



NIOX Group plc

(Formerly Circassia Group plc)

Annual Report & Accounts

YEAR ENDED 31 DECEMBER 2022



NIOX is engaged in the design, development, and commercialisation of medical devices for the measurement of FeNO, a biomarker of inflammatory 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. At present, NIOX provides products and services in around 50 countries.

For more information, please visit www.niox.com

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**Our mission is to
improve asthma
diagnosis and
management by
greater patient access
to FeNO testing.**



Strategic report

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STRATEGIC REPORT

Executive Chairman's statement

2022 was a significant year for the Group...

... with the business substantially right-sized and the implementation of a distributor-led sales strategy well underway. These initiatives gave rise to a much-reduced cost base and generated scalable revenue growth.

The Group remains debt free and has significant cash resources to continue implementing its business strategy of accessing and promoting the benefits of its products to healthcare professionals in primary and secondary care, who diagnose and treat the large population of patients suffering from asthma. Significant progress was made in 2022 to sell NIOX® FeNO devices into primary care, and I am pleased to report that this is continuing into 2023.

The business has proved very resilient during both the Pandemic and the more recent global macroeconomic conditions. The high level of recurring revenues provides good visibility of earnings and together with high gross margins are delivering profitable growth. The Group has made a positive start to 2023 with revenues up 19% in the first two months of the year on the equivalent period in 2022. The Board believes that the strong business model will drive further top line growth and continue to deliver improved shareholder value going forward.

Ian Johnson

Executive Chairman



The Board believes that the strong business model will drive top line growth and continue to deliver improved shareholder value going forward.

A year of continued progress

2022 saw both solid sales growth, and the completion of the cost reduction exercises which were ongoing during 2020 and 2021. Pleasingly, the NIOX® business ended the year having achieved a 30% EBITDA margin (excluding corporate costs) and demonstrated the scalability and underlying profitability of its distributor led business model.

FeNO testing rates began a sustained recovery in most major markets in 2022, as the effects of Covid-19 diminished and more patients visited their physicians in person. This resulted in revenue to Clinical customers growing 12% versus 2021 with underlying growth of 15% excluding a one-off revenue item of £0.6 million in China in H1 2021. Sales to Research customers grew by 13%, bringing performance back to well above 2019 pre-pandemic revenue levels.

EMEA Clinical sales demonstrated the strongest recovery and grew at 19% versus 2021. The UK was the strongest growing European market and ended the year with sales significantly higher than pre-pandemic levels. UK growth was fuelled by adoption of FeNO testing in Primary Care.

The Americas experienced modest growth as healthcare professionals began to return to business as usual. Clinical revenues in the region grew by 18% versus 2021 in sterling terms, but at only 7% in local currency terms.

China and Japan were slower to recover from Covid-19, which suppressed FeNO testing rates and meant that Clinical revenues in the Asia Pacific region showed weaker underlying growth of 2% versus 2021 (9% underlying growth excluding the impact of a one-off revenue item of £0.6 million in 2021).

Moving forward the Company is focused on accelerating the growth of FeNO testing in Primary Care, where most asthmatics are treated. The new distribution arrangements in the US and China are key enablers to the strategy of driving top line growth, without adding fixed costs to the business.

Once FeNO testing and NIOX® are established as normal practice in Primary Care the Company plans to explore a home use product, so that asthma patients can perform a FeNO test at home and help improve their asthma outcomes.



The Company is focused on accelerating the growth of FeNO testing in Primary Care, where most asthmatics are treated.



NIOX® revenues up

▲ 12%

NIOX® underlying revenues up

▲ 15%

NIOX® business

Revenues for the year ended 31 December 2022 were up 12% to £31.3 million (2021: £27.9 million), and up 11% on a constant currency basis. Underlying revenues (excluding the impact of a £0.6 million one-off revenue item in H1 2021) were up 15%. The second half of the year saw stronger relative growth of 19% over H2 2021.

The significant cost reductions of the two previous years continued, but principally as a result of the annualisation effect of actions taken in 2021. Group headcount started the year at 111 and ended the year at 92. Management does not expect further reductions in cost in 2023 and expects headcount to increase slightly during the year. The Group's energy usage is low as it does not manufacture its own products, and accordingly the substantial increase in energy prices has not had a material impact on the Group's operations.

Discontinued operations

The transfer of the COPD products back to AstraZeneca completed on 31 March 2021. An operating profit of £2.0 million was generated by this business in 2022 as the result of a credit arising to revenue which dated back to transactions originally undertaken in 2019, combined with a reduction to the rebate accrual as a result of information received during the year. NIOX retains legal liability for rebates payable to third parties (primarily Medicaid) for the period during which it operated the COPD business. £0.7 million of rebates were paid during 2022 and an accrual for additional rebates of £1.8 million remains in the Group's balance sheet at 31 December 2022. No rebate claims have been received since 31 December 2022.

NIOX also retains legal liability for returns of product sold during the period when it operated the COPD business. An accrual of £2.2 million has been included to cover this eventuality in the Group's balance sheet at 31 December 2022. Returns claims totalling £1.1 million were received during late 2022 but had not yet been paid at the balance sheet date. NIOX's liability for returns will have been substantially extinguished by the end of 2023.





The business has made a positive start to 2023 and the Board expects another year of solid progress, notwithstanding the somewhat mixed macroeconomic outlook.



Russia and Ukraine

NIOX has no operations in Russia and generates no revenue in Russia. In 2022, revenues derived from Ukraine were less than 1% of Group revenues.

Energy prices and inflation

The Group has two strategic manufacturing partners and does not manufacture its own products, 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.

Beyond Air

On 28 June 2022, Beyond Air, Inc. ("Beyond Air") confirmed that it had received approval from the U.S. Food and Drug Administration (FDA) for its LungFit® PH device.

As a result of this news and in accordance with the terms of a previously announced settlement agreement with Beyond Air, the Group became 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"), which was received on 24 August 2022
- ◆ \$3.5 million within 60 days of the first anniversary of FDA approval
- ◆ \$4.5 million within 60 days of the second anniversary of FDA approval

The total settlement consideration of \$10.5 million was recognised, discounted to its present value at the balance sheet date. 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. These royalties have not been recognised due to uncertainties around quantum and timing.

Name change

The Company changed its name from Circassia Group plc to NIOX Group plc during the year in order that the name of the Company's product is aligned with name of the Company itself.

Capital Reduction Scheme

As a result of the much-improved profitability and cash generation of the Group, the Group is accumulating cash balances in excess of those which it requires to continue to operate and grow the business.

A Capital Reduction Scheme was sanctioned by both shareholders and the High Court in late 2022, and was completed by the filing of the Court Order with the Registrar of Companies in February 2023, to enable the Company to eliminate the deficit on its profit and loss account and to create distributable reserves to enable the Company to pay shareholders dividends, or to purchase its own shares in future, if this is considered appropriate.

Employees

On behalf of the Board, I would like to thank all employees within the Group for their hard work and commitment.

Summary and outlook

2022 was a good year for the Group. The results demonstrate the clear ability of our business model to generate profitable growth, and double-digit sales growth at historical trend levels was achieved despite ongoing adverse effects of Covid-19 in several of our major markets.

The business has made a positive start to 2023 and the Board expects another year of solid progress, notwithstanding the somewhat mixed macroeconomic outlook.

STRATEGIC REPORT

Financial highlights

NIOX® sales

▲ **£31.3m**

Underlying revenue growth of 15% to £31.3 million (2021: £27.9 million) excluding a one-off revenue item of £0.6 million in China

Group adjusted EBITDA

▲ **£7.3m**

Ahead of upgraded consensus estimates (2021: £0.6 million in a transitional year)

Profit before tax

▲ **£2.4m**

Excluding the benefit of the Beyond Air consideration of £8.1 million (2021: loss of £2.1 million)

Net cash

£19.4m

(31 December 2021: £12.6m)

31 DEC 2021

£12.6m

31 DEC 2022

£19.4m

Financial progress

	2022 £m	2021 £m
Revenue	31.3	27.9
Gross margin	71%	68%
Total expenditure ¹	(14.9)	(18.4)
Adjusted EBITDA ²	7.3	0.6
Adjusted EBITDA ² margin	23.3%	2.2%
Operating profit/ (loss)	1.8	(4.3)
Beyond Air settlement consideration	8.1	-
Profit/ (loss) before tax	10.5	(2.1)
Profit for the year from discontinued operations	2.0	1.3
Profit for the financial year	16.1	3.6
Cash ³ at year end	19.4	12.6

¹ Excludes depreciation, amortisation, impairment and share option charge. Total expenditure reconciles to the consolidated statement of comprehensive income as shown on page 129.

² Earnings before interest, tax, depreciation, amortisation, impairment and share option charge. Adjusted EBITDA reconciles to operating profit/ (loss) as shown on page 129.

³ Includes cash and cash equivalents

Operational highlights

- ◆ Ongoing transition to distributor-led business model beginning to gather momentum with new arrangements in the USA and China expected to drive scalable revenue growth in 2023 and beyond.
- ◆ Maintained strong recurring revenue of 89% of £26.2 million of Clinical revenue.
- ◆ Good progress in the UK with initial sales into the primary care sector.
- ◆ Approval received from shareholders on 1 September 2022 to change the Company name from Circassia Group plc to NIOX Group plc reflecting the focus on the NIOX® products.
- ◆ FDA approval for Beyond Air's LungFit® PH device received on 28 June 2022, initiating total milestone payments of \$10.5 million over three years (\$2.5 million received in August 2022), with up to a further \$6 million in potential royalty payments thereafter.

Post period end

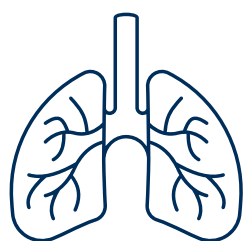
- ◆ A Capital Reduction Scheme was concluded by filing an order of the High Court with the Registrar of Companies on 8 February 2023. The scheme was approved by shareholders on 6 October 2022 and a Court Order was approved on 8 November. The purpose of the Capital Reduction is to enable the Board to return surplus cash to shareholders via dividends and/or share buybacks, if considered appropriate in the future.

Key strategic drivers of the Group

The opportunity

Asthma affects over 340 million people worldwide with a further 100 million estimated to be affected by 2025. There are an estimated 1,000 deaths globally due to asthma every day. In some 50% of cases, asthma is either not diagnosed or is misdiagnosed, which leads to a delay in asthma patients receiving the care that they need. Following a diagnosis of asthma, it is important to be able to regularly monitor the condition to confirm the effectiveness of treatment and adherence by the patient.

Asthma affects over
340
million
people **worldwide**

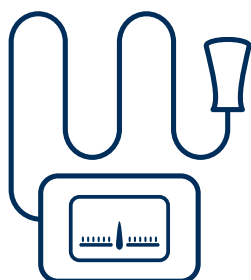


A diagnosis of asthma is
7x more likely when
FeNO is greater than

40ppb

50%

decrease in asthma
exacerbations by **measuring**
FeNO as part of ongoing
asthma management



FeNO

Asthma is a condition that is characterised by inflammation of the airways and lungs. Nitric oxide is produced by inflammatory cells and can be precisely measured in exhaled breath, this is known as FeNO (fraction of exhaled nitric oxide). Measuring FeNO helps understand the level of inflammation in the lungs of an asthmatic and is a precise biomarker of type 2 airway inflammation. FeNO measurements can improve the chances of a correct diagnosis by up to seven times.

The American Thoracic Society (ATS) recommended that FeNO testing should be part of the ongoing care of asthmatics as well as being used as a tool for diagnosing asthma. This is the latest example from an increasing body of highly credible, influential evidence based medical guidelines around the world that have recommended the use of FeNO testing as a routine part of diagnosing and managing asthma.

The guidelines are based on a substantial body of published clinical trials that demonstrate the benefits of FeNO testing. Measuring FeNO as part of ongoing asthma management has been shown to decrease asthma exacerbations by 50%.

Further impetus is coming from a new class of biologic anti-inflammatory medicines for the treatment of type 2 inflammatory asthma. Biologic medicines are targeted at asthmatics with increased inflammation and therefore elevated FeNO. The cost of these new medicines is significant. This means that some pharmaceutical companies are investing resources to raise the awareness and usage of FeNO testing in order to identify the patients that are most likely to respond to treatment as they seek to establish this new class of drugs as an effective line of therapy.



The Company's NIOX VERO® is the market leading device for measuring FeNO. This is a non-invasive, point-of-care system which accurately measures the patient's FeNO level.

Our products

The Company's NIOX VERO® is the market leading device for measuring FeNO. This is a non-invasive, point-of-care system which accurately measures the patient's FeNO level. It is quick, easy to use and reliable. The system comprises a small portable device and a range of consumables including sensors, individual disposable mouthpieces and breathing handles. The quality and innovation of NIOX VERO® has been recognised with several awards over recent years, including the Global Health & Pharma Awards, where NIOX was named as Global Leaders in FeNO Testing 2021 and the 2022 Research and Development Award.

NIOX® is registered and reimbursed in all major markets and available in more than 50 countries via NIOX's international network of distribution partners.

Our business

NIOX VERO® is the market leading device for FeNO testing, with approximately 17,000 devices and nearly 50 million FeNO tests sold to date.

NIOX® revenues in 2022 for clinical diagnosis and management of asthma were £26.2 million (2021: £23.4 million). Approximately 90% of these revenues are from recurring sales of consumables (test kits) used for routine testing.

In addition to routine use by clinicians, the NIOX VERO® is almost exclusively specified as the device of choice by clinical research organisations (CROs) who manage clinical trials on behalf of large pharma. Our principal CRO customer established a number of new trials in the early part of the year, after a slowdown in sales in 2020 during the early stages of the pandemic.

Revenues in 2022 from CROs were £5.1 million (2021: £4.5 million). Approximately 55% of these revenues are from sales of consumables (test kits) driven by the length of the trial and the number of patients recruited. CRO revenues are not classified as recurring.

Principal challenges

Today the awareness and usage of FeNO testing and NIOX amongst the respiratory specialist community is high. The majority of asthmatics are under the care of Primary Care doctors, where the awareness and usage of FeNO is significantly lower than the specialist community. This means that there is a huge untapped potential in the FeNO testing market. The primary challenge the NIOX® business faces is to increase the awareness and usage of FeNO testing, specifically in the Primary care customer group.

The Company continues to engage with respiratory professionals to promote the use of FeNO tests in new and under-served customer segments such as primary care settings and pharmacies. Use by CROs also raises the profile of FeNO testing and NIOX® in particular.

Management intends to expand the number of distribution partners in our major markets, such as the US and China, to further raise awareness and levels of education regarding the benefits of FeNO testing and to make NIOX® more easily available.

Covid-19 impact

In 2022, Covid-19 continued to have a negative impact in China and to a lesser extent in Japan. Meanwhile, as Europe and the US emerged from the shadow of Covid-19, FeNO testing started to recover as healthcare systems began to return to "business as usual".

Conclusion

The Company's mission is to improve asthma diagnosis and management by greater patient access to FeNO testing. The Group has a robust strategy in place to expand the business and generate profitable growth from this large underserved market; this includes the ongoing evaluation of a product for home use.

Companies Act 2006 section 172(1) statement

NIOX believes that the success of the Company depends on positive engagement with its stakeholders. Reflecting this importance, the Board carefully considers the interests of its various stakeholder groups in its decision making. Through effective engagement, the Company aims to understand its stakeholders, allowing the Board to include issues that are important to each group in its discussions.

This approach to stakeholder engagement allows NIOX to continue supplying its important healthcare products to its patients and partners, providing high quality employment for colleagues, working effectively with suppliers, respecting the environment and local communities, maintaining high standards of professional conduct and building a sustainable, high value business for shareholders.

Section 172 requires that a director of a company should act in a way that he or she considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole.

In setting strategy, the Board's decision making is focused around ensuring that the Company maintains a reputation for providing high quality services to its customers and the Group's financial performance is sustainable in the long term. The Board makes all decisions with the aim of maintaining the Company's reputation for high standards of business conduct.

The following table sets out NIOX's main stakeholders, the areas of its business relating to each and the Company's engagement on the important issues. While the table provides a comprehensive overview, a number of the areas covered and the progress during the year are explored in more detail in this Annual Report and accounts, in particular in the strategic report and corporate governance sections.

	Patients, healthcare professionals and payors	Distribution partners
STAKEHOLDERS	NIOX provides innovative products to help healthcare professionals around the world improve patients' health. The success of the Company's business is only possible by continuing to meet the high standards expected by these important customers.	In markets where NIOX has no direct presence, its success relies on partners who provide its products to local healthcare professionals.
KEY FACTORS	◆ Effective products ◆ High quality products ◆ Safe products ◆ Increasing the awareness and usage of FeNO testing ◆ Customer experience and support ◆ Providing value	◆ Partnership approach ◆ Promotional support ◆ Robust product supply
ENGAGEMENT	NIOX's products meet stringent regulatory requirements to ensure their safety and efficacy. The Company is increasing the awareness and usage of FeNO testing through high quality educational and awareness initiatives. The Company has dedicated teams of regulatory and quality experts supporting its product supply and provides a customer support service in the markets where it sells directly. NIOX prices its products to reflect the value they provide.	NIOX works with an international network of partners to sell its products. Through its dedicated partner team, the Company provides a range of promotional materials and commercial support, including an annual partnership meeting and holds regular updates to resolve any issues.
2022 PROGRESS	◆ Product registered for sale in several countries including India and Morocco ◆ Public reimbursement for FeNO testing in Mexico was approved ◆ American Thoracic Society (ATS) recommended that FeNO testing be part of the ongoing care of asthmatics ◆ European Respiratory Society (ERS) has strongly recommended FeNO testing for the diagnosis of asthma ◆ Intensified both educational and promotional efforts to teach healthcare professionals of the importance of FeNO testing	◆ New partners welcomed in several countries including McKesson, Henry Schein, Cardinal Health and Vitalograph in the US, SleepNet in South Africa and AMSL (Australian Medical & Scientific Ltd.) in Australia

STRATEGIC REPORT

Our stakeholders

	Employees	Suppliers
STAKEHOLDERS	NIOX's worldwide team of employees drives the Company's business forward. These colleagues provide the broad range of expertise required to build a successful business.	NIOX outsources a number of important functions to a range of suppliers. In particular, the Company's products are manufactured and distributed by third parties.
KEY FACTORS	◆ Opportunity to make a difference ◆ Open communication ◆ Development and progression ◆ Flexible working ◆ Diversity and inclusion	◆ Long-term partnerships ◆ Collaborative approach ◆ Fair terms of business
ENGAGEMENT	NIOX's employees are crucial to the ongoing provision of its important healthcare products and the whole team helps make a difference to patients' lives. The Company holds regular update meetings across the organisation and provides ongoing news updates and a regular newsletter for staff. NIOX supports ongoing development of employees with annual plans and individual targets. The Company operates local flexible working and has a clear diversity and equality policy ensuring recruitment and progression is based on merit alone.	NIOX has a number of long-term collaborations with third parties for the supply of its products. NIOX's supply chain team holds regular meetings with suppliers to ensure close working and treats its partners with respect and fairness.
2022 PROGRESS	◆ Local focus groups for employee feedback ◆ Training on Code of Conduct and related policies, including diversity and equality ◆ Annual development plans and flexible working policies implemented ◆ Regular newsletter for staff	◆ Dedicated supply chain team in place ◆ Ongoing meetings with suppliers ◆ Payments on agreed terms

Local communities and environment	Shareholders	
As a responsible business NIOX recognises the importance of local communities and the global environment to its success.	The support of the Company's shareholders is an important factor in building a strong, sustainable business. Shareholders also play a key role in monitoring and safeguarding NIOX's corporate governance.	STAKEHOLDERS
◆ Quality employer ◆ Contribution to science base ◆ Minimal environmental impact	◆ Strategy and business model ◆ Financial progress ◆ Clear communication	KEY FACTORS
NIOX provides high quality, well remunerated employment in each of its local markets. The Company adheres to high standards of professional conduct and enforces a strict code of conduct. NIOX contributes to science in its area of expertise, providing healthcare training in a number of countries, and supporting clinical research through the provision of its products. As a business focused on commercialisation, the Company has a limited environmental impact, which it endeavours to minimise through a number of initiatives such as local recycling and home working policies.	NIOX meets with shareholders throughout the year to outline its strategy and business plans and provides the market with regular updates on its commercial and financial progress, including via its interim and annual reports. The Company's Executive Chairman is available to meet shareholders and its Annual General Meeting provides all members with the opportunity to meet senior management.	ENGAGEMENT
◆ Broad range of quality employment ◆ Asthma Masterclass training for health workers ◆ Recycling maintained across organisation	◆ Series of investor meetings ◆ Annual shareholder meeting ◆ Publication of business updates	2022 PROGRESS

STRATEGIC REPORT

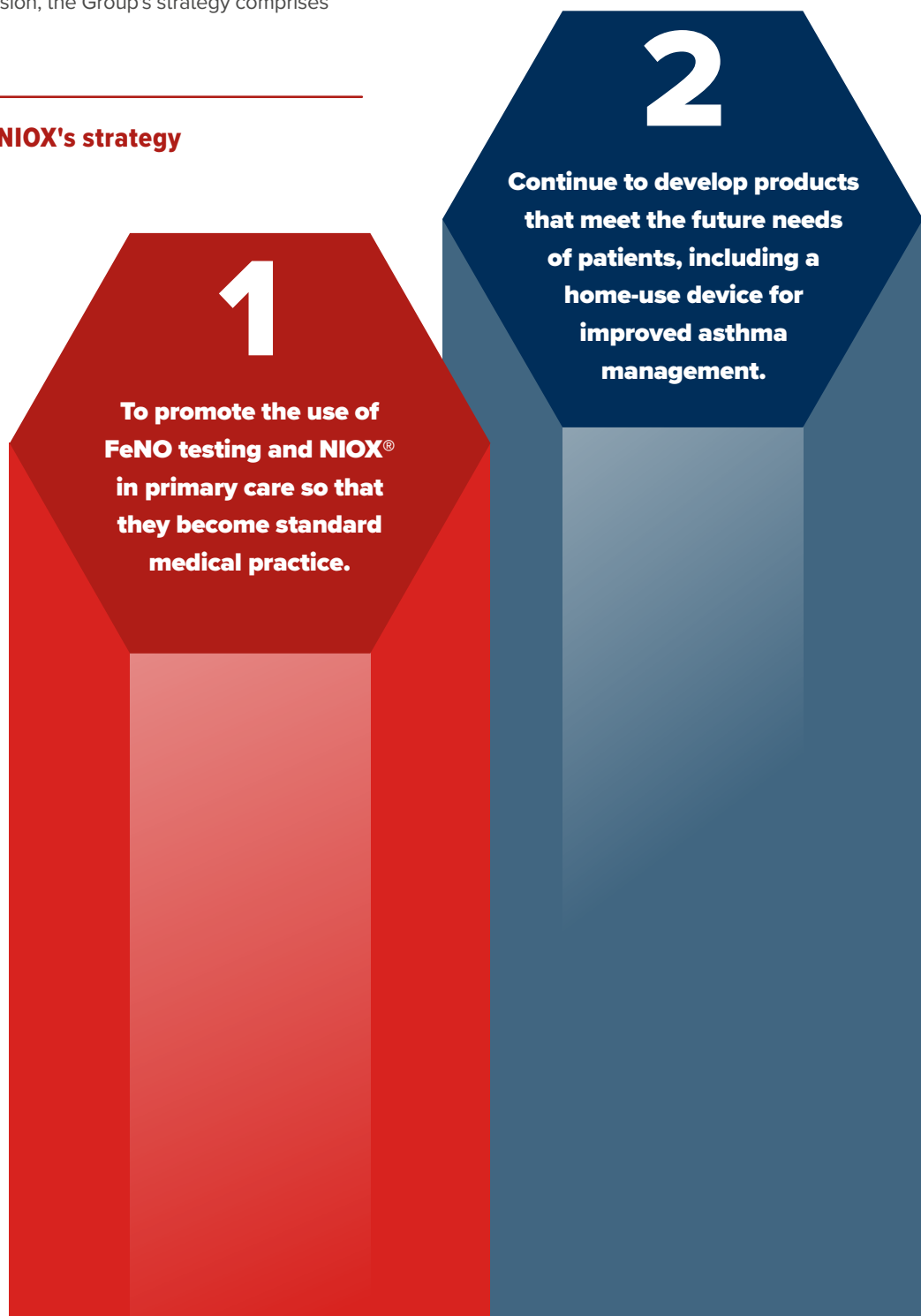
Strategy and business model

Strategy and objectives

The mission of NIOX Group plc is to improve asthma diagnosis and management by greater access to FeNO testing. The NIOX VERO® is the world-wide leading FeNO testing device.

