TIKO

Empowering home-sellers to achieve fast, friction-free transactions

Series A – Update

2021

Tiko |ˈtiːkəʊ |

noun

I. A proptech company with a very cool artificial-intelligence technology that liberates property-sellers. Notable for its obsession with delivering a superb customer experience while removing all the friction from a residential property transaction.

II. The best domain with four letters the founders could find for €19/year.

"Tiko bought our home – fast, convenient and fair."

"It's like Auto1.com for properties."

A brief introduction to Tiko.
Passion brought us here.

- Tiko is a European start-up company in **proptech.** Our mission is to provide a frictionless property-selling process using data and technology.

- We're now live in five markets: **Madrid, Barcelona, Malaga, Seville and Valencia.** We'll be expanding to further cities / countries, on the back of our scalable and efficient technology. Spain may be home for us, but Europe is our future.

- Tiko operates a proprietary **Automated Valuation Model** (TikoAnalytics™), which processes **2.8 M** data points a day.

- Tiko provides instant liquidity to sellers using two approaches. We act as a digital broker; or we are the ultimate buyer. Both channels rely on the same process and technology, but have different capital requirements and different risk models

- Total revenues for 2020: **€39 M**. Expected total revenues for 2021: **€98 M**. Order Unit costs are positive.

- Our operating expenses are significantly lower than our competitors' – thanks to our **technological efficiency**. This also results in better net margins.

- **High level of supply**: We receive 22% of all residential properties coming on sale in Madrid, and up to **25%** in other cities, mainly through word-of-mouth and digital marketing. Sellers trust us.

Selling a property is a frustrating process.
The real (estate) problem...

- Selling a home is often described as one of life's most stressful events.

- That stress is compounded by excessive delays in selling the property, plus huge uncertainties throughout the process.

- In European cities, sellers face further obstacles:
  - There are no consolidated pricing databases;
  - Data is opaque;
  - Local tax and tariff regulations can differ vastly, even within the same country (unlike the USA);
  - Sellers are ready to pay for liquidity.

- Residential real estate is Europe's biggest asset class— yet one of the least liquid and least digitised. Tiko is solving that.
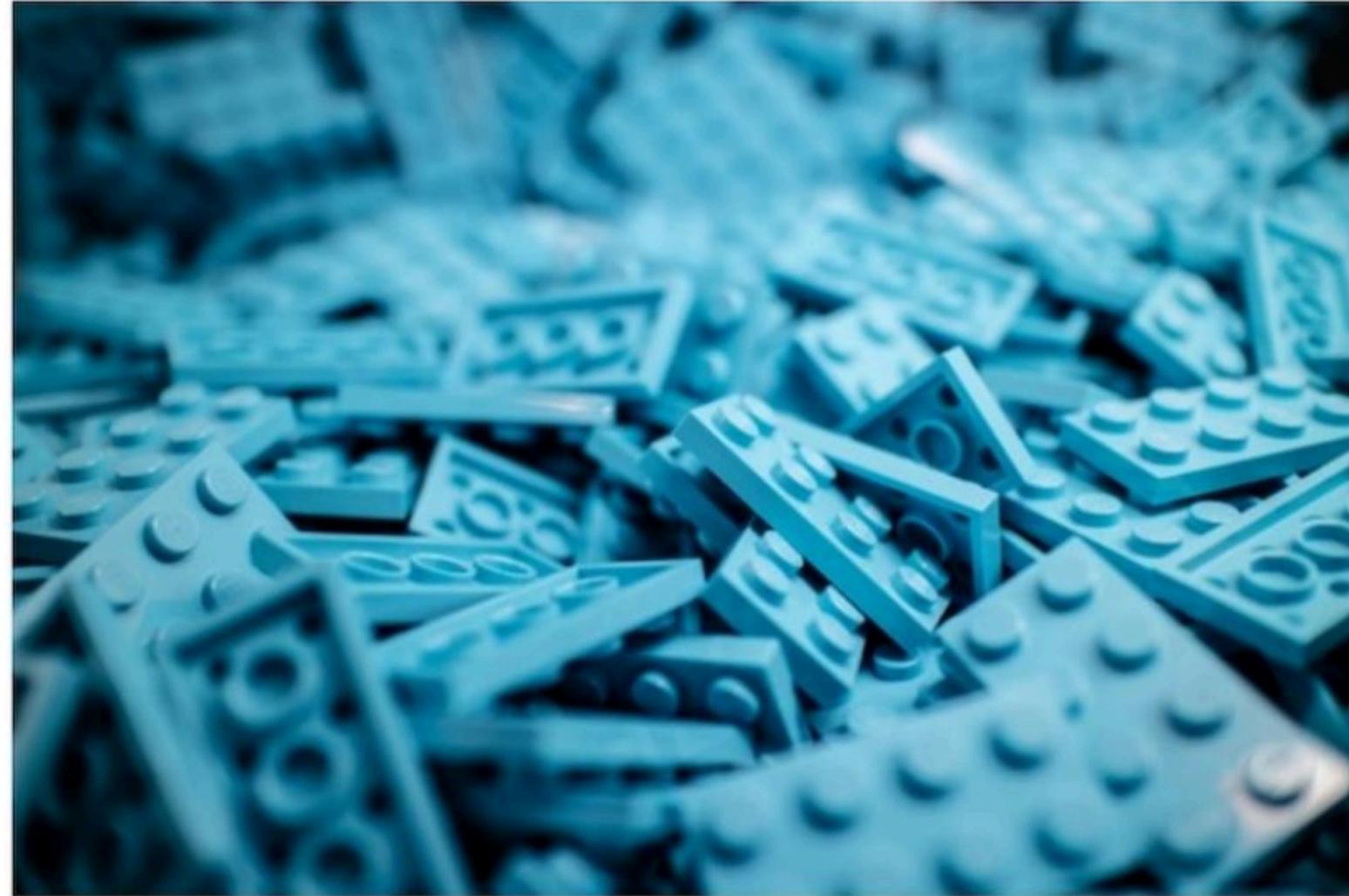
Instant liquidity, thanks to a data-driven and streamlined process.

