

Reliv International, Inc.

136 Chesterfield Industrial Blvd., Chesterfield, MO 63005

Company Phone: (636) 537-9715

Website: www.reliv.com

Email: shareholderinfo@relivinc.com

Annual Report

For the period ending December 31, 2023 (the "Reporting Period")

Outstanding Shares

The number of shares outstanding of our Common Stock was:

1,058,303 as of December 31, 2023 (Current Reporting Period Date or More Recent Date)

1,058,303 as of December 31, 2022 (Most Recent Completed Fiscal Year End)

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 Control⁴ of the company has occurred during this reporting period:

Yes: No:

⁴ "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 and names used by predecessor entities, along with the dates of the name changes.

Reliv International, Inc.

Current State and Date of Incorporation or Registration: Delaware

Standing in this jurisdiction: (e.g. active, default, inactive): Active

Prior Incorporation Information for the issuer and any predecessors during the past five years:

N/A

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

None

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

None

Address of the issuer's principal executive office:

136 Chesterfield Industrial Blvd., Chesterfield, MO 63005

Address 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: admin1@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>12/31/2023</u>
Total shares outstanding:	<u>1,058,303</u> as of date: <u>12/31/2023</u>
Total number of shareholders of record:	<u>approx. 23</u> as of date: <u>12/31/2023</u>

Please provide the above-referenced information for all other publicly quoted or traded securities of the issuer.

Other classes of authorized or outstanding equity securities that do not have a trading symbol:

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 that do not have a trading symbol). 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>12/31/2023</u>
Total shares outstanding (if applicable):	<u>none</u> as of date: <u>12/31/2023</u>
Total number of shareholders of record (if applicable):	<u>none</u> as of date: <u>12/31/2023</u>

Please provide the above-referenced information for all other classes of authorized or outstanding equity securities.

No other classes of authorized or outstanding equity securities

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.

Preferred Stock: 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 for the two most recently completed fiscal years and any subsequent period.

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 <u>Opening Balance:</u> Date _____ Common: _____ Preferred: _____			*Right-click the rows below and select "Insert" to add rows as needed.						
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.
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____	_____	_____
Shares Outstanding on Date of This Report: <u>Ending Balance:</u> Date _____ Common: _____ Preferred: _____									

Example: A company with a fiscal year end of December 31st 2023, 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, 2022 through December 31, 2023 pursuant to the tabular format above.

*****Control persons for any entities in the table above must be disclosed in the table or in a footnote here.**

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. *** You must disclose the control person(s) for any entities listed.	Reason for Issuance (e.g. Loan, Services, etc.)
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____	_____	_____

***Control persons for any entities in the table above must be disclosed in the table or in a footnote here.

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. 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. Our international markets include Australia, New Zealand, Canada, Malaysia, Mexico, the Philippines, the United Kingdom, Ireland, France, Germany, Austria and the Netherlands,

We have developed our products over the years through several sources, including an in-house R&D team, partnering with our manufacturing partner, Nutracom LLC, and other development partners in the nutritional supplement industry. We have received U.S. patents on a number of products, and have active patents on ProVantage, GlucAffect, 24K, and CardioSentials. In addition to our patented formulas, we own four U.S. patents, several international patents and patent applications related to our soy concentrate ingredient with elevated levels of bioactive lunasin, the key ingredient in our LunaRich X product. Further, we utilize a proprietary production process to produce our soy concentrate that we protect as a trade secret, along with the bioassay to determine the bioavailability of lunasin in our products.

We market our products through our independent distributors in the United States and other countries we do business. We also market directly to our preferred customers that have purchased through a distributor or directly from the company. Our marketing techniques include our corporate website (www.reliv.com), direct email, texting, and frequent activity on various social media sites, including Facebook and Instagram. We have been a member of Direct Selling Association since 1990, and we also maintain a marketplace on Amazon.

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

Reliv International, Inc. offers a proprietary line of nutritional supplements addressing basic nutrition, specific wellness needs, weight management and sports nutrition which is distributed internationally through an international marketing system of independent distributors.

5) Issuer's Facilities

The goal of this section is to provide investors 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. Describe the location of office space, data centers, principal plants, and other property of the issuer and describe the condition of the properties. Specify if the assets, properties, or facilities are owned or leased and the terms of their leases.* If the issuer does not have complete ownership or control of the property, describe the limitations on the ownership.

<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 Appendix F 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.

6) All Officers, Directors, and Control Persons of the Company

Using the table below, please provide information, as of the period end date of this report, regarding all officers and directors of the company, or any person that performs a similar function, regardless of the number of shares they own.

In addition, list all individuals or entities controlling 5% or more of any class of the issuer's securities.

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. 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 investors 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 owners.

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>287,817</u>	<u>Common</u>	<u>27.2%</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>103,985</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: Melissa B. McCain holds 69,129 shares through Montgomery Enterprises, Ltd., for which she has voting control of these shares.

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

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, log in to www.OTCIQ.com to update your company profile.

