

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS
ASSETS

	September 30, 2022	December 31, 2021
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 4,835,268	\$ 5,022,436
Short-term investments	58,267	58,262
Accounts receivable, net	22,504,973	12,660,936
Inventory, net	25,021,494	21,081,481
Payments in advance	1,201,454	1,610,640
Prepaid expenses and other current assets	1,332,503	4,178,427
Total current assets	54,953,959	44,612,182
Property and equipment, net	3,066,304	3,128,086
Operating lease right-of-use assets, net	1,163,782	1,393,213
	-	-
Other Assets		
Deposits	40,141	33,339
Total Assets	\$ 59,224,186	\$ 49,166,820

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 12,481,062	\$ 14,617,671
Note payable, current	89,739	83,270
Operating lease liabilities, current	286,564	318,621
Income taxes payable	4,812,039	2,738,818
Short term loan, net of finance charges	142,936	975,025
Total current liabilities	17,812,340	18,733,405
Deferred compensation	380,000	320,000
Note payable, net of current portion	124,690	189,249
Operating lease liabilities, net of current portion	877,218	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	9,929,779	9,230,847
Accumulated other comprehensive loss	(1,335,752)	(779,268)
Retained earnings	31,074,031	20,036,233
Total stockholders' equity	39,801,338	28,620,974
Total Liabilities and Stockholders' Equity	\$ 59,224,186	\$ 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		Nine Months Ended	
	September 30		September 30	
	2022	2021	2022	2021
	Unaudited	Unaudited	Unaudited	Unaudited
Revenues	\$ 23,258,752	\$ 22,100,827	\$ 65,425,170	\$ 49,297,861
Cost of Revenues	13,122,213	12,571,692	38,017,469	27,523,233
Gross Profit	10,136,539	9,529,135	27,407,701	21,774,628
Product Royalty Income	74,411	58,246	200,221	141,535
Operating Expenses				
Salaries and wages	1,274,554	975,676	3,897,693	2,813,024
Commissions and consulting expenses	143,691	144,837	456,911	581,485
Professional fees	166,537	510,713	505,305	971,969
Advertising and marketing	1,166,804	633,915	2,526,808	1,669,648
Office lease and expenses	145,499	99,314	546,398	273,887
Research and development costs	501,604	468,922	1,516,147	1,319,183
Bad debt expense	97,325	42,197	101,680	56,290
General and administrative expenses	977,796	691,696	2,399,899	1,830,055
Depreciation	264,923	265,777	829,790	744,713
Total operating expenses	4,738,733	3,833,047	12,780,631	10,260,254
Income from Operations	5,472,217	5,754,334	14,827,291	11,655,909
Other Income				
Interest and other expenses, net	7,784	1,413	5,592	1,354
Total other income	7,784	1,413	5,592	1,354
Income Before Income Taxes	5,480,001	5,755,747	14,832,883	11,657,263
Income Taxes	1,391,878	1,467,936	3,795,085	2,899,966
Net Income Available to Common Shareholders	\$ 4,088,123	\$ 4,287,811	\$ 11,037,798	\$ 8,757,297
Net Income per Common Share				
Basic	\$ 0.70	\$ 0.79	\$ 1.90	\$ 1.61
Diluted	\$ 0.65	\$ 0.69	\$ 1.77	\$ 1.42
Weighted Average Number of Common Shares Outstanding				
Basic	5,826,892	5,461,933	5,802,771	5,443,780
Diluted	6,261,160	6,190,748	6,237,039	6,172,596
Comprehensive Income				
Net Income	\$ 4,088,123	\$ 4,287,811	\$ 11,037,798	\$ 8,757,297
Other comprehensive income, net of \$0 deferred income taxes in 2022 and 2021				
Foreign currency translation	(431,436)	(146,285)	(556,484)	(113,744)
Total Comprehensive Income	\$ 3,656,687	\$ 4,141,526	\$ 10,481,314	\$ 8,643,553

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

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

	2022	2021
Cash flows from operating activities		
Net income	\$ 11,037,798	\$ 8,757,297
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	829,790	744,713
Stock-based compensation	443,250	55,020
Bad debts reserve	81,305	32,423
Inventory reserve	148,901	51,840
(Gain) loss on sale of property and equipment	(23,047)	5,767
(Increase) decrease in:		
Accounts receivable	(9,925,342)	(10,023,484)
Inventory	(4,088,914)	(5,060,128)
Payments in advance	409,186	(952,067)
Prepaid expenses and other current assets	2,845,924	(2,212,611)
Income tax refunds receivable	-	2,964
Deposits	(6,802)	146
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,136,609)	8,412,521
Income taxes payable	2,073,221	1,271,016
Deferred compensation	60,000	60,000
Net cash provided by operating activities	1,748,661	1,145,417
Cash flows from investing activities		
Capital expenditures	(865,204)	(892,658)
Proceeds from sale of property and equipment	43,469	-
Increase in short-term investments, net	(5)	(4)
Net cash used in investing activities	(821,740)	(892,662)
Cash flows from financing activities		
Issuance of common stock	255,800	-
Repayment of note payable to bank	(58,090)	-
Repayment of short-term loan, net	(832,089)	(534,948)
Net cash used in financing activities	(634,379)	(534,948)
Effect of exchange rates on cash and cash equivalents	(479,710)	(98,178)
Net decrease in cash and cash equivalents	(187,168)	(380,371)
Cash and cash equivalents - beginning of period	5,022,436	2,967,042
Cash and cash equivalents - end of period	\$ 4,835,268	\$ 2,586,671
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 37,427	\$ 21,741
Cash paid for income taxes	\$ 1,721,864	\$ 1,659,698
Other noncash investing and financing activities		
Common stock issued for services	\$ 443,250	\$ 55,020

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

