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HVIVO PLC
(“hVIVO” or the “Company”)

Trading Update

hVIVO plc (AIM: HVO), the pioneer of human challenge models of disease, announces a trading update.

As noted in the Company's earlier announcement of today, hVIVO has invested in PrEP Biopharm Limited (“PrEP”) to continue the development of the prophylactic compound, PrEP-001, following the successful completion of a proof of concept study in the hVIVO platform in 2013-14. Under the terms of the transaction, hVIVO is acquiring equity in PrEP for £14.0 million cash consideration and PrEP is contracting with hVIVO Services Limited to conduct a £10.0 million Phase IIa clinical programme of work in 2015 and 2016. hVIVO's investment will be accounted for as an investment in associate in its balance sheet and, in the application of the equity method as an associate, the £10.0 million Phase IIa clinical programme of work will be recognised as revenue.

hVIVO commenced the Phase IIa work in September 2015 and the programme will be significantly progressed by the 2015 year end. As a consequence of this work now being a part of a licence arrangement, the Company has been advised that, due to accounting technicalities of IFRS, the revenue and costs attributable to this work will most likely have to be accounted for on a “completed” basis in 2016, rather than on a “work done” basis as is currently the case for the revenue recognition of hVIVO's standard clinical trials agreements with clients. The Phase IIa clinical programme of work for PrEP is forecasted to complete during 2016 and revenue of £10.0 million recognised in full by the 2016 year end.

Although this has no impact on the Company's cash flows nor impacts the total revenue recognition of £10.0 million for the PrEP programme, it does have the consequence that the Company now expects that revenue for the year ending 31 December 2015 will be not less than £8.0 million. Gross profit margin is expected to be at least 29.5%. The Company's cash balance is forecasted to be more than £27.0 million as at 31 December 2015.

Kym Denny, Chief Executive Officer, comments, “In making the transition from service provider to vested owner, it is unfortunate that the accounting technicalities are such that we may not be able to recognise revenue in 2015 for the great work being conducted on this product in 2015. Ultimately this has no net effect, including to cash flow, other than the timing difference of revenue moving out of 2015 and into 2016. Looking forwards, hVIVO remains committed to our strategy to build shareholder value by advancing our remarkable R&D discoveries and by creating opportunities like PrEP where hVIVO shares in the substantial upside of the products that our platform helps to develop.”

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Notes to Editors:

hVIVO is a life sciences company pioneering a technology platform of human disease models to accelerate drug discovery and development in respiratory and infectious diseases.

Through its illumination of the entire disease life cycle from healthy to sick and back to health, the hVIVO platform captures disease in motion and promotes rational selection of drug targets and biomarkers in respiratory and infectious diseases, such as flu and colds. It brings together a revolutionary set of capabilities in product validation testing and the mining of biological insights, in order to tackle the long timeline, significant costs and high risks to market facing drug development and diagnostic organisations today.

A market leader in human disease models and challenge studies, hVIVO has commercialised four disease models, successfully enrolled over 2,000 subjects and conducted over 40 product validation studies for a wide range of industry, government and academia clients and collaborators.