7) Legal/Disciplinary History

A. Identify and provide a brief explanation as to whether any of the persons or entities listed above in Section 6 have, in the past 10 years:

1. Been the subject of an indictment or conviction in a criminal proceeding or plea agreement or named as a defendant in a pending criminal proceeding (excluding minor traffic violations);

NO

2. Been the subject of 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, financial- or investment-related, insurance or banking activities;

NO

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

NO

4. Named as a defendant or a respondent in a regulatory complaint or proceeding that could result in a "yes" answer to part 3 above; or

NO

5. Been the subject 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

6. Been the subject of a U.S Postal Service false representation order, or a temporary restraining order, or preliminary injunction with respect to conduct alleged to have violated the false representation statute that applies to U.S mail.

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 to 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.

Confirm that the information in this table matches your public company profile on www.OTCMarkets.com. If any updates are needed to your public company profile, update your company profile.

Securities Counsel (must include Counsel preparing Attorney Letters).

Name: Jessica Haggard
Firm: Anthony, Linder & Cacomanolis, PLLC
Address 1: 1700 Palm Beach Lakes Blvd., Suite 820
Address 2: West Palm Beach, FL 33401
Phone: 561/514-0936
Email: jhaggard@alclaw.com

Accountant or Auditor

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

Investor Relations

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

All other means of Investor Communication:

X (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 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) Disclosure & Financial Information

A. This Disclosure Statement was prepared by (name of individual):

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

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

- IFRS
 U.S. GAAP

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

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:⁵

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.

Provide the following qualifying financial statements:

- Audit letter, if audited;
- Balance Sheet;
- Statement of Income;
- Statement of Cash Flows;
- Statement of Retained Earnings (Statement of Changes in Stockholders' Equity)
- Financial Notes

Financial Statement Requirements:

- Financial statements must be published together with this disclosure statement as one document.
- Financial statements must be "machine readable". Do not publish images/scans of financial statements.
- Financial statements must be presented with comparative financials against the prior FYE or period, as applicable.
- Financial statements must be prepared in accordance with U.S. GAAP or International Financial Reporting Standards (IFRS) but are not required to be audited.

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

⁵ 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.

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 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.

April 1, 2024

/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 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.

April 1, 2024

/s/ Steven D. Albright

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



**Reliv' International, Inc.
and Subsidiaries**

**Consolidated Financial Statements
(unaudited)**

Years ended December 31, 2023 and 2022

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Reliv' International, Inc. and Subsidiaries

Consolidated Balance Sheets
(unaudited)

	December 31	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents	\$ 5,667,057	\$ 2,447,531
Accounts receivable	15,367	39,982
Notes & accounts receivables and deposits - related parties	556,045	1,018,512
Inventories:		
Finished goods	2,367,727	2,902,143
Raw materials	328,700	268,182
Sales aids and promotional materials	59,470	67,613
Total inventories	<u>2,755,897</u>	<u>3,237,938</u>
Refundable income taxes	19,065	22,812
Assets held for sale	-	3,503,018
Prepaid expenses and other current assets	471,497	379,916
Total current assets	<u>9,484,928</u>	10,649,709
Notes and accounts receivables - related parties	956,247	1,083,544
Operating lease right-to-use assets	2,658,508	207,354
Intangible assets, net	818,337	1,044,322
Equity investment, at cost	-	505,000
Property and equipment	3,483,949	3,202,384
Less accumulated depreciation	3,119,264	3,086,434
Property and equipment, net	<u>364,685</u>	<u>115,950</u>
Total assets	<u><u>\$ 14,282,705</u></u>	<u><u>\$ 13,605,879</u></u>

Reliv' International, Inc. and Subsidiaries

Consolidated Balance Sheets (continued)
(unaudited)

	December 31	
	2023	2022
Liabilities and stockholders' equity		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,390,098	\$ 2,363,240
Income taxes payable	1,153	52,015
Operating lease liabilities	222,858	117,015
Current portion of long-term debt, net of unamortized debt issuance costs	-	3,583,408
Total current liabilities	<u>1,614,109</u>	<u>6,115,678</u>
Noncurrent liabilities:		
Operating lease liabilities	2,474,415	78,752
Other noncurrent liabilities	314,494	123,690
Total noncurrent liabilities	<u>2,788,909</u>	<u>202,442</u>
Stockholders' equity:		
Preferred stock, par value \$0.001 per share; 500,000 shares authorized; -0- shares issued and outstanding in 2023 and 2022	-	-
Common stock, par value \$0.001 per share; 5,000,000 shares authorized, 1,421,867 shares issued and 1,058,303 shares outstanding in 2023 and 2022	1,422	1,422
Additional paid-in capital	27,993,259	27,993,259
Accumulated deficit	(11,305,454)	(13,819,578)
Accumulated other comprehensive loss:		
Foreign currency translation adjustment	(958,117)	(1,035,921)
Treasury stock	(5,851,423)	(5,851,423)
Total stockholders' equity	<u>9,879,687</u>	<u>7,287,759</u>
Total liabilities and stockholders' equity	<u>\$ 14,282,705</u>	<u>\$ 13,605,879</u>

See accompanying notes.

