

FY 2023 RESULTS

Annual revenues down 22%. 2024: positive outlook driven by deployment with key accounts and the launch of new applications

The financial information presented in this press release is extracted from the financial statements reviewed by the Audit Committee on 22 April 2024 and approved by the Board of Directors on 24 April 2024. Details are given in the audited reports and notes published online on 24 April.

In €'000 - IFRS – audited data	2023	2022	Change
Revenues	4,505	5,810	(1,305)
EBITDA	(3,757)	(2,287)	(1,470)
Operating income	(3,839)	(2,364)	(1,475)
Net income	(4,743)	(2,698)	(2,045)

Alpha MOS, a specialist in sensory analysis, is a world-renowned leader in the supply of solutions for odour, taste and visual analysis, mainly for the food, drink and packaging industries (the "FoodTech" business area).

Alpha Mos is also drawing on its scientific and technological expertise in analysing Volatile Organic Compounds (VOCs) to develop a miniaturised platform for analysing breath biomarkers, the first application of which will be to measure blood sugar levels non-invasively ('MedTech' project).

At 31 December 2023, consolidated revenues totalled €4,505k, down 22% on the same period last year.

Staff costs came to €4,758k, up €310k on the previous year.

External expenses were €1,958k, down €245k on the previous year.

EBITDA at the end of December 2023 was €3,757k, €1,470k lower than in 2022.

Operating profit at the end of December 2023 was €3,839k, compared with €2,364k in 2022. After taking into account the financial result, net profit was €4,743k, compared with €2,698k a year earlier.

Analysis by business

FoodTech :

In 2023, sales of instruments and associated services fell by 22% compared with 2022.

After a first half of commercial growth (H1/2023 revenue +14% compared with H1/2022), the second half was marked by a sharp slowdown in investment, linked to the global macro-economic situation (war in Ukraine and Israel) and a fall in household consumption linked to inflation. Our customers, the food industry, cut back sharply on investment in response to the pressure on their sales and margins. In the second half of the year, revenues fell by 48% compared with H2.

Geographically, Europe remains the leading market, accounting for almost a third of sales. North America comes second, followed by Japan/Korea and the rest of Asia.

Regional breakdown of revenues in 2023 :

- - US: 26% of annual sales ;
- - EMEA: 32% of annual sales;
- - Japan/Korea: 22% of annual sales;
- - Asia Pacific: 20% of annual sales

In terms of activities, instrument sales accounted for 65% of total revenues in 2023. Recurring revenues - TAAS (Testing as a Service), support contracts, consumables linked to major account deployments, studies - were 35%, compared with 26% the previous year.

The company continued to invest in the development of new applications (cork taint detection, extra-virgin olive oil labelling, fresh milk quality analysis). It has also made significant progress in penetrating major accounts, in particular :

- Coca-Cola (USA), which has incorporated the Heracles electronic nose into its internal quality manual. This validation opens the door to the installation of instruments at the group's bottling plants.
- Mengniu (China), which has now installed the Héracles electronic nose in 4 of their factories out of a total of 37 sites.

Thanks to solid operating processes and continuous anticipation of supply tensions for electronic components, delivery times have been maintained at a good level in 2023: less than 30 days on average for a Héracles electronic nose. This operational performance contributes to the company's high customer satisfaction rate of over 90%.

These commercial results are reflected in the FoodTech activity's analytical operating account as follows:

In €'000 – FoodTech income statement	2023	2022
Revenues	4,505	5,810
Other income from ordinary activities	233	322
Changes in inventories and finished goods	56	(38)
Purchases	(2,044)	(1,982)
Staff costs	(4,027)	(3,714)
External expenses	(1,453)	(1,513)
Tax and duties	(55)	(54)
Other current operating expenses	141	(94)
EBITDA	(2,644)	(1,263)

Revenues came to €4,505k, down €1,305k on the previous year.

EBITDA for the Food business came to €2,644k, down €1,381k on the previous year.

There are a number of reasons for this significant decline:

- Firstly, by the fall in sales, which accounts for around €800k of the drop in EBITDA,
- Secondly, there was a fall in gross margin. There are two reasons for this. Firstly, because the volume of direct sales, on which our margin is higher, represented 49% of sales in 2023 compared with 55% in 2022. Secondly, because the purchase price of certain components rose sharply in 2023, and this increase was partially passed on in our selling prices.
- Lastly, personnel costs are up by €313k, or 8.4%.

External expenses amounted to €1,453k, down slightly by €60k compared with 2022.

MedTech :

Through its subsidiary BOYDSense, the company has continued to develop its miniaturised breath analyser designed to monitor vital parameters non-invasively. The first application for this miniaturised breath analyser is the monitoring of glucose concentration in pre-diabetic and type 2 diabetic patients. A first tranche of €1.15m of European funding (out of a total of €2.5m) was received in July 2022, and a second tranche of €1m in November 2023. Awarded following a very rigorous selection process, this grant validates the technological, economic and human potential of the company's MedTech project.