To achieve this mission, the Group's strategy comprises of two pillars:

Two pillars of NIOX's strategy



Business model

To ensure maximum customer coverage and product availability in the 50 plus markets that NIOX® has regulatory approval, the Company has adopted a distributor led go-to market model.

To provide outstanding distributor and customer service, the Company engages specialist support to the distributor network in the areas of; product training, marketing, sales incentives, technical support, supply-chain, regulatory & quality and medical.

The Group has several strategic partners that are experts in product development, design and manufacturing.

NIOX® is available in over 50 countries



EUROPE

Albania
Austria
Belgium
Bulgaria
Croatia
Cyprus
Czech Republic
Denmark
Estonia
Finland
France
Germany

Greece
Hungary
Iceland
Ireland
Italy
Kosovo
Latvia
Liechtenstein
Lithuania
Luxembourg
Malta
Netherlands

Norway
Poland
Portugal
Romania
Slovakia
Slovenia
Spain
Sweden
Switzerland
Turkey
Ukraine
United Kingdom

AFRICA

Morocco

MIDDLE EAST

Israel
Kuwait
United Arab Emirates
Saudi Arabia

NORTH AMERICA

Canada
USA
Mexico

SOUTH AMERICA

Brazil

AUSTRALASIA

Australia
New Zealand

ASIA

China
Hong Kong
Japan
South Korea
Malaysia
Singapore
Taiwan
Thailand

This has been an encouraging year for NIOX.

The lessening impact of the Covid-19 pandemic has increased the level of FeNO testing carried out by our customers, resulting in the Group increasing both revenues and adjusted EBITDA, which it considers to be key KPI's.

On 27 May 2020, the Group handed back the rights to its COPD products to AstraZeneca, and as such the results of the COPD business are classified as a discontinued operation in the table on the following page. The NIOX business represents the continuing operations of the Group.

Revenue

NIOX® revenue for the year was £31.3 million (2021: £27.9 million) which includes clinical revenue of £26.2 million (2021: £23.4 million) and research revenue of £5.1 million (2021: £4.5 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.

The increase in NIOX® revenue was as a result of the sustained recovery following the Covid-19 pandemic, combined with the continued focus on building partnered distribution in the USA and China.

Gross profit

Gross profit on NIOX® revenue was £22.2 million (2021: £19.0 million), with a gross margin of 71% (2021: 68%). Gross margin was higher than the prior year as a higher proportion of test kits was sold.

Research and development

Research and development costs decreased to £3.2 million (2021: £4.6 million). Included in this category are £0.4 million of Device Development costs (2021: £1.2 million), £0.3 million of Quality costs (2021: £0.6 million), £0.3 million of Medical Affairs costs (2021: £0.4 million), £0.3 million of Regulatory costs (2021: £0.3 million) and £1.9 million of depreciation, amortisation and impairment (2021: £2.1 million). The decrease in costs is mainly attributable to lower headcount.

Sales and marketing

Sales and marketing costs decreased to £9.7 million (2021: £11.9 million) as there was a reduction in the number of dedicated NIOX® sales representatives across the Group as a result of the switch to a distributor led sales model, combined with lower third-party marketing costs as the Covid-19 pandemic continued to limit marketing activities.

NIOX® revenues

▲ **£31.3m**

(2021: £27.9 million)

Adjusted EBITDA

▲ **£7.3m**

(2021: £0.6 million loss)

	2022 £m	2021 £m
Revenue	31.3	27.9
Cost of sales	(9.1)	(8.9)
Gross profit	22.2	19.0
Gross margin	71%	68%
Research and development costs	(3.2)	(4.6)
Sales and marketing costs	(9.7)	(11.9)
Administrative expenses	(7.5)	(6.8)
Adjusted EBITDA¹	7.3	0.6
Operating profit / (loss)	1.8	(4.3)
Other gains and (losses)	0.4	1.6
Other income	8.3	0.9
Net finance costs	-	(0.3)
Profit / (loss) before tax	10.5	(2.1)
Taxation	3.6	4.4
Profit for the financial year from continuing operations	14.1	2.3
Profit for the financial year from discontinued operations	2.0	1.3
Profit for the financial year	16.1	3.6
Cash and cash equivalents	19.4	12.6

¹Earnings before interest, tax, depreciation, amortisation, impairment and share option charge. Adjusted EBITDA reconciles to operating profit/ (loss) as shown on page [x].

STRATEGIC REPORT

Financial review

Administrative expenditure

Administrative expenditure, which includes overheads relating to corporate functions, centrally managed support functions and corporate costs, increased to £7.5 million (2021: £6.8 million). This was mainly attributable to higher remuneration for the Executive Directors, combined with several one-off project costs in the year, including the company name change and the capital reduction scheme.

Other income

Other income has increased to £8.3 million (2021: £0.9 million). £8.1 million (2021: £nil) relates to the recognition of the settlement consideration due from Beyond Air following FDA approval of the LungFit® PH product. The total settlement consideration of \$10.5 million was recognised, discounted to its present value at the balance sheet date.

The residual amount includes £0.2 million (2021: £0.2 million) of sub-lease rental income in respect of the Chicago property and £nil (2021: £0.7 million) in respect of a grant received from the US government under the Payment Protection Program. There are no contingencies or conditions attaching to this grant, and the amounts are not repayable.



Taxation

Taxation for the year was a credit of £3.6 million (2021: £4.4 million) which arose as the result of an increase in the amount of recognised carried-forward tax losses in the Group generated in Sweden by Circassia AB.

Earnings per share

Basic earnings per share for the year was 3.84p (2021: 0.87p) and diluted earnings per share for the year was 3.63p (2021: 0.83p) reflecting a profit after tax of £16.1 million (2021: £3.6 million), with the increase mainly as a result of the business's improved profitability, largely due to the recognition of the consideration due from Beyond Air.

Basic earnings per share from continuing operations was 3.36p (2021: 0.55p) and diluted earnings per share for the year was 3.19p (2021: 0.53p) reflecting a profit for the financial year of £14.1 million (2021: £2.3 million).

Excluding the impact of the one-off Beyond Air consideration, basic earnings per share from continuing operations for the year was 1.43p (2021: 0.55p).

Profit from discontinued operations

Profit from discontinued operations was £2.0 million (2021: £1.3 million) relating to a reduction of the rebate accrual and the reversal of a historical Medicaid item dating back to the first half of 2019.

Statement of financial position

The Group's net assets at 31 December 2022 were £81.9 million (2021: £66.8 million).

Current liabilities at the end of the year were £9.2 million (2021: £10.8 million).

Other comprehensive expense

The Group's other comprehensive expense of £1.9 million (2021: £7.8 million) relates to exchange differences on the translation of foreign operations into British pound sterling.

The current year expense is mainly due to the strengthening of the British pound against the Swedish krona. The expense consists of a £1.4 million loss (2021: £3.6 million) on the translation of overseas subsidiaries' net assets, a £1.0 million loss (2021: £3.7 million) on the translation of intangible assets and a £0.1 million loss (2021: £0.5 million) on the translation of goodwill.

The current year expense of £2.6 million was offset by a £0.7 million (2021: £nil) adjustment to record the net gain on foreign exchange translation on certain intercompany balances through other comprehensive income. During the year, a number of long-term intercompany balances were designated as being in the nature of long-term investments and as such the associated foreign exchange translation gain was removed from the income statement.

Cash flow

The Group's cash position (including cash and cash equivalents) increased from £12.6 million at 31 December 2021 to £19.4 million at 31 December 2022. Cash generated from operations during the year aggregated £6.9 million (2021: £1.5 million), of which £nil (2021: £0.2 million) was generated in the COPD discontinued operations.

Michael Roller

Chief Financial Officer

22 March 2023

The Board has responsibility for all matters relating to corporate social responsibility.

The directors recognise the importance of corporate social responsibility and seek to take account of the interests of all the Group's stakeholders, including its investors, customers, suppliers, partners, and employees. The Board believes that fostering an environment in which employees act in an ethical and socially responsible fashion is critical to its long-term success. The Group strives to be a good corporate citizen and respects the laws of the countries in which it operates.

People

Attracting, motivating and retaining a highly skilled workforce is key to the Group's long-term success. The policies put in place by the Group accord with best practice, and stipulate that there should be equal opportunities and an absence of discrimination for all employees.

Values

Our values, and the behaviours that underpin them, describe the culture of our business.

PASSION

Our passion for delivering products to improve patients' lives energises us to attain our goals.

RECOGNITION

We recognise and acknowledge the contribution of teams and individuals in achieving our goals.

INTEGRITY

We act with honesty and fairness at all times and always strive to do the right thing.

DRIVE

We set ambitious goals and go for them, believing this drives extraordinary behaviour.

EFFECTIVENESS

We understand key business drivers and manage our resources effectively.

Employee welfare and involvement

Employees are regularly provided with information about the Group, for example through regular 'open house' sessions at which the Executive Chairman and/or the Chief Operating Officer, and other members of the management team, present on various topics such as strategic and operational progress and employee-related policies. Feedback is frequently sought by line managers and the Executive Leadership Team through team meetings. Feedback is also provided through an annual employee engagement survey.

Employment, training, career development and promotion of disabled persons

The Board recognises the value of diversity at all levels of the Group. The Group has an Equal Treatment, Equal Opportunities and Diversity policy which extends to the Board. This provides that the Group will employ and promote employees on the basis of their abilities and qualifications without regard to age, disability, gender, marriage and civil partnership, pregnancy and maternity, race (including colour, nationality and ethnic or national origins), religion or belief or sexual orientation. The Group appoints, trains, develops and promotes on the basis of merit alone.

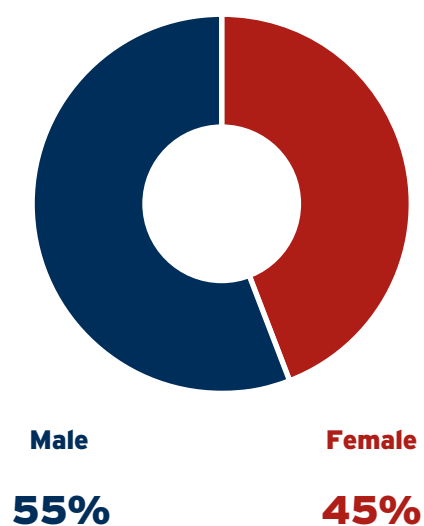
Health and safety

The Group is committed to protecting the health and safety of its employees and endeavours to maintain an effective health and safety culture.

The Group provides ongoing training to individuals who are responsible for health and safety and all staff are notified of health and safety practices. The Group continuously monitors its health and safety policy and practices to ensure they are robust, appropriate, and reflect changes in best practice.

Member	Male	Female	Total	% Male	% Female
Directors of NIOX Group plc	5	2	7	71%	29%
Senior managers of the Group (including directors of subsidiary undertakings)	5	3	8	62%	38%
All other employees of the Group	41	36	77	53%	47%
Total	51	41	92	55%	45%

TOTAL EMPLOYEES



Diversity

The importance of diversity within the Group is also reflected in its policies and procedures. The Group does not have formal diversity quotas but recognises that a diverse employee profile is of significant benefit.

The table above shows the gender profile at different levels of the Group as at 31 December 2022.

Ethics and compliance

The Group operates in a highly regulated ethical framework. It complies fully with applicable laws and regulations. The Group has clear policies, including an anti-bribery policy, which are maintained by the Compliance department.

The Group also has a strong whistleblowing policy and has established an Ethics and Compliance Hotline, which is available 24 hours a day, 7 days a week, to report potential violations of legal obligations and policies.

STRATEGIC REPORT

Corporate social responsibility

Sunshine Act and other similar legislation

The Group is committed to promoting transparency of its relationships with healthcare providers. It collects, tracks and reports payments to healthcare professionals and organisations in compliance with the US Physician Payment Sunshine Act and equivalent legislation in other countries such as France.

Human rights

The Group supports the UN Universal Declaration of Human Rights and recognises the obligation to promote universal respect for and observance of human rights and fundamental freedoms for all, without distinction. The Group complies with all applicable human rights laws.

Environment

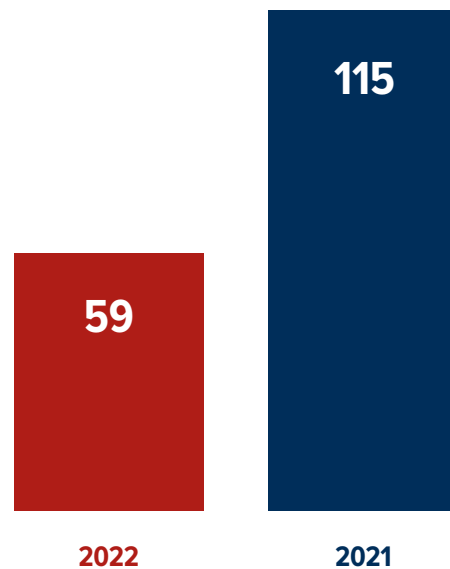
The Group is committed to minimising the impact of its activities on the environment.

The materials used to manufacture the NIOX® products are carefully considered to minimise their environmental impact whilst maintaining maximum functionality. The mouthpieces required to be used with the NIOX VERO® device are single-use for hygiene reasons, and not currently recyclable.

The majority of the Group's employees operate out of modern office suites, although it also occupies laboratory space in Uppsala, Sweden and has warehouses in Uppsala, Sweden and Morrisville, USA. Accordingly, the Group believes that efficient use of energy and materials in those premises, and responsible disposal of hazardous waste, are the most important means of climate protection currently available to it. Office-based initiatives to reduce waste have also been adopted, which include recycling of paper waste, cans, plastics, batteries and printer toners/ cartridges.

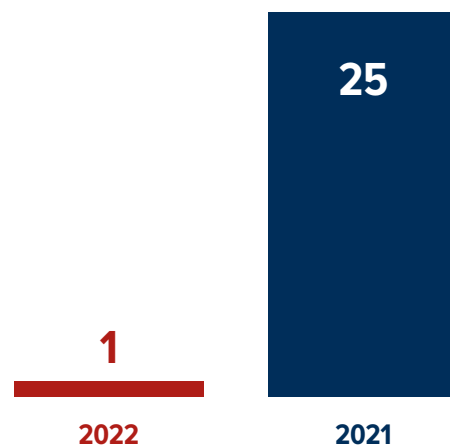
SCOPE 2 EMISSIONS

CO2 equivalent emissions - scope 2 (tonnes)



OFFICE SPACE EMISSIONS

Intensity ratio (kg/m² of office space)



Greenhouse gas emissions

Greenhouse gas emissions are reported in line with the UK Government's 'Environmental Reporting Guidelines: Including streamlined energy and carbon reporting guidance' (dated March 2019). In line with the guidelines, the Group measures greenhouse gas emissions from its main activities categorised as scope 1, 2 and 3 emissions. The Group has no scope 1 direct emissions. Scope 2 comprises indirect emissions associated with the consumption of gas and electricity in leased offices. Scope 3 relates to other indirect emissions, which are outside the control of the Group and therefore cannot be practically measured. The reporting of such emissions is voluntary and has therefore been excluded from this report.

The Group considers that its current activities have a low environmental impact. Nonetheless, it still actively seeks to make energy savings in a fashion which is environmentally responsible and cost effective.

GHG emissions are reported in metric tonnes of carbon dioxide equivalents and calculated using the Defra conversion factors. In order to express annual emissions in relation to a quantifiable factor associated with the Group's business, an intensity ratio has been calculated which shows emissions reported per square metre of the office space occupied by the Group.

Emissions decreased in 2022 mainly due to moving offices in the UK to a smaller premises.

Gas and electricity usage information has been obtained from purchase invoices and verified by reference to meter readings. Where actual data for all of the individual periods that make up the financial year are not available by the reporting date, the Group applies the use of estimates.

The majority of the Group's emissions are generated by the consumption of gas and electricity in leased offices. To ensure that the Group's energy efficiency is at the optimum level, the Group continually monitors the size and use of its offices in conjunction with headcount, and where possible, manages this by relocating to smaller premises.

Political and charitable donations

The Group does not make political or charitable donations, although charitable fundraising by employees is encouraged.

Modern slavery and human trafficking statement

The Group is committed to combatting slavery and human trafficking. As part of the initiative to identify and mitigate risks, due diligence is performed on potential suppliers and distributors.

The Group ensures that all employees are eligible to work in their country of employment. Currently, all of our workforce are employed directly, however where agency workers are utilised, it is ensured that these same checks are performed by the supplier.

The Group's distributors are required to sign a contract which stipulates compliance with NIOX's Partner Code of Conduct. This Code of Conduct requires that they comply with the Modern Slavery Act.

Whistleblowers, who can raise concerns anonymously through an externally provided reporting service, are protected. In addition, there are robust policies in place that ensure equality amongst colleagues, as well as deploying a zero-tolerance approach to harassment and bullying in all areas of the business.

Employees have access to an Ethics Hotline which provides them with a secure way of seeking advice and guidance concerning any issues regarding modern slavery or human trafficking which may be affecting them.

The management of risks is a key responsibility of the Board of Directors.

The Board ensures that the risks taken by the Group are understood and are appropriate in the light of its strategy and objectives, and that internal controls are in place to effectively identify, assess and manage important risks.

The Board has determined to focus on its NIOX business which is a single product business therefore all risks to the NIOX business are risks to the business as a whole.

The risk management strategy adopted by the Group has a number of facets. A risk register is updated annually by those individuals in the business who manage risks on a day to day basis. This identifies each risk, assesses the likelihood of its occurrence and the level of impact on the business. This process is coordinated by the Chief Financial Officer. The register is reviewed by the Executive Leadership Team and subsequently reviewed by the Audit and Risk Committee and reported to the Board.

The register sets out activities and controls which are designed to mitigate the identified risks. The Board and the Executive Leadership Team analyse these mitigation strategies and ensure that the approach taken is consistent with the nature and degree of risks which are considered acceptable by the Board. Aside from the review, risk owners across the business are responsible for reporting any significant issues on an ongoing basis to the Executive Leadership Team and for ensuring that other members of their teams are aware of the risk management process.

The risk management system is designed to manage risks, rather than eliminate them at the expense of achieving corporate objectives. Accordingly, it can only provide a reasonable and not an absolute assurance against material misstatement or loss.

The principal risks relevant to the Group have been identified on the following pages, together with an explanation of how they are mitigated. These are not listed in order of importance or potential impact. The Group considers all of these risks relevant to any decision to invest in it.

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.

MITIGATING ACTIVITIES

The IT department continually monitors network traffic for suspicious activity and gathers intelligence on evolving cyber techniques, tactics and capabilities.

All software, including anti-virus protection, is kept up to date to ensure that systems are patched with the latest security and operational patches to resolve the latest known exploits and vulnerabilities.

Multi-factor authentication has been implemented across the Group, which uses a third-party mobile phone to verify the identity of the user when logging into the system. Employees are continually educated about phishing attacks, and how to avoid them.

All critical data is backed-up, which can be rolled back to in case of major incidents.

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.

MITIGATING ACTIVITIES

Supply agreements are in place with all significant third-party suppliers and renegotiations of these contracts take place whilst there is still plenty of time remaining on the existing agreement so that supply is not disrupted. Dual sourcing is investigated where this is practicable.

To minimise disruption to the supply chain, the Group works closely with its suppliers and contract manufacturers to identify quickly any components which are at risk and provide long range plans for procurement.

Covid-19 pandemic

The Covid-19 pandemic is continuing to impact the Group, in particular in China and Japan, where the imposition of lockdowns and travel restrictions is impacting the level of FeNO testing. Whilst operations have resumed in many territories and are nearly 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 impact on our operations, colleagues and customers.

MITIGATING ACTIVITIES

The situation in each major market is continually monitored by the Executive Leadership Team, however, due to the nature of a pandemic it is fast moving and uncontrollable. Current forecasts, which are undertaken quarterly unless more frequent forecasts are required, are at a conservative level until such uncertainty is reduced to an acceptable level.

STRATEGIC REPORT

Risks and risk management

Commercial success

The Group's competitors, many 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.

NIOX VERO® is currently the only FeNO measuring device approved and reimbursed in all major markets.

Competition is fragmented and as a result, no one competitor competes with NIOX in all major markets.

The competitor devices do not provide results that are more accurate and reproducible and, in some cases fall short of the performance of the NIOX VERO®, providing NIOX with a competitive advantage.

MITIGATING ACTIVITIES

There are significant resources assigned to sales of the NIOX® device and the Group holds a patent portfolio associated with this product range.

There is continual investment in research and development to reduce the cost of materials to manufacture the products and to enhance the products to include additional features and functionality that competitor devices do not have.

A market access strategy is proactively implemented to provide current research and data to payers to support FeNO testing to ensure continued reimbursement. Review dates are closely monitored and during the review process, clinical compendium and value propositions are provided by NIOX.

There is a secured market access team in place to implement proactive third-party payer strategy. The Group also works closely with Key Opinion Leaders to support discussions about FeNO health outcomes with payers.



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.

MITIGATING ACTIVITIES

The Group has an internal Compliance function, which is managed by the Chief Financial Officer, who has a direct reporting line to the Chair of the Audit and Risk Committee. Activities in this area are reviewed by the Executive Leadership Team on a quarterly basis. The Compliance function works with a network of external advisers in the relevant territories to ensure local regulations are understood. Robust processes are in place to ensure that sales compliance requirements are met, and any failures or allegations of failure are swiftly investigated. This includes training of employees, due diligence on distributors and suppliers prior to contracting with them and audits of distributors and suppliers.

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.

MITIGATING ACTIVITIES

Markets are constantly monitored, and forward purchases of foreign currencies are made when it is considered necessary to do so in order to mitigate specific foreign exchange risks. These hedged positions are reviewed regularly by the Chief Financial Officer.

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.

MITIGATING ACTIVITIES

NIOX's compensation programmes are competitive and are designed to incentivise performance and staff retention. Long term incentive plans, in the form of share options, are offered to key employees rewarding the achievement of longer-term objectives.

NIOX has robust internal communications and where possible development opportunities are created for high performing individuals.

