



ATOMIC BIKES

2021 Business Plan

At Atomic Bikes We Are:

“A profitable, high-quality bicycle company, delivering value to our customers, and attracting, recruiting, and retaining smart and hard-working employees.”

Austin Adams – CEO & President
Ben Benyehuda – CMO & VP of Marketing
Arden Geffen – COO & VP of Human Resources
Gus Lipkin – CIO & VP of Manufacturing
Richard Martin – CFO & VP of Finance and

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Executive Summary:

Founded in January 2021, Atomic Bikes has been at the forefront of offering technologically advanced Carbon Fiber bikes. Since our inception, our mission statement is "to be a profitable, high-quality bicycle company, deliver value to our customers, and attract, recruit, and retain smart and hard-working employees." Atomic Bikes is dedicated to delivering high-quality products for our consumers; without our customers, we cannot be a profitable corporation. Atomic Bikes is only able to be as successful as our production line; thus, we seek to ensure our workforce is incredibly talented and retain them.

1) Products:

- a. Atomic Bikes offers three exceptional, competitive bikes – a Recreational Bike, the He-2, a Mountain Bike, the N-7, and a Speed Bike, the O-8. Atomic Bikes has three brick-and-mortar locations – New York City, Amsterdam, and Rio de Janeiro. However, to remain competitive internationally, Atomic Bikes also possesses a Web Sales center located in Bangalore.

2) Markets:

- a. At Atomic Bikes, our mission is to deliver the best bike possible to the industry and varying market segments. We identified consumer needs within each market segment and delivered a bike that satisfied them based on market analysis. While ensuring our bikes provide exactly what the market wants, we highlighted those benefits on our ads, as each ad is targeted to specific market segments.

3) Competition:

- a. Atomic Bikes operates within a highly saturated market and has seven other companies with which we are competing against. However, due to our performance and market share, Atomic Bikes only identifies Alpha Bikes as our direct competitor.

4) Management:

- Austin Adams – CEO and President.
 - o Standby VP for Sales Management.
- Ben Benyehuda – CMO and VP of Marketing.
 - o Standby VP for Manufacturing.
- Arden Geffen – COO and VP of Human Resources.
 - o Standby VP for Business Analytics Department.
- Gus Lipkin – CIO and VP of Manufacturing.
 - o Standby VP for Marketing.
- Richard Martin – CFO and VP of Finance and Accounting.
 - o Standby VP for Human Resources.

5) Financial Funding & Projections Needed:

- a. Atomic Bikes is seeking an investment of \$2,500,000. This investment will be used for R&D for better delivering value to our consumers, operating costs for more production, and marketing to increase demand and outreach.
- b. Atomic Bikes has had an average increase in revenue by 88% each quarter. Projections indicate that our revenues will continue to increase quarter over quarter, however, at a lower rate in comparison to the 88% we currently see.

Company Description:

Our company's purpose is and will always be: "To be a profitable, high-quality bicycle company, deliver value to our customers, and attract, recruit, and retain smart and hard-working employees."

Atomic Bikes is one of the leading companies in the carbon fiber bike markets; our focus is on the customer, so each bike model is tailored to fit every rider's need, all while at an affordable price. The bikes are top quality, light yet durable, and built for a range of riders from Mountain bikers, Speed enthusiasts, or your daily Recreational coaster.

We believe while it is always important to keep the customer's needs in mind, it is just as imperative to give that same priority to our employees. They are the backbone of the operation, and as the company grows so should they, so our workforce is compensated well above industry average, and will always continue to be so.

While in our inception we originally planned to focus on Mountain bikers, we have shifted more of our priority into Speed bikes, since with our current staff and resources, we are better fit to provide our highest quality bike there, compared to the other styles. While our plan is not simply bend to any trend that appears, we're also a flexible company, so if it is viable to change, we intend to do so.

We intend to market our bikes to every major category the consumers trend towards, being Mountain, Recreation, and Speed. With all our bike models we want to capture those looking for a high quality, luxurious, experience while also not being priced to far from those looking for a "budget option". We want our audience to know that we have their needs in mind first, so our bikes have a tailored/customized feel to each customer.

Our greatest strength and competitive advantage we bring towards the market is our open-minded approach to tackling trends and our response to consumer feedback. We know that our Team of executives are unable to hold all questions and concerns when it comes to our product, so by also relying on our marketing and listening to consumer reports, we have been able to produce our amazing bikes, and capture the current hold on the market we have currently.

Product and Service:

Since Atomic Bike's inception, we have been hyper-focused in delivering a product that directly addresses consumers' desires and needs. Though the Team has varying opinions on what we believed to be the best components to add, we continually remind ourselves that we must focus on what the market wants and not what we want. As a result of this thought process, Atomic Bikes is proud to offer a line of three bikes: a recreational bike – He-2, a mountain bike – N-7, and an incredible speed bike – O-8. Atomic Bikes is proud to boast that with only three bikes, we are one of the top two companies within the entire industry.