Work on improving the proprietary algorithm and the software used to interpret the analysis results has continued apace, with the conduct of a second clinical study, this time in partnership with Toulouse University Hospital. The results of the clinical study carried out in 2023 validated the benefits of the glucose monitoring device for people with diabetes, enabling the company to move on to the next stages of development: improving the algorithms, miniaturising the device, conducting further clinical studies with a view to certification and market launch in 2027.

In €'000 – MedTech income statement	2023	2022
Revenues	-	-
Other income from ordinary activities	445	630
Changes in inventories and finished goods		-
Purchases	(38)	(227)
Staff costs	(731)	(934)
External expenses	(505)	(490)
Tax and duties	(4)	(3)
Other current operating expenses	(280)	-
EBITDA	(1,113)	(1,024)

No sales were generated by the MedTech business, which is still at the development stage.

EBITDA was €1,113k, €89k lower than in 2022.

Research and Development

As in previous years, the Alpha MOS group has continued to invest heavily in research and development for its two MedTech and FoodTech businesses, for which €2,076k has been committed in 2023.

In €'000 - IFRS –audited data	2023	2022
FoodTech	566	716
MedTech	1,510	966
Total R&D expenses	2,076	1,682
<i>Of which staff costs</i>	<i>1,214</i>	<i>1,233</i>
<i>Of which direct external expenses</i>	<i>862</i>	<i>449</i>
Capitalised expenses	(613)	(880)
Total impact on P&L	(1,463)	(802)

FoodTech projects

The Alpha MOS group has developed a new version of its ArochemBase database, which contains more than 188,883 volatile organic compounds. This new version of the ArochemBase incorporates new ergonomics and the ability to use information from GC-MS chromatograms. This version is currently being tested and will be delivered with version 2024 of our AlphaSoft software. This database enables Alpha MOS customers to develop new products more quickly and to organise their quality controls for ingredients and finished products quickly and efficiently. The database complements Alpha MOS's software offering, which includes AlphaSoft software for analysing the information provided by the Heracles electronic nose, Astree electronic tongue and Iris electronic eye.

We are also developing a new module for the statistical calculation of sensory measurements, to meet our customers' quality assurance needs.

The Alpha MOS group is currently developing a miniaturised volatile organic compound (VOC) analyser to enable real-time analysis of VOC levels in milk containers. Our tests have shown that these VOCs are correlated with the level of micro-organisms present in the milk (bacteria). The advantage for our customers will be to be able to check the quality of their milk in real time without having to wait for the results of lengthy and costly microbiological studies.

At the request of our customers, the Alpha MOS group is currently developing a trichloro-anisole (TCA) analyser based on its Heracles electronic nose. The presence of TCA, which is responsible for the taste of faulty corks, imparts an unpleasant odour to wines, soft drinks and certain foods, characterised by the smell of a damp cellar, wet cardboard, mould and cork.

MedTech projects

The Alpha MOS group has developed 20 precise, autonomous, easily transportable and easily usable non-invasive glucose monitoring prototypes. On this basis, the group has developed embedded algorithms, which have been successfully tested in a clinical study at the University Hospital Centre (CHU) in Toulouse. The results of these tests were published for the first time at the Diabetes Technology Meeting (DTM) 2023 conference. Further publications are already planned for 2024.

These prototypes work with an application available on Android phones. They are simple and intuitive to use and require no specific training.

The FoodTech and MedTech projects are protected by French and international patents to ensure their long-term value.

Consolidated income statement – Balance sheet

Non-current assets were down from €3,629k at the end of 2022 to €3,436k at the end of 2023.

Current assets amounted to €2,785k, compared with €5,192k at 31 December 2022, a decrease of €2,407k. This decrease is mainly due to the level of cash and cash equivalents, which fell from €3,180k to €808k at the end of 2023.

Equity attributable to equity holders of the parent was negative at €8,263k at 31 December 2023.

Non-current liabilities increased slightly from €6,454k at the end of 2022 to €7,178k at 31 December 2023.

Total trade payables at 31 December 2022 were €913k, unchanged from the previous year.

Other liabilities amounted to €4,807k, up by €755k on the previous year.

Outlook

FoodTech

Generally speaking, the underlying trends in the food industry (consumer demands for quality, the need to launch new products more frequently) are moving towards greater use of instruments, data and artificial intelligence tools to enhance the human element and speed up industrial processes, particularly in sensory testing.

These tools also enable food manufacturers to significantly reduce the risks that quality problems could pose to their brand image.

