

NIOX GROUP PLC

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

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2024

Oxford, UK - 24 September 2024: 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 2024 ("H1 2024").

Financial highlights

- Revenue growth of 12% (15% on a constant currency basis) to £21.0 million (H1 2023: £18.8 million).
- Clinical business revenue growth of 11% (14% on a constant currency basis) to £18.5 million (H1 2023: £16.7 million).
- Adjusted EBITDA² of £7.1 million (H1 2023: £6.2 million), reflecting higher sales and a broadly flat cost base.
- Adjusted EBITDA² margin 33.8% (H1 2023: 33.0%).
- Adjusted basic earnings per share of 1.73p (H1 2023: 1.57p).
- Cash generated from operations of £6.0 million (H1 2023: £5.1 million), of which £0.9 million (H1 2023: £1.1 million) was used in discontinued operations.
- Strong balance sheet with no debt and cash of £21.5 million as of 30 June 2024, notwithstanding the payment of a £4.2 million dividend in June 2024 (30 June 2023: £23.8 million, 31 December 2023: £19.9 million).

Financial progress

	H1 2024	H1 2023
	£m	£m
Revenue	21.0	18.8
Gross margin	72%	73%
Total expenditure ¹	(8.1)	(7.5)
Adjusted EBITDA ²	7.1	6.2
Operating profit	4.2	3.0
Profit before tax from continuing operations	4.4	2.9
Profit for the financial period from discontinued operations	-	0.5
Profit for the financial period	4.4	3.4
Cash at period end	21.5	23.8

¹ Excludes depreciation, amortisation and share option charge. See note 12 for reconciliation.

² Earnings before interest, tax, depreciation, amortisation and share option charge. See note 12 for reconciliation.

Operational highlights

- Expansion of distributor network in the USA to target areas of untapped potential is expected to drive scalable revenue growth.
- Continued expansion of our distributor network across EMEA.
- A final dividend for the financial year ended 31 December 2023 of 1.0 pence per share (equating to a return of cash of £4.2 million) was paid on 24 June 2024.
- Development of NIOX Pro® in progress, the next generation of clinical use device.

Post period end

- Third payment of 4.5 million received from Beyond Air on 23 September 2024.
- Tender offer announced today to repurchase approximately 26.25 million shares at 80 pence per share, returning £21.0 million to shareholders if fully taken up.
- Proforma cash after tender offer (if fully subscribed) and Beyond Air receipt approximately £6.0 million at 24 September 2024.

Ian Johnson, NIOX's Executive Chairman, said: "I am pleased to report that the Group continues to perform well with good growth in revenues and profits in the first half of the year. Cash generation remained strong which has enabled the Board to recommend a further return of capital to shareholders by way of a Tender Offer, details of which are announced today.

The Board remains confident in achieving consensus expectations for the full year."

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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

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 2024 with revenues up 12% (15% on a constant currency basis) to £21.0 million (H1 2023: £18.8 million). The business made a profit at an adjusted EBITDA level of £7.1 million (H1 2023: £6.2 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 11% (14% on a constant currency basis) to £18.5 million (H1 2023: £16.7 million). Recurring revenues from consumables used for routine testing provide good visibility of earnings and are typically more than 90% of clinical sales.

In constant currency terms, sales in the APAC region were 25% up on the prior half year mainly as a result of higher testing volumes in Japan and China. EMEA sales were up 9% and US sales growth was 8%. Good progress was made in the US in building out our distributor network to target areas of untapped potential, and we believe that we are continuing to implement firm foundations for our US business to deliver improved growth rates in the future. Our experience continues to indicate that testing volumes are highest in those countries where awareness of FeNO is highest.

Research sales for the period (generated from pharmaceutical companies and contract research organisations (CROs) for use in clinical studies) were £2.5 million (H1 2023: £2.1 million). Period comparisons are difficult given the timing and number of clinical trials involving FeNO testing fluctuates from year to year.

Discontinued operations

Profit from the discontinued COPD business was £nil in the first half of the year (H1 2023: £0.5 million) as no information was received during the period which would indicate the need for the rebate accrual to be revised.

The Group retains an accrual of £0.4 million (31 December 2023: £0.4 million) in respect of potential future rebate payments. Only de minimis claims for rebates have been received since 31 December 2023.

The accrual for returns was £nil as at 30 June 2024 (31 December 2023: £0.1 million). A small number of claims were received in the period and the remaining trivial balance of the accrual was released. No further return claims will be received as the return claims period for all remaining batches ended on 30 April 2024.

