

Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines

Reliv International, Inc.

136 Chesterfield Industrial Blvd., Chesterfield, MO 63005

Company Phone: (636) 537-9715

Website: www.reliv.com

Email: shareholderinfo@relivinc.com

SIC Code 2834

Quarterly Report

For the period ending September 30, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

As of September 30, 2023, the number of shares outstanding of our Common Stock was: 1,058,303

As of December 31, 2022, the number of shares outstanding of our Common Stock was: 1,058,303

Shell Status

Indicate by check mark whether the company is a shell company (as defined in Rule 405 of the Securities Act of 1933, Rule 12b-2 of the Exchange Act of 1934 and Rule 15c2-11 of the Exchange Act of 1934):

Yes: No:

Indicate by check mark whether the company's shell status has changed since the previous reporting period:

Yes: No:

Change in Control

Indicate by check mark whether a Change in Control¹ of the company has occurred over this reporting period:

Yes: No:

¹ "Change in Control" shall mean any events resulting in:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act) becoming the "beneficial owner" (as defined in Rule 13d-3 of the Exchange Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities;

(ii) The consummation of the sale or disposition by the Company of all or substantially all of the Company's assets;

(iii) A change in the composition of the Board occurring within a two (2)-year period, as a result of which fewer than a majority of the directors are directors immediately prior to such change; or

(iv) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation.

1) Name and address(es) of the issuer and its predecessors (if any)

In answering this item, provide the current name of the issuer any names used by predecessor entities, along with the dates of the name changes.

Reliv International, Inc.

The state of incorporation or registration of the issuer and of each of its predecessors (if any) during the past five years; Please also include the issuer's current standing in its state of incorporation (e.g. active, default, inactive):

Reliv International, Inc., a Delaware corporation, Active standing

Describe any trading suspension orders issued by the SEC concerning the issuer or its predecessors since inception:

None

List any stock split, stock dividend, recapitalization, merger, acquisition, spin-off, or reorganization either currently anticipated or that occurred within the past 12 months:

None

The address(es) of the issuer's principal executive office:

136 Chesterfield Industrial Blvd., Chesterfield, MO 63005

The address(es) of the issuer's principal place of business:

Check if principal executive office and principal place of business are the same address:

Has the issuer or any of its predecessors been in bankruptcy, receivership, or any similar proceeding in the past five years?

No: Yes: If Yes, provide additional details below:

2) Security Information

Transfer Agent

Name: Equiniti Trust Company, LLC (formerly American Stock Transfer & Trust)
Phone: 718-921-8124
Email: admin3@equiniti.com
Address: 6201 15th Avenue, Brooklyn, NY 11219

Publicly Quoted or Traded Securities:

The goal of this section is to provide a clear understanding of the share information for its publicly quoted or traded equity securities. Use the fields below to provide the information, as applicable, for all outstanding classes of securities that are publicly traded/quoted.

Trading symbol:	<u>RELV</u>
Exact title and class of securities outstanding:	<u>Reliv International, Inc. Common Stock</u>
CUSIP:	<u>75952R308</u>
Par or stated value:	<u>Par value \$0.001</u>
Total shares authorized:	<u>5,000,000</u> as of date: <u>9/30/2023</u>
Total shares outstanding:	<u>1,058,303</u> as of date: <u>9/30/2023</u>
Total number of shareholders of record:	<u>approx. 41</u> as of date: <u>12/31/2022</u>

All additional class(es) of publicly quoted or traded securities (if any): NONE

Other classes of authorized or outstanding equity securities:

The goal of this section is to provide a clear understanding of the share information for its other classes of authorized or outstanding equity securities (e.g. preferred shares). Use the fields below to provide the information, as applicable, for all other authorized or outstanding equity securities.

Exact title and class of the security:	<u>Reliv International, Inc. Preferred Stock</u>
CUSIP (if applicable):	<u>n/a</u>
Par or stated value:	<u>Par value \$0.001</u>
Total shares authorized:	<u>500,000</u> as of date: <u>9/30/2023</u>
Total shares outstanding (if applicable):	<u>none</u> as of date: <u>9/30/2023</u>
Total number of shareholders of record (if applicable):	<u>none</u> as of date: <u>9/30/2023</u>

Security Description:

The goal of this section is to provide a clear understanding of the material rights and privileges of the securities issued by the company. Please provide the below information for each class of the company's equity securities, as applicable:

1. For common equity, describe any dividend, voting and preemption rights.

Dividends: We have not declared any cash dividends over the past two years. The declaration of future dividends is subject to the discretion of our Board of Directors and will depend upon various factors, including our earnings, financial condition, restrictions that may be imposed by any indebtedness that may be outstanding, cash requirements, and other factors deemed relevant by our Board of Directors.

Voting rights: For matters presented by our Board of Directors to our common stock shareholders, an owner of our common stock as of the record date is entitled to one vote per each share of common stock.

Preemption rights: None

2. For preferred stock, describe the dividend, voting, conversion, and liquidation rights as well as redemption or sinking fund provisions.

Shares of Preferred Stock may be issued from time to time at the sole discretion of our Board of Directors, with such designation, preferences, conversion rights, cumulative, relative, participating, option or other rights, qualifications, limitations or restrictions thereof as shall be stated and expressed in the resolution or resolutions providing for the issuance of such Preferred Stock adopted by our Board of Directors pursuant to its authority.

The Company has had no outstanding shares of Preferred Stock since 2004.

3. Describe any other material rights of common or preferred stockholders.

None

4. Describe any material modifications to rights of holders of the company's securities that have occurred over the reporting period covered by this report.

None

3) Issuance History

The goal of this section is to provide disclosure with respect to each event that resulted in any changes to the total shares outstanding of any class of the issuer's securities **in the past two completed fiscal years and any subsequent interim period.**

Disclosure under this item shall include, in chronological order, all offerings and issuances of securities, including debt convertible into equity securities, whether private or public, and all shares, or any other securities or options to acquire such securities, issued for services. Using the tabular format below, please describe these events.

