RNS Number : 7507J
hVIVO PLC
09 April 2024

hVIVO plc

("hVIVO", the "Company" or the "Group")

Final results

A record year across all financial and operational metrics

On track to deliver future growth targets

Initiating annual dividend policy

hVIVO plc (AIM & Euronext: HVO), a rapidly growing specialist contract research organisation (CRO) and world leader in testing infectious and respiratory disease products using human challenge clinical trials, announces its audited results for the year ended 31 December 2023.

Financial highlights

- Revenue up 16% to £56.0 million (2022: £48.5 million)
- EBITDA up 44% to £13.0 million (2022: £9.1 million)
- EBITDA margins of 23.3% (2022: 18.7%)
- Cash and cash equivalents of £37.0 million as at 31 December 2023 (31 December 2022: £28.4 million)
- Adjusted basic EPS increased 32% to 1.27p per share (2022: 0.96p)
- Weighted contracted orderbook of £80 million as at 31 December 2023 (31 December 2022: £76 million)
- Dividend for the year of c.£1.4 million (0.20p per Ordinary Share) as the Company commences an annual dividend policy

Operational highlights

- Multiple standalone and full-service end-to-end human challenge contracts signed
- First human challenge trial contract signed with an Asia-Pacific (APAC) client in over a decade
- Commencement of the development of challenge agents including Human Metapneumovirus (hMPV) and additional supply of Respiratory Syncytial Virus (RSV)
- Completed manufacturing of Flu B challenge agent
- Inoculated a record number of volunteers across nine challenge trials
- Increased operational efficiencies yielding record margins and cash generation
- Upcoming move to the new state-of-the-art facility, which is largely funded by key clients, will increase revenue potential and position the Company for further margin improvements
- Value proposition for human challenge trials has been reinforced by recent positive outcomes:
    - Pfizer's ABRYSVO™ became one of the first RSV vaccines to receive FDA approval in May 2023 having received Breakthrough Designation, following an PII HCT conducted by hVIVO
    - At least two biotech clients received FDA Fast Track and/or Breakthrough Designation

Post-period end highlights

- Master Services Agreement signed with mid-sized pharma client for human challenge trial services
- Fit out of new facility at Canary Wharf ahead of schedule HSE Level 2 approval has been received and the unit is ready to commence its first quarantine in April 2024
- Q1 2024 trading in line with expectations and the Company remains confident that 2024 will be another year of significant growth

Annual dividend

The Company paid a one-off special dividend of £3.1m in 2023. As part of the Company's annual dividend policy, a dividend of c.£1.4 million, being 0.20p per Ordinary Share will be payable on 20 May 2024 to shareholders on the register on 19 April 2024. The corresponding ex-dividend date is 18 April 2024.

Outlook

- Revenue guidance of £62 million for 2024, H1 2024 weighted, with sustainable EBITDA margins
- 90% of 2024 revenue guidance already contracted with good visibility into 2025
- hMPV virus manufacturing process on track to complete in 2024 but characterisation trial cancelled, hVIVO has received the cancellation fee and will be able to market the agent for future characterisation and challenge studies
- The Canary Wharf expansion will add a cutting-edge containment level three (CL-3) laboratory and will increase quarantine capacity to 50 beds, establishing this facility as the world's largest commercial human challenge trial unit
- New medium-term target of growing Group revenue to £100 million by 2028 achievable through strong organic growth complemented by small bolt-on acquisitions that meet the Company's strategic and financial criteria
- Strong cash position underpins the Group's M&A strategy

Dr. Yamin 'Mo' Khan, Chief Executive Officer of hVIVO, said: *"In 2023, we experienced yet another year of growth in the human challenge trial sector, driven by increased recognition among Big Pharma and biotech firms of the compelling evidence* *challenge trial sector, driven by increased recognition among Big Pharma and biotech firms of the compelling evidence supporting the efficacy of hVIVO's human challenge trials in expediting the development of novel vaccines and antivirals. Our exceptional financial performance, marked by record revenues, margins and profitability, coupled with the significant number of volunteers inoculated, underscores not only the expansion of the market but also our ability and capacity to meet the increasing demand.*

"Looking ahead, I am confident that our robust orderbook, revenue visibility, and increased capabilities puts the Company is a strong position to deliver our revenue target of £62 million for 2024, as well as our medium-term objective of reaching £100 million in revenue by 2028. The hard work and dedication of our team have been instrumental in achieving these results and I extend my thanks to each of them."

Investor presentation

Yamin 'Mo' Khan, Chief Executive Officer, and Stephen Pinkerton, Chief Financial Officer, will provide a live presentation relating to the full year results via the Investor Meet Company platform on Tuesday 9 April 2024 at 6.00 pm BST.

The presentation is open to all existing and potential shareholders. Questions can be submitted pre-event via your Investor Meet Company dashboard up until 9am the day before the meeting or at any time during the live presentation.

Investors can sign up to Investor Meet Company for free and add to meet hVIVO here. Investors who already follow hVIVO on the Investor Meet Company platform will automatically be invited.

For further information please contact:

hVIVO plc Yamin 'Mo' Khan, Chief Executive Officer Stephen Pinkerton, Chief Financial Officer	+44 (0) 20 7756 1300
Cavendish Capital Markets Limited (Nominated Adviser and Joint Broker) Geoff Nash, Charlie Beeson, Nigel Birks, Harriet Ward	+44 (0) 20 7220 0500
Peel Hunt LLP (Joint Broker) James Steel, Dr Christopher Golden	+44 (0)20 7418 8900
Davy (Euronext Growth Adviser and Joint Broker) Anthony Farrell, Niall Gilchrist	+353 (0) 1 679 6363
Walbrook PR (Financial PR & IR) Stephanie Cuthbert / Phillip Marriage / Louis Ashe-Jepson	+44 (0) 20 7933 8780 or hvivo@walbrookpr.com +44 (0) 7796 794 663 / +44 (0) 7867 984 082 / +44 (0) 7747 515 393

Notes to Editors

About hVIVO

hVIVO plc (ticker: HVO) (formerly Open Orphan plc) is a rapidly growing specialist contract research organisation (CRO) and the world leader in testing infectious and respiratory disease vaccines and therapeutics using human challenge clinical trials. The Group provides end-to-end early clinical development services to its large, established and growing repeat client base, which includes four of the top 10 largest global biopharma companies.

The Group's fast-growing services business includes a unique portfolio of 11 human challenge models, with a number of new models under development, to test a broad range of infectious and respiratory disease products. The Group has world class challenge agent manufacturing capabilities, specialist drug development and clinical consultancy services via its Venn Life Sciences brand, and a lab offering via its hLAB brand, which includes virology, immunology biomarker and molecular testing. The Group offers additional clinical field trial services such as patient recruitment and clinical trial site services.

hVIVO runs challenge trials in London with a new 50 quarantine bedroom, state-of-the-art facilities opening in Canary Wharf in 2024, with highly specialised on-site virology and immunology laboratories, and an outpatient unit. To recruit volunteers / patients for its studies, the Group leverages its unique clinical trial recruitment capability via its FluCamp volunteer screening facilities in London and Manchester.

Chair Statement

For the year ended 31 December 2023

2023 - A record year across all metrics

Another record year across all financial and operational metrics. hVIVO had nine active challenge studies in the quarantine clinic and inoculated our highest number of healthy volunteers during the year. Revenue continued its upward momentum delivering strong double-digit growth, with further efficiency gains resulting in record profit margins. The weighted contracted orderbook of £80 million as at 31 December 2023 provides good visibility into 2024 and beyond. The business also continues to efficiently generate cash, demonstrating the strength of our highly cash-generative business model. Venn Life Sciences ("Venn"), hVIVO's early drug development consultancy, also continued its impressive trajectory delivering more than 30% revenue growth, underlining the strong momentum visible across the entire Group.

We are also pleased to confirm the start of an annual dividend policy, a sign of the significant progress made to date and our confidence in the current health and future of the business. The upcoming move to our new state-of-the-art facility in Canary Wharf, largely funded by our clients, will increase our revenue capacity from current levels and further improve operational efficiencies, ultimately enhancing our profit margins.

