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HVIVO PLC
(“hVIVO” or the “Company”)

Trading Update

hVIVO plc (AIM: HVO), a specialty biopharma company with clinical testing capabilities, announces a trading update regarding the accounting treatment of the Company’s joint venture investment in Imutex Limited (“Imutex”). Due to the accounting rules, revenue from the Phase IIa FLU-v study will be netted off on consolidation in the income statement.

On 22 April 2016 hVIVO announced its joint venture investment in Imutex with the SEEK Group (“SEEK”) to develop vaccines against influenza (flu) and mosquito-borne diseases like Zika. hVIVO acquired a 49% equity stake in Imutex for £7.0 million in consideration and SEEK contracted with hVIVO Services Limited to conduct a FLU-v Phase IIa clinical study for £5.5 million.

It remains that Imutex will be accounted for as an investment in joint venture in the Company’s balance sheet. However, contrary to the expectations communicated on 22 April 2016 and based on a balance of accounting judgements, the revenue and costs attributable to the FLU-v study should net off on consolidation and only the net “gain on provision of services to joint ventures” should be presented as a separate line item in the income statement. This is only a revenue measurement and presentation difference with no net effect, no change in underlying economic value, no change in net income statement and no cash flow impact. However, the Company’s revenue expectation for the year ended 31 December 2016 reduces accordingly, due to the requirement for this netting off.

The Company now expects reported revenue for the year ending 31 December 2016 to be approximately £16.0 million. The scope of the FLU-v study was expanded over the summer in concert with the National Institute of Allergy and Infectious Diseases (NIAID), in order to better position future government funding options for the vaccine, and will be the main utilisation of hVIVO’s quarantine facility in H2’16. With a greater mix of quarantine unit utilisation from engagements with our equity investments, together with the change in the accounting treatment of Imutex, 2016 gross margin is expected to be approximately 15.0%. The Company’s cash balance is expected to be around £22.0 million as at 31 December 2016.

Kym Denny, Chief Executive Officer, comments, “The Imutex transaction remains an important cornerstone in our strategic objective to enhance our product pipeline with assets that the hVIVO platform has identified as promising. Since completing the Imutex transaction in April 2016, we have worked closely in collaboration with SEEK and NIAID to create a precedent-setting trial design for universal flu vaccines, which commenced in our platform in August 2016, and positions us favourably to seek non-dilutive financing for FLU-v’s Phase III programme. In addition, we have agreed on the details of the pre-clinical package and trial design with the FDA for the first-in-man AGS-v vaccine trial in Zika, which is scheduled to begin in the National Institutes of Health’s Clinical Center in Bethesda MD in the next couple of months following completion of manufacturing of this important vaccine candidate.

Although the Imutex transaction will be accounted for in a different manner than we had originally anticipated, the nature of hVIVO’s work is not impacted. We continue to support our customers

and collaborators in the advancement of their products, by leveraging the key insight that the hVIVO platform provides in early stage drug development.

I look forward to announcing our H1'16 half-year financial report tomorrow and sharing more of our considerable progress at that time.”

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Notes to Editors:

hVIVO plc (“hVIVO”), a specialty biopharma company with clinical testing capabilities, is pioneering a human-based analytical platform to accelerate drug discovery and development in respiratory and infectious diseases. Leveraging human disease models in flu, RSV, and asthma exacerbation, the hVIVO platform captures disease in motion, illuminating the entire disease life cycle from healthy to sick and back to health. Based in the UK, market leader hVIVO has conducted more than 45 clinical studies, inoculated over 2000 volunteers and has three First-In-Class therapies currently in development with a growing pre-clinical pipeline.