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EQUITY RESEARCH

Clever Culture Systems Ltd

Step change

Clever Culture Systems is expanding its customer reach by appointing PSC Biotech as sales agent. Indications that the industry is standardising around Clever Culture's technology, including a recent meeting with AstraZeneca and Novo Nordisk's decision to integrate the instrument with its systems, increase our confidence in guidance for a step-change in sales from FY27. We see >100% share price upside to our DCF derived target price of 4.5c.

Expanding the pipeline

Until today, Clever Culture's identified sales pipeline was 180 units ($18m ARR) comprising 100 instruments from the eight global pharma companies that have already purchased >1 instrument and 80 instruments from other top-20 pharma engagements. Today's announcement means Clever Culture can target the medium-large lab category for the first time via PSC Biotech without increasing the sales team. This should expand the pipeline toward the 2,300 unit total addressable market ($230m ARR) over time. PSC Biotech is a privately held pharma consulting company with more than 500 employees. PSC will purchase one instrument to establish a centre of excellence at its contract drug manufacturing facility.

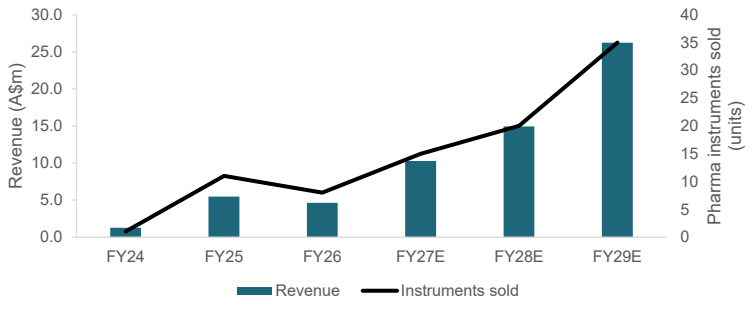
AstraZeneca and Novo Nordisk are supporters

We hosted a meeting with a senior executive of AstraZeneca, CC5's largest customer that has purchased 12 instruments to date. The executive believes that Clever Culture offers the best automation technology for QC labs of its type and would like to see it becoming the industry standard. The 7th September announcement that Novo Nordisk will integrate the Clever Culture instrument with its Laboratory Management System alongside the purchase of two instruments for first-time production use suggests that it will be the second global pharma company to standardise around the APAS instrument.

>100% share price upside

We forecast that Clever Culture revenue should more than double to $10m in FY27 based on 15 unit sales (Figure 1). The shares trade on a P/E multiple of only 5x in FY29 assuming the company sells 35 instruments in the year.

Figure 1. CC5 revenue ($m, LHS) and instrument sales (RHS) forecasts



Source: Blue Ocean Equities.

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Date	14 October 2026
Stock rating	**BUY**
Price target	**$0.045**
Closing price	**$0.018**
Ticker	ASX: CC5
Implied return (%)	147%
Market cap (m)	39
Enterprise value (m)	41
Shares outstanding (m)	2,182.3
52 wk avg daily vol (m)	1.10
12-month price range	$0.013 - 0.033
GICS Sector	Technology

Y/E Jun (A$m)	FY26	FY27E	FY28E	FY29E
Revenue	4.6	10.3	14.9	26.2
Growth (% YoY)	85	222	145	176
EBITDA	-3.9	0.9	4.0	10.6
Growth (% YoY)		-123	362	164
Margin (%)	-83	8	27	40
NPAT	-4.7	0.1	3.3	9.8
EPS adj. (cps)	-0.1	0.0	0.1	0.3
DPS (cps)	0.0	0.0	0.0	0.0

Valuation	FY26	FY27E	FY28E	FY29E
P/E (x)	N/A	49.7	15.1	5.3
EV/Revenue (x)	8.9	4.0	2.8	1.6
EV/EBITDA (x)	N/A	47.7	10.3	3.9
EV/EBIT (x)	N/A	218.9	12.7	4.2
FCF yield (%)	-8.3	1.8	1.1	9.2
Dividend yield (%)	0.0	0.0	0.0	0.0
Net debt (A$m)	2.0	1.3	0.9	-2.8

Top Shareholders	%
Unicore Investments	11.7
Viking BCM	9.7
Brent Barnes (MD)	7.1

Share price



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Clever Culture Systems (CC5)

