

Relevium Technologies combines eCommerce with Science and Formulation Partners, through Existing Brands to leverage Unique Health Benefits from Cannabis and Nutraceutical Products

Q&A with Aurelio Useche, Director and CEO and Abis Hussain, Chief Marketing Officer



Aurelio Useche
Director and CEO

Relevium Technologies
(TSX Venture: RLV)
(OTCQB: RLLV)
releviumtechnologies.com

Interview conducted by:
Bud Wayne
Editorial Executive
CEOCFO Magazine

“The value that we add is that we are very focused on eCommerce and digital marketing and quicker and more effective ways to launch new products... We believe that we can add a lot of value leveraging the go-to-market effectiveness of online business to build brand equity and then combine this with brick and mortar.”- Aurelio Useche

CEOCFO: *Mr. Useche, would you tell us the focus of Relevium Technologies today, how long have you been with the company and what attracted you?*

Mr. Useche: The initial strategy of Relevium was to consolidate the health and wellness space in eCommerce. We found that there were a lot of entrepreneurial brands that cater to that marketplace, whether it is nutrition, supplements or skincare that only sell their products online. We identified a pipeline of businesses between \$2 and \$20 million of revenue, highly profitable, running with an EBITDA of 20% to 30% and we saw a real opportunity to consolidate brands and create value. We acquired our first company last year around this same time of the year, Bioganix, which is an online brand of nutraceutical products. Ever since, we are adding value by focusing on brand development, product extension, geographic expansion and marketplace diversification. We are currently expanding our brand to the European market, which we anticipate launching this month. We have expanded the product line through the introduction of trending products and through partnerships that provide exclusivity through science-based ingredients and formulations. One of our main strengths is our ability to forge different partnerships. In the case of Bioganix we forged a couple partnerships with companies that can provide us with a specificity in formulation services for our products to have a lot of medical research behind them, so we could then launch products that are a little bit different from what we are seeing out there.

I have been with the company as CEO since November 2016 and in addition to being an investor in the IPO, my initial attraction was the opportunities in the health and wellness market.

CEOCFO: Was Bioganix an acquisition or is that an outfit you are partnering with?

Mr. Useche: It was 100% acquisition.

CEOCFO: Are you partnering with people to deliver the products to market?

Mr. Useche: This is in fact a key value-added focus to our strategy. We know our strengths in the digital space and we seek to partner with organizations that provide unique and trusted ingredients as well as formulation capabilities. When we acquire a new brand, we focus on the introduction of exclusive products that can be introduced directly into the channel. The fact that these are exclusive formulations translates quickly into higher margins and lower media buying costs. One of such partners is Tersus Life Sciences, a supplement company located in Bonita Springs, Florida that developed the science behind Provinal®—an ultra-purified form of Omega 7 (Palmitoleic acid), the next generation of Omega fatty acids that have been shown to possess broad properties to combat diabetes, metabolic syndrome, and atherosclerosis. We are currently in production of two exclusive formulations, one that supports the most important markers of cardiac health and another that supports overall eye health.

Last year we started looking at the health benefits of cannabinoids and at the possibility of developing new formulations. Our initial approach was strictly from a health support and science point of view and not as a strategy for capital markets promotion. This was the how our team began to focus on the potential health supporting cannabis market.

One of the challenges we faced in the exploration process, in addition to regulatory issues in the US and Canada, was the supply chain. The marketplace is currently flooded with hundreds if not thousands of unproven products without any traceability on the quality and source of the key ingredients. Although we do not consider ourselves to be a “Cannabis Company”, we do believe that cannabinoids will provide our customers with added health benefits to address things like inflammation, pain, anxiety and even sports recovery.

In view of these quality and sourcing challenges we decided to create our subsidiary Biocannabix Health Corporation, a vertically integrated, science-based developer of nutraceutical and other medical grade consumer products focused specifically on the cannabinoid market. We are currently cementing the right partnerships to ensure that Biocannabix becomes a leading consumer health product company in the space.

This is where we are today. We remain focused in growing our online brand portfolio through acquisitions in our core business and we are also working hard to build Biocannabix into a fully integrated cannabis company that would grow, process and develop consumer packaged goods for medical purposes.

CEOCFO: Why the focus on nutraceuticals, sports nutrition and nutria-cosmeceuticals? What opportunities present themselves that would not be there in some other area of health or technology?

Mr. Useche: One of the reasons why we are focused on nutraceuticals is because the key members of the executive committee come from the nutraceutical world. On our board for example, all of the directors come from the Pharma/nutraceutical space. Dr. Tina Sampalis, M.D., Ph.D.,

one of our directors, is one of the inventors and developers of the IP behind krill oil as a source of omega fatty acids, the product that gave birth to Neptune Wellness. In terms of nutrition, Abis Hussain, our Chief Marketing Officer and several of our advisors come from the world of sports nutrition.

