

Equity Research | BONZUN | A quarter of build-up for increased IVF action in H2

The Q1'22 report showed some progress for Bonzun's stress management service, Bonzun evolve, with an increased number of licenses and approval from the Swedish Social Insurance Agency, but reflected less activity in the other vertical, the IVF support app Bonzun IVF. This however, picked up in the beginning of Q2 with the launch of a new version, new features and a partner agreement covering the US and UK. But we have yet to see progress in the build-up of a network of IVF clinics. While sales were slow in absolute terms, the 103% revenue growth in Q1, increased influencer and network driven sales of Bonzun IVF backed by the reinforced financials following the rights issue, continues to support our expectation of an acceleration in H2'22 with a fair value of SEK 1.5-2.5 in 18-24 months.

Focus on rekindling Bonzun evolve in Q1

During Q1, Bonzun initiated stage 2 of the pilot with TRR (Trygghetsrådet), consisting of about 50 clients implementing the Bonzun evolve program, a pilot that will be evaluated by end Q2. Existing customers who offer the iKBT program Bonzun evolve to their employees, such as the Helsinki School of Economics (Hanken), IVL and Loomis, increased their number of licenses, while Bonzun was also approved by the Swedish Social Insurance Agency as organizer of workplace-oriented rehabilitation support, which enables Bonzun evolve's customers to apply for a grant for 50 percent of the cost of Bonzun's services. While still early days, this could be an indication that Bonzun is building momentum to scale evolve, potentially as part of mandatory programs tied to social insurance benefits.

Building foundation for increased activity in IVF in H2'22

With regards to Bonzun IVF, the company now works to establish the app in the US and the UK, partly through a partnership with the british platform Fertility Help Hub with over 150.000 members in the US and the UK. The opportunity to use Bonzun's historic presence in China to roll-out on the back of the country's new health insurance system for ART treatments has been delayed by the Covid-outbreak, but provide significant potential down the road. For the near to mid term however, we hope to see progress with building relationships with IVF clinics in order to leverage sales to end users.

Opportunities for international scalable growth

While the money from the rights issue will not be enough to support the business to positive cash flow, which we do not expect until 2024, it should be able to take the company to the next step and stronger momentum that should provide better and more favourable conditions for the next financing round. With increased monthly recurring revenue, continued growth for Bonzun evolve, partner and influencer driven marketing, increased contact with IVF clinics and potential for scalable growth in both the US and China, we continue to see support for a fair value of 1.5-2.5 SEK per share in 18-24 months.



Read the full report here https://www.emergers.se/bonzun_e/

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