

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	June 30, 2021	December 31, 2020
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 3,748,580	\$ 2,967,042
Short-term investments	58,259	58,257
Accounts receivable, net	5,084,196	7,173,829
Inventory, net	6,151,488	9,670,036
Payments in advance	1,202,796	805,098
Income tax refunds receivable	-	2,964
Prepaid expenses and other current assets	6,098,975	2,109,190
Total current assets	22,344,294	22,786,416
Property and equipment, net	2,771,130	3,052,276
Operating lease right-of-use assets, net	193,583	285,932
Deferred tax asset, net	78,700	78,700
Other Assets		
Deposits	33,932	33,699
Total Assets	\$ 25,421,639	\$ 26,237,023

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 2,631,184	\$ 8,008,925
Operating lease liabilities, current	193,583	207,824
Income taxes payable	2,029,579	1,654,200
Short term loan, net of finance charges	359,881	677,601
Total current liabilities	5,214,227	10,548,550
Deferred compensation	280,000	240,000
Operating lease liabilities, net of current portion	-	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, 5,442,774 shares issued and outstanding	130,111	130,111
Additional paid - in capital	8,393,178	8,338,158
Accumulated other comprehensive loss	(530,159)	(562,700)
Retained earnings	11,931,282	7,461,796
Total stockholders' equity	19,927,412	15,370,365
Total Liabilities and Stockholders' Equity	\$ 25,421,639	\$ 26,237,023

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended June 30		Six Months Ended June 30	
	2021	2020	2021	2020
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$ 14,300,559	\$ 6,943,130	\$ 27,197,034	\$ 14,485,004
Cost of Revenues	<u>8,107,020</u>	<u>3,688,623</u>	<u>14,951,541</u>	<u>7,707,044</u>
Gross Profit	<u>6,193,539</u>	<u>3,254,507</u>	<u>12,245,493</u>	<u>6,777,960</u>
Product Royalty Income	58,479	3,182	83,289	4,659
Operating Expenses				
Salaries and wages	912,811	622,846	1,837,348	1,467,452
Commissions and consulting expenses	215,986	103,906	436,648	187,342
Professional fees	123,501	213,318	461,256	534,905
Advertising and marketing	518,153	357,028	1,035,733	981,231
Office lease and expenses	87,200	72,386	174,573	146,200
Research and development costs	445,156	336,608	850,261	724,812
Bad debt expense (recovery)	(51,732)	41,900	14,093	26,920
General and administrative expenses	609,760	410,128	1,138,359	930,243
Depreciation	242,401	190,749	478,936	382,801
Total operating expenses	<u>3,103,236</u>	<u>2,348,869</u>	<u>6,427,207</u>	<u>5,381,906</u>
Income from Operations	<u>3,148,782</u>	<u>908,820</u>	<u>5,901,575</u>	<u>1,400,713</u>
Other Income (Expenses)				
Interest and other income (expenses), net	3,948	(9,477)	(59)	(18,106)
Total other income (expenses)	<u>3,948</u>	<u>(9,477)</u>	<u>(59)</u>	<u>(18,106)</u>
Income Before Income Taxes	3,152,730	899,343	5,901,516	1,382,607
Income Taxes	<u>744,082</u>	<u>224,836</u>	<u>1,432,030</u>	<u>345,652</u>
Net Income Available to Common Shareholders	<u>\$ 2,408,648</u>	<u>\$ 674,507</u>	<u>\$ 4,469,486</u>	<u>\$ 1,036,955</u>
Net Income per Common Share				
Basic	<u>\$ 0.44</u>	<u>\$ 0.13</u>	<u>\$ 0.82</u>	<u>\$ 0.19</u>
Diluted	<u>\$ 0.39</u>	<u>\$ 0.12</u>	<u>\$ 0.72</u>	<u>\$ 0.19</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>5,438,686</u>	<u>5,386,723</u>	<u>5,434,553</u>	<u>5,386,723</u>
Diluted	<u>6,172,686</u>	<u>5,548,476</u>	<u>6,168,553</u>	<u>5,548,476</u>
Comprehensive Income				
Net Income	\$ 2,408,648	\$ 674,507	\$ 4,469,486	\$ 1,036,955
Other comprehensive income, net of \$0 income taxes in 2021 and 2020				
Foreign currency translation	<u>60,893</u>	<u>54,897</u>	<u>32,541</u>	<u>(257,390)</u>
Total Comprehensive Income	<u>\$ 2,469,541</u>	<u>\$ 729,404</u>	<u>\$ 4,502,027</u>	<u>\$ 779,565</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Net income	\$ 4,469,486	\$ 1,036,955
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	478,936	382,801
Stock-based compensation	55,020	65,942
Bad debts reserve	11,763	24,975
Inventory reserve	39,995	(17,729)
(Gain) Loss on sale of property and equipment	5,767	(351)
(Increase) decrease in:		
Accounts receivable	2,077,870	453,023
Inventory	3,478,553	3,025,131
Payments in advance	(397,698)	(208,455)
Prepaid expenses and other current assets	(3,989,785)	(895,254)
Income tax refunds receivable	2,964	-
Deposits	(233)	1,212
Increase (decrease) in:		
Accounts payable and accrued expenses	(5,377,741)	(2,998,745)
Income taxes payable	375,379	275,651
Deferred compensation	40,000	40,000
Net cash provided by operating activities	1,270,276	1,185,156
Cash flows from investing activities		
Capital expenditures	(191,443)	(107,570)
Proceeds from sale of property and equipment	-	351
Increase in short-term investments, net	(2)	(12)
Net cash used in investing activities	(191,445)	(107,231)
Cash flows from financing activities		
Repayment of note payable to bank, net	-	(300,000)
Proceeds from Paycheck Protection Program loan	-	210,732
Repayments of short-term loan, net	(317,720)	(253,582)
Net cash used in financing activities	(317,720)	(342,850)
Effect of exchange rates on cash and cash equivalents	20,427	(180,501)
Net increase in cash and cash equivalents	781,538	554,574
Cash and cash equivalents - beginning of period	2,967,042	2,072,864
Cash and cash equivalents - end of period	\$ 3,748,580	\$ 2,627,438
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 16,379	\$ 19,883
Cash paid for income taxes	\$ 1,088,360	\$ 70,000
Other noncash investing and financing activities		
Common stock issued for services	\$ 55,020	\$ 65,942