Our Product Mix:

The He-2 is Atomic Bikes' recreational bike. This bike elegantly merges comfortability with utility and a great sense of style. This 14-speed bike comes with puncture-resistant, hybrid, road and off-roading tires, colorful thin brush strokes for style, reflectors for increased visibility, strong suspension/shock absorbers to maximize comfort, and a useful basket to carry items in the front of the bike.



1 - He-2 Recreational Bike

As with all our bikes, Atomic Bikes acknowledges the needs of the consumers. The Team knows that consumers will not buy our masterfully crafted bike should we not address those needs. The customer needs and wants to be used when determining our components, include: easy to ride, comfortable, simple to use, safety, ability to carry things, highly visible, and colorful.

Atomic Bikes also understands the market in which this bike is in. Consumers want an affordable bike in which they can purchase, ride, and enjoy. As a result, the He-2 is competitively priced at \$950 with a \$150 rebate offer. Despite not initially wanting to offer a rebate, the Team acknowledged that offering one could increase the likelihood of more sales. Even including the rebate's price, our He-2 Recreational Bike is competitively priced and in the lower tier of the market. We plan to undercut the competition, steal market share, and continue to prosper.

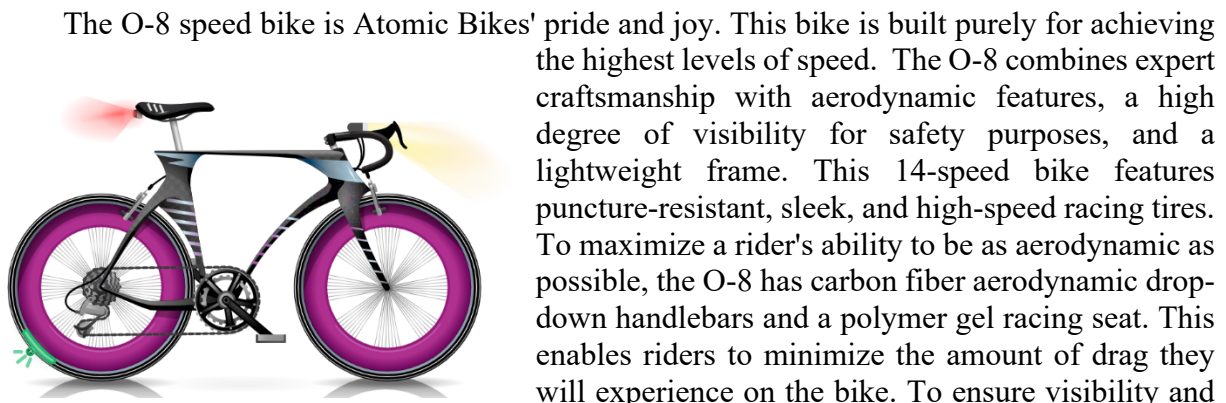
The N-7 is Atomic Bikes' mountain bike. This bike masterfully merges a lightweight, durable, and strong carbon fiber frame with an ability to tackle any rough terrain our adventure-seeking customers may experience. This 24-speed bike features puncture resistance, high grip, mountainous tires. To ensure comfort, the N-7 comes with a polymer gel comfort seat and suspension/shock absorbers in the bike's front. Our N-7 bikes are fitted with the superior standard disk brakes to optimize a rider's ability to brake within a moment's notice. To spruce things up, this bike comes with elegant and colorful thin brushstrokes to provide style and personalization for the adventurous rider.



2 - N-7 Mountain Bike

The customer needs and wants are always a priority at Atomic Bikes when determining our components to include. The customers' desires for this bike include that it can easily handle change in incline, handle rough terrain, soften the impact of rough terrain, stop quickly, is lightweight, and colorful/stylish. These desires and needs are at the crux of our decisions.

As a result of creating a top-tiered, unmatched bike, we are strategically priced in the upper-tiered offerings. The N-7 is competitively priced at \$1,350 with a \$100 rebate offer. Again, despite not initially wanting to offer a rebate, the Team acknowledged that offering one could increase the likelihood of more sales. Obtaining lucrative market share within the mountain bike segment is a goal of Atomic Bikes and ensuring our prices are affordable is vital. Even including the cost of the rebate, our N-7 mountain bike is competitively priced with our competitors. We offer a higher quality product due to our R&D and the culture we have crafted.



3 - O-8 Speed Bike

the highest degree of safety, the O-8 also comes with lights and precision braking.

With the O-8 being our featured product, the customer needs and wants are our utmost priority when determining our components to include. The customer's desire for this bike has high levels of speed, lightweight, aerodynamic, sleekness, highly visible, and durable. These desires and needs are at the heart of our component decisions and R&D expenditures for the speed segment.

As a result of creating the best speed bike in the market, we are strategically priced in the upper-tiered values at which a consumer is willing to pay. The O-8 is priced at \$1,400 with a \$100 rebate offer. Again, despite not originally wanting to offer a rebate, the Team acknowledged that offering one could increase the likelihood of more sales. Obtaining lucrative market share and maximizing our ROI on the R&D investments are goals of Atomic Bikes. Since our product is so much better than our competitors, we are charging a premium price to consumers.