A. Changes to the Number of Outstanding Shares

Indicate by check mark whether there were any changes to the number of outstanding shares within the past two completed fiscal years:

No: Yes: (If yes, you must complete the table below)

Shares Outstanding as of Second Most Recent Fiscal Year End:			*Right-click the rows below and select "Insert" to add rows as needed.						
Opening Balance Date <u>12/31/2020</u> Common: <u>1,746,449</u> Preferred: <u>-0-</u>									
Date of Transaction	Transaction type (e.g., new issuance, cancellation, shares returned to treasury)	Number of Shares Issued (or cancelled)	Class of Securities	Value of shares issued (\$/per share) at Issuance	Were the shares issued at a discount to market price at the time of issuance? (Yes/No)	Individual/ Entity Shares were issued to. *You must disclose the control person(s) for any entities listed.	Reason for share issuance (e.g. for cash or debt conversion) - OR- Nature of Services Provided	Restricted or Unrestricted as of this filing.	Exemption or Registration Type.
<u>1/14/2021</u>	<u>Cancellation</u>	<u>(692,548)</u>	<u>Common</u>	<u>\$3.75</u>	<u>N/A</u>	<u>N/A</u>	<u>Fractional share redemption</u>	<u>N/A</u>	<u>N/A</u>
<u>5/3/2021</u>	<u>New Issuance</u>	<u>400</u>	<u>Common</u>	<u>\$3.75</u>	<u>No</u>	<u>Susan C. Brusa</u>	<u>Cash issuance</u>	<u>Restricted</u>	<u>N/A</u>
<u>5/3/2021</u>	<u>New Issuance</u>	<u>609</u>	<u>Common</u>	<u>\$3.75</u>	<u>No</u>	<u>Amanda & Mark Schwarz, JT TEN</u>	<u>Cash issuance</u>	<u>Restricted</u>	<u>N/A</u>
<u>5/3/2021</u>	<u>New Issuance</u>	<u>1,000</u>	<u>Common</u>	<u>\$3.75</u>	<u>No</u>	<u>David A. Mahle</u>	<u>Cash issuance</u>	<u>Restricted</u>	<u>N/A</u>
<u>5/3/2021</u>	<u>New Issuance</u>	<u>438</u>	<u>Common</u>	<u>\$3.75</u>	<u>No</u>	<u>Carla J. & Quinn Pence, JT TEN</u>	<u>Cash issuance</u>	<u>Restricted</u>	<u>N/A</u>
<u>5/3/2021</u>	<u>New Issuance</u>	<u>514</u>	<u>Common</u>	<u>\$3.75</u>	<u>No</u>	<u>Christine A. Toriello] & Mark W. Gauger, JT TEN</u>	<u>Cash issuance</u>	<u>Restricted</u>	<u>N/A</u>
<u>5/3/2021</u>	<u>New Issuance</u>	<u>1,441</u>	<u>Common</u>	<u>\$3.75</u>	<u>No</u>	<u>Amy & Donald Blaser, JT TEN</u>	<u>Cash issuance</u>	<u>Restricted</u>	<u>N/A</u>
—	—	—	—	—	—	—	—	—	—
Shares Outstanding on Date of This Report:									
Ending Balance: Date <u>9/30/2023</u> Common: <u>1,058,303</u> Preferred: <u>-0-</u>									

Example: A company with a fiscal year end of December 31st, in addressing this item for its Annual Report, would include any events that resulted in changes to any class of its outstanding shares from the period beginning on January 1, 2021 through December 31, 2022 pursuant to the tabular format above.

Use the space below to provide any additional details, including footnotes to the table above:

B. Promissory and Convertible Notes

Indicate by check mark whether there are any outstanding promissory, convertible notes, convertible debentures, or any other debt instruments that may be converted into a class of the issuer’s equity securities :

No: Yes: (If yes, you must complete the table below)

Date of Note Issuance	Outstanding Balance (\$)	Principal Amount at Issuance (\$)	Interest Accrued (\$)	Maturity Date	Conversion Terms (e.g. pricing mechanism for determining conversion of instrument to shares)	Name of Noteholder. <small>*You must disclose the control person(s) for any entities listed.</small>	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

Use the space below to provide any additional details, including footnotes to the table above:

4) Issuer’s Business, Products and Services

The purpose of this section is to provide a clear description of the issuer’s current operations. (Please ensure that these descriptions are updated on the Company’s Profile on www.otcmarkets.com).

A. Summarize the issuer’s business operations (If the issuer does not have current operations, state “no operations”)

Reliv International, Inc. is a developer and marketer of a proprietary line of nutritional supplements addressing basic nutrition, specific wellness needs, weight management and sports nutrition. We sell our products through an international network marketing system using independent distributors. We have sold products in the United States since 1988 and in selected international markets since 1991.

B. List any subsidiaries, parent company, or affiliated companies.

- Reliv, Inc., an Illinois corporation
- Reliv World Corporation, an Illinois corporation
- Reliv Australia Pty, Limited, organized under the laws of Australia
- Reliv New Zealand, Limited, organized under the laws of New Zealand
- Reliv Now de Mexico, S. de R.L. de C.V., organized under the laws of Mexico
- Reliv Philippines, Inc., organized under the laws of the Philippines
- Reliv Canada Company, organized under the laws of Canada
- Reliv International Sdn. Bhd., organized under the laws of Malaysia
- Reliv Europe Limited, organized under the laws of the United Kingdom
- SL Technology, Inc., a Missouri corporation
- Reliv Online Global, Inc., a Missouri corporation

_____ All of our subsidiaries conduct business under their legal names as stated above.

C. Describe the issuers' principal products or services.

See response to Item 5) A. above

5) Issuer's Facilities

The goal of this section is to provide a potential investor with a clear understanding of all assets, properties or facilities owned, used or leased by the issuer and the extent in which the facilities are utilized.

In responding to this item, please clearly describe the assets, properties or facilities of the issuer, give the location of the principal plants and other property of the issuer and describe the condition of the properties. If the issuer does not have complete ownership or control of the property (for example, if others also own the property or if there is a mortgage on the property), describe the limitations on the ownership.

If the issuer leases any assets, properties or facilities, clearly describe them as above and the terms of their leases.

<u>Location</u>	<u>Nature of Use</u>	<u>Square Feet</u>	<u>Owned/Leased</u>
Chesterfield, MO, USA	corporate headquarters/call center	29,823	Leased
Guadalajara, Mexico	central office/warehouse/call center	2,300	Leased
Makati City (Manila), Philippines	central office/ warehouse/distribution	5,000	Leased
Redditch (Birmingham), England, UK	central office/ warehouse/distribution	1,700	Leased
Subang Jaya (Kuala Lumpur), Malaysia	central office/call center	300	Leased

On April 10, 2023, we sold our corporate headquarters/manufacturing/warehouse facility to a commercial real estate investor and assigned our lease with Nutracom, LLC for the manufacturing, warehouse, and a portion of the office space to the buyer. We also entered into a lease for our portion of the office space for a period of ten years, with an option to reduce the leased space after five years.

See Notes 2 and 10 in Appendix A at the end of this document for the Consolidated Financial Statements detailing additional information regarding the sale of our corporate headquarters facility, our term loan, and our aforementioned facility lease with Nutracom and 2023 events affecting those assets and agreements.

Officers, Directors, and Control Persons

Using the table below, please provide information, as of the period end date of this report, regarding any officers, or directors of the company, individuals or entities controlling more than 5% of any class of the issuers securities, or any person that performs a similar function, regardless of the number of shares they own. **If any insiders listed are corporate shareholders or entities, provide the name and address of the person(s) beneficially owning or controlling such corporate shareholders, or the name and contact information (City, State) of an individual representing the corporation or entity in the note section.**

Include Company Insiders who own any outstanding units or shares of any class of any equity security of the issuer.

The goal of this section is to provide an investor with a clear understanding of the identity of all the persons or entities that are involved in managing, controlling or advising the operations, business development and disclosure of the issuer, as well as the identity of any significant or beneficial shareholders.