In terms of the opportunities we see in this business is the integration of cannabinoids in terms of trusted consumer products that support health and wellbeing. We traveled across the US and Canada, looking at what products were available for consumers today in this space and trust is a major issue. Although there are many things being offered, I do not know necessarily that what I am taking is exactly what I am told I am taking. The source and application of the product seems to be without any real understanding of the health concerns that a consumer may want to address. For example, we probably met sixteen different CBD companies and we found that the application, quality, source and purpose of the product is sort of generic and the way that the product is packaged, it is difficult to know how the product should be used. We visited some large operations and we also visited mom and pop shops that are very successful.

We have also been extremely thankful to meet a few organizations in the US as well who really know and understand cannabis and their patients. These organizations have been working with patients to deal with pain, cancer and other ailments, and through experience and a real passion for their patients, they have been able to develop formulations and applications that have a positive impact on people's health. What we are hoping to do here with Biocannabix and why we think there is an opportunity in terms of nutraceuticals is that we can formulate product, leverage the know-how that exists on cannabis products for medical purposes and then do formulations for things that we already know. For example, turmeric or curcumin for inflammation; we can formulate with an omega 3 product for heart conditions. The idea behind that is to bring existing science and formulate it into research and come out with trusted products where consumers will look at that brand and say, "I know these guys know what they are doing, and I can feel safe that the product they make is good and well formulated and it is going to be good for me". We will be looking for acquisitions as well in the very near term because this also opens distribution channels.

CEOCFO: *Do you invest heavily in product development?*

Mr. Useche: We rely on members of our executive team but mostly we rely on our formulation partners. Companies like Tersus Life Sciences and Neptune Wellness Solutions (TSX / NASDAQ: "NEPT") out of Montreal, in addition to a wide network of CMOs in North America and Europe.

CEOCFO: *Your Bioganix products are available through Amazon and Walmart. Was that distribution developed by Relevium Technologies? Would you tell us about your approach to building relationships with distributors, sales and marketing?*

Mr. Hussain: When we acquired Bioganix, the products were only sold through Amazon.com (USA) so that became the core business in the beginning. The whole message of Relevium has been in health and wellness, and we have been expanding our catalogue ever since and investing in branding and development. The whole approach is to put the best product out there, so we came up with a plan on how we could take

Bioganix to different marketplaces and not just sell on Amazon. The first thing was to expand on Walmart.com, so we launched Bioganix Gold line last week on Walmart.com. We are also in talks with Costco, Target and Walgreen's about carrying products. In terms of marketplaces on-line we are constantly expanding, and the reason is that we have spent so much in development that now we really want to take our product out there into the market and tell people that we carry the best products and that is what they need in their household. We wanted to make it family-friendly. In terms of a marketing approach, my background is from the digital space and I have been in the online space for about 10 years. The goal is to play in the eCommerce space, which means launching in all the other available platforms in the US. Then we are slowly moving along the lines of expansion in Europe, so we are going live in the United Kingdom in the next couple weeks and we should be live with some of our Bioganix products in the UK.

CEOCFO: *Who is putting it out there?*

Mr. Hussain: It is on Amazon. From there we will go to Amazon Germany, Amazon France, Amazon Spain, so the whole European expansion will be through Amazon. The same thing we are trying to do with Walmart, wherever they are selling as well as India.

CEOCFO: *Are you strictly on Walmart online store or on the shelves as well?*

Mr. Hussain: Our deal with Walmart is to launch our brand online first and then if the brand is well received and we see consistent growth in sales, then we will automatically be sold on the shelves. Bioganix wants to be a global brand available in all the marketplaces and that is why we are relying on the marketplaces. We also sell our product through our native website at Bioganix.com. The way we do that is we do media buys. We buy advertising spots on Google, and social media such as Facebook. We also look for people who can endorse our products. We are looking at people who can really take it and like it and use it, then give us an honest opinion. Frankly there has been a positive reception in the market for our Bioganix products. When we do advertise we want the buyer to come to our own website and buy. We do not send them to Amazon or Walmart. We do have marketing strategies that cater strictly towards Amazon and Walmart and then there are strategies outside the marketplace, which is through buying search engine traffic and social media traffic and diverting them to our website.

CEOCFO: *How is consumer awareness?*

Mr. Useche: Part of our strategy is brand development. Bioganix was initially an Amazon centric brand and now it is gaining awareness through active marketing and branding campaigns outside of the marketplace. Our brand is primarily popular amongst women and we are now targeting larger segments of the population by understanding their own needs and buying drivers.

CEOCFO: *Is your advertising strictly online? Do you buy AdWords? Do you do television and radio or print?*

Mr. Hussain: We are looking to do some ad buys in television like an infomercial but not print media now. I have a plan to go with a health magazine, such as Bodybuilding.com Magazine, down the line, maybe early next year. However, for now we are strictly AdWords, social media.