Sales:

Currently, Atomic Bikes has three "brick-and-mortar" international locations. We are strategically located in New York City, Rio de Janeiro, and Amsterdam. Our goal is to be incredibly aggressive as a firm, competing primarily with our direct competitor – Alpha Bikes. Wherever we have invested, our competitors have followed suit. As a result, we wanted to stretch our competitor's pockets thin and go internationally as fast as possible, knowing that the sales would follow.

This strategy has paid off as we just eclipsed three million dollars in sales for this past quarter alone. Choosing these locations was also strategic when looking at the market potential. Each of the three cities chosen was the top location for each biking segment. We had no interest in serving Bangalore as we knew our higher quality and priced product would likely not garner a lot of sales in this location.

We also have an online Web Sales Center staffed with fourteen incredibly talented employees. As a company, we are hyper-focused on ensuring that we have exceptionally high web productivity and website optimization levels. As a result of this focus, we have invested in every single area available to improve purchase probability. The Team sees this as spending as a necessity to garner more sales and therefore make more profits. It's all about selling those bikes!

Having three brick-and-mortar locations and a strong internet presence has enabled Atomic Bikes to be a desirable company worthy of investment. Many may claim that we offer "the exact same bike as our competitors," but to that, we say, "you are wrong!" At Atomic Bikes, we distinguish ourselves with our highly competitive prices, devotion to research and development to ensure we are giving our consumers the highest technologically advanced product in the market, strong ability to understand and listen to the consumer/market needs, and "bringing it home" with our marketing team through their strong ads, ad placements, and SEM/SEO campaigns. Atomic Bikes is here for domination, and taking down every other Team is just a "bump in the road."

Licensing Technology & Partnerships:

At Atomic Bikes, we are currently in the beginning phases of licensing some of our technology to our competitors. We have always wanted to get a decent return on our investment directly through sales and see that licensing our technology enables us to open up more revenue streams. The only terms to all of our proposals are that the licensors cannot sell this proprietary technology to any third party and must give our Team a "high-five" once COVID-19 is over.

Atomic Bikes is also exploring the possibility of breaking real-world monopoly laws and collaborating with our direct competitor – Alpha Bikes. Atomic Bikes hope that Alpha Bikes will partner with us, resulting in a change of product mixes, and continue to make this a two firm market stronghold. In this manner, we would increase the barriers to entry and effectively shut down every other bicycle company within our industry. Though this is our plan towards global domination, it has yet to come to fruition.

Marketing Plan

Market research:

As part of our company's goal, we believe that the best bike in the market will be the one that fits what exactly our customers want. To achieve that goal, we focused our market research on what our customers in each market segment expect in the bike they are buying. As our company is providing bikes in each market segment, we knew that it would be crucial to provide a solution for each point that was on top of the customer needs that we had found during our market research. The top five needs and priorities that we had found during the market research included:

1. The Speed Segment:

Under the speed segment, we are selling our O-8 bike. Our customer's most notable features under this segment want out of their bikes include speed, lightweight bike, professional-level bike, competitive advantage on the track, and an aerodynamic frame.

2. The Mountain Segment:

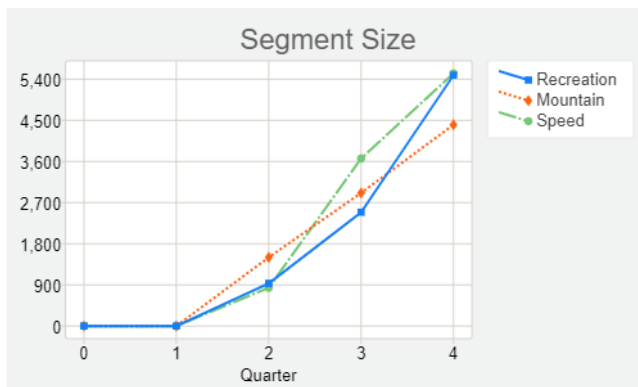
Under the mountain segment, we are selling our N-7 bike. Our customers' essential features under this segment want out of their bikes include a gear system that will make it easy on steep inclines and handle rough terrain, such as off roading and sharp turns, without breaking apart be soft of the rider's body.

3. The Recreation Segment:

Under the recreation segment, we are selling our He-2 bike. Our customer's most notable features under this segment want out of their bikes include easy to ride, comfortable, safety features such as lights and reflector, and a basket/trunk to carry items around, putting sleekness in mind.

Market statistics:

The total market size of the bike industry (as of quarter 4), at about 15,417. Based on the market research, it is noticeable that the bike market is facing a sharp increase in demand in each of the segments in the industry, as seen in the following graph:

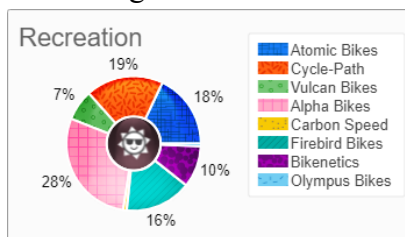


4 - Market Size

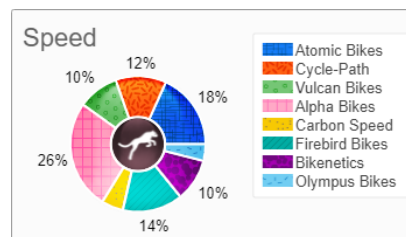
Our Market Share:

In addition to the massive growth of the bike market, Atomic Bikes hold 19% of the total market share, which puts our market share in second place compared to the other bike companies in the market. Diving into each segment of the industry, Atomic Bikes are also part of the top companies holding that market share.