Reliv' International, Inc. and Subsidiaries

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

	Year ended December 31	
	2023	2022
Product sales	\$ 23,032,571	\$ 25,237,772
Freight income	1,424,262	1,545,333
Other revenue	82,132	822,647
Net sales	<u>24,538,965</u>	27,605,752
Costs and expenses:		
Cost of goods sold	6,413,882	7,515,434
Distributor royalties and commissions	7,563,687	8,500,099
Selling, general, and administrative	12,269,692	13,420,932
Loss from operations	<u>(1,708,296)</u>	(1,830,713)
Other income (expense):		
Interest income	110,150	85,298
Interest expense	(191,801)	(246,932)
Other income	26,211	141,311
Gain on sale of property and equipment	4,369,860	-
Income (loss) before income taxes	<u>2,606,124</u>	(1,851,036)
Provision for income taxes	<u>92,000</u>	104,000
Net income (loss) available to common shareholders	<u>\$ 2,514,124</u>	<u>\$ (1,955,036)</u>
Other comprehensive income (loss):		
Foreign currency translation adjustment	<u>77,804</u>	(125,009)
Comprehensive income (loss)	<u>\$ 2,591,928</u>	<u>\$ (2,080,045)</u>
Earnings (loss) per common share - Basic & Diluted	<u>\$2.38</u>	(\$1.85)
Weighted average shares	<u>1,058,000</u>	1,058,000

See accompanying notes.

Reliv' International, Inc. and Subsidiaries

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, 2021	1,421,867	\$ 1,422	\$ 27,993,259	\$ (11,864,542)	\$ (910,912)	363,564	\$ (5,851,423)	\$ 9,367,804
Net loss	-	-	-	(1,955,036)	-	-	-	(1,955,036)
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	(125,009)	-	-	(125,009)
Total comprehensive loss								(2,080,045)
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 income	-	-	-	2,514,124	-	-	-	2,514,124
Other comprehensive income (loss):								
Foreign currency translation adjustment	-	-	-	-	77,804	-	-	77,804
Total comprehensive income								2,591,928
Balance at December 31, 2023	1,421,867	\$ 1,422	\$ 27,993,259	\$ (11,305,454)	\$ (958,117)	363,564	\$ (5,851,423)	\$ 9,879,687

See accompanying notes.

Reliv' International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

(unaudited)

	Year ended December 31	
	2023	2022
Operating activities		
Net income (loss)	\$ 2,514,124	\$ (1,955,036)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization	348,800	548,553
Non-cash debt issuance expense	139,566	53,028
Gain on sale of property and equipment	(4,369,860)	-
Foreign currency transaction (gain)/loss	15,453	(10,482)
(Increase) decrease in trade, accounts & notes receivable, and deposits - related parties	647,264	317,241
(Increase) decrease in inventories	529,120	(428,987)
(Increase) decrease in refundable income taxes	3,747	555
(Increase) decrease in prepaid expenses and other current assets	(87,574)	3,670
Increase (decrease) in income taxes payable	(50,840)	20,981
Increase (decrease) in accounts payable & accrued expenses, deferred revenue, and non-current liabilities	(923,810)	(317,035)
Net cash used in operating activities	<u>(1,234,010)</u>	<u>(1,767,512)</u>
Investing activities		
Proceeds from sale of property and equipment	7,987,574	-
Purchase of property and equipment	(307,816)	(88,254)
Payments received on notes and royalty receivables - related parties	472,786	185,446
Net cash provided by investing activities	<u>8,152,544</u>	<u>97,192</u>
Financing activities		
Principal payments on long-term borrowings	(3,722,974)	(135,051)
Net cash used in financing activities	<u>(3,722,974)</u>	<u>(135,051)</u>
Effect of exchange rate changes on cash and cash equivalents	23,966	(86,827)
Increase (decrease) in cash and cash equivalents	<u>3,219,526</u>	<u>(1,892,198)</u>
Cash and cash equivalents at beginning of year	2,447,531	4,339,729
Cash and cash equivalents at end of year	<u>\$ 5,667,057</u>	<u>\$ 2,447,531</u>

Reliv' International, Inc. and Subsidiaries

Consolidated Statements of Cash Flows (continued)
(unaudited)

	Year ended December 31	
	2023	2022
	<u> </u>	<u> </u>
Supplemental disclosures of cash flow information:		
Cash paid during the year for:		
Interest	<u>\$ 80,100</u>	<u>\$ 180,100</u>
Income taxes paid, net	<u>\$ 139,700</u>	<u>\$ 79,600</u>
Noncash investing & financing transactions (Notes 3 & 4):		
Receipt of manufacturing credit receivable in exchange for notes receivable	<u>\$ 849,291</u>	<u>\$ -</u>
Receipt of royalty receivable in exchange for equity investment	<u>\$ 505,000</u>	<u>\$ -</u>

See accompanying notes.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

December 31, 2023

1. Nature of Business and Significant Accounting Policies

Nature of Business

Reliv' International, Inc. (the Company) develops and markets a proprietary line of nutritional supplements addressing basic nutrition, specific wellness needs, weight management, and sports nutrition. These products are sold by subsidiaries of the Company to a sales force of independent distributors of the Company that sell products directly to consumers. The Company and its subsidiaries sell products to distributors throughout the United States and in Australia, Austria, Canada, France, Germany, Ireland, Malaysia, Mexico, the Netherlands, New Zealand, the Philippines, and the United Kingdom.

