Clever Culture Systems Ltd
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QUARTERLY ACTIVITIES & CASHFLOW REPORT
QUARTER ENDED 31 MARCH 2025

Adelaide, Australia, 28 April 2025: Australian medical technology company Clever Culture Systems Ltd (ASX: CC5) (**CCS** or the **Company**), a leader in microbiology automation using artificial intelligence, is pleased to release its Appendix 4C – Quarterly Cashflow report and business update for the quarter ended 31 March 2025 (the **Quarter**). All financial results are in Australian dollars and are unaudited.

Key Highlights

- **Second consecutive quarter of positive cashflow operations – $0.5 million net cash inflow**
  - **On track for expected cashflow breakeven or better for the Half Year ended 30 June 2025**
  - **Annual recurring revenues increase to >$500k for service and software across 27 APAS® Independence global install base.**
- **Sales momentum for APAS® Independence in the pharmaceutical manufacturing sector continues to build, setting platform for further sales expansion in Financial Year 2026**
  - **Global roll out of APAS® Independence at AstraZeneca continues – First instrument of second orders installed**
  - **Second Bristol Myers Squibb (BMS) facility purchase order for APAS® Independence, which is expected to form a case study for future potential roll out to other BMS sites**
  - **Another multi-national pharmaceutical company is completing an expanded 6,000 plate evaluation, clearing the way for procurement discussions direct with their manufacturing sites**
  - **Pharmaceutical sales pipeline exceeds 40 active and qualified customer opportunities, representing an estimated $75 million[1] in potential upfront sales revenue and $15 million per annum recurring revenue**
- **Increased sales opportunities are being underpinned by the rapid development of the APAS® contact plate application, on track for launch in mid-2025 – APAS® Independence will be the only validated technology able to process both settle and contact plates routinely**
  - **Application currently installed with two global pharmaceutical customers for initial market feedback ahead of product finalisation**
  - **$1.1 million CTCM grant program completed, supporting development of APAS® contact plate application**
- **31 March 2025 cash balance of $2.2 million, and further $3.6 million cash inflows expected over the next two quarters**

Regarding the Quarter, Brent Barnes, CEO and Managing Director said:

"Our sales progress in the pharmaceutical market continues to deliver for the Company and has created a foundation for sustained sales. Coupled with careful management of costs, this Quarter we have achieved a second successive quarter delivering positive cash flows for the Company, with a growing base of annual recurring revenue. Our commercialisation strategy continues to focus on the largest global pharmaceutical manufacturers that represent multi-instrument sales opportunities. As part of this strategy, we have expanded our marketing activities this year and this month we had our first conference in the Asia-Pacific region.

[1] Sales pipeline value based on internal estimate of the potential number of APAS® instruments across each of the 40+ active customer opportunities at an indicative average revenue per instrument sale of $0.5 million (AUD) and recurring annual service and software fees targeted at 20% of the instrument sales price. Assumes a USD:AUD exchange rate of 0.65. The amount is not risk weighted, however the estimated instrument sales for each active customer is at the low end of estimates.

Our R&D efforts are focussed on the launch of our new APAS® contact plate analysis module. This represents a significant and exciting development for the Company, ensuring APAS® provides a complete solution to our customers and is already accelerating sales opportunities."

Commercialisation & Product Development

Continued sales progress in pharmaceutical manufacturing market results in second consecutive quarter of cashflow positive operations

During the Quarter, the Company has continued to execute on its commercialisation strategy for the APAS® Independence in the pharmaceutical market. Since launching the product in March 2024, the Company has completed sales and received orders from pharmaceutical customers for 13 APAS® instruments, representing approximately $6 million in revenue. This sales progress has resulted in two consecutive quarters of cashflow positive operations and has set the foundation for expected cashflow breakeven or better for the Half Year ending 30 June 2025.

In parallel, the Company's sales pipeline continues to grow, with an increasing number of customers and instrument sale opportunities. In line with the Company's sales strategy, these opportunities are concentrated on customers operating multiple sites and seeking solutions to standardise operations across their manufacturing network. The Company's sales pipeline is estimated to represent over $75 million in potential upfront sales and $15 million recurring revenue per annum[1] across over 40 active and qualified customer opportunities. A number of these opportunities have progressed to discussing terms and timings for evaluations.

