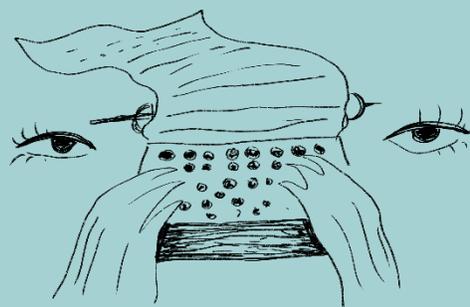


# WeBrick

## Disrupting a huge market



2022-08-28

WeBrick is a Danish company which provides a digital home trading platform, with several paths for growth. WeBrick's purpose and value proposition are based on making it financially better for both buyers and sellers when it comes to real estate transactions. The benefit of using WeBrick is that the buying process is not dependent on real estate agents. Instead of using a real estate agent, WeBrick provides data and easy-to-understand digital tools, making real estate transactions both easier and more inexpensive.

WeBrick is a first mover within the field in the Nordic region and have a great list of owners. These are both important parts of our positive view of the company and its future prospects.

In the summer 2022, WeBrick has developed a new initiative where any of Denmark's 1,3 million homes are perceived as being on the market for sale. Thus, any homeowner can be addressed as a potential seller when their home is matching one of the buyer's elaborated search profiles of their dream house. This is a means for creating a new housing market, where real estate agents are by-passed right from the beginning. Knowing that 25% of all homeowners are contemplating selling their home within three years, this product has huge potential.

### Key Stats

CEO	Louise Gertz
Insider Ownership	54%

### Analyst

Peter Westberg

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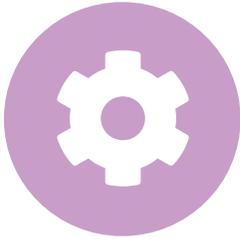
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## Key Insights



### Scalability

WeBrick has a great advantage in that the product can easily be scaled up with low marginal costs attached, since the entire platform is based on Google Cloud. They will also be able to retrieve data very quickly from Hemnet for instance - which leads us to assume that commercialization can be executed rapidly.



### People

Our perception is that WeBrick's management has an ownership-oriented mindset. Mainly because the insider ownership is very high and that they have managed to get far on very little raised venture capital.



### Valuation

WeBrick is currently conducting a private placement where they will raise an additional 6 MDKK, at a valuation of 28 MDKK Post Money. We believe this is cheap given the enormous opportunities the company has.

**“It is clear that real estate agents can make their business seem more complex than it is, to protect it. But consumers can easily sell their homes, if they get the right support.”**