Corporate governance

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CORPORATE GOVERNANCE

Board of Directors



Ian Johnson
Executive Chairman

Ian Johnson joined NIOX as Executive Chairman on 5 December 2019.

Ian has spent his business career in life science and was founder and CEO of Biotrace International PLC, which was a listed company until its sale to 3M in December 2006. In addition to his current role as Executive Chairman of NIOX Group plc, Ian is also Senior Independent Director of Induction Healthcare Group plc.

Previous appointments include Executive Chairman of Bioquell PLC, non-executive Chairman of Redcentric plc, Quantum Pharma PLC, Cyprotex PLC and Celsis Group Ltd., Senior Independent Director of Clinigen plc and Non-Executive Director of Ergomed PLC. He has also served on the boards of various other public and private companies including AIM listed companies; Evans Analytical Group and AOI Medical Inc.

Ian studied at Cardiff University obtaining a B.Sc. and M.Sc. in Microbiology. He is a Chartered Biologist, a Fellow of the Royal Society of Biology and a member of the Institute of Directors.



Michael Roller
Chief Financial Officer

Michael Roller joined NIOX as Chief Financial Officer on 9 January 2020.

Michael is a highly experienced Finance Director and life sciences company Director. He was previously a Non-Executive Director of Filtronic PLC and Group Finance Director of Bioquell PLC, Corin Group PLC and Genus PLC. In addition, Michael has held a number of senior finance roles in a broad range of public and private companies.

Michael completed his training at KPMG and is a Chartered Accountant and member of the ICAEW. He graduated from Merton College, Oxford with a BA in History.



Jonathan Emms

Chief Operating Officer

Jonathan Emms joined NIOX as Chief Operating Officer on 2 September 2019.

Jonathan brings significant senior-level experience of the global pharmaceutical industry to NIOX. Prior to joining the Company, he was Chief Commercial Officer for Pfizer's Internal Medicines organisation, where he led commercial activities across the company's global operations.

Previously, he held a number of senior positions at Pfizer, including Head of Marketing for its Global Established Pharmaceutical Business and Head of Marketing for Specialty Care, Europe, and oversaw the UK launch of Spiriva® under the company's co-promotion agreement with Boehringer Ingelheim. He was also Country Manager in the UK, Pfizer's largest affiliate outside the United States, where he had responsibility for manufacturing, research and commercial operations and during his tenure was elected President of the Association of the British Pharmaceutical Industry (ABPI).

Prior to his time at Pfizer, Jonathan held several roles of increasing responsibility at GSK, where he gained significant respiratory experience, including leading the UK launch of Serevent® in COPD. He holds a BSc in Materials Technology from Coventry University, UK.



Garry Watts

Senior Independent Director and Non-Executive Director

Garry Watts joined NIOX as a Senior Independent Director and Non-Executive Director on 2 March 2020.

Garry brings to the Company extensive Board-level experience gained in the healthcare sector. He is currently a Non-Executive Director of Coca Cola Europacific Partners plc. He was previously Non-Executive Chairman of Spire Healthcare Group plc, BTG plc, and Foxtons plc, CEO of SSL International plc, Finance Director at Medeva plc and a Director of Celltech Group plc. In addition to his executive roles, Garry was a Non-Executive Director at Protherics plc and a Non-Executive member of the Board of the UK Medicines and Healthcare Regulatory Products Agency for over 15 years.

Garry is a Chartered Accountant and former partner at KPMG and is a member of the ICAEW.

CORPORATE GOVERNANCE

Board of Directors



Jo LeCouilliard Non-Executive Director

Jo LeCouilliard joined NIOX as an Independent Non-Executive Director on 8 February 2018.

She has 25 years' healthcare management experience gained in Europe, the US and Asia. Much of her career has been in pharmaceuticals at GlaxoSmithKline where, amongst other roles, she headed the US vaccines business and Asia Pacific Pharmaceuticals business and led a program to modernise the commercial model. She was previously Chief Operating Officer at the BMI group of private hospitals in the UK. She was a Non-Executive Director at Frimley Park NHS Foundation Trust in the UK, Cello Health PLC and at the Duke NUS Medical School in Singapore.

Jo is currently a Non-Executive Director at the UK listed companies Alliance Pharma plc and Indivior PLC, and at the Italian listed pharmaceutical company, Recordati S.p.a. She is a graduate of Cambridge University and a Chartered Accountant.



Sharon Curran Non-Executive Director

Sharon Curran joined NIOX as an Independent Non-Executive Director on 8 February 2018.

Sharon brings to the Company extensive commercial and launch experience in pharmaceuticals and devices across Europe, US, Asia and emerging markets. Sharon has held numerous senior operational and strategic roles at Eli Lilly, Abbott and most recently as VP Global Marketing and Commercial Operations at AbbVie (US) leading their global specialty franchise and development of global commercial and launch capabilities.

She is also currently a Non-Executive Director with MorphoSys AG and Spinnaker TopCo Limited/Norgine.

Sharon holds an Executive MSc in Business Administration from Trinity College Dublin, BSc in Biotechnology from Dublin City University, and is a qualified Chartered Director.



Nicholas Mills
Non-Executive Director

Nicholas Mills joined NIOX as a Non-Independent Non-Executive Director on 13 November 2020.

Nicholas joined Harwood Capital LLP in 2019 after spending 5 years at Gabelli Asset Management in New York and currently acts as a fund manager. At Gabelli, he acted primarily as a Research Analyst covering the multi-industrial space and gained experience in Merger Arbitrage strategies and marketing Closed End Funds. He has a Bachelor of Science Degree from Boston College's Carroll School of Management.

He is currently a Non-Executive Director with Hargreaves Services plc and Crestchic plc.

CORPORATE GOVERNANCE

Corporate governance report

Dear shareholders,

On behalf of the Board, I am pleased to present NIOX's corporate governance report for the year ended 31 December 2022.

High standards of corporate governance are fundamental to our business and are implemented and supported through appropriate internal policies and procedures. During the year there have been no key governance related matters, or any changes in governance arrangements.

The responsibility for ensuring this framework is effective lies with the Board, and we are constantly striving to improve standards while building a successful company.

As Chair, it is my role to oversee the adoption, delivery and communication of the Company's corporate governance model.

Ian Johnson
Executive Chairman
22 March 2023

Corporate Governance Statement

Statement of Compliance with the Quoted Companies Alliance (QCA) Corporate Governance Code (the 'Code')

NIOX plc adopts compliance with the QCA Corporate Governance Code and confirms that the Group is fully compliant. This report follows the structure of these guidelines and explains how we have applied the guidance.

1) Establish a strategy and business model which promotes long-term value for shareholders

The Group's values are stated within the corporate social responsibility report on page 28 and the Group's strategy and business model are explained in detail in the strategic report on pages 22 to 23.

2) Seek to understand and meet shareholder needs and expectations

The Executive Chairman is responsible for ensuring regular and effective communication with shareholders, brokers and analysts. Shareholders are engaged through

regular reporting on the London Stock Exchange, regulatory announcements through the Company's website and by direct contact. Meetings between material shareholders and the Executive Directors take place throughout the year. The Executive Chairman and other directors are available to meet with major shareholders on request.

The Executive Chairman, the Chief Operating Officer and the Chief Financial Officer give annual and bi-annual presentations to institutional investors and analysts.

The Annual General Meeting ('AGM') provides an excellent opportunity for all shareholders to meet Board members and ask about the proposed resolutions and the business in general.

3) Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Group is aware of its corporate social responsibilities and the need to maintain effective working relationships across a range of stakeholder groups. These include the Group's employees, partners, suppliers and regulatory authorities. This is discussed further in the section 172(1) statement on pages 18 to 21.

The Group's operations and working methodologies balance the needs of all stakeholder groups while maintaining focus on the Board's primary responsibility, to promote the success of the Group for the benefit of its members.

The Group endeavours to take account of feedback received from stakeholders, making amendments to working arrangements and operational plans where appropriate and where such amendments are consistent with the Group's longer-term strategy.

The Group takes due account of any impact that its activities may have on the environment and seeks to minimise this impact wherever possible. Through the various procedures and systems it operates, the Group ensures full compliance with health and safety and environmental legislation relevant to its activities.

4) Embed effective risk management, considering both opportunities and threats, throughout the organisation

A description of the risk management system and the Group's principal risks is outlined in the strategic report on pages 32 to 35. The system is designed to manage

risks, not to eliminate them completely, and can only provide a reasonable degree of assurance against material misstatement or loss. Inherent in the concept of reasonable assurance is the recognition that the cost of a control procedure should not exceed its anticipated benefits.

The Audit and Risk Committee reviews the Group's risks and mitigating actions on an annual basis and makes recommendations to the Board where improvements are required. The efficacy of control systems is reviewed by the full Board as required by the Code.

The Board confirms that it has conducted a review of the Group's risk management and internal controls systems, including financial, operational and compliance controls and has found them to be effective.

5) Maintain the board as a well-functioning, balanced team led by the chair

The role of the Board: The Board is responsible for the leadership and long-term success of the business. It has a schedule of matters which are reserved for its review. These include the review and approval of strategic plans, financial statements and budgets, financing, acquisitions and disposals, major capital expenditure, dividend policy, making key risk decisions, monitoring risks and compliance, monitoring health, safety and environmental performance, and executive remuneration and appointments.

Roles and responsibilities: The Board currently comprises the Executive Chairman, two Executive Directors, the Senior Independent Director, two Independent Non-Executive Directors and a third Non-Executive Director who is the representative of a major shareholder and is not considered to be independent. The biographies of the current members of the Board are set out on pages 38 to 41 of this report.

The Executive Directors have direct responsibility for the business operations of the Group. The Non-Executive Directors, by virtue of their wide range of industry experience and skills, bring an informed view to the decision-making process.

The Non-Executive Directors are expected to devote such time as is necessary for the proper performance of their duties. The Executive Directors are full time employees of the Company.

The Board is supported by three committees (the Audit and Risk Committee; the Nomination Committee; and the

Remuneration Committee) that have the necessary skills and knowledge to discharge their duties and responsibilities effectively.

Executive Chairman

The Executive Chairman is responsible for the day-to-day management of the Group, for implementing the strategy, which has been reviewed and approved by the Board, and for the leadership of the Board and its effectiveness by ensuring that:

- ◆ the agenda for meetings is appropriate and the Board is provided with the information it needs for high quality decision making in a timely fashion;
- ◆ the Board plays a full and constructive role in shaping the strategy of the Group;
- ◆ the Board environment is productive and utilises the skills and experience of all members;
- ◆ the Board complies with the appropriate standards of corporate governance;
- ◆ the Committees are properly structured and resourced;
- ◆ the performance of the Board, its Committees, and individual directors is evaluated each year; and
- ◆ there is effective communication with shareholders, brokers, and analysts.

Non-Executive Directors: The role of the Non-Executive Directors, and of the Committees of which they are members, is to scrutinise the performance of management, satisfy themselves that the financial and risk control mechanisms are robust, and determine appropriate levels of executive pay. They have wide ranging experience of industry and bring their judgement to bear in the decision-making process of the Board. Their seniority and range of skills ensure that no one individual can dominate this process.

Senior Independent Director: The role of the Senior Independent Director (the "SID") is to act as an intermediary between the Executive Chairman and the other Directors, and if necessary, working with the relevant parties to resolve significant issues in order to maintain effectiveness and stability. He provides an internal sounding board for the Executive Chairman, providing support in the delivery of objectives. The SID leads the annual evaluation process and seeks to be independent in all matters. He is available to shareholders if they have concerns that cannot be addressed through normal channels.

CORPORATE GOVERNANCE

Corporate governance report

Company Secretary: The role of the Company Secretary is to ensure efficient administration of a company, particularly with regard to ensuring compliance with statutory and regulatory requirements and for ensuring that decisions of the board of directors are implemented.

Independence: The Board considers itself to be sufficiently independent. The Code suggests that a board should have at least two independent Non-Executive Directors. As at the date of signing this report, there are four Non-Executive Directors (including the Senior Independent Director), three of whom are deemed to be independent.

Board meetings: The Board aims to meet at least six times during the year. Additional meetings may be arranged where urgent matters arise. Board meetings may be held by video conference, telephone, or in person as appropriate.

The table below sets out the attendance of the directors, while they were Board members, at scheduled meetings which occurred during the year to 31 December 2022.

6) Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The directors believe that the Board, taken as a whole, has sufficient expertise and variety of complementary skills for the Company to operate and develop its business satisfactorily. See the diversity of section of the corporate responsibility report showing the gender profile of the Board of Directors. The current Board, although holders of suitably sufficient skill levels in the areas of the business, are always looking to improve and further their knowledge of the industry. All directors receive regular and timely information on the Group's operational and financial performance. Relevant information is circulated to the directors in advance of meetings by the Company Secretary.

	Committee Memberships	Independent status	Board	Nomination Committee	Audit and Risk Committee	Remuneration Committee
Executive Directors						
Ian Johnson	n/a	n/a	6 (6)	1 (1) ¹	2 (2) ¹	3 (3) ¹
Michael Roller	n/a	n/a	6 (6)	1 (1) ¹	3 (3) ¹	3 (3) ¹
Jonathan Emms	n/a	n/a	6 (6)	-	-	3 (3) ¹
Non-Executive Directors						
Garry Watts	N(Chair), A, R	Yes	6 (6)	1 (1)	4 (4)	3 (3)
Jo LeCouilliar	N, A(Chair), R	Yes	6 (6)	1 (1)	4 (4)	3 (3)
Sharon Curran	N, A, R(Chair)	Yes	6 (6)	1 (1)	4 (4)	3 (3)
Nicholas Mills	n/a	No	6 (6)	-	-	-

N = Nomination Committee

R = Remuneration Committee

A = Audit and Risk Committee

Figures in brackets represent the total number of meetings occurring during the year to 31 December 2022 when the director was in office.

¹By invitation.

7) Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Formal Board evaluations are carried out once a year, and informal evaluations are carried out on a continuing basis throughout the year. The formal evaluation commences with the circulation of a written questionnaire which is prepared by the Company Secretary. This invites directors to rate and comment on the performance of the Board in a number of areas, including the conduct of Board meetings; the standard and timeliness of information; the balance of skills of the members of the Board; the roles and responsibilities of individual directors; and compliance with good corporate governance practices. A detailed, anonymised analysis of these responses is then prepared by the Company Secretary and reviewed and discussed by the Board which then debates the responses and agrees upon the actions required.

The most recent Board evaluation concluded that the Board was operating effectively. The survey identified a bias in Non-Executive Director experience to pharmaceuticals rather than diagnostic devices. During the year, Professor Kjell Alving was appointed as Scientific Advisor to the Board and provides significant knowledge in this area.

8) Promote a corporate culture that is based on ethical values and behaviours

The Board is committed to promoting a strong ethical and values driven culture throughout the Company. The Board aims to lead by example and do what is in the best interests of the Group, its stakeholders and shareholders. The Executive Directors strive to act in a manner which is professional and ethical and has published its ethical policies for all employees to observe and comply with.

9) Maintain governance structures and processes that are fit for purpose and support good decision-making by the Board

Board programme

The Board sets direction for the Company through a formal schedule of matters reserved for its decision. The Board and its Committees receive appropriate and timely information prior to each meeting; a formal agenda is produced for each meeting and Board and Committee

papers are distributed by the Company Secretary several days before the meetings take place. Any director may challenge Company proposals and decisions are taken after full discussion. Any director who feels that any concern remains unresolved after discussion may ask for that concern to be noted in the minutes of the meeting, which are then circulated to all directors. Any specific actions arising from such meetings are agreed by the Board or relevant Committee and then followed up by the Company's management.

Board Committees: The Board has three Committees to which it delegates specific responsibilities; the Audit and Risk Committee; the Nomination Committee; and the Remuneration Committee. The reports of these Committees and details of their composition form part of the corporate governance report. Each Committee has full terms of reference which have been approved by the Board and also appear on the Group's website. These terms of reference are reviewed annually. The Board provides the Committees with sufficient resources, including access to external advisers, as may be required in order to fulfil their roles.

10) Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

The Executive Chairman, the Chief Operating Officer and the Chief Financial Officer regularly meet with investors after results announcements have been made and at other shareholder participant events. They also meet regularly with the Group's Nominated Adviser/broker and discuss any shareholder feedback and the Board is briefed accordingly.

It is company policy that all directors attend the AGM and engage both formally and informally with shareholders during and after the meeting. The results of voting at the AGM are communicated to shareholders via RNS and on the Group's website.

The Executive Chairman, the Chief Operating Officer and the Chief Financial Officer make presentations to institutional shareholders and analysts each year immediately following the release of interim and full year results. The slides used for such presentations are made available on the Group's website under the financial reports section.

CORPORATE GOVERNANCE

Audit and Risk Committee report

Dear shareholders,

On behalf of the Board, I am pleased to present the Audit and Risk Committee report for the year ended 31 December 2022.

The Committee plays a key role in the governance of the Group's financial reporting, risk management and the external audit. The Committee has been closely involved in the transition to a new external auditor during the year.

This report sets out how the Committee has discharged its responsibilities under the Quoted Companies Alliance Code (the "Code").

Jo LeCouilliard

Chair of the Audit and Risk Committee

22 March 2023

Responsibilities

The Audit and Risk Committee's terms of reference include the following responsibilities:

- ◆ Monitoring the integrity of the Company's financial statements and any other formal announcements relating to the Company's financial performance.
- ◆ Annually considering the need for an internal audit function.
- ◆ Reviewing and monitoring the external auditors' independence and objectivity and the effectiveness of the audit process, taking into consideration the relevant UK professional and regulatory requirements and the relationship with the auditors, including the provision of any non-audit services.
- ◆ Making recommendations to the Board in relation to the appointment, reappointment and removal of the external auditors and approving the remuneration and terms of engagement of the external auditors.
- ◆ Reviewing the adequacy and effectiveness of the Company's internal financial controls and the Group's internal control and risk management systems.
- ◆ Ensuring that the Company has arrangements in place for the investigation and follow-up of any concerns raised confidentially by staff in relation to the propriety of financial reporting or other matters.

If necessary, the Committee may appoint external accounting and legal advisers to assist it with its work.

The Committee reviews its terms of reference and its effectiveness annually and recommends to the Board any changes required. The terms of reference are available on the Company's website.

Membership

The names of the members of the Committee, their dates of appointment and the number of meetings attended during the year are set out in the table below:

Member	Date appointed	Meetings attended (held)
J LeCouilliard (Chair of the Committee) ¹	30 May 2018	4 (4)
S Curran	30 May 2018	4 (4)
G Watts	2 March 2020	4 (4)

¹Ms Jo LeCouilliard became Chair of the Committee on 4 February 2019.

The Company Secretary acts as the Secretary to the Committee.

The Executive Chairman, Chief Financial Officer and Chief Operating Officer may attend meetings by invitation.

The Committee meets with the external auditors at least once a year in the absence of management.

The Board considers that the members of the Committee are independent and collectively have the skills and experience required to discharge their duties effectively.

Ms Jo LeCouilliard, Chair of the Audit and Risk Committee, is a Chartered Accountant and a member of the ICAEW. She has recent and relevant experience which enables her to understand the risks facing the business, be able to challenge the financial position and performance of the Company and make recommendations to the Board. As such, the Board considers that the Chair of the Committee has recent and relevant financial experience.

Matters considered

A summary of the matters considered by the Committee since the last financial statements is shown in the table below and explained in further detail in the subsequent text:

Area of review	Activities undertaken
Financial reporting	♦ Review of the interim and full year results. ♦ Consideration of whether the Annual Report and accounts is fair, balanced and understandable. ♦ Review of the external auditors' report for the full year results. ♦ Review of significant accounting matters, including judgements and estimates (see overleaf). ♦ Review of anticipated changes in accounting standards and their impact. ♦ Review of the going concern basis of preparation of the financial statements.
External auditors	♦ Advise on the appointment of new external auditors. ♦ Review of the external auditors' independence. ♦ Review of the external auditors' compliance with ethical and professional guidance on audit partner rotation. ♦ Assessment of the effectiveness of the audit process. ♦ Recommendation regarding reappointment of the external auditors.
Risk management and internal control	♦ Review of risk, risk management systems, internal controls and the whistleblowing policy. The Group's principal risks are outlined on pages 32 to 35. ♦ Review of compliance activities.

CORPORATE GOVERNANCE

Audit and Risk Committee report

Significant accounting matters

The following key areas of risk and critical accounting estimates have been identified and considered by the Audit and Risk Committee in relation to the business activities and financial statements of the Group:

- ◆ Recoverability of Swedish deferred tax asset for carried-forward tax losses;
- ◆ Measurement of Tudorza® and Duaklir® revenue deductions;
- ◆ Measurement of Tudorza® and Duaklir® returns;
- ◆ Recoverability of goodwill and intangible assets; and
- ◆ Recoverability of investments in subsidiaries and intercompany receivables.

Recoverability of Swedish deferred tax asset for carried-forward tax losses

A deferred tax asset has been recognised relating to the carried-forward tax losses of Circassia AB (previously known as Circassia AB and Aerocrine AB). These losses were generated before the company was acquired by the Group. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary has generated taxable income from the year ended 2017 and is expected to continue generating taxable income from 2023 onwards. A deferred tax asset of £18.4 million (2021: £15.2 million) was recognised on the statement of financial position as at 31 December 2022.

Measurement of Tudorza® and Duaklir® revenue deductions

During the period that the Group sold Tudorza® and Duaklir®, it estimated the rebates and chargebacks that were expected to be paid on these sales. The liability relating to these revenue deductions is re-estimated at the end of each period. The value of the accrual is calculated by taking into account specific contract provisions, coupled with expected performance. A liability of £1.8 million (2021: £3.7 million) was recognised on the statement of financial position as at 31 December 2022.

Measurement of Tudorza® and Duaklir® returns

During the period that the Group sold Tudorza® and Duaklir®, it estimated the cost of refunds to be issued to customers upon returning expired or damaged products. The liability relating to these revenue deductions is re-estimated at the end of each period. The value of the returns accrual is calculated by taking into account specific contract provisions, coupled with expected performance. A liability of £2.2 million (2021: £2.6 million) was recognised on the statement of financial position as at 31 December 2022.

Recoverability of goodwill and intangible assets

In line with IAS 36 Impairment of Assets, the carrying value of each cash generating unit (CGU) including the allocated goodwill was tested for impairment. Impairment assessments were performed at the NIOX® CGU level and at an individual intangible asset level.

During 2022, the NIOX® business continued its recovery following the Covid-19 pandemic. The Company continues to be impacted in several areas including China and Japan, and the speed of recovery will have an impact on the carrying value of the CGU. If the Group's sales are significantly lower than forecast, this could result in an impairment of the related goodwill and intangible assets.

Detailed impairment assessments were performed, and the directors concluded that no impairment was required to the NIOX® CGU as the carrying value of the CGU was greater than the value of the assets held.

See notes 16 and 17 for further details.

Recoverability of investments in subsidiaries and intercompany receivables

In line with IAS 36 Impairment of Assets, the carrying value of each investment held by NIOX Group plc in its subsidiaries was tested for impairment.

The directors concluded that a £38.9 million reduction to the provision against investments was required as the most recent forecasts for Circassia Limited and Circassia Inc. show higher rates of expected recoverability due to the improved financial performance. See note 18 for further details.

In line with IFRS 9, the carrying value of intercompany receivable balances owed to NIOX Group plc by its

subsidiaries was assessed measuring expected credit losses by using a range of probability weighted scenarios for the recoverability of the balances.