Sellers want, and will pay for, liquidity.

Tiko provides two models for instant liquidity:

- **Digital brokerage**: Tiko has agreements with funds to buy residential properties. Tiko selects, qualifies and inspects these properties. It typically takes a few days to close the transaction.

- **Buy-to-sell**: If the property is not qualified for digital brokerage but meets Tiko's requirements, Tiko acts as the buyer. The transaction closes in a few days.

TikoAnalytics™

- Tiko has developed a proprietary Automated Valuation Machine (AVM), called TikoAnalytics™.

- TikoAnalytics uses AI technology and machine-learning algorithms, with 2.8M data points added each day. This provides huge advantages in the process:

  - It enables speed (offers are submitted in 24 hours);
  - It leads to high margins (data quality leads to 6.0% net margin per transaction, which is best in class);
  - Technological efficiency leads to low opex cost structures (Tiko has 35 team members, where competitors with similar business volumes have 110+ employees).

- Artificial-intelligence models are growing faster than Moore's Law.

Meet Rosa Sanchez.
The hero in our story...

This is Rosa, from Madrid, who works in a bank. She is married and is mother to a 8-year old girl, Mercedes. They decide to sell their two-bedroom apartment.

Rosa asks her friend Ines how she sold her property, and Ines recommends Tiko.es. Rosa checks out Tiko but also Trustpilot.com and likes what she reads there. That night, she fills out the form on Tiko's website. It takes her two minutes and 10 seconds.

Next day, she receives an email from Tiko. It shares the fair market valuation of her property, and offers to buy her property outright and immediately, at an 8% discount to the valuation.

She talks to her husband Julio, and they decide to accept the offer.

Nine days later, their property is sold. Painless, convenient and fast. The Tiko way.