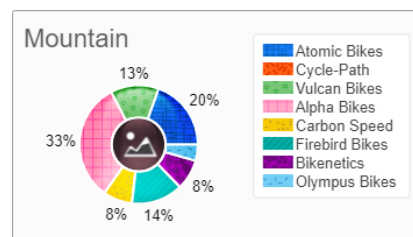
- In the speed market segment, Atomic Bikes are holding 18% of the market share. This hold of the market share puts us as the second-largest market shareholder in the speed segment.
- In the Mountain market segment, Atomic Bikes are holding 20% of the market share. This hold of the market share puts us as the second-largest market shareholder in the mountain segment.
- In the recreation market segment, Atomic Bikes are holding 18% of the market share. This hold of the market share puts us as the third-largest market shareholder in the recreation segment.



7-Recreation Market Share



6- Speed Market Share



5-Mountain Market Share

Market segmentation:

Atomic Bikes' goal is to cover all three of the market segments in the bike industry. Atomic Bikes is currently producing three different bike brands, and each bike that we produce has its market segment.

1. The O-8 Bike- The primary bike that we are producing and marketing; the market segment of the O-8 bike is the racing/speed segment. This market segment's characteristics are characterized by customers looking for a fast, lightweight bicycle intended for racing and professional riders.
2. The N-7 Bike- The secondary bike that we are producing and marketing; the market segment of the N-7 is the mountain/trail riding segment. This market segment's characteristics are characterized by customers looking for a bike that can handle off-road terrain and can help the ride climb steep inclines, which is exceptionally durable.

3. The He-2 Bike- The third priority bike we are producing and selling; the market segment for the He-2 is the recreational riding segment. This market segment's characteristics are characterized by customers that are amateur bike riders that buy the bike for general purposes.

How we Market Our Bikes:

As mentioned in the previous section of our market analysis, to achieve our goal of providing our customers with the best quality of bikes in the market, we take our customers' needs very seriously. Each of our bikes is specifically designed to provide a product that covers all the customers' needs and priorities. For each of our bikes, this is how we had tailored the bikes to our customers' needs.

1. The O-8 Speed Bike:

The O-8 bike is our answer to the needs of our customers in the speed segment:

- 1) To satisfy our customers' need for a fast bike, we design our O-8 to have sleek, high-speed racing tires. To achieve maximum speed, we invested in R&D to improve even more the bike.
- 2) To achieve an aerodynamic design, we have designed our bike with advanced carbon fiber aerodynamic drop-down handlebars, which also improve the bike's speed that is a top priority for our customers in this segment.
- 3) We invested in R&D and planning to invest even more in the future to provide our customers the fastest, most aerodynamic bike in the market, which will provide a competitive advantage to our customers.

2. The N-7 Mountain Bike:

The N-7 bike is our answer to the needs of our customers in the mountain segment:

- 1) To satisfy our customers' needs for a bike that easily handles change in incline, we added to our N-7 bike a 24 speed (3×8) gear system that would make it easy for our rider to climb a mountain on the roughest terrain.
- 2) We made our N-7 bike specifically to handle rough terrain but still put in mind the rider's comfort, so we added a polymer gel comfort seat and front shock absorbers. To continue improving the durability of our N-7 bike, we are planning to invest more in R&D.
- 3) We made sure that the N-7 has maximum traction with the trail, we added high grip tires to the bike, and we intend to invest in R&D to improve traction even more in the future.
- 4) Besides making our bikes able to ride rough terrain, we ensured that our N-7 bike is as durable as possible. To achieve that, we added puncture-resistant slime in our tires to eliminate the possibility of getting stuck in the middle of the wilderness.

3. The He-2 Recreation Bike:

The He-2 bike is our answer to the needs of our customers in the recreation segment:

- 1) With the recreation segment, our customers' top priority is to have a bike that is easy to ride and comfortable. To achieve that, we design our He-2 to include a comfortable straight handlebar, front shock absorbers, a polymer gel comfort seat, and a simple bike frame, yet still focusing on its comfort.
- 2) We put a high emphasis on safety with the He-2. As we assume that our customers will use our He-2 also during the night, we added reflectors and lights to make the ride feel comfortable riding when it is dark.
- 3) As this bike is designed for the average daily user, we added an attractive basket to carry their items while riding comfortably.

Advertising:

As we base our bikes on the customers' needs that we have found during the market research, our advertising strategy's primary goals are to emphasize how we are delivering on our bikes all the needs of our riders. Each one of our brands has its unique ad design that highlights each bike's uniqueness.

- The O-8 bike ad – Speed Up!

This added design highlights all the benefits of our O-8 features, emphasizing how our O-8 bike can provide the best answer in the market for all the needs in the speed bike segment.