An established business delivering consistent growth

hVIVO is the world leader in human challenge trials (HCTs) and an established early clinical development services business. The Group continues to execute its strategy, expanding its portfolio and diversifying client services, to deliver long-term sustainable growth and profitability. To that end, post period end we announced a new medium-term target to grow Group revenue to £100 million by 2028, which the Board is confident is achievable through continued strong organic growth complemented by small bolt-on acquisitions that meet our disciplined strategic and financial criteria.

Organic growth in the period was driven by the steady expansion of the HCT market, with our influenza and respiratory syncytial virus (RSV) challenge models being key growth drivers. In particular, there has been renewed interest in RSV vaccine and drug development from the global biopharma industry following the approval of the world's first RSV vaccines last year. hVIVO conducted the successful Phase 2 challenge trial for Pfizer's ABRYSVO™ vaccine, the data from which supported the FDA Breakthrough Designation and an accelerated approval. We anticipate RSV continuing to be a key growth driver going forward.

We have continued to win larger, full-service or bespoke human challenge contracts that include client-funded development of new challenge models, adding new indications to our world leading portfolio. Coupled with our new state-of-the-art facilities, we have built robust foundations to further scale the business and drive continued long-term organic growth. It is also worth contextualising the Group's excellent progress against the tight biopharma funding environment that has persisted for a couple of years. That said, we are starting to see positive green shoots across the market, with January 2024 the strongest month of biotech funding since November 2021, and we are confident hVIVO is well placed to benefit should this trend continue.

Whilst our existing HCT and Venn businesses are both delivering strong organic growth, we will seek to enhance this via our inorganic growth strategy, and we are actively assessing synergistic opportunities for small bolt-on acquisitions in the areas of drug development consulting, patient recruitment and clinical trial site services that will support our growth strategy whilst also diversifying the Group's revenue streams. With a growing cash position of £37 million at 31 December 2023 and strong sector and M&A expertise on the Board, we are in a strong position to execute this strategy.

Annual dividend

In 2023, the Company paid its first cash dividend, a one-off special dividend of £3.1 million. From 2024, as part of the Company's annual dividend policy, we will pay an annual dividend in light of the cash generative qualities of the business and the substantial cash balances on hand. A dividend of c.£1.4 million, being 0.20p per Ordinary Share will be payable on 20 May 2024 to shareholders on the register on 19 April 2024, subject to shareholder approval at the AGM. The corresponding ex-dividend date is 18 April 2024.

Outlook

hVIVO has had a strong start to 2024, conducting multiple concurrent challenge trials and has 90% of this year's revenue guidance already contracted, with record revenue visibility into 2025. The Board is confident that the Group's consistent year-on-year growth of revenue, orderbook, sales pipeline, and contract values are a strong indicator of the long-term health and growth potential of the HCT market. The Group continues to evaluate opportunities to optimise its business model and diversify its revenue streams via organic and inorganic means to take advantage of this significant opportunity, helping both grow the HCT market and further cement hVIVO's position as the global leader.

Having received HSE approval in April 2024, the Group is on schedule to open its new state-of-the-art facility in Canary Wharf in H1 2024, enabling hVIVO to meet the growing demand for HCTs. The new facility will allow the Group to further scale and drive revenue and margin improvements across its business and will underpin the new medium-term target of growing Group revenues to £100 million by 2028. As a result of the current strong outlook and performance of the business, the Board remains confident in achieving revenues of £62 million in 2024.

Cathal Friel
Chair

8 April 2024

CEO Statement

For the year ended 31 December 2023

An established long term sustainable growth model

Another record year has underlined hVIVO's ability to further build and expand the human challenge trial market, with a growing number of evidence-based use cases having showcased the tangible benefits these trials can bring to the development of new vaccines and antivirals. Consequently, an increasing number of drug developers have incorporated HCTs into their clinical development plans resulting in an increase in both repeat and new business from our growing roster of biopharma clients. Notably, four of the top ten global biopharma firms are among our clients with contracts generally increasing in both size and scope. The heightened demand for our services is evidenced in the growing portfolio of our challenge models and the imminent move to our new state-of-the-art quarantine facility. The fact that the majority of our new challenge models are funded by our clients, and that our key clients have largely financed the new facility, underpins our confidence in the future of the HCT market. These investments also demonstrate the industry's recognition of the value that hVIVO's HCTs can provide, and their ability to transform the development pathway for new medicines.

The record revenue and profitability achieved during the year are testament to our ongoing efforts to continually optimise the business to ensure we can service this growing market over the long term as part of an established long term sustainable growth model.

Another set of record results

hVIVO delivered record full year revenue of £56.0 million (2022: £48.5 million), a 16% increase on the previous year. The Group also recorded a substantial 44% increase in EBITDA to £13.0million (2022: £9.1 million), with EBITDA margin increasing to 23.3% (2022: 18.7%). This growth was primarily driven by the simultaneous conduct of multiple clinical trials leading to improvements in the efficiency of volunteer recruitment, and enhanced facility and staff utilisation. The client funding towards our new Canary Wharf facility has also contributed to an improvement in EBITDA which benefited margins in 2023 and is expected to also benefit 2024.

The considerable growth in cash to £37.0 million as at 31 December 2023 (31 December 2022: £28.4 million) is a result of an increase in the receipt of upfront non-refundable fees, including client receipts for the new facility as well as increased profitability in the conduct of HCTs. This offset the effect of MHRA delays which impacted all clinical trials across the UK in 2023, and also includes the £3 million one-off dividend paid in June 2023. Looking ahead, our weighted orderbook grew to £80 million as at 31 December 2023 (31 December 2022: £76 million) having delivered £56.0 million of revenues in 2023. This substantial orderbook ensured that we entered the year in a very strong position with 90% of 2024 revenue guidance already contracted. It is important to emphasise that our orderbook is comprised of clients who have signed a contractual agreement and paid the up-front non-refundable fee.

Exceptional operational execution

In 2023, hVIVO delivered nine active HCTs and inoculated a record number of volunteers, with more than 17,000 potential volunteers undergoing in-house screening. By leveraging our strong orderbook, we have strategically managed and planned the utilisation of our quarantine clinic to optimise staff and facility usage. The team has consistently demonstrated our ability to convert the orderbook into revenue at excellent margins. In addition, our contracts include milestone payments such that we maintain a positive cashflow throughout the project lifecycle. We have also seen greater integration across the Group, between hVIVO and Venn, especially across Medical Writing, Data Management and Biostatistical service units. This synergy has created a seamless end-to-end offering of early clinical development services. Volunteer and patient recruitment continues to be the main challenge for the clinical trial industry, with over 80% of clinical trials failing to meet enrolment timelines in the US alone. FluCamp, the Group's technology-enabled volunteer recruitment arm, provides industry leading volunteer recruitment for hVIVO's trials. With an unparalleled database exceeding 300,000 potential volunteers and around 1,500 volunteers screened each month, FluCamp has a very high success rate in meeting healthy volunteer recruitment deadlines. In 2023, we introduced a new volunteer management system which has improved engagement and retention of potential volunteers as well as improving efficiencies.

The exceptional operational delivery across the business is a testament to the outstanding team we have in place across the Group and is reflected by the year-on-year repeat business from Big Pharma and biotech clients.

Delivering on our growth strategy: Optimise, scale and diversify

Optimising our operations

A large and diverse orderbook allows us to schedule our work in an efficient manner. The main efficiency gains in the period were driven by the concurrent conduct of challenge trials across multiple challenge agents. This has an impact on a number of facets including volunteer recruitment, staff and site utilisation. The screening of volunteers against multiple challenge trials increases the likelihood of a volunteer entering a trial. This leads to an increased throughput in the quarantine clinic, and greater utilisation of our operational resources, both staff and facilities. Going forward, we expect the new facility to be the main driver of further efficiency improvements, as it will allow the Company to conduct even more challenge trials concurrently. FluCamp has also benefitted from greater automation as it transitions from paper-based processes to fully integrated cloud-based systems. Likewise, the implementation of a lab information management system (LIMS) in 2024 will help to streamline lab processes and improve efficiency.