Basis of Presentation

The unaudited consolidated financial statements include the accounts of the Company and its foreign and domestic subsidiaries. All significant intercompany accounts and transactions have been eliminated.

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 consolidated financial statements and accompanying notes. These estimates may change as new events occur and additional information is obtained. Actual results could differ materially from these estimates under unanticipated conditions or assumptions.

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 also issued promissory notes (as amended) to us for the acquisition of our manufacturing and fulfillment operations. Any inability of Nutracom to deliver these contracted services or to repay the promissory notes could adversely impact our future operating results and valuation of our Nutracom-related assets. See Note 3, Note 4, and Note 11 for further discussion of our relationship with Nutracom.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies (continued)

Variable Interest Entities (VIE) – Unconsolidated

From January 1, 2019 to April 10, 2023, we had a non-voting Class B 5% equity membership interest in Nutracom. If we are the primary beneficiary of a VIE, we are required to consolidate the VIE in our consolidated financial statements. To determine if we are the primary beneficiary, we evaluate whether we have the power to direct the activities that most significantly impact the VIE's economic performance and the obligation to absorb losses or the right to receive benefits of the VIE that could potentially be significant to the VIE. Our VIE evaluation requires significant assumptions and judgments.

During our Nutracom Class B equity ownership period we did not have the power to direct the significant activities of Nutracom, primarily because we did not have governance rights. We also did not participate in the annual profits or losses of Nutracom. Therefore, we did not consolidate the financial results of Nutracom in our consolidated financial statements. We accounted for our financial interest in Nutracom as an equity investment measured at cost minus impairment, if any.

Effective April 10, 2023, we no longer have a Nutracom equity investment. During our Nutracom Class B equity ownership period there was no impairment loss.

Cash Equivalents

Our policy is to consider the following as cash and cash equivalents: demand deposits and short-term investments with a maturity of three months or less when purchased. We primarily maintain our U.S. cash balances in two U.S. financial institutions which are 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 December 31, 2023 and 2022, our U.S. cash balance as a percentage of our total consolidated cash balance is 82% and 48%, respectively.

Property and Equipment

Property 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.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies (continued)

Inventories

Inventories are valued at the lower of cost or net realizable value and are accounted for on a first-in, first-out basis. Finished goods inventories primarily consist of purchased products held for resale. On a periodic basis, we review inventory levels, as compared to future demand requirements and the shelf life of the various products. Based on this review, we record inventory write-downs when necessary.

Sales aids and promotional materials inventories represent distributor kits, product brochures, and other sales and business development materials which are held for sale to distributors. Cost of the sales aids and promotional materials held for sale are capitalized as inventories and subsequently recorded to cost of goods sold upon recognition of revenue when sold to distributors. All other advertising and promotional costs are expensed when incurred.

Amortizable Intangible Assets

Intangible assets are recorded based on management's determination of the fair value of the respective assets at the time of acquisition. Determining the fair value of intangible assets is judgmental and involves the use of significant estimates and assumptions of future company operations. Our fair value estimates and related asset lives are based on assumptions we believe to be reasonable but that are unpredictable and inherently uncertain. Actual future results may differ from these estimates.

Intangible assets estimated to have finite lives are amortized over their estimated economic life under the straight-line method; such method correlates to management's estimate of the assets' economic benefit. Based on management's estimates at origination, these lives range from two to seventeen years. Related amortization expense is presented within Selling, General, and Administrative in the accompanying consolidated statements of net income (loss) and comprehensive income (loss).

Fair Value Measurements

FASB ASC Topic 820, "Fair Value Measurements and Disclosures," defines fair value, establishes a framework for measuring fair value, and requires disclosures about fair value measurements required under other accounting pronouncements. See Note 9 for further discussion.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies (continued)

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 no later than 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 a 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.

Other revenue is defined in the lessor accounting sections within this Note 1 and in Note 11.

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 allow 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 December 31, 2023 and 2022, total returns as a percent of net sales were approximately 0.04% and 0.07%, respectively.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies (continued)

Basic and Diluted Earnings (Loss) per Share

Basic earnings (loss) per common share are computed using the weighted average number of common shares outstanding during the year. Diluted earnings (loss) per common share are computed using the weighted average number of common shares and potential dilutive common shares that were outstanding, if any, during the period. Potential dilutive common shares may consist of outstanding stock options, outstanding stock warrants, and convertible preferred stock. There were not any dilutive common shares for 2023 and 2022.