- CEO Louise Gertz

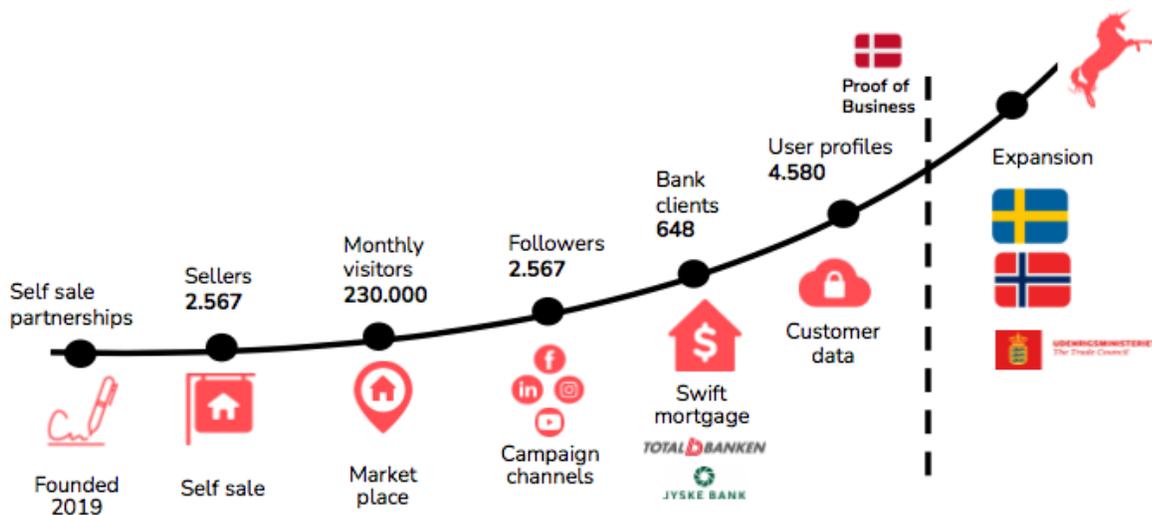
## Investment case

- Scalable product offering with low marginal costs attached
- Clear and easy to understand value proposition
- WeBrick helps all stakeholders' value propositions for both selling and buying homes.
- First mover in the Nordic region
- Strong underlying structural trends
- Ownership oriented management with lots of skin in the game

## The WeBrick Story

WeBrick was founded in 2019 and initially made an equity issuing of 5 MDKK and received 1 MDKK in contribution from the Danish state. In March 2020, WeBrick’s pilot platform for home sales was launched. Furthermore, in July 2021, WeBrick entered into an agreement with Denmark's second largest bank, Jyske Bank. The collaboration was about product adapting Jyske Bank's mortgages for WeBrick's digital platform. Together with Jyske Bank WeBrick developed Denmark’s fastest digital based mortgage which is applicable to all banks. Since then, WeBrick has received a lot of media attention for its value propositions addressing both the banks, the seller, and the buyer of homes, partly by being on the front page of Denmark's largest newspaper on the 12th and 13th of November 2021. In January and May 2022, the crucial business newspaper Børsen portrayed WeBrick and its founder for its unique products and not least star corps of investors, who also assist as an *ad hoc* advisory board to the operational team.

Until today, WeBrick’s work has mostly been attributed to entering new agreements and collaborations as well as product development. Given that WeBrick has been successful in creating a digital process for both buyers and sellers of real estate that is in line with current regulations, the company is now ready for the next step. However, taking the current product to start gaining market share requires capital for marketing, which this round of capital raising should underpin.



## WeBrick Today

The digital social transformation enables a change in our locked patterns and can instead create personal digital customer journeys in everyday life. These customer journeys are often smoother and cheaper if they have been developed in the right way and when the market has become accustomed to using such a product.

Today, the market for buying and selling a home is arguably still complex, manual, and expensive. Today's sales and purchases of homes has become a mystery with sealed processes that are completely handled by the broker without transparency for either sellers or buyers. The process can

be described as partly being a "black box" controlled by real estate agents, at the expense of consumers, where sellers currently pay a fortune for having their home listed and sold. WeBrick therefore saw that the time was right to promote the real estate market in a digital form.

It is WeBrick's mission to create the best digital home trading platform in Europe, where digital solutions and data make it natural, better, and cheaper to sell and buy homes without a real estate agent.

As previously mentioned, WeBrick is now ready for the next step - commercialization of the platform. The realistic goal for the next few years is to make sellers and buyers entering the platform and start to gain market share, beginning in Denmark and Sweden, while the long-term vision is to also become the biggest player within the field in Europe and to expand to the UK, US, and Canada.

## Business model

WeBrick could be considered a first mover for being a digital one stop shop for real estate transactions. National regulations prevent real estate agents in Denmark and other countries from offering similar services, as these are banned from making a complete referral to all services completing the process of selling and buying a home. This gives WeBrick a head start attracting those customers looking for a unitary cheaper alternative.

When buying and selling a home, the consumers need various services in the form of mortgages, insurance, lawyers, construction experts, marketing, and photos. These services cater to WeBrick's platforms through partner collaborations at competitive prices. Instead of charging consumers for listing their homes for sale offering this expensive service at brokers *for free*, WeBrick generates revenue from these partners through leads delivered by WeBrick's home trading platform.

WeBrick has various sources of revenue, both through so-called "leads" charging a commission from transactions happening on the platform, and from selling digital marketing 'packages' at a third of the current market price. Also, WeBrick has for half a year successfully been offering the market's fastest real-time mortgage offerings together with Jyske Bank.