Cash used in discontinued operations was £0.9 million (H1 2023: £1.1 million). A payment of £0.4 million was made in respect of rebate and return claims received in 2023, which was included in trade payables as at 31 December 2023. Additionally, a one-off payment of £0.5 million was made in respect of an expense of the COPD business incurred and accrued for in 2021 but not invoiced until 2024.

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 - received on 23 September 2024.

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 6.0 million.

Investments

The Group has continued the development of its new NIOX Pro® device; development costs incurred in the period are £0.2 million and have been capitalised in accordance with the requirements of accounting standards.

The aggregate development costs including tooling of the NIOX Pro®, the next generation of clinical device, should not exceed £2.0 million, with the bulk of these costs being incurred in 2024. Initial revenues from this device are not expected until late 2025.

Outlook

Trading during July and August has been slightly ahead of management expectations. However, the ongoing strength of Sterling is negatively impacting reported revenues, albeit with a negligible effect on EBITDA as the geographic mix of our operations ensures that, in aggregate, costs are largely incurred in the same currencies as revenue.

As at 31 August 2024, the Company's cash balance amounted to £23.7 million and the Company had no debt. As a result of the Group's strong cash generation, the Board is pleased to announce a return of cash to shareholders by way of a tender offer which, if fully taken up, will return £21.0 million to shareholders.

The Board remains confident in achieving consensus expectations for the full year and in the Group's prospects for sustained growth in 2024 and beyond.

FINANCIAL REVIEW

The first half of 2024 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 2024 £m	Six months ended 30 June 2023 £m	Twelve months ended 31 December 2023 £m
Revenue	21.0	18.8	36.8
Cost of sales	(5.8)	(5.1)	(10.3)
Gross profit	15.2	13.7	26.5
Gross margin	72%	73%	72%
Research and development costs	(1.2)	(1.2)	(2.3)
Sales and marketing costs	(5.7)	(5.6)	(11.2)
Administrative expenses	(4.1)	(3.9)	(8.4)
Adjusted EBITDA¹	7.1	6.2	11.4
Operating profit	4.2	3.0	4.6
Other losses	(0.2)	(0.5)	(1.3)
Other income	-	0.1	0.2
Net finance income	0.4	0.3	0.6
Profit before tax	4.4	2.9	4.1
Taxation	-	-	5.4
Profit for the financial period from continuing operations	4.4	2.9	9.5
Profit for the financial period from discontinued operations ²	-	0.5	1.2
Profit for the financial period	4.4	3.4	10.7
Cash and cash equivalents	21.5	23.8	19.9

¹ Earnings before interest, tax, depreciation, amortisation and share option charge. Adjusted EBITDA reconciles to operating profit as shown in note 12.

² On 9 April 2020, the Group announced that the development and commercialisation agreement with AstraZeneca was terminating and as such the results of the COPD business are classified as a discontinued operation.

Revenue

NIOX® revenues for the period were £21.0 million (H1 2023: £18.8 million) which include clinical sales of £18.5 million (H1 2023: £16.7 million) and research sales of £2.5 million (H1 2023: £2.1 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 the growth in testing volumes in Japan and China.

Gross profit

Gross profit on NIOX® sales was £15.2 million (H1 2023: £13.7 million), with a gross margin of 72% (H1 2023: 73%). Gross margin was lower than the prior period due to a higher proportion of lower margin, device heavy research sales and a lower proportion of higher margin test kit sales.

Sales and marketing costs

Sales and marketing costs increased to £5.7 million (H1 2023: £5.6 million). Labour costs were higher due to increased headcount in the US.

Administrative expenses

Administrative expenses increased to £4.1 million (H1 2023: £3.9 million) due to higher labour costs, particularly in relation to the accrued cash bonus payable to the Executive Directors, which was previously paid as shares and thus did not affect adjusted EBITDA.

Earnings per share

Basic profit per share for the period was 1.04p (H1 2023: 0.81p) and diluted profit per share for the period was 0.97p (H1 2023: 0.76p) reflecting a profit for the period of £4.4 million (H1 2023: £3.4 million). Basic profit per share from continuing operations was 1.04p (H1 2023: 0.69p) and diluted profit per share from continuing operations was 0.97p (H1 2023: 0.64p) reflecting a profit from continuing operations for the financial period of £4.4 million (H1 2023: £2.9 million).

Excluding the impact of depreciation, amortisation and share option charge, adjusted basic profit per share for the period was 1.73p (H1 2023: 1.57p) reflecting an adjusted profit for the period of £7.3 million (H1 2023: £6.6 million). See note 6.

Statement of financial position

Net assets as at 30 June 2024 decreased to £81.8 million (31 December 2023: £83.8 million) largely as a result of a lower intangible assets value following amortisation, partly offset by a higher cash balance.