Names of All Officers, Directors and Control Persons	Affiliation with Company (e.g. Officer Title /Director/Owner of more than 5%)	Residential Address (City / State Only)	Number of shares owned	Share type/class	Ownership Percentage of Class Outstanding	Names of control person(s) if a corporate entity
<u>Robert L. Montgomery</u>	<u>Chairman of the Board</u>	<u>Chesterfield, MO</u>	<u>285,929</u>	<u>Common</u>	<u>27.0%</u>	<u>----</u>
<u>Ryan A. Montgomery</u>	<u>Chief Executive Officer, Director</u>	<u>St. Albans, MO</u>	<u>100,781</u>	<u>Common</u>	<u>9.5%</u>	<u>----</u>
<u>Donald L. McCain</u>	<u>Director</u>	<u>Las Vegas, NV</u>	<u>81,451</u>	<u>Common</u>	<u>7.7%</u>	<u>----</u>
<u>R. Scott Montgomery</u>	<u>President of Operations, Director</u>	<u>Defiance, MO</u>	<u>104,063</u>	<u>Common</u>	<u>9.8%</u>	<u>----</u>
<u>Melisa B. McCain</u>	<u>5% Owner/ Employee</u>	<u>Wildwood, MO</u>	<u>100,000</u>	<u>Common</u>	<u>9.4%</u>	<u>Note 1</u>
<u>Stephen M. Merrick</u>	<u>Secretary/Director</u>	<u>Fairhope, AL</u>	<u>63,191</u>	<u>Common</u>	<u>6.0%</u>	<u>Note 2</u>
<u>Steven D. Albright</u>	<u>Chief Financial Officer</u>	<u>Wildwood, MO</u>	<u>5,438</u>	<u>Common</u>	<u><1.0%</u>	<u>----</u>
<u>John M. Klimek</u>	<u>General Counsel</u>	<u>Inverness, IL</u>	<u>-0-</u>	<u>N/A</u>	<u>----</u>	<u>----</u>
<u>Debra P. Bernardoni</u>	<u>Chief Operating Officer</u>	<u>O'Fallon, MO</u>	<u>-0-</u>	<u>N/A</u>	<u>----</u>	<u>----</u>
<u>James L. Lahm</u>	<u>VP of Information Technology</u>	<u>St. Louis, MO</u>	<u>-0-</u>	<u>N/A</u>	<u>----</u>	<u>----</u>

Note 1: Mrs. McCain holds 69,129 shares through Montgomery Enterprises, Ltd., for which she has voting control of these shares.

Note 2: Mr. Merrick holds 63,191 shares through Merrick & Company, for which he has voting control of these shares.

7) Legal/Disciplinary History

A. Identify whether any of the persons or entities listed above have, in the past 10 years, been the subject of:

1. A conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses);

NO

2. The entry of an order, judgment, or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities, or banking activities;

NO

3. A finding or judgment by a court of competent jurisdiction (in a civil action), the Securities and Exchange Commission, the Commodity Futures Trading Commission, or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended, or vacated; or

NO

4. The entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended, or otherwise limited such person's involvement in any type of business or securities activities.

NO

- B. Describe briefly any material pending legal proceedings, other than ordinary routine litigation incidental to the business, to which the issuer or any of its subsidiaries is a party or of which any of their property is the subject. Include the name of the court or agency in which the proceedings are pending, the date instituted, the principal parties thereto, a description of the factual basis alleged to underlie the proceeding and the relief sought. Include similar information as to any such proceedings known to be contemplated by governmental authorities.

None

8) Third Party Service Providers

Provide the name, address, telephone number and email address of each of the following outside providers. You may add additional space as needed.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Scott C. Frost
Firm: Howard & Howard
Address 1: 200 S. Michigan Ave., Ste. 1100
Address 2: Chicago, IL 60604
Phone: (312) 456-3447
Email: sfrost@howardandhoward.com

Accountant or Auditor

Name: Emily Conley
Firm: Armanino LLP
Address 1: 6 City Place Dr., Suite 900
Address 2: St. Louis, MO 63141
Phone: (314) 983-1200
Email: emily.conley@armanino.com

Investor Relations

Name: None
Firm: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

All other means of Investor Communication:

Twitter: N/A
Discord: N/A
LinkedIn: N/A

Facebook: N/A
[Other] N/A

Other Service Providers

Provide the name of any other service provider(s) that **that assisted, advised, prepared, or provided information with respect to this disclosure statement**. This includes counsel, broker-dealer(s), advisor(s), consultant(s) or any entity/individual that provided assistance or services to the issuer during the reporting period.

Name: None
Firm: _____
Nature of Services: _____
Address 1: _____
Address 2: _____
Phone: _____
Email: _____

9) Financial Statements

A. The following financial statements were prepared in accordance with:

- IFRS
 U.S. GAAP

B. The following financial statements were prepared by (name of individual)²:

Name: Steven D. Albright
Title: Sr. Vice President, Chief Financial Officer
Relationship to Issuer: Officer of Reliv International, Inc.

Describe the qualifications of the person or persons who prepared the financial statements:

Mr. Albright has been our Senior Vice President and Chief Financial Officer since March 2005; was the Vice President, Finance/Controller from 2002 to 2005; and was the Controller from 1992 to 2002. Prior to his employment with us, Mr. Albright was employed from 1987 to 1992 as Assistant Controller for Kangaroos USA, Inc., an athletic shoe importer and distributor. For the period from 1983 to 1987, he was employed by the public accounting firm of Ernst & Young LLP. Mr. Albright received a B.S. degree in Accountancy from the University of Illinois at Urbana-Champaign and is a CPA.

² The financial statements requested pursuant to this item must be prepared in accordance with US GAAP or IFRS and by persons with sufficient financial skills.

Provide the following financial statements for the most recent fiscal year or quarter. For the initial disclosure statement (qualifying for Pink Current Information for the first time) please provide reports for the two previous fiscal years and any subsequent interim periods.

- a. Audit letter, if audited;
- b. Balance Sheet;
- c. Statement of Income;
- d. Statement of Cash Flows;
- e. Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- f. Financial Notes

See Appendix A at end of document for the unaudited Consolidated Financial Statements.

10) Issuer Certification

Principal Executive Officer:

The issuer shall include certifications by the chief executive officer and chief financial officer of the issuer (or any other persons with different titles but having the same responsibilities) in each Quarterly Report or Annual Report.

The certifications shall follow the format below:

I, Ryan A. Montgomery certify that:

1. I have reviewed this Quarterly Disclosure Statement for Reliv International, Inc.:
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 7, 2023

/s/ Ryan A. Montgomery

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

Principal Financial Officer:

I, Steven D. Albright certify that:

1. I have reviewed this Quarterly Disclosure Statement for Reliv International, Inc.;
2. Based on my knowledge, this disclosure statement does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this disclosure statement; and
3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this disclosure statement, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this disclosure statement.