- The N-7 bike ad – To the Mountain:

This added design highlights all the benefits of our N-7 features, emphasizing how our N-7 bike can provide the best answer in the market for all the needs in the mountain bike segment.

- The He-2 bike ad – Cruis'n:

This added design highlights all the benefits of our He-2 features, emphasizing how our He-2 bike can provide the best answer in the market for all the needs in the recreation bike segment.

Advertising Channels:

Atomic Bike's main advertising goal is to be as exposed as possible in the market with our ad design. To achieve that, we are publishing our ads in different media options:

- **Major Media Magazines:**

This is one of our most significant investments in ad placement. As part of our market research, we were also looking at the types of media consumed in each market segment. Knowing what type of media each segment of the market is consuming, we fitted each brand to the media segment that its targeted customers consume.

- Speed up! (O-8)- the customers searching for speed bikes consume their media from biking magazines, sports magazines, and business news. Under those types of media platforms, we advertise our O-8 bikes.

- To the Mountain (N-7)- the customers searching for mountain bikes consume their media from biking magazines, sports magazines, and general news. Under those types of media platforms, we advertise our N-7 bikes.
 - Cruis'n (He-2)- the customers searching for recreational bikes consume their media from biking magazines, sports magazines, and general news. Under those types of media platforms, we advertise our N-7 bikes.
- **Social Media Platforms**

In addition to our major media placements, we also invested in online ads. More specifically, we are aiming to utilize the benefits of major social media platforms. Also, we want to make that our bikes are presented on blogs and newsletter.
- **Search Engine Optimization**

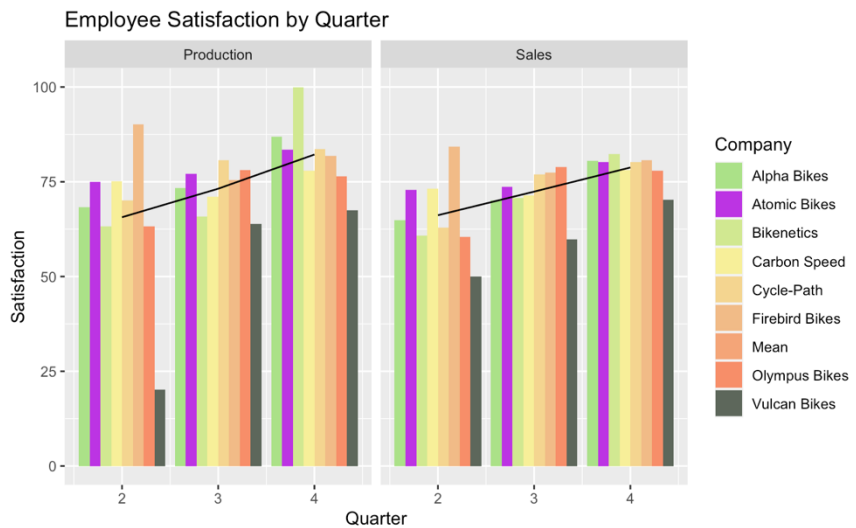
One of the critical keys is to optimize our ads to be at the top of the search list on significant search engines. We made sure that our ads contained the keywords that people are typing into the search engines, so our website will pop up among the top results. In addition to ensuring that, we set up a high budget available for SEM bidding. Our strategy is to bid relatively high but still make sure I optimize the budget to gain as many clicks as possible.

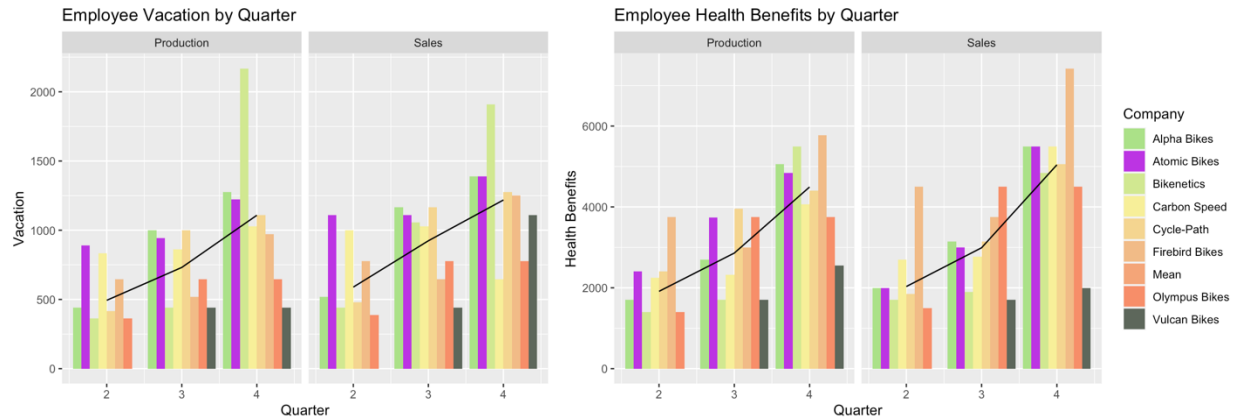
Operating Plan:

