



T E R R A
K A F F E

**On a mission to
elevate the coffee
brewing experience**

Company Overview
October 2019



US coffee consumption is changing dramatically towards espresso, while consumers are also rejecting coffee pods



Espresso consumption at all-time highs



+

1 out of every 4 coffee drinks consumed out-of-home is espresso-based ¹

+

In-home preparation of espresso climbed 1,400% in the last 7 years (2011 – 2017) ²

Pod coffee machines sales plummet

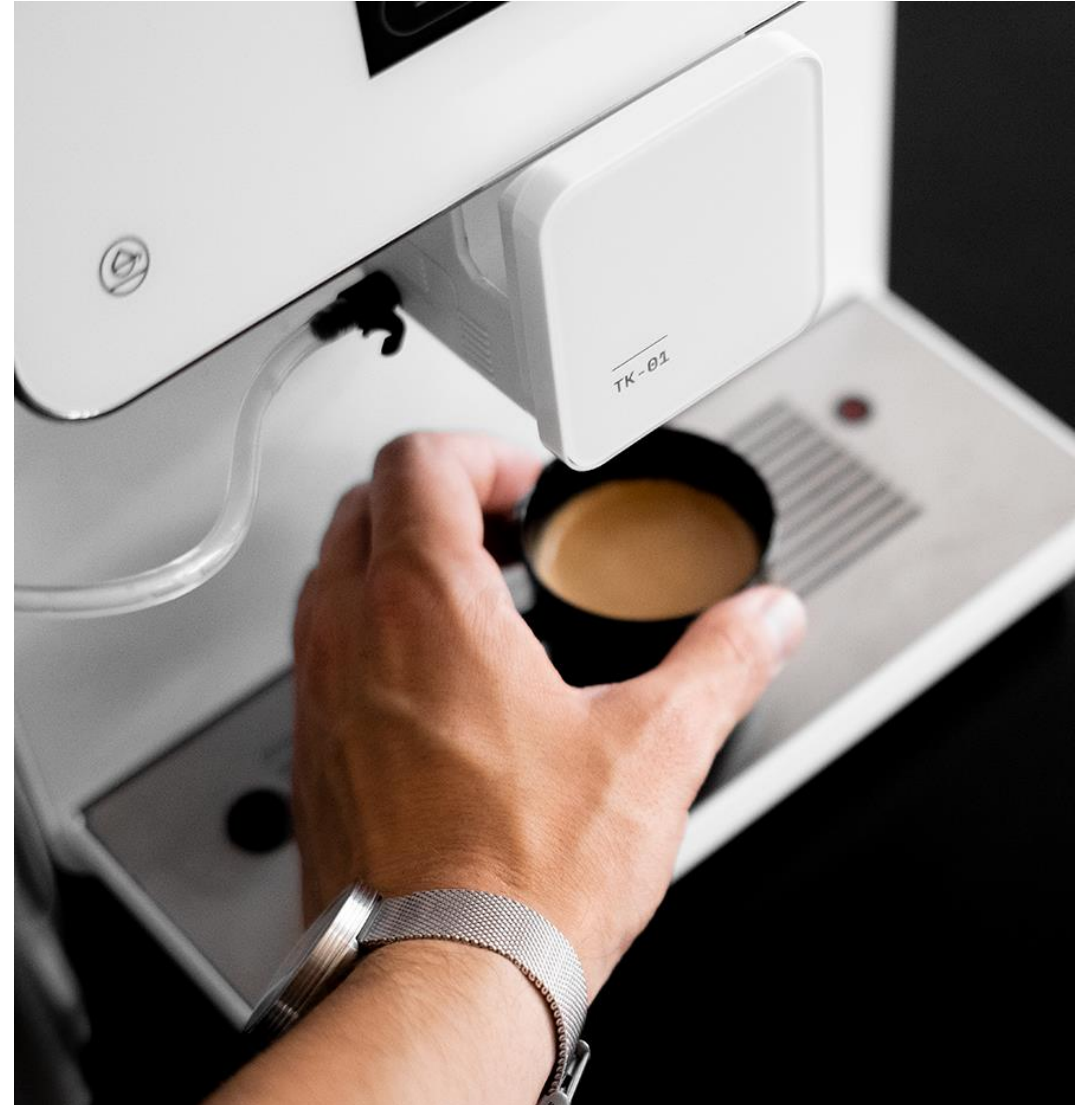


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73% of American's surveyed would likely not re-purchase another pod coffee machine ²

