NIOX GROUP PLC

("**NIOX**" or the **"Company"**
and, together with its subsidiaries, the **Group**")

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2023

Oxford, UK – 26 September 2023: NIOX Group plc (AIM: NIOX), a company engaged in the design, development, and commercialisation of medical devices for asthma diagnosis and management, today announces its unaudited interim results for the six months ended 30 June 2023 ("H1 2023").

Financial highlights

- Revenue growth of 21% to £18.8 million (H1 2022: £15.5 million).
- Clinical business revenue growth of 28% to £16.7 million (H1 2022: £13.0 million). 90% of clinical revenue from recurring test kit sales.
- Adjusted EBITDA[2] of £6.2 million (H1 2022: £3.2 million), reflecting higher sales, improved margins as a result of a higher proportion of test kit sales and a slight reduction in the cost base.
- Strong balance sheet with no bank debt and cash of £23.8 million as of 30 June 2023 (30 June 2022: £13.8 million, 31 December 2022: £19.4 million).
- Operating cash flow of £5.0 million (H1 2022: £1.0 million).

Financial progress

	H1 2023 **£m**	H1 2022 £m
Revenue	**18.8**	15.5
Gross margin	**73%**	71%
Total expenditure[1]	**(7.5)**	(7.8)
Adjusted EBITDA[2]	**6.2**	3.2
Operating profit	**2.9**	0.6
Beyond Air settlement consideration[3]	**-**	8.1
Profit before tax from continuing operations	**2.9**	8.9
Profit for the financial period from discontinued operations	**0.5**	0.3
Profit for the financial period	**3.4**	9.2
Cash[4] at period end	**23.8**	13.8

[1] Excludes depreciation, amortisation, impairment and share option charge. See note 13 for reconciliation.
[2] Earnings before interest, tax, depreciation, amortisation, impairment and share option charge. See note 13 for reconciliation.
[3] Full amount of Beyond Air settlement recognised in H1 2022.
[4]Includes cash and cash equivalents.

Operational highlights

- Ongoing transition to distributor-led business model with new arrangements in Europe, the USA and China expected to drive scalable revenue growth.
- Commenced development of NIOX Pro, the next generation of clinical use device.

Post period end

- Second payment of $3.5 million received from Beyond Air on 25 August 2023.
- Net cash at 31 August 2023 increased to £27.3 million.
- A special dividend of 2.5p per share (equating to a return of cash of £10.5 million) was paid on 15 September 2023 to shareholders on the register as at the close of business on Friday 18 August 2023.

Ian Johnson, NIOX's Executive Chairman, said: *"The Group has performed well in the first half of the year with good growth in revenue and profits. Cash generation remained strong with net cash at the half year of £23.8 million, up from £19.4 million at the end of 2022. Our strong cash generation permitted the payment of a special dividend of 2.5p per share earlier this month and we expect to propose a final dividend for the 2023 year at the time of our full year results next March.*

The Group is now in a strong financial position to deploy its cash resources to invest in creating further demand for its products and in developing next generation devices, including a home-use device.

Trading in July and August has been in line with management expectations. While the value of reported sales is subject to fluctuation as a result of exchange rate movements, the impact of this on EBITDA is not expected to be significant and the Board remains confident of achieving management expectations for the full year, which were significantly upgraded in July, and in prospects for 2024 and beyond."

Contacts

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About NIOX

Our mission is to improve asthma diagnosis and management by greater patient access to FeNO testing. Asthma is one of the biggest healthcare issues globally with 340 million sufferers, many of whom are undiagnosed or are misdiagnosed. The Group is engaged in the design, development, and commercialisation of medical devices for the measurement of FeNO, a precise biomarker for asthma. Our market leading device, NIOX VERO®, is increasingly recognised by healthcare professionals as an important tool to improve the diagnosis and management of asthma. NIOX VERO® is also the device of choice by leading clinical research organisations for respiratory studies.

