

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2018	December 31, 2017
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 1,682,397	\$ 1,518,157
Short-term investments	58,230	58,221
Accounts receivable	4,141,612	2,420,656
Inventory	6,680,081	5,034,310
Payments in advance	483,532	565,124
Income tax refunds receivable	-	130,171
Prepaid expenses and other current assets	750,245	847,442
Total current assets	13,796,097	10,574,081
 Property and equipment, net	 2,117,447	 2,113,855
 Other Assets		
Deposits	25,274	26,081
Intangible assets	66,882	76,364
Total other assets	92,156	102,445
 Total Assets	 \$ 16,005,700	 \$ 12,790,381

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 6,605,610	\$ 4,433,665
Income taxes payable	271,484	-
Short term loan, net of finance charges	64,308	518,130
Total current liabilities	6,941,402	4,951,795
 Deferred tax liabilities, net	 38,100	 38,100
 Commitments and contingencies		
 Stockholders' Equity		
Preferred stock, \$.001 par value, 1,120,000 shares authorized, 120,000 shares issued and outstanding	3,000	3,000
Common stock, \$.001 par value, 28,000,000 shares authorized, 5,366,382 shares issued and outstanding	130,053	130,053
Additional paid - in capital	7,837,699	7,687,367
Accumulated other comprehensive loss	(607,614)	(485,286)
Retained earnings	1,663,060	465,352
Total stockholders' equity	9,026,198	7,800,486
 Total Liabilities and Stockholders' Equity	 \$ 16,005,700	 \$ 12,790,381

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2018	2017	2018	2017
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$8,579,507	\$5,455,088	\$18,877,912	\$14,783,154
Cost of Revenues	<u>4,574,205</u>	<u>2,914,008</u>	<u>9,760,962</u>	<u>7,566,816</u>
Gross Profit	<u>4,005,302</u>	<u>2,541,080</u>	<u>9,116,950</u>	<u>7,216,338</u>
Product Royalty Income	8,094	39,396	28,205	90,313
Operating Expenses				
Salaries and wages	588,242	562,803	1,983,557	1,877,560
Commissions and consulting expenses	124,501	109,217	383,415	388,538
Professional fees	163,687	88,901	461,145	519,673
Advertising and marketing	534,817	449,176	1,497,429	1,258,511
Office rent and expenses	69,400	68,423	211,159	201,101
Research and development costs	357,177	321,443	1,059,369	966,841
Bad debt expense	635	7,956	21,107	8,606
General and administrative expenses	521,052	419,052	1,410,768	1,254,542
Depreciation	<u>174,490</u>	<u>131,374</u>	<u>502,265</u>	<u>322,829</u>
Total operating expenses	<u>2,534,001</u>	<u>2,158,345</u>	<u>7,530,214</u>	<u>6,798,201</u>
Income from Operations	<u>1,479,395</u>	<u>422,131</u>	<u>1,614,941</u>	<u>508,450</u>
Other Expenses				
Interest and other expenses, net	<u>(2,393)</u>	<u>(95)</u>	<u>(8,320)</u>	<u>(5,650)</u>
Total other expenses	<u>(2,393)</u>	<u>(95)</u>	<u>(8,320)</u>	<u>(5,650)</u>
Income Before Income Taxes	1,477,002	422,036	1,606,621	502,800
Income Taxes	<u>370,658</u>	<u>128,747</u>	<u>408,913</u>	<u>158,614</u>
Net Income Available to Common Shareholders	<u>\$1,106,344</u>	<u>\$ 293,289</u>	<u>\$ 1,197,708</u>	<u>\$ 344,186</u>
Net Income per Common Share				
Basic	<u>\$ 0.21</u>	<u>\$ 0.05</u>	<u>\$ 0.22</u>	<u>\$ 0.06</u>
Diluted	<u>\$ 0.20</u>	<u>\$ 0.05</u>	<u>\$ 0.22</u>	<u>\$ 0.06</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>5,366,382</u>	<u>5,366,382</u>	<u>5,366,382</u>	<u>5,364,718</u>
Diluted	<u>5,504,664</u>	<u>5,547,683</u>	<u>5,504,664</u>	<u>5,546,019</u>
Comprehensive Income				
Net Income	\$1,106,344	\$ 293,289	\$ 1,197,708	\$ 344,186
Other comprehensive income, net of \$0 and \$0 deferred income taxes in 2018 and 2017				
Foreign currency translation	<u>(6,018)</u>	<u>(49,044)</u>	<u>(122,328)</u>	<u>7,344</u>
Total Comprehensive Income	<u>\$1,100,326</u>	<u>\$ 244,245</u>	<u>\$ 1,075,380</u>	<u>\$ 351,530</u>