BUY

Closing price	**$0.018**
Price target	**$0.045**
Expected return	**147%**
Market cap ($m)	**39.3**
Enterprise value ($m)	**41.3**
Shares outstanding (m)	**2,182.3**

Income statement ($m)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Revenue	**1.3**	**5.5**	**4.6**	**10.3**	**14.9**	**26.2**
Cost of sales	(0.1)	(1.5)	(1.2)	(2.2)	(3.1)	(5.4)
Gross profit	**1.1**	**4.0**	**3.4**	**8.0**	**11.9**	**20.8**
Other income	0.5	1.2	0.0	0.0	0.0	0.0
Operating costs	(5.6)	(4.9)	(7.3)	(7.1)	(7.9)	(10.2)
Normalised EBITDA	**(4.0)**	**0.2**	**(3.9)**	**0.9**	**4.0**	**10.6**
Depreciation and amortisation	(0.2)	(0.2)	(0.7)	(0.7)	(0.8)	(0.8)
Normalised EBIT	**(4.3)**	**(0.0)**	**(4.5)**	**0.2**	**3.3**	**9.8**
Associate income	0.0	0.0	0.0	0.0	0.0	0.0
Net interest	(0.4)	(0.1)	(0.2)	(0.1)	0.0	0.0
Normalised profit before tax	**(4.7)**	**(0.1)**	**(4.7)**	**0.1**	**3.3**	**9.8**
Normalised tax	0.9	1.8	2.5	0.7	(0.7)	(2.5)
Profit attributable to minorities	0.0	0.0	0.0	0.0	0.0	0.0
Normalised profit to holders	**(3.7)**	**1.7**	**(2.2)**	**0.8**	**2.6**	**7.4**
One off items (post-tax)	0.0	0.0	0.0	0.0	0.0	0.0
Reported profit to holders	**(3.7)**	**1.7**	**(2.2)**	**0.8**	**2.6**	**7.4**

Per share metrics	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
EPS diluted - adjusted (¢ps)	**(0.40)**	**0.08**	**(0.10)**	**0.04**	**0.12**	**0.34**
EPS diluted (¢ps)	(0.40)	0.08	(0.10)	0.04	0.12	0.34
DPS (¢ps)	0.0	0.0	0.0	0.0	0.0	0.0
Franking (%)	0.0	0.0	0.0	0.0	0.0	0.0
Net assets (¢ps)	0.3	0.3	0.3	0.4	0.5	0.8
Shares on issue - avg. basic (m)	935	1,678	1,968	2,176	2,182	2,182
Shares on issue - avg. diluted (m)	935	2,169	2,169	2,176	2,182	2,182

Cash Flow Statement ($m)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Normalised EBITDA	(4.0)	0.2	(3.9)	0.9	4.0	10.6
Cash interest	0.0	0.0	0.0	(0.1)	0.0	0.0
Cash tax	0.0	0.0	0.0	0.7	(0.7)	(2.5)
Working capital/other	0.4	0.9	1.2	(0.2)	(1.4)	(3.5)
Operating Cash Flow	**(3.7)**	**1.2**	**(2.6)**	**1.2**	**1.9**	**4.6**
Capex	(0.0)	(2.3)	(0.5)	(0.5)	(1.5)	(1.0)
Finance leases	(0.2)	(0.2)	(0.2)	0.0	0.0	0.0
Free Cash Flow	**(3.9)**	**(1.4)**	**(3.3)**	**0.7**	**0.4**	**3.6**
Acquisitions	0.0	0.0	0.0	0.0	0.0	0.0
Dividends	0.0	0.0	0.0	0.0	0.0	0.0
Net Borrowings	(1.4)	(0.8)	0.5	(1.7)	0.0	0.0
Equity raised	5.6	1.1	3.2	0.0	0.0	0.0
Net increase/(decrease) cash	**0.3**	**(1.1)**	**0.4**	**(1.0)**	**0.4**	**3.6**
Cash at beginning	2.0	2.3	1.3	1.7	0.7	1.2
Cash at end	**2.3**	**1.3**	**1.7**	**0.7**	**1.2**	**4.8**

