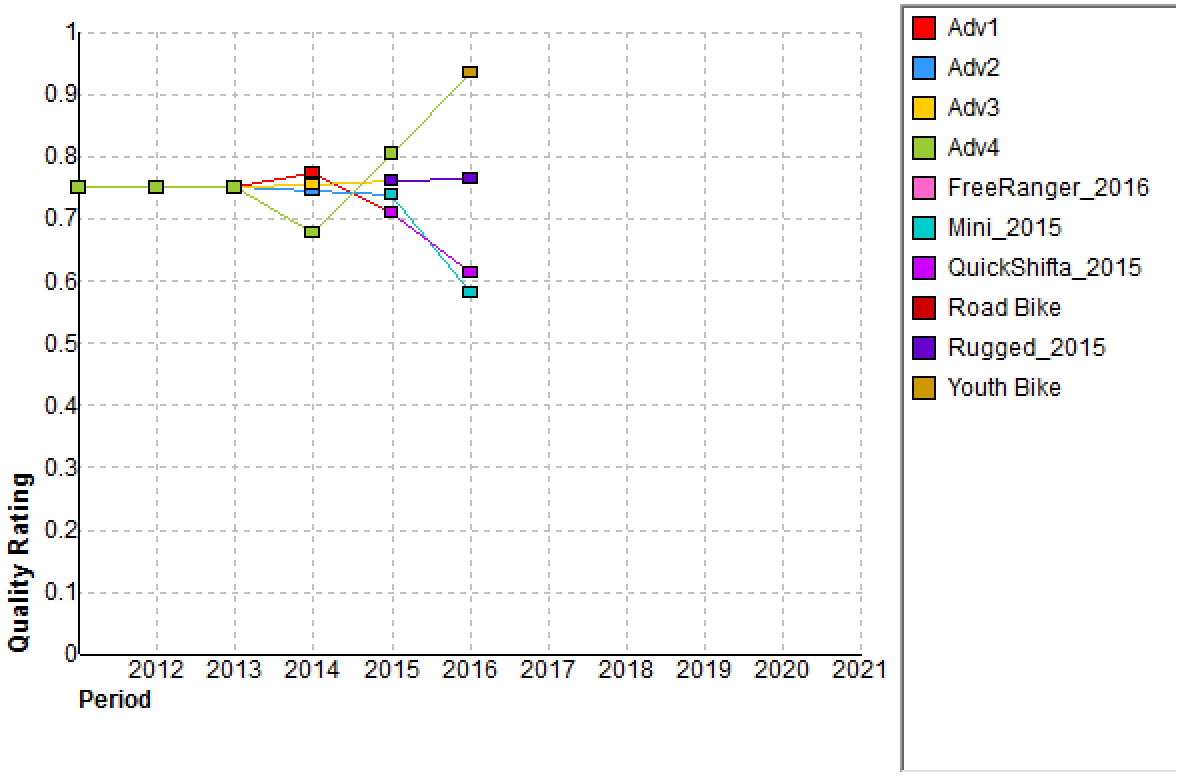
Appendix D.1 - Shareholder Value 2014



Appendix F.1- Multifirm Market Share



Appendix F.2- Product Quality Ratings



Appendix F.3 - Multifirm Brand Awareness