The directors concluded that a further £1.3 million provision was required against the intercompany balance owed by Circassia (Beijing) Medical Device Co. Limited as this entity is now dormant. Conversely, the directors concluded that a £0.8 million reduction to the provision held against intercompany balances with Circassia Inc. was required as the most recent forecasts show higher rates of expected recoverability due to the improved financial performance. See notes 2 and 20 for further details.

Risk management and internal control

The Board has overall responsibility for the review of the Group's risk management framework and the level of risk which is acceptable in order to achieve its strategic objectives. The Committee, on behalf of the Board, undertakes the detailed monitoring of the risk management framework and system of internal controls and reports to the Board on their suitability and efficacy annually.

In order to discharge its duties in this respect, the Committee receives and reviews reports from the Group's management team.

The Committee continues to assess what is an acceptable level of risk in key areas and the best strategy for mitigating those risks given the cost and time constraints which exist.

During the year, as is required by the Code, the Committee performed a detailed assessment of the principal risks faced by the Group and how these are managed and mitigated. An annual review of the effectiveness of the Group's monitoring and review systems was carried out at the December Committee meeting.

Whistleblowing

A confidential whistleblowing procedure exists to enable employees to raise concerns regarding possible improprieties in relation to financial or other matters. This procedure has been communicated to all staff. Reports can be made through an online tool, or a telephone helpline operated by a third-party provider. The Committee has reviewed these arrangements and is satisfied that

the current procedure allows for proportionate and independent investigation of such disclosures and for appropriate follow up actions to be taken. In accordance with the current policy, concerned employees may raise matters directly with the Compliance team or directly with the Chair of the Audit and Risk Committee.

Anti-corruption and anti-bribery

The Group has an anti-corruption and anti-bribery policy which has been communicated to all staff. This policy ensures full compliance with the UK Bribery Act 2010, the US Foreign Corrupt Practices Act and other major anti-corruption legislation. The policy extends to carrying out due diligence on new key business partners who are judged to be acting on behalf of the Group in high-risk areas.

Internal audit

This year, the Committee considered again whether there is a need for an internal audit function and concluded that, given the scale of operations at this time, it is not currently necessary, but this decision will be kept under review.

Internal assurance is received through the thorough review of monthly management accounts, combined with periodic reviews of overseas accounting functions. This does not affect the work of the external auditors.

The Board accepted this recommendation.

CORPORATE GOVERNANCE

Audit and Risk Committee report

External auditors

Change of auditors

Following a tender process in the year, RSM UK Audit LLP ('RSM') were appointed as the Group's external auditor on 21 July 2022. Throughout the year, the Committee has overseen and facilitated a smooth transition from the former auditor PricewaterhouseCoopers LLP ('PwC'), to RSM.

Effectiveness

The effectiveness of the external audit process is reviewed annually by the Committee. This review encompasses an examination of the independence, qualifications, capabilities and remuneration of the auditors. If issues are identified which may affect the effectiveness of the process, then actions will be agreed. No such issues were identified in the financial year or up to the date of this report.

At the end of the audit for the year ended 31 December 2022, the Committee formally evaluated the performance of the external auditors, RSM.

To conduct this evaluation, the Committee assesses the robustness of the audit process, quality of its delivery, quality of reporting and quality of the individuals and service. The Committee takes into account the quality of its interactions with the auditors in forming a view on their effectiveness.

Independence

The Group's external auditors, RSM, are engaged to express their opinion on the Group's and the Company's financial statements.

The Committee is responsible for reviewing the independence and objectivity of the external auditors. Each year the external auditors confirm their policies for ensuring their independence and provide the Committee with written confirmation that they continue to be independent.

The Committee pays careful regard to whether non-audit work is carried out by the auditors to ensure that the provision of such additional services does not impair their independence or objectivity.

A formal process exists for approving the use of the auditors for non-audit work. The auditors should not be appointed to provide non-audit services which might put the auditors in the position of auditing their own work or create a mutual interest between the Group and the auditors or result in the auditors acting as an advocate, manager, or employee of the Group.

The total fees paid to the auditors are shown in note 10 of the financial statements. During the year, the Group paid £14,042 to the Group's auditors, RSM, in respect of advice relating to the formation of Circassia (Shanghai) Medical Device Co. Ltd. In the prior year, £2,712 was paid to the Group's previous auditors, PwC, in respect of non-audit services relating to an accounting research tool subscription.

In summary, the Committee confirms that the Group has received an independent audit service in the year to 31 December 2022 and up to the date of this report.

Audit partner rotation

RSM adheres to a rotation policy which complies with the ethical standards of the Audit Practices Board (the "APB") and the audit partner is rotated every five years. Richard Bartlett-Rawlings, the current audit partner, was appointed for the year ending 31 December 2022 and is not due for rotation until after the completion of the audit for the year ending 31 December 2026.

Tendering

RSM were appointed as the Company's auditors during the year ended 31 December 2022 following an audit tender process. The Committee is actively monitoring developments arising from the EU audit reform framework and the Competition and Markets Authority. In view of these developments, the Committee anticipates that the audit will be put out to tender at least every ten years.

Jo LeCouilliard

Chair of the Audit and Risk Committee

22 March 2023

CORPORATE GOVERNANCE

Nomination Committee report

Dear shareholders,

On behalf of the Board, I am pleased to present the Nomination Committee report for the year ended 31 December 2022.

The role of the Committee is to keep the structure, size and composition of the Board and its Committees under review. Our primary objective is to match the skills, knowledge and experience of directors with NIOX's business strategy to optimise Board performance, manage risk effectively and foster innovation in the business.

There were no changes to the composition of the Board during 2022.

A summary of the key activities performed by the Committee during the year is set out on the following page.

Garry Watts

Chair of the Nomination Committee
22 March 2023

Responsibilities

The Committee is responsible for considering the composition and efficacy of the Board as a whole and for making recommendations as appropriate to ensure that the Group can perform effectively now and in the future. The Committee also plans for the orderly succession of directors to the Board and recommends to the Board the membership and chairmanship of the Audit and Risk Committee and the Remuneration Committee.

The full terms of reference of the Nomination Committee can be found on the website.

Membership

The names of the members of the Committee, their dates of appointment and the number of meetings attended during the year are set out in the table below:

Member	Date appointed	Meetings attended (held)
G Watts (Chair of the Committee)	2 March 2020 ¹	1 (1)
J LeCouilliard	30 May 2018	1 (1)
S Curran	5 December 2019	1 (1)

¹ Mr Garry Watts became Chair of the Committee on 17 June 2020.

The Company Secretary acts as Secretary to the Committee.

The Executive Chairman, Chief Financial Officer and Senior Vice President of Global Human Resources may be invited to attend meetings where this may assist the Committee in fulfilling its responsibilities.

The Committee is empowered to obtain external professional advice to assist in the performance of its duties. However, during the year the Committee did not require any external services.

Primary responsibilities

In accordance with its terms of reference, the **Nomination Committee's primary responsibilities include:**

- ◆ leading the process for Board appointments and making recommendations to the Board.
- ◆ regularly reviewing the Board structure, size and composition (including skills, knowledge, independence, experience and diversity) and making recommendations for further recruitment to the Board or proposing changes to the existing Board.
- ◆ considering plans for orderly succession for appointments to the Board and to senior management to maintain an appropriate balance of skills and experience within the Company and to ensure progressive refreshing of the Board.
- ◆ keeping under review the leadership needs of the Group, both executive and non-executive, to ensure the organisation competes efficiently in the marketplace.
- ◆ being responsible for identifying and nominating, for the approval of the Board, candidates to fill Board vacancies as and when they arise.

Committee activities during the year

The principal activities during the year were:

- ◆ **Reviewing Board composition:** The Committee met during the period to discuss the Board's size and composition. Following its deliberations, the Nomination Committee concluded that the composition of the Board was adequate for the current status of the Company.
- ◆ **Diversity:** The Committee reviewed the Company's policy on diversity, including gender, and determined that no changes to the policy were required. The Committee concluded that the Company is quite diverse and formal quotas are not appropriate due to the size of the Company.
- ◆ **Performance evaluation:** The Committee's effectiveness was reviewed as part of the Board's performance evaluation process which was carried out during the final quarter of the year under review. This evaluation concluded that the Committee was continuing to function effectively.
- ◆ **Succession planning:** The Committee continued to focus on succession planning arrangements at both Board and executive level. The Committee concluded that the Company is too small to have formal succession plans in place for all senior members, however the Committee does consider that there is available cover for any member of the Board should he or she be unable to perform their duties for whatever reason.

CORPORATE GOVERNANCE

Remuneration Committee report

Dear shareholders,

On behalf of the Board, I am pleased to present NIOX's Remuneration Committee report for the year ended 31 December 2022. This report complies with the regime set out in the Quoted Company Alliance Code ('the Code').

The Committee has a duty to establish a remuneration policy which will enable it to attract and retain individuals of the highest calibre to run the Group. Its policy is to ensure that the remuneration packages of Executive Directors are appropriate given performance, scale of responsibility and experience. Packages are structured to motivate executives to achieve the highest level of performance in line with the best interests of shareholders.

The Company, being quoted on AIM, is not required to produce a comprehensive Directors' remuneration report or to submit a remuneration policy to a binding vote. The current directors' remuneration policy, which is required to be disclosed every three years, was included in the 2021 Annual Report. Following consultation with and support from our principal shareholders, the remuneration for the Executive Chairman and the CFO was aligned with the COO under the existing remuneration policy. This policy was approved at the 2021 AGM on 12 May 2022 and will remain in force until the AGM in 2025. These changes to policy were applied retrospectively from 1 January 2022. There have been no further substantial changes to the remuneration policy since.

The Board does wish to maintain transparency and demonstrate good governance standards and a simple remuneration structure and so it provides the following annual report on remuneration.

The Remuneration Committee approved a bonus payable to the Executive Directors in line with policy, due to the outstanding performance of the business during the year.

We have engaged with and consulted our principal shareholders. I am grateful to those with whom we have engaged for their support, and for their constructive responses.

The Committee will continue its shareholder engagement programme and will consult with our principal shareholders on future material changes in policy.

Sharon Curran

Chair of the Remuneration Committee

22 March 2023

Annual report on remuneration

This section describes the remuneration outcomes for the Executive Directors for the year ended 31 December 2022 in accordance with the remuneration policy applicable to that year.

Members of the Remuneration Committee

The names of the members of the Remuneration Committee, their dates of appointment, and the number of meetings attended during the year are set out in the table below:

Member	Date appointed	Meetings attended (held)
S Curran (Chair of the Committee) ¹	30 May 2018	3 (3)
J LeCouilliard	30 May 2018	3 (3)
G Watts	2 March 2020	3 (3)

¹Ms Sharon Curran became Chair of the Committee on 4 February 2019.

All members are considered to be independent and therefore the Committee complied with the requirements of the QCA Code that all members of the Remuneration Committee are to be Independent Non-Executive Directors.

No director participates in discussions about his or her own remuneration.

No external advisors have been used by the Remuneration Committee to materially assist the Committee with their decisions.

CORPORATE GOVERNANCE

Remuneration Committee report

Single total figure of remuneration for each director

The table below shows the remuneration for each person who has served as a director of NIOX Group plc at any time during the year:

Year ended 31 December 2022	Salary and fees ¹ £'000	Pension ² £'000	Benefits £'000	Bonus ³ £'000	Total £'000
Executive Directors					
Ian Johnson	310	31	-	212	553
Michael Roller ⁴	228	24	1	164	417
Jonathan Emms	309	27	2	212	550
Non-Executive Directors					
Jo LeCouilliard	70	-	-	-	70
Sharon Curran	70	-	-	-	70
Garry Watts	74	-	-	-	74
Nicholas Mills	47	-	-	-	47
Total	1,108	82	3	588	1,781

¹ Includes £10,000 per annum expenses allowance for Ian Johnson and Michael Roller, which was waived from 1 February 2022.

² Cash payment in lieu of a pension contribution.

³ Relates to bonus achieved in relation to the 2022 financial year which is awarded in shares, with 50% deferred for two years.

⁴ Includes a deduction of £13,200 for unpaid leave.

Year ended 31 December 2021	Salary and fees ¹ £'000	Pension £'000	Benefits £'000	Total £'000
Executive Directors				
Ian Johnson	303	-	-	303
Michael Roller	224	-	-	224
Jonathan Emms	300	15	2	317
Non-Executive Directors				
Jo LeCouilliard	70	-	-	70
Sharon Curran	70	-	-	70
Garry Watts	74	-	-	74
Nicholas Mills	47	-	-	47
Total	1,088	15	2	1,105

¹ Includes £10,000 per annum expenses allowance for Ian Johnson and Michael Roller, which was waived from 1 April 2020 and reinstated on 1 September 2021 and 1 August 2021 respectively.

Annual bonus for the year

Performance objectives are agreed by the Remuneration Committee in the previous year. The Remuneration Committee determines at the beginning of the year following the bonus year, the extent to which the objective has been achieved and the proportion of the bonus earned. The bonus is calculated on base salary.

In the previous financial years, Jonathan Emms waived his bonus, however considering the high performance of the Board in the current year, the Remuneration Committee supports the payment of the bonus.

For the year ended 31 December 2022, Executive Directors could earn bonuses up to a maximum of 100% of base salary, with 100% only payable for over-performance.

The bonus achievement for the Executive Directors is as follows:

		Bonus pay-out achievable			Bonus achieved %
		Threshold (£m)	On target (£m)	Over-performance (£m)	
Corporate objectives	Weighting	25%	50%	100%	
Objective 1: Sales	70%	29.5	31.0	33.2	38.5%
Objective 2: EBITDA	30%	3.3	3.5	3.7	30.0%
					68.5%

The bonus is paid in shares with 50% of shares issued following the date of approval of this annual report and 50% deferred for two years.

Scheme interests awarded to directors during the financial year

Executive Director	Plan	Type of award	Share price at date of grant	Number of shares over which award was granted	% of shares granted that vest at threshold performance	Face value of shares over which award originally granted £'000
I Johnson	PSP	Nominal cost option	£0.35	1,331,897	33%	£464
M Roller	PSP	Nominal cost option	£0.35	1,034,483	33%	£360
J Emms	PSP	Nominal cost option	£0.35	1,331,897	33%	£464

The share options granted vest 3 years from the date of grant and are subject to an additional two-year holding period other than for the sale of shares to satisfy any tax liability created on exercise. Malus and clawback provisions apply.

CORPORATE GOVERNANCE

Remuneration Committee report

Gain on exercise of share options

No directors exercised share options during the financial year.

Payments to past directors

No payments to past directors were made during the financial year.

Payments to directors for loss of office

There were no payments to directors for loss of office during the financial year.

Statement of directors' shareholding and share interests

The following table shows the number of shares beneficially owned by the directors who served during the financial year which are not subject to any restrictions on transfer or to forfeiture.

The value of the shareholding is calculated using the higher of the share price on 31 December 2022 (36.5p) and the acquisition price of the shares.

	Shares beneficially owned as at 31 December 2022	Value of owned shares as a % of salary
Executive Directors		
I Johnson	700,000	85%
M Roller	500,000	83%
J Emms	709,928	86%
Non-Executive Directors		
G Watts	477,340	n/a
N Mills	130,000	n/a

Plan	Date of grant	Awards and options held as at 1 January 2022	Awards and options granted, exercised, lapsed, or cancelled during year	Awards and options held at 31 December 2022	Vested as at year end	Unvested as at year end	Exercise price (p)	Date from which first exercisable	Expiry date
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I Johnson

2019 PSP	19-Dec-19	4,322,767	-	4,322,767	-	4,322,767	nil	01-May-25	19-Dec-29
2019 PSP	01-May-20	1,677,233	-	1,677,233	-	1,677,233	nil	01-May-25	19-Dec-29
2020 SAYE	21-Aug-20	81,781	-	81,781	-	81,781	22.01	21-Aug-23	21-Feb-24
2022 PSP ¹	11-Apr-22	-	1,331,897	1,331,897	-	1,331,897	0.08	11-Apr-25	11-Apr-32
Total		6,081,781	1,331,897	7,413,678	-	7,413,678			

M Roller

2019 PSP	01-May-20	4,000,000	-	4,000,000	-	4,000,000	nil	01-May-25	01-May-30
2020 SAYE	21-Aug-20	81,781	-	81,781	-	81,781	22.01	21-Aug-23	21-Feb-24
2022 PSP ¹	11-Apr-22	-	1,034,483	1,034,483	-	1,034,483	0.08	11-Apr-25	11-Apr-32
Total		4,081,781	1,034,483	5,116,264	-	5,116,264			

J Emms

2019 PSP ¹	01-May-20	1,128,966	-	1,128,966	-	1,128,966	0.08	01-May-25	01-May-30
2020 PSP ¹	13-Aug-20	2,479,339	-	2,479,339	-	2,479,339	0.08	13-Aug-23	13-Aug-30
2020 SAYE	21-Aug-20	81,781	-	81,781	-	81,781	22.01	21-Aug-23	21-Feb-24
2022 PSP ¹	11-Apr-22	-	1,331,897	1,331,897	-	1,331,897	0.08	11-Apr-25	11-Apr-32
Total		3,690,086	1,331,897	5,021,983	-	5,021,983			

¹Share options have an additional holding period of two years after the date from which first exercisable, other than for the sale of shares to satisfy any tax liability created on exercise.

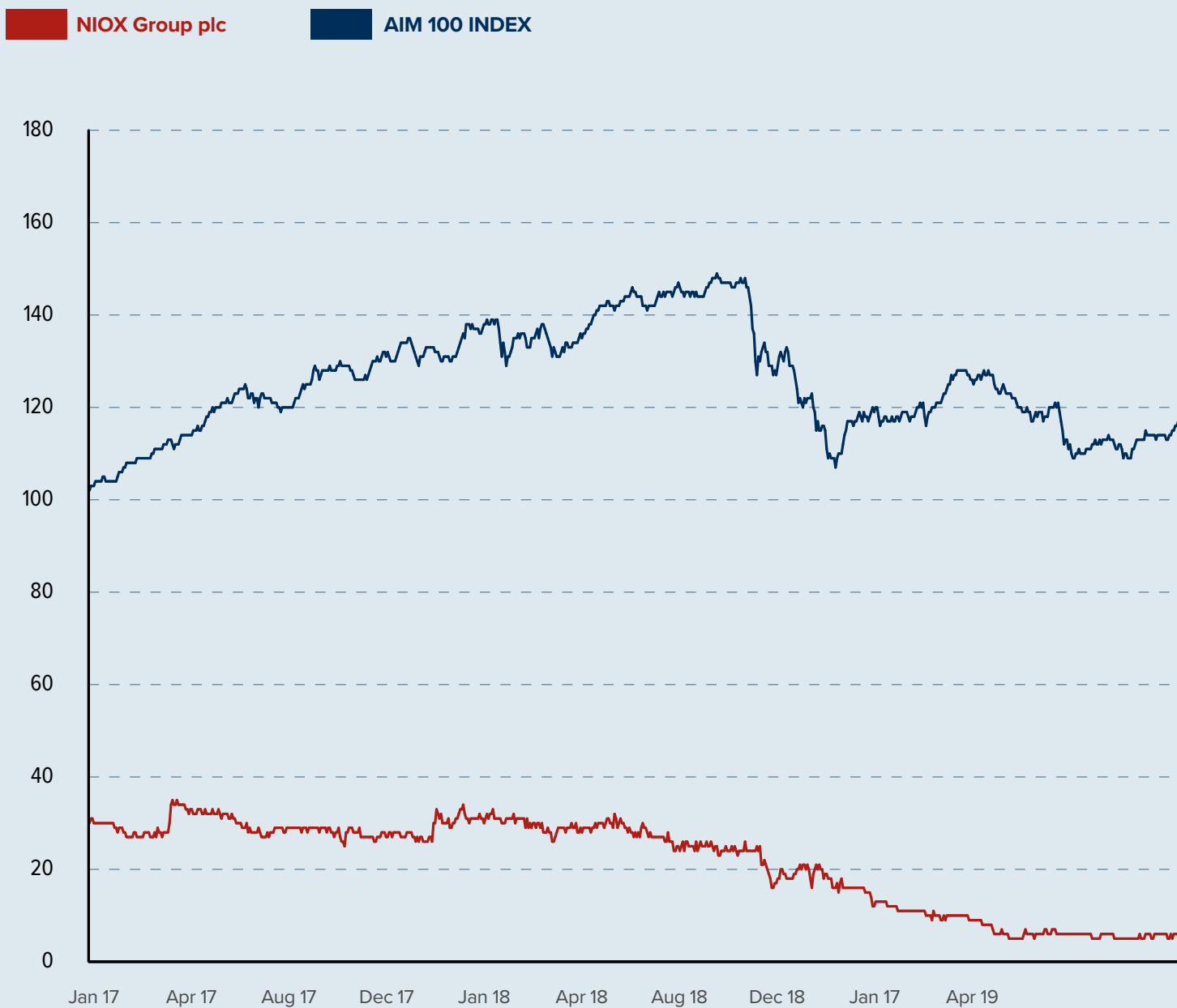
As part of the changes to the remuneration policy approved at the AGM on 12 May 2022, the share options awarded to Messrs Johnson, Roller and Emms under the 2019 Performance Share Plan ("2019 PSP") have had their vesting deadline, and therefore the date from which first exercisable, extended to 1 May 2025.

CORPORATE GOVERNANCE

Remuneration Committee report

Performance graph

The performance of the Company's ordinary shares compared with the FTSE AIM 100 (the "Index") for the period 1 January 2017 up to 31 December 2022 is shown in the graph below:





CORPORATE GOVERNANCE

Remuneration Committee report

Annual percentage change in remuneration of directors and employees

The salaries of the Executive Directors on a total basis increased by 5%, whilst the salaries of employees of the Group increased by 6% between 31 December 2021 and 31 December 2022. Mr Johnson's salary increased by 3%, Mr Emms' salary increased by 3% and Mr Roller's salary increased by 9%.

Chief Executive Officer's remuneration

The table below shows the total remuneration of the director undertaking the role of the Chief Executive Officer during the financial years in which the Company has been constituted as a public company.

The total remuneration figure includes the annual bonus and LTIP awards which vested based on performance during those years and excludes payments for loss of office. The annual bonus and PSP percentages show the amount paid out for each year as a percentage of the maximum.

Ian Johnson joined the Board as Executive Chairman on 5 December 2019. Steve Harris stepped down from the Board as Chief Executive Officer on 31 December 2019.

Relative importance of spend on pay

The table below shows the expenditure by the Company on remuneration paid to all employees of the Group and distributions to shareholders for the financial year.

	2022 £m	2021 £m
Overall expenditure on pay	10.9	12.3
Dividend plus share buyback	Nil	Nil

Statement of voting at general meeting

The remuneration report was approved by shareholders at the AGM with the following votes cast for and against:

Voting results at AGM	For (%)	Against (%)	Withheld (votes)
2021 AGM on 12 May 2022	99.47	0.53	2,750
2020 AGM on 21 May 2021	99.61	0.39	10,222

		2022	2021	2020	2019	2018	2017
I Johnson	(£'000)	553	303	310	12	-	-
S Harris	(£'000)	-	-	-	649	669	825
Total remuneration	(£'000)	553	303	310	661	669	825
Percentage change in total remuneration from the preceding financial year	(%)	83%	(2%)	(53%)	(1%)	(19%)	80%
Bonus awarded	(%)	68.5%	n/a	n/a	25%	40%	75%
LTIP vesting	(%)	n/a	n/a	n/a	38%	20%	21%

Directors' remuneration

The remuneration packages for the Executive Directors were determined in 2021 by the Remuneration Committee in consultation with and with support from the principal shareholders in the Company.