Before becoming the CIO at Atomic Bikes, Gus was a Barista Trainer at Starbucks. One of the most frustrating things for him and customers was when customers did not know what they wanted and could not find the right words to express themselves. This led to customers receiving drinks that were not what they wanted. It was only once they got something that they did not want that they were able to communicate what they did want. When launching Atomic Bikes, one of Atomic Bikes' goals is to provide customized bicycles for every person the same way that at Starbucks you can customize a drink to get exactly what you want. Atomic Bikes also wants to eliminate any disappointment that customers may have if they did not know what they wanted before leaving the store. To meet these ambitious standards, Atomic Bikes knows they must be able to prioritize producing varieties of bicycle for every need, they must have talented sales staff that are specially trained on each model of bicycle so that they can best communicate the benefits and drawbacks of each model and tailor the discussion to each customer's need. To make these employees happy, Atomic Bikes knows that they must also prioritize salary and benefits packages.

Using this top-down approach, we know we must start with our Human Resources department. Offering a competitive compensation package with high salaries and good benefits is not enough to ensure that our employees are the happiest, most productive, most knowledgeable, and most helpful. We have to offer the best compensation package to make sure our employee retention rate is an industry and worldwide gold standard. Because there are so many factors that make up the compensation package and the whole is what leads to employee satisfaction, we find it's best to focus on that first.

While employee satisfaction has risen across the industry, Atomic Bikes' employee satisfaction has remained competitive and is above average. We believe we can increase satisfaction rates by increasing our salary and pension from industry average levels to above average.



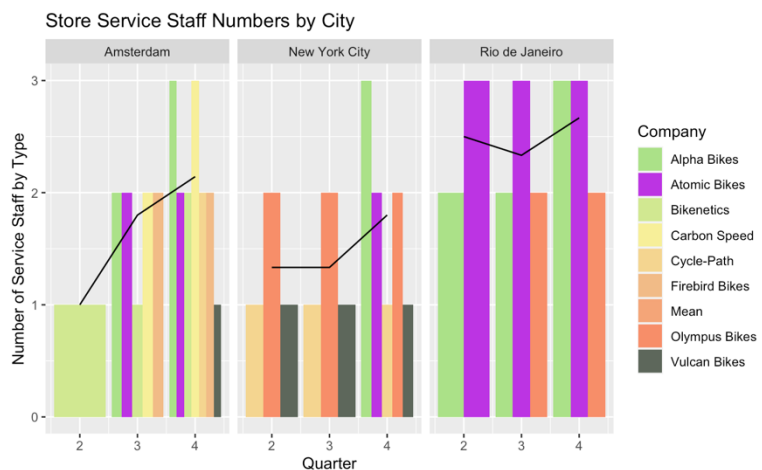


We firmly believe that we owe our high employee satisfaction rates to our above average vacation time and health benefits and will continue to improve our compensation package until we have the highest employee satisfaction rates in the industry.

It's not enough that our employees be the happiest. We also need our customers to be happy and the easiest way to meet that goal, even if we do not have the exact bike they want in stock, is to make sure we have enough staff to help them and that our staff are very knowledgeable. In every market that we have a brick-and-mortar presence in, we meet or exceed the industry standard in the number of sales staff.



Many sales-oriented companies put all of their effort into the initial sale and leave their customers out to dry when it comes to post-purchase support. We strongly believe that without top-tier customer service throughout the lifecycle of the bicycle, we will lose customers to competitors who offer exactly that. That is why we make sure we have above average numbers of service staff in all of our physical stores.