NIOX provides products and services via its direct sales organisation and extensive distributor network in 50 countries. For more information, please visit www.niox.com

The Group's interim results report is available online at www.investors.niox.com/investors/financial-reports/

Forward-looking statements

This press release contains certain projections and other forward-looking statements with respect to the financial condition, results of operations, businesses and prospects of NIOX. The use of terms such as "may", "will", "should", "expect", "anticipate", "project", "estimate", "intend", "continue", "target" or "believe" and similar expressions (or the negatives thereof) are generally intended to identify forward-looking statements. These statements are based on current expectations and involve risk and uncertainty because they relate to events and depend upon circumstances that may or may not occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements. Any of the assumptions underlying these forward-looking statements could prove inaccurate or incorrect and therefore any results contemplated in the forward-looking statements may not actually be achieved. Nothing contained in this press release should be construed as a profit forecast or profit estimate. Investors or other recipients are cautioned not to place undue reliance on any forward-looking statements contained herein. NIOX undertakes no obligation to update or revise (publicly or otherwise) any forward-looking statement, whether as a result of new information, future events or other circumstances.

OPERATING REVIEW

Introduction
The Group performed well in the first half of 2023 with revenues up 21% to £18.8 million (H1 2022: £15.5 million). The business made a profit at an adjusted EBITDA level of £6.2 million (H1 2022: £3.2 million).

Business review
NIOX is the market leader in point of care FeNO testing for the diagnosis and management of asthma. The NIOX VERO® device is approved and reimbursed in most major markets.

Clinical sales (to physicians and hospitals for use in clinical practice, and to the Company's distributors) grew by 28% to £16.7 million (H1 2022: £13.0 million). Recurring revenues from test kit sales provide good visibility of earnings and are typically 90% of clinical sales.

In constant currency terms, sales in the APAC region were 70% up on the prior half year mainly as a result of higher testing volumes in Japan and China, whilst EMEA sales were up 32%. Given the recent changes in distribution, we are yet to generate the level of growth in the Americas that we are seeing elsewhere, with sales up 8%.

Research sales for the period (generated from pharmaceutical companies and contract research organisations (CROs) for use in clinical studies) were £2.1 million (H1 2022: £2.5 million). Period comparisons are difficult given the timing and number of clinical trials involving FeNO testing.

Discontinued operations
The discontinued COPD business generated a small profit of £0.5 million in the first half of the year (H1 2022: £0.3 million) as a result of a reduction in the rebate accrual based on information received during the period.

The Group retains an accrual of £1.2 million (31 December 2022: £3.3 million) in respect of potential future rebate payments. No claims for rebates have been received since 31 December 2022.

The accrual for returns was reduced to nil as at 30 June 2023 (31 December 2022: £2.2 million) as returns claims totalling £2.2 million were received. £1.1 million of this amount was settled in the period, with the remainder settled after the period end in August 2023. No material future product returns are expected.

Beyond Air
As a result of Beyond Air, Inc. ("Beyond Air") receiving approval from the U.S. Food and Drug Administration (FDA) for its LungFit® PH device, the Group is entitled to receive payments of $10.5 million in total, in three instalments as follows:

- $2.5 million within 60 days of the approval of LungFit® by the FDA ("FDA approval") - received on 24 August 2022
- $3.5 million within 60 days of the first anniversary of FDA approval - received on 25 August 2023
- $4.5 million within 60 days of the second anniversary of FDA approval

In addition, the Group is entitled to a royalty of 5% of net sales of the device, commencing on the second anniversary of FDA approval and capped at a maximum of $6 million.

Energy prices and inflation
The Group does not manufacture its own products and accordingly energy costs are a very small component of total costs. The effect of inflationary pressures on purchase prices from its two main suppliers is mitigated both by the group's high gross margins and its ability to implement price increases in the majority of its markets.

Investments
The Group has commenced development of its new NIOX Pro device; development costs this year will approximate £0.2 million and are likely to be capitalised in accordance with the requirements of accounting standards. The aggregate development costs of the NIOX Pro, including tooling, should not exceed £2.0 million, with the bulk of these costs being incurred in 2024.

Outlook

Management is continuing to implement a growth strategy that will raise the awareness of the benefits of FeNO testing and significantly improve the availability of NIOX® worldwide by expanding distribution, optimising reimbursement and improving patient access. Exploring use in the home and availability in pharmacies and the workplace will further improve patient access as greater emphasis is placed on managing patients in non-hospital locations.

Trading in July and August has been in line with management expectations. While the value of reported sales is subject to fluctuation as a result of exchange rate movements, the impact of this on EBITDA is not expected to be significant and the Board remains confident of achieving management expectations for the full year, which were significantly upgraded in July, and in prospects for 2024 and beyond.