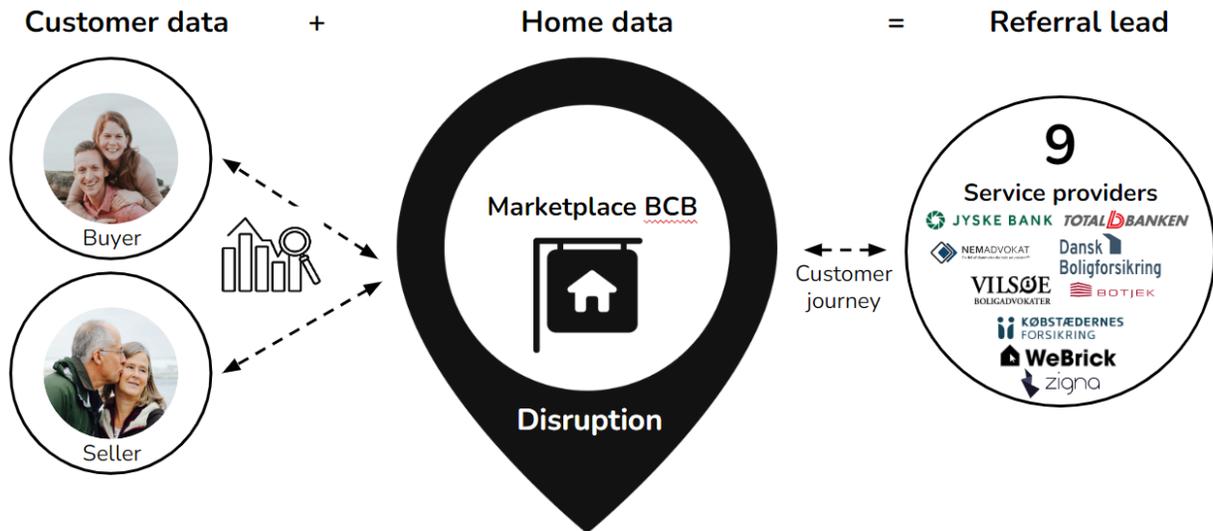
WeBrick's bank module does speed up the screening process of buyers thereby sending qualified leads to banks for conversion or rejection of a mortgage proposal within 24 hours. This will ease and not least reduce the bank's manual screening process vastly and major labor costs will be reduced in return for higher gains of the market.

In return, the banks have now started to pay WeBrick per qualified home lending customer generated via the platform. Thus, any home for sale on the market is a potential customer to WeBrick's bank-module. This novelty of a developed real-time mortgage bank-screening module could become the biggest game changer when growing revenue.

When buying and selling a home, the consumer needs various services in the form of mortgages, insurance, lawyers, construction experts, marketing, and photos of their home. These services cater to WeBrick's platforms through partner collaborations and can, instead of charging consumers for listing their homes for sale, generate revenue from partners through leads that WeBrick delivers.

WeBrick earns money both from the seller and the buyer through banking and insurance leads. From the seller, WeBrick collects revenue through 1) Marketing package 2) Photo package 3) When they use a billing consultant 4) When the seller uses a lawyer 5) Leads to insurance companies 6) Leads to banks. Most revenue are collected through marketing packages and leads to banks.

## Value proposition



Today, WeBrick collects its revenues through fixed fees generated per transaction undertaken by referral leads from the aforementioned areas. The total income generated from a transaction can vary a lot, since each of the revenue streams as a full package can be charged cost around at 10 KDKK each and be broken down into single service prices too.

Later, WeBrick plan to instead take a percentage fee from a transaction. We believe that WeBrick's initial pricing is cheap, and that they will have a solid pricing power when they switch to charging a percentage fee instead of a fixed one.