Current liabilities as at 30 June 2024 were £5.4 million (31 December 2023: £7.2 million). The decrease is mainly due to lower trade payables, in particular lower accruals relating to discontinued operations, as £0.9 million was settled in the period.

Cash flow

The Group's cash position (including cash and cash equivalents) increased from £19.9 million as at 31 December 2023 to £21.5 million as at 30 June 2024. The Group has no debt.

Cash generated from operations during the period aggregated £6.0 million (H1 2023: £5.1 million), of which £0.9 million (H1 2023: £1.1 million) was used in discontinued operations. The increase in cash generation is due to the increased profitability of the Group.

A dividend totalling £4.2 million (H1 2023: £nil) was paid to shareholders in the period.

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 £0.1 million (H1 2023: £0.4 million).

Michael Roller

Chief Financial Officer

24 September 2024

PRINCIPAL RISKS AND UNCERTAINTIES

NIOX has considered the principal risks and uncertainties facing the Group for the first six months of 2024 and does not consider them to have changed materially from those set out on pages 38 to 41 of the 2023 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.

Commercial success

The Group's competitors, some of whom have considerably greater financial and human resources, may develop more effective products, launch similar 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 cashflows are in United States dollars, Swedish krona, euros 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 2024

		Six months ended 30 June 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
		Unaudited	Unaudited	Audited
	Notes	£m	£m	£m
Continuing operations				
Revenue from contracts with customers	3	21.0	18.8	36.8
Cost of sales		(5.8)	(5.1)	(10.3)
Gross profit		15.2	13.7	26.5
Research and development costs		(1.2)	(1.2)	(2.3)
Sales and marketing costs		(5.7)	(5.6)	(11.2)
Administrative expenses		(4.1)	(3.9)	(8.4)
Operating profit	3	4.2	3.0	4.6
Other losses		(0.2)	(0.5)	(1.3)
Other income	4	-	0.1	0.2
Finance costs		(0.1)	(0.1)	(0.2)
Finance income		0.5	0.4	0.8
Profit before tax		4.4	2.9	4.1
Taxation		-	-	5.4
Profit from continuing operations		4.4	2.9	9.5
Profit from discontinued operations (attributable to equity holders of NIOX Group plc)	5	-	0.5	1.2
Profit for the period		4.4	3.4	10.7
Other comprehensive income / (expense)				
<i>Items that may be subsequently reclassified to profit or loss</i>				
Exchange differences on translation of foreign operations		1.7	5.4	(0.2)
Other comprehensive income / (expense) for the period, net of tax		1.7	5.4	(0.2)
Total comprehensive income for the period		6.1	8.8	10.5

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

		Six months ended 30 June 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
		Unaudited	Unaudited	Audited
		Pence	Pence	Pence
Basic earnings per share				
Basic earnings per share for profit from continuing operations	6	1.04	0.69	2.26
Basic earnings per share for profit for the period	6	1.04	0.81	2.55
Diluted earnings per share				
Diluted earnings per share for profit from continuing operations	6	0.97	0.64	2.11
Diluted earnings per share for profit for the period	6	0.97	0.76	2.38

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 2024

	30 June 2024	30 June 2023	31 December 2023
	Unaudited	Unaudited	Audited

	Notes	£m	£m	£m
Assets				
Non-current assets				
Property, plant and equipment		0.3	0.3	0.3
Right-of-use assets		0.8	1.3	1.1
Goodwill		4.4	4.3	4.6
Intangible assets		25.3	27.7	28.2
Trade and other receivables	7	-	3.4	-
Deferred tax assets	8	22.6	23.9	23.8
		53.4	60.9	58.0
Current assets				
Inventories		4.1	3.6	4.8
Trade and other receivables	7	8.5	7.5	8.8
Cash and cash equivalents		21.5	23.8	19.9
		34.1	34.9	33.5
Total assets		87.5	95.8	91.5
Equity and liabilities				
Share capital		0.3	0.3	0.3
Share premium		0.1	-	0.1
Other reserves		16.0	12.2	18.2
Retained earnings		65.4	68.4	65.2
Total equity		81.8	80.9	83.8
Liabilities				
Non-current liabilities				
Lease liabilities		0.3	0.8	0.5
Deferred tax liabilities	8	-	7.0	-
		0.3	7.8	0.5
Current liabilities				
Trade and other payables	9	4.8	6.5	6.6
Lease liabilities		0.6	0.6	0.6
		5.4	7.1	7.2
Total liabilities		5.7	14.9	7.7
Total equity and liabilities		87.5	95.8	91.5

