

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2019	December 31, 2018
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 1,555,676	\$ 1,709,900
Short-term investments	58,233	58,232
Accounts receivable	2,569,519	2,049,331
Inventory	6,318,051	4,815,215
Payments in advance	389,328	473,286
Prepaid expenses and other current assets	611,332	1,247,233
Total current assets	11,502,139	10,353,197
Property and equipment, net	2,286,971	2,317,490
Operating lease right-of-use assets, net	458,001	-
Other Assets		
Deposits	25,355	25,380
Intangible assets	40,309	40,466
Total other assets	65,664	65,846
Total Assets	\$ 14,312,775	\$ 12,736,533

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 3,908,605	\$ 2,779,182
Operating lease liability, current	171,617	-
Income tax payable	48,337	70,258
Short term loan, net of finance charges	384,072	582,128
Total current liabilities	4,512,631	3,431,568
Deferred tax liabilities, net	170,900	170,900
Deferred Compensation	100,000	80,000
Operating lease liability, net of current portion	286,384	-
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, 5,386,723 and 5,370,028 shares issued and outstanding	130,068	130,053
Additional paid - in capital	8,049,354	7,868,119
Accumulated other comprehensive loss	(610,996)	(609,303)
Retained earnings	1,671,434	1,662,196
Total stockholders' equity	9,242,860	9,054,065
Total Liabilities and Stockholders' Equity	\$ 14,312,775	\$ 12,736,533

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended	
	March 31	
	2019	2018
	Unaudited	Unaudited
Revenues	\$ 6,090,928	\$ 5,502,542
Cost of Revenues	<u>3,228,826</u>	<u>2,746,097</u>
Gross Profit	<u>2,862,102</u>	<u>2,756,445</u>
Product Royalty Income	8,701	12,309
Operating Expenses		
Salaries and wages	876,904	777,763
Commissions and consulting expenses	78,061	125,339
Professional fees	252,968	168,471
Advertising and marketing	563,994	504,162
Office lease and expenses	69,992	70,438
Research and development costs	340,096	323,280
Bad debt expense	16,521	9,767
General and administrative expenses	467,234	435,560
Depreciation	<u>189,695</u>	<u>162,764</u>
Total operating expenses	<u>2,855,465</u>	<u>2,577,544</u>
Income from Operations	<u>15,338</u>	<u>191,210</u>
Other Income (Expenses)		
Interest and other income (expenses), net	<u>(3,021)</u>	<u>(3,452)</u>
Total other income (expenses)	<u>(3,021)</u>	<u>(3,452)</u>
Income Before Income Taxes	12,317	187,758
Income Taxes	<u>3,079</u>	<u>46,939</u>
Net Income Available to Common Shareholders	<u>\$ 9,238</u>	<u>\$ 140,819</u>
Net Income per Common Share		
Basic	<u>\$ -</u>	<u>\$ 0.03</u>
Diluted	<u>\$ -</u>	<u>\$ 0.03</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,380,747</u>	<u>5,366,382</u>
Diluted	<u>5,556,134</u>	<u>5,545,564</u>
Comprehensive Income		
Net Income	\$ 9,238	\$ 140,819
Other comprehensive income, net of \$0 and \$0 deferred income taxes in 2019 and 2018		
Foreign currency translation	<u>(1,693)</u>	<u>58,232</u>
Total Comprehensive Income	<u>\$ 7,545</u>	<u>\$ 199,051</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Net income	\$ 9,238	\$ 140,819
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	189,695	162,764
Stock-based compensation	166,250	150,332
Bad debts	14,087	6,503
Inventory reserve	1,000	16,522
(Increase) decrease in:		
Accounts receivable	(534,275)	(242,407)
Inventory	(1,503,836)	(16,587)
Payments in advance	83,958	129,921
Prepaid expenses and other current assets	635,901	373,816
Income tax refunds receivable	-	46,939
Deposits	25	(336)
Increase (decrease) in:		
Accounts payable and accrued expenses	1,129,423	(512,306)
Income taxes payable	(21,921)	-
Deferred compensation	20,000	-
Net cash provided by operating activities	<u>189,545</u>	<u>255,980</u>
Cash flows from investing activities		
Capital expenditures	(160,353)	(201,157)
Increase in short-term investments, net	<u>(1)</u>	<u>(4)</u>
Net cash used in investing activities	<u>(160,354)</u>	<u>(201,161)</u>
Cash flows from financing activities		
Issuance of common stock	15,000	-
Repayments of short-term loan, net	<u>(198,056)</u>	<u>(172,804)</u>
Net cash used in financing activities	<u>(183,056)</u>	<u>(172,804)</u>
Effect of exchange rates on cash and cash equivalents	<u>(359)</u>	<u>45,673</u>
Net decrease in cash and cash equivalents	(154,224)	(72,312)
Cash and cash equivalents - beginning of period	<u>1,709,900</u>	<u>1,518,157</u>
Cash and cash equivalents - end of period	<u>\$ 1,555,676</u>	<u>\$ 1,445,845</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 5,449</u>	<u>\$ 4,085</u>
Cash paid for income taxes	<u>\$ 25,000</u>	<u>\$ -</u>
Other non-cash investing and financing activities		
Common stock issued for services	<u>\$ 166,250</u>	<u>\$ 150,332</u>