Scaling the business

The trend towards larger HCTs continues, reflecting the expanding utility of HCTs. While the use of the two-arm study design comparing placebo versus active remains prevalent, there's an evolution towards multi-arm studies, comparing different doses and/or technologies. It is important to note that the size of the trial cohort remains the primary determinant of contract value. In addition, there's an increase in data collection to provide deeper insights into the drug, including dosing strategies and endpoint selection, which informs later-stage field trials.

With the collaboration of our key clients, the Company is laying the groundwork to meet the growing market demands. The Canary Wharf facility will house 50 quarantine beds with dedicated HEPA air handling systems, meaning we can conduct more concurrent trials than are currently possible. Furthermore, we can also add up to 20 more beds if the demand for challenge trials continues unabated. It will also house a much larger laboratory including a CL-3 capability allowing us to conduct HCTs in CL-3 pathogens such as SAR-CoV-2. The new facility is projected to open, and be fully operational, by the end of H1 2024, and is set to be the world's largest commercial human challenge trial unit. h*LAB*, the Group's highly specialised virology and immunology laboratory service offering, saw a 100% increase in completed lab assays during the year.

Venn, our drug development consulting subsidiary, also achieved remarkable success, with over 30% year-on-year revenue growth. Venn saw a 24% increase in employee headcount as it successfully delivered larger contracts for its 75% repeat fast-growing biotech and Big Pharma clients. We anticipate further growth opportunities for Venn and have increased strategic investment in the key growth areas of advanced therapy medicinal products (ATMP) and drug device consulting.

Diversifying our orderbook and services

hVIVO signed multiple bespoke, full-service human challenge contracts to develop new challenge models, further expanding our world-leading portfolio of challenge models. These contracts are unique to hVIVO and provide a source of potential long-term revenue. We also achieved a significant milestone by signing our first HCT contract with a client based in the Asia-Pacific (APAC) region in over a decade, effectively diversifying our order book across clients, challenge models and geographies. Our current £80 million weighted orderbook is highly diversified, with work contracted across 7 challenge agents and 11 HCT clients, substantially reducing the impact to hVIVO of potential postponements or cancellations.

Our new facility will further expand our service offerings, featuring an enhanced laboratory and an on-site outpatient unit, enabling the facilitation of Phase II and Phase III field trials. Furthermore, we aim to strengthen our service portfolio through strategic small bolt-on acquisitions in existing synergistic areas of expertise. We are particularly interested in acquiring drug development consulting businesses that complement Venn, patient recruitment companies synergistic with FluCamp, and Phase I units that can utilise volunteers from our extensive database who are ineligible for HCTs. We are actively evaluating potential opportunities aligned with our growth strategy, leveraging our team's deep sector knowledge and operational expertise to ensure successful acquisitions that enhance our position as a global CRO service provider. Aligned with our M&A strategy, it is important to note that we will wait for the right opportunity rather than rush into a quick acquisition. Our growth strategy includes both organic and inorganic growth, but we will re-align our targets depending on the opportunities available.

In a recent development, we have received notice that the biopharmaceutical company funding the development of the hMPV model is now intending to proceed directly to a Phase III clinical study and no longer plans to conduct a challenge study. As a result, hVIVO will recognise a cancellation fee for the cancelled characterisation study in the current financial year. The hMPV vaccine challenge study has never been included in the Company's weighted orderbook and there is no change to 2024 financial guidance. The manufacture of the hMPV challenge agent has been completed and is the Group's IP, we will be marketing the agent for characterisation and challenge studies moving forwards.

An evidence-based sales strategy

Our ability to expand the HCT market is driven by the continued notable successes that our HCTs have delivered on behalf of our clients. hVIVO is the world leader in HCTs, conducting on average 5-10 trials a year across multiple challenge agents, substantially more than the 1-2 conducted each year by our next closest competitor. This is a significant differentiator for the Group, as we optimise our models after every trial, ensuring they deliver robust and reliable results for our clients.

The following client case studies provide strong examples of what has been achieved following a HCT with hVIVO:

- Pfizer's ABRYSVO™ became one of the first RSV vaccines to receive FDA approval in May 2023 having received FDA Breakthrough designation
- At least two biotechs received FDA Fast Track and/or Breakthrough Designation

These case studies provide the vital evidence-based foundations for our ongoing sales efforts, highlighting how hVIVO's HCTs can generate rapid efficacy data that is recognised and valued by the FDA, leading to potentially expedited pathways to market via FDA Breakthrough or Fast Track designation. Pfizer's RSV vaccine ABRYSVO™ provides a strong example of what is achievable through HCTs - its pathway to market was significantly accelerated following a HCT conducted by hVIVO, saving potentially up to two years of clinical development time that would have been required as part of a traditional field trial. For biotech's with fewer resources and smaller pipelines, the tight funding environment has also increased the attractiveness of HCTs. HCTs can deliver quick efficacy data at a lower cost than field trials, substantially increasing the value of their vaccines or antivirals, which can strengthen their case for further funding and increase their attractiveness to Pharma partners as a potential acquisition/licensing candidate. This potential is evidenced by ReViral, who were acquired by Pfizer for up to $525 million following an RSV HCT conducted by hVIVO.

We are confident that our evidence-based sales strategy will continue to grow our market given the strong market dynamics related to the development of new vaccines and antivirals. There are an increasing number of vaccines and antivirals in development every year, yet for antivirals, there remains just one approved treatment for every 20 viruses known to infect humans.

Well placed to deliver future growth targets

In 2023, we witnessed another year of strong growth in the HCT market, as both Big Pharma and biotech companies increasingly recognised the evidence supporting the ability of HCTs to expedite the development of new vaccines and antivirals. Our record revenues, profitability and the number of volunteers inoculated not only reflect the growing market but also highlight our expertise and capability to meet this demand, establishing a long-term sustainable growth model. It is testament to the hVIVO team that in the current financially challenging life sciences market we have been able to continue our strong growth trajectory. I am confident that once the funding environment in the biotech industry improves, we will see a further increase in demand for HCTs and in the meantime we remain well placed with a significant orderbook stretching into 2025. Furthermore, we anticipate that new challenge agents being developed, as well the development of next generation of vaccines including mucosal and multi-valent vaccines will help drive further growth going forward.

We have a well-defined growth strategy comprising both organic and inorganic avenues. Our primary focus remains on expanding our core HCT business, including the enhancement of the portfolio of challenge models. Additionally, we aim to grow in complementary areas such as laboratory services, patient recruitment, and clinical site services. This strategy is underpinned by the move to the new facility with a larger quarantine and laboratory capabilities. We also plan to explore opportunities for small bolt-on acquisitions in existing synergistic areas to diversify our offerings.

In the short-term, I am confident our record orderbook, visibility, and strong outlook for the business will enable us to achieve our guidance of £62 million in revenue for 2024. Looking ahead, we are committed to building the Company to achieve our medium-term target of growing Group revenues to £100 million by 2028.

Dr Yamin 'Mo' Khan
CEO

8 April 2024

Consolidated Statement of Comprehensive Income
For the year ended 31 December 2023

	2023	2022
	£'000	£'000
Operations		
Revenue from contracts with customers	**56,043**	48,477
Other operating income	**2,623**	2,220
Direct project and administrative costs	**(45,629)**	(41,625)
EBITDA before exceptional items	**13,037**	9,072
Depreciation & amortisation	**(2,716)**	(2,930)
Exceptional items	**(219)**	(119)
Operating profit	**10,102**	6,023
Net finance income	**1,055**	617
Impairment of investment in associate	**-**	(6,957)
Share of loss of associate using equity method	**(10)**	(48)

Profit/(loss) before income tax	**11,147**	(365)
Income tax credit/(charge)	**4,968**	(411)
Profit/(loss) for the year	**16,115**	(776)
Profit/(loss) for the year is attributable to:		
Shareholders	**16,115**	(776)
Other comprehensive income		
Items that will not be subsequently reclassified to income statement:		
Currency translation differences	**(49)**	27
Total comprehensive income/(loss) for the year	**16,066**	(749)
Earnings per share attributable to shareholders during the year:		
Basic earnings per share	**2.38p**	(0.12)p
Diluted earnings per share	**2.35p**	(0.12)p
Adjusted earnings per share attributable to shareholders during the year:		
Basic adjusted earnings per share	**1.27p**	0.96p
Diluted adjusted earnings per share	**1.25p**	0.96p

The notes following the financial statements are an integral part of these financial statements.

