

## Plantui Oy, Qtr 3 report 2018

1.1.2018 – 30.9.2018

Dear shareholders,

The third Qtr. of 2018 started to show improvements in September.

We still suffer from the slow sales in the beginning of the year but see a healthy qtr.4 ahead of us. Important to point out the massive amount of work we done to get the OEM business on track. Original plans to start to ship in qtr. 3 but these were pushed forward to qtr. 4.

### **Commercial issues; channel sales:**

#### **Distributors:**

Our main channel of distribution has been challenging 2018 due to low sales in some areas.

Ytd sales is still down 4,9% compared to last year but without any activities from France, Belgium and Singapore so far, we have been able to develop our business performances in Italy, Switzerland and Czech republic (new customer 2018 and ranked # 2 already). Focus on extending distribution.

#### **Retail direct:**

To drive the direct retail sales, that mainly has been in Finland and partly Scandinavia Plantui would obviously need to invest in a sales person handling the channel. We have anyhow decided not to do so, reason being the uncertainty of the opportunity because of its unpredictability.

This channel has a significant drop vs last year - 63% but represents less than 13% of total sales 2018.

#### **E-commerce, Plantui web shop:**

We have finally hired a growth ambassador to drive the sales of the e-commerce channels globally. Channel sales is -17% below last year but expecting to see the growth coming with targeted activities.

### **OEM development with BSH**

The OEM product range has been finalized, audits cleared, forecast in house, final pricing agreed and ready to start shipments that were moved to last qtr 2018 mainly aimed for Germany and Austria 2018.

The discussion, meetings and stream of mails are extensive and exhausting. Our team has worked with a high moral and now we can finally start to harvest. We have enclosed a chart to explain the entire process for you all.



The Bosch devices

### **Marketing**

IFA, the gigantic electronic exhibition held in Berlin was our main marketing event for the year. It has proven to be successful and a good place to meet new business contacts.

The show last six days and we received more than 70 contacts from 42 different countries. We have processed them all and narrowed it down to app. 10 workable ones in countries like Netherlands, Baltics, Russia, Scandinavia, Finland Turkey, Canada, US Korea and Japan.



The Bosch stand at IFA before D-day.



The Plantui team ready to meet new opportunities and expand distribution.



The show must go on...

### **Product development and operations**

Our work with Artlux UAB in Lithuania continues.

The new OEM products were launched in August at IFA fair. First order will be shipped in October.

All facilities have been audited and improvement programs announced. Quality systems are put into place. Next phase is the concept B for Bosch



Great way of showing the device by Bosch at IFA.

### **HR up-date**

We have hired two new persons to complete the functions we have been lacking since 2017.

Ms. Elina Raaska joined us to manage and develop our plant portfolio. Elina has a tremendous experience in this field and has a M.Sc In Biology.

Mr. Simon Gouillardeu joined us to manage the e-commerce channel and develop our digital marketing competence. Simon has an entrepreneurial mind set and has been working in the start-up field in Finland, UK and France. Simon is French original and lives in Helsinki. Welcome them to our team.



## Financials

Q3, 2018 sales were 18% ahead of 2017. The summer months were slow, but September changed the path finally and was 48% above 2017. Sales mainly to European distributors.

Plantui ytd numbers are still down in comparison to 2017, -22% but we are closing the gap step by step.

The most positive side are the improvements in Gross margins and Operating Income.

Gross Margins are running ytd at 38.2% vs last year 15.6%. Good improvements made. We are anxious to see the development qtr 4 when the big Bosch deliveries take place. We have been able to decrease cost on some components and it helps. We are at the end of the year able to analyze the cost development better once some bigger series has gone through the production and being shipped.

The Operating loss ytd is **-482 473€** compared to **-811 234€** last year.

The major things impacting this positive development are: we have saved 87k ytd on personal cost, gross margin improved significantly, admin and marketing cost are down too. Inventories grown by 45k.

We have re-focused our Go2Market strategy and believe we can build with current headcount, invested in and e-commerce growth ambassador as well as a plant expert to develop new exciting plants for Plantui.

Efforts made on gaining new accounts since with this level we are still cash flow negative. This will not change before we see monthly sales exceeding +200k. Obviously the ramp up of working capital continues to meet Bosch demands.

