Clever Culture Systems Ltd (ASX: CC5) – Desk Note

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Culturing Bigger Ambitions

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Company Snapshot

Company	Clever Culture Systems Ltd (ASX: CC5)
Core offering	AI-powered automation of microbiology culture-plate reading
Key markets	Pharmaceutical manufacturing, particularly environmental monitoring and contamination control in GMP facilities
Shares on issue (post placement)	2.2b
Share Price (4 Nov 2026)	A$0.017
Market Capitalisation (post placement)	A$38.2m
Net Cash (pro forma)	A$0.7m

Table 1. Pro forma capital structure following the placement, based on the share price on 4 November 2026.

A contaminated batch leaving a sterile drug facility can kill a patient. To prevent it, manufacturers run continuous environmental monitoring programmes. They culture air and surface samples onto agar plates, which a trained microbiologist inspects individually. A second microbiologist must independently verify each result. The work is repetitive and manual, but the consequences of error are severe. Qualified microbiology staff willing to do this work are increasingly scarce. The result is a quality-control function that is high-stakes, labour-intensive and difficult to scale.

Automated culture plate analysis addresses a critical quality-control requirement in pharmaceutical manufacturing. Contamination can have significant consequences, ranging from production delays and rejected batches to costly product recalls. More importantly, a failure to detect contamination can compromise patient safety. Technologies that reduce these risks while improving the reliability of quality-control processes can deliver meaningful value to pharmaceutical manufacturers.

This application is known as environmental monitoring, an important part of sterile drug manufacturing. Pharmaceutical companies must demonstrate that their manufacturing environments remain within strict microbiological control limits, making reliable and well-documented monitoring processes essential.

Despite the clear benefits of automation, selling capital equipment into the pharmaceutical industry is rarely a straightforward process. Purchasing decisions involve multiple stakeholders, extensive technical and quality assessments, and long-term considerations around reliability, compliance and return on investment. Manufacturers must be confident that any new technology will protect product integrity and, most importantly, patient safety.

The sales cycle is highly consultative. Suppliers must establish credibility, demonstrate consistent performance and build confidence across the organisation. Winning a customer is more than a transaction, it marks the beginning of a long-term commercial relationship.

Clever Culture Systems (ASX: CC5) has secured customers among some of the world's largest pharmaceutical companies, including AstraZeneca and Novo Nordisk. These relationships provide a

valuable base in an industry where trust, validation and demonstrated performance are particularly important.

How APAS Automates Environmental Monitoring

During manufacturing, culture plates are placed at locations in cleanrooms to monitor potential microbial contamination. The plates are then incubated, typically for 3-7 days, before being examined for evidence of microbial growth. Although most plates show no growth, each still needs to be assessed and its result documented.

This creates an opportunity to automate a repetitive but highly important task. Clever Culture's Automated Plate Assessment System (APAS) uses AI, imaging and software algorithms to analyse culture plates and identify those that require further investigation.

The process is designed to fit into the laboratory's existing workflow. Operators load the plates into the instrument, which captures digital images and analyses them for signs of microbial growth. The results are then recorded and integrated into the lab's information systems, creating a traceable digital record.

Rather than requiring two microbiologists to manually inspect every plate, the system streamlines the process by identifying the plates that require further investigation. According to the company's stated performance, only around 2–10% of plates may require manual review, although the actual proportion depends on the application and observed contamination rates.

An important commercial advantage is that APAS does not require customers to overhaul their established lab processes. Existing culture plates and incubators can continue to be used, reducing operational disruption.

Beyond labour productivity, automation can improve consistency and traceability. Digital images provide a permanent record of each assessment, while a standardised process can reduce variability between operators and help labs manage increasingly complex quality-control requirements. Clever Culture has indicated that its system can deliver approximately three times the efficiency of manual plate reading.

One Platform, Two Plate Formats

A key R&D milestone was the development and validation of a module for analysing contact plates, complementing the existing settle plate capability. Settle plates are open agar dishes left exposed in a cleanroom to capture airborne microorganisms; contact plates are pressed directly onto equipment, floors, walls or operator gloves to detect surface contamination.

Both formats are widely used in pharmaceutical facilities for environmental monitoring: settle plates are typically 90mm in diameter, while contact plates are 55mm. Supporting both formats on the same validated platform allows APAS to offer a more complete solution to its customers.

The new module is available to existing customers as a paid software and hardware upgrade. New customers can purchase both modules as part of a bundled software package, covering both plate formats. Early adoption has been strong, with 100% of new purchases in FY26 including both plate modules. The ability to analyse contact plates has also been a key factor in purchasing decisions, highlighting the commercial value of offering a complete solution.

