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MOMENTUM REPORTS – RELEVIMUM

Report #1 – October, 2017

Relevium Technologies Reports Revenue of CAD\$700,000 in the First 50 Days of Business

Focus on Nutraceuticals for Humans and Pets



Goldstein Research predicts US\$300 Billion Nutraceutical Market By 2024

Within the health and wellness market, Relevium Technologies is focusing on nutraceuticals and cosmeceuticals using e-commerce platforms.

Nutraceuticals are a broad brush description covering a wide variety of nutritional supplements, ranging from those designed to stay healthy, increase athletic performance, aid in injury recovery and even extend to hemp-based vegan supplements.

Relevium Technologies CEO Aurelio Useche describes them like this: "Both nutraceuticals and cosmeceuticals come from the combination of nature and science. They are a combination of natural ingredients with some science behind them. For cosmeceuticals

that becomes natural ingredients that are cosmetic ingredients. Because of the natural components, it interferes less with your body. A typical cosmetic has ingredients that you don't want. Cosmeceuticals have as few chemicals as possible in them."

Goldstein Research has predicted that the nutraceutical market will grow from US\$192 billion in 2016, to US\$300 billion in 2024. Driven partially, the report states, by a consumer desire for natural ingredients, in turn a reaction to synthetic compound side-effects.



relevium
TECHNOLOGIES

TSXV:RLV



Stock Price: \$0.12
Market Cap: \$7.9M
3-Month Average Volume: 379K shares
10-day Average Volume: 1.4M shares
52-week Range: \$0.045-0.22

Looking Forward

1. Another **acquisition** before year end
2. Launching **new brands** and developing **new products**
3. Developing line of **pet care** products

Research house MarketsandMarkets has predicted that the global wellness supplement market will hit US\$249.4 Billion during 2020, up from US\$183.1 Billion in 2015. This report hangs increased demand on an aging population, increasing chronic disease rates and an increasing awareness of the benefits of wellness supplements.

How large the market will become is difficult to say. What is clear, however, is that it is growing. In 2012 Euromonitor predicted that by 2017, global health and wellness would become a US\$1Trillion market. The Global Wellness Institute states that in 2015 the global wellness market reached US\$3.7 Trillion. While these figures include spas, wellness travel and wellness real estate; they also reveal the growing human desire to become and stay healthy for as long as possible.

Relevium Technologies (TSXV:RLV) has positioned itself to take advantage of these market trends. Its corporate strategy is to acquire companies with e-retail brands, products and technologies in the health and wellness market focusing on the nutraceutical and cosmeceutical market niches.

Relevium successfully entered the nutraceutical space when it acquired Houston, Texas-based supplement maker BioGanix on June 12, 2017, for a mixture of cash and debt totalling US\$4.5 million. BioGanix currently markets over 25 best-selling dietary

supplements ranging from trending weight loss products, to proven health-supporting supplements that support various processes in the body, including digestive health, heart health, brain health, blood sugar, as well as anti-aging supplements.

According to Useche, the BioGanix acquisition was the first of several acquisition targets. "We liked the product line and the branding. We thought it was a mature brand and we liked the fact that it was a pure nutraceutical brand. A fair majority of our Board of Directors come from the nutraceutical world. Nutraceuticals are a major focus in our acquisition strategy. Lastly but not least, when purchased, BioGanix was on a run rate of about \$5 million in sales a year at roughly a 30% EBIT margin which is about \$1.5 million. It's a good fit for any junior company coming off the starting block!"

The company acquired its first products for distribution in May when it signed an exclusive e-retail agreement with HempCo Food and Fiber, (TSXV: HEMP). HempCo is the second largest hemp producer in Canada and has just expanded its production facilities. The company sells hemp protein powder, hemp oil and hulled hemp seed nut under its brand PlanetHemp on a B2B (business-to-business) basis.



“The agreement is very important. We negotiated a three-year online exclusivity agreement with them. Right now we are in the process of putting together an e-marketing campaign that will be beneficial to both parties be it for existing, or newly minted brands. HempCo is obviously a fairly well-known source of good quality hemp. They developed a Consumer Packaged Goods product line called PlanetHemp that needs direct-to-consumer distribution. It allows us to expand our organic vegan product offering and allows them access to our e-marketing expertise. It’s an excellent marriage. We believe Relevium can do very well with that product line.”



The agreement calls for the joint development of a complete line of hemp-based nutraceutical and nutritional products as well as assistance with the Planet Hemp direct to consumer for distribution through global e-commerce platforms including Amazon and Jet.com.

The company’s strategic plan calls for it to acquire two new companies per year, with science-backed products in the health and wellness domain, concentrating on nutraceuticals and cosmeceuticals. “If we are able accelerate that, we would be more than happy to. It depends on our ability to finance at the right price and secure terms with our targets.” Useche says that at the moment, Relevium has a list of ten to fifteen acquisition targets, all of which are successful and profitable companies with EBIT margins well above 25%.

“We have a long list of potential targets. Without giving away too much detail, we have one nutraceutical company we are talking to, and we have one cosmeceutical company. I think one of those will be the next opportunity, hopefully by the end of the year.”

Useche is unfazed about the prospects of integrating two or more companies a year. “Because we are buying online businesses, integration isn’t as difficult as integrating a traditional company. Two companies a year is what we thought was a fair and doable promise to the market on what we can execute. We will continue to expand organically and through acquisitions but for the next three to four years our focus will be on acquisition.”

Relevium started out by acquiring the IP to produce medical devices designed to increase blood flow, which in turn helps promote healing and physical pain recovery. The company has patents for a wearable static magnetic device which has been shown to increase blood flow. They are now working on expanding the patents. When Relevium has the right company and distribution channel, it will launch the new product.