November 7, 2023

/s/ Steven D. Albright

(Digital Signatures should appear as "/s/ [OFFICER NAME]")

APPENDIX A

Condensed Consolidated Financial Statements for the Quarter Ending September 30, 2023

Reliv International, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

	September 30 2023 (unaudited)	December 31 2022
Assets		
Current assets:		
Cash and cash equivalents	\$5,580,920	\$2,447,531
Accounts receivable	45,086	39,982
Notes & accounts receivables and deposits - related parties	608,535	1,018,512
Inventories		
Finished goods	2,792,402	2,902,143
Raw materials	235,737	268,182
Sales aids and promotional materials	55,518	67,613
Total inventories	3,083,657	3,237,938
Refundable income taxes	21,274	22,812
Assets held for sale	-	3,503,018
Prepaid expenses and other current assets	526,205	379,916
Total current assets	9,865,677	10,649,709
Notes and accounts receivables - related parties	1,002,473	1,083,544
Operating lease right-to-use assets, net	2,739,993	207,354
Intangible assets, net	874,833	1,044,322
Equity investment	-	505,000
Property, plant and equipment:		
Office & other equipment	960,398	958,521
Computer equipment & software	2,330,841	2,161,563
Leasehold Improvements	85,429	82,300
	3,376,668	3,202,384
Less: Accumulated depreciation	3,102,290	3,086,434
Net property, plant and equipment	274,378	115,950
Total assets	\$14,757,354	\$13,605,879

See notes to financial statements.

Reliv International, Inc. and Subsidiaries

Condensed Consolidated Balance Sheets

	September 30 2023 <u>(unaudited)</u>	December 31 2022 <u></u>
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses:		
Trade accounts payable and other accrued expenses	\$672,707	\$1,089,179
Distributors' commissions payable	543,831	671,665
Sales taxes payable	99,909	131,690
Payroll and payroll taxes payable	179,746	287,966
Total accounts payable and accrued expenses	<u>1,496,193</u>	<u>2,180,500</u>
Income taxes payable	-	52,015
Deferred revenue	154,570	182,740
Operating lease liabilities	234,213	117,015
Current portion of long-term debt, net of unamortized debt issuance costs	-	3,583,408
Total current liabilities	<u>1,884,976</u>	<u>6,115,678</u>
Noncurrent liabilities:		
Operating lease liabilities	2,526,722	78,752
Other noncurrent liabilities	311,395	123,690
Total noncurrent liabilities	<u>2,838,117</u>	<u>202,442</u>
Stockholders' equity:		
Preferred stock, par value \$.001 per share; 500,000 shares authorized; -0- shares issued and outstanding in 2023 and 2022	-	-
Common stock, par value \$.001 per share; 5,000,000 authorized; 1,421,867 shares issued and 1,058,303 shares outstanding as of 9/30/2023 and 12/31/2022	1,422	1,422
Additional paid-in capital	27,993,259	27,993,259
Accumulated deficit	(11,110,772)	(13,819,578)
Accumulated other comprehensive loss:		
Foreign currency translation adjustment	(998,225)	(1,035,921)
Treasury stock	<u>(5,851,423)</u>	<u>(5,851,423)</u>
Total stockholders' equity	<u>10,034,261</u>	<u>7,287,759</u>
Total liabilities and stockholders' equity	<u>\$14,757,354</u>	<u>\$13,605,879</u>

See notes to financial statements.

Reliv International, Inc. and Subsidiaries

Condensed Consolidated Statements of Net Income (Loss)
and Comprehensive Income (Loss)

(unaudited)	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Product sales	\$5,400,185	\$5,791,758	\$17,086,305	\$19,221,594
Freight income	351,396	362,649	1,045,310	1,187,769
Other revenue	-	224,710	82,132	608,574
Net sales	5,751,581	6,379,117	18,213,747	21,017,937
Costs and expenses:				
Cost of goods sold	1,431,370	1,714,602	4,724,116	5,684,881
Distributor royalties and commissions	1,767,933	1,928,438	5,638,738	6,540,282
Selling, general and administrative	3,072,790	3,434,184	9,334,241	10,310,015
Total costs and expenses	6,272,093	7,077,224	19,697,095	22,535,178
Loss from operations	(520,512)	(698,107)	(1,483,348)	(1,517,241)
Other income (expense):				
Interest income	31,535	20,564	71,130	63,341
Interest expense	(2,314)	(55,784)	(190,144)	(176,519)
Other income	408	21,606	6,297	67,950
Gain on sale of property, plant and equipment	-	-	4,370,871	-
Income (loss) before income taxes	(490,883)	(711,721)	2,774,806	(1,562,469)
Provision for income taxes (benefit)	(3,000)	12,000	66,000	62,000
Net income (loss)	(\$487,883)	(\$723,721)	\$2,708,806	(\$1,624,469)
Other comprehensive income (loss):				
Foreign currency translation adjustment	(43,843)	(81,978)	37,696	(183,160)
Comprehensive income (loss)	(\$531,726)	(\$805,699)	\$2,746,502	(\$1,807,629)
Earnings (loss) per common share - Basic & Diluted	(\$0.46)	(\$0.68)	\$2.62	(\$1.48)
Weighted average shares	1,058,000	1,058,000	1,058,000	1,058,000

See notes to financial statements.

Reliv International, Inc. and Subsidiaries

Condensed Consolidated Statements of Cash Flows
(unaudited)

	Nine months ended September 30	
	2023	2022
Operating activities:		
Net income (loss)	\$2,708,806	(\$1,624,469)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	280,502	415,702
Non-cash debt issuance expense	139,566	39,840
Gain on sale of property, plant and equipment	(4,370,871)	-
Foreign currency transaction (gain) loss	31,605	25,347
(Increase) decrease in trade, accounts & notes receivable, and deposits from related parties	583,452	313,711
(Increase) decrease in inventories	165,569	(204,165)
(Increase) decrease in refundable income taxes	1,052	1,819
(Increase) decrease in prepaid expenses and other current assets	(146,984)	(278,100)
Increase (decrease) in income taxes payable	(52,015)	(21,979)
Increase (decrease) in accounts payable & accrued expenses, deferred revenue, and other noncurrent liabilities	(664,701)	(244,225)
Net cash used in operating activities	(1,324,019)	(1,576,519)
Investing activities:		
Purchase of property, plant and equipment	(205,749)	(80,937)
Proceeds from the sale of property, plant and equipment	7,987,574	-
Payments received on notes receivables - related parties	407,813	141,889
Net cash provided by investing activities	8,189,638	60,952
Financing activities:		
Principal payments on long-term borrowings	(3,722,974)	(100,635)
Net cash used in financing activities	(3,722,974)	(100,635)
Effect of exchange rate changes on cash and cash equivalents	(9,256)	(142,254)
Increase (decrease) in cash and cash equivalents	3,133,389	(1,758,456)
Cash and cash equivalents at beginning of period	2,447,531	4,339,729
Cash and cash equivalents at end of period	\$5,580,920	\$2,581,273
<i>Supplementary disclosure of cash flow information:</i>		
Noncash investing & financing transactions (Notes 3 & 4):		
Receipt of manufacturing credit receivable in exchange for notes receivable	\$849,291	\$ -
Receipt of royalty receivable in exchange for equity investment	\$505,000	\$ -

See notes to financial statements.