In addition, the continuing tightness of the job market in the food production sector is encouraging Alpha MOS customers to speed up their transition to greater automation/digitalisation.

The positioning of our offering in human augmentation (panels of testers) is helping our customers in their transition to a more efficient and rigorous industrial model. The expansion of our portfolio of solutions makes it easier for them to make purchasing decisions. These solid fundamentals will ensure solid growth over the long term.

In its development plan the company will rely on :

- The expansion of its range of products and services, begun in 2021. The growth in non-instrument sales (+5% in 2023) will continue in 2024 and beyond through the development of recurring service sales models at customers' premises or remotely.
- Work to penetrate key accounts, which continues to progress in China, North America and Europe.
- The launch of specific offerings in high value-added market segments. The development of these new applications will generate additional revenues from 2023.

MedTech

Alpha MOS, through its subsidiary BOYDSense, will continue to develop its breath biomarker analysis product. The clinical study, to be completed in 2023, will make it possible to take an important step towards improving the accuracy of the calculation algorithms, and then move on to finalise a marketable product.

Post-balance sheet events

Alpha MOS carried out two capital increases in April 2024:

- A private placement of €7m for the subsidiary BOYDSense. Completed on 5 April 2024, this operation aimed at accelerating the development of the medical device brought in 5 new investors, with Alpha MOS retaining a majority stake of over 60%. BOYDSense will continue to seek the public and private funding needed for the final phases of development, certification and market launch, with non-invasive blood glucose measurement as its first medical application.
- A public capital increase with preferential subscription rights of €6.3m at Group level. The proceeds from this operation, which will be completed on 4 April 2024, will be used exclusively for the FoodTech business.

Availability of the Annual Financial Report

The Interim Financial Report is being made available to the public today and has been filed with the Autorité des Marchés Financiers (AMF). It can be consulted on the Company's website.

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About Alpha MOS

Alpha MOS (Euronext Paris, ISIN: FR0013421286 ALM, Code mnemonic: ALNEO) specialist in sensory analysis solutions, is the world leader in the development of electronic nose, tongue and eye for industrial use. Created in 1993, Alpha MOS is an international Company with offices in France, China and the United States. It has installed more than 1300 instruments throughout the world, mainly in the food, beverage and packaging industries. Alpha MOS continuously invests in research and development to meet the needs of the markets and innovates to develop the consumer sensory analysis markets.

More information : www.alpha-mos.com

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CONSOLIDATED INCOME STATEMENT

In €'000 - IFRS –audited data	2023	2022	Change
Revenues	4,505	5,810	(1,305)
Other income from ordinary activities	678	952	(274)
Changes in inventories and finished goods	56	(38)	94
Purchases	(2,082)	(2,209)	127
Staff costs	(4,758)	(4,448)	(310)
External expenses	(1,958)	(2,203)	245
Tax and duties	(59)	(57)	(2)
Other current operating expenses	(139)	(93)	(46)
EBITDA	(3,757)	(2,287)	(1,470)
Depreciation and amortisation	(570)	(630)	60
Net charges to provisions	24	(18)	42
Current operating income	(4,303)	(2,934)	(1,369)
Other expenses	(201)	(14)	(187)
Other income	665	584	81
Operating income	(3,839)	(2,364)	(1,475)
Financial expenses	(1,012)	(325)	(687)
Financial income	108	2	106
Financial result	(904)	(323)	(581)
Consolidated profit before tax	(4,743)	(2,687)	(2,056)
Income tax		(11)	11
Consolidated net income	(4,743)	(2,698)	(2,056)

CONSOLIDATED BALANCE SHEET

In €'000 - IFRS –audited data	2022	2023	2023	2022	
Intangible fixed assets	2,109	2,370	2,036	2,036	Capital
Tangible fixed assets	306	300	5,846	5,846	Additional paid-in capital
Financial assets	416	218	(11,259)	(8,907)	Reserves
Right of use under leases	798	546	(155)	(143)	Minority interests
Other non-current assets		2	(4,731)	(2,681)	Net income for the year
Total non-current assets	3,629	3,436	(8,263)	(3,849)	Total shareholders' equity
Inventories and WIP	714	960	195	114	Provisions for liabilities and charges
Trade receivables and related	678	546	472	716	Non-current lease debt
Other current assets	620	471	4,410	3,959	Long-term financial liabilities
Cash and equivalent	3,180	808	650		Derivative financial liabilities
			1,451	1,665	Other non-current liabilities
Total current assets	5,192	2,785	7,178	6,454	Total non-current liabilities
			1,428	1,065	Current financial debts
			158	170	Current lease debt
			913	929	Trade payables and related
			4,807	4,052	Other debts and accruals
			7,306	6,216	Total current liabilities
TOTAL ASSETS	8,821	6,221	6,221	8,821	TOTAL LIABILITIES