FINANCIAL REVIEW

The first half of 2023 has been a period of continued growth for NIOX. The level of FeNO testing carried out by our customers continues to grow, resulting in the Group increasing both revenues and adjusted EBITDA.

	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Twelve months ended 31 December 2022 £m
Revenue	**18.8**	15.5	31.3
Cost of sales	**(5.1)**	(4.5)	(9.1)
Gross profit	**13.7**	11.0	22.2
Gross margin	**73%**	71%	71%
Research and development costs	**(1.2)**	(1.9)	(3.2)
Sales and marketing costs	**(5.6)**	(4.6)	(9.7)
Administrative expenses	**(3.9)**	(3.9)	(7.5)
Adjusted EBITDA[1]	**6.2**	3.2	7.3
Operating profit	**3.0**	0.6	1.8
Other (losses) and gains – net	**(0.5)**	0.3	0.4
Other income	**0.1**	8.3	8.3
Net finance income/ (costs)	**0.3**	(0.3)	-
Profit before tax	**2.9**	8.9	10.5
Taxation	**-**	-	3.6
Profit for the financial period from continuing operations	**2.9**	8.9	14.1
Profit for the financial period from discontinued operations	**0.5**	0.3	2.0
Profit for the financial period	**3.4**	9.2	16.1
Cash and cash equivalents	**23.8**	13.8	19.4

[1] Earnings before interest, tax, depreciation, amortisation, impairment and share option charge. See note 13 for reconciliation.

Revenue

NIOX® revenues for the period were £18.8 million (H1 2022: £15.5 million) which include clinical sales of £16.7 million (H1 2022: £13.0 million) and research sales of £2.1 million (H1 2022: £2.5 million). NIOX® clinical revenue represents sales to physicians and hospitals for use in clinical practice and to the Company's distributors, while research revenue is from pharmaceutical companies and contract research organisations (CROs) for use in clinical studies.

A significant part of the increase in NIOX® revenue was attributable to a recovery in testing volumes in Japan and China following the Covid-19 pandemic, but there was also good growth in various European markets including the UK and Germany.

Gross profit

Gross profit on NIOX® sales was £13.7 million (H1 2022: £11.0 million), with a gross margin of 73% (H1 2022: 71%). Gross margin was higher than the prior period due to a greater proportion of higher margin test kit sales and a lower proportion of lower margin, device heavy research sales.

Research and development

Research and development costs reduced to £1.2 million (H1 2022: £1.9 million) mainly attributable to lower headcount.

Sales and marketing

Sales and marketing costs increased to £5.6 million (H1 2022: £4.6 million) as sales and marketing activities are returning to normal levels following the Covid-19 pandemic.

Other income

Other income has decreased to £0.1 million (H1 2022: £8.3 million). £0.1 million (H1 2022: £0.2 million) relates to sub-lease rental income in respect of the Chicago property. The prior period figure includes £8.1 million relating to the one-off recognition of the settlement consideration due from Beyond Air.

Earnings per share
Basic profit per share for the period was 0.81p (H1 2022: 2.20p) and diluted profit per share for the period was 0.76p (H1 2022: 2.07p) reflecting a profit for the period of £3.4 million (H1 2022: £9.2 million). Basic profit per share from continuing operations was 0.69p (H1 2022: 2.13p) and diluted profit per share from continuing operations was 0.64p (H1 2022: 2.00p) reflecting a profit from continuing operations for the financial period of £2.9 million (H1 2022: £8.9 million).

The decrease in reported profit per share is largely due to the recognition of the full consideration due from Beyond Air in the prior period. Excluding the impact of the Beyond Air consideration and amortisation, basic profit per share for the period was 1.26p (H1 2022: 0.74p) reflecting an adjusted profit for the period of £5.3 million (H1 2022: £3.1 million). See note 6.

Other comprehensive income
Other comprehensive income of £5.4 million (H1 2022: £1.5 million) relates to exchange differences on the translation of the balance sheets of foreign operations into British pound sterling.

The income consists of a £4.3 million gain (H1 2022: £0.5 million) on the translation of overseas subsidiaries' net assets, a £2.8 million gain (H1 2022: £0.5 million) on the translation of intangible assets and a £0.4 million gain (H1 2022: £0.1 million) on the translation of goodwill, offset by a £2.1 million loss (H1 2022: £0.4 million gain) on the retranslation of intercompany balances which are determined to be long-term investments in nature, and therefore the effect of foreign exchange is recognised through other comprehensive income.