Foreign Currency Translation and Transaction Gains or Losses

All balance sheet accounts have been translated using the exchange rates in effect at the balance sheet date. Statements of net income (loss) amounts have been translated using the average exchange rate for the year. The gains and losses resulting from the changes in exchange rates from year to year have been reported in other comprehensive income (loss). The foreign currency translation adjustment is the only component of accumulated other comprehensive loss. If applicable, foreign currency translation adjustments exclude income tax expense (benefit) as certain of our investments in non-U.S. subsidiaries are deemed to be reinvested for an indefinite period of time. Foreign currency transaction gains (losses) were \$(15,453) and \$10,482 for 2023 and 2022, respectively.

Income Taxes

The provision for income taxes is computed using the liability method. The primary differences between financial statement and taxable income result from financial statement accruals and reserves and differences between depreciation and amortization for book and tax purposes.

Unrecognized tax benefits are accounted for as required by FASB ASC Topic 740 which prescribes a more likely than not threshold for financial statement presentation and measurement of a tax position taken or expected to be taken in a tax return. See Note 12 for further discussion.

Advertising

Costs of sales aids and promotional materials are capitalized as inventories. All other advertising and promotional costs are expensed when incurred. Advertising expenses were \$21,800 and \$28,400 in 2023 and 2022, respectively.

Research and Development Expenses

Research and development expenses, which are charged to selling, general, and administrative expenses as incurred, were \$91,900 and \$64,500 in 2023 and 2022, respectively.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies (continued)

Leases

We determine if an arrangement is a lease at inception applying guidance under Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)* (including subsequent issued lease-related ASU's).

Lessee Accounting

We use the lease standard's practical expedient that allows lessees to treat the lease and implicit non-lease components of our leases as a single lease component and we do not record on the balance sheet leases with an initial term of twelve months or less. Fixed lease expense on all of our operating leases is recognized on a straight-line basis over the contractual lease term, including our estimate of any renewal or early termination lease terms. Operating lease expense is presented within Selling, General and Administrative expense in our operating results.

Operating lease liabilities and related operating lease right-to-use assets are recognized at commencement date of the lease based on the present value of lease payments over the lease term. When leases do not provide an implicit discount rate, we use a country specific estimated incremental borrowing rate based upon the lease term.

Lessor Accounting – Other Revenue

Other revenue consists of revenue derived from our leasing a portion of our headquarters building to Nutracom. We recognize lessor rent revenue on a straight-line basis over the term of the lease. As part of this straight-line methodology, the cumulative rental billings may be greater or less than the financial period's recognized revenue; such timing differences are recognized on the balance sheet as an accrued other liability or an unbilled rent revenue receivable.

Also included in other revenue are billings to the tenant for its share of the facility's common area costs such as real estate taxes, maintenance, and utilities. These same common area costs plus the tenant's share of the facility's depreciation are recorded as cost of goods sold.

Reclassifications

Certain previously reported 2022 year amounts and/or descriptions have been reclassified or revised to conform to the current year presentation.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

1. Nature of Business and Significant Accounting Policies (continued)

New Accounting Pronouncements – Adopted

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (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 required waiting to recognize a loss until it was 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. Adoption of this standard must be applied on a modified retrospective basis. As required, we have adopted this standard on a modified retrospective basis effective January 1, 2023. Our adoption of this standard was immaterial.

New Accounting Pronouncements – Not Yet Adopted

In November 2023, the FASB issued ASU No. 2023-07, *Segment Reporting (Topic 280): Improvements to Reportable Segment Disclosures*. The update is intended to improve reportable segment disclosure requirements, primarily through enhanced disclosures about significant expenses. The ASU requires disclosure to include significant segment expenses that are regularly provided to the chief operating decision maker (CODM), a description of other segment items by reportable segment, and any additional measures of a segment's profit or loss used by the CODM when deciding how to allocate resources. The ASU also requires all annual disclosures currently required by Topic 280 to be included in interim periods. The update is effective for fiscal years beginning after December 15, 2023 and interim periods within fiscal years beginning after December 15, 2024, with early adoption permitted and requires retrospective application to all prior periods presented in the financial statements. We are currently assessing the timing and impact of adopting the updated provisions.

In December 2023, the FASB issued ASU No. 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*, which includes amendments that further enhance income tax disclosures, primarily through standardization and disaggregation of rate reconciliation categories and income taxes paid by jurisdiction. The amendments are effective for our annual fiscal periods beginning January 1, 2025, with early adoption permitted, and should be applied either prospectively or retrospectively. We are currently evaluating the ASU to determine its impact on our income tax disclosures.

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 presently 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 current building tenant entering into new or amended facility lease agreements with the Buyer.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

2. Sale of Building and Land (continued)

At December 31, 2022, approximately \$3.50 million of net property and equipment (cost \$11.17 million; \$7.67 million accumulated depreciation) was presented as "Assets held for sale" in the accompanying 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 a 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 11, we have entered into a lease agreement with the Buyer to continue residing in our headquarters building.