As shown below, each package includes a base salary and participation in the Company's equity, in the form of share options.

Details of the service contracts currently in place for directors are as follows:

Copies of the service contracts and letters of appointment are available for inspection at the registered office.

Statement of implementation of remuneration policy in the following financial year

The Committee considered the base salaries for Executive Directors and confirmed that there would be no changes

Shareholder approval

The annual report on remuneration will be the subject of an advisory vote at the AGM on 18 May 2023.

Approval

This report was approved by the Board on 22 March 2023 and signed on its behalf by:

Sharon Curran

Chair of the Remuneration Committee

Name	Role	Executive service agreement appointment date	Key current terms	Notice period
Ian Johnson	Executive Chairman	5 December 2019	£309,000 base salary 10% pension ¹ Death in service Private health	Six months
Michael Roller	Chief Financial Officer	9 January 2020	£240,000 base salary 10% pension ¹ Death in service Private health	Six months
Jonathan Emms	Chief Operating Officer	2 September 2019	£309,000 base salary 10% pension ¹ Death in service Private health	Six months

¹ Cash payment in lieu of a pension contribution.

Name	Roles				Non-Executive terms of appointment date	Fee	Notice period
	Board	Nomination Committee	Remuneration Committee	Audit and Risk Committee			
Jo LeCouilliard	NED	M	M	C	8 February 2018	£69,685	Three months
Sharon Curran	NED	M	C	M	8 February 2018	£69,685	Three months
Garry Watts	SID	C	M	M	2 March 2020	£74,165	Three months
Nicholas Mills	NED	-	-	-	13 November 2020	£47,225	Three months

(NED = Non-Executive Director, SID = Senior Independent Director, C = Chair of Committee, M = Member of Committee)

CORPORATE GOVERNANCE

Directors' report

Directors' report

The directors present their report and the audited consolidated financial statements for the year ended 31 December 2022.

Information included elsewhere

The table below sets out the location of information required to be disclosed in the directors' report which can be found in other sections of this Annual Report and is incorporated by reference:

Subject matter	Page reference
Future developments	10 to 17
Companies Act 2006 section 172(1) statement	18 to 21
Employee involvement	28
Streamlined energy and carbon reporting	30 to 31
General information (note 1)	88
Financial risk management (note 2)	98 to 99
Post balance sheet events (note 34)	128

Corporate governance

The Company's statement on corporate governance can be found in the corporate governance report on pages 42 to 45. The corporate governance report forms part of this directors' report and is incorporated into it by cross-reference.

Dividends

The directors do not recommend the payment of a dividend for the year ended 31 December 2022 (2021: £nil).

Directors and directors' interests

Details of the directors who held office during the financial year ended 31 December 2022 and as at the date of this report can be found on pages 38 to 41.

The beneficial interests of the directors and their connected persons in the ordinary share capital of the Company, together with the interests of the Executive Directors in share options and awards of shares as at 31 December 2022, and as at the date of this report are disclosed in the remuneration report on pages 58 to 59.

Directors' third-party indemnity provisions

The Company has maintained insurance cover for its directors and officers under a Directors' and Officers' Liability Policy. Qualifying third-party indemnity was in force during the financial year and at the date this report was approved.

The directors may exercise their powers pursuant to the Articles of Association, the Companies Act 2006 and related legislation, and any resolution of the shareholders. The Articles are available for review at the registered office.

Treasury shares

Details of employee share schemes are set out in note 25 to the financial statements. The Circassia Pharmaceuticals plc Employee Benefit Trust (the "Trust") abstains from voting on the shares held by it. No shares were acquired by the Trust during the year (2021: nil), no shares were allotted to the Trust during the year (2021: nil), 56,111 shares were transferred out (2021: 432,566) and the balance of shares held at 31 December 2022 was therefore 73,117 (2021: 129,228).

Going concern

The financial statements have been prepared on a going concern basis. The budget and five-year plan are prepared on a bottom up basis and presented to the Board each year for review and approval. The directors have reviewed the current and projected financial position of the Company considering existing cash balances and available financial facilities. As further discussed on page 88, the directors have not identified any material uncertainties to the Group's ability to continue to adopt the going concern basis of accounting for a period of at least 12 months from the date of approval of the financial statements.

Employment and environment

The Company's policies on health and safety, the environment, and employee-related matters are disclosed in the report on corporate social responsibility.

Research and development activities

The research and development activities of the Group relate to the ongoing development of its NIOX® products. These activities are carried out internally.

Political and charitable donations

There were no charitable or political donations in the year to 31 December 2022 (2021: none).

Disclosure of information to auditors

The auditors, RSM UK Audit LLP ('RSM'), have indicated their willingness to continue in office, and a resolution that they be re-appointed will be proposed at the AGM.

The directors who held office at the date of approval of this report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware, and each director has taken all the steps a director ought to have taken to make themselves aware of relevant audit information and to establish that the auditors are aware of that information.

Annual General Meeting

The AGM will be held at the offices of NIOX Group plc on 18 May 2023 at 12:00 p.m. Details of the business to be transacted at the forthcoming AGM will be given in a separate circular to shareholders.

Corporate governance

The Company's statement on corporate governance can be found in the corporate governance report on pages 42 to 45 of these financial statements. The corporate governance report forms part of this directors' report and is incorporated into it by cross-reference.

By order of the Board

Sarah Duncan
Company Secretary
22 March 2023

CORPORATE GOVERNANCE

Statement of directors' responsibilities

Statement of directors' responsibilities

The directors are responsible for preparing the annual report, comprising the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare group and company financial statements for each financial year. The directors have elected under company law and are required by the AIM Rules of the London Stock Exchange to prepare the group financial statements in accordance with UK-adopted International Accounting Standards and have elected under company law to prepare the Company financial statements in accordance with UK-adopted International Accounting Standards and applicable law.

The Group and Company financial statements are required by law and UK-adopted International Accounting Standards to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and the Company and of the profit or loss of the Group for that period.

In preparing each of the Group and Company financial statements, the directors are required to:

- a.** select suitable accounting policies and then apply them consistently;
- b.** make judgements and accounting estimates that are reasonable and prudent;
- c.** state whether they have been prepared in accordance with UK-adopted International Accounting Standards;
- d.** prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the NIOX Group plc website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CORPORATE GOVERNANCE

Independent auditors' report

Independent auditor's report to the members of NIOX Group plc

Opinion

We have audited the financial statements of NIOX Group plc (the 'Parent Company') and its subsidiaries (the 'Group') for the year ended 31 December 2022 which comprise the consolidated statement of comprehensive income, consolidated and Parent Company statements of financial position, consolidated and Parent Company statements of cash flows, consolidated and Parent Company statements of changes in equity and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted International Accounting Standards and, as regards the Parent Company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- ◆ the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2022 and of the Group's profit for the year then ended;
- ◆ the Group financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards;
- ◆ the Parent Company financial statements have been properly prepared in accordance with UK-adopted International Accounting Standards and as applied in accordance with the Companies Act 2006; and
- ◆ the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Group and Parent Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group and Parent Company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the Group and Parent Company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Summary of our audit approach

	Group	Parent Company
Key audit matters	• Recognition and measurement of revenue and rebate and returns accruals on COPD products • Impairment of goodwill and other intangible assets • Recoverability of Swedish deferred tax assets	• Impairment of investments in subsidiaries and receivables due from subsidiary undertakings
Materiality	• Overall materiality: £278,000 (2021: £279,000) • Performance materiality: £194,600 (2021: £209,250)	• Overall materiality: £125,000 (2021: £371,000) • Performance materiality: £87,500 (2021: £278,250)
Scope	Our audit procedures covered 80% of revenue, 99% of total assets and 92% of Adjusted EBITDA.	

CORPORATE GOVERNANCE

Independent auditors' report

Key audit matter

Recognition and measurement of revenue and rebate and returns accruals on COPD products (Group)

Refer to the accounting policy on page 91, together with critical judgements and estimates in applying the Group's accounting policies on page pages 89 to 90.

The Group made historical sales of COPD products (Tudorza® and Duaklir®) which were subject to mechanisms for the payment of rebates and returns under the related contractual agreements.

Rebates and returns provided to customers under these arrangements are accounted for as variable consideration, and recognised as a reduction to revenue, for which unsettled amounts are accrued.

There are a number of key assumptions in estimating the required rebates and returns accruals which result in a significant level of estimation uncertainty.

The effect of these matters is that, as part of our risk assessment, we determined that the recognition and measurement of revenue and rebate and returns accruals on COPD products has a high degree of estimation uncertainty, with a potential range of reasonable outcomes greater than materiality for the financial statements as a whole, and, as a result, was determined to be a key audit matter.

How the matter was addressed in the audit

We gained a detailed understanding of the contractual arrangements which gave rise to the rebate and returns obligations.

We agreed a sample of rebates and returns claims received during 2022 to supporting documentation. We considered the consistency of claims information with the calculation of the rebate and returns accruals.

For returns, we confirmed the number and size of the batches for which a claim could be received.

We also challenged the estimated returns rate applied to confirm it was consistent with the returns rate for previously settled claims.

For rebates, we verified the estimated average rebate payable and the sales mix by channel to third party information.

We performed sensitivity analysis over the key assumptions, in order to assess the range of reasonable outcomes and compared management's point estimate to this range.

Key audit matter

Impairment of goodwill and other intangible assets (Group)

Refer to the accounting policy on pages 94 to 95, together with critical judgements and estimates in applying the Group's accounting policies on page 90 and the sensitivity disclosures in note 16 to the financial statements on page 111.

As more fully described in note 16 to the financial statements, in accordance with IAS 36 Impairment of Assets, the Group calculates the value in use ("VIU") for the NIOX® cash generating unit ("CGU") to determine whether an adjustment to the carrying value of the CGU, and therefore, goodwill and other intangible assets, is required.

The Group's assessment of the VIU of the NIOX® CGU involves estimation about the future performance of the Group including the level of forecasted sales growth.

We evaluated the appropriateness of management's determination that the only active cash generating unit was the NIOX® CGU and reviewed the assets and liabilities allocated to this CGU.

How the matter was addressed in the audit

We reviewed the key assumptions underpinning management's impairment model:

- ◆ Forecasted sales growth: We considered levels of market penetration, competition from key competitors and assessed the reasonableness and consistency of the sales mix by geographic location, channels to market and type of revenue (recurring vs non-recurring).
- ◆ Discount rate: We challenged the discount rate applied to independently determined rates utilising our internal valuation experts.

We performed our own sensitivity analysis over the key assumptions, in order to assess the required change to trigger an impairment charge.

We reviewed the mathematical accuracy of the impairment model.

CORPORATE GOVERNANCE

Independent auditors' report

Key audit matter

Recoverability of Swedish deferred tax assets (Group)

Refer to the accounting policy on page 92, together with critical judgements and estimates in applying the Group's accounting policies on page 89.

A deferred tax asset of £18.4 million (2021: £15.2 million) was recognised in the consolidated statement of financial position as at 31 December 2022 in relation to carried forward trading losses in Circassia AB, the Swedish subsidiary undertaking.

The Group recognises deferred tax assets in accordance with IAS 12

Income Taxes, based on their estimated recoverability and whether management judges that it is probable that there will be sufficient and suitable taxable profits in Circassia AB to utilise these losses in the future.

Management have assessed a five-year period in determining the recoverability of the deferred tax assets.

The Group's recognition and recoverability of deferred tax assets in Sweden is significant to the audit because it involves material amounts, and the judgements and estimates in relation to future taxable profits and the period of time over which it is expected to utilise these losses, results in increased estimation uncertainty.

How the matter was addressed in the audit

We have leveraged our testing of the Group's forecasts which also underpin the impairment assessment of goodwill and other intangibles (as set out in the key audit matter titled "Impairment of goodwill and other intangible assets").

We confirmed that the cash flows included in management's assessment of the recoverability of deferred tax assets were consistent with the impairment assessment.

We challenged the appropriateness of the expected utilisation period assessed by management, being a five-year period.

We also reviewed the consistency and adequacy of the disclosures in this area.

Key audit matter

Impairment of investments in subsidiaries and receivables due from subsidiary undertakings (Parent Company)

Refer to the accounting policy on page 95, together with critical judgements and estimates in applying the Parent Company's accounting policies on page 90.

The carrying value of the investments in subsidiaries and receivables due from subsidiary undertakings are £132.5 million (2021: £92.3 million) and £6.4 million (2021: £11.2 million) respectively.

The key estimate is whether the carrying values of the investments in subsidiaries and receivables due from subsidiary undertakings are supported by the forecast future cash flows of the subsidiary undertakings.

As such it was this area where we applied the most audit effort in respect of the audit of the Parent Company and hence why it was identified as a key audit matter.

How the matter was addressed in the audit

We have leveraged our testing (as set out in the key audit matter titled "Impairment of goodwill and other intangible assets") of the analysis and understanding of key assumptions used in the determination of the VIU of the NIOX® CGU on a subsidiary-by-subsidiary basis.

We reviewed and challenged the key assumptions underpinning management's IFRS 9 assessment to review the adequacy of the expected credit losses recognised in respect of receivables due from subsidiary undertakings.

We reviewed the appropriateness of impairment reversal of £38.9 million recognised in relation to the investments in subsidiaries by comparing the carrying values of investments in subsidiaries and receivables due from subsidiary undertakings to the VIU of the NIOX® CGU.

We reviewed the mathematical accuracy of the impairment model.

CORPORATE GOVERNANCE

Independent auditors' report

Our application of materiality

When establishing our overall audit strategy, we set certain thresholds which help us to determine the nature, timing and extent of our audit procedures. When evaluating whether the effects of misstatements, both individually and on the financial statements as a whole, could reasonably influence the economic decisions of the users we take into account the qualitative nature and the size of the misstatements. Based on our professional judgement, we determined materiality as follows:

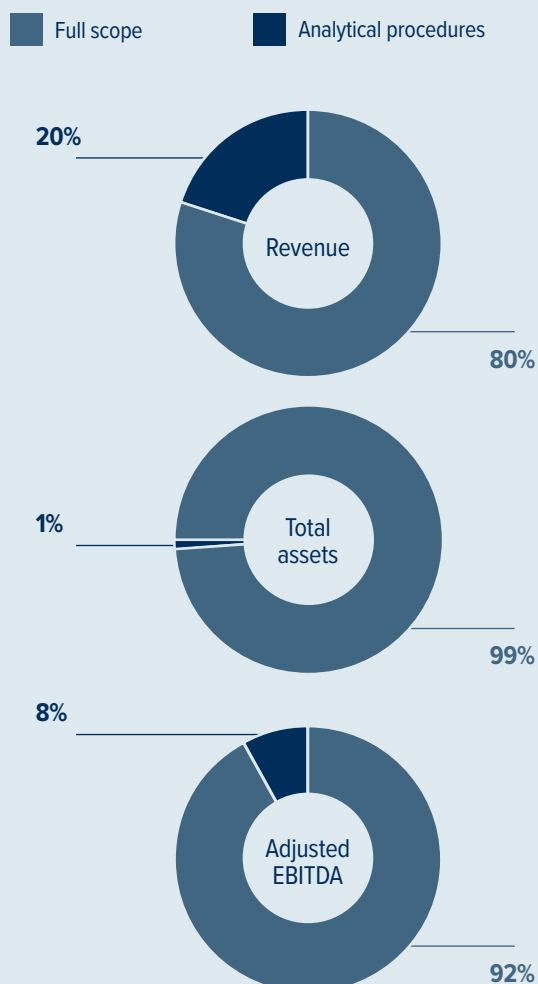
	Group	Parent Company
Overall materiality	£278,000 (2021: £279,000)	£125,000 (2021: £371,000)
Basis for determining overall materiality	4% of Adjusted EBITDA (2021: 1% of revenue)	0.5% of total assets (2021: 1% of total assets). This materiality is the restricted value as a component for the Group audit.
Rationale for benchmark applied	Adjusted EBITDA is deemed to be primary performance measure for the users of the financial statements to review the financial performance of the Group.	Total assets is considered to be the most appropriate benchmark for the holding company.
Performance materiality	£194,600 (2021: £209,250)	£87,500 (2021: £278,250)
Basis for determining performance materiality	70% of overall materiality	70% of overall materiality
Reporting of misstatements to the Audit Committee	Misstatements in excess of £13,900 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.	Misstatements in excess of £6,250 and misstatements below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

The Group consists of 7 components, located in the following countries;

- ◆ United Kingdom
- ◆ Sweden
- ◆ United States of America
- ◆ Germany
- ◆ China

The coverage achieved by our audit procedures was:



Full scope audits were performed for 4 components and analytical procedures at Group level for the remaining 3 components. Of the above, full scope audits for 1 component were undertaken by component auditors.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the Group's and Parent Company's ability to continue to adopt the going concern basis of accounting included:

- ◆ Understanding how the cash flow forecasts for the going concern period had been prepared and the assumptions adopted;
- ◆ Testing the integrity of the forecast model to ensure its mathematical accuracy;
- ◆ Challenging the key assumptions within the forecast with agreement to supporting data where appropriate;
- ◆ Reviewing and challenging the appropriateness of the sensitivity analysis performed by management; and
- ◆ Reviewing the appropriateness of the going concern basis of preparation disclosure.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Parent Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

CORPORATE GOVERNANCE

Independent auditors' report

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- ◆ the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- ◆ the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Group and the Parent Company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- ◆ adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- ◆ the Parent Company financial statements are not in agreement with the accounting records and returns; or
- ◆ certain disclosures of directors' remuneration specified by law are not made; or
- ◆ we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities set out on page 66, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Parent Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

CORPORATE GOVERNANCE

Independent auditors' report

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team and component auditors:

- ♦ obtained an understanding of the nature of the industry and sector, including the legal and regulatory frameworks that the Group and Parent Company operates in and how the Group and Parent Company are complying with the legal and regulatory frameworks;
- ♦ inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- ♦ discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

The most significant laws and regulations were determined as follows:

Legislation / Regulation	Additional audit procedures performed by the Group audit engagement team and component auditors included:
IFRS/UK-adopted IAS and Companies Act 2006	Review of the financial statement disclosures and testing to supporting documentation; and Completion of disclosure checklists to identify areas of non-compliance.
Tax compliance regulations	Inspection of advice received from external tax advisors.

The areas that we identified as being susceptible to material misstatement due to fraud were:

Risk	Audit procedures performed by the audit engagement team:
Revenue recognition	Reviewing the design and implementation of key controls in relation to revenue recognition; and Transactions posted to nominal ledger codes outside of the normal revenue cycle were identified using a data analytic tool and investigated.
Management override of controls	Testing the appropriateness of journal entries and other adjustments; Assessing whether the judgements made in making accounting estimates are indicative of a potential bias; and Evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/> auditors responsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Richard Bartlett-Rawlings

(Senior Statutory Auditor)

For and on behalf of RSM UK Audit LLP, Statutory Auditor Chartered Accountants

The Pinnacle
170 Midsummer Blvd
Milton Keynes
MK9 1BP

22 March 2023

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GROUP FINANCIAL STATEMENTS

Consolidated statement of comprehensive income for the year ended 31 December 2022

		2022	2021
	Notes	£m	£m
Continuing operations			
Revenue from contracts with customers	4	31.3	27.9
Cost of sales		(9.1)	(8.9)
Gross profit		22.2	19.0
Research and development costs		(3.2)	(4.6)
Sales and marketing costs		(9.7)	(11.9)
Administrative expenses		(7.5)	(6.8)
Operating profit / (loss)	6	1.8	(4.3)
Other gains and (losses) - net	7	0.4	1.6
Other income	8	8.3	0.9
Finance costs	9	(0.3)	(0.3)
Finance income	9	0.3	-
Profit / (loss) before tax		10.5	(2.1)
Taxation	12	3.6	4.4
Profit from continuing operations		14.1	2.3
Profit from discontinued operations (attributable to equity holders of NIOX Group plc)	11	2.0	1.3
Profit for the year		16.1	3.6
Other comprehensive expense			
Items that may be subsequently reclassified to profit or loss			
Exchange differences on translation of foreign operations	28	(1.9)	(7.8)
Other comprehensive expense for the year, net of tax		(1.9)	(7.8)
Total comprehensive income/ (expense) for the year		14.2	(4.2)

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

		2022	2021
		Pence	Pence
Basic earnings per share	Notes		
Basic earnings per share for profit from continuing operations	13	3.36	0.55
Basic earnings per share for profit for the year	13	3.84	0.87
Diluted earnings per share			
Diluted earnings per share for profit from continuing operations	13	3.19	0.53
Diluted earnings per share for profit for the year	13	3.63	0.83

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

GROUP FINANCIAL STATEMENTS

Consolidated statement of financial position as at 31 December 2022

		2022	2021
	Notes	£m	£m
Assets			
Non-current assets			
Property, plant and equipment	14	0.2	0.2
Right-of-use assets	15	0.9	1.2
Goodwill	16	4.7	4.8
Intangible assets	17	32.4	37.3
Trade and other receivables	20	3.5	-
Deferred tax assets	24	25.4	23.1
		67.1	66.6
Current assets			
Inventories	19	4.1	2.7
Trade and other receivables	20	7.9	4.5
Cash and cash equivalents	21	19.4	12.6
		31.4	19.8
Total assets		98.5	86.4
Equity			
Share capital	26	0.3	0.3
Share premium	27	640.3	640.3
Other reserves	28	15.7	16.7
Accumulated losses	29	(574.4)	(590.5)
Total equity		81.9	66.8
Liabilities			
Non-current liabilities			
Lease liabilities	15	0.4	0.9
Deferred tax liabilities	24	7.0	7.9
		7.4	8.8
Current liabilities			
Trade and other payables	22	8.6	10.4
Lease liabilities	15	0.6	0.4
		9.2	10.8
Total liabilities		16.6	19.6
Total equity and liabilities		98.5	86.4

The above consolidated statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 82 to 128 were authorised for issue by the Board of Directors on 22 March 2023 and were signed on its behalf by

Ian Johnson

Executive Chairman,
NIOX Group plc

Registered number: 05822706

Michael Roller

Chief Financial Officer,
NIOX Group plc

GROUP FINANCIAL STATEMENTS



Parent Company statement of financial position as at 31 December 2022

	Notes	2022 £m	2021 Restated £m
Assets			
Non-current assets			
Trade and other receivables	20	6.1	11.1
Investments in subsidiaries	18	132.5	92.3
		138.6	103.4
Current assets			
Trade and other receivables	20	0.3	0.1
Cash and cash equivalents	21	7.3	0.2
		7.6	0.3
Total assets		146.2	103.7
Equity attributable to the owners of the Company			
Share capital	26	0.3	0.3
Share premium	27	640.3	640.3
Other reserves	28	14.7	13.8
Accumulated losses	29	(531.4)	(567.6)
Total equity		123.9	86.8
Liabilities			
Non-current liabilities			
Trade and other payables	22	21.9	16.6
		21.9	16.6
Current liabilities			
Trade and other payables	22	0.4	0.3
		0.4	0.3
Total liabilities		22.3	16.9
Total equity and liabilities		146.2	103.7

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the Parent Company profit and loss account.