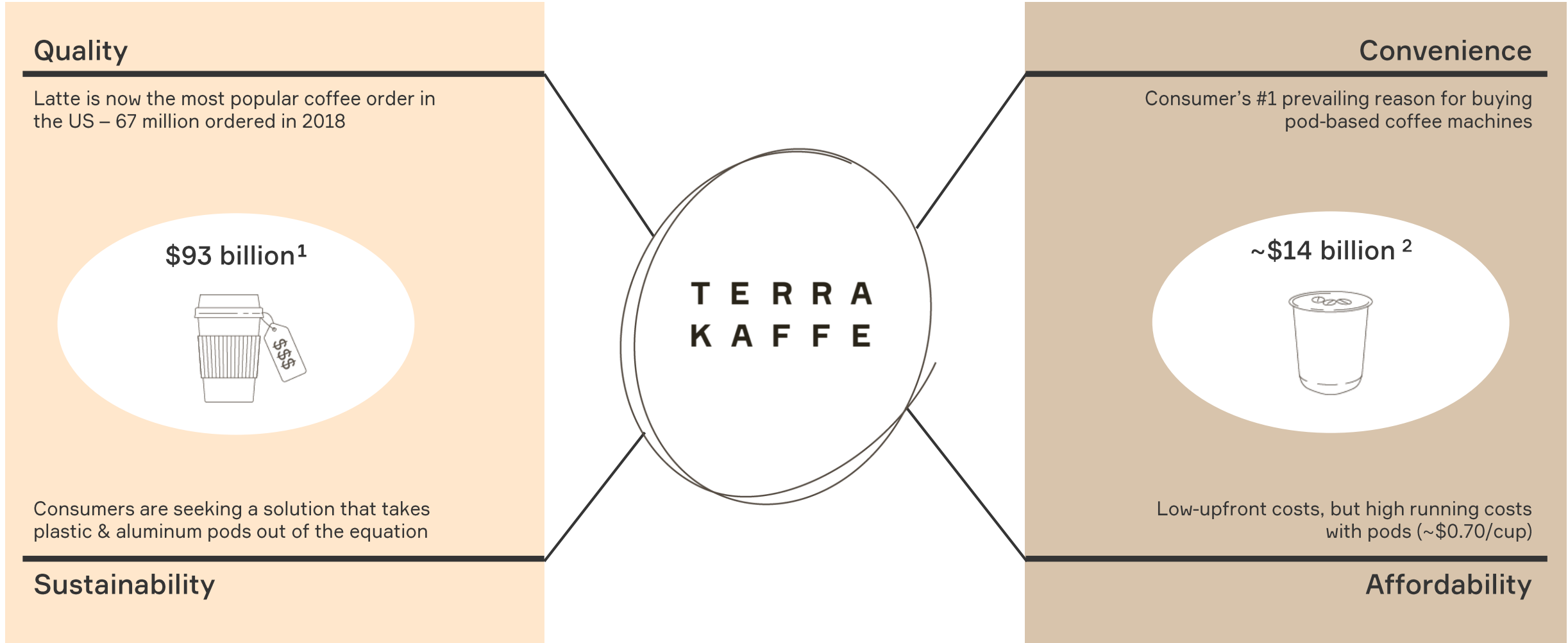
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Pod coffee machine sales declined by ~20% in the last 4 years (2014 – 2017) ³



1) Source: National Coffee Association 2017 report
2) Source: Statista
3) Source: Euromonitor

Consumers' quality and sustainability standards have risen, but with home coffee, still make a tradeoff for affordability & convenience



1) Market capitalization of Starbucks
2) Acquisition price of Keurig Co.
3) Source: Euromonitor

Introducing our espresso machine



TK-01

Quality

Espresso, cappuccino, and more

Convenience

One-touch to brew and clean

Sustainability

No pods, no plastic, no waste

Affordability

\$0.27 per cup brewed from fresh whole beans



\$775
or 12-monthly
payments of \$65

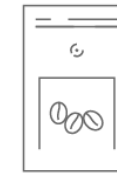
*Earth to bean.
Bean to cup.*



How the TK-01 espresso machine works – marrying simplicity, quality, and sustainability



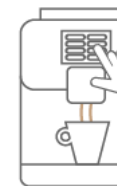
3 easy steps



Select your beans



Select your milk



One-touch to brew

Go-to-market strategy leverages digital engagement and offline partnerships to build a multi-touch experience for customers