Statement of financial position
Net assets at 30 June 2023 were £80.9 million (31 December 2022: £81.9 million).

Current liabilities at 30 June 2023 were £7.1 million (31 December 2022: £9.2 million). The decrease is mainly due to lower trade payables, in particular lower accruals relating to discontinued operations, as a £1.1 million invoice from AstraZeneca was settled in the period, reflecting returns of out-of-date pharmaceutical products relating to the discontinued COPD business. A further £1.1 million was settled in August and no material additional returns are expected.

During the period, a Capital Reduction Scheme was concluded by filing an order of the High Court with the Registrar of Companies. This resulted in the share premium of the Company being cancelled.

Cash flow
The Group's cash position (including cash and cash equivalents) increased from £19.4 million at 31 December 2022 to £23.8 million at 30 June 2023. The Group has no bank borrowings.

Cash generated from operations during the period aggregated £5.1 million (H1 2022: £1.2 million), of which £1.1 million (H1 2022: £0.1 million) was used in discontinued operations. The significant increase in cash generation is due to the increased profitability of the Group.

Exchange differences on cash and cash equivalents arose as a result of translation of foreign currency balances at the beginning and end of the relevant period. The exchange loss for the period was £0.4 million (H1 2022: £0.4 million gain).

Michael Roller
Chief Financial Officer

26 September 2023

PRINCIPAL RISKS AND UNCERTAINTIES

NIOX has considered the principal risks and uncertainties facing the Group for the first six months of 2023 and does not consider them to have changed materially from those set out on pages 32 to 35 of the 2022 annual report and accounts, which is available on the Group's website. A summary of these risks and uncertainties is as follows:

Cyber security

If the Group fails to sufficiently detect, monitor, or respond to cyber-attacks against its systems this may result in disruption of service, compromise of sensitive data, financial loss and reputational damage.

Supply Chain

The Group relies on third parties for the supply of key materials, finished products and services, including shipping. Some materials may only be available from one source, and regulatory requirements may make substitution costly and time-consuming.

Covid-19 pandemic

There is a risk that the Covid-19 pandemic may impact the Group, in particular with regard to the level of FeNO testing. Whilst operations are generally back at normal levels, there is still uncertainty in terms of any potential new variants, the timing, extent and length of national or regional lockdowns and their potential impact on our operations, colleagues and customers.

Commercial success

The Group's competitors, some of whom have considerably greater financial and human resources, may develop more effective products, launch products at a lower price or be able to compete more effectively in the markets targeted by the Group.

The Group may face issues selling its products if there is no payer coverage or inclusion of these products by health insurance schemes, or if large payers that currently cover FeNO testing shift to a negative coverage policy.

Compliance with healthcare regulations

The Group must comply with complex regulations in relation to the marketing of its devices. These regulations are strictly enforced. Failure by the Group (or its commercial partners) to comply with relevant legislation and regulations in the countries in which it operates may result in criminal and civil proceedings against the Group.

Foreign exchange fluctuations

Foreign exchange fluctuations may adversely affect the Group's results and financial condition. The Group records its transactions and prepares its financial statements in British pound sterling, but a significant proportion of its income and expenditure is in United States dollar, Swedish krona, Euro and Chinese yuan.

Staff retention

Failure to attract, retain and develop people could lead to a lack of critical skills, knowledge and experience, which could hinder both daily operations and growth potential.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	**Six months ended 30 June 2023**	Six months ended 30 June 2022	Twelve months ended 31 December 2022
		Unaudited	Unaudited	Audited
		£m	£m	£m
Continuing operations				
Revenue from contracts with customers	3	**18.8**	15.5	31.3
Cost of sales		**(5.1)**	(4.5)	(9.1)
Gross profit		**13.7**	11.0	22.2
Research and development costs		**(1.2)**	(1.9)	(3.2)
Sales and marketing costs		**(5.6)**	(4.6)	(9.7)
Administrative expenses		**(3.9)**	(3.9)	(7.5)
Operating profit	3	**3.0**	0.6	1.8
Other (losses) and gains - net		**(0.5)**	0.3	0.4
Other income	4	**0.1**	8.3	8.3
Finance costs		**(0.1)**	(0.3)	(0.3)
Finance income		**0.4**	-	0.3
Profit before tax		**2.9**	8.9	10.5
Taxation		**-**	-	3.6
Profit from continuing operations		**2.9**	8.9	14.1
Profit from discontinued operations (attributable to equity holders of NIOX Group plc)	5	**0.5**	0.3	2.0
Profit for the period		**3.4**	9.2	16.1
Other comprehensive income / (expense)				
Items that may be subsequently reclassified to profit or loss				
Exchange differences on translation of foreign operations		**5.4**	1.5	(1.9)
Other comprehensive income / (expense) for the period, net of tax		**5.4**	1.5	(1.9)
Total comprehensive income for the period		**8.8**	10.7	14.2

