

# Equity Research | BONZUN: Q1 growth and deal momentum affirm the growth story emerging in Bonzun

**While still modest in absolute terms, the Q1 sales growth and deals year-to-date signed affirm the growth story we see emerging in Bonzun, where we expect a doubling of revenues both this year and the next, before positive cash flow in 2025. With the new share count and strong deal momentum we now find support for a fair value of SEK 0.2-0.3 (0.5-0.7) per share in 12-24 months.**

## **Sales growth from a low level**

Although turnover in the first quarter amounted to a modest SEK 0.8m, it exceeded our expectations of SEK 0.3m and showed growth both compared to Q1'22 and Q4'22, and confirms that the company is on the right track. It is however still a long way to go to cover the company's costs. EBIT amounted to SEK -4.6m. Earlier this year, Bonzun did a rights issue combined with a directed share issue of units, which raised SEK 18.5m before offsets and issue costs. While it tripled the number of shares, it successfully strengthened the balance sheet. This was acute as the negative financial net exceeded sales both in 2022 and in Q1'23. Gross debt now stands at SEK 0.400m, which is clearly more manageable and will allow the company to avoid becoming a zombie company.

## **Set to double revenues in 2023 and 2024**

So far in 2023, Bonzun has signed deals with six municipalities and one doctor's office for its research-based 8-step ACT program for managing stress and increasing resilience. The program helps participants to better self-leadership and to deal with stress. Together with the framework agreement with the Swedish Security Council (TRR) that covers some 20,000 of the 1.1 million civil servants eligible to seek aid from the TRR, and the IVF support service, Bonzun IVF, which has been shown to reduce dropout rate in IVF treatments and increase the probability of getting pregnant by 49%, Bonzun looks set to double revenues in 2023 to SEK 2.5m, and again in 2024 to SEK 5m.

## **Maintain our forecast of positive cash flow in 2025**

We continue to expect Bonzun Evolve to outpace Bonzun IVF in 2023, with 2,000 Evolve-licenses sold in 2023 and 4,000 in 2024, at an average price of SEK 1,500 per license. After severe cost cutting measures in 2022 we see a fair chance for Bonzun to turn to positive cash flow in 2025 (base case), and potentially already in 2024 should Evolve gather momentum. With the shares from the rights issue and directed share issue taken into account (now a total of 102,0m shares) our combined DCF (20% discount rate) and valuation multiples approach provide support for a fair value of SEK 0.2-0.3 (0.5-0.7) per share in 12-24 months. We now see a) securing long term financing, b) new Evolve license deals and c) sustained sales growth as the primary catalysts for the share.



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Read the full report here: [https://www.emergers.se/bonzun\\_h2/](https://www.emergers.se/bonzun_h2/)

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