Strategy

CONTENT

PARTNERS

DIGITAL

PRESS

Execution

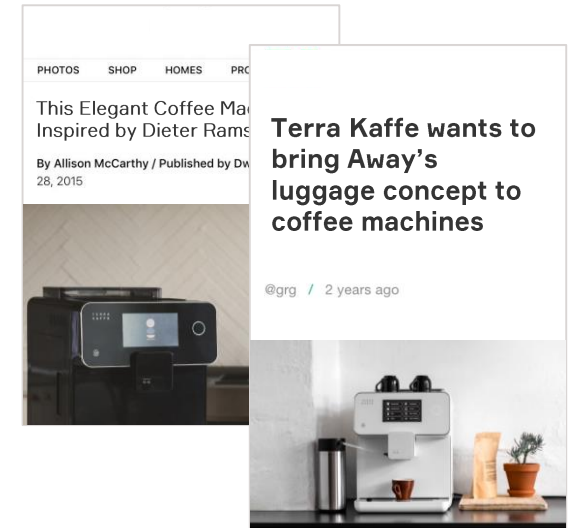
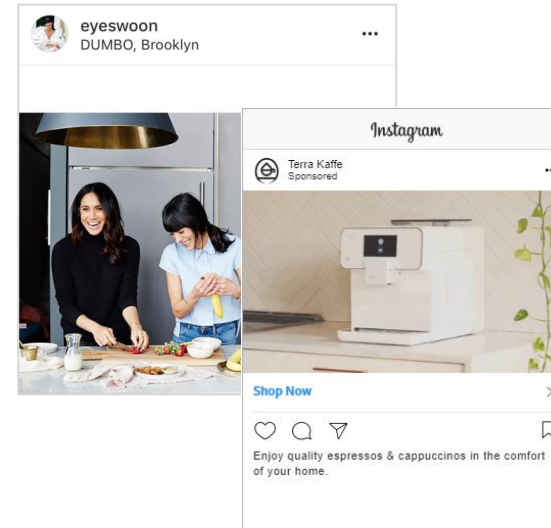
Collaborating with creatives to bring the brand-story to life with engaging digital & print content

Partnering with young and creative brands to activate their offline spaces

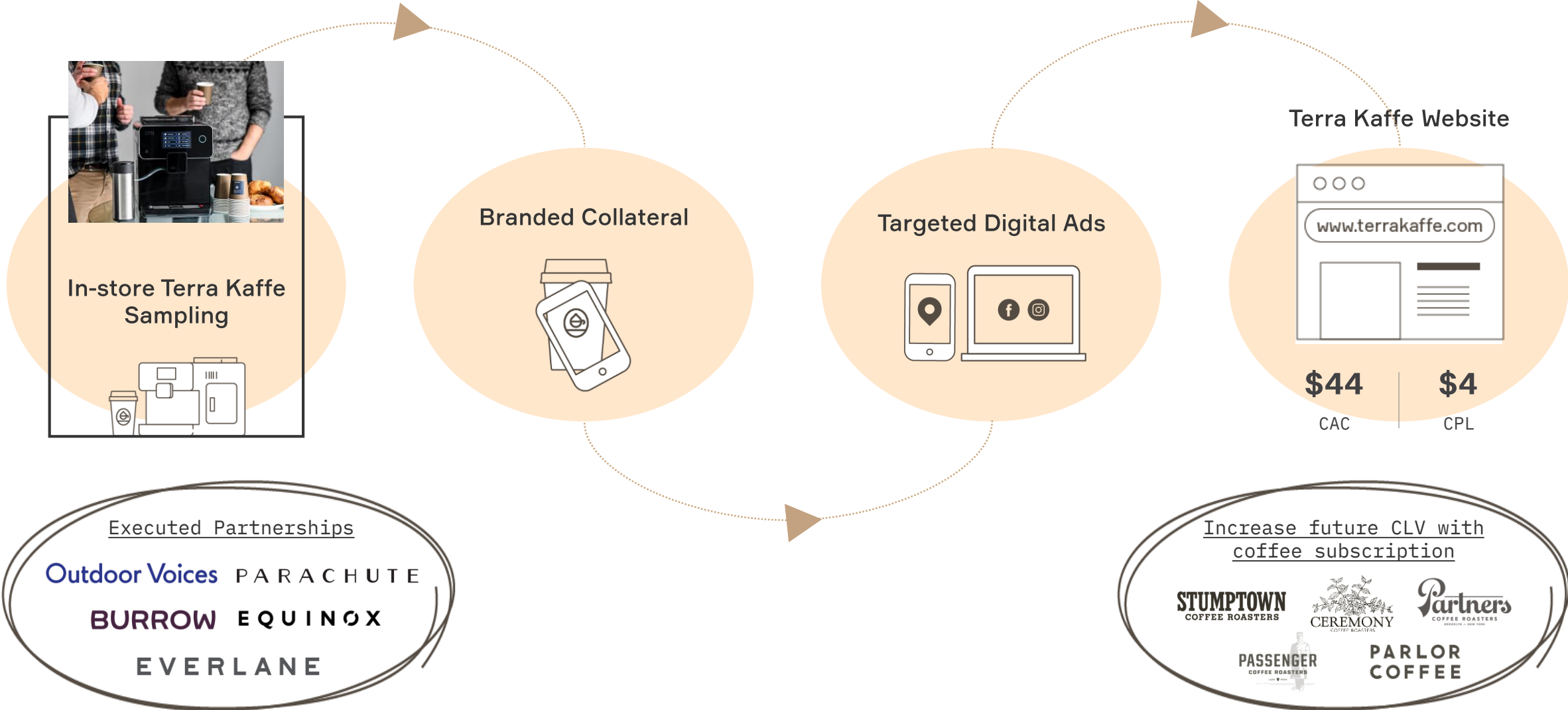
Creating data-informed campaigns to interact and connect with customers on social platforms