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The Land-and-Expand Strategy

With over 10 years of experience developing AI solutions for medical and pharmaceutical applications, the company has built strong expertise in developing products using scientific evidence and real-world data. In a highly regulated market, where reliability, validation and proven performance are essential, this experience gives APAS a competitive advantage that would be difficult for new entrants to replicate.

Close collaboration with major global pharmaceutical companies also helps APAS better understand customer needs and navigate the complex process of validating and implementing its technology. These relationships support its *land-and-expand* strategy: securing an initial deployment at a customer site and then growing the relationship through additional instruments, modules and software licences.

The PSC Biotech Partnership

CC5 announced its partnership with PSC Biotech in October 2026, appointing PSC as the sole sales agent for APAS Independence in pharmaceutical manufacturing across the US, Canada and Singapore.

The 36-month agreement is designed to expand CC5's reach beyond its direct focus on the world's largest pharmaceutical groups, targeting regional and mid-tier manufacturers through PSC's established industry relationships and network of more than 1,000 customers.

Under the agreement, PSC will identify and qualify potential customers, while CC5 retains responsibility for pricing, contracting and closing sales, as well as all recurring software and service revenue. PSC has also committed to purchase one APAS Independence instrument within 90 days of contract signing for installation at its BioTechnique sterile manufacturing facility in Pennsylvania, which is intended to serve as a US centre of excellence for demonstrations and customer evaluations. Management expects the partnership to increase qualified sales opportunities over the following 12 months, with instrument sales from the channel anticipated from FY28 onwards.

Recent Milestones

FY26 was an important year for Clever Culture, with progress in expanding its customer base and reducing customer concentration. The company doubled its number of global pharmaceutical customers to 8, adding major names such as Novo Nordisk, Boehringer Ingelheim and CSL. It delivered 11 instrument placements during the year, meeting expectations and increasing its installed base to 34 instruments, up from 24 a year earlier. That number increased to 37 during Q1 FY27 up from 26 for the same period last year.

	Q1 FY27	Q4 FY26	Q1 FY26
Global Pharma Customers	8	8	5
Instruments Installed Base[2]	37	34	26
New Orders Received in the Quarter[3]	2	3	1
Instruments under evaluation	3	3	1

Figure 1. Source: Company 30 September Quarterly

These achievements mark a shift from FY25, when more than 80% of the 11 instruments sold went to a single customer. In FY26, the focus was on the land phase of its strategy: winning new global pharmaceutical accounts and establishing an initial presence within these organisations. The next step is to expand by deploying more instruments across existing customers.

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The Market Opportunity

Clever Culture is targeting a sizeable global market, with management estimating around 15,000 manufacturing facilities worldwide. APAS Independence is designed to meet the requirements of large pharmaceutical manufacturers, which typically operate multiple facilities, process high volumes of culture plates and stand to capture the greatest economic benefits from automation.

The company's commercial strategy prioritises the world's largest pharmaceutical groups, which offer the greatest potential for multi-site deployments. These organisations often operate centralised centres of excellence for environmental monitoring, allowing Clever Culture to concentrate its sales efforts on a relatively small number of large customers while retaining the potential to expand across their global manufacturing networks.

APAS Independence combines an upfront instrument sale with ongoing revenue from software licences for its real-time image-analysis algorithms and instrument maintenance. With an estimated useful life of approximately 7 years, each installed unit can generate an estimated A$1.2m in total revenue over its lifetime, including the initial equipment sale and associated ongoing services.

Clever Culture currently works with 8 of the world's 30 largest pharmaceutical companies and has identified a pipeline of more than 100 instruments within current clients. Based on currently identified sites and deployment opportunities, the expanded group of 8 global pharmaceutical customers alone could account for potential A$51m in upfront revenue and A$10m in annual recurring revenue.

This installed-base model creates an opportunity to build a growing stream of recurring revenue as deployments increase. The company estimates the annual recurring revenue opportunity at approximately A$230m across the broader addressable market, which consists of an average annual recurring revenue of A$100,000 per instrument in an addressable market of 2,300 instruments. Realising this potential will depend on instrument adoption, software licensing arrangements, renewal rates and the pace at which customers expand their deployments.

The company estimates the addressable market for APAS Independence in sterile drug manufacturing at approximately A$2.8bn (equipment sale + recurring revenue), growing at a CAGR of more than 8%. The opportunity is supported by the industry's rigorous quality-control requirements and the potential to automate a repetitive, labour-intensive process where accuracy, consistency and traceability are critical.

Competitive Environment

Competing systems incubate and read plates in one instrument, so incubation capacity limits their throughput. Rapid Micro Biosystems, for example, has a theoretical throughput of around 220 plates per day and has reportedly placed approximately 200 instruments, which provides a useful reference point for adoption scale in this market. APAS Independence separates incubation from reading, allowing it to process approximately 1,600 plates per day per instrument.

