

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2022	December 31, 2021
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 4,245,676	\$ 5,022,436
Short-term investments	58,263	58,262
Accounts receivable, net	17,743,659	12,660,936
Inventory, net	19,916,817	21,081,481
Payments in advance	1,541,775	1,610,640
Prepaid expenses and other current assets	3,900,500	4,178,427
Total current assets	47,406,690	44,612,182
Property and equipment, net	3,147,973	3,128,086
Operating lease right-of-use assets, net	1,287,949	1,393,213
Other Assets		
Deposits	49,750	33,339
Total Assets	\$ 51,892,362	\$ 49,166,820

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 11,410,067	\$ 14,617,671
Note payable, current	88,168	83,270
Operating lease liabilities, current	279,148	318,621
Income taxes payable	4,146,521	2,738,818
Short term loan, net of finance charges	661,067	975,025
Total current liabilities	16,584,971	18,733,405
Deferred compensation	340,000	320,000
Note payable, net of current portion	169,957	189,249
Operating lease liabilities, net of current portion	1,008,801	1,074,592
Deferred tax liability, net	228,600	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, 5,791,683 and 5,673,683 shares issued and outstanding	130,280	130,162
Additional paid - in capital	9,689,299	9,230,847
Accumulated other comprehensive loss	(521,534)	(779,268)
Retained earnings	24,258,988	20,036,233
Total stockholders' equity	33,560,033	28,620,974
Total Liabilities and Stockholders' Equity	\$ 51,892,362	\$ 49,166,820

The accompanying notes are an integral part of these consolidated financial statements.

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

	Three Months Ended	
	March 31	
	2022	2021
	Unaudited	Unaudited
Revenues	\$ 24,228,108	\$ 12,896,475
Cost of Revenues	<u>14,601,018</u>	<u>6,844,521</u>
Gross Profit	<u>9,627,090</u>	<u>6,051,954</u>
Product Royalty Income	78,839	24,810
Operating Expenses		
Salaries and wages	1,297,962	924,537
Commissions and consulting expenses	162,586	220,662
Professional fees	259,115	337,755
Advertising and marketing	613,890	517,580
Office lease and expenses	207,021	87,373
Research and development costs	533,700	405,105
Bad debt expense	18,324	65,825
General and administrative expenses	711,752	528,599
Depreciation	<u>276,924</u>	<u>236,535</u>
Total operating expenses	<u>4,081,274</u>	<u>3,323,971</u>
Income from Operations	<u>5,624,655</u>	<u>2,752,793</u>
Other Income (Expenses)		
Interest and other expenses, net	<u>6,157</u>	<u>(4,007)</u>
Total other income (expenses)	<u>6,157</u>	<u>(4,007)</u>
Income Before Income Taxes	5,630,812	2,748,786
Income Taxes	<u>1,408,057</u>	<u>687,948</u>
Net Income Available to Common Shareholders	<u>\$ 4,222,755</u>	<u>\$ 2,060,838</u>
Net Income per Common Share		
Basic	<u>\$ 0.73</u>	<u>\$ 0.38</u>
Diluted	<u>\$ 0.68</u>	<u>\$ 0.34</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,765,461</u>	<u>5,430,374</u>
Diluted	<u>6,246,325</u>	<u>6,118,129</u>
Comprehensive Income		
Net Income	\$ 4,222,755	\$ 2,060,838
Other comprehensive income, net of \$0 and (\$1,000) deferred income taxes in 2022 and 2021		
Foreign currency translation	<u>257,734</u>	<u>(28,352)</u>
Total Comprehensive Income	<u>\$ 4,480,489</u>	<u>\$ 2,032,486</u>

The accompanying notes are an integral part of these consolidated financial statements.

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Net income	\$ 4,222,755	\$ 2,060,838
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	276,924	236,535
Stock-based compensation	202,770	55,020
Bad debts reserve	14,526	63,111
Inventory reserve	13,656	(23,044)
(Gain) loss on sale of property and equipment	(21,590)	457
(Increase) decrease in:		
Accounts receivable	(5,097,249)	2,950,042
Inventory	1,151,008	(236,474)
Payments in advance	68,865	82,168
Prepaid expenses and other current assets	277,927	(1,938,074)
Income tax refunds receivable	-	2,964
Deposits	(16,411)	125
Increase (decrease) in:		
Accounts payable and accrued expenses	(3,207,604)	(2,301,718)
Income taxes payable	1,407,703	137,197
Deferred compensation	20,000	20,000
Net cash provided by (used in) operating activities	(686,720)	1,109,147
Cash flows from investing activities		
Capital expenditures	(260,912)	(34,272)
Proceeds from sale of property and equipment	35,848	-
Increase in short-term investments, net	(1)	(1)
Net cash used in investing activities	(225,065)	(34,273)
Cash flows from financing activities		
Issuance of common stock	255,800	-
Repayment of note payable to bank	(14,394)	-
Repayment of short-term loan, net	(313,958)	(237,767)
Net cash used in financing activities	(72,552)	(237,767)
Effect of exchange rates on cash and cash equivalents	207,577	(18,225)
Net increase (decrease) in cash and cash equivalents	(776,760)	818,882
Cash and cash equivalents - beginning of period	5,022,436	2,967,042
Cash and cash equivalents - end of period	\$ 4,245,676	\$ 3,785,924
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 16,133	\$ 9,323
Cash paid for income taxes	\$ 354	\$ 550,000
Other noncash investing and financing activities		
Common stock issued for services	\$ 202,770	\$ 55,020

The accompanying notes are an integral part of these consolidated financial statements.