Balance Sheet ($m)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Cash	2.3	1.3	1.7	0.7	1.2	4.8
Receivables	0.6	1.5	2.0	2.8	4.1	7.2
Inventory	1.6	1.4	1.9	2.7	3.9	6.8
Other current assets	1.0	1.1	0.8	0.8	0.8	0.8
Current Assets	**5.5**	**5.3**	**6.4**	**6.9**	**9.9**	**19.5**
Property, Plant & Equipment	0.0	0.0	0.2	0.2	0.2	0.2
Intangibles	0.0	2.4	2.5	2.3	3.1	3.3
Right-of-use Assets	1.4	1.2	1.2	1.2	1.2	1.2
Other non current assets	1.0	1.8	3.3	3.3	3.3	3.3
Non Current Assets	**2.4**	**5.5**	**7.1**	**7.0**	**7.7**	**8.0**
Total Assets	**7.9**	**10.8**	**13.5**	**13.9**	**17.6**	**27.5**
Trade and other payables	0.9	1.1	1.1	2.3	3.4	6.0
Lease liabilities	1.5	1.2	1.4	1.4	1.4	1.4
Debt	1.7	1.0	2.3	0.6	0.6	0.6
Provisions and other	1.4	1.8	1.3	1.3	1.3	1.3
Total Liabilities	**5.5**	**5.1**	**6.0**	**5.6**	**6.7**	**9.2**
Shareholder Funds	**2.4**	**5.6**	**7.5**	**8.3**	**10.9**	**18.3**

Source: Company data, Blue Ocean Equities forecasts.

Valuation multiples	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
P/E (x)	N/A	23.2	N/A	49.7	15.1	5.3
EV/Revenue (x)	32.9	7.6	8.9	4.0	2.8	1.6
EV/EBITDA (x)	N/A	187.7	N/A	47.7	10.3	3.9
EV/EBIT (x)	N/A	N/A	N/A	218.9	12.7	4.2
Equity FCF yield (%)	(9.9)	(3.5)	(8.3)	1.8	1.1	9.2
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0
Price to book value (x)	N/A	6.9	5.2	4.7	3.6	2.2

Balance sheet metrics	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Gross debt ($ m)	1.7	1.0	2.3	0.6	0.6	0.6
Gross debt inc. leases ($ m)	3.2	2.2	3.7	2.0	2.0	2.0
Net debt/(cash) inc. leases ($ m)	0.8	1.0	2.0	1.3	0.9	(2.8)
ROIC post-tax (%)	N/A	N/A	N/A	2.0	24.3	53.9

Instruments	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Pharma instruments BOP	*1*	*2*	*13*	*21*	*36*	*56*
Instruments sold	*1*	*11*	*8*	*15*	*20*	*35*
Instruments discontinued	*0*	*0*	*0*	*0*	*0*	*0*
Pharma instruments EOP	**2**	**13**	**21**	**36**	**56**	**91**
Instruments on lease (avg)	0	1	1	1	1	1
Instruments with software fees (avg)	3	3	6	17	34	62
Instruments with maintenance fees (avg)	1	12	16	27	44	72

Segmental sales ($m)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Instrument leasing	*0.0*	*0.1*	*0.0*	*0.1*	*0.1*	*0.1*
Software licence fees	*0.2*	*0.2*	*0.6*	*1.2*	*2.5*	*4.6*
Maintenance revenue	*0.0*	*0.4*	*0.7*	*1.0*	*1.4*	*2.0*
Recurring revenue	0.2	0.8	1.2	2.2	4.0	6.8
Instrument sales	0.3	4.6	2.9	8.0	10.9	19.5
Other revenue	0.1	0.1	0.5	0.0	0.0	0.0
Revenue	**1.3**	**5.5**	**4.6**	**10.3**	**14.9**	**26.2**

Growth and margins (%)	**FY24**	**FY25**	**FY26**	**FY27E**	**FY28E**	**FY29E**
Recurring revenue growth		243	52	83	79	68
Revenue growth		**335**	**-15**	**122**	**45**	**76**
Gross profit growth		**258**	**-14**	**135**	**48**	**75**
Operating cost growth		-12	49	-2	10	30
EBITDA growth		**N/A**	**N/A**	**N/A**	**362**	**164**
Gross margin	88	73	74	78	80	79
Operating cost margin	447	90	158	70	53	39
EBITDA margin	-322	4	-83	8	27	40
EBIT margin						

Directors and Key Management Personnel	**Position**	**Shares**	**Holding**
Rebecca Wilson	Non-Executive Chair	20.4m	0.9%
Brent Barnes	CEO and MD	135.7m	6.2%
Daniel Hill	NED	212.7m	9.7%
Ian Wisenberg	NED	0.0m	0.0%
Raymond Ridge	CFO and Company Secretary	33.6m	1.5%

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