All activities relate to continuing operations.

Consolidated and Company Statements of Financial Position
As at 31 December 2023

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Assets				
Non-current assets				
Intangible assets	**5,667**	6,023	**-**	-
Property, plant and equipment	**6,203**	1,513	**-**	-
Investments in subsidiaries	**-**	-	**22,377**	22,377
Right of use assets	**13,835**	1,610	**-**	-
Deferred tax asset	**5,519**	-	**-**	-
Total non-current assets	**31,224**	9,146	**22,377**	22,377
Current assets				
Inventories	**426**	499	**-**	-
Trade and other receivables	**14,605**	13,291	**1,527**	11,651
Cash and cash equivalents	**36,973**	28,444	**2,281**	2,799
Total current assets	**52,004**	42,234	**3,808**	14,450
Total assets	**83,228**	51,380	**26,185**	36,827
Equity attributable to owners				
Share capital	**680**	671	**680**	671
Share premium account	**516**	4	**516**	4
Merger reserves	**(6,856)**	(6,856)	**(2,241)**	(2,241)
Foreign currency reserves	**1,309**	1,358	**2,014**	2,014
Retained earnings	**38,677**	25,041	**21,970**	36,016
Total equity	**34,326**	20,218	**22,939**	36,464
Liabilities				
Non-current liabilities				
Lease liabilities	**12,163**	737	**-**	-
Leasehold provision	**1,559**	660	**-**	-
Total non-current liabilities	**13,722**	1,397	**-**	-
Current liabilities				
Trade and other payables	**34,228**	28,869	**3,246**	363
Lease liabilities	**367**	826	**-**	-
Leasehold provision	**585**	70	**-**	-
Total current liabilities	**35,180**	29,765	**3,246**	363
Total liabilities	**48,902**	31,162	**3,246**	363
Total equity and liabilities	**83,228**	51,380	**26,185**	36,827

The notes following the financial statements are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 8 April 2024.

The Company has elected to take the exemption under section 408 of the Companies Act 2006 not to present the parent Company's Statement of Comprehensive Income. The loss for the parent Company for the year was £11,567,000 (2022: loss

Company's Statement of Comprehensive Income. The loss for the parent Company for the year was £11,567,000 (2022: loss of £1,362,000).

Consolidated and Company's Statement of Changes in Shareholders' Equity
For the year ended 31 December 2023

Group	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign currency reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2022	**671**	**1**	**(6,856)**	**1,331**	**25,533**	**20,680**
Changes in equity for the year ended 31 December 2022						
Loss for the year	-	-	-	-	(776)	(776)
Currency differences	-	-	-	27	-	27
Total comprehensive (loss) for the year	**-**	**-**	**-**	**27**	**(776)**	**(749)**
Transactions with the owners						
Share based payments	-	-	-	-	284	284
Shares issued	-	3	-	-	-	3
Total contributions by and distributions to owners	**-**	**3**	**-**	**-**	**284**	**287**
At 31 December 2022	**671**	**4**	**(6,856)**	**1,358**	**25,041**	**20,218**
Changes in equity for the year ended 31 December 2023						
Profit for the year	-	-	-	-	16,115	16,115
Currency differences	-	-	-	(49)	-	(49)
Total comprehensive income for the year	**-**	**-**	**-**	**(49)**	**16,115**	**16,066**
Transactions with the owners						
Share based payments	-	-	-	-	575	575
Shares issued	9	512	-	-	-	521
Dividends paid	-	-	-	-	(3,054)	(3,054)
Total contributions by and distributions to owners	**9**	**512**	**-**	**-**	**(2,479)**	**(1,958)**
At 31 December 2023	**680**	**516**	**(6,856)**	**1,309**	**38,677**	**34,326**

Company	Share capital £'000	Share premium £'000	Merger reserve £'000	Foreign currency reserve £'000	Retained earnings £'000	Total £'000
At 1 January 2022	**671**	**1**	**(2,241)**	**2,014**	**37,094**	**37,539**
Changes in equity for the year ended 31 December 2022						
Loss for the year	-	-	-	-	(1,362)	(1,362)
Share based payments	-	-	-	-	284	284
Shares issued	-	3	-	-	-	3
Total contributions by and distributions to owners	**-**	**3**	**-**	**-**	**(1,078)**	**(1,075)**
At 31 December 2022	**671**	**4**	**(2,241)**	**2,014**	**36,016**	**36,464**
Changes in equity for the year ended 31 December 2023						
Loss for the year	-	-	-	-	(11,567)	(11,567)
Share based payments	-	-	-	-	575	575
Shares issued	9	512	-	-	-	521
Dividends paid	-	-	-	-	(3,054)	(3,054)
Total contributions by and distributions to owners	**9**	**512**	**-**	**-**	**(14,046)**	**(13,525)**
At 31 December 2023	**680**	**516**	**(2,241)**	**2,014**	**21,970**	**22,939**

Consolidated and Company's Statement of Cash Flows
For the year ended 31 December 2023

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Cash generated from/(used in) operations				
Profit/(loss) before income tax	**11,147**	(365)	**(11,565)**	(1,311)
Adjustments for:				
- Depreciation & amortisation	**2,716**	2,930	**-**	-
- Impairment of intangible assets	**254**	-	**-**	-
- Exceptional items	**219**	119	**-**	-
- Impairment of associate	**-**	6,957	**-**	-
- Net gain on disposals of PPE	**-**	(12)	**-**	-
- Net finance income	**(1,055)**	(617)	**(182)**	(834)
- Share based payment charge	**575**	284	**-**	-
- R&D tax credit Included in other income	**(2,432)**	(1,851)	**-**	-
- Share of associate loss	**10**	48	**-**	-

- Impairment of intercompany balances	**-**	-	**10,428**	282
- Movement in provisions through P&L	**155**	-	**-**	-
Changes in working capital:				
- (Increase)/decrease in trade and other receivables	**(1,158)**	(4,309)	**3,325**	(1,135)
- Decrease in inventories	**73**	172	**-**	-
- Increase/(decrease) in trade and other payables	**5,187**	11,152	**15**	(2,890)
Net cash generated from/(used in) operations	**15,691**	14,508	**2,021**	(5,888)
Income tax (R&D tax credit) received/(paid)	**1,548**	1,473	**(24)**	-
Net cash generated from/(used in) operating activities	**17,239**	15,981	**1,997**	(5,888)
Cash flow from investing activities				
Purchase of property, plant and equipment	**(5,177)**	(1,275)	**-**	-
Purchase of intangible assets	**-**	(87)	**-**	-
Net cash used in investing activities	**(5,177)**	(1,362)	**-**	-
Cash flow from financing activities				
Lease payments	**(2,044)**	(2,178)	**-**	-
Dividends paid	**(3,054)**	-	**(3,054)**	-
Proceeds from issue of shares	**521**	3	**521**	3
Interest & FX gains received	**1,054**	635	**21**	19
Repayment of convertible debenture security	**-**	(294)	**-**	-
Net cash (used in)/generated from financing activities	**(3,523)**	(1,834)	**(2,512)**	22
Net increase in cash and cash equivalents	**8,539**	12,785	**(515)**	(5,866)
Cash and cash equivalents at beginning of year	**28,444**	15,694	**2,799**	8,663
FX translation	**(10)**	(35)	**(3)**	2
Cash and cash equivalents at end of year	**36,973**	28,444	**2,281**	2,799

Notes to the financial statements
For the year ended 31 December 2023

1. Presentation of the financial statements

Description of business

The hVIVO plc Group is a rapidly growing specialist CRO pharmaceutical services group which is the world leader in the testing of vaccines and antivirals using human challenge clinical trials.

hVIVO plc (the "Company") is a company incorporated in England and Wales. The Company is a public limited company, limited by shares, listed on the AIM market of the London Stock Exchange and on Euronext Growth in Dublin.

Basis of preparation

The financial statements have been prepared in accordance with the Group's accounting policies approved by the Board and described in Note 2, 'Summary of significant accounting policies'. The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements have been prepared in accordance with UK adopted international accounting standards (IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. Figures are presented in thousands of pounds sterling (£'000), unless otherwise indicated.