Customer placements and evaluations – AstraZeneca validation meets performance targets

The global roll out of the technology by AstraZeneca has continued to progress well following the second order of 4 APAS® instruments received in December 2024. The first instrument has been shipped and installed, with the remaining 3 instruments scheduled to be installed progressively in May and June. AstraZeneca have completed their secondary validation of the technology with the APAS® Independence successfully meeting the required performance targets.

Bristol Myers Squibb (BMS) have completed their evaluation of the APAS® analysis module for settle plates (90mm). The results were positive and BMS have now extended the study to also include the Company's analysis module for the smaller contact plates (55mm). Based on the initial results from the evaluation, a second BMS site has raised a purchase order for an APAS® Independence. This site is expected to be an early case study for the potential wider adoption of the APAS® Independence across the BMS group.

A second evaluation of APAS® Independence is also underway with another multinational pharmaceutical company. Their evaluation has been extensive, covering more than 6,000 plates. The data collection has been completed, and data analysis is underway. To date the study has focussed on the settle plate analysis module and is being extended to the contact plate module. Following initial positive results from the study, CCS has been introduced to a number of sites in their network to commence procurement discussions for the APAS® instrument.

Increasing sales and marketing focus for APAS® Independence in the pharmaceutical market

Following the positive initial commercial traction in the pharmaceutical market, the Company has increased its sales and marketing activities for the calendar year 2025. In December 2024, the Company appointed a new Global Marketing Manager, based in the United States, to drive the delivery of an expanded program of events and advertising activities. The focus of these activities is to position the Company as a leader in the industry and broaden awareness of the APAS® technology, specifically targeting the largest global pharmaceutical manufacturers.

During the Quarter, APAS® Independence was showcased at several industry events in Ireland, the United States and South Korea. These events featured new presentations from AstraZeneca on their progress and validation of the technology, as well as a new scientific publication on the validation of artificial intelligence for culture plate reading [Publication].

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New APAS® contact plate application set for launch in mid-2025 – delivering a complete automation solution for pharmaceutical environmental monitoring

The Company has continued to progress the development and validation of the new APAS® contact plate analysis module. Once completed, the APAS® Independence will be able to read both settle and contact plates used in pharmaceutical environmental monitoring. These two plate types make up the vast majority of environmental monitoring culture plates used globally and will ensure that APAS® Independence provides a complete solution to customers. The planned availability of the contact plate analysis module has been key factor accelerating current customer sales activities.

The development of the APAS® contact plate application was supported by $1.1 million funding from the Clinical Translation and Commercialisation Medtech program, delivered by MTPConnect. This funding program was completed during the Quarter.

Clinical market progress

In the clinical market, the Company are working with Quest Diagnostics in the United States to get the APAS® instrument into routine use and connected to their laboratory systems. This will be an important demonstrating the benefits and efficiencies of the technology, as a precursor to the potential roll out of the technology across the Quest Diagnostics group.

Thermo Fisher Scientific (**TFS**), the Company's exclusive distribution partner for APAS® Independence in the United States and Europe, are continuing to progress a number of sales opportunities in these regions.

Financial & Corporate

Financial Summary – Positive $0.5 million net cash inflows for the Quarter – $2.2 million cash balance and $3.6 million expected inflows over the next two quarters

For the Quarter, the Company had total net cash inflows for the Quarter of $0.5 million, represented by:

- Net cash inflows from Operating and Investing activities of $0.6 million, which included $2.3 million in receipts comprising $2.0m for sales to AstraZeneca and the first instrument shipped to BMS, $0.1 million other income for maintenance and software renewals from clinical customers, together with $0.2m received for the CTCM grant which is part funding the contact plates development. The $1.7 million offsetting net cash outflows included $0.2 million final payments for a replenishment of parts required for future instrument manufacturing;
- net cash outflows from Financing activities of $0.1 million, being the regular office lease payments;
- These cashflow movements in the Quarter resulted in a reported consolidated cash balance of $2.2 million as at 31 March 2025.

Cashflows for the Quarter include related party payments of $131,000 to Directors, comprising the Managing Director's salary and Non-Executive Directors' fees.