They are relieved and decide to take a long weekend holiday to celebrate the sale of their home in such an easy way.
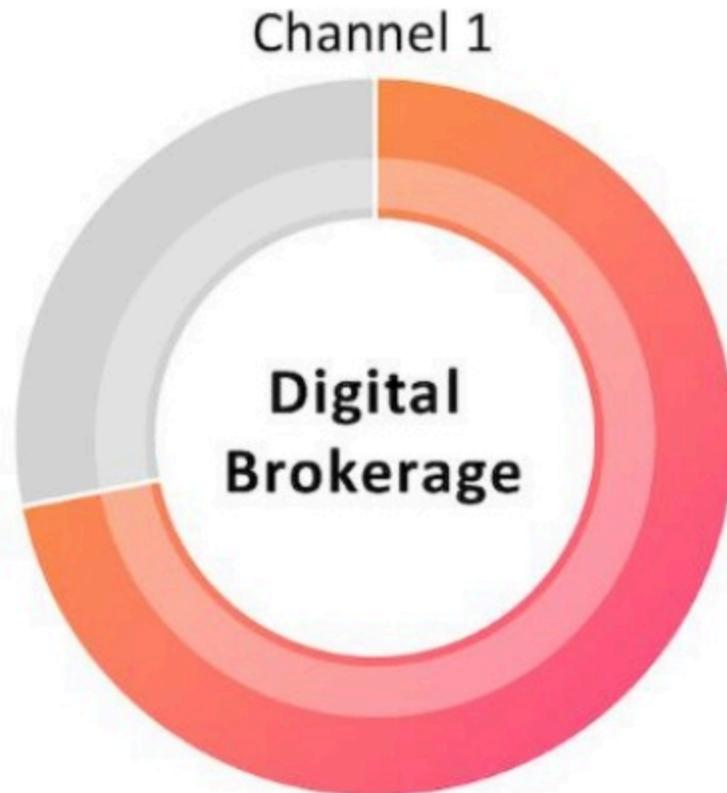
Besides TikoAnalytics™ we have a fully integrated digital process
This seamless process increases both conversion rate & customer satisfaction
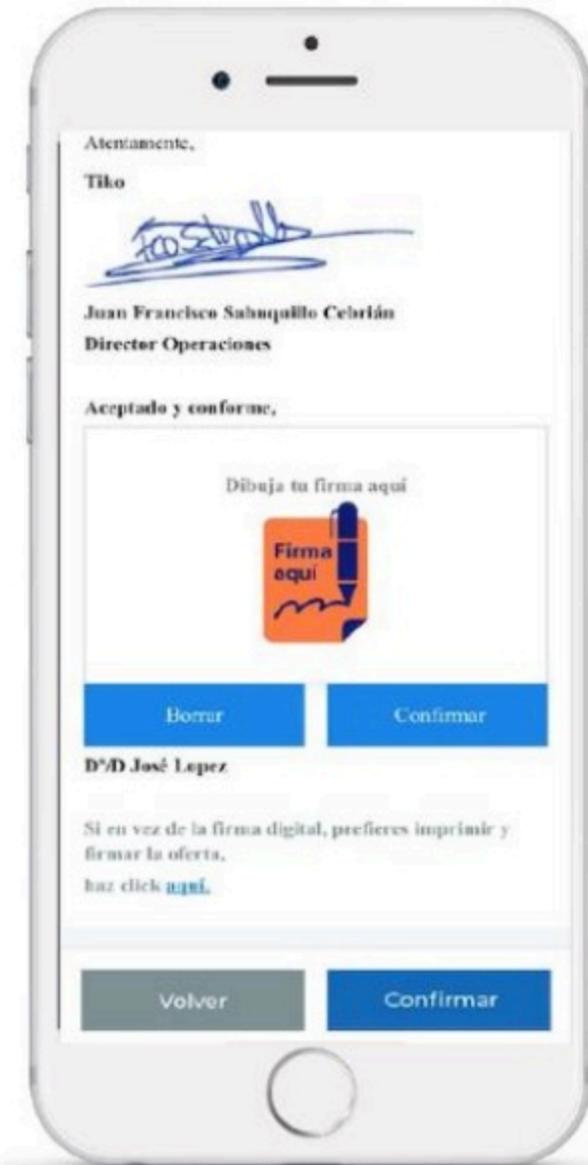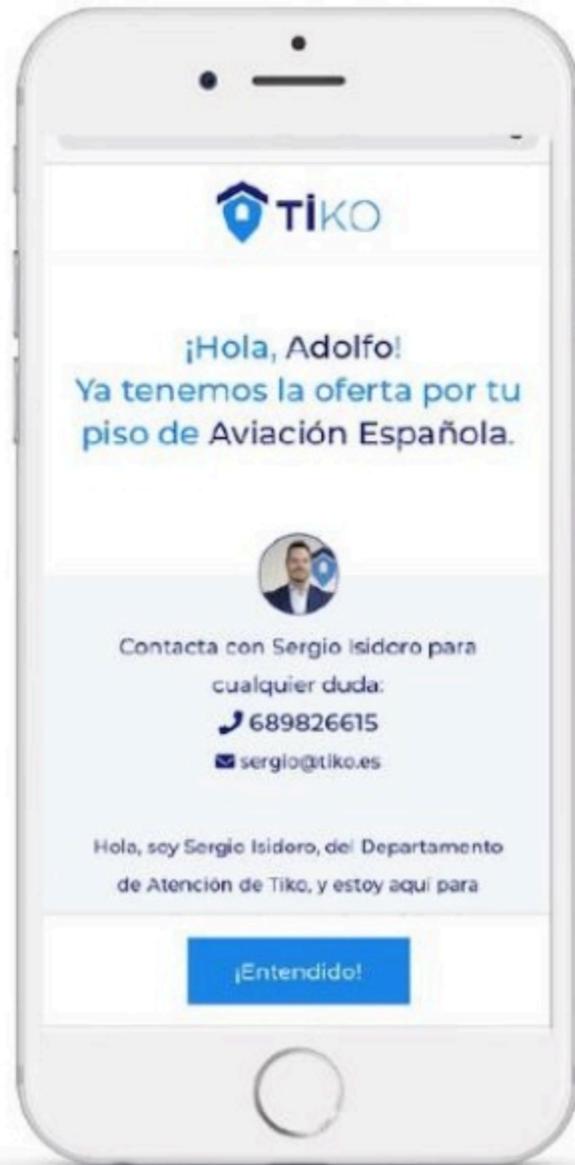
How do we provide liquidity?