Boosting awareness through publications that have lifestyle-focused audiences

Example



Leverage offline partnerships and targeted digital ads to build a scalable direct-to-consumer business model



Traction with early customers indicates profitable & attractive unit economics with clear path to boost CLV through key customer insights



156

Units ordered ¹

55.3%

Gross margin

<4.0%

Return rate ²

\$44.09

Blended CAC ³

64.5%

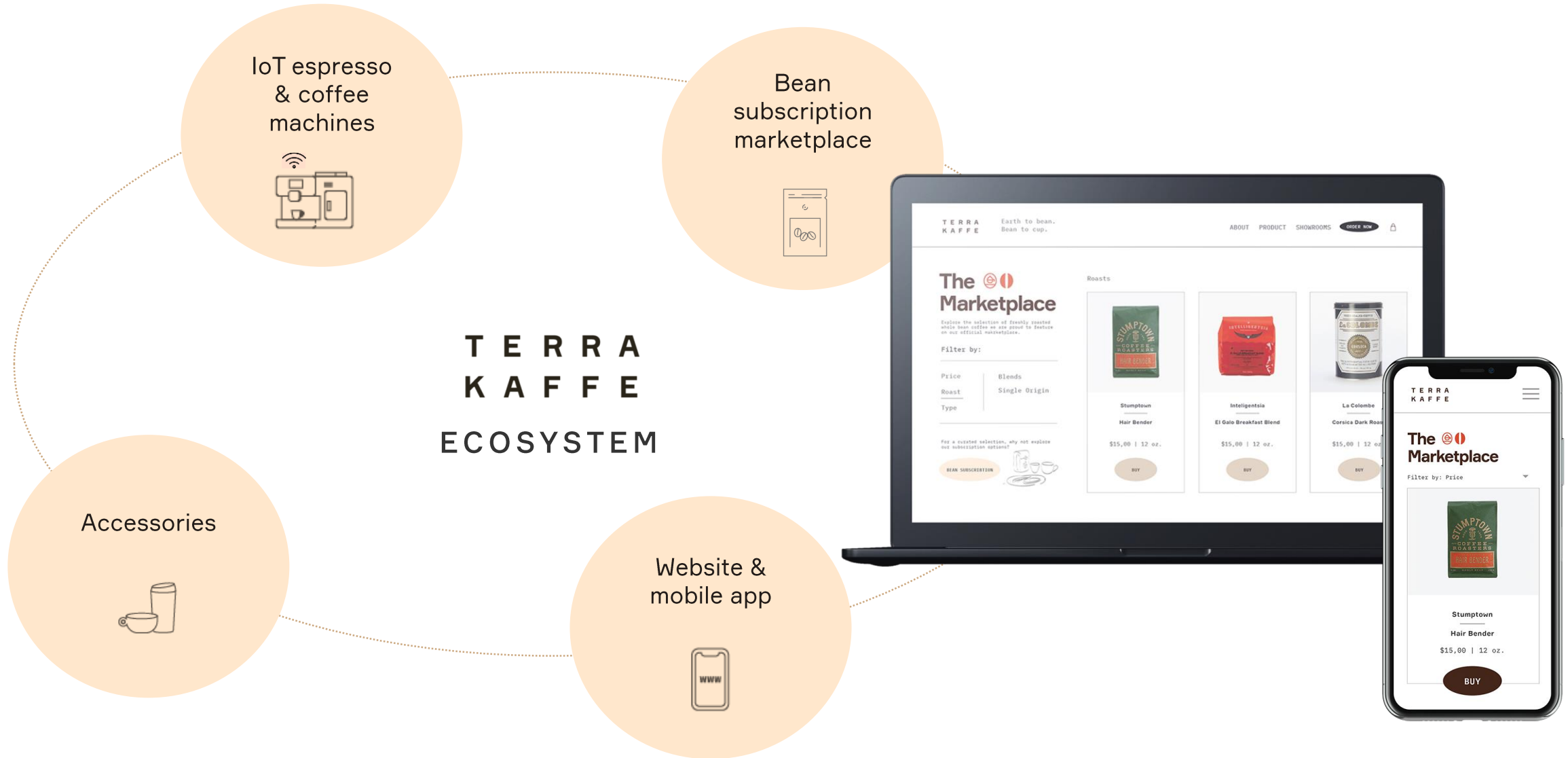
% of customers interested in bean subscription ⁴

\$4,200

Avg. monthly burn ⁵

- 1) Number of orders as of 9/15/2019
- 2) Return rate as of 9/1/2019 and after first batch of orders were shipped
- 3) Calculated with 8 months of continuous ad spend as of 9/15/2019
- 4) Independent survey of Terra Kaffe's first 107 customers
- 5) Average calculated from 3/1/2018 to 9/1/2019

The future TK ecosystem: leveraging installed-base of IoT coffee machines & premium brand equity to serve end-to-end coffee needs



Unlocking never-before seen economics in coffee with the next generation IoT connected TK-02