Earnings per share attributable to owners of the parent during the period (expressed in pence per share)

	Notes	**Six months ended 30 June 2023**	Six months ended 30 June 2022	Twelve months ended 31 December 2022
		Unaudited	Unaudited	Audited
Basic earnings per share		**Pence**	Pence	Pence
Basic earnings per share for profit from continuing operations	6	**0.69**	2.13	3.36
Basic earnings per share for profit for the period	6	**0.81**	2.20	3.84
Diluted earnings per share		**Pence**	Pence	Pence
Diluted earnings per share for profit from continuing operations	6	**0.64**	2.00	3.19
Diluted earnings per share for profit for the period	6	**0.76**	2.07	3.63

The notes below are an integral part of these condensed interim consolidated financial statements.

CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2023

	Notes	**30 June 2023**	30 June 2022	31 December 2022
		Unaudited	Unaudited	Audited
		£m	£m	£m
Assets				
Non-current assets				
Property, plant and equipment		**0.3**	0.2	0.2
Right-of-use assets		**1.3**	1.5	0.9
Goodwill		**4.3**	4.7	4.7
Intangible assets		**27.7**	32.6	32.4
Trade and other receivables	7	**3.4**	6.1	3.5
Deferred tax assets	8	**23.9**	23.1	25.4
		60.9	68.2	67.1
Current assets				
Inventories		**3.6**	3.6	4.1
Trade and other receivables	7	**7.5**	6.6	7.9
Cash and cash equivalents		**23.8**	13.8	19.4
		34.9	24.0	31.4
Total assets		**95.8**	92.2	98.5
Equity and liabilities				
Share capital		**0.3**	0.3	0.3
Share premium	10	**-**	640.3	640.3
Other reserves		**12.2**	13.9	15.7
Retained earnings/ (accumulated losses)		**68.4**	(581.3)	(574.4)
Total equity		**80.9**	73.2	81.9
Liabilities				
Non-current liabilities				
Lease liabilities		**0.8**	0.9	0.4
Deferred tax liabilities	8	**7.0**	7.9	7.0
		7.8	8.8	7.4
Current liabilities				
Trade and other payables	9	**6.5**	9.6	8.6
Lease liabilities		**0.6**	0.6	0.6
		7.1	10.2	9.2
Total liabilities		**14.9**	19.0	16.6
Total equity and liabilities		**95.8**	92.2	98.5

The notes below are an integral part of these condensed interim consolidated financial statements.

Ian Johnson
Executive Chairman
NIOX Group plc

Michael Roller
Chief Financial Officer
NIOX Group plc

Registered number: 05822706

CONDENSED INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX MONTHS ENDED 30 JUNE 2023

	Notes	**Six months ended 30 June 2023 Unaudited £m**	Six months ended 30 June 2022 Unaudited £m	Twelve months ended 31 December 2022 Audited £m
Cash flows from operating activities				
Cash generated from operations	11	**5.1**	1.2	6.9
Interest paid		**(0.1)**	(0.2)	(0.2)
Net cash generated from operating activities		**5.0**	1.0	6.7
Cash flows from investing activities				
Payments for property, plant and equipment		**(0.1)**	-	(0.1)
Net cash used in investing activities		**(0.1)**	-	(0.1)
Cash flows from financing activities				
Proceeds from issue of shares		**-**	0.1	-
Interest received		**0.2**	-	0.1
Principal elements of lease payments		**(0.3)**	(0.3)	(0.6)
Net cash used in financing activities		**(0.1)**	(0.2)	(0.5)
Net increase in cash and cash equivalents		**4.8**	0.8	6.1
Cash and cash equivalents at 1 January		**19.4**	12.6	12.6
Effects of exchange rate changes on cash and cash equivalents		**(0.4)**	0.4	0.7
Cash and cash equivalents at end of period		**23.8**	13.8	19.4

