

Trading statement Q1-2024: Strong start to the year

Today, Gubra releases its results for the first quarter of 2024. For the CRO business, performance was strong with organic revenue growth of 51% year-over-year. Within the D&P business, there was significant progress as illustrated by the ongoing Amylin Phase 1 obesity trial advancing according to plan and the selection of UCN2 as a novel anti-obesity drug candidate for healthy weight loss.

Henrik Blou, CEO of Gubra said:

“We had a strong start to the year with high activity and progress across the company. For the CRO business, I am again very pleased to see the business growing across many disease categories and it underscores the value of maintaining focus as well as broadening our disease model catalogue. We saw particularly strong growth of our obesity services which is well in line with the recent focus of the biotech and pharma industry into this disease area. On the back of the strong first quarter and sound current trading and orderbook, we yesterday raised the 2024 financial outlook for the CRO business.

In the other part of our business, Discovery & Partnerships, the development of our anti-obesity portfolio progresses as planned. For the Amylin asset, GUBamy, we’re on track with patient enrolment in the ongoing Phase 1 clinical trial and, as communicated earlier, we expect to complete enrolment of key cohorts by mid-2024 with topline results in H2-2024. Another very interesting anti-obesity asset is our UCN2 program for healthy weight loss which we recently decided to progress into preclinical tox. Obesity portfolio aside, we also now reveal more details of our endocrinology program, an asset focused on the treatment of Hypoparathyroidism, a rare endocrine disease. The advance of our R&D pipeline is a testimony to our drug discovery platform streamLine which can be used to develop a very broad range of peptides into potential drug candidates.

Last, but not least, I am delighted to announce that as of July 1st 2024 our new CSO will be Louise Schjellerup Dalbøge. Louise is currently Research Director at Gubra and has been intensively involved in the development of our current R&D pipeline. Louise brings extensive scientific expertise, and I am looking very much forward to the time ahead with Louise as prime driver of our peptide discovery engine. At the same time our current CSO and Gubra’s co-founder Niels Vrang will transition to a new role and be employed as Scientific Advisor to Gubra’s Executive Management. Also, we have initiated the process of identifying a new COO to prepare for the next growth waves of Gubra. Former COO Helle K. Erichsen will be pursuing other opportunities. We sincerely thank her for being a valuable colleague and contributor over many years.”

Key financial highlights for Q1 2024

Key ratio	CRO segment		D&P segment		Group incl. Gubra Green	
	Q1-2024	Q1-2023	Q1-2024	Q1-2023	Q1-2024	Q1-2023
DKK million						
Revenue	58.5	38.7	6.5	11.2	65.0	49.9
Organic revenue growth	51%	19%	-42%	-39%	30%	-4%
EBIT	21.5	4.3	-27.5	-23.3	-6.0	-19.2
Adjusted EBIT*	22.6	11.3	-26.6	-17.7	-4.0	-6.3
Adjusted EBIT-margin*	39%	29%	-408%	-158%	-6%	-13%
Total costs adjusted (cost of sales and OPEX)*	-35.9	-27.5	-33.2	-29.0	-69.0	-56.6
Amylin costs	n/a	n/a	-6.2	-8.4	-6.2	-8.4
Total costs adjusted less costs for Amylin*	-35.9	-27.5	-26.9	-20.7	-62.7	-48.2

* For Gubra Group, the cost adjustments in Q1-2024 relate to buildup cost of new technology platforms (DKK 1.1 million), IPO bonus costs deferred throughout the 1 year vesting period up until 30 March 2024 (DKK 0.5 million) and buildup costs of the Minipig business that was acquired in 2023 (DKK 0.3 million).

CRO segment

Revenue in first quarter was high and ahead of expectations and amounted to DKK 58.5 million. The high revenue level is a function of tailwind from strong order intake in the latter part of 2023, which translate into revenue in Q1-2024 alongside the performance of the studies, as well as continued strong order intake in Q1-2024. Compared to the corresponding quarter in 2023, revenue was up 51%, while up 30% compared to Q4 2023.

The strongest growth driver in Q1 2024 was Obesity. Gubra is a leading provider of high-end preclinical Obesity services, reflecting the fact that Gubra has been active in this area since the foundation of the company in 2008. With the renewed interest from the biotech and pharma industry in obesity, Gubra is a natural partner when testing and developing new obesity compounds.

With the high revenue level, adjusted EBIT was DKK 22.6 million in Q1 2024, which corresponds to an increase of 100% compared to the level in Q1 2023. In terms of EBIT-margin, it stood at 39% in Q1 2024 compared to 29% in Q1 2023.

Discovery & Partnership segment

In the Discovery & Partnership segment, Gubra's historical stronghold is the development of hormone like peptide drugs particularly within metabolic diseases such as obesity. Gubra has four partnered obesity projects with Boehringer-Ingelheim and four projects in internal development. The most advanced of the internal programs is GUBamy currently in clinical Phase 1a development. Three cohorts in the single ascending dose study (SAD) have been dosed and we are on track to complete subject enrolment in key cohorts by mid-2024 and report topline results in H2-2024.