Two paths to revenue:
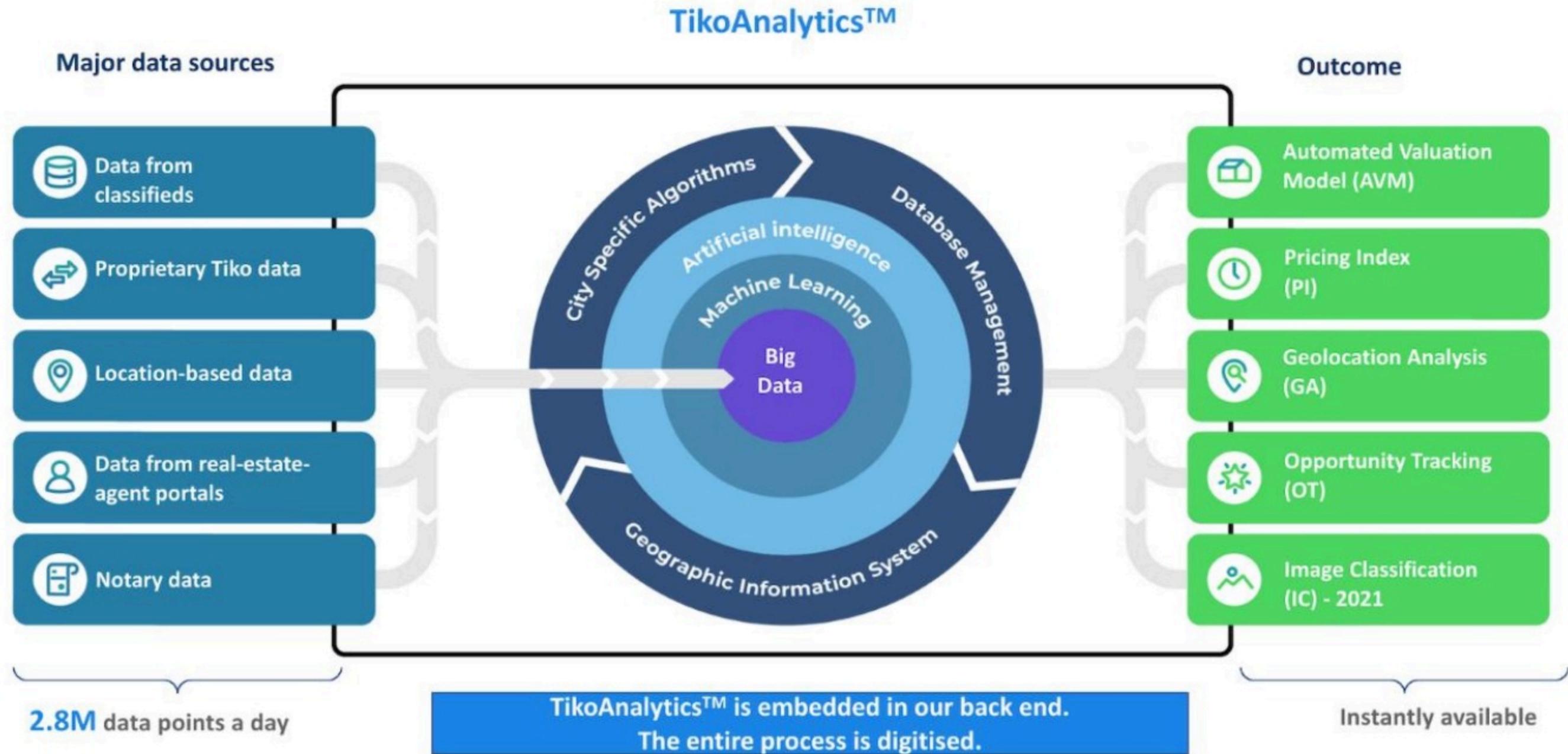
Channel 1

Digital Brokerage

Channel 2

Buy-to-Sell

Tiko has arrangements with corporate investors who believe in TikoAnalytics™. Our systems digitally integrate with the investors'. Our commitment is to deliver 5,000 properties in the next 3-5 years. We sell directly to them and take a brokerage commission.