Reliv International, Inc. and Subsidiaries

Condensed Consolidated Statements of
Stockholders' Equity

(unaudited)

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at December 31, 2022	1,421,867	\$ 1,422	\$ 27,993,259	\$ (13,819,578)	\$ (1,035,921)	363,564	\$ (5,851,423)	\$ 7,287,759
Net loss	-	-	-	(201,101)	-	-	-	(201,101)
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	49,582	-	-	49,582
Total comprehensive loss								(151,519)
Balance at March 31, 2023	1,421,867	1,422	27,993,259	(14,020,679)	(986,339)	363,564	(5,851,423)	7,136,240
Net income	-	-	-	3,397,790	-	-	-	3,397,790
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	31,957	-	-	31,957
Total comprehensive income								3,429,747
Balance at June 30, 2023	1,421,867	1,422	27,993,259	(10,622,889)	(954,382)	363,564	(5,851,423)	10,565,987
Net loss	-	-	-	(487,883)	-	-	-	(487,883)
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	(43,843)	-	-	(43,843)
Total comprehensive loss								(531,726)
Balance at September 30, 2023	1,421,867	\$ 1,422	\$ 27,993,259	\$ (11,110,772)	\$ (998,225)	363,564	\$ (5,851,423)	\$ 10,034,261

	Common Stock		Additional Paid-In Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Treasury Stock		Total
	Shares	Amount				Shares	Amount	
Balance at December 31, 2021	1,421,867	\$ 1,422	\$ 27,993,259	\$ (11,864,542)	\$ (910,912)	363,564	\$ (5,851,423)	\$ 9,367,804
Net loss	-	-	-	(193,124)	-	-	-	(193,124)
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	(23,352)	-	-	(23,352)
Total comprehensive income								(216,476)
Balance at March 31, 2022	1,421,867	1,422	27,993,259	(12,057,666)	(934,264)	363,564	(5,851,423)	9,151,328
Net loss	-	-	-	(707,624)	-	-	-	(707,624)
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	(77,830)	-	-	(77,830)
Total comprehensive loss								(785,454)
Balance at June 30, 2022	1,421,867	1,422	27,993,259	(12,765,290)	(1,012,094)	363,564	(5,851,423)	8,365,874
Net loss	-	-	-	(723,721)	-	-	-	(723,721)
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	(81,978)	-	-	(81,978)
Total comprehensive loss								(805,699)
Balance at September 30, 2022	1,421,867	\$ 1,422	\$ 27,993,259	\$ (13,489,011)	\$ (1,094,072)	363,564	\$ (5,851,423)	\$ 7,560,175

See notes to financial statements.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

September 30, 2023

1. Accounting Policies

Basis of Presentation

The accompanying unaudited condensed consolidated financial statements and notes thereto have been prepared in accordance with accounting principles generally accepted in the United States for the preparation of interim financial statements and reflect all adjustments (which primarily include normal recurring accruals) which we believe are necessary to present fairly the financial position, results of operations and cash flows. All significant intercompany accounts and transactions have been eliminated. These statements, however, do not include all information and footnotes necessary for a complete presentation of financial position, results of operations, and cash flows in conformity with accounting principles generally accepted in the United States. Interim results may not necessarily be indicative of results that may be expected for any other interim period or for the year as a whole. These financial statements should be read in conjunction with the audited consolidated financial statements and footnotes included in the Annual Report and Disclosure Statement Pursuant to the Pink Basic Disclosure Guidelines (Amended) for the year ended December 31, 2022, filed March 31, 2023 with the OTC Marketplace.

We evaluate events through the date these condensed consolidated financial statements are filed with the OTC Marketplace for events requiring adjustment to or disclosure in the condensed consolidated financial statements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Concentrations of Risk

Effective January 1, 2019, we have entered into outsourcing agreements with Nutracom LLC ("Nutracom") to manufacture our nutritional and dietary supplements and for warehousing and fulfillment services for the U.S. distribution of our products. Nutracom has also issued promissory notes to us for its 2019 acquisition of our manufacturing and fulfillment operations. Any inability of Nutracom to deliver these contracted services or to repay its various obligations to us could adversely impact our future operating results. See Notes 3, 4, and 10 for further discussion of our relationship with Nutracom.

Cash Equivalents

Our policy is to define cash and cash equivalents as demand deposits and short-term investments with a maturity of three months or less when purchased. We primarily maintain our U.S. cash balance in one U.S. financial institution which is insured up to the maximum allowable by the Federal Deposit Insurance Corporation ("FDIC"). We have not experienced any losses in such accounts and do not believe we are exposed to any significant risk of loss of cash. At times, the U.S. cash balance may exceed the maximum insured limits of the FDIC. Our non-U.S. cash balances are maintained at various financial institutions within the local country of each of our foreign subsidiaries. As of September 30, 2023 and December 31, 2022, our U.S. cash balance as a percentage of our total consolidated cash balance is 80% and 48%, respectively.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

1. Accounting Policies (continued)

Property, Plant, and Equipment

Property, plant, and equipment are stated on the cost basis. Depreciation is computed using the straight-line or an accelerated method over the useful life of the related assets. Generally, computer equipment and software are depreciated over 3 to 5 years, office and other equipment over 7 years, real property over 39 years, and leasehold improvements over the estimated remaining lease term.

New Accounting Pronouncements – Adopted

In June 2016, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updated (“ASU”) No. 2016-13, *Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* which requires entities to use a current lifetime expected credit loss methodology to measure impairments of certain financial assets. Using this methodology may result in earlier recognition of losses than under the previous incurred loss approach, which requires waiting to recognize a loss until it is probable of having been incurred. There are other provisions within the standard that affect how impairments of other financial assets may be recorded and presented, and that expand disclosures. As required, we have adopted this standard on a modified retrospective basis for our interim and annual financial periods beginning January 1, 2023. Our adoption of this standard was immaterial.

2. Sale of Building and Land

In December 2022, upon the approval of our Board of Directors, we entered into a Letter of Intent (LOI) agreement with a commercial real estate investor (Buyer) to sell our building and land, and to leaseback the portion of the building that serves as our headquarters office. In January 2023, we further formalized the LOI into a Purchase and Sale Agreement with the Buyer, subject to several contingencies including us and our building tenant entering into new or amended facility lease agreements with the Buyer.

At March 31, 2023 and December 31, 2022, approximately \$3.45 million and \$3.50 million, respectively, of net property, plant, and equipment (March 31, 2023 cost \$11.18 million; accumulated depreciation \$7.72 million) was presented as “Assets held for sale” in our prior quarter’s and year-end 2022 consolidated balance sheets. The assets held for sale consisted of the building and land comprising our headquarters office in Chesterfield, MO, including related improvements and certain fixtures. We and the Buyer completed the sale on April 10, 2023. Our net proceeds from the sale, after reduction for selling and closing costs, security deposits, and term loan payoff were approximately \$4.2 million and we have recognized a \$4.4 million gain on the sale of the building and land in our second quarter 2023 financial statements.