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 2024

	Notes	Six months ended 30 June 2024 Unaudited £m	Six months ended 30 June 2023 Unaudited £m	Twelve months ended 31 December 2023 Audited £m
Cash flows from operating activities				
Cash generated from operations	10	6.0	5.1	11.7
Interest paid		(0.1)	(0.1)	(0.1)
Net cash generated from operating activities		5.9	5.0	11.6
Cash flows from investing activities				
Payments for property, plant and equipment		(0.1)	(0.1)	(0.1)
Payments for intangible assets		(0.2)	-	(0.2)
Net cash used in investing activities		(0.3)	(0.1)	(0.3)
Cash flows from financing activities				
Interest received		0.4	0.2	0.6
Principal element of lease payments		(0.2)	(0.3)	(0.7)
Dividends paid		(4.2)	-	(10.5)

Proceeds received from exercise of share options	0.1	-	0.1
Net cash used in financing activities	(3.9)	(0.1)	(10.5)
Net increase in cash and cash equivalents	1.7	4.8	0.8
Cash and cash equivalents at 1 January	19.9	19.4	19.4
Effects of exchange rate changes on cash and cash equivalents	(0.1)	(0.4)	(0.3)
Cash and cash equivalents at end of period	21.5	23.8	19.9

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 24 September 2024.

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 2023 were approved by the Board of Directors on 26 March 2024 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 2024 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 2023 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 2023.

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 2023.

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 2024 and 2023, and the year ended 31 December 2023. 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 2024			
Revenue	21.0	-	21.0
Operating profit / (loss) from continuing operations	6.1	(1.9)	4.2
Six months ended 30 June 2023			
Revenue	18.8	-	18.8
Operating profit / (loss) from continuing operations	4.9	(1.9)	3.0
Twelve months ended 31 December 2023			
Revenue	36.8	-	36.8
Operating profit / (loss) from continuing operations	9.1	(4.5)	4.6

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

4. Other income

	Six months ended 30 June 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
	£m	£m	£m
Sub-lease rental income	-	0.1	0.2
Total other income	-	0.1	0.2

The Chicago sub-lease ended on 29 February 2024. The Group's lease of the Chicago property ended on the same date.

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 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
	£m	£m	£m
Revenue	-	0.5	1.2
Profit from discontinued operations	-	0.5	1.2

Cashflow

Net cash outflow from operating activities	(0.9)	(1.1)	(2.0)
Net cash used in discontinued operations	(0.9)	(1.1)	(2.0)

Revenue recognised in the periods ending 30 June 2023 and 31 December 2023 relates to a revision of the rebate accrual based on information and claims received during the period and forward-looking assumptions as to the value of claims expected to be received in future financial period.

The cash outflow relates to the settlement of certain contractual liabilities relating principally to rebates and returns, which were accrued for at the time the business was discontinued.

Remaining accruals related to the discontinued operation totalled £0.4 million at the end of the period (31 December 2023: £1.3 million including amounts in trade payables).

6. Earnings per share

	Six months ended 30 June 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
	Pence	Pence	Pence
Basic earnings per share			
From continuing operations	1.04	0.69	2.26
From discontinued operations	-	0.12	0.29
Total basic earnings per share attributable to the ordinary equity holders of the Company	1.04	0.81	2.55
Diluted earnings per share			
From continuing operations	0.97	0.64	2.11
From discontinued operations	-	0.12	0.27

Total diluted earnings per share attributable to the ordinary equity holders of the Company	0.97	0.76	2.38
Reconciliation of earnings used in calculating 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	4.4	2.9	9.5
From discontinued operations	-	0.5	1.2
Profit used as the basis of calculating basic and diluted earnings per share	4.4	3.4	10.7

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

Adjusted basic earnings per share eliminates depreciation, amortisation and share option charge. The prior year interim financial statements only excluded the impact of amortisation. The comparatives have been restated.

	Six months ended 30 June 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
	Pence	Pence	Pence
Adjusted basic earnings per share			
From continuing operations	1.73	1.45	3.87
From discontinued operations	-	0.12	0.29
Total adjusted basic earnings per share attributable to the ordinary equity holders of the Company	1.73	1.57	4.16

	£m	£m	£m
Reconciliation of earnings used in calculating adjusted earnings per share			
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	4.4	2.9	9.5
From discontinued operations	-	0.5	1.2
Add back:			
Depreciation	0.2	0.3	0.7
Amortisation	1.9	1.9	3.7
Share option charge	0.8	1.0	2.4
Adjusted profit used as the basis of calculating adjusted basic earnings per share	7.3	6.6	17.5