Alternatively, Tiko buys the property directly. Sometimes a property isn't a fit for our investors, but it meets Tiko's criteria. After buying the property, we sell it on average within 86 days. It's a high-margin business.
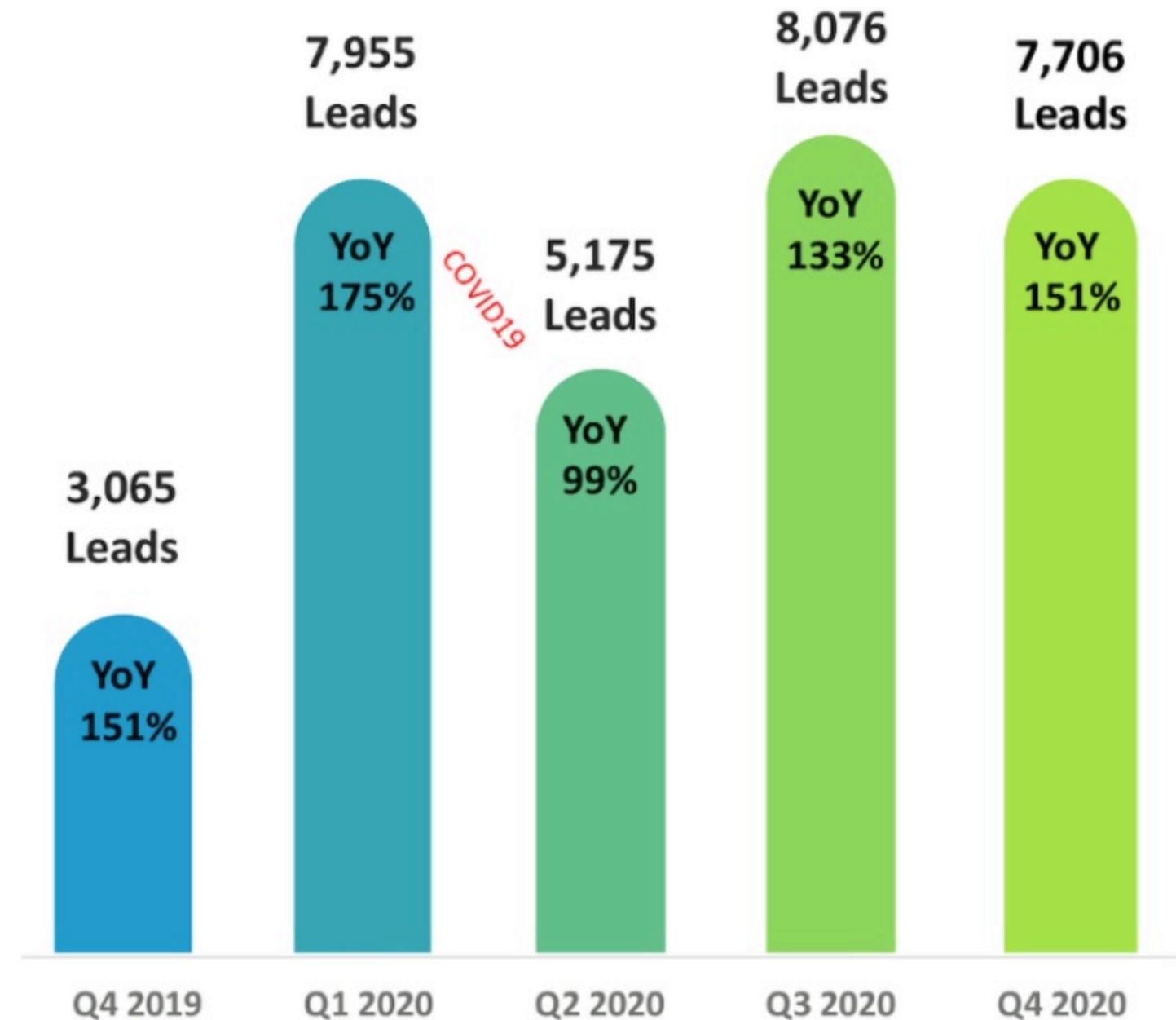
How does TikoAnalytics™ work?
Our data-rich system gives us a huge market advantage.

TiKO

TikoAnalytics™

Major data sources

Outcome

- Data from classifieds
- Proprietary Tiko data
- Location-based data
- Data from real-estate-agent portals
- Notary data

City Specific Algorithms
Artificial intelligence
Machine Learning
Big Data
Database Management
Geographic Information System

- Automated Valuation Model (AVM)
- Pricing Index (PI)
- Geolocation Analysis (GA)
- Opportunity Tracking (OT)
- Image Classification (IC) - 2021

2.8M data points a day

TikoAnalytics™ is embedded in our back end. The entire process is digitised.