As described in Note 10, we have entered into a lease agreement with the Buyer to continue residing in our headquarters building.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

3. Related Parties

On January 1, 2019, we entered into a Purchase Agreement with Nutracom pursuant to which Nutracom purchased from us machinery, other equipment, and inventories previously used by us in our manufacturing operations. Nutracom was founded by our former manufacturing operations management.

Concurrently with the execution of the Purchase Agreement, we entered into several agreements with Nutracom including a product supply agreement for a term of seven years, a fulfillment agreement, and a facility lease agreement (see Note 10) whereby Nutracom leased manufacturing, warehouse, and certain office space of our headquarters building from us.

Included within the consideration received by us for the sale of our manufacturing operations, Nutracom issued us two interest-bearing promissory notes (as amended), a Class B equity membership interest in Nutracom, and an agreement to pay us royalties based on a percentage of Nutracom's annual revenues (excluding Nutracom's revenues from sales to us). Effective upon the completion of the April 10, 2023 sale of our building and land, we have entered into an agreement with Nutracom whereby we returned to Nutracom our Class B 5% non-voting, non-profit-participating equity membership interest in Nutracom LLC. We continue to retain our rights to receive royalties on certain Nutracom revenues until the end of 2030 or an effective Supply Agreement with Nutracom remains in effect. The annual royalty limit is \$250,000. In accordance with this transaction, we have re-classified this asset from an Equity Investment to a Royalty Receivable in the accompanying condensed consolidated balance sheets.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

3. Related Parties (continued)

The following summarizes our related party activities with Nutracom and a significant distributor of the Company.

<u>Assets and liabilities - related parties</u>	September 30 2023	December 31 2022
<u>Notes & accounts receivables and deposits - current</u>		
Deposits with Nutracom for inventory	\$ 327,547	\$ 656,563
Manufacturing credit receivable - Nutracom	159,559	-
Royalty receivable - Nutracom	104,193	-
Note receivable - Nutracom unsecured DTD 6/1/2019	-	84,347
Note receivable - Nutracom unsecured DTD 10/1/2019	-	53,821
Note receivable - distributor	-	75,687
Unbilled receivables: Straight line rent revenue greater than rental billings	-	40,068
Other miscellaneous receivables	17,236	108,026
	<u>\$ 608,535</u>	<u>\$ 1,018,512</u>
<u>Notes & accounts receivables - non-current</u>		
Manufacturing credit receivable - Nutracom	\$ 626,241	\$ -
Royalty receivable - Nutracom	376,232	-
Note receivable - Nutracom unsecured DTD 6/1/2019	-	200,908
Note receivable - Nutracom unsecured DTD 10/1/2019	-	547,100
Note receivable - distributor	-	207,175
Unbilled receivables: Straight line rent revenue greater than rental billings	-	128,361
	<u>\$ 1,002,473</u>	<u>\$ 1,083,544</u>
Equity investment in Nutracom	\$ -	\$ 505,000
<u>Liability captions with Nutracom balances included therein</u>		
Trade accounts payable and other accrued expenses	\$ 48,249	\$ 328,299

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

3. Related Parties (continued)

<u>Revenue and expense - related parties</u>	Nine months ended September 30	
	2023	2022
Other revenue	\$ 82,132	\$ 608,574
Selling, general and administrative expense:		
Fullfillment & professional fees	299,878	384,403
Interest income on promissory notes	49,727	60,598
Royalty income (other income/expense)	30,052	99,527
Finished goods inventory purchased from Nutracom	\$ 3,159,000	\$ 4,114,000

At September 30, 2023, we had \$1.42 million in commitments (net of deposits) to purchase finished goods inventory from Nutracom.

4. Notes Receivable Due From Nutracom

Included within the consideration received by us from Nutracom for the January 1, 2019 sale of our manufacturing operations, Nutracom issued us two interest-bearing promissory notes.

As amended on June 1, 2019, one promissory note consisted of the following repayment terms: fixed interest rate of 6.0% with interest only paid monthly through December 2020. Beginning January 1, 2021, principal and interest of \$8,904 was payable monthly for 60 months. The outstanding balance of the June 1, 2019 note receivable was \$262,707 and \$285,255 as of March 31, 2023 and December 31, 2022, respectively.

As amended on October 1, 2019, a second promissory note consisted of the following repayment terms: fixed interest rate of 7.0% with interest only paid monthly through December 2020. Beginning January 1, 2021, principal and interest was payable monthly for 60 months, with a balloon payment of all remaining principal and interest due January 1, 2026. The outstanding balance of the October 1, 2019 note receivable was \$586,583 and \$600,921 as of March 31, 2023 and December 31, 2022, respectively.

Effective upon the completion of the April 10, 2023 sale of our building and land, we have entered into a re-financing agreement with Nutracom whereby our two outstanding Nutracom notes receivable balances were combined into a single financial instrument (manufacturing credit receivable) to be satisfied as follows: fifty-eight months of a monthly amortization of principal and interest of approximately \$17,000 at 6.5% fixed interest rate. Nutracom will satisfy its obligation to us in the form of a monthly credit memo which we will apply to our obligations to Nutracom for our purchases from Nutracom of our finished goods inventories. Concurrently, we have extended our supplier agreement with Nutracom through 2030.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

4. Notes Receivable Due From Nutracom (continued)

The following table presents scheduled manufacturing credits (principal portion) to be received on the Nutracom manufacturing credit receivable:

Remainder of 2023	\$	38,925
2024		162,167
2025		173,027
2026		184,615
2027		196,979
Thereafter		30,087
	\$	<u>785,800</u>

5. Note Receivable Due From Distributor

In March 2012, we purchased a note and mortgage (“Note”) from a real estate investment management firm on certain properties in Wyoming and Idaho for \$2 million. In May 2012, we entered into a Loan Modification Agreement (“LMA”) with the Note’s original and present borrower (“Borrower”) to restructure the Note’s principal amount due and related terms. The LMA terms are for a principal balance due of \$2 million with interest only payments made monthly in 2012. The LMA’s interest rate was the greater of 6% or prime and there was no prepayment penalty for voluntary principal payments. Concurrently, with the execution of the LMA, we entered into a Security Agreement with the Borrower in which repayment of the LMA was secured by the Borrower’s Reliv distributorship business.

As originally structured, beginning in 2013, the LMA was to require monthly payment of principal and interest under a five-year amortization period. In February 2013, while retaining our right to require Borrower’s compliance with the LMA’s terms, we agreed to a verbal modification in the payment schedule in which the Borrower made monthly payments of principal and interest under a fifteen-year amortization period.