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 11) 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 revenue 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 2023 transaction, we have re-classified this asset from an Equity Investment to a Royalty Receivable in the accompanying consolidated balance sheets.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

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>	December 31 2023	December 31 2022
<u>Notes & accounts receivables and deposits - current</u>		
Deposits with Nutracom for inventory	\$ 297,812	\$ 656,563
Manufacturing credit receivable - Nutracom	162,167	-
Royalty receivable - Nutracom	82,838	-
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	13,228	108,026
	\$ 556,045	\$ 1,018,512
 <u>Notes & accounts receivables - non-current</u>		
Manufacturing credit receivable - Nutracom	\$ 584,708	\$ -
Royalty receivable - Nutracom	371,539	-
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
	\$ 956,247	\$ 1,083,544
Equity investment in Nutracom, at cost	\$ -	\$ 505,000
 <u>Liability captions with Nutracom balances included therein</u>		
Trade accounts payable and other accrued expenses	\$ 104,744	\$ 328,299

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

3. Related Parties (continued)

<u>Revenue and expense - related parties</u>	Year ended December 31	
	2023	2022
Other revenue	\$ 82,132	\$ 822,647
Selling, general and administrative expense:		
Fullfillment & professional fees	399,021	491,740
Interest income on promissory notes	62,075	80,706
Royalty income (other income)	31,580	128,085
Finished goods inventory purchased from Nutracom	\$ 4,004,000	\$ 5,501,000

At December 31, 2023, we had \$536,000 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 \$285,255 as of December 31, 2022.

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 of \$8,257, under a ten-year amortization schedule, 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 \$600,921 as of December 31, 2022.

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 then 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

4. Notes Receivable Due From Nutracom (continued)

The following table presents scheduled principal payments to be received on the Nutracom manufacturing credit receivable:

2024	\$	162,167
2025		173,027
2026		184,615
2027		196,979
2028		30,087
Thereafter		-
	\$	<u>746,875</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 were 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 pre-payment 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

6. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses at December 31, 2023 and 2022, consist of the following:

	2023	2022
Trade payables	\$ 578,419	\$ 1,089,179
Distributors' commissions	384,922	671,665
Sales taxes	54,559	131,690
Deferred revenue	145,664	182,740
Payroll and payroll taxes	226,534	287,966
	\$ 1,390,098	\$ 2,363,240

7. Property and Equipment

Property and equipment at December 31, 2023 and 2022, consist of the following:

	2023	2022
Office and other equipment	\$ 977,018	\$ 958,521
Computer equipment and software	2,419,192	2,161,563
Leasehold improvements	87,739	82,300
	3,483,949	3,202,384
Less accumulated depreciation	3,119,264	3,086,434
	\$ 364,685	\$ 115,950

At December 31, 2022, approximately \$3.50 million of net property and equipment (cost \$11.17 million; \$7.67 million accumulated depreciation) is presented as a current asset under the caption of "Assets held for sale" in the accompanying consolidated balance sheets.

For the years ended December 31, 2023 and 2022, depreciation expense was \$122,815 and \$322,568, respectively.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

8. Amortizable Intangible Assets

Amortizable intangible assets as of December 31, 2023 and 2022 were as follows:

	<u>Gross Carrying Amount</u>		<u>Accumulated Amortization</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Distributorship and related agreements	\$2,060,000	\$2,060,000	\$1,986,756	\$1,876,890
Lunasin technology license	1,954,661	1,954,661	1,209,568	1,093,449
	<u>\$4,014,661</u>	<u>\$4,014,661</u>	<u>\$3,196,324</u>	<u>\$2,970,339</u>

As of December 31, 2023, remaining lives of intangible assets range from one to six years. Amortization expense for intangible assets totaled \$225,985 in each of 2023 and 2022, respectively. Amortization expense for amortizable intangible assets over the next five years is estimated to be:

	<u>Intangible Amortization</u>
2024	\$ 189,000
2025	116,000
2026	116,000
2027	116,000
2028	116,000

9. Fair Value of Financial Instruments

The carrying amount and fair value of financial instruments at December 31, 2023 and 2022 were approximately as follows:

<u>Description</u>	<u>Carrying Amount</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
<u>December 31, 2023</u>					
Receivables - Nutracom:					
Manufacturing credit	\$746,875	\$746,875	-	-	\$746,875
Royalty	454,377	454,377	-	-	454,377
<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

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

9. Fair Value of Financial Instruments (continued)

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.

Manufacturing credit receivable - Nutracom: At December 31, 2023, the manufacturing credit receivable 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 loan originating in November 2020 at fair market value. At origination the term loan's 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. We fully repaid the term loan in April 2023. (Fair value is only disclosed).

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 re-payment terms. Accordingly, the fair value of this note at December 31, 2022 approximated carrying value. This note was fully repaid in May 2023. (Fair value is only disclosed).