The notes below are an integral part of these condensed interim consolidated financial statements.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

1. General information

NIOX Group plc is a public company limited by shares which is listed on the Alternative Investment Market (AIM) and incorporated and domiciled in the United Kingdom. The Company is resident in England and the registered office is Hayakawa Building, Edmund Halley Road, Oxford Science Park, Oxford, OX4 4GB.

The condensed consolidated interim financial statements were approved for issue on 26 September 2023.

The condensed consolidated interim financial statements have not been audited or reviewed. The condensed consolidated interim financial statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for NIOX Group plc for the year ended 31 December 2022 were approved by the Board of Directors on 22 March 2023 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

Basis of preparation

This condensed consolidated interim financial report for the period ended 30 June 2023 has been prepared in accordance with Accounting Standard IAS 34 *Interim Financial Reporting,* except for:

- A statement of changes in equity has not been presented; and
- The deferred tax asset has not been revalued.

The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report and accounts for the year ended 31 December 2022 and any public announcements made by NIOX Group plc during the interim reporting period.

Going concern

In assessing the appropriateness of the going concern assumption, the Board has considered the availability of funding alongside the possible cash requirements of the Group and Company. After due consideration, the directors have concluded that there is a reasonable expectation that the Group has adequate resources to continue in operational existence for at least 12 months from the date of this report.

Accounting policies

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period.

Use of estimates and assumptions

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing these condensed interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended 31 December 2022.

Financial instruments

The Group's financial instruments comprise cash and cash equivalents, receivables and payables arising directly from operations, and derivatives. The directors consider that the fair values of the Group's financial instruments do not differ significantly from their carrying values.

2. Financial and capital risk management

The condensed interim financial statements do not include all financial and capital risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's annual report and accounts for the year ended 31 December 2022.

The majority of operating costs are denominated in British pound sterling, United States dollar, Swedish krona, euro and Chinese yuan. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities. The directors expect foreign exchange volatility to continue to affect the Group's results and the resulting impact will be assessed in the annual report.

3. Operating segments

The chief operating decision-maker, the Executive Chairman, examines the Group's performance from a product perspective, and has identified one reportable segment in the continuing business:

- NIOX® relates to the portfolio of products used to improve asthma diagnosis and management by measuring fractional exhaled nitric oxide (FeNO).

The COPD business has been classified as a discontinued operation. Information about this discontinued segment is provided in note 5.

The table below presents operating loss information regarding the Group's operating segments for the periods ended 30 June 2023 and 2022, and the year ended 31 December 2022. Only the results for the Group's continuing activities are included to aid comparison.

	NIOX®	**Head office**	**Total**
	£m	**£m**	**£m**
Six months ended 30 June 2023			
Revenue	18.8	-	**18.8**
Operating profit / (loss) from continuing operations	4.9	(1.9)	**3.0**
Six months ended 30 June 2022			
Revenue	15.5	-	**15.5**
Operating profit / (loss) from continuing operations	1.9	(1.3)	**0.6**
Twelve months ended 31 December 2022			
Revenue	31.3	-	**31.3**
Operating profit / (loss) from continuing operations	4.8	(3.0)	**1.8**

There were no sales between the segments in either reporting period.

4. Other income

	Six months ended 30 June 2023	Six months ended 30 June 2022	Twelve months ended 31 December 2022
	£m	£m	£m
Sub-lease rental income	**0.1**	0.2	0.2
Beyond Air settlement consideration	**-**	8.1	8.1
Total other income	**0.1**	8.3	8.3

Beyond Air were granted FDA approval of the LungFit® PH product on 28 June 2022, and therefore in the prior period, other income and a corresponding receivable was recognised for the total consideration of $10.5 million, discounted to its present value.

5. Discontinued operations

On 9 April 2020, an agreement was signed to hand back the Tudorza® and Duaklir® licences to AstraZeneca and as such, the results of the COPD operating segment are reported as a discontinued operation. There were no assets or liabilities classified as held for sale in relation to the discontinued operation.