## Qtr 3 financials and Full year up-date:

	Q1 2018	Q2 2018	Q3 2018	Q3 2017	YTD 09/2018	YTD 09/2017	2017
Revenue	92 955	81 666	76 647	63 494	251 268	321 226	563 055
Other incomes	0	0	29 349	0	29 349	60 513	220 651
Purchases and services	-53 926	-45 871	-55 142	-72 662	-154 939	-271 594	-420 059
Personnel and other expenses	-159 284	-167 756	-208 801	-213 616	-535 841	-635 904	-863 503
R&D capitalization	19 504	18 495	33 629	0	71 628	0	148 709
Depreciation	-46 918	-47 669	-49 352	-95 206	-143 939	-285 474	-196 150
Financial income and expenses	-4 045	-61 593	-4 888	-5 375	-70 526	-16 897	-54 735
Profit/Loss	-151 714	-222 727	-178 558	-323 365	-552 999	-828 131	-622 031
Equity	439 911	1 138 994	962 812	384 469	962 812	384 469	590 528
Liabilities	1 403 699	1 259 137	1 675 706	1 119 765	1 675 706	1 119 765	1 445 706
Current liabilities	156 019	155 788	164 706	106 765	164 706	108 765	434 706

The FY forecast for sales is currently at 700k, a growth of 23% over 2017.

We expect to see comparable Operating Income improving over last year that included a 250k sum of free grants mainly impacting the last qtr 2017.

We did change our depreciation policy in December 2017, this impacts our comparable profit for the last qtr. as well which was 246k positive.

## New market development & outlook

We mentioned in the last report that we have been re-focusing our Go2market strategy, this means choosing the target countries in Europe we want to be strong in and where we do believe we have the right partner to achieve it, re-think the Plantui South East Asia business and enter North Americas.

We have decided to approach all areas via distributors and has terminated our DK agency agreement and shall do so in UK too. This simplifies our processes and work.

This means we are not going direct to retailers but when it comes to Amazon and eventual other global e-commerce sellers.

We have suffered from slow sales the eight first months during 2018. The reasons being very slow development by some of our business partners and not able to cover the entire loss via new ones.

We have been down two persons the entire year as sales is concerned. The cost saved is obvious.

September brought an upswing and we expect to have a strong Q4.

Helsinki November 5th, 2018

René Österman, CEO,

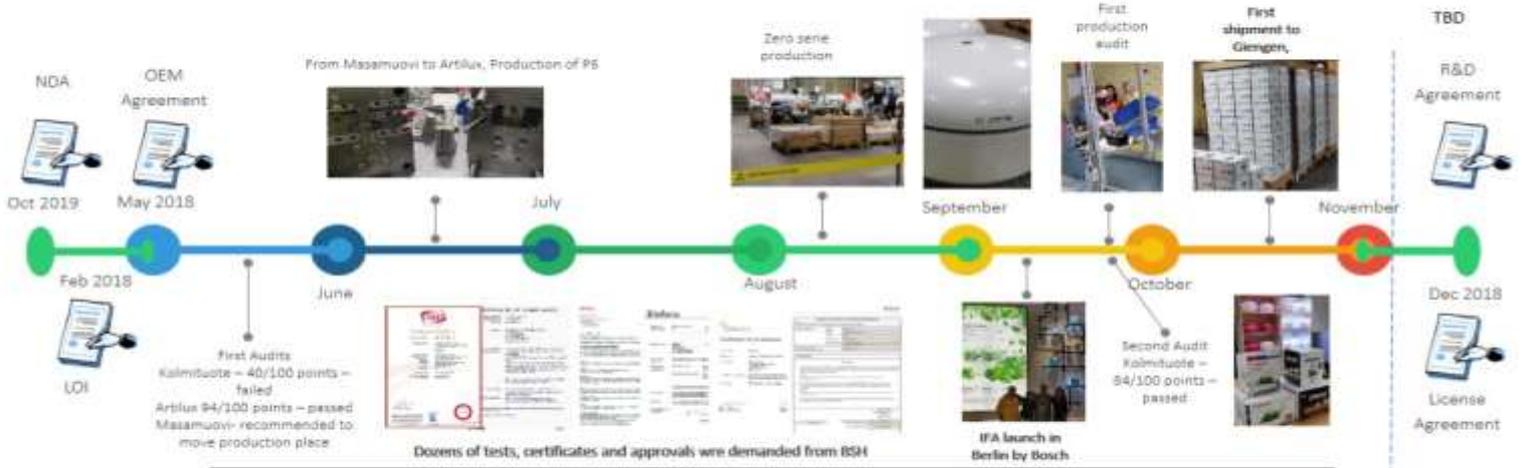
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Enclosure Bosch project summary

# TIMELINE Project Bosch A (Plantui OEM)

Agreement signed on May 2018 – 8 months from Zero to Sales in Austria by Bosch Brand. **No summer holiday for Plantui**



Plantui and BSH started project A on May. Project A is an OEM project for Plantui Smart Gardens and capsules for a Bosch brand.

Tests, Audits, Certifications and changes everything happened during the timeline. **Record in BSH history**