

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2021 AND 2020

ASSETS

	2021	2020
Current Assets		
Cash and cash equivalents	\$ 5 022 436	\$ 2 967 042
Short-term investments	58 262	58 257
Accounts receivable, net	12 660 936	7 173 829
Inventory, net	21 081 481	9 670 036
Payments in advance	1 610 640	805 098
Income tax refunds receivable	-	2 964
Prepaid expenses and other current assets	4 178 427	2 109 190
Total current assets	44 612 182	22 786 416
Property and equipment, net	3 128 086	3 052 276
Operating lease right-of-use assets, net	1 393 213	285 932
Deferred tax asset, net	-	78 700
Other Assets		
Deposits	33,339	33,699
Total Assets	\$ 49,166,820	\$ 26,237,023

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 14,617,671	\$ 8,008,925
Note payable, current	83 270	-
Operating lease liabilities, current	318 621	207 824
Income taxes payable	2 738 818	1 654 200
Short term loan, net of finance charges	975,025	677,601
Total current liabilities	18,733,405	10,548,550
Deferred compensation	320,000	240,000
Note payable, net of current portion	189,249	-
Operating lease liabilities, net of current portion	1 074 592	78,108
Deferred tax liability, net	228 600	-
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, 5,673,683 and 5,430,374 shares issued and outstanding	130,162	130,111
Additional paid - in capital	9,230,847	8,338,158
Accumulated other comprehensive loss	(779 268)	(562 700)
Retained earnings	20 036 233	7 461 796
Total stockholders' equity	28,620,974	15,370,365
Total Liabilities and Stockholders' Equity	\$ 49,166,820	\$ 26,237,023

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Revenues	\$ 72,475,813	\$ 38,604,289
Cost of Revenues	<u>41,029,710</u>	<u>21,215,669</u>
Gross Profit	<u>31,446,103</u>	<u>17,388,620</u>
Product Royalty Income	182 698	88 748
Operating Expenses		
Salaries and wages	5 003 640	3 480 181
Commissions and consulting expenses	812 097	586 509
Professional fees	1 072 912	793 859
Advertising and marketing	2 170 788	2 167 445
Office lease and expenses	428 608	306 855
Research and development costs	1 826 846	1 522 758
Bad debt expense	222 250	71 862
General and administrative expenses	2 450 376	1 879 286
Depreciation	<u>1 025 536</u>	<u>832,216</u>
Total operating expenses	<u>15,013,053</u>	<u>11,640,971</u>
Income from Operations	<u>16 615 748</u>	<u>5 836 397</u>
Other Income (Expenses)		
PPP loan forgiveness income	-	210 732
Interest and other expenses, net	<u>(163)</u>	<u>(4 724)</u>
Total other income (expenses)	<u>(163)</u>	<u>206 008</u>
Income Before Income Taxes	16 615 585	6 042 405
Income Taxes	<u>4 041 148</u>	<u>1 618 533</u>
Net Income Available to Common Shareholders	<u>\$ 12 574 437</u>	<u>\$ 4 423 872</u>
Net Income per Common Share		
Basic	<u>\$ 2.29</u>	<u>\$ 0.82</u>
Diluted	<u>\$ 2.07</u>	<u>\$ 0.74</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,480,375</u>	<u>5,390,420</u>
Diluted	<u>6,068,276</u>	<u>5,990,798</u>
Comprehensive Income		
Net Income	\$ 12 574 437	\$ 4 423 872
Other comprehensive income, net of (\$1,000) and \$20,500 deferred income taxes in 2021 and 2020		
Foreign currency translation	<u>(216,568)</u>	<u>(33,655)</u>
Total Comprehensive Income	<u>\$ 12 357 869</u>	<u>\$ 4 390 217</u>

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	2021	2020
Cash flows from operating activities		
Net income	\$ 12 574 437	\$ 4 423 872
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1 025 536	832 216
Deferred income taxes	307 300	(78 700)
Stock-based compensation	866 740	242 093
Bad debts reserve	189 699	(2 819)
Inventory reserve	(408)	7 464
Gain (loss) on sale of property and equipment	5 040	(22 189)
PPP loan forgiveness income	-	(210 732)
(Increase) decrease in:		
Accounts receivable	(5 676 806)	(4 214 998)
Inventory	(11 411 037)	(1 022 324)
Payments in advance	(805 542)	(357 622)
Prepaid expenses and other current assets	(2 069 237)	(980 123)
Income tax refunds receivable	2 964	(2 964)
Deposits	360	(7 057)
Increase (decrease) in:		
Accounts payable and accrued expenses	6 608 746	2 599 578
Income taxes payable	1 084 618	1 061 539
Deferred compensation	80 000	80 000
Net cash provided by operating activities	2 782 410	2 347 234
Cash flows from investing activities		
Capital expenditures	(1 139 298)	(1 477 454)
Proceeds from sale of property and equipment	1 966	25 713
Increase in short-term investments, net	(5)	(18)
Net cash used in investing activities	(1 137 337)	(1 451 759)
Cash flows from financing activities		
Issuance of common stock	26 000	-
Proceeds from note payable	272 519	-
Repayment of note payable to bank, net	-	(300 000)
Proceeds from Paycheck Protection Program Loan	-	210,732
Proceeds from short-term loan, net	297 424	101 127
Net cash provided by financing activities	595 943	11 859
Effect of exchange rates on cash and cash equivalents	(185 622)	(13 156)
Net increase in cash and cash equivalents	2 055 394	894 178
Cash and cash equivalents - beginning of year	2 967 042	2 072 864
Cash and cash equivalents - end of year	\$ 5 022 436	\$ 2 967 042
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 28 276	\$ 32 015
Cash paid for income taxes	\$ 2 680 978	\$ 617 282
Other noncash investing and financing activities		
Common stock issued for services	\$ 866 740	\$ 242 093
Common stock issued for accrued leave	\$ -	\$ 16 334