The profit for the Parent Company for the year was £36.2 million (2021 Restated: £40.6 million).

The above statement of financial position should be read in conjunction with the accompanying notes.

The financial statements on pages 82 to 128 were authorised for issue by the Board of Directors on 22 March 2023 and were signed on its behalf by

Ian Johnson

Executive Chairman,
NIOX Group plc

Registered number: 05822706

Michael Roller

Chief Financial Officer,
NIOX Group plc

GROUP FINANCIAL STATEMENTS

Consolidated and Parent Company statements of cash flows for the year ended 31 December 2022

		Group		Company	
		2022	2021	2022	2021
	Notes	£m	£m	£m	£m
Cash flows from operating activities					
Cash generated from/ (used in) operations	30	6.9	1.5	(1.3)	0.5
Interest paid	9	(0.2)	(0.1)	-	-
Net cash generated from/ (used in) operating activities		6.7	1.4	(1.3)	0.5
Cash flows from investing activities					
Payments for property, plant and equipment	14	(0.1)	(0.1)	-	-
Payments for intangible assets	17	-	(0.1)	-	-
Investment in subsidiary undertakings	18	-	-	(0.4)	-
Repayment of loans from/ (grant of loans to) subsidiary undertakings		-	-	8.8	(5.3)
Net cash generated from/ (used in) investing activities		(0.1)	(0.2)	8.4	(5.3)
Cash flows from financing activities					
Proceeds from issue of shares	27	-	5.0	-	5.0
Share issue transaction costs	27	-	(0.1)	-	(0.1)
Interest received	9	0.1	-	-	-
Principal elements of lease payments	15	(0.6)	(0.8)	-	-
Net cash (used in)/ generated from financing activities		(0.5)	4.1	-	4.9
Net increase in cash and cash equivalents		6.1	5.3	7.1	0.1
Cash and cash equivalents at 1 January	21	12.6	7.4	0.2	0.1
Effects of exchange rate changes on cash and cash equivalents		0.7	(0.1)	-	-
Cash and cash equivalents at 31 December	21	19.4	12.6	7.3	0.2

The above consolidated and company statement of cash flows should be read in conjunction with the accompanying notes.

GROUP FINANCIAL STATEMENTS



Consolidated statement of changes in equity for the year ended 31 December 2022

	Notes	Share capital £m	Share premium £m	Other reserves ¹ £m	Accumulated losses £m	Total equity £m
At 1 January 2021		0.3	635.4	24.5	(594.1)	66.1
Profit for the year	29	-	-	-	3.6	3.6
Exchange differences on translation of foreign operations	28	-	-	(7.8)	-	(7.8)
Total comprehensive (expense)/income		-	-	(7.8)	3.6	(4.2)
Transactions with owners: Issue of new shares	26,27	-	4.9	-	-	4.9
At 31 December 2021		0.3	640.3	16.7	(590.5)	66.8
Profit for the year	29	-	-	-	16.1	16.1
Exchange differences on translation of foreign operations	28	-	-	(1.9)	-	(1.9)
Total comprehensive (expense)/income		-	-	(1.9)	16.1	14.2
Transactions with owners: Employee share scheme issues	25	-	-	0.9	-	0.9
At 31 December 2022		0.3	640.3	15.7	(574.4)	81.9

¹ Other reserves include share option reserve, translation reserve, treasury shares reserve, and transactions with NCI reserve.

The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes.

Parent Company statement of changes in equity for the year ended 31 December 2022

Restated	Notes	Share capital £m	Share premium £m	Other reserves ¹ £m	Accumulated losses £m	Total equity £m
At 1 January 2021		0.3	635.4	13.8	(608.2)	41.3
Profit and total comprehensive income for the year	29	-	-	-	40.6	40.6
Transactions with owners: Issue of new shares	26,27	-	4.9	-	-	4.9
At 31 December 2021		0.3	640.3	13.8	(567.6)	86.8
Profit and total comprehensive income for the year	29	-	-	-	36.2	36.2
Transactions with owners: Employee share scheme issues	25	-	-	0.9	-	0.9
At 31 December 2022		0.3	640.3	14.7	(531.4)	123.9

¹ Other reserves include share option reserve and own shares reserve.

The above statement of changes in equity should be read in conjunction with the accompanying notes.

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Notes to the financial statements

1. Accounting policies and significant judgements

General information

NIOX is a medical device company focused on point of care asthma diagnosis and management.

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, England, OX4 4GB.

The principal accounting policies adopted in the preparation of this financial information are set out on the following pages. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

Amounts presented in the financial statements are rounded to the nearest £0.1 million, unless otherwise stated.

Basis of preparation

With effect from 1 September 2022, the name of the Company was changed from Circassia Group plc to NIOX Group plc.

The consolidated financial statements of NIOX Group plc have been prepared in accordance with UK-Adopted International Accounting Standards and with the requirements of the Companies Act 2006, as applicable to companies reporting under those standards. The financial statements have been prepared using the historical cost convention and on a going concern basis.

The exemption from audit has been claimed for the individual financial statements of Circassia Limited (registered number 03689966) for the year ended 31 December 2022 under section 479A of Companies Act 2006. NIOX Group plc has given the required guarantee under section 479C in respect of the reporting year. The results of Circassia Limited are included in these consolidated financial statements.

Prior year restatements - Parent Company

On 29 December 2020, the Parent Company gave its subsidiary undertaking, Circassia Limited, a capital contribution of £265.4 million due to a loan being granted which was not expected to be recovered. The loan was previously recognised within receivables due from subsidiary undertakings and carried at its recoverable amount of £42.5 million in the Parent Company's 2021

balance sheet. These amounts have been reclassified to investments in subsidiaries, to correct this error.

Receivables due from subsidiary undertakings of £11.1 million, which were previously classified as a current asset in the Parent Company's 2021 balance sheet, have been reclassified as non-current. Payables due to subsidiary undertakings of £16.6 million, which were previously classified as a current liability in the Parent Company's 2021 balance sheet, have been reclassified as non-current. These adjustments are based upon the contractual repayment terms. Following the above restatements, an impairment reversal of £49.8 million was recognised to increase the carrying value of the investments in subsidiaries to £92.3 million as at 31 December 2021. This impairment reversal was recognised to reflect the recapitalisation of the underlying business as a result of the redesignation of what had been classified as a loan to its correct treatment of a capital contribution. This redesignation affected the carrying value of investments in subsidiaries, which is based upon the estimated future cash flows identified when comparing the recoverable amount of the assets to their carrying value and also affected the amended value of the receivables due from subsidiary undertakings..

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.

The Board has prepared cash flow forecasts for a period of 15 months from the date of approval of these financial statements. This base case scenario includes the benefits of actions already taken by management to reduce the cost base of the business. This base case assumes that sales of NIOX® will gradually build back towards pre-Covid-19 levels and then grow at a slower rate than previous periods. Under this base case scenario, the Group is expected to continue to have sufficient resources beyond 12 months from the approval of the financial statements.

The most extreme unlikely downside scenario modelled the impact of a 50% reduction in revenue versus the base case forecast. This represented a 25% decrease below the level of sales achieved in 2020, which was significantly adversely impacted by the COVID pandemic.

In this scenario the Group could offset the impact of lower sales with significant mitigating cost reductions and cash protection actions. In both circumstances, the Group remains cash positive beyond 12 months from the approval of the financial statements.

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.

New and amended standards adopted by the Group

The Group has applied the following standards and amendments for the first time for their annual reporting period commencing 1 January 2022:

- ◆ Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16;
- ◆ Onerous contracts – Cost of Fulfilling a Contract – Amendments to IAS 37;
- ◆ Annual Improvements to IFRS Standards 2018-2020; and
- ◆ Reference to the Conceptual Framework – Amendments to IFRS 3.

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

New standards and interpretations not yet adopted

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2022 reporting periods and have not been early adopted by the Group. These standards, amendments or interpretations are not expected to have a material impact on the Group in the current or future reporting periods and on foreseeable future transactions.

Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involved

a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted in the next financial year due to estimates and assumptions turning out to be wrong. The areas involving significant estimates or are detailed below. There are no critical judgements.:

Recoverability of Swedish deferred tax asset for carried-forward tax losses (estimate)

The deferred tax asset includes an amount of £18.4 million (2021: £15.2 million) which relates to carried-forward tax losses of Circassia AB (previously known as Aerocrine AB). These losses were generated before the company was acquired by NIOX Group plc. The Group has concluded that the deferred tax assets will be recoverable using the estimated future taxable income based on the approved business plans and budgets for the subsidiary. The subsidiary has generated taxable income from the year ended 2017 and is expected to continue generating taxable income from 2023 onwards. The losses can be carried forward indefinitely and have no expiry date. The estimate is how profitable the entity will be in future and therefore how much of the asset can be recognised. If the future profits of Circassia AB were to differ by 10% from management's estimates, the deferred tax asset would be an estimated £1.8 million (2021: £1.3 million) higher or lower.

In considering the recoverability of deferred tax assets, the Group assesses the likelihood of them being recovered within a reasonably foreseeable timeframe, being a five year period. This takes into account the future expected profit profile and the current structure of the business model.

Rebate accruals (estimate)

When sales of Tudorza® and Duaklir® were invoiced, the estimated rebates and chargebacks that were expected to be paid were accrued. These rebates typically arise from sales contracts with third-party managed care organisations, hospitals, long-term care facilities, group purchasing organisations and various federal or state programmes (Medicaid contracts, supplemental rebates, etc).

Accrual assumptions are calculated on a sales channel basis, taking into account specific contract provisions coupled with expected performance, and are then aggregated into a weighted average rebate accrual rate. Accrual rates are reviewed and adjusted on an as needed basis. There may be further adjustments when actual rebates are invoiced based on utilisation information submitted to us (in the case of contractual rebates) and

GROUP FINANCIAL STATEMENTS

Notes to the financial statements

1. Accounting policies and significant judgements continued

claims/invoices are received (in the case of regulatory rebates and chargebacks). As at 31 December 2022, the rebates and chargebacks accrual on the statement of financial position was £1.8 million (2021: £3.7 million).

The most significant estimate in determining the accrual is considered to be the percentage of volumes sold through the Medicaid channel. If the percentage of sales sold through the Medicaid channel were to increase by 3% from management's estimates to 23%, the rebate accrual and the associated deduction to revenue would be an estimated £2.0 million higher.

Returns accruals (estimate)

When sales of Tudorza® and Duaklir® were invoiced, the estimated cost of refunds to be issued to customers upon returning expired or damaged products were accrued. The level of returned and damaged goods is reviewed regularly and the accrual adjusted on as required. As at 31 December 2022, the returns accrual on the statement of financial position was £2.2 million (2021: £2.6 million). The estimate is how many products will be returned within the allowed time frame, which are eligible for a refund. The percentage of returns was calculated as 2.2% of gross sales. If this were to increase to 3.0% of gross sales, the returns accrual would be an estimated £0.8 million higher.

Recoverability of goodwill and other intangible assets (estimate)

Goodwill and other intangible assets impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Judgements and estimates are made in respect of the carrying value of the cash generating units (CGUs) containing the goodwill taking into account key assumptions (see note 16) about the NIOX® products.

If the Group's sales are lower than forecast due to a slower recovery post the Covid-19 pandemic, or the pre-tax discount rate applied to the cash flow projections is higher than management's estimates, this could result in an impairment of the related goodwill and intangible assets.

Recoverability of investments (estimate)

NIOX Group plc holds a number of investment balances in subsidiary companies. Investment impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. Estimates are made in respect of the carrying value of the CGU containing the investment. If there is a significant

change to a subsidiary's value in use, this could result in an impairment of the investment (see note 18).

Recoverability of intercompany receivables (estimate)

NIOX Group plc has significant intercompany receivables due from subsidiary companies. In line with IFRS 9, the carrying value of these receivables is assessed using the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables.

Estimates are made in respect of the recoverable amount of each subsidiary. If the recoverable amount of a subsidiary is below the carrying value of NIOX Group plc's intercompany receivable, this could result in an impairment of the receivable.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group. Acquisition-related costs are expensed as incurred.

Intercompany transactions, balances and unrealised gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources, assessing performance and making strategic decisions, has been identified as the Executive Chairman.

Discontinued operations

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that will not be progressed in the future. Discontinued operations are presented on the income statement as a separate line and are shown net of tax. Cash flows relating to discontinued operations are disclosed in the notes.

The decision to treat the COPD business as discontinued was made on 9 April 2020 when it was announced that the development and commercialisation agreement with AstraZeneca was terminating.

Revenue from contracts with customers

The Group sells medical technology equipment that enables inflammation of the airways to be measured as well as consumable items and spare parts. Revenue is accounted for under IFRS 15 and is recognised when a contractual promise to a customer (performance obligation) has been fulfilled by transferring control of the product to the customer, substantially all of which is on confirmation of delivery to the customer.

Revenue comprises the fair value of consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of value added tax and trade discounts and after elimination of intra-Group sales. Revenue represents net invoice value including fixed and variable consideration. Variable consideration arises on the sale of goods as a result of discounts and allowances given and accruals for estimated future returns and rebates. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Cost of sales

Cost of sales is recognised as the associated revenue is recognised. Cost of sales includes purchase costs, royalties payable on revenues recognised, movements in provisions for inventories and inventory write-offs.

Employee benefits

The Group makes contributions to defined contribution personal pension schemes for certain directors and employees. The pension cost charge recognised in the year represents amounts payable by the Group to the funds. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due.

Share based payments

The Group operates a number of equity-settled, share based compensation plans, under which the entity receives services from employees as consideration for options over ordinary shares in NIOX Group plc. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- ◆ including the effect of any market performance conditions (such as the entity's share price);
- ◆ excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- ◆ including the impact of any non-vesting conditions (for example, the requirement for employees to save or hold shares for a specific period of time).

Equity settled share based payments are measured at fair value at the date of grant. The fair value is measured using either the Finnerty model (an at-market put option variant of the Black-Scholes model), the Black-Scholes model or the Monte Carlo Simulation. This is dependent on the conditions attached to each of the issued options. Where conditions are non-market based the Black Scholes or the Finnerty model is used. Where market-based conditions are attached to options, the fair value is determined using the Monte Carlo Simulation.

The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each period, the entity revises its estimates of the number of options

GROUP FINANCIAL STATEMENTS

Notes to the financial statements

1. Accounting policies and significant judgements continued

that are expected to vest based on the non-market vesting and service conditions. If there have been modifications to the vesting conditions, the entity will revise its estimates unless the modification is in a manner that is not beneficial to the employee, e.g., by increasing the vesting period or by adding a non-market performance condition. In this instance the modification is ignored. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in British pound sterling, which is NIOX Group plc's functional and presentation currency.

Monetary assets and liabilities in foreign currencies are translated into Sterling at the rates of exchange ruling at the end of the financial year, whereas transactions are translated at the rates of exchange ruling at the date of the transaction. Foreign exchange differences are taken to the income statement in the year in which they arise and presented within 'Other gains and (losses) - net'.

Foreign exchange differences on translation of foreign operations into the Group presentational currency, are recognised as a separate element of other comprehensive income. Cumulative exchange differences are presented in a separate component of equity entitled 'Translation reserve'.

Government grants

Government grants are recognised at their fair value when there is reasonable assurance that the grant will be received and is not repayable, and the Group will comply with all attached conditions. The grant is recognised as other income in the statement of comprehensive income in the period which the costs are incurred that the grant is intended to compensate.

Taxation including deferred tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred tax is accounted for using the liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable profit. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax is calculated at the average tax rates that are expected to apply to the period when the asset is realised, or the liability is settled. Deferred tax is charged or credited in the statement of comprehensive income, except when it relates to items credited or charged directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Earnings per share

Basic and diluted earnings per share is calculated by dividing the profit or loss attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated only when a profit is made. Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares; and the weighted average number of additional ordinary shares that would have been outstanding, assuming the conversion of all dilutive potential ordinary shares and using the treasury stock method.

Financial instruments

The Group's financial instruments comprise cash and cash equivalents, receivables and payables arising directly from operations, and derivatives. The main risks associated with the Group's financial instruments relate to credit risk and foreign currency risk (note 2).

Where derivatives exist in the financial year, they are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each reporting date, with any resulting gain or loss recognised through the income statement.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of replaced parts is derecognised. All other repairs and maintenance are charged to the income statement during the financial year in which they are incurred.

Depreciation is calculated using the straight-line method to allocate the cost of assets over their estimated useful lives, as follows:

Property, plant and equipment	Depreciation rate
Leasehold improvements	Over the life of the non-cancellable term of the lease
Fixtures and fittings	20%
Plant and equipment	10% - 33%

Individually significant tangible assets that are intended to be held by the Group for use in the supply of goods and services or for administrative purposes and that are expected to provide economic benefit for more than one year are capitalised.

All other assets of insignificant value are charged to the income statement in the year of acquisition.

Costs incurred relating to an asset that is not yet complete are capitalised and held as 'Assets under construction' until they are brought into use. The asset is then transferred to the appropriate asset class and depreciated in line with the policy above.

1. Accounting policies and significant judgements continued

Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the fixed and variable lease payments, less any lease incentives receivable.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. To determine the incremental borrowing rate the Group, where possible, uses interest rates of recent third-party financing received, adjusted to reflect changes in financing conditions since third party financing was received.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the amount of the initial measurement of lease liability, plus any lease payments made at or before the commencement date less any lease incentives received. These assets are generally depreciated over the shorter of the assets useful life and the lease term on a straight-line basis.

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

Goodwill and Intangible assets

Intangible fixed assets, relating to goodwill, customer relationships, technology, intellectual property rights and currently marketed products acquired through licensing or assigning patents and knowhow are carried at historical cost, less accumulated amortisation, where the useful economic life of the asset is finite, and the asset will probably generate economic benefits exceeding costs.

Amortisation is calculated using the straight-line method to allocate the cost of intangible assets over their estimated useful lives, as follows:

Intangible asset	Estimated useful lives
Other	5 years
Technology	15 years
Customer relationships	18 years

Goodwill arising on the acquisition of subsidiaries represents the excess of the consideration transferred, the amount of any non-controlling interests in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that are expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

Expenditure on product development is capitalised as an intangible asset and amortised over the expected useful economic life of the product concerned.

Capitalisation commences from the point at which technical feasibility and commercial viability of the product can be demonstrated and the Group is satisfied that it is probable that future economic benefits will result from the product once completed. Capitalisation ceases when the product receives regulatory approval for launch.

Expenditure on research and development activities that do not meet the above criteria, including intellectual property rights generated internally by the Group, is charged to the income statement as incurred. Intellectual property and in-process research and development from acquisitions are recognised as intangible assets at fair value. Any residual excess of consideration over the fair value of net assets in an acquisition is recognised as goodwill in the financial statements.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill or intangible assets not ready for use, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date. Charges or credits for impairment are passed through the income statement.

Investments

Investments in subsidiary companies are recognised and carried at cost less any identified impairment losses at the end of each reporting period. Investments are impaired where there is objective evidence that the estimated future cash flows of the investment have been affected.

Inventories

Inventories are valued at the lower of the acquisition cost and net realisable value. The FIFO (first in, first out) principle is used to calculate the value of inventories. Inventories mainly comprise products for sale and stocks of components for the service activities in Sweden, China and the US. The acquisition value comprises all expenses for purchases. The net realisable value is the expected sale price less expected costs for preparation and selling. Management utilise sales forecasts to calculate the level of inventory required and compare this to current levels of inventory held to assess net realisable value.

Write-downs of inventory generally occur in the ordinary course of business and are recognised in cost of sales. Inventory purchased as sample stock is recognised immediately as a sales and marketing cost.

Trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. They are generally due for settlement within 30 days and therefore are all classified as current. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less credit loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

Trade receivables are written off when there is no reasonable expectation of recovery.

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, bank overdrafts and other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

1. Accounting policies and significant judgements continued

Other reserves

Share option reserve

The share option reserve is used to recognise:

- ♦ the grant date fair value of options issued to employees but not exercised;
- ♦ the grant date fair value of shares issued to employees;
- ♦ the grant date fair value of deferred shares granted to employees but not yet vested; and
- ♦ the issue of shares held by the Circassia Pharmaceuticals plc Employee Benefit Trust (the "Trust") to employees.

Translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

Transactions with non-controlling interests

This reserve is used to record the differences which arise as a result of transactions with non-controlling interests that do not result in a loss of control.

Treasury shares reserve/own shares reserve

Treasury shares are shares in NIOX Group plc that are held by the Circassia Pharmaceuticals plc Employee Benefit Trust to satisfy the issue of shares to employees under the Deferred Bonus Share Plan (DBSP) and the Performance Share Plan (PSP) in relation to 2014. Shares issued to employees are recognised on a first in, first out basis.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are initially recognised at fair value and subsequently held at amortised cost.

Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities.

2. Financial and capital risk management

Capital risk management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern and ensure that sufficient capital is in place to fund the Group's activities. The Group's capital is comprised of share capital and share premium, which are disclosed in notes 26 and 27 respectively. The Group's principal method of adjusting the capital available has been through issuing new shares. The Group monitors the availability of capital through forecasting future expenditure on an ongoing basis.

Financial risk management

Monitoring of financial risk is part of the Board's ongoing risk management, the effectiveness of which is reviewed annually.

Foreign exchange risk

Foreign exchange fluctuations may adversely affect the Group's results and financial condition. The Group prepares its financial statements in British pound sterling, but a significant proportion of its expenditure and subsidiary results are in various currencies including United States dollar, Swedish krona, euro and Chinese yuan. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

Instruments used by the Group

The Group's policy is to hedge 75% of the forecast British pound sterling, Swedish krona and euro cash flows up to six months in advance.

The Group uses foreign currency forward exchange contracts to hedge its exposure to foreign currency risk. These foreign currency contracts are accounted for as financial assets or liabilities at fair value. The initial fair value of these assets is £nil as no money has changed hands and therefore no value can be attributed to the contract. These are subsequently remeasured at each year end at the spot rate, with gains and losses recognised in profit or loss.

The carrying amount of the financial liability, and the net fair value loss as at 31 December 2022 is £0.1 million (2021: £nil).

Sensitivity

The change in foreign exchange rates that is assessed to be reasonably likely for each currency in 2022 is 10% (2021: 10%).

As at 31 December 2022, if the euro had weakened/strengthened by 10% against sterling with all other variables held constant, the post-tax loss for the year would have been £0.4 million (2021: £0.3 million) lower/higher. Similarly, if the US dollar had weakened/strengthened by 10%, the post-tax loss for the year would have been £0.3 million (2021: £0.2 million) lower/higher. This is as a result of net foreign exchange gains/losses on translation of euro and US dollar denominated payables, receivables and bank balances.

The impact on post tax loss and equity is immaterial for the remaining currencies.

	2022	2021
Notional amount	£3.9 million	£3.8 million
Maturity date	January 2023 – June 2023	January 2022 – June 2022

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2. Financial and capital risk management continued

Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt instruments carried at amortised cost, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables.

i) Risk management

The Group's policy generally is to place funds with financial institutions which have a minimum credit rating with Fitch IBCA of A- long-term/F1 short-term.

During 2022 the Group placed funds on deposit with 6 banks (2021: 6 banks). The Group does not allocate a quota to individual institutions but seeks to diversify its investments, where this is consistent with achieving competitive rates of return. It is the Group's policy to place not more than £8.0 million (or the equivalent in other currencies) with any one counterparty.