Instantly available

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Sellers already trust Tiko as their partner.
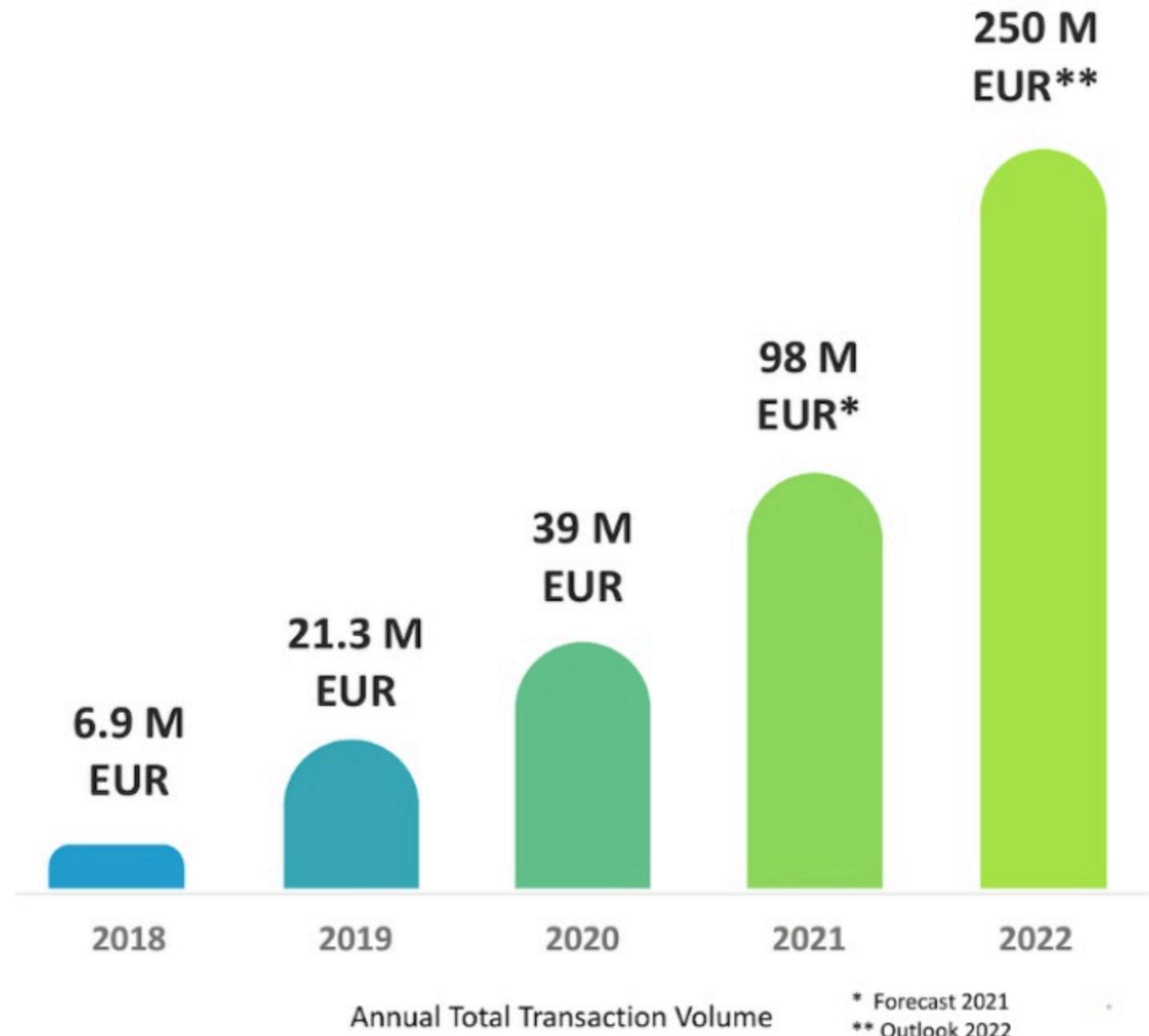## Our lead volumes are growing, with minimal marketing.

- We win leads each time a seller fills out the form on Tiko's website or mobile app, sharing personal and property data with us.

- With low marketing spend, we've been gaining traction especially from word-of-mouth and digital marketing.

- The volume of leads will explode once we switch on our marketing and PR levers.

- Even before these campaigns begin, lead numbers are growing in Madrid, Barcelona, Seville, Malaga and Valencia.

- Our market share in Madrid has already reached 22% of all residential properties on sale.

- 75% of all leads come first to Tiko; 51% of all leads come *only* to Tiko. We have a NPS around 70.

Q4 2019 — 3,065 Leads — YoY 151%
Q1 2020 — 7,955 Leads — YoY 175% — COVID19
Q2 2020 — 5,175 Leads — YoY 99%
Q3 2020 — 8,076 Leads — YoY 133%
Q4 2020 — 7,706 Leads — YoY 151%

