

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2021	December 31, 2020
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 3,785,924	\$ 2,967,042
Short-term investments	58,258	58,257
Accounts receivable, net	4,160,676	7,173,829
Inventory, net	9,929,554	9,670,036
Payments in advance	722,930	805,098
Income tax refunds receivable	-	2,964
Prepaid expenses and other current assets	4,047,264	2,109,190
Total current assets	22,704,606	22,786,416
Property and equipment, net	2,839,429	3,052,276
Operating lease right-of-use assets, net	245,185	285,932
Deferred tax asset, net	78,700	78,700
Other Assets		
Deposits	33,574	33,699
Total Assets	\$ 25,901,494	\$ 26,237,023

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 5,707,207	\$ 8,008,925
Operating lease liabilities, current	212,869	207,824
Income taxes payable	1,791,397	1,654,200
Short term loan, net of finance charges	439,834	677,601
Total current liabilities	8,151,307	10,548,550
Deferred compensation	260,000	240,000
Operating lease liabilities, net of current portion	32,316	78,108
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, 5,430,374 shares issued and outstanding	130,111	130,111
Additional paid - in capital	8,393,178	8,338,158
Accumulated other comprehensive loss	(591,052)	(562,700)
Retained earnings	9,522,634	7,461,796
Total stockholders' equity	17,457,871	15,370,365
Total Liabilities and Stockholders' Equity	\$ 25,901,494	\$ 26,237,023

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended March 31	
	2021 Unaudited	2020 Unaudited
Revenues	\$ 12,896,475	\$ 7,541,874
Cost of Revenues	<u>6,844,521</u>	<u>4,018,421</u>
Gross Profit	<u>6,051,954</u>	<u>3,523,453</u>
Product Royalty Income	24,810	1,477
Operating Expenses		
Salaries and wages	924,537	844,606
Commissions and consulting expenses	220,662	83,436
Professional fees	337,755	321,587
Advertising and marketing	517,580	624,203
Office lease and expenses	87,373	73,814
Research and development costs	405,105	388,204
Bad debt expense (recovery)	65,825	(14,980)
General and administrative expenses	528,599	520,115
Depreciation	<u>236,535</u>	<u>192,052</u>
Total operating expenses	<u>3,323,971</u>	<u>3,033,037</u>
Income from Operations	<u>2,752,793</u>	<u>491,893</u>
Other Expenses		
Interest and other income (expenses), net	<u>(4,007)</u>	<u>(8,629)</u>
Total other expenses	<u>(4,007)</u>	<u>(8,629)</u>
Income Before Income Taxes	2,748,786	483,264
Income Taxes	<u>687,948</u>	<u>120,816</u>
Net Income Available to Common Shareholders	<u>\$ 2,060,838</u>	<u>\$ 362,448</u>
Net Income per Common Share		
Basic	<u>\$ 0.38</u>	<u>\$ 0.07</u>
Diluted	<u>\$ 0.34</u>	<u>\$ 0.07</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,430,374</u>	<u>5,386,723</u>
Diluted	<u>6,118,129</u>	<u>5,534,890</u>
Comprehensive Income		
Net Income	\$ 2,060,838	\$ 362,448
Other comprehensive income, net of \$0 income taxes in 2021 and 2020		
Foreign currency translation	<u>(28,352)</u>	<u>(312,287)</u>
Total Comprehensive Income	<u>\$ 2,032,486</u>	<u>\$ 50,161</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Net income	\$ 2,060,838	\$ 362,448
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	236,535	192,052
Stock-based compensation	55,020	65,942
Bad debts reserve	63,111	(17,572)
Inventory reserve	(23,044)	(49,610)
(Gain) Loss on sale of property and equipment	457	(351)
(Increase) decrease in:		
Accounts receivable	2,950,042	(540,004)
Inventory	(236,474)	1,567,803
Payments in advance	82,168	(237,787)
Prepaid expenses and other current assets	(1,938,074)	(404,733)
Income tax refunds receivable	2,964	-
Deposits	125	1,412
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,301,718)	(1,394,321)
Income taxes payable	137,197	50,816
Deferred compensation	20,000	20,000
Net cash provided by (used in) operating activities	1,109,147	(383,905)
Cash flows from investing activities		
Capital expenditures	(34,272)	(89,899)
Proceeds from sale of property and equipment	-	351
Increase in short-term investments, net	(1)	(6)
Net cash used in investing activities	(34,273)	(89,554)
Cash flows from financing activities		
Proceeds from note payable to bank, net	-	200,000
Proceeds from (repayments of) short-term loan, net	(237,767)	(130,643)
Net cash provided by (used in) financing activities	(237,767)	69,357
Effect of exchange rates on cash and cash equivalents	(18,225)	(223,872)
Net increase (decrease) in cash and cash equivalents	818,882	(627,974)
Cash and cash equivalents - beginning of period	2,967,042	2,072,864
Cash and cash equivalents - end of period	\$ 3,785,924	\$ 1,444,890
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 9,323	\$ 9,255
Cash paid for income taxes	\$ 550,000	\$ 70,000
Other noncash investing and financing activities		
Common stock issued for services	\$ 55,020	\$ 65,942