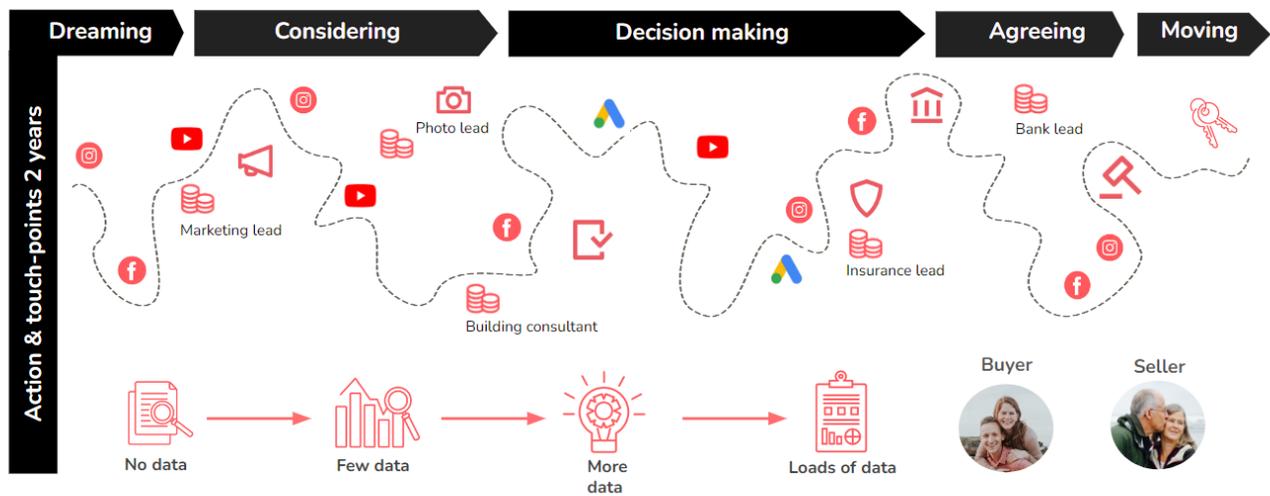
We believe the biggest possibility for WeBrick going forward is to keep gaining partnerships with banks. That is also why Troels Bülow Olsen is part of the board. He is part of the founding team of Totalkredit, which is the largest financial institution in Denmark. We like that Troels Bülow Olsen is an investor in WeBrick and that he participates as an active owner by working one day a week in the company.

Besides generating leads to partners, WeBrick also generates data for later use by making the buying and selling process much more efficient. This is made by providing statistical prices based on previous transactions within similar neighborhoods and homes for a given object. The customer can choose the price provided by WeBrick to make a deal directly on the platform but can also negotiate further if they think the price is not right.

WeBrick collects all homes for sale in Denmark for its platform which is an important part in creating value for visitors (larger selection of course makes the website more valuable for buyers and generates more traction). This is also important for creating consumer mind share and word of mouth. In 2021 more than 3500 homes were listed for free on WeBrick. In 2022, WeBrick has helped about 300 homeowners to sell their home themselves and has generated about 40 leads for marketing packages and about 15 leads to banks.

One strength, and one thing that makes WeBrick unique, is that their go-to-market strategy puts them into different regulatory frameworks compared to real estate agents.

## Customer journeys: Buyer and seller



## Competition

Conventional home selling feature brokers subject to a rigid act of law, which is not pertinent to WeBrick, giving them a much further liberty to offer a full-service one-stop-shop platform with competitive services being offered to home sellers and buyers. Unlike with brokers It is also completely free for the seller to list a home on WeBrick.