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

9. Fair Value of Financial Instruments (continued)

Notes receivable - Nutracom: At December 31, 2022, the notes receivable - Nutracom represented two fixed rate promissory notes issued by a privately-held entity (PHE). 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.

10. Debt

Debt at December 31, 2023 was nil. Debt at December 31, 2022 consisted of the following:

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

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 consolidated financial statements, we 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.

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.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

11. 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:	Year ended December 31	
	2023	2022
Fixed	\$ 398,093	\$ 188,713
Variable	170,080	9,347
Short-term	74,900	26,585
Total	<u>\$ 643,073</u>	<u>\$ 224,645</u>

The following represents the maturity of our operating lease liabilities as of December 31, 2023:

2024	\$ 376,473
2025	362,019
2026	340,876
2027	354,148
2028	369,060
Thereafter	<u>1,740,917</u>
Total operating lease payments	<u>3,543,493</u>
Less: imputed interest	<u>(846,220)</u>
Total operating lease liabilities	<u>\$ 2,697,273</u>

As of December 31, 2023, our right-to-use operating leases have a weighted-average remaining lease term of 8.99 years and a weighted-average discount rate of 5.92%. Cash paid for amounts included in the measurement of operating lease liabilities was approximately \$236,000 and \$192,000 for the years ended December 31, 2023 and 2022, respectively.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

11. Leases (continued)

Lessor – Other Revenue

Other revenue consisted of revenue derived from our 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 straight-line 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 \$144,500 and \$476,900 for the years ended December 31, 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 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 have discontinued 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 consolidated financial statements.

12. Income Taxes

Components of income (loss) before income taxes:	Year ended December 31	
	2023	2022
United States	\$ 3,118,971	\$ (1,413,293)
Foreign	(512,847)	(437,743)
	<u>\$ 2,606,124</u>	<u>\$ (1,851,036)</u>

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

12. Income Taxes (continued)

Components of provision for income taxes:	Year ended December 31	
	2023	2022
Current:		
Federal	\$ 61,000	\$ (3,000)
State	18,000	6,000
Foreign	13,000	101,000
Total current	<u>92,000</u>	<u>104,000</u>
Deferred:		
Federal	-	-
State	-	-
Foreign	-	-
Total deferred	<u>-</u>	<u>-</u>
	<u>\$ 92,000</u>	<u>\$ 104,000</u>

During the fiscal years of 2016 through 2022, we determined that it was more likely than not that losses generated in the U.S. (domestic) and certain foreign jurisdictions would not be realized based on projections of future taxable income, estimated reversals of timing differences, and other considerations. As a result, in prior years, we recorded a valuation allowance on all of our domestic and foreign deferred tax assets. Accordingly, the 2022 income tax provision included the impact of recording a full deferred tax asset valuation allowance adjustment, net, of approximately \$409,000, against the historical losses generated from a U.S. tax perspective.

The 2022 income tax provision amount primarily represented estimated income taxes for one of our foreign subsidiaries and certain U.S. states.

In April 2023, we 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 significantly reduces 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.

The 2023 income tax provision amount primarily represents estimated income taxes (net of utilized net operating loss carryforwards) for U.S. federal and state jurisdictions, and for one of our foreign subsidiaries.

Due to the deferred tax valuation allowance adjustments, our operating losses, and other factors, the effective income tax rate percentage was not meaningful for the years ended December 31, 2023 and 2022, respectively.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

12. Income Taxes (continued)

The provision (benefit) for income taxes is different from the amounts computed by applying the United States federal statutory income tax rate of 21% for the years ended December 31, 2023 and 2022, respectively. The reasons for these differences are as follows:

	Year ended December 31	
	2023	2022
Income taxes at U.S. statutory rate	\$ 547,000	\$ (389,000)
State income taxes, net of federal benefit	15,000	6,000
Higher effective taxes on earnings in foreign countries	3,000	5,000
Foreign corporate income taxes	10,000	41,000
Foreign income tax audit settlements	-	29,000
Nondeductible meals and entertainment expense	5,000	7,000
Valuation allowance, net	(487,000)	409,000
Other	(1,000)	(4,000)
	\$ 92,000	\$ 104,000

The components of our deferred tax assets and liabilities, and the related tax effects of each temporary difference at December 31, 2023 and 2022, are as follows:

	2023	2022
Deferred tax assets:		
Inventory obsolescence reserve	\$ 5,000	\$ 8,000
Deferred revenue	40,000	1,000
Intellectual property costs	82,000	91,000
R&D expenditures capitalization	36,000	16,000
Interest expense disallowance	-	65,000
Depreciation and amortization	-	57,000
Operating lease liabilities	76,000	76,000
Miscellaneous accrued expenses	36,000	6,000
Domestic net operating loss carryforwards	731,000	1,292,000
Foreign net operating loss carryforwards	3,468,000	3,156,000
Valuation allowance	(4,275,000)	(4,583,000)
	199,000	185,000
Deferred tax liabilities:		
Operating lease right-to-use assets	78,000	78,000
Depreciation and amortization	14,000	-
Foreign currency exchange	107,000	107,000
	199,000	185,000
Net deferred tax assets (liabilities)	\$ -	\$ -

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

12. Income Taxes (continued)

We have a deferred tax asset relating to domestic federal net operating loss carryforwards of approximately \$731,000 at December 31, 2023 which do not expire; however these remaining federal net operating loss carryforwards can only be used to offset 80% of U.S taxable income in future years. We have a deferred tax asset of \$3,468,000 at December 31, 2023 relating to foreign net operating loss carryforwards in various jurisdictions which principally do not expire.