TK-02 CONNECTED ESPRESSO MACHINE

1-year plan

- \$150 / month
- 1yr total = \$1,440
- TK-02
- 24x 12oz. bags of specialty coffee

2-year plan

- \$90 / month
- 2yr total = \$2,160
- TK-02
- 48x 12oz. bags of specialty coffee

3-year plan

- \$70 / month
- 3yr total = \$2,520
- TK-02
- 72x 12oz. bags of specialty coffee

PREMIUM COFFEE ROASTER PARTNERS

PARLOR
COFFEE



✓ ACTIVE PARTNER RELATIONSHIPS

STUMPTOWN
COFFEE ROASTERS



SEY
COFFEE

COUNTER
CULTURE
COFFEE

Little Wolf

DEVOCIÓN

Targeting a \$46bn coffee market — focusing first on the growing US demand for easy-to-use espresso machines



Segmented market controlled by 4 primary incumbents with an avg. age of 104 yrs. old



KRUPS



Saeco

US automatic espresso machines

~\$200mm

300k units sold per year ^{1,2}

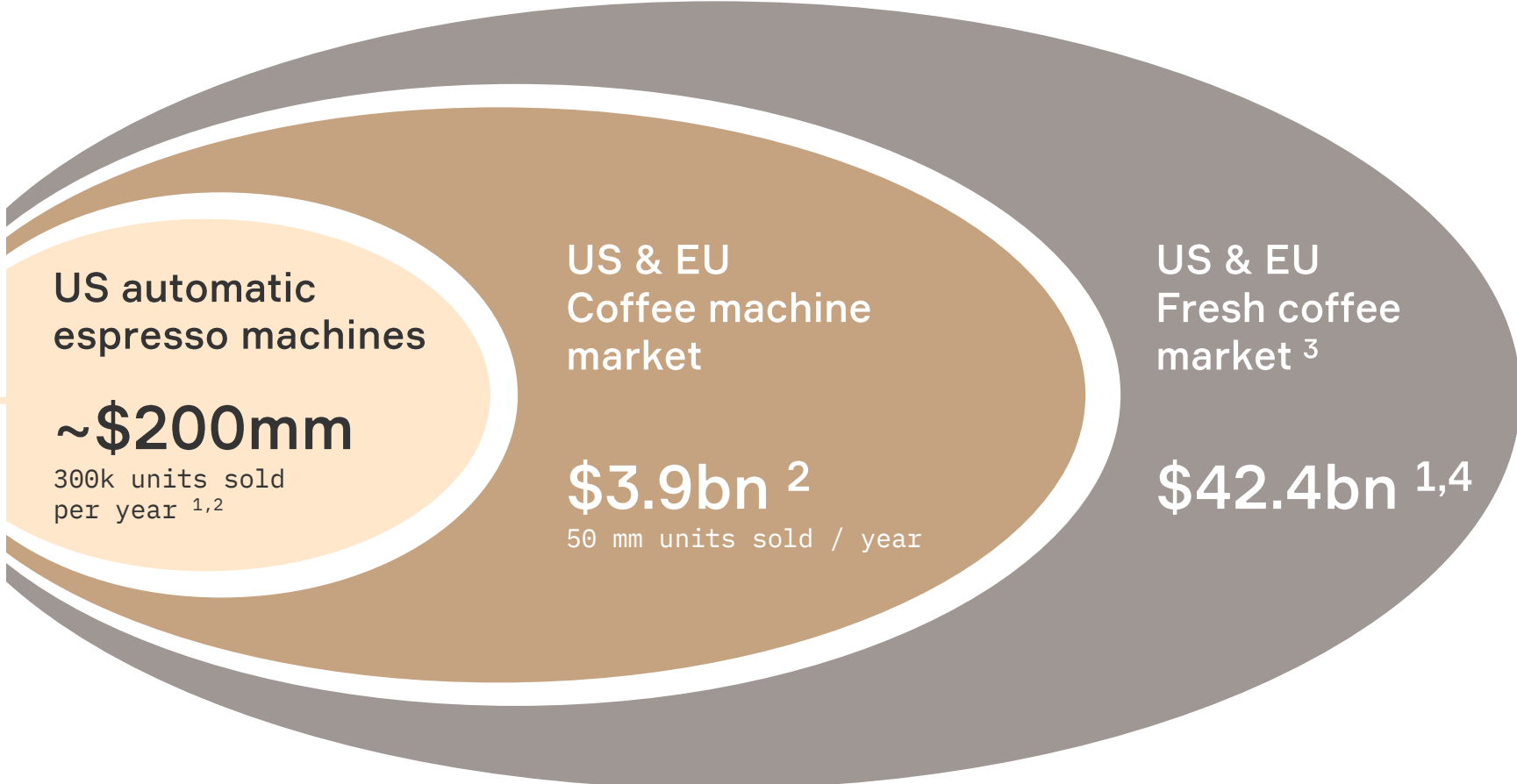
US & EU Coffee machine market

\$3.9bn ²

50 mm units sold / year

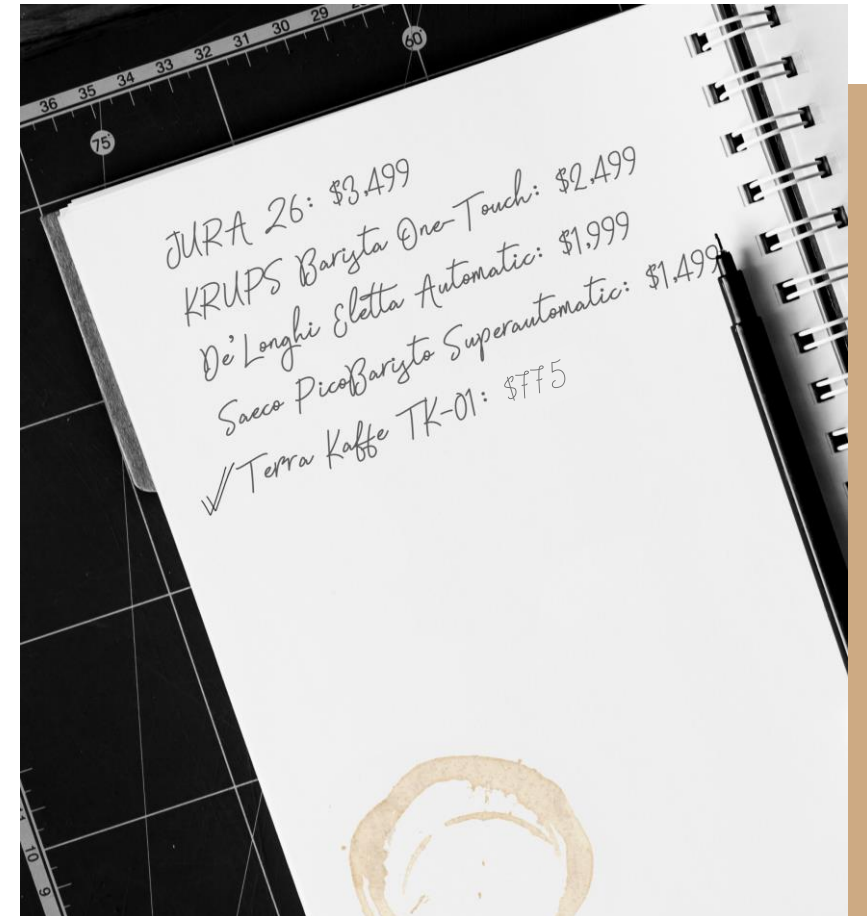
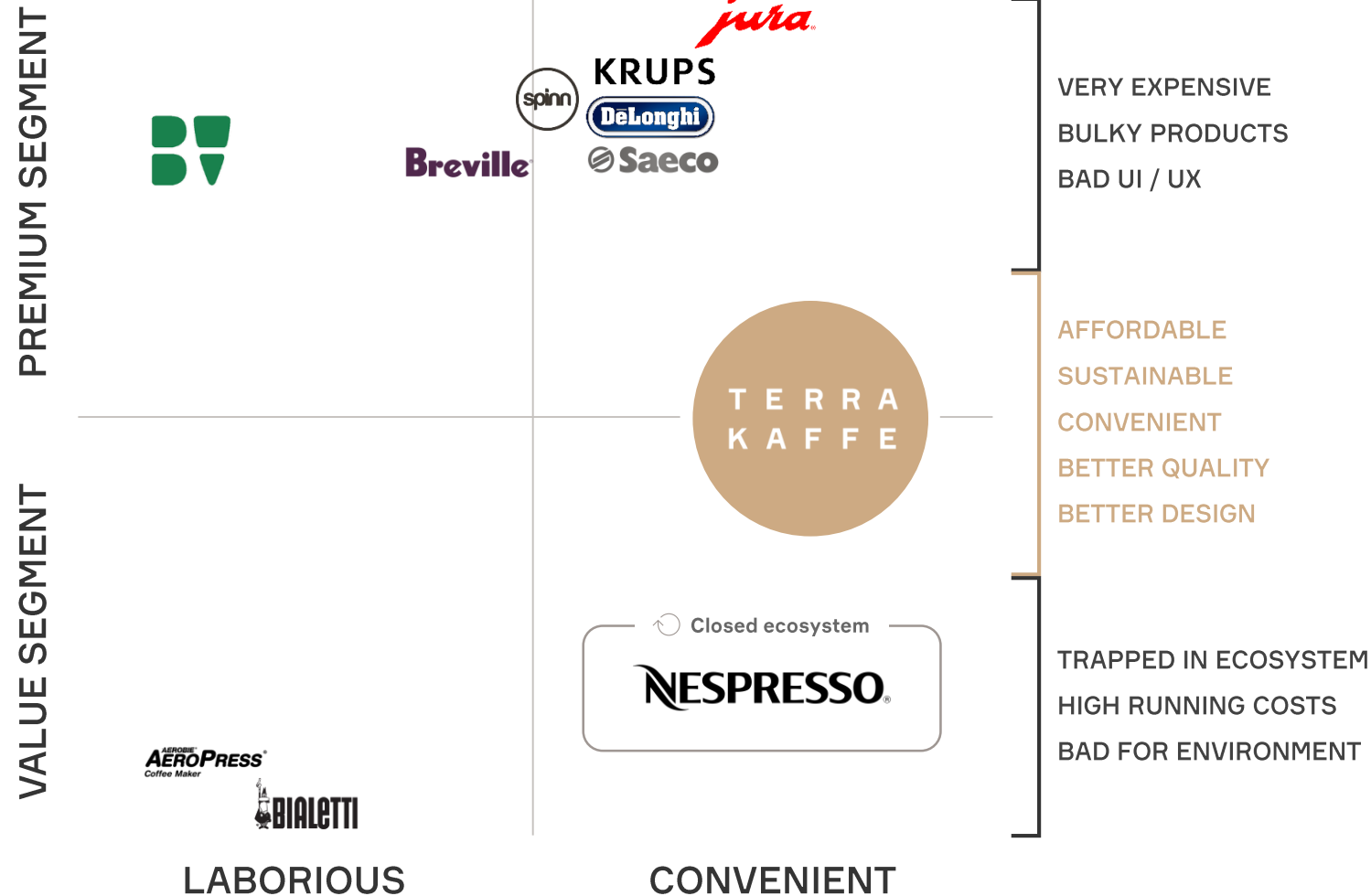
US & EU Fresh coffee market ³

