

**LEATT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2020 AND 2019**

**ASSETS**

	<b>2020</b>	<b>2019</b>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,967,042	\$ 2,072,864
Short-term investments	58,257	58,239
Accounts receivable, net	7,173,829	2,956,012
Inventory, net	9,670,036	8,655,176
Payments in advance	805,098	447,476
Income tax refunds receivable	2,964	-
Prepaid expenses and other current assets	2,109,190	1,129,067
Total current assets	<u>22,786,416</u>	<u>15,318,834</u>
Property and equipment, net	3,052,276	2,431,061
Operating lease right-of-use assets, net	285,932	411,956
Deferred tax asset, net	78,700	-
<b>Other Assets</b>		
Deposits	33,699	26,642
Total Assets	<u>\$ 26,237,023</u>	<u>\$ 18,188,493</u>

**LIABILITIES AND STOCKHOLDERS' EQUITY**

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 8,008,925	\$ 5,425,681
Note payable to bank	-	300,000
Operating lease liabilities, current	207,824	190,765
Income taxes payable	1,654,200	592,661
Short term loan, net of finance charges	677,601	576,474
Total current liabilities	<u>10,548,550</u>	<u>7,085,581</u>
Deferred compensation	240,000	160,000
Operating lease liabilities, net of current portion	78,108	221,191
<b>Commitments and contingencies</b>		
<b>Stockholders' Equity</b>		
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, 5,430,374 and 5,386,723 shares issued and outstanding	130,111	130,068
Additional paid - in capital	8,338,158	8,079,774
Accumulated other comprehensive loss	(562,700)	(529,045)
Retained earnings	7,461,796	3,037,924
Total stockholders' equity	<u>15,370,365</u>	<u>10,721,721</u>
Total Liabilities and Stockholders' Equity	<u>\$ 26,237,023</u>	<u>\$ 18,188,493</u>

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Revenues	\$ 38,604,289	\$ 28,317,817
Cost of Revenues	<u>21,215,669</u>	<u>15,311,013</u>
Gross Profit	<u>17,388,620</u>	<u>13,006,804</u>
Product Royalty Income	88,748	46,460
Operating Expenses		
Salaries and wages	3,480,181	3,271,018
Commissions and consulting expenses	586,509	357,460
Professional fees	793,859	725,986
Advertising and marketing	2,167,445	1,989,959
Office lease and expenses	306,855	279,827
Research and development costs	1,522,758	1,491,155
Bad debt expense	71,862	203,253
General and administrative expenses	1,879,286	1,952,121
Intangible asset write-off	-	41,511
Depreciation	<u>832,216</u>	<u>760,217</u>
Total operating expenses	<u>11,640,971</u>	<u>11,072,507</u>
Income from Operations	<u>5,836,397</u>	<u>1,980,757</u>
Other Income (Expenses)		
PPP loan forgiveness income	210,732	-
Interest and other income (expenses), net	<u>(4,724)</u>	<u>(38,300)</u>
Total other income (expenses)	<u>206,008</u>	<u>(38,300)</u>
Income Before Income Taxes	6,042,405	1,942,457
Income Taxes	<u>1,618,533</u>	<u>566,729</u>
Net Income Available to Common Shareholders	<u>\$ 4,423,872</u>	<u>\$ 1,375,728</u>
Net Income per Common Share		
Basic	<u>\$ 0.82</u>	<u>\$ 0.26</u>
Diluted	<u>\$ 0.74</u>	<u>\$ 0.25</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,390,420</u>	<u>5,385,249</u>
Diluted	<u>5,990,798</u>	<u>5,546,098</u>
Comprehensive Income		
Net Income	\$ 4,423,872	\$ 1,375,728
Other comprehensive income (loss), net of \$20,500 and \$8,600 deferred income taxes in 2020 and 2019		
Foreign currency translation	<u>(33,655)</u>	<u>80,258</u>
Total Comprehensive Income	<u>\$ 4,390,217</u>	<u>\$ 1,455,986</u>

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
Cash flows from operating activities		
Net income	\$ 4,423,872	\$ 1,375,728
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	832,216	760,217
Deferred income taxes	(78,700)	(170,900)
Stock-based compensation	242,093	196,670
Bad debts reserve	(2,819)	21,305
Inventory reserve	7,464	26,123
Gain on sale of property and equipment	(22,189)	(2,592)
PPP loan forgiveness income	(210,732)	-
Intangible asset write-off	-	41,511
(Increase) decrease in:		
Accounts receivable	(4,214,998)	(927,986)
Inventory	(1,022,324)	(3,866,084)
Payments in advance	(357,622)	25,810
Prepaid expenses and other current assets	(980,123)	118,166
Income tax refunds receivable	(2,964)	-
Deposits	(7,057)	(1,262)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,599,578	2,646,499
Income taxes payable	1,061,539	522,403
Deferred compensation	80,000	80,000
Net cash provided by operating activities	<u>2,347,234</u>	<u>845,608</u>
Cash flows from investing activities		
Capital expenditures	(1,477,454)	(874,104)
Proceeds from sale of property and equipment	25,713	11,088
Increase in short-term investments, net	(18)	(7)
Net cash used in investing activities	<u>(1,451,759)</u>	<u>(863,023)</u>
Cash flows from financing activities		
Issuance of common stock	-	15,000
Proceeds from note payable to bank, net	(300,000)	300,000
Proceeds from Paycheck Protection Program Loan	210,732	-
Proceeds from (repayments of ) short-term loan, net	101,127	(5,654)
Net cash provided by financing activities	<u>11,859</u>	<u>309,346</u>
Effect of exchange rates on cash and cash equivalents	<u>(13,156)</u>	<u>71,033</u>
Net increase in cash and cash equivalents	894,178	362,964
Cash and cash equivalents - beginning of year	<u>2,072,864</u>	<u>1,709,900</u>
Cash and cash equivalents - end of year	<u>\$ 2,967,042</u>	<u>\$ 2,072,864</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:</b>		
Cash paid for interest	<u>\$ 32,015</u>	<u>\$ 22,814</u>
Cash paid for income taxes	<u>\$ 617,282</u>	<u>\$ 264,381</u>
Other noncash investing and financing activities		
Common stock issued for services	<u>\$ 242,093</u>	<u>\$ 196,670</u>
Common stock issued for accrued leave	<u>\$ 16,334</u>	<u>\$ -</u>