In addition, we have selected a development candidate in our urocortin-2 (UCN2) programme. This peptide is a novel anti-obesity drug candidate for healthy weight loss. The selected drug candidate acts as a potent and highly selective Corticotropin-Releasing Hormone Receptor 2 (CRHR2) agonist that has been designed for weekly dosing. The drug properties of this peptide make it suitable for both mono and combination treatment. In preclinical co-administration studies, we have shown that UCN2 completely prevents the lean mass loss observed in diet-induced obese rats treated with either GLP-1 or Amylin agonists while improving fat mass loss. We are now progressing UCN2 to the preclinical toxicology programme.

Within the endocrine field – and again using our streamLine platform – we are progressing towards selecting a candidate in our hypoparathyroidism programme. In this programme we are developing a once weekly peptide for the treatment of hypoparathyroidism. Hypoparathyroidism – a rare endocrine disease most often caused by surgical removal of the parathyroid glands – is characterized by abnormal low levels of the parathyroid hormone (PTH). Currently the standard of care of this disease is high doses of calcium and vitamin D (large pill burden) or once daily dosing of parathyroid hormone or analogues thereof. Gubra's PTH program is currently in the Drug Discovery phase.

Adjusted EBIT in the first quarter for the Discovery & Partnership segment was DKK -26.6 million (Q1 2023: DKK -17.7 million). The lower EBIT year-over-year is explained by somewhat lower partnership revenue and slightly higher costs. Adjusted total costs amounted to DKK 33.2 million in Q1 2024 (Q1 2023: 29.0 million) with the increase primarily explained by increase in headcounts.

Outlook for 2024

As announced on 6 May 2024, the FY-2024 outlook was changed.

For the CRO business, organic revenue growth for 2024 was raised to 15-20% (previously 10-15%) and adjusted EBIT-margin was raised to 28-31% (previously 25-28%). The upgrade to the CRO business follows high activity in the first quarter of 2024 and solid current trading and orderbook with Obesity as the main growth driver.

For the D&P business, we increased total adjusted costs for 2024 by DKK 15 million to 160-175 million. The increase is explained by i) costs for the UCN2 asset within healthy weight loss as we have decided to progress this asset into preclinical tox, and ii) decision to frontload investment in the API for the Amylin asset (GUBamy) to shorten the program's future development timeline.

Key ratio	New outlook 2024**	Previous outlook 2024***	Mid-term guidance	Q1 2024
CRO Segment				
Organic revenue growth	15-20%	10-15%	10% annually	51%
Adjusted EBIT-margin*	28-31%	25-28%	35-40%	39%
Discovery & Partnership Segment				
Number of new partnerships per year	1-2	1-2	1-2	-
Total costs (adjusted)*	DKK 160-170m	DKK 145-155m	n/a	DKK 33.2m
Total costs excl. Amylin asset (adjusted)*	DKK 115-125m	DKK 100-110m	n/a	DKK 26.9m

* Adjustments (exclusions) of costs reflect buildup cost of buildup costs of the Minipig business that was acquired in 2023 (revenue effects will also be deducted), buildup costs for new technology platforms and deferred IPO bonus costs (only applicable for Q1-2024). The adjustments are made to present the underlying business.

** Announced on 6 May 2024

*** Previous outlook from 28 February 2024

Conference call

A presentation for analysts and investors will be held today 7 May at 10:00am CET. The event will be hosted by the company's CEO Henrik Blou, CSO Niels Vrang and CFO Kristian Borbos. The presentation will be held in English.

To participate in the telephone conference, please use the dial-in details shown below:

DK: +45 32 74 07 10

UK: +44 20 3481 4247

When dialling-in, please state the name of the call "Gubra earnings release Q1-2024" or the conference ID: 3702765.

The presentation can also be followed live via the link: [Gubra earnings release Q1-2024 - Q4 \(q4inc.com\)](https://gubra.com/q4inc.com)

It will also be possible to take part of the audiocast afterwards at the same abovementioned link.

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About Gubra

Gubra, founded in 2008 in Denmark, listed on NASDAQ Copenhagen in 2023, is specialized in pre-clinical contract research services and peptide-based drug discovery within metabolic and fibrotic diseases. Gubra's activities are focused on the early stages of drug development and are organised in two business areas – CRO Services and Discovery & Partnerships (D&P). The two business areas are highly synergistic and create a unique entity capable of generating a steady cash flow from the CRO business while at the same time enjoying biotechnology upside in the form of potential development milestone payments and potential royalties from the D&P business. In 2023, Gubra had approx. 220 employees and revenue of DKK 205 million. See www.gubra.dk for more information.