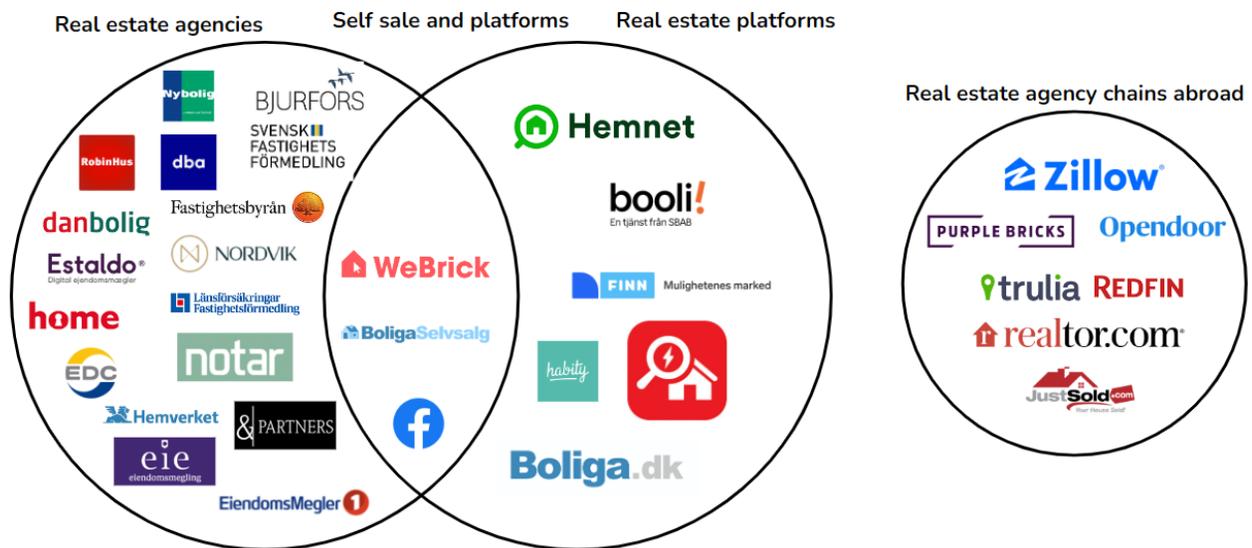
The biggest competitors are the marketplaces in the Nordic region, Hemnet in Sweden, and Boligsiden in Denmark. WeBrick’s competitive strength against the marketplace model under which Hemnet and Boligsiden operate are that Hemnet and Boligsiden are completely dependent on the brokers. To switch the go-to-market model for these marketplaces will probably be complex since they will then go against the brokers, while being owned by brokers - therefore it does not make sense for these to also provide real estate agency services as well.

We believe that WeBrick have a palpable competitive advantage by not being dependent on a broker being involved in the transactions that take place on the platform, such as with Hemnet. The main

difference between WeBrick and Hemnet is that Hemnet is just a marketplace while WeBrick, besides being a marketplace, is also a place where all services necessary for selling and buying a home are offered.

Thanks to EU and national regulations, Hemnet and similar European dominating marketplaces cannot turn down WeBrick wanting to buy their data of listed homes. Therefore, WeBrick will quickly be able to scale their platform to Sweden and other European countries. Partly, Hemnet can therefore be viewed as a partner rather than a competitor.

## Competitor analysis of the Nordic market

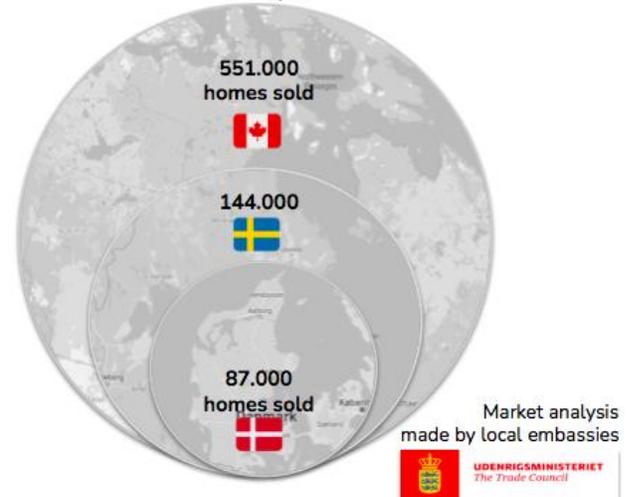


## The Market

The total addressable market for WeBrick is all sales of private homes that take place annually. Currently, this is ~144 000 home in Sweden and ~87 000 in Denmark. Moreover, the Canadian market is much larger with over half a million private home sales per year.

WeBrick has just entered the Danish market and will expand to Sweden during before Q2 in 2023. Further, the plan is to expand to Norway and Finland during 2023-2024 and Canada during 2025. The entire WeBrick platform is based on Google Cloud, making it easy to scale to other markets. This means that the technical threshold for expanding to new markets is very low. The difficulty of expansion is instead attributable to legal differences between countries and market acceptance.

