

LEATT CORPORATION
CONSOLIDATED BALANCE SHEETS

ASSETS

	March 31, 2023	December 31, 2022
	Unaudited	Audited
Current Assets		
Cash and cash equivalents	\$ 11,372,775	\$ 7,102,945
Accounts receivable, net	9,529,007	12,839,597
Inventory, net	19,826,662	22,805,462
Payments in advance	1,015,125	1,047,137
Deferred asset, net	240,879	1,016,815
Prepaid expenses and other current assets	<u>3,294,498</u>	<u>2,878,112</u>
Total current assets	45,278,946	47,690,068
Property and equipment, net	3,151,033	3,104,336
Operating lease right-of-use assets, net	1,018,609	1,092,170
Other Assets		
Deposits	<u>40,304</u>	<u>40,796</u>
Total Assets	<u>\$ 49,488,892</u>	<u>\$ 51,927,370</u>

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities		
Accounts payable and accrued expenses	\$ 3,601,788	\$ 6,011,390
Notes payable, current	109,436	108,398
Operating lease liabilities, current	272,974	280,743
Deferred compensation, current	-	400,000
Income taxes payable	3,487,567	3,382,700
Short term loan, net of finance charges	645,758	1,030,196
Total current liabilities	<u>8,117,523</u>	<u>11,213,427</u>
Notes payable, net of current portion	115,713	141,967
Operating lease liabilities, net of current portion	745,635	811,427
Deferred tax liability, net	66,200	66,200
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, 5,971,340 and 5,971,340 shares issued and outstanding	130,309	130,309
Additional paid - in capital	10,645,497	10,645,497
Accumulated other comprehensive loss	(1,354,892)	(1,081,143)
Retained earnings	<u>31,019,907</u>	<u>29,996,686</u>
Total stockholders' equity	<u>40,443,821</u>	<u>39,694,349</u>
Total Liabilities and Stockholders' Equity	<u>\$ 49,488,892</u>	<u>\$ 51,927,370</u>

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	
	2023 Unaudited	2022 Unaudited
Revenues	\$ 13,079,343	\$ 24,228,108
Cost of Revenues	<u>7,306,573</u>	<u>14,601,018</u>
Gross Profit	<u>5,772,770</u>	<u>9,627,090</u>
Product Royalty Income	13,136	78,839
Operating Expenses		
Salaries and wages	1,241,436	1,297,962
Commissions and consulting expenses	96,324	162,586
Professional fees	337,243	259,115
Advertising and marketing	841,094	613,890
Office lease and expenses	150,240	207,021
Research and development costs	584,991	533,700
Bad debt expense	49,395	18,324
General and administrative expenses	818,179	711,752
Depreciation	<u>279,810</u>	<u>276,924</u>
Total operating expenses	<u>4,398,712</u>	<u>4,081,274</u>
Income from Operations	<u>1,387,194</u>	<u>5,624,655</u>
Other Income (Expenses)		
Interest and other expenses, net	<u>(20,924)</u>	<u>6,157</u>
Total other income (expenses)	<u>(20,924)</u>	<u>6,157</u>
Income Before Income Taxes	1,366,270	5,630,812
Income Taxes	<u>343,049</u>	<u>1,408,057</u>
Net Income Available to Common Shareholders	<u>\$ 1,023,221</u>	<u>\$ 4,222,755</u>
Net Income per Common Share		
Basic	<u>\$ 0.17</u>	<u>\$ 0.73</u>
Diluted	<u>\$ 0.16</u>	<u>\$ 0.68</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,971,340</u>	<u>5,765,461</u>
Diluted	<u>6,279,677</u>	<u>6,246,325</u>
Comprehensive Income		
Net Income	\$ 1,023,221	\$ 4,222,755
Other comprehensive income, net of \$0 and \$0 deferred income taxes in 2023 and 2022		
Foreign currency translation	<u>(273,749)</u>	<u>257,734</u>
Total Comprehensive Income	<u>\$ 749,472</u>	<u>\$ 4,480,489</u>

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**LEATT CORPORATION CONSOLIDATED STATEMENTS OF CASH
FLOWS**

FOR THE THREE MONTHS ENDED MARCH 31, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Net income	\$ 1,023,221	\$ 4,222,755
Adjustments to reconcile net income to net cash provided by (used in) operating activities:		
Depreciation	279,810	276,924
Stock-based compensation	-	202,770
Bad debts reserve	41,284	14,526
Inventory reserve	182,529	13,656
Deferred asset allowance	(26,827)	-
(Gain) loss on sale of property and equipment	13	(21,590)
(Increase) decrease in:		
Accounts receivable	3,269,306	(5,097,249)
Deferred asset	802,763	-
Inventory	2,796,271	1,151,008
Payments in advance	32,012	68,865
Prepaid expenses and other current assets	(416,386)	277,927
Deposits	492	(16,411)
Increase (decrease) in:		
Accounts payable and accrued expenses	(2,409,602)	(3,207,604)
Income taxes payable	104,867	1,407,703
Deferred compensation	(400,000)	20,000
Net cash provided by (used in) operating activities	<u>5,279,753</u>	<u>(686,720)</u>
Cash flows from investing activities		
Capital expenditures	(368,497)	(260,912)
Proceeds from sale of property and equipment	-	35,848
Increase in short-term investments, net	-	(1)
Net cash used in investing activities	<u>(368,497)</u>	<u>(225,065)</u>
Cash flows from financing activities		
Issuance of common stock	-	255,800
Repayment of notes payable to bank	(25,216)	(14,394)
Repayment of short-term loan, net	(384,438)	(313,958)
Net cash used in financing activities	<u>(409,654)</u>	<u>(72,552)</u>
Effect of exchange rates on cash and cash equivalents	<u>(231,772)</u>	<u>207,577</u>
Net increase (decrease) in cash and cash equivalents	4,269,830	(776,760)
Cash and cash equivalents - beginning of period	<u>7,102,945</u>	<u>5,022,436</u>
Cash and cash equivalents - end of period	<u>\$ 11,372,775</u>	<u>\$ 4,245,676</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	<u>\$ 21,135</u>	<u>\$ 16,133</u>
Cash paid for income taxes	<u>\$ 237,086</u>	<u>\$ 354</u>
Other noncash investing and financing activities		
Common stock issued for services	<u>\$ -</u>	<u>\$ 202,770</u>

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