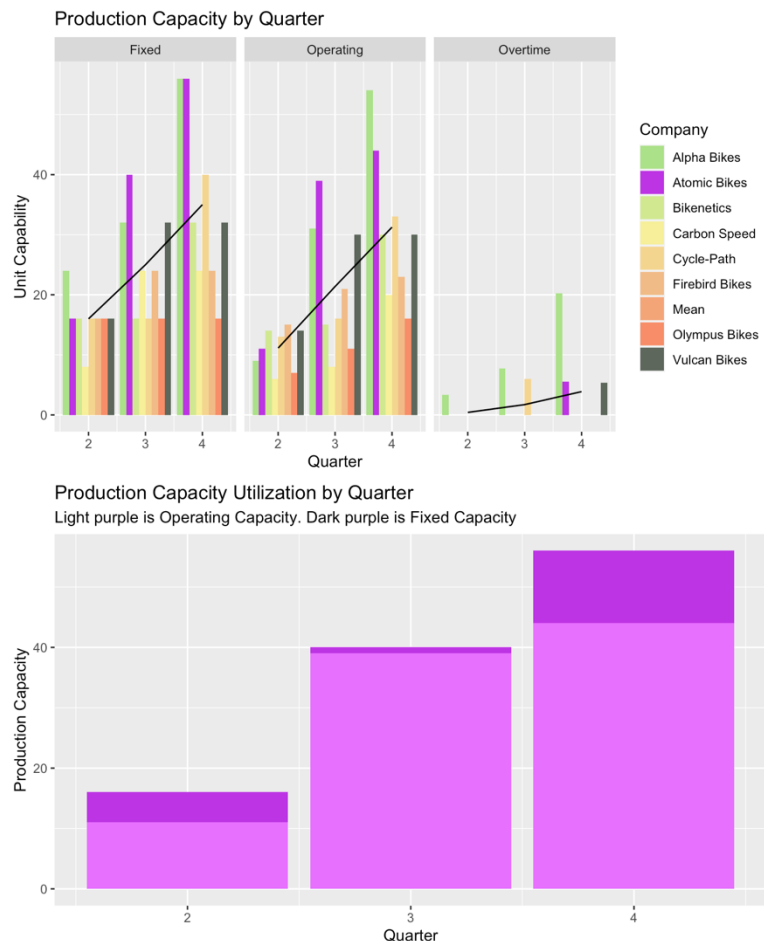


In order to meet the demand that our sales staff generates, we need to make sure that our fixed capacity and operating capacity are up to the challenge. In addition, we need to make sure that we are using as much of our fixed capacity as possible.

When we compare our production capacity by quarter to our competitors, it is immediately clear why we are on the forefront of the bicycle market. We have incredibly high fixed capacity and our operating capacity meets it as closely as possible. We also allow our production staff to work minimal overtime just in case our demand exceeds our normal production capabilities.

Meeting or exceeding the industry standard is not the best we can do. By aiming to have 100% operating capacity, we are holding ourselves accountable to using every last bit of production capability so that each and every customer that walks in our doors or browses our website can leave with the bike of their dreams. Q3 was our best quarter with nearly 100% utilization. We are relentlessly working to achieve such high numbers and aim to go even higher.

We have a long way to go to meet our goals of every customer being able to walk away with the bike of their dreams. We've already done so much, and our sales numbers show it but we're not a company that will look at our numbers and say they're "good enough." Atomic Bikes strives to be the best and will be the best within the next four quarters.



Management and Organization:

At Atomic Bikes, our Team consists of current undergraduate students at Florida Polytechnic University, all with a background in Business Analytics pursuing separate but similar fields within the industry. Listed below are the current company positions, and the respect executives in charge of the roles.

- **President:** This position oversees overall leadership for the company, they are responsible for ensuring the board is making decisions for the benefit for the company and the consumer, and to not stray from our mission. They will be the final say/tiebreaker when it comes to company decisions.
 - **Marketing:** This department oversees ensuring our brand is being accurately represented in the market, along with the creation of advertisements and the design of our bikes, they work in tandem with sales to make sure consumers are responding well to our decisions.
 - **Human Resources:** This department oversees overseeing the compensation and satisfaction of all employees with the company, while monitoring industry trends for employee compensation, they also do the same for employee satisfaction as to ensure that productivity does not decrease during production.
 - **Manufacturing:** While overseeing the hiring of production workers, this department works in tandem with marketing to design and create the bikes we produce. They monitor and project demand quarterly, to ensure enough bikes are produced and orders fulfilled.
 - **Finance and Accounting:** This department works in tandem with all departments, to make sure all finances balance out, as we try to maximize profit while simultaneously achieving our company goal. include financial planning, reporting and controls, short- and long-term business strategy, investments, hedging, mergers and acquisitions, cash management, internal risk management, corporate finance, auditing, and accounting.
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- Austin Adams – CEO and President
 - o Standby VP for Sales Management
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Financial Statements:

Pro Forma Income Statement:

Gross Profit:

Over the last four quarters, our profit has grown from \$406,919 in Quarter 2 (given no profit in quarter 1) to \$1,709,089 as of Quarter 4. We hope to meet our demands in the next quarter. If we receive an investment of \$2,500,000, we project our gross profit to double to \$2,486,647 by the next quarter.

Expenses:

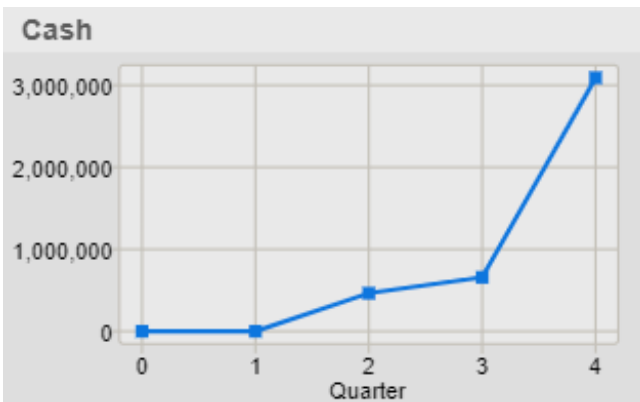
Our expenses have grown over the last four quarters. They have grown from about \$300,000 in Quarter 1 to about \$1,605,187 in Quarter 4. Atomic Bikes entered Quarter 5 with a large sum of cash, meanwhile remaining out debt. However, with changes made this quarter, Atomic Bikes expects to see a projected growth in operating profit by Quarter 6. In Quarter 5, profit will be sacrificed. Atomic bikes will take a loss of \$1,289,470. We hope to see our operating profit soar in the coming quarters. Projections forecast that profit will increase to \$792,371, compared with Quarter 4, where it was a meager \$103,902.