Laboratory Technology: A Growing M&A Opportunity

Recent transactions highlight strategic interest in AI-driven laboratory technologies. In May 2026, Roche agreed to acquire PathAI for US$750m upfront, with up to a further US$300m in contingent payments. PathAI develops AI-based image analysis and digital workflow tools for pathology laboratories and biopharmaceutical companies. While pathology differs from microbiology, the deal highlights the potential

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value of technology that automates laboratory processes and turns biological images into actionable insights.

In April 2026, Thermo Fisher Scientific agreed to sell its microbiology business to private equity firm Astorg for US$1.075b, including a US$50m seller note. The business generated US$645m in revenue in 2025 and supplies culture media and antimicrobial susceptibility testing solutions to clinical, pharmaceutical and food-safety customers. The transaction highlights the value of established microbiology businesses with broad customer reach and recurring consumables revenue.

In a separate transaction, Waters Corporation completed its US$17.5b combination with BD's Biosciences & Diagnostic Solutions business in February 2026. The business sells instruments and tests that help laboratories detect infections and study microbes, as well as analyse cells and automate their work. It was expected to generate about US$3.4b in revenue in 2025, so the deal valued it at about 5 times revenue.

While these businesses generate far more revenue than Clever Culture, the deals show what buyers have paid for microbiology and laboratory technology businesses.

The Road Ahead

Clever Culture aims to convert its growing pipeline into stronger sales growth, with management expecting most sales to come from existing customers in FY27. Additional orders would provide further evidence that APAS Independence is gaining traction and that customers are willing to expand their use of the platform beyond initial deployments.

The company completed 3 APAS sales in Q1 FY27 with existing customers Novo Nordisk and AstraZeneca. Also, a new Top-20 global pharmaceutical company is expected to commence a paid APAS evaluation in Q2 FY27 and 2 existing global pharmaceutical companies are expected to progress to a purchase.

Beyond instrument sales, the company can also grow revenue per customer through software licences, validation services and ongoing support. As more instruments are deployed, these revenue streams could build a larger recurring revenue base, improving the value generated from each customer over time. The key will be demonstrating that customers continue to invest in the platform after the initial purchase.

In the longer term, CC5 aims to establish APAS Independence as the trusted way to analyse culture plates in pharmaceutical manufacturing. Further customer validation, scientific publications and real-world performance data should help strengthen confidence in the technology. Over time, the combination of proprietary data, validated processes and established customer relationships could create competitive barriers that are difficult for new entrants to replicate.

Capital Raising and APAS Revolution

Cash stood at A$1.4m on 30 September, with A$3.9m in expected or committed inflows over the following two quarters. On 3 November, the company secured commitments for a $A2.6m funding package. The package includes a A$1.0m placement of 62.5m shares at A$0.016, a 15.8% discount to the last price. It also includes a A$1.6m unsecured loan that pays 10% interest and is due for repayment on 30 November 2027. The loan helps repay the existing A$1.7m short-term loan, which was due on 31 December 2026. The company will use the placement to develop APAS Revolution.

APAS Revolution is being developed to address smaller sterile drug manufacturing facilities that are not currently served by existing automated solutions, creating a product with a compelling value proposition

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for lower-volume clients. It opens a complementary market segment, potentially increasing TAM from A$2.8b to A$4.3b, according to the company.

The new platform could also provide an additional offering to CC5's existing customer base. It will leverage the core plate-reading and interpretation technology developed for APAS Independence, potentially reducing incremental development costs, shortening time to market and limiting execution risk compared with developing a platform from scratch.

Development will be undertaken in collaboration with an external engineering partner, which the company expects to select shortly. Pre-production units are scheduled to be made available to customers for evaluation and final user feedback during calendar year 2027, with the commercial launch targeted for the first half of calendar year 2028.

Potential Upcoming Catalysts

Catalyst	Expected timing	Significance
New top 20 pharmaceutical customer starts a paid evaluation	Q2 FY27	A customer of this size could add many sites where APAS could later be used.
Two existing customers expected to move to purchase	Q2 FY27	Orders would show evaluations are turning into sales.
PSC Biotech buys its first instrument	Early 2027	Shows PSC is committed to the partnership. It also gives CC5 a US site for customer demonstrations.
APAS Revolution pre-production units expected for customer evaluation	CY2027	Customer feedback will show whether smaller facilities want the product. The company estimates this could increase its addressable market to A$4.3b.
Novo Nordisk global validation and potential rollout	FY27 and beyond	Novo Nordisk ordered two additional APAS Independence instruments. Passing validation could open orders for its other sites.
PSC Biotech channel sales begin	FY28 onwards	First sales to smaller manufacturers would show the partnership brings new customers CC5 cannot reach alone.
Expansion of existing pharmaceutical customer deployments	Ongoing	Further orders from major pharmaceutical customers could increase the installed base and demonstrate the scalability of CC5's technology.
Adding new clients, especially top 20 pharmaceuticals	Ongoing	Adding customers would mean scaling the business, especially if it is a global company with more facilities that can deploy the APAS solution.