CEOCFO: *Are you still looking for acquisitions?*

Mr. Useche: Indeed. This is still a pillar of our strategy. The beauty of growth by acquisition is, if structured properly, there is the access to new product lines, markets and different sets of skills that we can add to our company. All we can say at this time is that we are currently looking at a handful of possible transactions. We are hoping to structure something with at least one of them in a way that is beneficial to the company from a strategic point of view, structured in a way that is also beneficial to our shareholders. We started the new fiscal year in July and we have targeted to conclude at least one accretive transaction in the near term.

CEOCFO: *What type of investments do you look for? Are you looking for brands and products where an infusion of cash would take them to the next level? Are you into product tweaking and development? Are you looking for opportunities where your management experience and expertise can make the difference?*

Mr. Useche: There is a little bit of everything that you mentioned. For example, we are looking at a transaction right now that is based in Europe so there is a particular know-how about the European market. As we are expanding to the European market, we know that we are going to acquire some local know-how. By acquiring this company, we acquire know-how, but we also acquire two product lines that are not currently in our portfolio. What we look for in this case is a strategic transaction. We have another transaction where an investment in cash will make a big difference in terms of setting the company to go to the next stage. The product that the company has is very much in line with our health and wellness product portfolio. It is in an area that is very popular and in high demand. I think we can add value that way. On a transaction basis, we always look to make sure that we have a strategic component to why we are doing that transaction, but we do not only look to add revenues. Obviously that is how we derive value, but we also look to a point of view of what it is that we are going to need in the short-term that is going to take us to the next step, and instead of doing it ourselves, why don't we find the right vehicle to take us there and acquisitions are one good way that I think we can do that.

CEOCFO: *What separates your weight loss product from others on the market?*

Mr. Hussain: We have a series of weight-loss products and not just one. We are more focused toward natural supplements, plant-based. Some of them are highly reviewed products on Amazon. When we acquired the brand, we just took whatever inventory came with it. We revisited the manufacturer as well as the supplement facts and formulation of the products. Then again, that is where our board brings value; most of them are from this background. As I mentioned, we have Dr. Tina Sampalis on our board. We looked at what ingredients we wanted to take out or add and how to make it better. Our products are the real deal. They are not just knock-offs or something that you can pick up on the shelf. We have put our thought processes behind them and made sure these do not have side-effects and we're quite proud of our ratings on Amazon.

CEOCFO: *What is your approach to management of your acquisitions? Are they run as subsidiaries or all under one umbrella?*

Mr. Hussain: It is a little of both. One of the targets we are looking at now would be included into an existing business unit but another one will be a new business unit. It really depends on how we want the structure in that brand or product and how we can create value.

CEOCFO: Do you currently have the funds in place to continue making acquisitions and growing the company? Are you looking for investors or to raise capital?

Mr. Useche: As you know, Venture exchange companies continue to look for growth capital, so we will go back to the market for growth capital. Right now, the way that we are structuring these transactions is we do not require capital to close a transaction, but we will need the ability to source financing to grow the brands and to do the things that we want to do. We will go back to the market as conditions permit us to do so.

CEOCFO: Do you attend conferences and participate in road shows?

Mr. Useche: Investor conferences we did last year. In terms of the summertime, it has been a bit quiet, but we have a lot of work to do to gear up for September. We will go out on road shows this fall and attend investor conferences. We do attend industry events simply because we want to make sure that we are always on top of things. For example, early this year, we attended Supply Side West. We attended ASD in Las Vegas. We will go and attend industry specific conferences just to make sure that we keep a good ear and temperature on what is new, what are the new ingredients, what is trending and so forth.

CEOCFO: In closing, address our readers in the business, investment and health communities. Why is Relevium Technologies an important company today?

Mr. Useche: The value that we add is that we are very focused on eCommerce and digital marketing and quicker and more effective ways to launch new products. Within the space of health and wellness, most consumer-packaged goods are delivered through brick and mortar outlets such as pharmacies and supermarkets. We believe that we can add a lot of value leveraging the go-to-market effectiveness of online business to build brand equity and then combine this with brick and mortar.

If we went strictly through regular channels, for example, if we were launching a new product, by the time the product was close to being on the shelf and go then through the whole cycle, it could be a year before we know what is going on for us. If we are doing it online, we can read minute by minute what is happening in that marketplace for that distribution channel.

Relevium combines eCommerce, science and formulation partners, through existing brands and can leverage unique health benefits from cannabis. The combination of all these components make us an interesting proposition and we believe creates a very quick and reactive company that will be able to execute quite well in terms of reaching out to consumers. We are not saying that we will not enter brick and mortar retail; in fact we think it will play an important role in making sure that good products with science backing them up will reach consumers faster in a more efficient way.