We offer two channels for transactions.
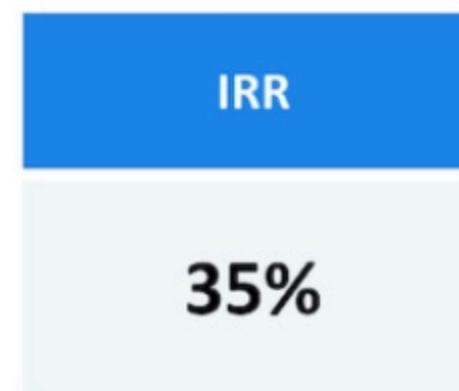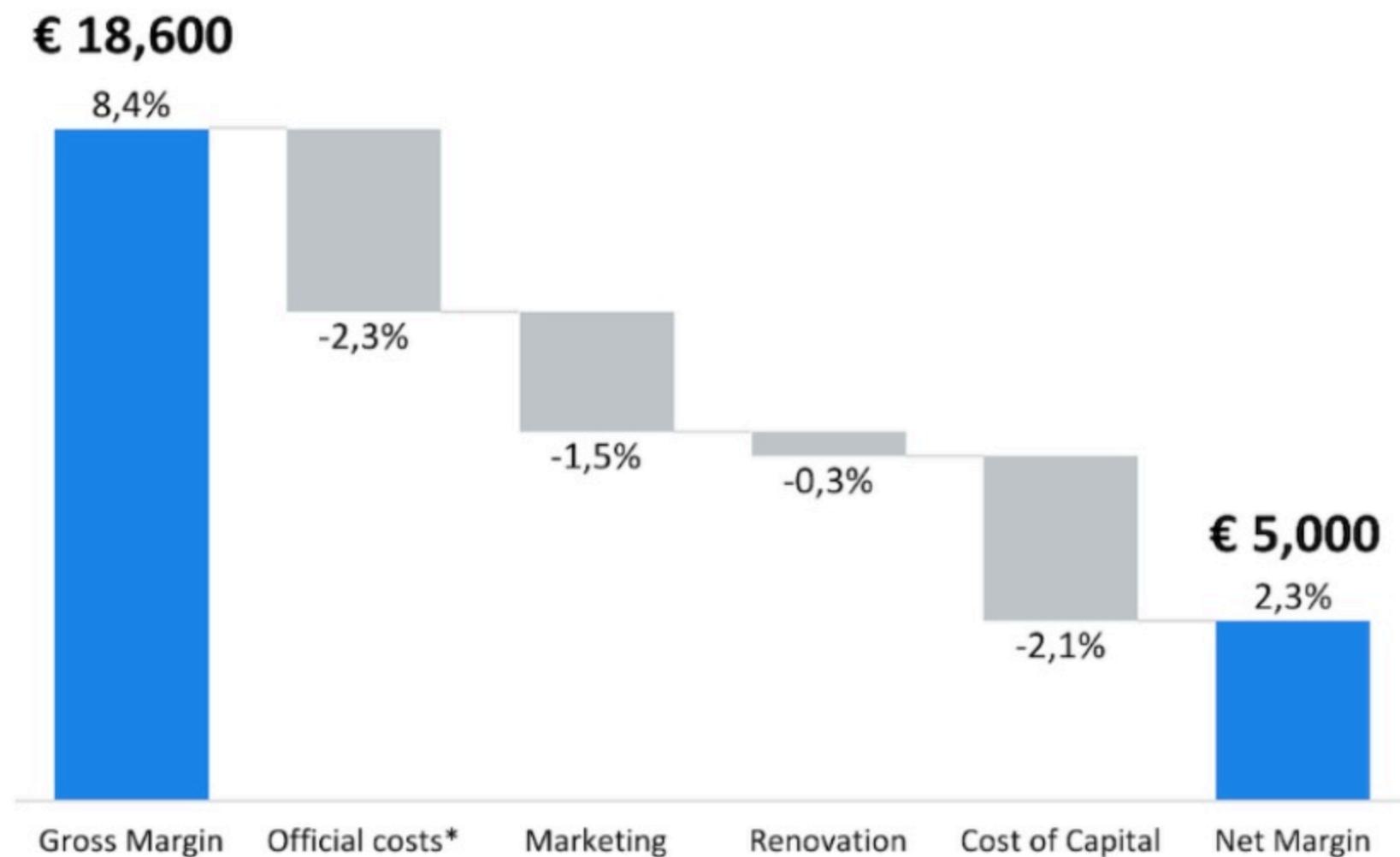
We buy to sell — or introduce industry buyers and brokers.

- Tiko's digital brokerage: Tiko has agreements with funds to buy residential properties. We choose, qualify and inspect the properties. It usually takes us just a few days to close the transaction.

- Tiko buys to sell: If the property isn't right for digital brokerage but otherwise meets our requirements, Tiko acts as the buyer. Again, the transaction closes in a few days.

- Tiko owns the transaction – which opens up further upside potential on monetisation:
  - Built-in financial products
  - Transaction-related add-on sales (insurance, utilities, relocation services etc)
  - Lead-based revenues (re-selling leads to real-estate agents)

250 M
EUR**

98 M
EUR*

39 M
EUR

21.3 M
EUR

6.9 M
EUR

2018   2019   2020   2021   2022

Annual Total Transaction Volume

* Forecast 2021
** Outlook 2022

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We have traction — plus solid economics.
Unit economics, 2021 YTD