The value of financial instruments held represents the maximum exposure that the Group has to them. There is no collateral held for this type of credit risk. Management does not expect any material losses from non-performance by these counterparties.

ii) Impairment of financial assets

The Group and Parent company each have only one type of financial asset that is subject to the expected credit loss model being trade receivables and receivables from subsidiary undertakings, respectively. While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2022 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2022 and 2021 was determined as follows:

Group	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
31 December 2022	£m	£m	£m	£m	£m
Expected loss rate	0.4%	8.6%	12.1%	5.9%	1.4%
Gross trade receivables carrying amount	3.3	0.2	0.1	0.2	3.8
Loss allowance	-	(0.1)	-	-	(0.1)
31 December 2021					
Expected loss rate	1.1%	23.5%	79.0%	17.0%	4.0%
Gross trade receivables carrying amount	2.4	0.1	-	0.2	2.7
Loss allowance	-	-	-	(0.1)	(0.1)

Company	Current	More than 30 days past due	More than 60 days past due	More than 90 days past due	Total
	£m	£m	£m	£m	£m
31 December 2022					
Expected loss rate	91.4%	0.0%	0.0%	0.0%	33.3%
Gross receivables from subsidiary undertakings carrying amount	3.5	-	-	6.1	9.6
Loss allowance	(3.2)	-	-	-	(3.2)
31 December 2021 Restated					
Expected loss rate	85.7%	0.0%	0.0%	15.9%	19.4%
Gross receivables from subsidiary undertakings carrying amount	0.7	-	-	13.2	13.9
Loss allowance	(0.6)	-	-	(2.1)	(2.7)

The closing loss allowance for trade receivables reconciles to the opening loss allowance as follows:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 Restated £m
Opening loss allowance as at 1 January	(0.1)	(0.1)	(2.7)	(5.4)
Increase in loss allowances recognised in profit or loss during the year	-	-	(1.3)	-
Unused amount reversed	-	-	0.8	2.7
At 31 December	(0.1)	(0.1)	(3.2)	(2.7)

Trade receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade receivables are presented within operating expenditure. Subsequent recoveries of amounts previously written off are credited against the same line item.

Cash flow and liquidity risk

Liquidity risk is managed through maintaining sufficient cash and the availability of funding to meet obligations when due. Management monitors rolling forecasts of the Group's cash based on expected cash flows. The directors do not consider that there is presently a material cash flow or liquidity risk.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	Less than 1 year 2022 £m	Over 1 year 2022 £m	Less than 1 year 2021 £m	Over 1 year 2021 £m
At 31 December				
Lease liabilities	0.6	0.4	0.4	0.9
Trade and other payables	8.6	-	10.4	-
Total	9.2	0.4	10.8	0.9

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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 the results of this segment is provided in note 11; information regarding its assets is presented below.

The table below presents operating profit/ (loss) information regarding the Groups operating segments for the years ended 31 December 2022 and 2021. Only the results for the Group's continuing activities are included in order to aid comparison.

Segment operating profit / (loss)

	NIOX® £m	Head office £m	Total £m
Year ended 31 December 2022			
Revenue (from external customers, based on the destination of the customer)			
US	8.1	-	8.1
UK	2.8	-	2.8
EU	9.5	-	9.5
Asia Pacific	10.7	-	10.7
Rest of world	0.2	-	0.2
Total segment revenue	31.3	-	31.3
Cost of sales	(9.1)	-	(9.1)
Research and development costs	(3.2)	-	(3.2)
Sales and marketing costs	(9.7)	-	(9.7)
Administrative expenses	(4.5)	(3.0)	(7.5)
Operating profit / (loss) from continuing operations	4.8	(3.0)	1.8
Depreciation, amortisation and impairment included above	(4.6)	-	(4.6)
Year ended 31 December 2021			
Revenue (from external customers, based on the destination of the customer)			
US	7.1	-	7.1
UK	1.7	-	1.7
EU	8.2	-	8.2
Asia Pacific	10.6	-	10.6
Rest of world	0.3	-	0.3
Total segment revenue	27.9	-	27.9
Cost of sales	(8.9)	-	(8.9)
Research and development costs	(4.6)	-	(4.6)
Sales and marketing costs	(11.9)	-	(11.9)
Administrative expenses	(5.0)	(1.8)	(6.8)
Operating loss from continuing operations	(2.5)	(1.8)	(4.3)
Depreciation, amortisation and impairment included above	(4.9)	-	(4.9)

Assets by segment

As at 31 December 2022	NIOX® £m	Head office £m	COPD (Discontinued) £m	Total £m
Cash and cash equivalents	19.4	-	-	19.4
Property, plant and equipment	0.2	-	-	0.2
Right-of-use assets	0.9	-	-	0.9
Goodwill	4.7	-	-	4.7
Intangible assets	32.4	-	-	32.4
Deferred tax assets	25.4	-	-	25.4
Inventories	4.1	-	-	4.1
Trade and other receivables	5.1	2.8	-	7.9
Trade and other receivables – non-current	-	3.5	-	3.5
Total assets	92.2	6.3	-	98.5

As at 31 December 2021				
Cash and cash equivalents	12.6	-	-	12.6
Property, plant and equipment	0.2	-	-	0.2
Right-of-use assets	1.2	-	-	1.2
Goodwill	4.8	-	-	4.8
Intangible assets	37.3	-	-	37.3
Deferred tax assets	23.1	-	-	23.1
Inventories	2.7	-	-	2.7
Trade and other receivables	4.3	-	0.2	4.5
Total assets	86.2	-	0.2	86.4

4. Revenue from contracts with customers

The Group derives the following types of revenue:

	2022 £m	2021 £m
Sale of goods	31.3	27.9
Total revenue from contracts with customers	31.3	27.9

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5. Employees and directors

Monthly average number of people (including Executive and Non-Executive Directors) employed:

	Group		Company	
	2022 Number	2021 Number	2022 Number	2021 Number
Office and management	28	31	7	7
Sales and marketing	62	81	-	-
Research and development	9	16	-	-
Total average headcount	99	128	7	7

Average headcount includes nil (2021: 1) sales and marketing and nil (2021: 1) research and development people employed solely for the discontinued operation.

The Group's total headcount at 31 December 2022 was 92 (2021: 111).

Employee benefit costs

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
Wages and salaries	8.4	10.6	1.1	1.1
Social security costs	1.1	1.2	0.2	0.1
Other pension costs	0.5	0.5	0.1	-
Share option charge	0.9	-	-	-
Total employee benefit costs	10.9	12.3	1.4	1.2

Key management personnel

Key management personnel during the year included directors (Executive and Non-Executive), Regional VP APAC, Regional VP Americas, VP Product Development, VP Supply Chain and Technical Operations, Regional VP EMEA, VP Research Business and Senior VP Global Human Resources. The compensation paid or payable to key management is set out below.

	2022 £m	2021 £m
Short-term employee benefits (including bonus)	3.3	3.0
Share based payment	0.9	0.3
Total key management remuneration	4.2	3.3

Other remuneration information

The table below sets out the location of information required to be disclosed in the notes to the financial statements which can be found in the Remuneration report and is incorporated by reference:

Subject matter	Page reference
Single total figure of remuneration for each director (including remuneration for the highest-paid director)	56
Scheme interests awarded to directors during the financial year	57
Gain on exercise of share options	58
Payments to past directors	58
Payments to directors for loss of office	58
Statement of directors' shareholding and share interests	58 to 59

6. Breakdown of expenses by nature

	Notes	2022 £m	2021 £m
Employee benefit costs	5	10.9	12.3
Depreciation charge of property, plant and equipment	14	0.1	-
Depreciation charge of right-of-use assets	15	0.6	0.8
Amortisation charge of intangible assets	17	3.9	4.1

7. Other gains and (losses) - net

	2022 £m	2021 £m
Net foreign exchange gains	0.5	1.6
Fair value losses	(0.1)	-
Total other gains and (losses) - net	0.4	1.6

8. Other income

	2022 £m	2021 £m
Sub-lease rental income	0.2	0.2
Government grant	-	0.7
Beyond Air consideration	8.1	-
Total other income	8.3	0.9

Beyond Air were granted FDA approval of the LungFit® PH product on 28 June 2022, and therefore other income and a corresponding receivable was recognised for the total consideration of \$10.5 million. As part of the consideration was due after more than a year, the consideration was measured by discounting the asset to its present value, with the unwinding of the discount recognised as finance income in the year.

The government grant relates to a grant received by Circassia Inc. from the US government under the Payment Protection Program. The amounts are not repayable as forgiveness of the grant was approved on 25 March 2021.

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9. Finance costs and income

	2022 £m	2021 £m
Finance costs:		
Bank charges	(0.2)	(0.2)
Interest charges for lease liabilities	(0.1)	(0.1)
Total finance costs	(0.3)	(0.3)
Finance income:		
Bank interest receivable	0.1	-
Discount unwind on Beyond Air consideration	0.2	-
Total finance income	0.3	-

10. Auditors' remuneration

During the year, the Group (including its overseas subsidiaries) obtained the following services from the Group's auditors and its associates:

	2022 £m	2021 £m
Fees payable to the Group's auditors and its associates for the audit of the Parent Company and consolidated financial statements	0.1	0.2
Fees payable to the Group's auditors and its associates for other services: - Audit of the financial statements of the Company's subsidiaries	0.1	0.1
Total	0.2	0.3

During the year, the Group paid £14,042 to the Group's current auditors, RSM, in respect of advice relating to the formation of Circassia (Shanghai) Medical Device Co. Ltd.

During the previous year, the Group paid £2,712 to the Group's then auditors, PwC, in respect of non-audit services for an accounting research tool subscription.

11. 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.

Profit for the year

	2022 £m	2021 £m
Revenue	2.0	2.5
Cost of sales	-	(0.3)
Gross profit	2.0	2.2
Expenditure	-	(1.2)
Operating profit	2.0	1.0
Other gains and (losses) - net	-	0.3
Profit from discontinued operations	2.0	1.3

£0.5 million of the current year revenue represents credit notes received from AstraZeneca relating to the reversal of a historical Medicaid item dating back to the first half of 2019.

The remaining revenue relates to the revision of the rebate accrual based on information received during the year.

Cash flow

	2022 £m	2021 £m
Net cash inflow from operating activities	-	0.2
Net cash generated from discontinued operations	-	0.2

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12. Taxation

	2022 £m	2021 £m
Deferred tax		
Increase in deferred tax assets (note 24)	(2.7)	(2.8)
Decrease in deferred tax liabilities (note 24)	(0.9)	(1.6)
Total deferred tax credit	(3.6)	(4.4)
Tax is attributable to:		
Loss from continuing operations	(3.6)	(4.4)

The tax credit (2021: credit) for the year is lower (2021: lower) than the standard rate of corporation tax in the UK of 19.00% (2021: 19.00%). The differences are explained below:

	2022 £m	2021 £m
Profit/(loss) from continuing operations before tax	10.5	(2.1)
Profit from discontinued operations before tax	2.0	1.3
Profit/(loss) before tax	12.5	(0.8)
Tax at the UK tax rate of 19.00% (2021: 19.00%)	2.4	(0.2)
Expenses not deductible for tax purposes	0.1	(0.2)
Employee share options	0.2	(0.1)
Tax losses for which no deferred income tax asset was recognised	(6.3)	(3.9)
Tax credit for the year	(3.6)	(4.4)

At 31 December 2022, the Group has tax losses to be carried forward of approximately £435.2 million (2021: £445.6 million). These can be utilised against future taxable profits. A proportion of these tax losses has been recognised as a deferred tax asset. See note 24.

At 31 December 2022, NIOX Group plc and Circassia Limited had tax losses to be carried forward of approximately £163.2 million (2021: £166.3 million). These losses have no expiry date, however, the utilisation of these losses will be restricted to 50% of profits generated in the United Kingdom.

13. Earnings per share

Basic earnings per share	2022 Pence	2021 Pence
From continuing operations	3.36	0.55
From discontinued operations	0.48	0.32
Total basic earnings per share attributable to the ordinary equity holders of the Company	3.84	0.87

Diluted earnings per share	2022 Pence	2021 Pence
From continuing operations	3.19	0.53
From discontinued operations	0.44	0.30
Total diluted earnings per share attributable to the ordinary equity holders of the Company	3.63	0.83

Adjusted basic earnings per share	2022 Pence	2021 Pence
From continuing operations	1.43	0.55
From discontinued operations	0.48	0.32
Total diluted earnings per share attributable to the ordinary equity holders of the Company	1.91	0.87

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

Reconciliation of earnings used in calculating earnings per share	2022 £m	2021 £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	14.1	2.3
From discontinued operations	2.0	1.3
Profit used as the basis of calculating basic and diluted earnings per share	16.1	3.6

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

Reconciliation of earnings used in calculating adjusted earnings per share	2022 £m	2021 £m
Basic 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	14.1	2.3
From discontinued operations	2.0	1.3
Deduct Beyond Air settlement consideration	(8.1)	-
Adjusted profit used as the basis of calculating adjusted basic earnings per share	8.0	3.6

Weighted average number of shares	2022	2021
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	419,199,013	412,604,673
Adjustments for calculation of diluted earnings per share:		
Share options	23,799,062	22,402,289
Deferred shares	-	823,467
Weighted average number of ordinary shares and potential ordinary shares used as the denominator in calculating diluted earnings per share	442,998,075	435,830,429

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14. Property, plant and equipment

	Leasehold improvements	Fixtures and fittings	Plant and equipment	Total property, plant and equipment
	£m	£m	£m	£m
At 1 January 2021				
Cost	0.9	0.7	1.8	3.4
Accumulated depreciation and impairment	(0.9)	(0.6)	(1.8)	(3.3)
Net book amount	-	0.1	-	0.1
Year ended 31 December 2021				
Opening net book amount	-	0.1	-	0.1
Additions	-	0.1	-	0.1
Closing net book amount	-	0.2	-	0.2
At 31 December 2021				
Cost	0.9	0.8	1.8	3.5
Accumulated depreciation and impairment	(0.9)	(0.6)	(1.8)	(3.3)
Net book amount	-	0.2	-	0.2
Year ended 31 December 2022				
Opening net book amount	-	0.2	-	0.2
Additions	-	0.1	-	0.1
Depreciation charge	-	(0.1)	-	(0.1)
Closing net book amount	-	0.2	-	0.2
At 31 December 2022				
Cost	0.9	0.9	1.8	3.6
Accumulated depreciation and impairment	(0.9)	(0.7)	(1.8)	(3.4)
Net book amount	-	0.2	-	0.2

15. Leases

The consolidated statement of financial position shows the following amounts relating to leases:

	2022 £m	2021 £m
Right-of-use assets		
Leasehold improvements	0.9	1.1
Plant and equipment	-	0.1
	0.9	1.2
Lease liabilities		
Current	(0.6)	(0.4)
Non-current	(0.4)	(0.9)
	(1.0)	(1.3)

Additions to the right-of-use assets during the financial year were £0.4 million (2021: £0.3 million).

The consolidated statement of comprehensive income shows the following amounts relating to leases:

	Notes	2022 £m	2021 £m
Depreciation charge of right-of-use assets	6	(0.6)	(0.8)
Interest expense (included in finance costs)	9	(0.1)	(0.1)
		(0.7)	(0.9)

The total cash outflow for leases was £0.6 million (2021: £0.8 million).

The lease commitments for short-term and low-value leases that are recognised as an expense on a straight-line basis are immaterial for both financial years ended 31 December 2022 and 31 December 2021.

The contractual undiscounted cash flows in respect of payments to be made to settle lease liabilities in future periods is £1.1 million (2021: £1.5 million).

The total of future minimum sublease payments expected to be received for the Chicago property no longer utilised by the Group is £0.3 million (2021: £0.5 million).

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16. Goodwill

	2022 £m	2021 £m
At 1 January		
Cost	4.8	88.3
Accumulated impairment	-	(83.0)
Net book amount	4.8	5.3
Year ended 31 December		
Opening net book amount	4.8	5.3
Impairment	-	83.0
Disposal	-	(83.0)
Exchange differences	(0.1)	(0.5)
Closing net book amount	4.7	4.8
At 31 December		
Cost	4.7	4.8
Accumulated impairment	-	-
Net book amount	4.7	4.8

Following the cessation of the run-off period on 31 March 2021, the fully impaired COPD goodwill assets were disposed of in the prior year.

The carrying value of goodwill is allocated to the NIOX® CGU and was generated in June 2015 on the acquisition of Aerocrine. The recoverable amount of a CGU is assessed using a value in use model. The value in use for the NIOX® CGU was calculated over a five-year period using a discount factor of 13.1% (being a weighted average cost of capital rate for the CGU). The calculations use post-tax cash flow projections.

Cash flows over five years have been considered appropriate based on the product lifecycle. Cash flows beyond the five-year period were extrapolated using the estimated terminal growth rate stated on the following page. The growth rate does not exceed the long-term average growth rate for the business. The discount rate used is post-tax and reflects specific risks relating to the Group and uncertainties surrounding the cash flow projections.

The key assumptions used for the valuation of the NIOX® CGU are as follows:

Assumption	Approach used to determine values
Valuation basis	Value in use
Sales	Based on past performance and management's expectations of market development. Sales in 2023 are expected to return towards pre-pandemic levels. The growth rate for 2024-2027 reflects a more cautious growth level than historic CAGR.
Gross margin	Based on past performance and management's expectations for the future.
Operating costs	Management forecasts these costs based on the current structure of the business, adjusting for inflationary increases but not reflecting any future restructurings or cost-saving measures.
Period of specified projected cash flows	2022 – 5 years 2021 – 5 years
Long-term growth rate	Terminal growth rates based on management's estimate of future long-term average growth rate. 2022 – 1% 2021 – 1%
Discount rate	Reflects specific risks relating to the relevant segments and the countries in which they operate. 2022 – 13.1% 2021 – 11.5%

Impact of possible changes in key assumptions - NIOX® CGU

The level of headroom available before sensitivities were applied was £83.1 million. If the budgeted NIOX® sales in the value in use calculation had been 35% lower than management's estimates at 31 December 2022, the Group would have had to recognise an impairment against the carrying amount of goodwill and intangible assets of £16.4 million. This steep hypothetical reduction in sales represents a slower recovery post the Covid-19 pandemic.

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17. Intangible assets

	CMP	Customer relationships	Technology	Intellectual property	Other	Total intangible assets
	£m	£m	£m	£m	£m	£m
At 1 January 2021						
Cost	259.3	34.4	31.2	44.0	4.3	373.2
Accumulated amortisation and impairment	(259.3)	(10.4)	(11.5)	(44.0)	(2.9)	(328.1)
Net book amount	-	24.0	19.7	-	1.4	45.1
Year ended 31 December 2021						
Opening net book amount	-	24.0	19.7	-	1.4	45.1
Additions	-	-	-	-	0.1	0.1
Amortisation charge	-	(1.8)	(1.9)	-	(0.4)	(4.1)
Impairment	259.3	-	-	44.0	-	303.3
Disposal	(259.3)	-	-	(44.0)	-	(303.3)
Exchange differences	-	(2.1)	(1.7)	-	-	(3.8)
Closing net book amount	-	20.1	16.1	-	1.1	37.3
At 31 December 2021						
Cost	-	31.4	28.5	-	4.4	64.3
Accumulated amortisation and impairment	-	(11.3)	(12.4)	-	(3.3)	(27.0)
Net book amount	-	20.1	16.1	-	1.1	37.3
Year ended 31 December 2022						
Opening net book amount	-	20.1	16.1	-	1.1	37.3
Amortisation charge	-	(1.7)	(1.8)	-	(0.4)	(3.9)
Exchange differences	-	(0.5)	(0.5)	-	-	(1.0)
Closing net book amount	-	17.9	13.8	-	0.7	32.4
At 31 December 2022						
Cost	-	30.6	27.7	-	4.4	62.7
Accumulated amortisation and impairment	-	(12.7)	(13.9)	-	(3.7)	(30.3)
Net book amount	-	17.9	13.8	-	0.7	32.4

The amortisation charge of £3.9 million (2021: £4.1 million) is included on the face of the statement of comprehensive income. £1.9 million (2021: £2.0 million) is included within research and development costs, £1.7 million (2021: £1.8 million) is included within sales and marketing costs and £0.3 million (2021: £0.3 million) is included within administrative expenses.

The Group tests at least annually whether intangible assets have suffered any impairment. Key assumptions and sensitivities used in the impairment review at a CGU level are disclosed in note 16.

Currently marketed products (“CMP”)

CMP comprises the Tudorza® and Duaklir® products. The CMP assets were partially impaired in 2019 following an underperformance in sales of Tudorza® and Duaklir®, and subsequently fully impaired in the 2021 financial year as the licences were handed back to AstraZeneca on 27 May 2020. During 2021, following the cessation of the run-off period, the fully impaired assets were disposed of.

Customer relationships

Customer relationships represent the existing customers as at June 2015, being the date of the acquisition of Aerocrine, that are expected to continue to support the NIOX® business. A remaining useful life of 18 years was determined at acquisition. Amortisation has been calculated on a straight-line basis over this period from the date of acquisition.

Technology

Aerocrine developed its technology to measure fractional exhaled nitric oxide (“FeNO”) in the mid-1990s. The company was the first to develop an instrument for the measurement of FeNO as a valuable tool in the management of airway inflammation. This technology is used by the Group in its NIOX® devices. The valuation of the Technology was based on a pre-determined hypothetical royalty rate attributable to the use of the Technology. A remaining useful life of 15 years was determined at acquisition in June 2015. Amortisation has been calculated on a straight-line basis over this period from the date of acquisition.

Intellectual property

Intellectual property comprises the LungFit® licence which was acquired from Beyond Air Inc. in 2019. The asset was initially valued at £44.0 million, being the fair value of consideration. This includes £8.0 million paid upfront in the form of shares and contingent milestone and royalty payments valued at £36.0 million.

The intellectual property was fully impaired following an announcement made by Beyond Air Inc. in December 2019 purporting to terminate the agreement for the commercial licence of LungFit®. During 2021, the contractual dispute with Beyond Air Inc was settled. The right to the LungFit® product was surrendered in exchange for consideration and therefore the fully impaired asset was disposed of.

Other

Other intangible assets relate to software and internally generated capitalised device development costs. Amortisation on the ERP software has been calculated on a straight-line basis over the period from which the software was fully developed and operational.

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18. Investments in subsidiaries

Company	2022 £m	2021 Restated £m
Investments in subsidiaries at 1 January	92.3	54.8
Equity settled instruments granted to employees of subsidiaries	0.9	-
Investment in Circassia (Shanghai) Medical Device Co. Limited	0.4	-
Decrease / (increase) in provision held against investments	38.9	(5.0)
Release of impairment provision in respect of Circassia Limited (see below)	-	42.5
Investments in subsidiaries at 31 December	132.5	92.3

Investments in subsidiaries are recorded at cost less impairment, which is the fair value of the investment.

The Group tests at least annually whether investments in subsidiaries have suffered any impairment. An impairment test is based on the value in use of the subsidiaries. Key assumptions and sensitivities used in the impairment review are disclosed in note 16.

On 29 December 2020, the Parent Company gave its subsidiary undertaking, Circassia Limited, a capital contribution of £265.4 million due to a loan being granted which was not expected to be recovered. The loan was previously recognised within receivables due from subsidiary undertakings in the Parent Company's 2021 balance sheet and carried a £222.9 million impairment. An adjustment has been made reclassify the recoverable amount of £42.5 million to investments in subsidiaries to correct this error.