\$42.4bn ^{1,4}

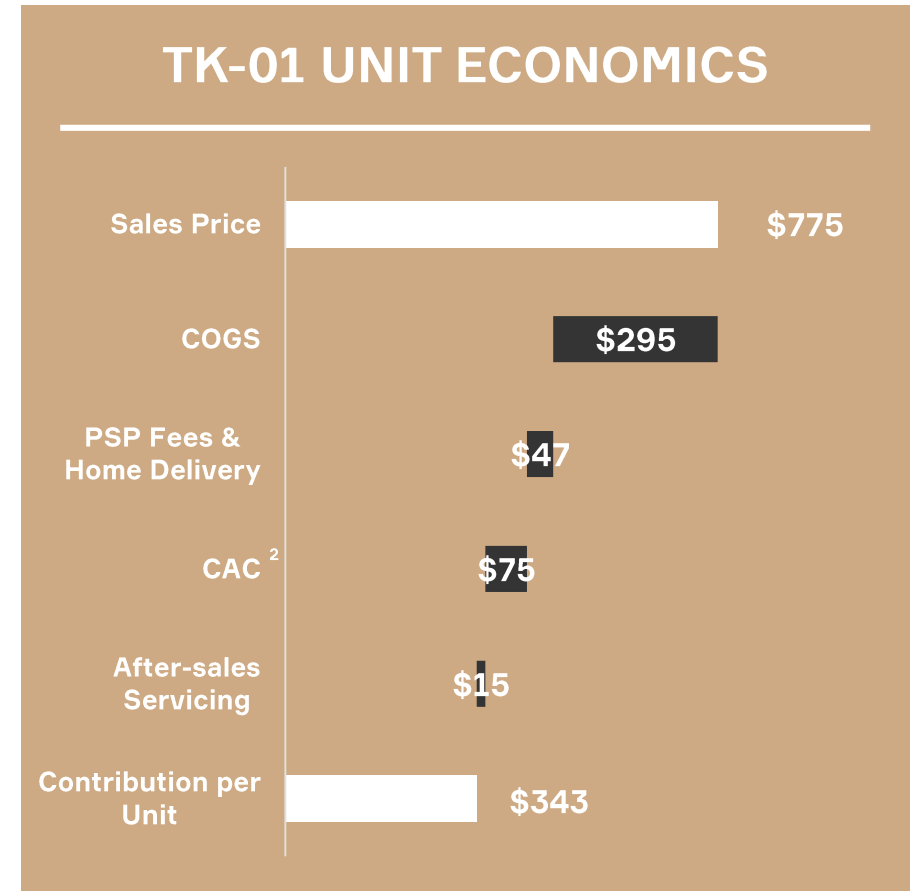
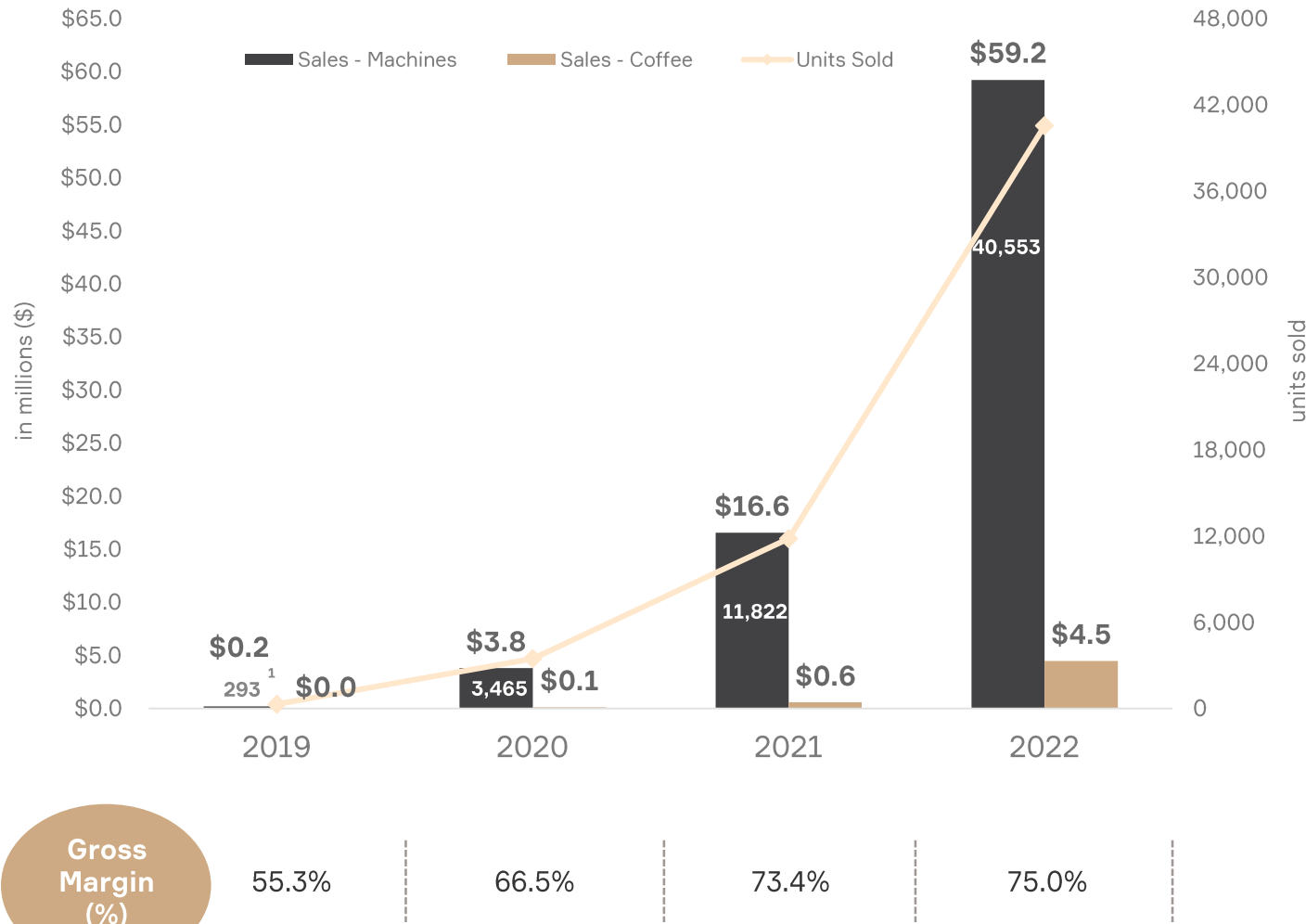


1) Source: Statista
2) Source: Euromonitor
3) All retail coffee sold through off-trade channels
4) Source: IBIS

Market has incumbents with legacy, but we have identified a large white space in the espresso machine market



Starting with a premium brand and product with strong margins, Terra Kaffe expands through hardware sales & coffee subscription marketplace



- 1) Sold out of inventory in 3 months – conducting pre-orders for batch #2
- 2) Blended customer acquisition cost (CAC) is forecasted to grow to \$105 by end of year 2 due to targeting a wider audience of early majority & late majority customers

Dedicated team of coffee enthusiasts with years of experience is energetically tackling all aspects of product and brand development



Sahand Dilmaghani

Co-founder & CEO



Deep expertise in product & hardware, working at unu motors, the 4th fastest growing German startup in 2016

Nenad Dickov

Co-founder & CCO



Over a decade of experience working in branding, graphic, UI, packaging and print design at top-tier European design agencies

Jon El-Kordi Hubbard

Head of Growth & Marketing



Advised ~70 companies ranging from pre-seed to Fortune 500 on their lead generation and digital marketing strategies

Advisors

Investors

Espresso machine technology

Omri Almagor

LA CIBALI

Becoming FTE

Marketing & strategy

Lori Marcus



Supply chain & manufacturing

Kurt Cavano



Raising funds to be laser-focused on team building, operational execution, and product & brand development



The Ask	Runway	Target Close Date
\$650K Convertible Bridge	6 months	October 2019
\$2 - 3M Series Seed	18 – 24 months	March 2020

USE OF FUNDS



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Let's grab a coffee!

contact:

sahand@terrakaffe.com