In the Activity Report for the prior quarter ending 31 December 2024, the Company indicated that it "expected total net operating and investing cashflows to continue to be break-even or better over the next two quarters in total, subject to the timing of instrument installations and invoice receipts". The Company believes this remains on track, with the actual net cash inflow for the March quarter being $0.6 million as noted above.

The Company remains in a solid financial position underpinned by $2.2 million in cash at 31 March 2025, together with the $3.6 million cash inflows in the next two quarters, including:

- $0.7 million in receivables at 31 March 2024;
- $2.1 million to be invoiced for the remaining installations scheduled for AstraZeneca and the second instrument order for BMS; and
- $0.8 million estimated for the F25 Research & Development Tax Incentive receipt.

In addition, the Company has 398,302,346 listed options (ASX: CC5OA) that remain outstanding at 31 March 2025, with an exercise price of $0.008 per option, that if fully exercised prior to their expiry date of 15 November 2025, would raise $3.2 million, with $1.0 million of these proceeds committed to the final repayment of the loan from the South Australian Government.

Outlook

Sales pipeline building for APAS® Independence in pharmaceutical sector – New customer placements planned for FY26

The Company has built an exciting pipeline of sales opportunities for the APAS® Independence within the pharmaceutical manufacturing market. The Company's sales strategy has focused on targeting large global pharma organisations that represent multi-instrument sales opportunities.

Looking ahead to the remainder of the 2025 calendar year, the Company is focussing on conversion of sales opportunities and placements with new global pharmaceutical customers. It is expected that these initial sales will lay the foundation for broader adoption of the APAS® technology across these customer groups, supporting sales growth over the coming years.

Strengthening the scientific evidence-based data supporting the performance of the APAS® instrument is expected to play an important role in achieving the Company's planned sales objectives. Robust validation data that supports the performance of the technology for contact plates will accelerate current sales adoption and the implementation of the technology into routine use. The contact plate validation is on track to be completed in mid-2025 and will include a comprehensive data package supporting the product claims for the technology. The Company's commitment to technology validation is a key asset and strategic advantage in the market and a key point of differentiation for APAS® Independence compared to other automated plate reading technologies.

Alongside the Company's technology delivery, the Company will continue its planned marketing activities for 2025. The Company has an expanded program of events, webinars, publications and advertising planned for the remainder of the 2025 calendar year. The focus of the marketing activities is to continue to deliver high quality content that further builds awareness of the APAS® technology and will develop high quality leads for future sales conversion.

Investor Conference Call

The Company will hold a conference call at **9.00am AEST on 13 May 2025** to discuss the Company's activities, financial results for the Quarter and the business outlook. The Company's CEO and Managing Director, Brent Barnes, will host the call.

All attendees must register to attend the call. Please register using the link below. After registering, you will receive a confirmation email about joining the webinar including options to attend via computer or telephone.

https://us06web.zoom.us/webinar/register/WN_oyBnfNkuSPakrPM0Y-m--A

A Q&A session will be held at the end of the conference call; to participate in this, you will need to join the conference via a computer. A recording of the call will be available on the Investor Centre section of the Company's website for 60 days after the call.

Approved for release by the CCS Board.

– ENDS –

About Clever Culture Systems
Clever Culture Systems (CCS) provides intelligent automation solutions to microbiology laboratories. Based in Adelaide, South Australia, the Company has developed a best-in-class technology, the Automated Plate Assessment System (APAS® Independence), using artificial intelligence and machine learning software to automate the imaging, analysis and interpretation of microbiology culture plates. The technology is the only US FDA-cleared artificial intelligence technology for automated culture plate reading. The product is currently being sold to microbiology laboratories in the pharmaceutical manufacturing sector for the reading of environmental monitoring culture plates

and to clinical laboratories as an in vitro diagnostic for infectious diseases. Thermo Fisher Scientific, Inc is exclusive distributor of the APAS® Independence to clinical customers in the United States and selected countries in Europe.

