



LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2020	December 31, 2019
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 2,868,661	\$ 2,072,864
Short-term investments	58,255	58,239
Accounts receivable	5,620,541	2,956,012
Inventory	6,872,164	8,655,176
Payments in advance	904,573	447,476
Prepaid expenses and other current assets	1,848,486	1,129,067
Total current assets	18,172,680	15,318,834
Property and equipment, net	2,461,093	2,431,061
Operating lease right-of-use assets, net	254,066	411,956
Other Assets		
Deposits	32,591	26,642
Total other assets	32,591	26,642
Total Assets	\$ 20,920,430	\$ 18,188,493

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 6,007,857	\$ 5,425,681
Note payable to bank	100,000	300,000
Operating lease liabilities, current	163,858	190,765
Income tax payable	859,609	592,661
Short term loan, net of finance charges	71,897	576,474
Total current liabilities	7,203,221	7,085,581
Paycheck Protection Program loan	210,732	-
Deferred Compensation	220,000	160,000
Operating lease liabilities, net of current portion	90,208	221,191
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 shares issued and outstanding	130,068	130,068
Additional paid - in capital	8,145,716	8,079,774
Accumulated other comprehensive loss	(768,851)	(529,045)
Retained earnings	5,686,336	3,037,924
Total stockholders' equity	13,196,269	10,721,721
Total Liabilities and Stockholders' Equity	\$ 20,920,430	\$ 18,188,493

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended		Nine Months Ended	
	September 30		September 30	
	2020	2019	2020	2019
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$ 11,370,946	\$ 9,649,335	\$ 25,855,950	\$ 21,017,329
Cost of Revenues	<u>6,422,472</u>	<u>5,152,688</u>	<u>14,129,516</u>	<u>11,027,944</u>
Gross Profit	<u>4,948,474</u>	<u>4,496,647</u>	<u>11,726,434</u>	<u>9,989,385</u>
Product Royalty Income	36,016	17,360	40,675	33,056
Operating Expenses				
Salaries and wages	784,131	739,366	2,251,583	2,330,006
Commissions and consulting expenses	157,672	104,608	345,014	263,168
Professional fees	181,233	133,480	716,138	518,017
Advertising and marketing	543,020	520,633	1,524,251	1,556,515
Office lease and expenses	78,932	71,725	225,132	210,263
Research and development costs	404,723	357,258	1,129,535	1,063,573
Bad debt expense	32,172	148,685	59,092	158,184
General and administrative expenses	459,993	485,054	1,390,236	1,473,708
Depreciation	<u>212,564</u>	<u>191,712</u>	<u>595,365</u>	<u>569,707</u>
Total operating expenses	<u>2,854,440</u>	<u>2,752,521</u>	<u>8,236,346</u>	<u>8,143,141</u>
Income from Operations	<u>2,130,050</u>	<u>1,761,486</u>	<u>3,530,763</u>	<u>1,879,300</u>
Other Income (expenses)				
Interest and other expenses, net	<u>19,727</u>	<u>(449)</u>	<u>1,621</u>	<u>(4,042)</u>
Total other income (expenses)	<u>19,727</u>	<u>(449)</u>	<u>1,621</u>	<u>(4,042)</u>
Income Before Income Taxes	2,149,777	1,761,037	3,532,384	1,875,258
Income Taxes	<u>538,320</u>	<u>440,259</u>	<u>883,972</u>	<u>471,542</u>
Net Income Available to Common Shareholders	<u>\$ 1,611,457</u>	<u>\$ 1,320,778</u>	<u>\$ 2,648,412</u>	<u>\$ 1,403,716</u>
Net Income per Common Share				
Basic	<u>\$ 0.30</u>	<u>\$ 0.25</u>	<u>\$ 0.49</u>	<u>\$ 0.26</u>
Diluted	<u>\$ 0.27</u>	<u>\$ 0.24</u>	<u>\$ 0.45</u>	<u>\$ 0.25</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>5,386,723</u>	<u>5,386,723</u>	<u>5,386,723</u>	<u>5,384,753</u>
Diluted	<u>5,860,428</u>	<u>5,532,275</u>	<u>5,860,428</u>	<u>5,530,304</u>
Comprehensive Income				
Net Income	\$ 1,611,457	\$ 1,320,778	\$ 2,648,412	\$ 1,403,716
Other comprehensive income, net of \$-0- and \$-0- deferred income taxes in 2020 and 2019				
Foreign currency translation	<u>17,584</u>	<u>(102,756)</u>	<u>(239,806)</u>	<u>(69,591)</u>
Total Comprehensive Income	<u>\$ 1,629,041</u>	<u>\$ 1,218,022</u>	<u>\$ 2,408,606</u>	<u>\$ 1,334,125</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

	2020	2019
Cash flows from operating activities		
Net income	\$ 2,648,412	\$ 1,403,716
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	595,365	569,707
Stock-based compensation	65,942	166,250
Bad debts reserve	47,639	137,787
Inventory reserve	(9,002)	35,248
Gain on sale of property and equipment	(25,046)	(1,500)
(Increase) decrease in:		
Accounts receivable	(2,712,168)	(3,916,510)
Inventory	1,792,014	(2,188,013)
Payments in advance	(457,097)	(94)
Prepaid expenses and other current assets	(719,419)	221,279
Deposits	(5,949)	(787)
Increase (decrease) in:		
Accounts payable and accrued expenses	582,176	4,151,748
Income taxes payable	266,948	358,814
Deferred compensation	60,000	60,000
Net cash provided by operating activities	<u>2,129,815</u>	<u>997,645</u>
Cash flows from investing activities		
Capital expenditures	(697,625)	(616,278)
Proceeds from sale of property and equipment	25,745	10,000
Increase in short-term investments, net	(16)	(4)
Net cash used in investing activities	<u>(671,896)</u>	<u>(606,282)</u>
Cash flows from financing activities		
Issuance of common stock	-	15,000
Proceeds (repayment) of note payable to bank, net	(200,000)	350,000
Proceeds from Paycheck Protection Program loan	210,732	-
Repayments of short-term loan, net	(504,577)	(509,019)
Net cash used in financing activities	<u>(493,845)</u>	<u>(144,019)</u>
Effect of exchange rates on cash and cash equivalents	<u>(168,277)</u>	<u>(50,632)</u>
Net increase in cash and cash equivalents	795,797	196,712
Cash and cash equivalents - beginning of period	<u>2,072,864</u>	<u>1,709,900</u>
Cash and cash equivalents - end of period	<u>\$ 2,868,661</u>	<u>\$ 1,906,612</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 26,446</u>	<u>\$ 16,509</u>
Cash paid for income taxes	<u>\$ 616,148</u>	<u>\$ 111,600</u>
Other noncash investing and financing activities		
Common stock issued for services	<u>\$ 65,942</u>	<u>\$ 166,250</u>