These financial statements comprise the accounts of hVIVO plc and its subsidiaries (the "Group") for the year ended 31 December 2023. A list of subsidiaries is set out in note 14.

Parent company financial statement

The financial statements of the parent company, hVIVO plc, have been prepared in accordance with UK adopted international accounting standards (IFRS), and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

Going concern

The financial statements have been prepared using the historical cost convention modified by the revaluation of certain items, as stated in the accounting policies, and on a going concern basis. The Directors consider the use of the going concern basis to be appropriate given the significant cash reserves at year end and strong contracted order book. The Directors have prepared working capital projections which show that the Group and Company will be able to continue as a going concern for the foreseeable future.

2. Summary of significant accounting policies

Consolidation

Entities over which the Group has the power to direct the relevant activities so as to affect the returns to the Group, generally through control over the financial and operating policies, are accounted for as subsidiaries. Where the Group has the ability to exercise significant influence over entities, they are accounted for as associates. Interests acquired in entities are consolidated from the date the Group acquires control and interests sold are de-consolidated from the date control ceases.

Transactions and balances between subsidiaries are eliminated and no profit before tax is taken on sales between subsidiaries until the products are sold to customers outside the Group. The relevant proportion of profits on transactions subsidiaries until the products are sold to customers outside the Group. The relevant proportion of profits on transactions with associates is also deferred until the products are sold to third parties.

Associates

Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost less any fair value adjustment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

New accounting requirements

Amendments to accounting standards issued by the IASB and adopted in the year ended 31 December 2023 did not have a material impact on the results or financial position of the Group. Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been adopted early by the Group. These standards, amendments and interpretations are not expected to have a material impact on the results or financial position of the Group in future reporting periods.

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 pounds sterling, which is the functional and presentation currency of the main operating entities.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income within 'direct project and administrative expenses', except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentational currency as follows:

- assets and liabilities presented are translated at the closing rate at the date of that reporting period;
- income and expenses are translated at average exchange rates; and
- all resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations are taken to other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the Statement of Comprehensive Income as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

Segmental reporting

Operating segments are reported in a manner consistent with the internal monthly management reporting provided to the chief operating decision-makers (CODM). The CODM have been idetified as the Executive Directors and Non-Executive Chair.

Internal management reporting provided to the CODM is on a consolidated basis. Management therefore considers the Group to be one business unit and therefore one reporting segment for disclosure in these financial statements.

Revenue from contracts with customers

The Group enters into fixed-price and multi-service contracts with customers. Revenue is recognised at an amount that reflects the consideration to which the Group expects to be entitled in exchange for the goods or services and is shown net of Value Added Tax. Revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

Payment terms tend to vary between 30 and 90 days.

Provisions for losses to be incurred on contracts are recognised in full in the period in which it is determined that a loss will result from the performance of the contractual arrangement.

The difference between the amount of revenue from contracts with customers recognised and the amount invoiced on a particular contract is included in the Statement of Financial Position as either deferred income or accrued income. Amounts become billable in advance upon the achievement of certain milestones, in accordance with pre-agreed invoicing schedules included in the contract or on submission of appropriate detail. Any cash payments received as a result of this advance billing are not representative of revenue earned on the contract as revenues are recognised over the period during which the specified contractual obligations are fulfilled. Amounts included in deferred income are expected to be recognised within one year and are included within current liabilities.

In the event of contract termination, if the value of work performed and recognised as revenue from contracts with customers is greater than aggregate milestone billings at the date of termination, cancellation clauses provide for the Group to be paid for all work performed to the termination date.

Other operating income (mainly research & development tax credits)

R&D tax credits are multi-government backed tax incentives that allows companies to claim back some of the costs they have incurred on research, development and innovation. These are non taxable and involve a high level of management judgement.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Exceptional items

These are items of an unusual or non-recurring nature incurred by the Group and include transactional costs and one-off items relating to business combinations, such as acquisition expenses, restructuring and redundancy costs.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any provision for impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the asset and bringing the asset to its working condition for its intended use.

All other repairs and maintenance are charged to the Statement of Comprehensive Income during the financial period in which they are incurred.

Depreciation on assets is calculated using the straight-line method to allocate asset cost to its residual value over its estimated economic useful life, as follows:

- Leasehold improvements the expected life of the lease, three to ten years
- Plant & machinery four years
- Fixtures & fittings three to ten years

The assets' residual values and useful economic lives are reviewed annually, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying value is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on the disposal of assets are determined by comparing the sale proceeds with the carrying amount and are recognised in direct project and administrative costs in the Statement of Comprehensive Income.

Intangible assets

Goodwill

Goodwill is stated at cost less impairments. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually.

Other intangible assets

Intangible assets are stated at cost less provisions for amortisation and impairments.

Development costs are capitalised when the related products meet the recognition criteria of an internally generated intangible asset, the key criteria being as follows:

· technical feasibility of the completed intangible asset has been established;

· it can be demonstrated that the intangible asset will generate probable future economic benefits;

· adequate technical, financial and other resources are available to complete the development;

· the expenditure attributable to the intangible asset can be reliably measured; and

· management has the ability and intention to use or sell the intangible asset.

Development costs recognised as assets are amortised over their expected useful life.

Impairment of non-financial assets

Assets that have an indefinite life such as Goodwill 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 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. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

Impairment of goodwill is not reversed. For other intangible assets, where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised.

Leases

The Group recognises right of use assets under lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets, which are charged to the Statement of Comprehensive Income as incurred. Right of use assets owned by third parties under lease agreements are capitalised at the inception of the lease and recognised in the Statement of Financial Position. The corresponding liability to the lessor is recognised as a lease liability. The carrying amount is subsequently increased to reflect interest on the lease liability and reduced by lease payments made.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

Finance costs are charged to the Statement of Comprehensive Income so as to produce a constant periodic rate of charge on the remaining balance of the lease liabilities for each accounting period.

If modifications or reassessments of lease obligations occur, the lease liability and right of use asset are remeasured.

Inventories

Inventories are reported at the lower of cost (purchase price and/or production cost) and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and applicable variable selling expenses.

Current and deferred income tax

The tax expense comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income where the associated tax is also recognised in other comprehensive income.

The current income tax charge is calculated on the basis of the tax laws enacted at the reporting period date in the countries where the Company and its subsidiaries operate and generate taxable income. Management evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax assets are recognised for all deductible temporary differences, carry-forward of unused tax assets and tax losses, to the extent that they are regarded as recoverable. They are regarded as recoverable where, on the basis of available evidence, there will be sufficient taxable profits against which the future reversal of the underlying temporary differences can be deducted.

The carrying value of the amount of deferred tax assets is reviewed at each reporting period date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all, or part, of the tax asset to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on the tax rates (and tax laws) that have been substantively enacted at the reporting period date.

Share capital

Ordinary Shares and Deferred Shares are classified as equity. Proceeds in excess of the nominal value of shares issued are allocated to the share premium account and are also classified as equity. Incremental costs directly attributable to the issue of new Ordinary Shares or options are deducted from the share premium account.

Merger reserve

The reserve represents a premium on the issue of the Ordinary Shares for the acquisition of subsidiary undertakings. Merger reserve is non-distributable.

Employee benefits

Pension obligations

Group companies operate a pension scheme with defined contribution plans, under which the Group pays fixed contributions into a separate entity with the pension cost charged to the Statement of Comprehensive Income as incurred.

The Group has no further obligations once the contributions have been paid.

Share-based payment

Where equity settled share options and warrants are awarded to Directors and employees, the fair value of the options and warrants at the date of grant is charged to the Statement of Comprehensive Income over the vesting period and the corresponding entry recorded in the share-based payment reserve. Non-market vesting conditions are reflected by adjusting the number of equity instruments expected to vest at each reporting date so that, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

3. Segmental analysis

The Directors are responsible for resource allocation and the assessment of performance. In the performance of this role, the Directors review the Group's activities, in the aggregate. The Group has therefore determined that it has only one reportable segment under IFRS 8 Operating Segments, which is 'medical and scientific research services'.

During the year ended 31 December 2023, the Group had two customers who each generated revenue greater than 10% of total revenue (2022: three customers) across multiple projects. These customers generated 34% and 21% of revenue (2022: 12%, 12% and 11% of revenue).