Financial information relating to the discontinued operation is set out below:

Profit for the period	**Six months ended 30 June 2023**	Six months ended 30 June 2022	Twelve months ended 31 December 2022
	£m	£m	£m
Revenue	**0.5**	0.3	2.0
Profit from discontinued operations	**0.5**	0.3	2.0
Cashflow			
Net cash outflow from operating activities	**(1.1)**	(0.1)	-
Net cash used in discontinued operations	**(1.1)**	(0.1)	-

The revenue relates to a reduction in the rebate accrual based on information received during the period.

6. Earnings per share

Basic earnings per share	Six months ended 30 June 2023	Six months ended 30 June 2022	Twelve months ended 31 December 2022
	Pence	Pence	Pence
From continuing operations	**0.69**	2.13	3.36
From discontinued operations	**0.12**	0.07	0.48
Total basic earnings per share attributable to the ordinary equity holders of the Company	**0.81**	2.20	3.84
Diluted earnings per share			
	Pence	Pence	Pence
From continuing operations	**0.64**	2.00	3.19
From discontinued operations	**0.12**	0.07	0.44
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**0.76**	2.07	3.63
Adjusted basic earnings per share			
	Pence	Pence	Pence
From continuing operations	**1.14**	0.67	2.36
From discontinued operations	**0.12**	0.07	0.48
Total adjusted basic earnings per share attributable to the ordinary equity holders of the Company	**1.26**	0.74	2.84

Adjusted basic earnings per share eliminates the impact of the Beyond Air settlement consideration and amortisation.

Reconciliation of earnings used in calculating earnings per share	Six months ended 30 June 2023 £m	Six months ended 30 June 2022 £m	Twelve months ended 31 December 2022 £m
Basic and diluted earnings per share			
Profit attributable to the ordinary equity holders of the Company used in calculating basic and dilutive earnings per share:			
From continuing operations	**2.9**	8.9	14.1
From discontinued operations	**0.5**	0.3	2.0
Profit used as the basis of calculating basic and diluted earnings per share	**3.4**	9.2	16.1

Reconciliation of earnings used in calculating adjusted earnings per share	£m	£m	£m
Basic and diluted earnings per share			
Profit attributable to the ordinary equity holders of the Company used in calculating basic and dilutive earnings per share:			
From continuing operations	**2.9**	8.9	14.1
From discontinued operations	**0.5**	0.3	2.0
Add back Beyond Air consideration	**-**	(8.1)	(8.1)
Add back amortisation	**1.9**	2.0	3.9
Adjusted profit used as the basis of calculating adjusted basic earnings per share	**5.3**	3.1	11.9

The earnings used in calculating basic and diluted earnings per share are the same.

Weighted average number of shares	Six months ended 30 June 2023	Six months ended 30 June 2022	Twelve months ended 31 December 2022
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**419,577,589**	418,866,323	419,199,013
Adjustments for calculation of diluted earnings per share:			
Share options	**29,153,971**	24,899,745	23,799,062
Deferred shares	**631,968**	-	-
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	**449,363,528**	443,766,068	442,998,075

7. Trade and other receivables

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Receivable within one year			
Trade receivables	**4.3**	4.0	3.7
Prepayments and accrued income	**0.5**	0.6	0.7
Other receivables	**2.7**	2.0	3.5
Total current trade and other receivables	**7.5**	6.6	7.9
Receivable after one year			
Other receivables	**3.4**	6.1	3.5
Total non-current trade and other receivables	**3.4**	6.1	3.5

Non-current other receivables relate to the consideration due from Beyond Air. An additional £2.7 million (H1 2022: £2.0 million) of consideration is included in current other receivables and was received on 25 August 2023.

8. Deferred taxation

	Intangibles	Tax losses	Net deferred tax asset
	£m	**£m**	**£m**
At 30 June 2022	(7.9)	23.1	15.2
At 31 December 2022	(7.0)	25.4	18.4
At 30 June 2023	**(7.0)**	**23.9**	**16.9**

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Deferred tax liabilities	(7.0)	(7.9)	(7.0)
Deferred tax assets	23.9	23.1	25.4
Total deferred tax asset	**16.9**	**15.2**	**18.4**

The Group does not review the assumptions relating to deferred tax assets at the half year end. The movement in the deferred tax asset in the period is due to foreign exchange fluctuations as the asset is denominated in Swedish krona.