After acquiring the IP, Relevium decided to change its business model. “The initial focus of the company was anything to do with pain and recovery but we decided to be less specific and really focus on anything that improves your health.”

“We decided to look at the e-commerce health and wellness market and acquire a company that already had a marketplace and a customer list, a recurring business, and then launch other products through those channels. Once we started looking into it we discovered we had an incredible opportunity not to just acquire one, but acquire multiple health and wellness businesses, that sold brands that were doing extremely well.”



According to Useche, potential targets are out there and eager to deal. Speaking of them he says: “They’ve been approached by different people to expand the product line to different platforms and they see all kinds of different opportunities that they are not able to go after, because they are too small. And then they decide that maybe this is a good time for us to sell the business, or partially sell the business, and partner with somebody else.”

Once the target has been identified, Relevium makes these entrepreneurs an offer they find hard to refuse. “We offer them the opportunity to join an existing public company that is building a portfolio of brands. By doing that, you are taking the individual risk of one brand and spreading it over many brands. They also have the opportunity to tag along for the upside on the stock.”

Relevium has thought the market through and is setting high standards for future acquisitions. “We want to obtain exclusivity on products that have intellectual property, products that have real science behind them, medical studies, all that good stuff. We want to acquire them and combine them with the marketing platforms we have, and introduce products that have little or no competition.”

The company intends to use a mixture of debt and equity to pay for its future acquisitions. “BioGanix was a combination of equity and debt. The debt portion was convertible debentures. As Relevium grows we would obviously like to gain access to less expensive bank debt as well as use cash-flow and have the ability to make acquisitions without going to the market.”

Useche explains Relevium’s acquisition philosophy by saying:

“Although we acquired 100% of BioGanix, it’s a partnership with the seller. We share the risk with the seller by paying a portion of it upfront and a portion over time, that gives us some financing capability. The other way we were able to finance it, is to go to the market based on debt. Most of the companies we will be acquiring are highly profitable and as a result we are able to get a little bit more debt than equity. If it is done properly, our strategy should result in lower dilution.”

Once Relevium has purchased a brand, they will optimize margins by leveraging bulk purchasing power and increase ingredient quality where possible, lower ingredient costs, implement cross-selling and improve IT management systems.

The company has three subsidiaries: Relevium Wellness, created to host service offerings; Relevium E-Health, a holding company for Canadian acquisitions; and BGX E-Health, which was created to hold BioGanix and any other American acquisition. At the moment, plans for developing Relevium Wellness are on the back burner, although Useche notes that the company is open to discussions.

The focus is, as Useche would say, on acquisitions and improving performance. In its first 50 days of operation BGX E-Health posted sales revenue of CAD\$700,000, proving that Relevium has a good eye for acquisitions.

The company also has a good eye for the technology market. On September 7, 2017 the company announced that it had hired agileDSS as data architect to start work on the company's big data and AI Product Trend Recommendation Engine. The first object will be to determine whether or not there is a business case for building the engine.



Relevium wants to be able to have the ability to understand consumer behavioural patterns and internet marketing dynamics within a particular platform, before they become trends. They intend on reverse engineering internet traffic data by using big data, artificial intelligence and machine learning to look at potential trending products, locations or ingredients.

“We are looking to predict consumer behavior that would signal to us: OK there is a good risk/reward profile here to launch a certain type of product or roll-out in a certain location. Unlike other businesses, we can create and market a product in a very short timeframe because the bulk of the process is decentralized and dominated by third-party service providers be it for manufacturing, shipping or fulfillment - we try to keep design and marketing in-house or as close to home as possible. On top of that, the cost of running a test of a product is not extremely expensive and we will seldom be in a position where our investment will net a loss. We understand that not every product launch will be a hit, but we think that the technology we are building will give us an added competitive edge over our peers and we will prevail as the leaders.”

The company believes that if it is successful, the Product Trend Recognition Engine would allow it to launch the right products in the right market long before any competitor. At the moment, Relevium has not seen a commercially available product of this nature in the market.

“Technology companies have enormous valuations in the market. Being an e-commerce acquisition consolidator, we are not really considered a technology company despite our name. We feel that having a technology component to what we are doing will only serve to improve our valuation as a company and it is really the lifeblood of our business. It is only natural that we are investing in building technology that could have a major impact on our valuation in the future. At the moment we are building technological solutions to real business problems we are experiencing whereby these technologies will improve our own processes and marketing. We are not discounting the possibility that these technologies by themselves could also add to the balance sheet if we enter into a SaaS model down the line.”

In the end, Relevium sees itself becoming a health and wellness online brand consolidator. “I see the company becoming a portfolio of health and wellness brands, that have become well recognized in the marketplace. In terms of size, a company with C\$500 Million in annual revenues and the ability to offer our investors dividends - just look at Atrium Innovations which was a Quebec success story as an M&A player in the space. We think we can replicate the Atrium model, maybe even do it faster because of the high-margin e-commerce targets we are going after. With a nice portfolio of brands, we would also become an interesting target for larger players and that could translate into different transactions.”

In the meantime, Relevium targets to have a letter of intent signed for a new acquisition before the end of the year. The company also aims to launch one new brand through BioGanix, a fitness and nutrition brand, and begin work with HempCo. “By the end of the year we should also have the results of our technology test. Our plate is full.”

Relevium Technologies trades on the Venture Exchange under the symbol TSXV:RLV; and on the Frankfurt Stock Exchange as 6BX.

As of October 11 2017, RLV was trading at C\$0.12. It has a 52-week high of C\$0.22 and a low of C\$0.045. The company has a market cap of C\$7.9 Million and 66,971,466 shares outstanding.

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