4. Other operating income

Other operating income mainly represents research and development tax credits (R&D tax credits) received to fund research and development activities around the Group.

		2023	2022
		£'000	£'000
hVIVO	Gross RDEC Credits	**2,267**	1,851
Venn	R&D Related Credits	**165**	213
hVIVO	Recharge of staff to third parties	**191**	156
		2,623	2,220

hVIVO Services Limited, can claim UK R&D incentives under both the RDEC scheme (noted above) and the SME scheme (when the Company is loss making). Venn Life Sciences Biometry Services S.A.S. can claim Credit Tax Research ('CIR') payments in France and Venn Life Sciences ED B.V. can claim R&D credits against payroll taxes in the Netherlands.

5. Expenses - analysis by nature

The following items have been included in operating profit:

	2023	2022
	£'000	£'000
Employment Benefit expense	**20,884**	18,081
Share based payments	**575**	284
Other expenses	**24,170**	23,260
Total direct project and administrative costs	**45,629**	41,625
Also included within operating profit are the below depreciation and amortisation charges:		
PPE depreciation and amortisation	**827**	999
Depreciation related to right of use assets	**1,889**	1,931

Also included within operating profit are exceptional items as shown below:

	2023	2022
	£'000	£'000
Exceptional items include:		
- Transaction costs relating to business combinations, acquisitions & re-organisations	**-**	119
- Write off of receivables from associates	**219**	-
Total exceptional items	**219**	119

Services provided by the Company's auditor and its associates. During the year the Group (including its overseas subsidiaries) obtained the following services from the Company's auditor and its associates:

	2023	2022
	£'000	£'000
Fees payable to Company's auditor for the audit of the parent Company and consolidated financial statements	**53**	52
Fees payable to Company's auditor for the audit of subsidiaries and their consolidated financial statements	**42**	37
Total paid to the Company auditor	**95**	89
Fees payable to the auditors of subsidiaries for services:		
- The audit of Company's subsidiaries pursuant to legislation paid to other auditors	**55**	55

- Other services paid to other auditors	**-**	1
- Tax services paid to other auditors	**2**	2
Total paid to other auditors	**57**	58
Total auditor's' remuneration	**152**	147

6. Directors' emoluments

	Group 2023 £'000	Group 2022 £'000
Aggregate emoluments	**1,189**	995
Social security costs	**154**	119
Contribution to defined contribution pension scheme	**57**	42
Total directors' remuneration	**1,400**	1,156

See further disclosures within the Report of the Remuneration Committee.

Highest paid director	**Group 2023 £'000**	Group 2022 £'000
Total emoluments received	**587**	518
Defined contribution pension scheme	**34**	27
	621	545

7. Staff costs

	Group 2023 £'000	Group 2022 £'000
Wages and salaries	**17,447**	15,077
Social security costs	**2,520**	2,100
Pension costs	**917**	904
Employee Benefit expense	**20,884**	18,081
Share based payments	**575**	284
	21,459	18,365

	Group 2023 £'000	Group 2022 £'000
Average number of people (including Executive Directors) employed was:		
Administration	**48**	43
Clinical operations	**218**	161
Sales and marketing	**8**	6
Total average number of people employed	**274**	210

8. Pensions

The Group operates a number of defined contribution pension schemes whose assets are independently administered. The charge for the year in respect of these defined contribution schemes was £917,000 (2022: £904,000). Contributions of £100,000 were payable to the funds at the year end and are included within trade and other payables (2022: £98,000).

9. Finance income and costs

	2023 £'000	2022 £'000
Interest expense:		
Interest on lease liabilities	**(155)**	(133)
Other finance costs	**(21)**	1
Finance costs	**(176)**	(132)
Finance income:		
FX gain on sales & expenses	**50**	613
Interest income on cash and short-term deposits	**1,181**	136
Finance income	**1,231**	749
Net finance income	**1,055**	617

10. Taxation

Group	2023	2022
	£'000	£'000
Current tax:		
Research and development tax charge	537	352
Tax in foreign jurisdictions	14	9
Other	-	50
Current tax charge	**551**	411
Deferred tax:		
Current year	2,588	-
Adjustment in respect of prior years	(8,107)	-
Deferred tax credit	**(5,519)**	-
Income tax (credit)/charge	**(4,968)**	411

The income tax charge on the Group's results before tax differs from the theoretical amount that would arise using the standard tax rate applicable to the profits of the consolidated entities as follows:

Group	2023	2022
	£'000	£'000
Profit/(Loss) before tax	**11,147**	(365)
Tax calculated at domestic tax rates applicable to UK standard rate of tax of 23.5% (2022: 19%)	2,620	(69)
Tax effects of:		
- Expenses not deductible for tax purposes	236	1,488
- VLS Germany tax risk on liquidation	-	51
- Current Year R & D Tax (credit)	(190)	(194)
- Temporary timing differences	565	(153)
- Adjustments in respect of prior year	(8,107)	33
- Additional allowances deductible for tax purposes	-	125
- Losses carried forward	(92)	(870)
Income tax (credit)/charge	**(4,968)**	411

The Group has recognised a deferred tax asset for losses carried forward for the first time relating to losses in hVIVO Services Limited. Management only recognises a deferred tax asset when there is evidence that recoverability of the asset is probable, taking into account business forecasts and tax regulations. The Group, and entity in which losses are recognised, has seen underlying profitability for both the current and prior year, and expects to continue to be profit making. Therefore, management considers it appropriate to recognise a deferred tax asset.

Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balan ces on a net basis.

The reconciliation of the deferred tax asset is shown below:

Group	Tax losses £'000	Right of use assets £'000	Lease liabilities and provisions £'000	Accelerated capital allowances £'000	Total £'000
At 1 January 2022	-	-	-	-	-
Statement of Comprehensive Income movement	-	-	-	-	-
At 31 December 2022	**-**	**-**	**-**	**-**	**-**
Adjustment in respect of prior years	8,251	-	-	(144)	8,107
Statement of Comprehensive Income movement	(2,213)	(2,944)	2,944	(375)	(2,588)
At 31 December 2023	**6,038**	**(2,944)**	**2,944**	**(519)**	**5,519**

The current portion of the deferred tax asset cannot be reliably estimated.

11. Earnings per share

Basic earnings per share has been calculated by dividing the profit attributable to shareholders by the weighted average number of shares in issue during the year.

	2023	2022
Basic earnings/(loss) per share (p)	2.38p	(0.12)p
Basic adjusted earnings per share (p)	1.27p	0.96p
Diluted earnings/(loss) per share (p)	2.35p	(0.12)p
Diluted adjusted earnings per share (p)	1.25p	0.96p

Diluted earnings per share has been calculated after adjusting the weighted average number of shares used in the basic calculation to assume the conversion of all potentially dilutive shares. A potentially dilutive share is a warrant or option where its exercise price is below the average market price of hVIVO shares during the year and any performance conditions attaching to the scheme have been met at the Statement of Financial Position date. The adjusted profit is used in the calculation of adjusted earnings per share as reconciled below:

	2023	2022
	£'000	£'000
Profit/(loss) for the year	16,115	(776)
Initial recognition of deferred tax assets	(8,107)	-

Share based payments	**575**	284
Impairment of investment in associate	**-**	6,957
Adjusted profit for the year	**8,583**	6,465

The numbers of shares used in calculating basic and diluted earnings per share are reconciled below. Where there is a loss in the year, the share options are deemed to be antidilutive and therefore not included in the calculation.

Weighted average number of shares in issue	**2023** **No.**	2022 No.
Basic	**677,444,133**	670,943,918
Dilution for share options and warrants	**8,403,182**	-
Diluted	**685,847,315**	670,943,918

12. Intangible assets

	Goodwill	**Software Development**	**Other Intangible Assets**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				
At 1 January 2022	7,228	2,199	685	**10,112**
Additions	-	87	-	**87**
At 31 December 2022	**7,228**	**2,286**	**685**	**10,199**
Additions	-	-	-	**-**
At 31 December 2023	**7,228**	**2,286**	**685**	**10,199**
Amortisation				
At 1 January 2022	1,628	2,173	92	**3,893**
Charge for the year	-	19	264	**283**
At 31 December 2022	**1,628**	**2,192**	**356**	**4,176**
Charge for the year	-	27	75	**102**
Impairment	-	-	254	**254**
At 31 December 2023	**1,628**	**2,219**	**685**	**4,532**
Net book value				
At 1 January 2022	5,600	26	593	6,219
At 31 December 2022	5,600	94	329	6,023
At 31 December 2023	**5,600**	**67**	**-**	**5,667**

Goodwill was allocated to the Group's single cash-generating unit (CGU) identified according to a single operating segment.