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ASX Comparisons

The ASX peers below sell an instrument to open a customer relationship, then earn recurring revenue from consumables, software or service on the installed base. Nanosonics is a mature example of this model on the ASX. Cyclopharm is at a similar commercial stage to CC5 and is also expanding within existing customers. Trajan sells laboratory instruments, automation and consumables to analytical laboratories, including pharmaceutical customers. Chrysos sits outside healthcare but automates a manual laboratory test and earns recurring revenue from instruments placed in testing laboratories and mines.

Company (Ticker)	Business Operations/Model	Most Recent FY Revenue (AUD, m)	Market Cap (AUD, m)
Nanosonics (ASX: NAN)	trophon ultrasound probe disinfection system sold to hospitals; recurring consumables and service	203.9 (FY26)	873.6
Chrysos (ASX: C79)	PhotonAssay automated gold assay units leased to testing laboratories and miners; fixed monthly fees plus per-sample charges	88.1 (FY26)	761.1
Cyclopharm (ASX: CYC)	Technegas lung imaging generators placed in nuclear medicine departments; recurring access fees and per-patient consumables	32.3 (FY25)	61.6
Clever Culture (ASX: CC5)	APAS Independence instruments sold to pharmaceutical manufacturers for environmental monitoring; recurring software licences and service	4.6 (FY26)	38.2
Trajan Group (ASX: TRJ)	Analytical instruments, lab automation and recurring consumables for analytical and life sciences laboratories, including pharmaceutical customers	161.4 (FY26)	36.7

Table 2. Clever Culture market cap following the placement, based on the share price on 4 November 2026.

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Global Comparisons

The global peers below operate in pharmaceutical microbiology, laboratory automation or adjacent quality-control markets. Rapid Micro Biosystems is a direct comparable, selling an automated microbial detection platform to the same GMP customer base. CellaVision is a technology comparable, selling AI-based image analysers and software to clinical laboratories. Thermo Fisher, Charles River and bioMérieux are larger strategic players in the broader microbiology and laboratory automation market. These peers give context for the market CC5 is addressing rather than direct valuation benchmarks.

Company (Ticker)	Business Operations/Model	Most Recent FY Revenue (AUD, m)	Market Cap (AUD, m)
Thermo Fisher Scientific (NYSE: TMO)	Laboratory instruments, microbiology testing and laboratory automation, including pharmaceutical QC	63,716.5 (FY25)	370,012.5
Charles River Laboratories (NYSE: CRL)	Microbial identification, sterility testing and contamination control services for pharmaceutical QC	5,741.5 (FY25)	24,024.0
bioMérieux (EPA: BIM)	VITEK, BIOFIRE and industrial microbiology platforms for automated microbial identification and diagnostics	6,425.5 (FY25)	17,854.9
CellaVision (STO: CEVI)	AI-based digital cell morphology analysers and software for hospital and commercial laboratories	113.8 (FY25)	685.5
Rapid Micro Biosystems (NASDAQ: RPID)	Growth Direct automated microbial detection platform for pharmaceutical quality control	48.0 (FY25)	49.6

Table 3. As of 4 November 2026. Annual revenue represents the most recent financial year. All financial figures converted to AUD. Assumes: 1 USD = 1.43 AUD; 1 EUR = 1.61 AUD; 1 SEK = 0.15 AUD

Closing Thoughts

Clever Culture's commercial strategy follows a Land & Expand model, initially securing a relationship with large pharmaceutical organisations before scaling deployments across their broader manufacturing networks. AstraZeneca, for example, has already bought 12 APAS instruments, demonstrating the potential to expand within established customer relationships.

FY26 was primarily focused on building the customer pipeline and broadening the customer base. This is particularly relevant given that 9 of the 11 instruments sold in FY25 went to a single customer, AstraZeneca. While the relationship provides a compelling example of the Land & Expand opportunity, customer concentration remains a key point to monitor.

Management has positioned FY27 as a moment for the “Expand” phase, with greater emphasis on increasing instrument deployments within existing customer networks rather than solely winning new accounts. Successful execution could support a more scalable commercial model, with the potential to generate additional instrument sales and recurring revenue from an expanding installed base. The key indicators to watch are customer diversification, repeat orders, recurring revenue growth and the pace at which initial deployments translate into broader adoption.

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