

**LEATT CORPORATION**  
**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2022 AND 2021**

	<b>ASSETS</b>	
	<b>2022</b>	<b>2021</b>
Current Assets		
Cash and cash equivalents	\$ 7,102,945	\$ 5,022,436
Short-term investments	-	58,262
Accounts receivable, net	12,839,597	12,660,936
Inventory, net	22,805,462	21,081,481
Payments in advance	1,047,137	1,610,640
Deferred asset, net	1,016,815	-
Prepaid expenses and other current assets	2,878,112	4,178,427
Total current assets	<u>47,690,068</u>	<u>44,612,182</u>
Property and equipment, net	3,104,336	3,128,086
Operating lease right-of-use assets, net	1,092,170	1,393,213
Other Assets		
Deposits	<u>40,796</u>	<u>33,339</u>
Total Assets	<u>\$ 51,927,370</u>	<u>\$ 49,166,820</u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
Current Liabilities		
Accounts payable and accrued expenses	\$ 6,011,390	\$ 14,617,671
Note payable, current	108,398	83,270
Operating lease liabilities, current	280,743	318,621
Deferred compensation, current	400,000	-
Income taxes payable	3,382,700	2,738,818
Short term loan, net of finance charges	1,030,196	975,025
Total current liabilities	<u>11,213,427</u>	<u>18,733,405</u>
Deferred compensation, net of current portion	-	320,000
Note payable, net of current portion	141,967	189,249
Operating lease liabilities, net of current portion	811,427	1,074,592
Deferred tax liability, net	66,200	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, 5,971,340 and 5,673,683 shares issued and outstanding	130,309	130,162
Additional paid - in capital	10,645,497	9,230,847
Accumulated other comprehensive loss	(1,081,143)	(779,268)
Retained earnings	29,996,686	20,036,233
Total stockholders' equity	<u>39,694,349</u>	<u>28,620,974</u>
Total Liabilities and Stockholders' Equity	<u>\$ 51,927,370</u>	<u>\$ 49,166,820</u>

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

**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
Revenues	\$ 76,335,539	\$ 72,475,813
Cost of Revenues	<u>45,202,712</u>	<u>41,029,710</u>
Gross Profit	<u>31,132,827</u>	<u>31,446,103</u>
Product Royalty Income	240,044	182,698
Operating Expenses		
Salaries and wages	6,148,179	5,003,640
Commissions and consulting expenses	563,689	812,097
Professional fees	586,474	1,072,912
Advertising and marketing	3,342,791	2,170,788
Office lease and expenses	689,068	428,608
Research and development costs	2,179,996	1,826,846
Bad debt expense	474,019	222,250
General and administrative expenses	3,273,346	2,450,376
Depreciation	<u>1,098,433</u>	<u>1,025,536</u>
Total operating expenses	<u>18,355,995</u>	<u>15,013,053</u>
Income from Operations	<u>13,016,876</u>	<u>16,615,748</u>
Other Expenses		
Interest and other expenses, net	<u>(13,550)</u>	<u>(163)</u>
Total other expenses	<u>(13,550)</u>	<u>(163)</u>
Income Before Income Taxes	13,003,326	16,615,585
Income Taxes	<u>3,042,873</u>	<u>4,041,148</u>
Net Income Available to Common Shareholders	<u>\$ 9,960,453</u>	<u>\$ 12,574,437</u>
Net Income per Common Share		
Basic	<u>\$ 1.71</u>	<u>\$ 2.29</u>
Diluted	<u>\$ 1.62</u>	<u>\$ 2.07</u>
Weighted Average Number of Common Shares Outstanding		
Basic	<u>5,821,119</u>	<u>5,480,375</u>
Diluted	<u>6,136,781</u>	<u>6,068,276</u>
Comprehensive Income		
Net Income	\$ 9,960,453	\$ 12,574,437
Other comprehensive income, net of (\$14,700) and (\$1,000) deferred income taxes in 2022 and 2021		
Foreign currency translation	<u>(301,875)</u>	<u>(216,568)</u>
Total Comprehensive Income	<u>\$ 9,658,578</u>	<u>\$ 12,357,869</u>

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**LEATT CORPORATION**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<b>2022</b>	<b>2021</b>
Cash flows from operating activities		
Net income	\$ 9,960,453	\$ 12,574,437
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	1,098,433	1,025,536
Deferred income taxes	(162,400)	307,300
Stock-based compensation	1,158,997	866,740
Bad debts reserve	452,037	189,699
Inventory reserve	(11,111)	(408)
Deferred asset allowance	105,071	-
(Gain) loss on sale of property and equipment	(23,006)	5,040
(Increase) decrease in:		
Accounts receivable	(630,698)	(5,676,806)
Deferred asset	(1,121,886)	-
Inventory	(1,712,870)	(11,411,037)
Payments in advance	563,503	(805,542)
Prepaid expenses and other current assets	1,300,315	(2,069,237)
Income tax refunds receivable	-	2,964
Deposits	(7,457)	360
Increase (decrease) in:		
Accounts payable and accrued expenses	(8,606,281)	6,608,746
Income taxes payable	643,882	1,084,618
Deferred compensation	80,000	80,000
Net cash provided by operating activities	3,086,982	2,782,410
Cash flows from investing activities		
Capital expenditures	(1,144,173)	(1,139,298)
Proceeds from sale of property and equipment	43,469	1,966
(Increase) decrease in short-term investments, net	58,262	(5)
Net cash used in investing activities	(1,042,442)	(1,137,337)
Cash flows from financing activities		
Issuance of common stock	255,800	26,000
Proceeds from note payable	58,075	272,519
Repayment of note payable to bank	(80,229)	-
Proceeds from short-term loan, net	55,171	297,424
Net cash provided by financing activities	288,817	595,943
Effect of exchange rates on cash and cash equivalents	(252,848)	(185,622)
Net increase in cash and cash equivalents	2,080,509	2,055,394
Cash and cash equivalents - beginning of year	5,022,436	2,967,042
Cash and cash equivalents - end of year	\$ 7,102,945	\$ 5,022,436
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest	\$ 58,825	\$ 28,276
Cash paid for income taxes	\$ 2,576,091	\$ 2,680,978
Other noncash investing and financing activities		
Common stock issued for services	\$ 1,158,997	\$ 866,740

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