	No.	No.	No.
Weighted average number of shares			
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	422,921,155	419,577,589	420,205,077
Adjustments for calculation of diluted earnings per share:			
Share options	30,225,299	29,153,971	28,443,873
Deferred shares	745,116	631,968	629,308
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	453,891,570	449,363,528	449,278,258

7. Trade and other receivables

	30 June 2024	30 June 2023	31 December 2023
	£m	£m	£m
Receivable within one year			
Trade receivables	4.6	4.3	4.1
Prepayments and accrued income	0.4	0.5	0.6
Other receivables	3.5	2.7	4.1
Total current trade and other receivables	8.5	7.5	8.8
Receivable after one year			
Other receivables	-	3.4	-
Total non-current trade and other receivables	-	3.4	-

Other receivables relate to the consideration due from Beyond Air. Included in current other receivables is £3.5 million (H1 2023: £2.7 million) and included in non-current other receivables is £nil (H1 2023: £3.4 million). The final payment was received from Beyond Air on 23 September 2024.

8. Deferred taxation

	Intangibles	Tax losses	Net deferred tax asset
	£m	£m	£m
At 30 June 2023	(7.0)	23.9	16.9
At 31 December 2023	(6.3)	30.1	23.8
At 30 June 2024	(6.3)	28.9	22.6

	30 June 2024	30 June 2023	31 December 2023
	£m	£m	£m
Deferred tax liabilities	-	(7.0)	-
Deferred tax assets	22.6	23.9	23.8
Total deferred tax asset	22.6	16.9	23.8

The Group does not review the assumptions relating to the net deferred tax asset 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.

On consolidation, a deferred tax asset in respect of deductible temporary differences relating to tax losses is recognised to the extent of the relevant deferred tax liability relating to intangible assets. These balances relate to the same taxation authority and have therefore been offset.

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

	30 June 2024	30 June 2023	31 December 2023
	£m	£m	£m
Losses	90.9	76.0	90.9
Total unrecognised deferred tax asset	90.9	76.0	90.9

9. Trade and other payables

	30 June 2024	30 June 2023	31 December 2023
	£m	£m	£m
Trade payables	0.9	2.3	1.1
Social security and other taxes	0.2	0.3	0.8
Accruals	3.2	3.6	4.3
Other payables	0.5	0.3	0.4
Total trade and other payables	4.8	6.5	6.6

10. Cash generated from operations

Reconciliation of profit before tax to net cash generated from operations

	Six months ended 30 June 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
	£m	£m	£m
Profit from continuing operations before tax	4.4	2.9	4.1
Profit from discontinued operations before tax	-	0.5	1.2
Profit before tax	4.4	3.4	5.3
Adjustment for:			
Finance income	(0.5)	(0.4)	(0.8)
Finance costs	0.1	0.1	0.2
Depreciation charge of right-of-use assets	0.2	0.3	0.7
Amortisation charge of intangible assets	1.9	1.9	3.7
Share based payment charge	0.8	1.0	2.4
Foreign exchange on non-operating cash flows	(0.3)	-	0.8
Changes in working capital:			
(Increase)/ decrease in trade and other receivables	(0.1)	(0.2)	2.7
Decrease/ (increase) in inventories	0.5	0.2	(0.8)
Decrease in trade and other payables	(1.0)	(1.2)	(2.5)
Cash generated from operations	6.0	5.1	11.7

11. Related party transactions

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

12. Reconciliation of alternative performance measures

Total expenditure

Total expenditure excludes depreciation, amortisation 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 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
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	£m	£m	£m
Research and development costs	(1.2)	(1.2)	(2.3)
Sales and marketing costs	(5.7)	(5.6)	(11.2)
Administrative expenses	(4.1)	(3.9)	(8.4)
Add back:			
Depreciation	0.2	0.3	0.7
Amortisation	1.9	1.9	3.7
Share option charge	0.8	1.0	2.4
Total expenditure	(8.1)	(7.5)	(15.1)

Adjusted EBITDA

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

Adjusted EBITDA is an alternative performance measure, and reconciles to operating profit as below:

	Six months ended 30 June 2024	Six months ended 30 June 2023	Twelve months ended 31 December 2023
	£m	£m	£m
Adjusted EBITDA	7.1	6.2	11.4
Depreciation	(0.2)	(0.3)	(0.7)
Amortisation	(1.9)	(1.9)	(3.7)
Share option charge	(0.8)	(1.0)	(2.4)
Operating profit	4.2	3.0	4.6

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', except for the areas describe in the basis of preparation section in note 1, 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 2023 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
24 September 2024

Michael Roller
Chief Financial Officer

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