	2023	2022
	£'000	£'000
hVIVO Group	**5,600**	5,600

Goodwill is tested for impairment at the Statement of Financial Position date. The recoverable amount of goodwill at 31 December 2023 was assessed at £5,600,000 (2022: £5,600,000) on the basis of value in use. An impairment loss was not recognised as a result of this review.

The key assumptions in the calculation to assess value in use are the future revenues and the ability to generate future cash flows. The most recent financial results and forecast approved by management for the next two years were used followed by an extrapolation of expected cash flows at a constant growth rate for a further seven years. The projected results were discounted at a rate which is a prudent evaluation of the pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the cash-generating units.

The key assumptions used for value in use calculations in 2023 were as follows:

Longer-term growth rate (from 2024 onwards) 7.5%

Discount rate 15%

The impairment review is prepared on the Group basis rather than a single unit basis.

The Directors have performed a sensitivity analysis to assess the impact of downside risk of the key assumptions underpinning the projected results of the Group. The projections and associated headroom used for the Group is sensitive to the EBITDA growth assumptions that have been applied.

The Company had no intangible assets at 31 December 2023 (2022: nil).

13. Property plant and equipment

	Leasehold improvements	**Plant & Machinery**	**Fixtures & Fittings**	**Total**
	£'000	**£'000**	**£'000**	**£'000**
Cost				

At 1 January 2022	842	2,507	1,111	**4,460**
Additions	450	540	286	**1,276**
Disposals	-	(90)	-	**(90)**
Exchange differences	-	-	44	**44**
At 31 December 2022	**1,292**	**2,957**	**1,441**	**5,690**
Additions	4,808	414	194	**5,416**
Disposals	-	-	(58)	**(58)**
Exchange differences	-	(1)	(10)	**(11)**
At 31 December 2023	**6,100**	**3,370**	**1,567**	**11,037**
Depreciation				
At 1 January 2022	706	2,141	686	**3,533**
Charge for the year	333	166	217	**716**
Elimination on disposal	-	(90)	-	**(90)**
Exchange differences	-	-	18	**18**
At 31 December 2022	**1,039**	**2,217**	**921**	**4,177**
Charge for the year	189	292	244	**725**
Elimination on disposal	-	-	(58)	**(58)**
Exchange differences	-	-	(10)	**(10)**
At 31 December 2023	**1,228**	**2,509**	**1,097**	**4,834**
Net book value				
At 1 January 2022	136	366	425	**927**
At 31 December 2022	253	740	520	**1,513**
At 31 December 2023	**4,872**	**861**	**470**	**6,203**

The Company had no property plant and equipment at 31 December 2023 (2022: nil).

14. Investments in subsidiaries and associates

Company	**2023** **£'000**	2022 £'000
Shares in Group undertakings		
At 1 January and 31 December	**22,377**	22,377

Investments in Group undertakings are recorded at cost, which is the fair value of the consideration paid. Following review an impairment provision of nil (2022: nil) has been made to the investment in subsidiaries.

The subsidiaries of hVIVO plc are as follows:

Name of Company	**Country of Registration**	**Principal activities**	**Proportion of ordinary shares and voting rights held (%)**
hVIVO Holdings Limited*^	England & Wales	Intermediate holding company	100
hVIVO Services Limited*	England & Wales	Viral challenge and related laboratory services	100
hVIVO Inc.	USA	Sales & marketing services	100
Venn Life Sciences ED B.V^	Netherlands	Pre-clinical & early clinical research services	100
Venn Life Science Biometry Services S.A.S^	France	Data management & statistics services	100
Open Orphan DAC^	Ireland	Group services company	100
Venn Life Sciences Limited^	Ireland	Dormant	100
Venn Life Sciences (Germany) GmbH^	Germany	In liquidation	100
Venn Life Sciences (France) S.A.S^	France	Dormant	100

*Registered address Queen Mary Bioenterprises Innovation Centre, 42 New Road, London, E1 2AX
^Directly owned by hVIVO plc

These consolidated financial statements incorporate the financial statements of all entities controlled by the Company at 31 December 2023.

The Group, via its holding in hVIVO Holdings Limited, has investments in two associated companies as follows:

Name of Company	**Country of Registration**	**Principal activities**	**Proportion of ordinary shares held/voting rights held (%)**
Imutex Limited(1)	England & Wales	Clinical development	49/49
PrEP Biopharm Limited(2)	England & Wales	In liquidation	62.62/49.98

(1) Carrying value of nil at 31 December 2023 (2022: nil). The registered office address is The Walbrook Building, 25 Walbrook, London, England, EC4N 8AF. The investment was fully impaired in the year ended 31 December 2022.
(2) Carrying value of nil at 31 December 2023 (2022: nil). The registered office address is Unit 2 Spinnaker Court 1c Becketts Place, Hampton Wick, Kingston Upon Thames, KT1 4EQ

15. Leases

	Right of use assets		Lease Liabilities	
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
As at 1 January	**1,610**	2,788	**1,563**	2,854
New leases acquired	**14,149**	740	**12,890**	739
Leases exited	**(22)**	(8)	**(24)**	(20)
Depreciation expense	**(1,889)**	(1,931)	**-**	-
Interest expense	**-**	-	**155**	133
Payments	**-**	-	**(2,044)**	(2,178)
Exchange differences	**(13)**	21	**(10)**	35
As at 31 December	**13,835**	1,610	**12,530**	1,563
Current			**367**	826
Non-current			**12,163**	737

Maturity of lease liabilities:

	31 December 2023	31 December 2022
	£'000	£'000
Current - Within one year	**367**	826
Non-current - Between one to two years	**2,457**	271
Non-current - Between two to five years	**9,706**	466
	12,530	1,563

Short-term lease payments expensed during the year ended 31 December 2023 were £19,000 (2022: £47,000).

16. Inventories

	Group	Group
	2023	2022
	£'000	£'000
Virus inventory	**286**	385
Consumables	**140**	114
Total inventories	**426**	499

Inventories expensed in the Consolidated Statement of Comprehensive Income are £685,000 (2022: 697,000) and are shown within direct project and administrative costs. No provision against inventories was required during 2023.

17. Trade and other receivables

	Group	Group	**Company**	Company
	2023	2022	**2023**	2022
	£'000	£'000	**£'000**	£'000
Trade receivables	**9,117**	8,276	**-**	-
Prepayments	**1,405**	992	**72**	346
Accrued income	**760**	1,505	**-**	-
Amounts owed by subsidiary undertakings	**-**	-	**1,445**	11,280
Other receivables (incl. R&D tax credits)	**3,323**	2,518	**10**	25
	14,605	13,291	**1,527**	11,651

The Directors consider that the carrying amount of trade and other receivables approximates to their fair value.

The majority of the Group's contracts are based on milestone payments and the Group seeks to ensure that contract milestones are timed to result in invoicing occurring in advance where at all possible, prior to the satisfaction of performance obligations. Therefore, projects that are in progress are typically in a deferred income position. However, some smaller contracts are on a time and materials basis and consequently work is undertaken initially and invoiced subsequently, and this gives rise to the accrued income balance noted above. The costs incurred to obtain or fulfil a contract which has been recognised as accrued income have been determined with reference to labour hours incurred to the period end as a percentage of the total estimated labour hours to complete specified performance obligations as stipulated by the relevant contracts. Accrued income is not amortised as it is of a short-term nature.

Contractual payment terms are typically 30 to 90 days from date of invoice.