€ 18,600

8,4%

-2,3%

-1,5%

-0,3%

€ 5,000

-2,1%

2,3%

Gross Margin	Official costs*	Marketing	Renovation	Cost of Capital	Net Margin

IRR	Days on market
35%	**58**

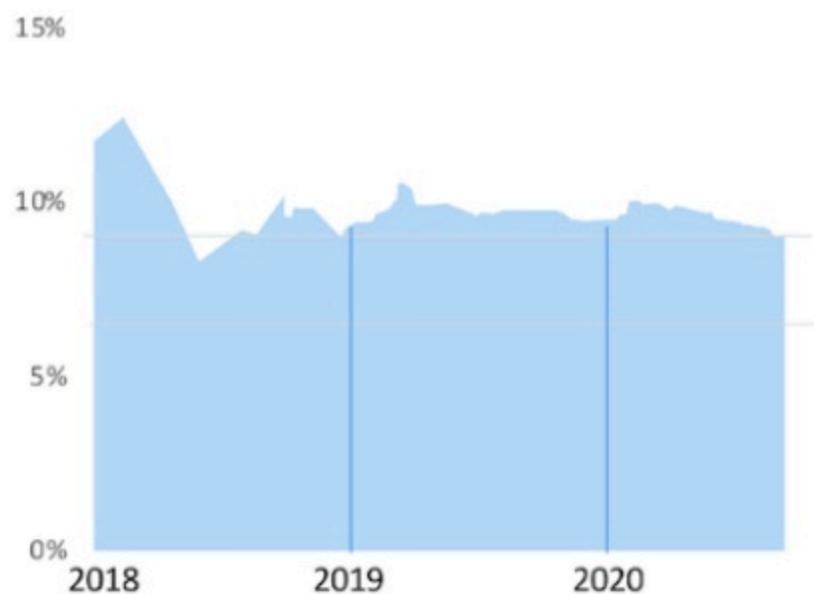| Net margin / property	Total days
5k €	**86**

*Official costs: ITP + Notary + Registry, different local regulations in cities

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Our margins, holding days and IRR remain constant.

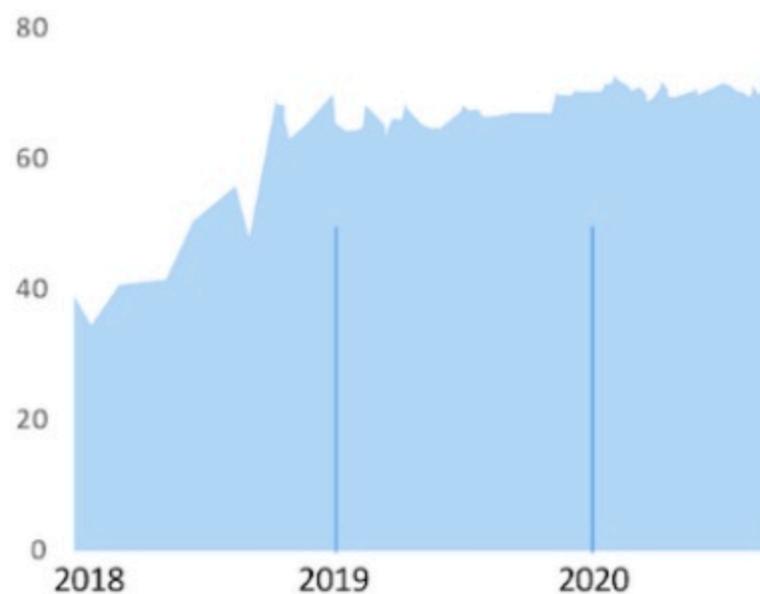## Key KPI's from 2018 to 2020:

Gross margin	Holding days	IRR

Year	Accum. gross mg
2018	9.8%
2019	9.8%

Year	Accum. holding days
2018	65.1
2019	69.3

Year	Accum. IRR
2018	55.1%
2019	51.6%

Tiko is better placed than other players.
We are more than simply "the European Opendoor".

	TiKO	**Opendoor**	**Other European "iBuyers"**
Digital brokerage	Significantly less capital-intensive than iBuying, 40% of business in 2021	Only iBuying	Only iBuying
TikoAnalytics™	Fully automated AI, ML, GIS and big data. Own valuation platform	Digital platform with manual touchpoints	Comparison of classifieds comparables, mainly manual
Technology efficiency	Very high degree of digitisation, incl. digital signing	Very high degree of digitisation, incl. digital signing	Lower degree of digitisation, manual steps
Cost structure	High technology efficiency leads to very low OPEX (team of 40)	Biggest team in the industry (1,600)	Similar volumes but bigger teams (150+)
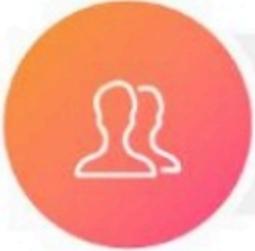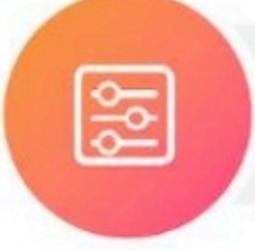
We're a strong team of 40+ people.
Our leadership is accomplished in entrepreneurship, technology and finance.

Sina Afra
Founder & CEO
Founder of Markafoni,
Several exits, ex-eBay,
WIRED 100 Global 2016 list

Münster Univ.,
Harvard Business School

Paco Sahuquillo
Co-founder & COO Iberia
Operations start-ups,
ex-consultant

ICAI,
INSEAD

Ana Villanueva
Co-founder & CEO Iberia
ex-Booz & Company,
ex-Arthur D. Little,
Jobandtalent Mexico

ICADE, MIT Sloan

Can Gunay
Co-founder & VP Technology
Founder of La Redoute,
Internet start-ups,
Angel Investor

Istanbul Univ.