

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS

	June 30, 2022	December 31, 2021
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 4,949,771	\$ 5,022,436
Short-term investments	58,263	58,262
Accounts receivable, net	13,823,969	12,660,936
Inventory, net	21,853,273	21,081,481
Payments in advance	1,351,666	1,610,640
Prepaid expenses and other current assets	3,449,089	4,178,427
Total current assets	45,486,031	44,612,182
Property and equipment, net	2,959,009	3,128,086
Operating lease right-of-use assets, net	1,239,776	1,393,213
Other Assets		
Deposits	41,333	33,339
Total Assets	\$ 49,726,149	\$ 49,166,820

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 7,967,771	\$ 14,617,671
Note payable, current	88,950	83,270
Operating lease liabilities, current	301,640	318,621
Income taxes payable	3,442,038	2,738,818
Short term loan, net of finance charges	227,180	975,025
Total current liabilities	12,027,579	18,733,405
Deferred compensation	360,000	320,000
Note payable, net of current portion	147,423	189,249
Operating lease liabilities, net of current portion	938,136	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, 5,826,892 and 5,673,683 shares issued and outstanding	130,280	130,162
Additional paid - in capital	9,809,539	9,230,847
Accumulated other comprehensive loss	(904,316)	(779,268)
Retained earnings	26,985,908	20,036,233
Total stockholders' equity	36,024,411	28,620,974
Total Liabilities and Stockholders' Equity	\$ 49,726,149	\$ 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		Six Months Ended	
	June 30		June 30	
	2022 Unaudited	2021 Unaudited	2022 Unaudited	2021 Unaudited
Revenues	\$ 17,938,310	\$ 14,300,559	\$ 42,166,418	\$ 27,197,034
Cost of Revenues	<u>10,294,238</u>	<u>8,107,020</u>	<u>24,895,256</u>	<u>14,951,541</u>
Gross Profit	<u>7,644,072</u>	<u>6,193,539</u>	<u>17,271,162</u>	<u>12,245,493</u>
Product Royalty Income	46,971	58,479	125,810	83,289
Operating Expenses				
Salaries and wages	1,325,177	912,811	2,623,139	1,837,348
Commissions and consulting expenses	150,634	215,986	313,220	436,648
Professional fees	79,653	123,501	338,768	461,256
Advertising and marketing	746,114	518,153	1,360,004	1,035,733
Office lease and expenses	193,878	87,200	400,899	174,573
Research and development costs	480,843	445,156	1,014,543	850,261
Bad debt expense (recovery)	(13,969)	(51,732)	4,355	14,093
General and administrative expenses	710,351	609,760	1,422,103	1,138,359
Depreciation	<u>287,943</u>	<u>242,401</u>	<u>564,867</u>	<u>478,936</u>
Total operating expenses	<u>3,960,624</u>	<u>3,103,236</u>	<u>8,041,898</u>	<u>6,427,207</u>
Income from Operations	<u>3,730,419</u>	<u>3,148,782</u>	<u>9,355,074</u>	<u>5,901,575</u>
Other Income (Expenses)				
Interest and other expenses, net	<u>(8,349)</u>	<u>3,948</u>	<u>(2,192)</u>	<u>(59)</u>
Total other income (expenses)	<u>(8,349)</u>	<u>3,948</u>	<u>(2,192)</u>	<u>(59)</u>
Income Before Income Taxes	3,722,070	3,152,730	9,352,882	5,901,516
Income Taxes	<u>995,150</u>	<u>744,082</u>	<u>2,403,207</u>	<u>1,432,030</u>
Net Income Available to Common Shareholders	<u>\$ 2,726,920</u>	<u>\$ 2,408,648</u>	<u>\$ 6,949,675</u>	<u>\$ 4,469,486</u>
Net Income per Common Share				
Basic	<u>\$ 0.47</u>	<u>\$ 0.44</u>	<u>\$ 1.20</u>	<u>\$ 0.82</u>
Diluted	<u>\$ 0.44</u>	<u>\$ 0.39</u>	<u>\$ 1.12</u>	<u>\$ 0.72</u>
Weighted Average Number of Common Shares Outstanding				
Basic	<u>5,815,285</u>	<u>5,438,686</u>	<u>5,790,510</u>	<u>5,434,553</u>
Diluted	<u>6,255,537</u>	<u>6,172,686</u>	<u>6,230,763</u>	<u>6,168,553</u>
Comprehensive Income				
Net Income	\$ 2,726,920	\$ 2,408,648	\$ 6,949,675	\$ 4,469,486
Other comprehensive income, net of \$0 deferred income taxes in 2022 and 2021				
Foreign currency translation	<u>(382,782)</u>	<u>60,893</u>	<u>(125,048)</u>	<u>32,541</u>
Total Comprehensive Income	<u>\$ 2,344,138</u>	<u>\$ 2,469,541</u>	<u>\$ 6,824,627</u>	<u>\$ 4,502,027</u>

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

LEATT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2022 AND 2021

	2022	2021
Cash flows from operating activities		
Net income	\$ 6,949,675	\$ 4,469,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	564,867	478,936
Stock-based compensation	323,010	55,020
Bad debts reserve	(7,871)	11,763
Inventory reserve	94,269	39,995
(Gain) loss on sale of property and equipment	(22,905)	5,767
(Increase) decrease in:		
Accounts receivable	(1,155,162)	2,077,870
Inventory	(866,061)	3,478,553
Payments in advance	258,974	(397,698)
Prepaid expenses and other current assets	729,338	(3,989,785)
Income tax refunds receivable	-	2,964
Deposits	(7,994)	(233)
Increase (decrease) in:		
Accounts payable and accrued expenses	(6,649,900)	(5,377,741)
Income taxes payable	703,220	375,379
Deferred compensation	40,000	40,000
Net cash provided by operating activities	953,460	1,270,276
 Cash flows from investing activities		
Capital expenditures	(435,537)	(191,443)
Proceeds from sale of property and equipment	42,773	-
Increase in short-term investments, net	(1)	(2)
Net cash used in investing activities	(392,765)	(191,445)
 Cash flows from financing activities		
Issuance of common stock	255,800	-
Repayment of note payable to bank	(36,146)	-
Repayment of short-term loan, net	(747,845)	(317,720)
Net cash used in financing activities	(528,191)	(317,720)
 Effect of exchange rates on cash and cash equivalents	(105,169)	20,427
 Net increase (decrease) in cash and cash equivalents	(72,665)	781,538
 Cash and cash equivalents - beginning of period	5,022,436	2,967,042
 Cash and cash equivalents - end of period	\$ 4,949,771	\$ 3,748,580
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 30,178	\$ 16,379
Cash paid for income taxes	\$ 1,699,987	\$ 1,088,360
 Other noncash investing and financing activities		
Common stock issued for services	\$ 323,010	\$ 55,020

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