The Group has the following unrecognised potential deferred tax assets as at:

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Losses	**76.0**	80.0	76.0
Total unrecognised deferred tax asset	**76.0**	80.0	76.0

9. Trade and other payables

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
Trade payables	**2.3**	0.4	0.5
Social security and other taxes	**0.3**	0.4	0.8
Accruals	**3.6**	8.2	6.8
Other payables	**0.3**	0.6	0.5
Total trade and other payables	**6.5**	9.6	8.6

10. Share premium

	30 June 2023	30 June 2022	31 December 2022
	£m	£m	£m
As at 1 January	**640.3**	640.3	640.3
Capital reduction scheme	**(640.3)**	-	-
As at period end	**-**	640.3	640.3

On 8 February 2023, a Capital Reduction Scheme was concluded by filing an order of the High Court with the Registrar of Companies. This resulted in the share premium of the Company being cancelled with a corresponding increase in distributable retained earnings.

11. Cash generated from operations

Reconciliation of profit before tax to net cash generated from operations

	Six months ended 30 June 2023	Six months ended 30 June 2022	Twelve months ended 31 December 2022
	£m	£m	£m
Profit from continuing operations before tax	**2.9**	8.9	10.5
Profit from discontinued operations before tax	**0.5**	0.3	2.0
Profit before tax	**3.4**	9.2	12.5
Adjustment for:			
Finance income	**(0.4)**	-	(0.3)
Finance costs	**0.1**	0.3	0.3
Depreciation charge of property, plant and equipment	**-**	-	0.1
Depreciation charge of right-of-use assets	**0.3**	0.3	0.6
Amortisation charge of intangible assets	**1.9**	2.0	3.9
Share based payment charge	**1.0**	0.3	0.9
Foreign exchange on non-operating cash flows	**-**	(0.8)	(0.4)
Changes in working capital:			
Increase in trade and other receivables	**(0.2)**	(8.8)	(6.7)
Decrease/ (increase) in inventories	**0.2**	(0.9)	(1.4)
Decrease in trade and other payables	**(1.2)**	(0.4)	(2.6)
Cash generated from operations	**5.1**	1.2	6.9

12. Related party transactions

There have been no new IAS 24 related-party transactions in the first six months of the current financial year.

13. Reconciliation of alternative performance measures

Total expenditure

Total expenditure excludes depreciation, amortisation, impairment and share option charge.

Total expenditure is an alternative performance measure, and reconciles to the consolidated statement of comprehensive income as below:

	Six months ended 30 June 2023	Six months ended 30 June 2022	Twelve months ended 31 December 2022
	£m	£m	£m
Research and development costs	**(1.2)**	(1.9)	(3.2)
Sales and marketing costs	**(5.6)**	(4.6)	(9.7)
Administrative expenses	**(3.9)**	(3.9)	(7.5)
Add back:			
Depreciation	**0.3**	0.3	0.7
Amortisation	**1.9**	2.0	3.9
Share option charge	**1.0**	0.3	0.9
Total expenditure	**(7.5)**	(7.8)	(14.9)

Adjusted EBITDA

Adjusted EBITDA excludes items of income and expenditure which might have an impact on the quality of earnings, such as share option charge.

Adjusted EBITDA reconciles to operating profit as below:

	Six months ended 30 June 2023	Six months ended 30 June 2022	Twelve months ended 31 December 2022
	£m	£m	£m
Adjusted EBITDA	**6.2**	3.2	7.3
Depreciation	**(0.3)**	(0.3)	(0.7)
Amortisation	**(1.9)**	(2.0)	(3.9)
Share option charge	**(1.0)**	(0.3)	(0.9)
Operating profit	**3.0**	0.6	1.8

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors confirm that these condensed interim financial statements have been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', and that the interim management report includes a fair review of the information required, namely:

- an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The directors are responsible for the maintenance and integrity of the Group's website www.investors.niox.com.

The directors of NIOX Group plc are listed on pages 38 to 41 of the 2022 annual report and accounts.

Legislation in the UK governing the preparation and dissemination of interim financial statements may differ from legislation in other jurisdictions.

On behalf of the Board

Ian Johnson
Executive Chairman
26 September 2023

Michael Roller
Chief Financial Officer