

Clever Culture Systems

Positive cash flows and more to come

Clever Culture Systems published 2Q26 results this morning. Sales were consistent with, and cash flows above, our estimates. A more than doubling of the cash position in the quarter provides assurance around capacity to fund growth. Management guidance on the size of the sales near-term pipeline increased by around 30%. The performance gives us greater confidence in our unchanged forecasts. Our target price of 7c per share gives more than 100% upside.

Sales inline, cash flows ahead

Clever Culture reported cash receipts of \$3.2m of 1H26 (+99% YoY) plus \$1.0m of sales committed for future receipt. This implied sales value of ~\$4m in the half is consistent with our forecast for \$8m revenue in FY26. Positive operating cash flows for the half of \$0.2m are tracking ahead of our -\$0.1m full year estimate. The company sold 3 new instruments in the quarter, an annualised rate of 12 instruments, which is consistent with the rate required for profit and cash flow breakeven. The company also purchased parts for a further 10 instruments which we consider an indication of confidence.

Funded for growth

Clever Culture's cash balance more than doubled from \$1.4m in 1Q26 to \$3.1m in 2Q26. Management commentary that "cash flows over the coming two quarters will be further improved by additional potential sales" provides assurance around funding.

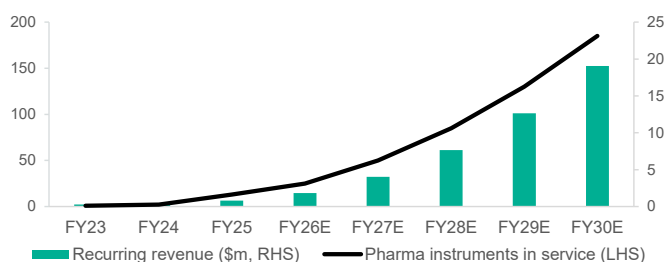
A growing sales pipeline

Management sees a pipeline of 90 unit sales from customers that have either purchased or are validating the APAS instrument which it estimates would result in upfront revenue of A\$45m and ARR of \$10m versus ARR of >\$1m currently. This is a c30% increase on what management considered to be 60-80 potential sales to top 20 pharma companies at FY25 results and the 65 midpoint in our initiation ([link](#)). We forecast several big pharma roll-outs will drive an inflection in ARR toward an estimated TAM of \$350m (Figure 1).

More than 100% share price upside

We continue to see >100% upside to our DCF derived target price of 7c per share, equivalent to a P/E multiple of 20x in FY27. Management is hosting a conference call on 4 February at 9am AEDT ([link](#)).

Figure 1. APAS Pharma instruments sold vs. recurring revenue (\$m)



Source: Company data, Blue Ocean Equities.

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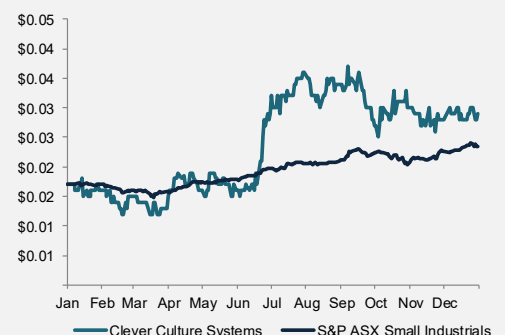
Date	28 January 2026
Stock rating	BUY
Price target	\$0.070
Closing price	\$0.031
Ticker	ASX: CC5
Implied return (%)	127%
Market cap (m)	59
Enterprise value (m)	60
Shares outstanding (m)	1,909.1
52 wk avg daily vol (m)	1.47
12-month price range	\$0.012 - 0.037
GICS Sector	Technology

Y/E Jun (A\$m)	FY25	FY26E	FY27E	FY28E
Revenue	5.5	8.2	17.6	27.0
Growth (% YoY)	435	150	214	154
EBITDA	0.2	0.3	6.4	12.4
Growth (% YoY)		30	2148	93
Margin (%)	4	3	36	46
NPAT	-0.1	-0.7	4.4	9.4
EPS adj. (cps)	0.1	0.0	0.2	0.3
DPS (cps)	0.0	0.0	0.0	0.0

Valuation	FY25	FY26E	FY27E	FY28E
P/E (x)	N/A	N/A	15.3	9.0
EV/Revenue (x)	11.0	7.3	3.4	2.2
EV/EBITDA (x)	273.3	210.9	9.4	4.9
EV/EBIT (x)	N/A	N/A	13.6	6.4
FCF yield (%)	-2.3	-1.1	6.4	13.4
Dividend yield (%)	0.0	0.0	0.0	0.0
Net debt (A\$m)	1.0	-1.6	-5.4	-13.3

Top Shareholders	%
Unicore Investments	11.7
Viking BCM	11.1
Brent Barnes (MD)	7.1

Share price



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