Market size  
in annual sales of private homes



## Optionality

We assume the data WeBrick collects possess a lot of potential value. US based Zillow is a good benchmark for this area. Zillow provides information on homes, property listings and mortgages via a digital platform. This data is sold to homeowners, buyers, sellers, tenants, realtors, and craftsmen throughout the US. This could mean, for example, that WeBrick can send leads to craftsmen, if they can read in the data that the probability is high that the buyer will renovate their kitchen after the purchase.

Zillow has a market capitalization of \$7.5b and have grown their revenues with more than ten times during the last four years. We believe WeBrick has a great chance of pursuing a similar business model if they were to succeed at large scale with their core business. The synergies are obvious since the core business also rely on home specific data.

Positive for WeBrick is also that competitions within this area is much tougher in the US, where there are several companies trying to do what Zillow does. Based on our market research, we regard Europe as a late-adopter within this specific field - which of course is yet another positive for WeBrick.

## Shareholders

WeBrick's ownership structure is rather typical for such a young company. There are very few institutions and high insider ownership. One thing we like is that WeBrick has so far raised relatively little venture capital, which means that the insider ownership is still very high. This indicates that the

company is operated with an ownership mindset, which is a big part of why we like the case. Further, we also like that many of the people involved in WeBrick in the board, and that many of the investors are well recognized people in the business sphere in Denmark. The list of owners looks as follows:

*Louise Gertz (CEO & Founder)	49,93%
Dronninglund Invest	27,41%
*Martin Andersen	6,75%
BülowOlsen & Co	5%
Numor ApS	5%
Salima Benali	2,53%
Anja Høj Wester	1,69%
Kirsten Engel Sørensen	1,69%

*\*insiders*

*Insider ownership: 54%*

## New shareholders

In the current investor round, there have been added 15 new investors including several high-profile shareholders that have brought a wealth of experience and relevant knowledge to WeBrick. A few new examples out of the 23 total investors are:

- Eva Berneke, who is among the top five businesswomen in Denmark and the former CEO of one of the largest Danish IT companies, KMD.
- Søren Bitsch-Lavridsen, with 25+ years of experience as an art director, which he uses to assist the marketing team at WeBrick.
- Karina Bergstrøm Larsen, with decades of relevant experience in leading roles at high-tech companies like Satcom1, which she also founded.



Louise Gertz



Lea Kyhl



Troels Bülow-Olsen



Niels Mortensen



Martin Andersen



Eva Berneke



Lene Groth



Kirsten Sørensen



Jonathan Castile



Kjartan Jensen



Kasper Barfoed



Karina Bergstrøm



Susanne Brønnum



Salima Benali



Keld Pedersen



Søren Bitsch



Stanley Tougaard Jepsen



Dora Brink Clausen



Cecilie Lonning



Anja Høj Wester



Flemming Videriksen



Morten Lohmann



Robin Daniels

## Board of directors

Management has broad experience from business development in real estate agencies, digitization, and international development. Moreover, our perception is that the board contributes with strategic competence, a large professional network, with experience from fintech and other digitally based businesses. Not least, the board has broad expertise from public regulatory within the real estate market.



**Louise Vinodini Gertz** - Founder, CEO & board member.

Conceived the idea when working as business development manager in Nordea's real estate chain Danbolig. Experienced within business development and IT project management. MA in management Innovation and Business Dev.



**Lea Kyhl** - Board member at WeBrick.

Many years of experience with strategic startup solutions. Currently CEO of the sustainability focused Beyond Coffee. Former CEO of Vejro Gruppen. Responsibility: Strategic management and business development.