Miscellaneous Income and Expenses:

During the first two quarters, our Earnings Before Interest and Taxes were negative. In Quarter 1 and 2, They jumped from a negative loss of \$300,000 to \$66,760. The earnings per share for Atomic Bikes were affected by this. They shifted from a loss of \$19 to \$3. Although, in Quarter 3 and 4, our earnings turned positive. Projections state earnings per share to leap from a negative \$26 per share to a positive \$16 dollars per share from Quarter 5 to Quarter 6. This will be a result of money used for R&D.

Cash Flow:

An investment of \$2,500,000 would not be the only reason for projected growth in



8 - Cash Per Quarter

the next quarter. Our Cash Flow is a vital reason for it. As a result of the last quarter, Atomic Bikes has a high amount of liquidity. In other words, we came into Quarter 5 with a large amount of cash in our hands. As seen from our income statement, we are going to be using our cash. In Quarter 5, we plan to spend \$2,250,353 on Research and Development, contrasted to \$810,438 in Quarter 4. We are spending \$709,950 on our Sales Force, compared to 240,520 in the previous quarter. And our internet marketing budget has grown from \$19,812

in Quarter 4 to \$77,800 in Quarter 5. Atomic Bikes has used a substantial portion of the cash available to gain attention and further deliver to the customers.

Balance:

Assets:

In the first quarter for Atomic Bikes, \$730,962 was placed into a certificate of deposit. By Quarter 2, we made the decision to keep cash in our hands due to liquidity reasons. Ever since the second quarter, there has been no money in our certificate of

deposit. As a result, in Quarter 4, we had \$3,091,464 in cash, equaling our current assets. In Quarter 5, our amount in cash decreased to \$2,941,994. Though projections predict it will jump to 3,634,365 by Quarter 6. The current net fixed assets for Atomic Bikes are \$3,140,000. Our long-term assets are currently \$6,081,994. And by Quarter 6, projections state that Atomic Bikes total long-term assets will grow to \$ 6,874,365.

Debt:

No conflicts have occurred for overestimating demand. As a result, Atomic Bikes has not needed to worry about attaining a conventional bank loan or an emergency loan. We remain out of debt, and our finances have little to no possibility of going into debt.

Equity:

Our common stock has increased from \$1,500,000 in Quarter 1, to \$5,000,000 in Quarter 4. With our retained earnings, our total equity in the Quarter 4 is \$4,871,464. With an investment of \$2,500,000, we project to have a total of \$6,874,365 in Equity by Quarter 6.

Financial Ratios:

Our financial ratios are currently improving. Our prospects were unexpected. Although, projections forecast that our ratios will increase in the quarters to come.

Debt Ratio:

We have retained a debt ratio of zero, remaining out of debt. We have maintained a level amount of profit so that we do not risk taking out a loan. Our demand continues to increase; therefore, the ratio has a high chance of remaining zero.

Current Assets Ratio:

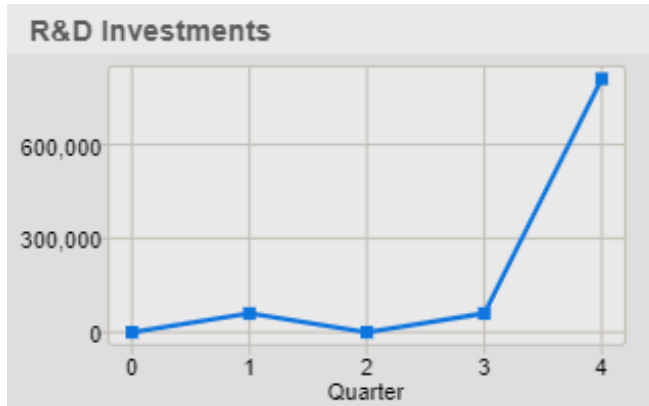
While our current return on assets ratio is 2.13, this is due to the underestimating demand from Quarter 4. In Quarter 5, Atomic Bikes made the decision to spend more money on research and development to further satisfy our customers and expand our outreach with an increase in advertising. Projections state that our ratio would increase to 11.53 by Quarter 6.

Gross Profit Margin:

Due to a high amount of liquidity, our Gross Profit Margin for Atomic Bikes is currently 56.29. This was a result of our high demand last quarter.

Research and Development:

Investing in Research:



9 - R&D Investments Per Quarter

The finance of R&D is crucially important to Atomic Bikes and towards its growth. Beginning in Quarter 3, we spent \$60,000. By Quarter 4, Atomic Bikes increased the budget to \$810,000. And in this current quarter, we plan to spend \$2,250,353 on R&D. Research and development will be what helps Atomic Bikes financially in quarters to come. As seen to the graph on the left, we have realized the importance of research, and better understanding our customers. In the future, as we have the demand; attaining more money from investors will assist us in knowing what our

customers want. This will enable Atomic Bikes to gain further traction. R&D will enable us to not only to deliver to our customers, but to produce features and quality that competitors are unable to provide.