In December 2021, the Borrower paid us a voluntary prepayment of \$700,000. Concurrently with the prepayment, the Borrower entered into a First Amended and Restated Loan Modification Agreement with us whereby, effective January 2022, Borrower’s monthly payment of principal and interest was \$4,000 with a balloon payment for the outstanding balance due and payable in January 2023. From January 2023 to May 2023, the Borrower continued to make a \$4,000 monthly payment to us. In May 2023, the Borrower paid us \$272,000 in full payment of the then outstanding principal and accrued interest due.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

6. Fair Value of Financial Instruments

Fair value can be measured using valuation techniques such as the market approach (comparable market prices), the income approach (present value of future income or cash flow), and the cost approach (cost to replace the service capacity of an asset or replacement cost). Accounting standards utilize a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value into three broad levels. The following is a brief description of those levels:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets or similar assets or liabilities in markets that are not active.

Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

The carrying amount and fair value of financial instruments were approximately as follows:

Description	Carrying Amount	Fair Value	Level 1	Level 2	Level 3
<u>September 30, 2023</u>					
Receivables - Nutracom:					
Manufacturing credit	\$785,800	\$785,800	-	-	\$785,800
Royalty	480,425	480,425	-	-	480,425
<u>December 31, 2022</u>					
Term loan (principal)	\$3,722,974	\$3,366,000	-	\$3,366,000	-
Note receivable - distributor	282,862	282,862	-	282,862	-
Notes receivable - Nutracom	886,176	838,600	-	-	\$838,600

Manufacturing credit receivable - Nutracom: The manufacturing credit receivable - Nutracom represents a financial instrument with characteristics similar to a fixed rate promissory note issued by a privately-held entity (PHE). The fair value of this financial instrument approximates carrying value as the financial instrument was obtained in April 2023 at fair value. (Fair value is only disclosed).

Royalty receivable - Nutracom: The royalty receivable - Nutracom represents our long-term right to receive a royalty from Nutracom based upon Nutracom's annual revenues (excluding Nutracom's revenues from sales to us). The fair value of this variable royalty amount approximates carrying value as the royalty was obtained in April 2023 at fair value. (Fair value is only disclosed).

Term loan: The term loan was a 4.25% fixed interest rate loan originating in November 2020 at fair market value. At origination the interest rate approximated prime plus 1.0%. At December 31, 2022, accordingly, our own assumptions were that a commercial loan interest rate of prime plus 1.0% would approximate a market interest rate of 8.5% which we used as an input in developing an estimated fair value of the term loan under a discounted cash flow model. (Fair value is only disclosed).

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

6. Fair Value of Financial Instruments (continued)

Note receivable - distributor: The note receivable – distributor was a variable rate residential mortgage-based financial instrument. This note receivable agreement was amended and re-stated in December 2021 at fair market value which included a revised variable interest rate and revised repayment terms. Accordingly, the fair value of this note approximated carrying value. This note was fully repaid in May 2023. (Fair value is only disclosed).

Notes receivable - Nutracom: The notes receivable - Nutracom represent two fixed rate promissory notes issued by a privately-held entity (PHE). At December 31, 2022, we developed an estimated market discount rate based upon the PHE's third party incremental variable borrowing rate plus a risk-adjustment factor to estimate the fair value of these notes receivable under a discounted cash flow model. In April 2023, these two promissory notes were combined into a manufacturing credit receivable. (Fair value is only disclosed).

The carrying value of other financial instruments, including cash, accounts receivable and accounts payable, and accrued liabilities approximate fair value due to their short maturities or variable-rate nature of the respective balances.

7. Debt

-- 4.25% bank term loan, imputed interest rate of 5.63%	Principal Due	Unamortized Debt Issuance Costs	Term Loan Net
<u>September 30, 2023</u>			
Current portion	\$ -	\$ -	\$ -
Long-term portion	-	-	-
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<u>December 31, 2022</u>			
Current portion	\$ 3,722,974	\$ 139,566	\$ 3,583,408
Long-term portion	-	-	-
	<u>\$ 3,722,974</u>	<u>\$ 139,566</u>	<u>\$ 3,583,408</u>

Term Loan

On November 5, 2020, we entered into a \$4,000,000 term loan agreement with our primary lender. The term loan was for a period of five years, with a fixed interest rate of 4.25%, and required monthly payments of principal and interest of \$24,887 under a twenty-year amortization, with a balloon payment for the outstanding balance due and payable at the end of the term in November 2025.

Borrowings under the term loan agreement were secured by all of our tangible and intangible assets and by a mortgage on the real estate of our headquarters facility. As detailed in Note 2 of these condensed consolidated financial statements, we have sold our building and land on April 10, 2023 which required us to simultaneously pay off our then outstanding term loan balance of \$3.67 million.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

7. Debt (continued)

At loan origination in November 2020, we recognized expenditures of \$256,214 incurred to obtain the term loan as debt issuance costs. We were amortizing the debt issuance costs to interest expense over the loan's five-year term under the effective interest method. Upon full prepayment of the term loan in April 2023, the outstanding debt issuance costs balance of approximately \$125,500 was written off to interest expense.

8. Income Taxes

Components of income (loss) before income taxes:	Nine months ended September 30	
	2023	2022
United States	\$ 3,183,989	\$ (1,182,610)
Foreign	(409,183)	(379,859)
	<u>\$ 2,774,806</u>	<u>\$ (1,562,469)</u>

Components of provision for income taxes:	Nine months ended September 30	
	2023	2022
Current:		
Federal	\$ 39,000	\$ -
State	13,000	8,000
Foreign	14,000	54,000
Total current	<u>66,000</u>	<u>62,000</u>
Deferred:		
Federal	-	-
State	-	-
Foreign	-	-
Total deferred	<u>-</u>	<u>-</u>
	<u>\$ 66,000</u>	<u>\$ 62,000</u>

During the fiscal years of 2016 through 2022, we determined that it was more likely than not losses generated in the U.S. (domestic) and certain foreign jurisdictions will not be realized based on projections of future taxable income, estimated reversals of existing taxable timing differences, and other considerations. In prior years, we recorded a full valuation allowance on all of our domestic and foreign deferred tax assets.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

8. Income Taxes (continued)

In April 2023, we have sold our headquarters building and land for an estimated taxable gain on sale of \$4.3 million. We have available U.S. deferred tax assets, primarily consisting of Federal and State net operating loss carryforward balances (subject to recording of 100% deferred tax valuation allowances) totalling greater than \$4.0 million which we are utilizing in determining our 2023 domestic income tax expense. We estimate utilizing these available deferred tax assets in 2023 will significantly reduce our net 2023 domestic taxable income and related income tax expense versus domestic income tax expense otherwise determined without the benefit of such net operating loss carryforwards.

Excluding our 2023 operating results, we are unable to estimate that we will generate sufficient domestic taxable income to utilize remaining deferred tax assets post-2023. As a result, we continue to record a full valuation allowance on all of our estimated remaining domestic and foreign deferred tax assets.

The effective income tax rate was 2.4% and (4.0)% for the year to date periods ending September 30, 2023 and 2022, respectively. For the 2023 and 2022 year-to-date periods, the income tax provision amounts also include estimated income taxes for one of the Company's foreign subsidiaries and certain U.S. states.

In October 2023, one of our foreign subsidiaries received notification from its local tax agency of the agency's intent to commence an examination of its 2022 local country income tax return.