**Troels Bülow-Olsen** - Board member at WeBrick

Co-founder of Totalkredit and CEO 2007 – 2018. Troels has entered WeBrick during the second investor round in Q1 2021. Responsibility: financial sector partner activities at WeBrick



**Martin Andersen** - Chairman of the board and co-founder of WeBrick.

Have 15 years as head of Public Affairs in EU capital Brussels. Responsibility: Public Affairs at WeBrick



**Niels Mortensen** - Board member at WeBrick

Deputy CEO, Alka forsikring 1999-2012. Nordic COO, Codan/Tryg, Hansa 2012-15. Nordic COO, Nets 2015-2019 during IPO. Joined WeBrick during the first investor round in Q3 2019. Responsibility: insurance sector partners

## The team

The WeBrick team consists of the IT and the marketing department. Even though the tasks of the two departments are very different, the team works very closely together to achieve a streamlined experience all the way from the content output on WeBrick's SoMe channels to the frontend functionalities and the backend systems on the WeBrick website.



Mehran



Kyle



Pernille



Louise



Andreas



Jonas



Gustav



Pedro

## Capital raise

Today, WeBrick have reached its commercial phase in Denmark but will soon expand into Sweden. The expansion into Sweden is the main reason for the pre-IPO crowd funding transaction. The expected raised capital is expected to be distributed in key areas:

- Marketing 50.6%
- Salaries 27.8%
- Software & data 9.3%
- Others 4.2%
- Buffer 8.2%

## Valuation

WeBrick will first focus on the Danish market before entering the Swedish market during Q1 and Q2 in 2023. The company's vision is to increase its market shares of homes for sale. For our valuation, we have assumed that WeBrick will be able to take 1% of the market in both Denmark and Sweden during 2022, and that the market share for home sales increases to ~11% by 2025.

	2021	2022E	2023E	2024E	2025E
<b>Revenue (MDKK)</b>	<b>0</b>	<b>13</b>	<b>40</b>	<b>85</b>	<b>140</b>
<i>% y/y</i>	<i>n/a</i>	<i>n/a</i>	<i>208%</i>	<i>113%</i>	<i>65%</i>
<b>EBIT</b>	<i>n/a</i>	<b>-2</b>	<b>1</b>	<b>10</b>	<b>26</b>
<i>*margin</i>		<i>-15%</i>	<i>3%</i>	<i>12%</i>	<i>19%</i>
<i>% y/y</i>			<i>-150%</i>	<i>900%</i>	<i>160%</i>

## Sensitivity Analysis 2024E

		Exit multiple (EBIT)				
		9	12	15	18	21
-15%	8.5	77	102	128	153	179
-10%	9.0	81	108	135	162	189
-5%	9.5	86	114	143	171	200
0%	10.0	90	120	150	180	210
5%	10.5	95	126	158	189	221
10%	11.0	99	132	165	198	231
15%	11.5	104	138	173	207	242

## Exit multiple

	Sales	EBIT
2024E	3	15
Weight	30%	70%

## Valuation

	Sales	EBIT	Total
2024E	77	105	182

## Potential Return

	Factor	Percent	CAGR
2024E	6.48	548%	86%

## Margin of safety 30%

	Factor	Percent	CAGR
2024E	4.54	354%	66%

## Summary

WeBrick is an exciting disruptor in the real estate market which in our opinion has great potential to achieve a lot of success. Above all, in our opinion, the case is based on a very strong list of owners, a management team with ownership mindset and a product that has a clear value proposition for many parties in the real estate market ecosystem. Moreover, it is also clear to us that the real estate market is ready to be disrupted. We also believe that the competitive situation is grateful to WeBrick, given that Swedish Hemnet or Danish Boligsiden will not follow a similar path since these are subject to a different law levied onto brokers, as they are owned by the brokers - in other words, there would be a palpable incentive crash if Hemnet were to decide to pursue a similar model.

The primary risks we see are that WeBrick could have tough time being accepted by the market, given that the market in both Denmark and Sweden is controlled by monopolies such as Boligsiden and Hemnet right now. It remains to be seen how tough it will be to penetrate the market. This is also visually shown in our EBIT margin forecast, where we assume that WeBrick will have an extensive cost base for several years to come - mainly attributable to marketing costs. However, if WeBrick were to reach large scale, we believe that the additional network effects will mean that the business at a mature stage will be able to operate with a very high marginal structure.

Lastly, we are positive to the scalable business model, the people running the business, the list of owners and the current valuation. But as for all companies at such an early stage, there are great execution risks that needs to be considered for investors.

## Disclaimer

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