Following the above restatement an impairment reversal of £49.8 million was recognised to increase the carrying value of the investments in subsidiaries to £97.2 million as at 31 December 2021. This impairment reversal was recognised to reflect the recapitalisation of the underlying business, as a result of the redesignation of what had been classified as a loan to its correct treatment of a capital contribution. This redesignation affected the carrying value of investments in subsidiaries, which is based upon the estimated future cash flows identified when comparing the recoverable amount of the assets to their carrying value and also impacted the carrying value of the receivables due from subsidiary undertakings.

Management concluded that a further £38.9 million reduction was also required in the current year to the provision in the investment held in Circassia Limited and Circassia Inc. as the most recent forecasts show higher rates of expected recoverability due to the improved financial performance.

Changes in the value in use of the subsidiaries might result in a significantly higher or lower fair value of investments. 10% higher or lower value in use would result in an £11.6 million change (2021: no change) to the fair value of investments.

The capital contribution relating to share based payments relates to options granted by the Company to employees of subsidiary undertakings in the Group. Further details on the Group's share option schemes can be found in note 25.

The Group's subsidiaries at 31 December 2022 are set out on the following page. Unless otherwise stated, they have share capital consisting solely of ordinary shares and the proportion of ownership interest held equals the voting rights held by the Group. The country of incorporation is also the principal place of business.

Name of entity	Address of the registered office	Country of incorporation	Principal activities	Ownership interest held by NIOX Group plc	Ownership interest held by the Group
Circassia Limited	Hayakawa Building, Edmund Halley Road, Oxford Science Park, Oxford, OX4 4GB, UK	UK	Sale of devices for management of asthma	100%	100%
Circassia AB	Hansellisgatan 13, 754 50, Uppsala, Sweden	Sweden	Development and sale of devices for management of asthma	-	100%
Circassia GmbH	Louisenstraße 21, 61348, Bad Homburg, Germany	Germany	Sale of devices for management of asthma	-	100%
Circassia Inc.	1100 Perimeter Park Drive, Suite 114 Morrisville, North Carolina 27560, USA	USA	Sale of devices for management of asthma	100%	100%
Circassia (Beijing) Medical Device Co. Limited (Ceased trading during 2022)	Room 608, Jing Guang Centre Office Building, No 1 Chao Yang Men Wai Avenue, Hu Jia Lou, Chao Yang District, Beijing, 100020, P.R. China	China	Sale of devices for management of asthma	100%	100%
Circassia (Shanghai) Medical Device Co. Limited	Rm 2002A 20F Bld. B, Dawning Center, 500 Hongbaoshi Rd, Changning Dist, Shanghai PR China	China	Sale of devices for management of asthma	100%	100%

On 22 November 2022, the dormant entity Circassia srl was dissolved and removed from the register of companies.

All subsidiary undertakings are included in the consolidation.

19. Inventories

	2022 £m	2021 £m
Finished goods	4.1	2.7

Inventories recognised as an expense during the year ended 31 December 2022 amounted to £8.5 million (2021: £8.5 million). These were included in cost of sales.

Write-downs of inventories to net realisable value amounted to £nil (2021: £0.1 million). These were recognised as an expense during the year and included in cost of sales. There has been no reversal of any write down in the year ended 31 December 2022 (2021: £nil).

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20. Trade and other receivables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 Restated £m
Receivables due within one year				
Trade receivables	3.7	2.6	-	-
Prepayments and accrued income	0.7	0.9	-	-
Other receivables	3.5	1.0	-	-
Receivables from subsidiary undertakings	-	-	0.3	0.1
Total current trade and other receivables	7.9	4.5	0.3	0.1
Receivables due after one year				
Other receivables	3.5	-	-	-
Receivables from subsidiary undertakings	-	-	6.1	11.1
Total non-current trade and other receivables	3.5	-	6.1	11.1

Due to the short-term nature of current trade and other receivables, their carrying amount is considered to be the same as their fair value.

Included within trade receivables is £0.3 million (2021: £0.3 million) of invoices that were more than 30 days past due at the end of the reporting year, but which have not been impaired.

Non-current other receivables relate to the consideration due from Beyond Air. An additional £2.8 million (2021: £nil) of consideration is included in current other receivables. See note 8 for further detail.

Receivables from subsidiary undertakings are amounts provided by the Company to its subsidiaries in order to undertake commercial operations. All receivables are unsecured, some have fixed contractual repayment dates of repayment and others are repayable on demand. Recoverability of the amounts is dependent on the future profitability of subsidiary undertakings. As at 31 December 2022, an expected credit loss of £3.2 million (2021 Restated: £2.7 million) was recognised against receivables from subsidiary undertakings.

The carrying amounts of the Group and Company receivables, excluding prepayments and recoverable taxes, are denominated in the following currencies:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 Restated £m
British pound sterling	0.2	0.2	6.1	9.3
United States dollar	7.8	1.4	0.3	1.9
Euro	2.0	1.2	-	-
	10.0	2.8	6.4	11.2

21. Cash and cash equivalents

The Group and Company cash and cash equivalents are held with institutions with the following Fitch IBCA long-term rating:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
AA-	12.2	2.9	0.2	-
A+	-	9.2	-	0.2
A-	7.3	0.5	7.1	-
Total cash and cash equivalents	19.4	12.6	7.3	0.2

The Group and Company cash and cash equivalents are held in the following currencies at 31 December:

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 £m
British pound sterling	9.4	6.1	6.0	0.2
United States dollar	5.7	3.6	1.3	-
Euro	4.0	2.3	-	-
Swedish krona	0.2	0.1	-	-
Chinese yuan	0.1	0.5	-	-
Total cash and cash equivalents	19.4	12.6	7.3	0.2

22. Trade and other payables

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 Restated £m
Trade payables	0.5	0.5	0.1	-
Social security and other taxes	0.8	0.6	-	-
Accruals	6.8	9.0	0.3	0.3
Other payables	0.5	0.3	-	-
Payables to subsidiary undertakings	-	-	-	-
Total current trade and other payables	8.6	10.4	0.4	0.3

Payables due after one year

Payables to subsidiary undertakings	-	-	21.9	16.6
Total non-current trade and other payables	-	-	21.9	16.6

Trade payables are unsecured and are usually paid within 30 days of recognition.

Due to the short-term nature of current trade and other payables, their carrying amount is considered to be the same as their fair value.

Payables due to subsidiary undertakings of £16.6 million, which were previously classified as a current liability in the Parent Company's 2021 balance sheet, have been reclassified as non-current. These adjustments are based upon the contractual repayment terms.

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23. Financial assets and financial liabilities

The Group holds the following financial instruments at 31 December each year:

	2022 £m	2021 £m
Financial assets		
Financial assets at amortised cost		
Trade and other receivables (excluding prepayments and recoverable taxes)	10.0	2.6
Cash and cash equivalents	19.4	12.6
	29.4	15.2
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	8.6	10.4
Lease liabilities	1.0	1.3
	9.6	11.7

The Company had the following financial instruments at 31 December each year:

	2022 £m	2021 Restated £m
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	7.3	0.2
Receivables from subsidiary undertakings	6.4	11.2
	13.7	11.4
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	0.3	0.3
Payables to subsidiary undertakings	21.9	16.6
	22.2	16.9

The Group's exposure to various risks associated with the financial instruments is discussed in note 2.

The maximum exposure to credit risk at the end of the reporting period is the carrying amount of each class of financial assets mentioned above.

Financial liabilities at fair value through profit or loss

The Group designates contingent consideration payable as fair value through profit or loss.

The movement in the year is as follows:

Contingent consideration	2022 £m	2021 £m
At 1 January	-	0.3
Change in fair value	-	(0.3)
At 31 December	-	-

Contingent consideration as at 1 January 2021 related to royalties payable to AstraZeneca on sales of Tudorza®. All amounts due under this arrangement were settled during 2021, and no further royalties are payable to AstraZeneca.

Fair value

The directors consider that the fair values of the Group's financial instruments do not differ significantly from their book values except as described below.

Contingent consideration is remeasured to fair value, calculated using a discounted cash flow approach. The valuation methodology uses unobservable inputs therefore this valuation technique is classified as level 3 in the fair value hierarchy.

24. Deferred taxation

	Intangible assets £m	Tax losses £m	Net deferred tax asset/ (liability) £m
As at 1 January 2021	(9.5)	21.6	12.1
Credit to the income statement	1.6	2.8	4.4
Charge to other comprehensive income	-	(1.3)	(1.3)
As at 31 December 2021	(7.9)	23.1	15.2
At 1 January 2022	(7.9)	23.1	15.2
Credit to the income statement	0.9	2.7	3.6
Charge to other comprehensive income	-	(0.4)	(0.4)
As at 31 December 2022	(7.0)	25.4	18.4

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24. Deferred taxation continued

	2022 £m	2021 £m
Deferred tax liabilities	(7.0)	(7.9)
Deferred tax assets	25.4	23.1
Total deferred tax position	18.4	15.2

The Group has the following unrecognised potential deferred tax assets as at 31 December:

	2022 £m	2021 £m
Losses	76.0	80.0
Total unrecognised deferred tax asset	76.0	80.0

Of the total net deferred tax asset, £2.7 million (2021: £1.9 million) is expected to be recovered within 12 months and £15.7 million (2021: £13.3 million) is expected to be recovered beyond 12 months.

Swedish deferred tax assets and liabilities are recognised at a rate of 20.6% (2021: 20.6%) and UK deferred tax assets and liabilities are recognised at a rate of 25% (2021: 25%).

25. Share based payments

Share options have been awarded under the Save As You Earn Scheme (the "SAYE Scheme") and the PSP Share Option Scheme (the "PSP Scheme").

The contractual life of the options granted under the PSP Scheme is 10 years and under the SAYE Scheme is 3.5 years. Options cannot normally be exercised before the third anniversary of the date of grant. All schemes are equity settled.

The share options outstanding can be summarised as follows:

	2022 Number of ordinary shares (‘000)	2021 Number of ordinary shares (‘000)
SAYE Scheme ¹	929	1,049
PSP Scheme ²	23,543	22,164
	24,472	23,213

¹ Options granted under the SAYE Scheme have a fixed exercise price based on a discounted market price at the date of grant. Exercise of options under this scheme is subject to continued employment. Options typically vest over a period of 3 years.

² Options granted under the PSP Scheme have a fixed exercise price and are subject to additional vesting performance conditions. The exercise price of options granted under the 2014 PSP scheme is £nil and all subsequent PSP scheme awards have an exercise price of £0.0008. Exercise of options under this scheme is subject to continued employment and achievement of both market and non-market performance targets. Options typically vest over a period of 3 years.

The movement in share options outstanding is summarised in the following table:

	2022 Number of options	2022 Weighted average exercise price per share option	2021 Number of options	2021 Weighted average exercise price per share option
	'000	£	'000	£
Outstanding at 1 January	23,213	0.01	28,178	0.02
Granted	7,421	0.0039	772	0.0694
Forfeited/ lapsed	(5,819)	0.0079	(4,758)	0.0921
Exercised	(343)	0.0313	(979)	0.0178
Outstanding at 31 December	24,472	0.01	23,213	0.01
Vested and exercisable at 31 December	1,155	0.01	1,155	0.01

Share options outstanding at the end of the year have the following expiry dates and exercise prices:

Scheme	Grant year	Expiry year	Exercise price	Share options 2022	Share options
			£	'000	2021
					'000
PSP 2014	2014	2024	0	-	9
PSP 2015	2015	2025	0.0008	12	12
PSP 2016	2016	2026	0.0008	58	69
PSP 2017	2017	2027	0.0008	92	243
PSP 2019	2019	2029	0.0008	11,128	15,211
PSP 2020	2020	2030	0.0008	5,390	6,620
PSP 2022	2022	2032	0.0008	6,863	-
SAYE 2020 - UK	2020	2023	0.2201	774	855
SAYE 2021 - US	2021	2024	0.2875	76	194
SAYE 2022 - UK	2022	2025	0.2919	79	-
Total				24,472	23,213

The weighted average remaining contractual life of share options outstanding at the end of the year was 8.2 years (2021: 8.2 years).

Options exercised in 2022 resulted in 292,201 (2021: 978,965) shares being issued at a weighted average price of £0.0313 (2021: £0.0002) each. The exercise of 50,835 (2021: nil) options was satisfied by transferring shares out of the Trust.

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25. Share based payments continued

Valuation models

The fair value of PSP and SAYE share options granted during the year was determined using the Monte Carlo Simulation model and the Black Scholes Model dependent on the vesting period. The Finnerty Model was used in the previous year.

Monte Carlo Simulation

The Monte Carlo Simulation model has been used to value the portion of the awards which have a market performance vesting condition. The model incorporates a discount factor reflecting this performance condition into the fair value of this portion of the award.

The model inputs for options granted during the year ended 31 December 2022 and 2021 included:

	2022	2021
Exercise price	£0.0008	£0.0008
Share price	£0.35	£0.31
Expected volatility	64%	64%
Expected life	3 years	3 years
Expected dividends	0.00%	0.00%
Risk free interest rate	1.56%	0.00%

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The weighted average fair value of options granted during the year determined using the Monte Carlo Simulation model at the grant date was £0.17 per option (2021: £0.31).

The Finnerty Model

For LTIP awards that are subject to an additional two-year post-vesting holding period, the Finnerty model (an at-market put option variant of the Black-Scholes model) has been used to determine a discount for the lack of marketability.

The model inputs for options granted during the year ended 31 December 2022 and 2021 included:

	2022	2021
Exercise price	£0.3480	£0.3090
Share price	£0.35	£0.31
Expected volatility	50%	74%
Expected life	5 years	5 years
Expected dividends	0.00%	0.00%
Risk free interest rate	1.59%	0.00%

This discount has only been applied to the shares that are subject to the sales restriction (i.e., post any permitted sales for tax/legal purposes and any lapses from failing to meet performance conditions).

The weighted average fair value of options granted during the year determined using the Monte Carlo Simulation model at the grant date was £0.07 per option (2021: £nil).

The Black Scholes Model

The Black Scholes model has been used to value the SAYE scheme options as they are not subject to market-based performance conditions and have a fixed term.

The model inputs for options granted during the year ended 31 December 2022 and 2021 included:

	2022	2021
Exercise price	£0.3540	£0.2875
Share price	£0.29	£0.31
Expected volatility	63%	60%
Expected life	3.34 years	3.36 years
Expected dividends	0.00	0.00%
Risk free interest rate	1.58%	0.00%

The expected price volatility is based on the historical volatility (based on the remaining life of the options), adjusted for any expected changes to future volatility due to publicly available information.

The weighted average fair value of options granted during the year determined using the Black Scholes model at the grant date was £0.18 per option (2021: £0.34).

Deferred shares

The Group did not award any deferred shares to Executive Directors as part of a deferred bonus for the previous financial year (2021: nil).

Income statement

Total expenses arising from share based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2022 £m	2021 £m
Options issued under the SAYE scheme	0.1	0.1
Options issued under the PSP scheme	0.5	0.1
Deferred shares to be issued under the deferred bonus scheme	0.3	-
Deferred shares issued under the deferred bonus scheme	-	0.1
Total share based payment expense	0.9	0.3

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26. Share capital

Ordinary shares are classified as equity and have a nominal value of £0.0008. They entitle the holder to participate in dividends, and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

	2022 £m	2021 £m
Authorised, called up and fully paid		
419,577,589 (2021: 418,461,921) ordinary shares of 0.08p each	0.3	0.3

Movements in ordinary shares

	2022		2021	
	Number of shares	Par value £m	Number of shares	Par value £m
As at 1 January	418,461,921	0.3	397,563,228	0.3
Share issue to NASCIT	-	-	4,000,000	-
Share issue to Richard Griffiths	-	-	6,000,000	-
Share issue to Lombard Odier Asset Management (Europe) Limited	-	-	10,000,000	-
Share issued to employees in respect of the 2020 deferred bonus	823,467	-	-	-
Employee share scheme issues	292,201	-	898,693	-
As at 31 December	419,577,589	0.3	418,461,921	0.3

27. Share premium

Group and Company	2022 £m	2021 £m
At 1 January	640.3	635.4
Issue of new shares	-	5.0
Transaction costs arising on share issues	-	(0.1)
At 31 December	640.3	640.3

28. Other reserves

Group	Share option reserve	Translation reserve	Treasury shares reserve	Transactions with non-controlling interests	Total other reserves
	£m	£m	£m	£m	£m
At 1 January 2021	15.0	16.5	(0.9)	(6.1)	24.5
Exchange differences on translation of foreign operations	-	(7.8)	-	-	(7.8)
At 31 December 2021	15.0	8.7	(0.9)	(6.1)	16.7
Employee share option scheme	0.9	-	-	-	0.9
Exchange differences on translation of foreign operations	-	(1.9)	-	-	(1.9)
At 31 December 2022	15.9	6.8	(0.9)	(6.1)	15.7

Company	Share option reserve	Treasury shares reserve	Total other reserves
	£m	£m	£m
At 1 January 2021	14.7	(0.9)	13.8
At 31 December 2021	14.7	(0.9)	13.8
Employee share option scheme	0.9	-	0.9
At 31 December 2022	15.6	(0.9)	14.7

See the accounting policy on page 96 for a description of each reserve.

29. Accumulated losses

	Group		Company	
	2022 £m	2021 £m	2022 £m	2021 Restated £m
At 1 January	(590.5)	(594.1)	(567.6)	(608.2)
Profit for the year	16.1	3.6	36.2	40.6
At 31 December	(574.4)	(590.5)	(531.4)	(567.6)

GROUP FINANCIAL STATEMENTS

Notes to the financial statements

30. Cash generated from/ (used in) operations

Reconciliation of profit/ (loss) before tax to net cash generated from/ (used in) operations:

	Notes	Group		Company	
		2022 £m	2021 £m	2022 £m	2021 Restated £m
Profit/ (loss) from continuing operations before tax		10.5	(2.1)	36.2	40.6
Profit from discontinued operations before tax	11	2.0	1.3	-	-
Profit/ (loss) before tax		11.8	(0.8)	36.2	40.6
Adjustments for:					
Finance income	9	(0.3)	-	0.8	(0.1)
Finance costs	9	0.3	0.1	-	0.1
Depreciation charge of property, plant and equipment	14	0.1	-	-	-
Depreciation charge of right-of-use assets	15	0.6	0.8	-	-
Amortisation charge of intangible assets	17	3.9	4.1	-	-
Movement in provision against investments	18	-	-	(38.9)	5.0
Share based payment charge	5	0.9	-	-	-
Foreign exchange on non-operating cash flows		(0.4)	(2.1)	-	-
Changes in working capital:					
(Increase)/ decrease in trade and other receivables		(6.7)	13.4	-	0.1
Increase/ (decrease) in credit loss provision	2	-	-	0.5	(45.2)
(Increase)/ decrease in inventories		(1.4)	1.1	-	-
(Decrease)/ increase in trade and other payables		(2.6)	(15.1)	0.1	-
Cash generated from/ (used in) operations		6.9	1.5	(1.3)	0.5

31. Contingent liabilities and assets

There were no contingent liabilities at 31 December 2022 or at 31 December 2021.

32. Commitments

There were no capital commitments as at 31 December 2022 or at 31 December 2021.

33. Related party transactions

Group

There is no ultimate controlling party of the Group as ownership is split between the Company's shareholders.

The most significant shareholders as at 31 December 2022 and 2021 are as follows:

	Ownership interest	
	2022	2021
Griffiths R I	27.77%	29.88%
Harwood Capital LLP*	18.54%	18.59%
AstraZeneca PLC	16.94%	16.99%

* Harwood Capital LLP acts as investment manager to North Atlantic Smaller Companies Investment Trust plc

There were no transactions with related parties during the years ended 31 December 2022 and 2021 as classified under IAS24.

On 24 March 2021, the Company executed a Subscription for a total of £5 million in additional equity finance at a price of 25.0p per share with three of its major institutional shareholders, being North Atlantic Smaller Companies Investment Trust plc (to which Harwood Capital LLP acts as investment adviser/manager), Richard Griffiths and Lombard Odier Asset Management (Europe) Limited. Each of the investments by Harwood Capital LLP and Richard Griffiths constituted a related party transaction under the AIM Rules for Companies and was disclosed as such at the time.

Company

The following transactions with subsidiaries occurred in the year:

	2022 £m	2021 £m
Sale of management services to Circassia Limited ¹	1.1	1.0
Net transfer of funds (to)/ from subsidiaries	(8.8)	5.3
	(7.7)	6.3

¹ Remuneration costs (excluding share option charges) relating to the Executive Directors of NIOX Group plc in respect of services rendered to Circassia Limited.

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Balances due from subsidiary companies	2022 £m	2021 Restated £m
As at 1 January	11.2	0.1
Loans (repaid)/ advanced	(4.5)	8.2
Interest received	0.2	0.2
Movement in loss allowance	(0.5)	2.7
As at 31 December	6.4	11.2
Balances due to subsidiary companies		
As at 1 January	(16.6)	(13.5)
Loans advanced	(4.3)	(2.9)
Interest charged	(1.0)	(0.2)
As at 31 December	(21.9)	(16.6)

Interest is charged at a rate 4% above the relevant risk-free rate.

33. Related party transactions continued

Employee benefit trust

In 2014 the Company set up an employee benefit trust for the purposes of buying and selling shares on the employees' behalf. Nothing was paid into the Trust by the Company during the year ended 31 December 2022 and 2021.

No shares were purchased by the Trust during the years ended 31 December 2022 and 31 December 2021. No shares were allotted to the Trust during the years ended 31 December 2022 and 31 December 2021.

34. Events occurring after the reporting date

On 8 February 2023, a Capital Reduction Scheme was concluded by filing an order of the High Court with the Registrar of Companies.

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:

	2022 £m	2021 £m
Research and development costs	(3.2)	(4.6)
Sales and marketing costs	(9.7)	(11.9)
Administrative expenses	(7.5)	(6.8)
Add back:		
Depreciation	0.7	0.8
Amortisation	3.9	4.1
Share option charge	0.9	-
Total expenditure	(14.9)	(18.4)

Adjusted EBITDA

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

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

	2022 £m	2021 £m
Adjusted EBITDA	7.3	0.6
Depreciation	(0.7)	(0.8)
Amortisation	(3.9)	(4.1)
Share option charge	(0.9)	-
Operating profit/ (loss)	1.8	(4.3)

OTHER INFORMATION

Shareholder information

Financial calendar

- ◆ Annual General Meeting: 18 May 2023
- ◆ Interim results for the six months ending 30 June 2023: Q3 2023

Registrars

All administrative enquiries relating to shareholdings and requests to receive corporate documents by email should, in the first instance, be directed to Equiniti. Shareview is Equiniti's shareholder portal offering access to services and information to help manage your shareholdings and inform your important investment decisions.

Shareview Portfolio

Shareview Portfolio is an online portfolio management tool which enables you to view and manage all the shareholdings you have, where Equiniti is the Registrar, in one place. It is free to use and provides access to a wide range of market information and investment services. Please visit www.shareview.co.uk.

This is not a recommendation to buy or sell shares. The price of shares can go down as well as up, and you are not guaranteed to get back the amount that you originally invested.

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Forward-looking statements

This report 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.



NIOX Group plc

(Formerly Circassia Group plc)

Annual Report & Accounts

YEAR ENDED 31 DECEMBER 2022

www.niox.com