

# Equity Research | BONZUN: Set to refuel to latch on to global DTx trend

**The Q2'22 report showed some continued progress for Bonzun's stress management service, Bonzun Evolve, with 450 new licenses from KTH and the launch of a mobile app. For the digital IVF support, an expanded language support and new pricing strategy have yielded a 75% increase in paying subscribers, while progress with IVF clinics has been slower. The lower than expected sales growth has put a significant strain on financing, and with the recently raised new debt of SEK 2m, Bonzun will need to refill its coffers soon. But we don't expect the company to raise the SEK 12-15m we estimate are needed to get to positive CF in 2024, all at once. Adjusted for a raise in H2'22, we now find support for a fair value of SEK 0.8-1.5 (1.5-2.5) per share in 12-24 months. At the same time, international DTx giants show a similar picture, but at far higher valuations.**

## Activities with mixed traction in Q2

The revised pricing strategy for Bonzun IVF seems to quickly be generating results, with conversion rates for paying app users up from 43% of users at end of Q1 to 57% at end of Q2. Along with a language expansion to six languages, this has resulted in a 75% increase in paying subscribers, albeit from low absolute levels. As for the iKBT application Bonzun Evolve, KTH Royal Institute of Technology has expanded its collaboration with Bonzun to cover 450 new licenses at the end of Q2. Bonzun Evolve now also comes as a mobile app. With collaborations with the world's leading fertility network, Fertility Help Hub with 150,000 members in the US and the UK, and approval from the Swedish Social Insurance Agency as organizer of workplace-oriented rehabilitation support, we see a good chance for a pickup in sales growth in H2'22 and 2023.

## International Digital Therapeutics (DTx) industry bustling

While Bonzun have taken a severe beating from the current market sentiment, which now rewards near term profits and punish companies with profits far ahead in the future, international players in the DTx industry show a similar or somewhat mixed picture. Just before summer, Moka Care that is building a B2B solution providing the employees of other companies access to mental health therapy, raised USD 15.8 m in a series A led by Left Lane Capital, joined by Singular and Origins. Other DTx company, Pear Therapeutics have seen its share drop c75% in 2022 and has trimmed staff, but is still valued at USD 240m. Other DTx company Akili listed via a SPAC in August 2022, that netted the company USD 163m, which it plans to use to commercialize its video game-based treatment for pediatric ADHD.

## Another capital raise on the horizon

The SEK 2m in debt raised on the day of the report gives Bonzun runway for about one quarter, which means that we're likely to see some sort of capital raise in the near future. With the share price down c60% year to date, Bonzun provides an interesting entry point for new money looking for exposure to the two megatrends of digital stress management and IVF, in the form of digital IVF support. With some severe cost cutting measures we see a fair chance for Bonzun to turn to positive cash flow in 2024. While we don't expect the company to raise all the SEK 12-15m needed



to reach positive cash flow, half of that would probably be enough to take the company to the next step and stronger momentum that should provide better and more favourable conditions for the next financing round in 2023. Adjusted for a raise in H2'22 we now find a support for a fair value of SEK 0.8-1.5 (1.5-2.5) per share in 12-24 months.

Read full report here: [https://www.emergers.se/bonzun\\_f](https://www.emergers.se/bonzun_f)

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DISCLOSURE: Emergers parent company Incirrata AB owns shares in Bonzun AB.

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