Excluding our 2023 operating results, we are unable to estimate that we will generate sufficient domestic and foreign taxable income to utilize remaining deferred tax assets post-2023. As a result, at December 31, 2023, we continue to record a full valuation allowance on all of our estimated remaining domestic and foreign deferred tax assets as it is more likely than not that this asset will not be realized.

The United States Tax Cuts and Jobs Act (TCJA) was enacted in December 2017, which significantly changed U.S. tax law, principally by permanently reducing the U.S. federal statutory rate to 21% effective January 1, 2018 and implementing a territorial tax system.

The TCJA introduced a new tax on global intangible low-taxed income (“GILTI”) effective as of January 1, 2018. When GILTI is applicable, our policy is to treat GILTI as a period cost when incurred.

Our domestic and foreign subsidiaries are subject to U.S. federal income tax as well as income tax of multiple state and foreign jurisdictions. We have concluded all U.S. federal income tax matters for years through 2019 and concluded years through 2019 with our primary state jurisdiction.

For the year ended December 31, 2022, our operating results include \$29,000 and \$107,000 for income tax expense and various net general administrative and interest expenses, respectively, in settlement of the 2019 and 2020 tax year audits for one of our foreign subsidiaries.

There were no significant uncertain tax positions at December 31, 2023 and 2022.

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.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

13. Incentive Compensation Plan

Under a Board of Directors approved incentive compensation plan, bonuses are payable quarterly in an amount not to exceed 18% of the Company's Income from Operations for any period, subject to achieving a minimum quarterly Income from Operations of at least \$500,000. For fiscal years 2023 and 2022, the Board determined that the aggregate amount of incentive compensation available under the Plan shall be equal to 15%, respectively, of the Company's Income from Operations. The bonus pool is allocated to executives according to a specified formula, with a portion allocated to a middle management group as determined by our Board of Directors. Our expense for this incentive compensation plan was \$-0- for 2023 and 2022, respectively.

14. Employee Benefit Plans

We sponsor a 401(k) employee savings plan which covers substantially all U.S. employees. Employees may contribute from 1% to 50% of their eligible compensation to the plan up to defined limits. For the years ended December 31, 2023 and 2022, we matched 10% of the first 15% of the employee's eligible compensation contributed. Our matching contributions under the 401(k) plan totaled \$24,000 and \$23,000 in 2023 and 2022, respectively.

We sponsor an employee stock ownership plan ("ESOP") which covers substantially all U.S. employees. We fund contributions to the ESOP on a discretionary basis. In 2023 and 2022, we did not make any contributions to the ESOP.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

15. Segment Information

Description of Products and Services by Segment

We operate in one reportable segment, a direct selling 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. Geographic data for the years ended December 31 follow:

	<u>2023</u>	<u>2022</u>
Net sales to external customers		
United States	\$ 19,516,289	\$ 21,747,922
Australia/New Zealand	438,952	518,363
Canada	432,629	500,549
Mexico	474,218	524,452
Europe ⁽¹⁾	2,223,309	2,336,611
Asia ⁽²⁾	1,453,568	1,977,855
Total net sales	<u>\$ 24,538,965</u>	<u>\$ 27,605,752</u>
Assets by area		
United States	\$ 11,988,794	\$ 11,058,549
Australia/New Zealand	255,013	222,291
Canada	16,099	33,060
Mexico	245,500	173,210
Europe ⁽¹⁾	628,651	816,257
Asia ⁽²⁾	1,148,648	1,302,512
Total consolidated assets	<u>\$ 14,282,705</u>	<u>\$ 13,605,879</u>

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

⁽²⁾ Asia consists of Philippines and Malaysia.

Reliv' International, Inc. and Subsidiaries

Notes to Consolidated Financial Statements

15. Segment Information (continued)

We classify sales into three categories of sales products plus freight income and other revenue. Net sales by product category data for the years ended December 31 follow:

	<u>2023</u>	<u>2022</u>
Net sales by product category		
Nutritional and dietary supplements	\$ 22,098,489	\$ 23,706,006
Other supplements	358,254	731,761
Sales aids, membership fees, and other	575,828	800,005
Freight income	1,424,262	1,545,333
Other revenue	82,132	822,647
Total net sales	<u>\$ 24,538,965</u>	<u>\$ 27,605,752</u>

16. Subsequent Events

Management has evaluated events from January 1, 2024 through the OTC Markets filing date of these consolidated financial statements and concluded there were not any subsequent events which required disclosure.