The carrying amounts of the Group's trade and other receivables denominated in all currencies were as follows:

	Group	Group	**Company**	Company
	2023	2022	**2023**	2022

	£'000	£'000	£'000	£'000
GBP£	**13,167**	9,944	**90**	647
Euro	**1,438**	2,066	**1,437**	11,004
USD$	**-**	1,281	**-**	-
Total	**14,605**	13,291	**1,527**	11,651

18. Trade and other payables

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Trade payables	**2,088**	2,701	**51**	105
Amounts due to subsidiary undertakings	**-**	-	**2,890**	-
Social security and other taxes	**814**	738	**28**	50
Other payables	**525**	718	**-**	-
Accrued expenses	**5,857**	3,946	**277**	208
Deferred income	**24,944**	20,766	**-**	-
	34,228	28,869	**3,246**	363

All balances are due within 1 year.

The Group seeks to ensure that study contract milestones are timed to result in invoicing occurring in advance where at all possible, prior to the satisfaction of performance obligations. Therefore, projects that are in progress are typically in a contract liability position which gives rise to the deferred income balance above. Performance obligations of contracts with customers are satisfied on the delivery of study data to the customer along with a final study report. Due to the nature of the business, there are no warranties or refunds expected or provided for.

The Group is using the practical expedient not to adjust the amount of consideration for the effects of any financing component as the period between when the promised services are transferred and when the customer pays for the service is less than twelve months.

19. Leasehold provision

	2023 £'000	2022 £'000
As at 1 January	**730**	-
Additional provisions	**1,484**	730
Utilisation of provisions	**(70)**	-
As at 31 December	**2,144**	730
Current	**585**	70
Non-Current	**1,559**	660
	2,144	730

Leasehold provisions relate to dilapidation provisions for the Group's various property leases.

20. Capital commitments

Group

The Group has net capital commitments of £1,248,000 at 31 December 2023 relating to the new facility build in Canary Wharf (2022: nil).

Company

The Company has agreed to act as surety to a lease agreement for its subsidiary, hVIVO Services Ltd, No liability has been recognised in the Company Statement of Financial Position.

21. Share capital

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
680,371,877 (2022: 671,047,771) Ordinary Shares of £0.001	**680**	671	**680**	671

During the year the Company issued 9,324,106 @ £0.056/Share resulting in an increase of £9,000 (2022: nil) to share capital and £512,000 (2022: £3,000) to share premium as a result of share options and warrants being exercised.

22. Other reserves

Group and Company

Share premium

Share premium is the difference between the nominal value of shares issued and the actual cash received for the issued shares.

Merger reserve

This includes reverse acquisition reserve which resulted from the reverse takeover of Venn Life Sciences Holdings Plc by Open Orphan DAC on 28 June 2019. Also included is a Group re-organisation reserve relating to previous re-organisation of the Venn Group of the Venn Group.

Foreign currency reserve

The foreign currency reserve arises from a one off transition of the Group from a presentational currency of euro to pounds sterling, and from the translation of subsidiaries' results on consolidation which have a functional currency other than pounds sterling.

23. Share options and warrants

Share options

The Group has various share option plans under which it has granted share options to certain Directors and senior management of the Group under its Long-Term Incentive Plan.

The number of outstanding share options remaining at 31 December 2023, along with the comparative period are as follows:

2023:

Date of issue	Exercise price	Vesting date	# of options at 01/01/2023	# of options exercised	# of options granted	# of options at 31/12/2023
2015	13p	2025	280,000	-	-	280,000
2019	5.6p	2024	7,716,964	(7,716,964)	-	-
2017	2p	2024	277,792	-	-	277,792
2022	0.1p	2025	7,227,273	-	-	7,227,273
			15,502,029	**(7,716,964)**	**-**	**7,785,065**

2022:

Date of issue	Exercise price	Vesting date	# of options at 01/01/2022	# of options exercised	# of options granted	# of options at 31/12/2022
2015	13p	2025	280,000	-	-	280,000
2019	5.6p	2024	7,716,964	-	-	7,716,964
2017	2p	2024	396,249	(118,457)	-	277,792
2022	0.1p	2025	-	-	7,227,273	7,227,273
			8,393,213	**(118,457)**	**7,227,273**	**15,502,029**

The weighted-average exercise price of all options outstanding at year end is 0.63p (2022: 3.1p) and the weighted-average remaining contractual life is 1.0 year (2022: 1.8 years).

Share based payment charge for the year was £575,000 included in direct project and administration costs (2022: £284,000). There were no new share options granted during the year. An estimated charge of £148,000, included in the total charge, has been recognised for share options that were granted post-year end where the obligation to issue them existed at the year end.

In the prior year, new share options granted during the year relate to the implementation of a Long-Term Incentive Plan (LTIP). The weighted average fair value of the options at measurement date was 14.74p per option. The Company used the Black Scholes model to value the options. The following key assumptions were factored into the model when valuing these options at the date of grant:

- expected volatility of 74%, based on observable market inputs

- option life of 3 years

- expected dividends yield of 0%

- risk-free interest rate of 3.11%

- a 25% deduction was taken to the fair value to reflect market conditions in the option agreement

Warrants

The number of outstanding warrants remaining at 31 December 2023, along with the comparative period are as follows:

2023:

Date of issue	Exercise price	Expiry date	# of warrants at 01/01/2023	# of warrants expired	# of warrants exercised	# of warrants at 31/12/2023
11/12/2018	0.1p	10/12/2023	232,696	(232,696)	-	-
11/12/2018	2.2p	10/12/2023	424,589	(424,589)	-	-
28/06/2019	0.1p	27/06/2024	1,607,142	-	(1,607,142)	-
			2,264,427	**(657,285)**	**(1,607,142)**	**-**

2022:

Date of issue	Exercise price	Expiry date	# of warrants at 01/01/2022	# of warrants expired	# of warrants exercised	# of warrants at 31/12/2022
11/12/2018	0.1p	10/12/2023	232,696	-	-	232,696
11/12/2018	2.2p	10/12/2023	424,589	-	-	424,589
28/06/2019	0.1p	27/06/2024	1,607,142	-	-	1,607,142

	2,264,427	-	-	2,264,427

24. Dividends

Equity dividends	2023 £'000	2022 £'000
Special dividend for 2022: 0.45p per ordinary share	3,054	-

A final dividend for the year ended 31 December 2023 of £1,361,000 (0.20p per ordinary share) is recommended by the Directors and is to be paid to all ordinary shareholders on the register at the close of business on 19 April 2024 with payment being made on 20 May 2024, subject to shareholder approval at the Annual General Meeting.

25. Related party disclosures

Directors

Directors' emoluments are set out in the Report of the Remuneration Committee Report.

Key management compensation for the year was as follows:

	2023 £'000	2022 £'000
Aggregate emoluments	1,189	994
Employer contribution to pension scheme	57	42
	1,246	1,036

Key management includes the Directors only.

Other transactions with Directors

In December 2018, Venn Life Sciences Holdings plc completed a £1 million financing from private individuals, including Cathal Friel who participated via his pension fund, the CMF Pension Fund. The financing was completed via the issue of a two-year loan note and as part of their investment, the holders of the loan notes received warrants to purchase shares in the Group with an expiry date in December 2023. Cathal Friel was unable to exercise these warrants prior to their expiry due to his knowledge of insider information for extended periods of time. As such, the Board agreed that the Group would pay 19.95p per warrant share (being the closing price on 8 December 2023, the last trading day prior to the Final Date of the Warrant Instrument) minus the subscription price of £9,573.65 to the CMF Pension Fund for a total of £121,554 in lieu of the unexercised warrants.

Group

Non-Executive Group Chair, Cathal Friel, is a Director of Raglan Professional Services Ltd which has provided office related services, charged at cost, to Open Orphan DAC (2023 charge £4,000; 2022 charge £9,000). The balance owed by Open Orphan DAC to Raglan Professional Services Ltd at year end 2023 was £1,000 (2022: £2,000).

There were no other related party transactions during the year.

Company

During the year the Company absorbed net management charges of £344,000 (2022: £142,000) from its subsidiaries. At 31 December 2023 the Company was owed £11,874,000 (2022: £11,280,000) by its subsidiaries, and the Company owed £2,890,000 (2022: nil) to its subsidiaries. The Company holds a provision of £10,428,000 against the receivable.

END

FR QKFBQABKDNQK