

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	September 30, 2021	December 31, 2020
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 2 586 671	\$ 2 967 042
Short-term investments	58 261	58 257
Accounts receivable, net	17 164 890	7 173 829
Inventory, net	14 678 324	9 670 036
Payments in advance	1 757 165	805 098
Income tax refunds receivable	-	2 964
Prepaid expenses and other current assets	4 321 801	2 109 190
Total current assets	40 567 112	22 786 416
Property and equipment, net	3 178 888	3 052 276
Operating lease right-of-use assets, net	1 539 698	285,932
Deferred tax asset, net	78 700	78,700
Other Assets		
Deposits	33,553	33,699
Total Assets	\$ 45,397,951	\$ 26,237,023

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 16,421,446	\$ 8,008,925
Operating lease liabilities, current	399 314	207,824
Income taxes payable	2 925 216	1 654 200
Short term loan, net of finance charges	142,653	677,601
Total current liabilities	19,888,629	10,548,550
Deferred compensation	300,000	240,000
Operating lease liabilities, net of current portion	1 140 384	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, 5,471,669 and 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	(676 444)	(562 700)
Retained earnings	16 219 093	7 461 796
Total stockholders' equity	24,068,938	15,370,365
Total Liabilities and Stockholders' Equity	\$ 45,397,951	\$ 26,237,023

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended September 30		Nine Months Ended September 30	
	2021 Unaudited	2020 Unaudited	2021 Unaudited	2020 Unaudited
Revenues	\$ 22,100,827	\$ 11,370,946	\$ 49,297,861	\$ 25,855,950
Cost of Revenues	<u>12,571,692</u>	<u>6,422,472</u>	<u>27,523,233</u>	<u>14,129,516</u>
Gross Profit	<u>9,529,135</u>	<u>4,948,474</u>	<u>21,774,628</u>	<u>11,726,434</u>
Product Royalty Income	58,246	36,016	141,535	40,675
Operating Expenses				
Salaries and wages	975,676	784,131	2,813,024	2,251,583
Commissions and consulting expenses	144,837	157,672	581,485	345,014
Professional fees	510,713	181,233	971,969	716,138
Advertising and marketing	633,915	543,020	1,669,648	1,524,251
Office lease and expenses	99,314	78,932	273,887	225,132
Research and development costs	468,922	404,723	1,319,183	1,129,535
Bad debt expense	42,197	32,172	56,290	59,092
General and administrative expenses	691,696	459,993	1,830,055	1,390,236
Depreciation	<u>265,777</u>	<u>212,564</u>	<u>744,713</u>	<u>595,365</u>
Total operating expenses	<u>3,833,047</u>	<u>2,854,440</u>	<u>10,260,254</u>	<u>8,236,346</u>
Income from Operations	<u>5,754,334</u>	<u>2,130,050</u>	<u>11,655,909</u>	<u>3,530,763</u>
Other Income				
Interest and other income	1,413	19,727	1,354	1,621
Total other income	<u>1,413</u>	<u>19,727</u>	<u>1,354</u>	<u>1,621</u>
Income Before Income Taxes	5,755,747	2,149,777	11,657,263	3,532,384
Income Taxes	<u>1,467,936</u>	<u>538,320</u>	<u>2,899,966</u>	<u>883,972</u>
Net Income Available to Common Shareholders	<u>\$ 4,287,811</u>	<u>\$ 1,611,457</u>	<u>\$ 8,757,297</u>	<u>\$ 2,648,412</u>
Net Income per Common Share				
Basic	<u>\$ 0.79</u>	<u>\$ 0.30</u>	<u>\$ 1.61</u>	<u>\$ 0.49</u>
Diluted	<u>\$ 0.69</u>	<u>\$ 0.27</u>	<u>\$ 1.42</u>	<u>\$ 0.45</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>5,461,933</u>	<u>5,386,723</u>	<u>5,443,780</u>	<u>5,386,723</u>
Diluted	<u>6,190,748</u>	<u>5,860,428</u>	<u>6,172,596</u>	<u>5,860,428</u>
Comprehensive Income				
Net Income	\$ 4,287,811	\$ 1,611,457	\$ 8,757,297	\$ 2,648,412
Other comprehensive income, net of \$0 income taxes in 2021 and 2020				
Foreign currency translation	<u>(146,285)</u>	<u>17,584</u>	<u>(113,744)</u>	<u>(239,806)</u>
Total Comprehensive Income	<u>\$ 4,141,526</u>	<u>\$ 1,629,041</u>	<u>\$ 8,643,553</u>	<u>\$ 2,408,606</u>

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

	2021	2020
Cash flows from operating activities		
Net income	\$ 8 757 297	\$ 2 648 412
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	744 713	595 365
Stock-based compensation	55 020	65 942
Bad debts reserve	32 423	47 639
Inventory reserve	51 840	(9 002)
(Gain) Loss on sale of property and equipment	5 767	(25 046)
(Increase) decrease in:		
Accounts receivable	(10 023 484)	(2 712 168)
Inventory	(5 060 128)	1 792 014
Payments in advance	(952 067)	(457 097)
Prepaid expenses and other current assets	(2 212 611)	(719 419)
Income tax refunds receivable	2 964	-
Deposits	146	(5 949)
Increase (decrease) in:		
Accounts payable and accrued expenses	8 412 521	582 176
Income taxes payable	1 271 016	266 948
Deferred compensation	60 000	60 000
Net cash provided by operating activities	<u>1 145 417</u>	<u>2 129 815</u>
Cash flows from investing activities		
Capital expenditures	(892 658)	(697 625)
Proceeds from sale of property and equipment	-	25 745
Increase in short-term investments, net	<u>(4)</u>	<u>(16)</u>
Net cash used in investing activities	<u>(892 662)</u>	<u>(671 896)</u>
Cash flows from financing activities		
Repayment of note payable to bank, net	-	(200 000)
Proceeds from Paycheck Protection Program loan	-	210,732
Repayments of short-term loan, net	<u>(534 948)</u>	<u>(504 577)</u>
Net cash used in financing activities	<u>(534 948)</u>	<u>(493 845)</u>
Effect of exchange rates on cash and cash equivalents	<u>(98 178)</u>	<u>(168 277)</u>
Net increase (decrease) in cash and cash equivalents	(380 371)	795 797
Cash and cash equivalents - beginning of period	<u>2 967 042</u>	<u>2 072 864</u>
Cash and cash equivalents - end of period	<u>\$ 2 586 671</u>	<u>\$ 2 868 661</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 21 741</u>	<u>\$ 26 446</u>
Cash paid for income taxes	<u>\$ 1 659 698</u>	<u>\$ 616 148</u>
Other noncash investing and financing activities		
Common stock issued for services	<u>\$ 55 020</u>	<u>\$ 65 942</u>