INVESTOR ENQUIRIES

Clever Culture Systems
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Appendix 4C

Quarterly cash flow report for entities subject to Listing Rule 4.7B

Name of entity	
Clever Culture Systems Ltd	
ABN	**Quarter ended ("current quarter")**
95 107 670 673	March 2025

Consolidated statement of cash flows		**Current quarter $A'000**	**Year to date (..9....months) $A'000**
1.	**Cash flows from operating activities**		
1.1	Receipts from customers	2,145	3,762
1.2	Payments for		
	(a) research and development	(7)	(56)
	(b) operating costs & manufacturing	(435)	(1,879)
	(c) advertising and marketing	(85)	(268)
	(d) short term leases		
	(e) staff costs	(516)	(1,505)
	(f) administration and corporate costs	(160)	(635)
1.3	Dividends received (see note 3)		
1.4	Interest received	20	42
1.5	Interest and other costs of finance paid	(20)	(65)
1.6	Income taxes paid		
1.7	Government grants and tax incentives	165	1,995
1.8	Other	-	18
1.9	**Net cash from / (used in) operating activities**	**1,107**	**1,409**

2.	**Cash flows from investing activities**		
2.1	Payments to acquire or for:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment	-	(8)
	(d) investments		
	(e) intellectual property	(541)	(1,654)
	(f) other non-current assets		

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..9....months) $A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
2.6	**Net cash from / (used in) investing activities**	**(541)**	**(1,662)**

3.	**Cash flows from financing activities**		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options	-	1,058
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	(3)
3.5	Proceeds from borrowings		
3.6	Repayment of borrowings	-	(768)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (Repayment of lease principal)	(51)	(166)
	Other (Repayment of share placement facility)	-	-
3.10	**Net cash from / (used in) financing activities**	**(51)**	**121**

4.	**Net increase / (decrease) in cash and cash equivalents for the period**		
4.1	Cash and cash equivalents at beginning of period	1,700	2,347
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,107	1,409

Consolidated statement of cash flows		Current quarter $A'000	Year to date (..9....months) $A'000
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(541)	(1,662)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(51)	121
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	**Cash and cash equivalents at end of period**	**2,215**	**2,215**

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter $A'000	Previous quarter $A'000
5.1	Bank balances	2,135	880
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (term deposits)	80	820
5.5	**Cash and cash equivalents at end of quarter (should equal item 4.6 above)**	**2,215**	**1,700**

6.	Payments to related parties of the entity and their associates	Current quarter $A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	(131)
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.

Item 6.1 relates to Cash remuneration paid to the Directors, including remuneration paid to the Managing Director.

7.	**Financing facilities** *Note: the term "facility' includes all forms of financing arrangements available to the entity.* *Add notes as necessary for an understanding of the sources of finance available to the entity.*	**Total facility amount at quarter end $A'000**	**Amount drawn at quarter end $A'000**
7.1	Loan facilities	975	975
7.2	Credit standby arrangements	50	38
7.3	Other (please specify)		
7.4	**Total financing facilities**	1,025	1,013

7.5	**Unused financing facilities available at quarter end**	37

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

Item 7.1 relates to the remaining balance from a loan facility provided by the South Australian Government. Quarterly repayments are interest only (at an interest rate of 2.8%), with the principal repayments as follows:

- $0.77 million was repaid on 15 October 2024 under an early repayment clause arising from part proceeds of the exercise of options (ASX: LBTO):
- $0.10 million payable on 30 April 2026; and
- $0.87 million payable on 31 October 2026.

Under the loan terms, the $0.97 million scheduled for repayment in 2026 will be repaid early to the extent that the proceeds are received by LBT for the exercise of options (ASX: CC5OA, expiring November 2025). Such repayment is to occur on 15 December 2025.

The SA Government continues to hold a first ranking general security.

Item 7.2 is a corporate credit card facility which is paid off in full each month.

8.	**Estimated cash available for future operating activities**	**$A'000**
8.1	Net cash from / (used in) operating activities (item 1.9)	1,107
8.2	Cash and cash equivalents at quarter end (item 4.6)	2,215
8.3	Unused finance facilities available at quarter end (item 7.5)	37
8.4	Total available funding (item 8.2 + item 8.3)	2,252
8.5	**Estimated quarters of funding available (item 8.4 divided by item 8.1)**	N/A

Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.

8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:

8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

8.6.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
Answer:	
8.6.3	Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
Answer:	
Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.	

Compliance statement

1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.

2 This statement gives a true and fair view of the matters disclosed.

Date: 28 April 2025

Authorised by: the Board of Directors
(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.

2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.

3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [*name of board committee – eg Audit and Risk Committee*]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".

5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.