9. Revenue Recognition

We recognize revenue from product sales under a five-step process with our independent distributors (including customers) when there is a legally enforceable contract, the rights of the parties are identified, the contract has commercial substance, and collectability of the contract consideration is probable. Product sales revenue (principally nutritional and dietary supplements) and commission expenses are recorded when control is transferred to the independent distributors, which occurs at the time of shipment. Generally, net sales reflect product sales less the distributor discount of 20 percent to 40 percent of the suggested retail price. We present distributor royalty and commission expense as an operating expense, rather than a reduction to net sales, as these payments are not made to the purchasing distributor. At point of sale, we receive payment by credit card, personal check, or guaranteed funds for contracts from independent distributors and make related commission payments in the following month.

We recognize the performance obligation for membership fees-type revenue over the membership term of generally twelve months. We receive payment for membership fees revenue at the beginning of the membership term and recognize membership fees revenue on a straight-line basis in correlation with the completion of our performance obligation under the membership term. Our remaining unearned membership fees obligation is reported as deferred revenue liability.

We record freight income as a component of net sales and record freight costs as a component of cost of goods sold. Total sales do not include sales tax as we consider ourselves a pass-through conduit for collecting and remitting applicable sales taxes.

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

9. Revenue Recognition (continued)

Actual and estimated sales returns are classified as a reduction of net sales. We estimate and accrue a reserve for product returns based on our return policy and historical experience. Our product returns policy allows for distributors to return product only upon termination of his or her distributorship. Allowable returns are limited to saleable product which was purchased within twelve months of the termination for a refund of 100% of the original purchase price less any distributor royalties and commissions received relating to the original purchase of the returned products. For the year-to-date periods ending September 30, 2023 and 2022, total returns as a percent of net sales were 0.05% and 0.07%, respectively.

Other revenue is defined within Note 10 – Lessor Revenue.

We operate in one reportable segment, a network marketing segment consisting of six operating units that sell nutritional and dietary products to a sales force of independent distributors that sell the products directly to customers. These operating units are based on geographic regions, as follows:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Net sales by geographic region				
United States	\$ 4,494,279	\$ 5,037,586	\$ 14,371,778	\$ 16,433,731
Australia/New Zealand	90,235	100,845	333,228	406,481
Canada	89,819	105,948	320,244	397,806
Mexico	122,234	149,145	359,017	401,628
Europe ⁽¹⁾	582,503	588,999	1,649,566	1,825,319
Asia ⁽²⁾	372,511	396,594	1,179,914	1,552,972
Total net sales	<u>\$ 5,751,581</u>	<u>\$ 6,379,117</u>	<u>\$ 18,213,747</u>	<u>\$ 21,017,937</u>

⁽¹⁾ Europe consists of United Kingdom, Ireland, France, Germany, Austria, and the Netherlands.

⁽²⁾ Asia consists of Philippines and Malaysia.

We classify our net sales into three categories of sales products, plus freight income, and other revenue:

	Three months ended September 30		Nine months ended September 30	
	2023	2022	2023	2022
Net sales by product category				
Nutritional and dietary supplements	\$ 5,193,180	\$ 5,445,452	\$ 16,364,224	\$ 18,028,473
Other supplements	68,334	146,523	278,689	568,667
Sales aids, membership fees, and other	138,671	199,783	443,392	624,454
Freight income	351,396	362,649	1,045,310	1,187,769
Other revenue	-	224,710	82,132	608,574
Total net sales	<u>\$ 5,751,581</u>	<u>\$ 6,379,117</u>	<u>\$ 18,213,747</u>	<u>\$ 21,017,937</u>

Reliv' International, Inc. and Subsidiaries
Notes to Consolidated Financial Statements
(Unaudited)

10. Leases

Lessee

Effective upon the completion of the April 10, 2023 sale of our building and land, we have entered into a lease agreement with the Buyer to continue our headquarters office in its current location. The lease is for a term of ten years with a lessee mid-term option to reduce the rental space after five years. Annual lease payments range from approximately \$25,000 to \$36,000 per month plus operating expenses and common area maintenance charges. The lease also includes various provisions for our obligation to fund certain building repairs over the term of the lease.

In addition to the lease of our headquarters building, we lease certain other office and storage facilities, and equipment. These leases have varying terms, are generally one to five years in length, and certain real estate leases have options to extend or early terminate. Several of our operating leases are subject to annual changes in the Consumer Price or similar indexes (CPI). The changes to the lease payment due to CPI changes are treated as variable lease payments and recognized in the period in which the obligation for those payments was incurred.

Operating lease expense:	Nine months ended	
	September 30	
	2023	2022
Fixed	\$ 273,608	\$ 149,667
Variable	103,913	12,935
Short-term	58,084	13,965
Total	<u>\$ 435,605</u>	<u>\$ 176,567</u>

The following represents the maturity of our operating lease liabilities as of September 30, 2023:

Remainder of 2023	\$ 106,093
2024	375,169
2025	361,407
2026	340,876
2027	354,148
Thereafter	<u>2,109,977</u>
Total operating lease payments	3,647,670
Less: imputed interest	<u>(886,735)</u>
Total operating lease liabilities	<u>\$ 2,760,935</u>

As of September 30, 2023, our right-to-use operating leases have a weighted-average remaining lease term of 9.2 years and a weighted-average discount rate of 5.92%. Cash paid for amounts included in the measurement of operating lease liabilities was approximately \$172,000 and \$163,000 for the nine months ended September 30, 2023 and 2022, respectively.

Reliv' International, Inc. and Subsidiaries
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10. Leases (continued)

Lessor – Other Revenue

Other revenue consisted of revenue derived from leasing a portion of our headquarters building to Nutracom. Under the original 2019 lease agreement, the leased space, encompassing manufacturing, warehouse, and certain office space, was for a term of seven years, with a tenant option for an additional five-year term. Annual lease amounts ranged from \$193,000 to \$410,000 over the seven-year term.

From lease origination in 2019 through April 2023, we recognized lessor rent revenue on a straight-line basis over the term of the lease. As part of this required straight-line accounting methodology, the cumulative rental billings through April 2023 were less than the financial period's recognized revenue; such timing differences were recognized on the balance sheet as an unbilled rent revenue receivable.

Also included in other revenue were billings to the tenant for its share of the facility's common area costs such as real estate taxes, maintenance, and utilities; totaling approximately \$144,000 and \$211,000 for the year to date periods ending September 30, 2023 and 2022, respectively. These same common area costs plus the tenant's share of the facilities' depreciation were recorded as cost of goods sold.

As detailed in Note 2 of these condensed consolidated financial statements, we have sold our headquarters building and land on April 10, 2023, resulting in the aforementioned 2019 lease agreement being assigned by us to the Buyer. Subsequent to the sale of the building and land, we will discontinue deriving other revenue from leasing a portion of our headquarters building to Nutracom and our related unbilled rent receivable amount of \$157,000 was written off as a reduction to other revenue in our 2023 second quarter condensed consolidated financial statements.