SCIENCE OF CERTAINTY

Gubra Annual Report 2023

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Denmark

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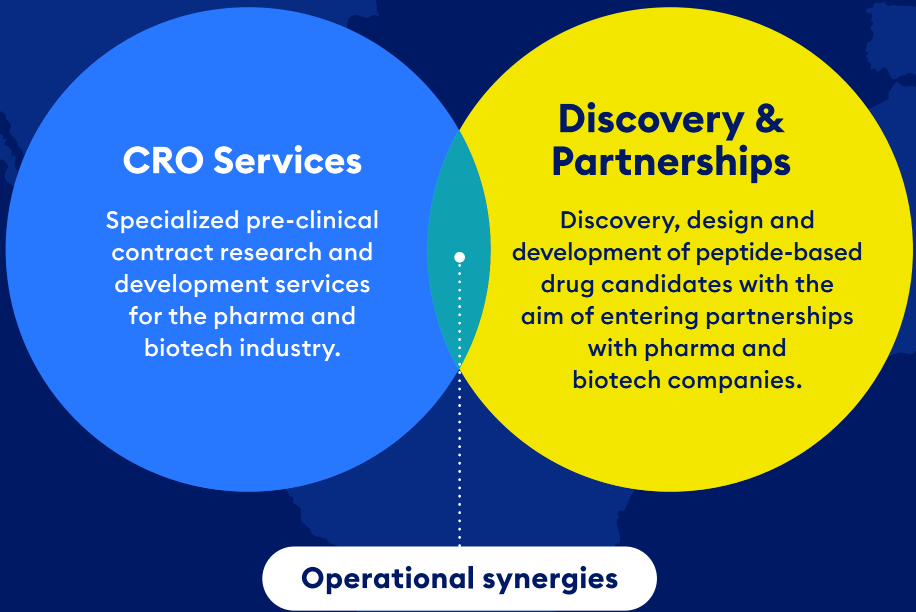
Management Review

About Gubra

Gubra, founded in 2008 in Denmark, is specialized in high-end pre-clinical contract research (CRO) and peptide-based drug discovery within metabolic and fibrotic diseases.

Our activities are focused on the early stages of drug development and are organized into 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 Benefiting from biotechnology upside in the form of potential development milestone payments and potential royalties from the D&P business.

Gubra's shares have been listed on NASDAQ Copenhagen since 2023 with ticker code GUBRA.



219
Employees
31 December 2023

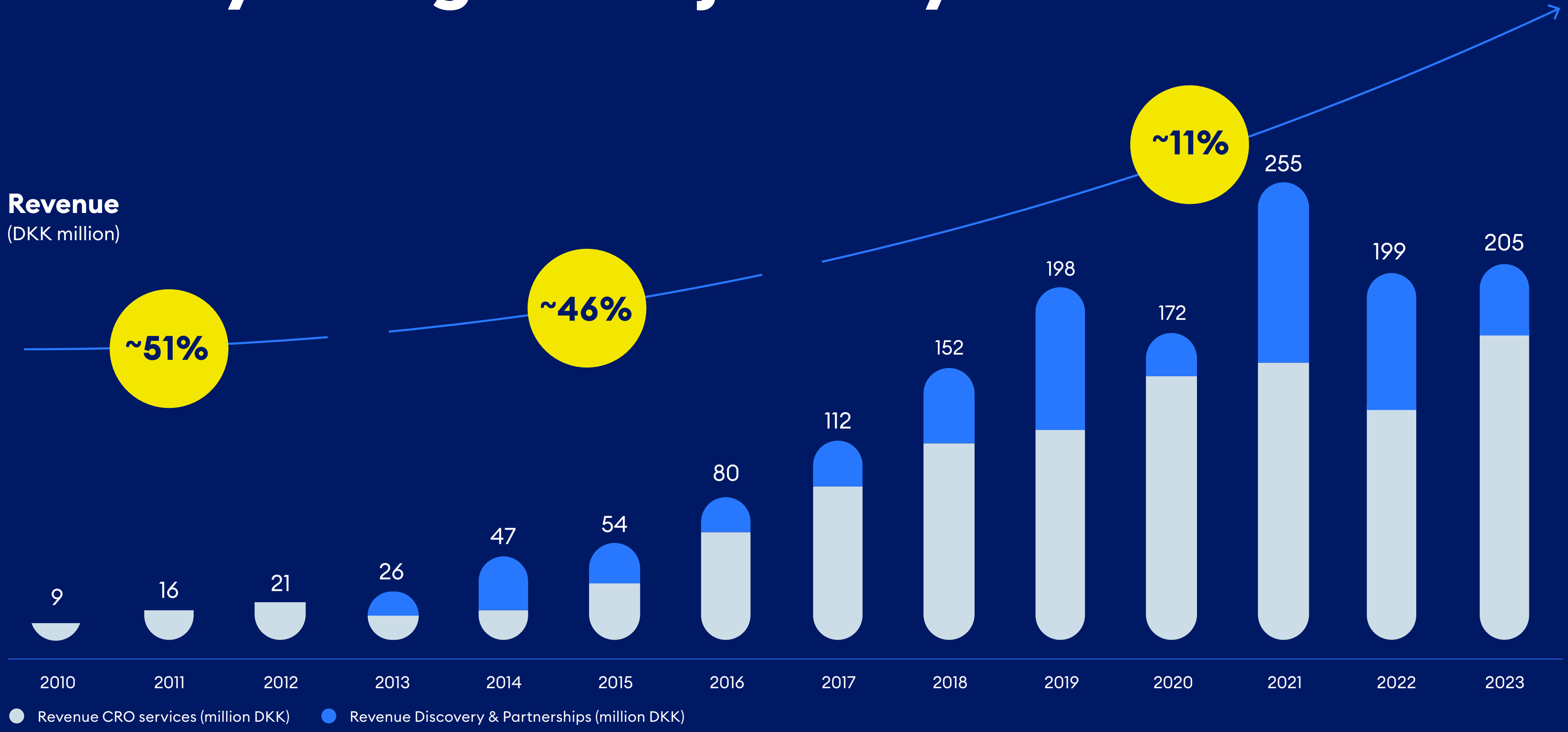
30%
Yearly revenue growth (CAGR)
Since inception (2009-2023)

Customers in
20
Countries

53%
CRO revenue from the US
in 2023

Gubra has served
15 out of top 20
largest pharma companies

History and growth journey



2008-2012 – Early growth

+ Founded at CPH University Campus
+ Initiates target and drug discovery
+ Moves to DTU Science Park

2013-2017 – First partnership

+ Target discovery deal with Sanofi-Aventis
+ 1st peptide patent filed
+ Moves to 3,000sqm facility in Hørsholm

2017-22 – Growth and new partnerships

+ Adding 5 new partnerships
+ First partnership with dose in man
+ New Gubra NASH model

2023 – IPO

+ IPO on NASDAQ Copenhagen
+ Office opened in the US
+ Amylin first human dose

Letter from the CEO and the Chair

To put it shortly – the achievements in 2023 have been excellent and exceeded our expectations. To this we are very grateful to all talented and hardworking colleagues at Gubra, our many customers and collaborators, and the investors believing in our growth strategy.

Highlight of the year: IPO on NASDAQ Copenhagen

Preparing for and completing a main market IPO is a significant undertaking. Successfully finalizing an oversubscribed deal with top-tier institutional investors further enhances our accomplishments. In fact, Gubra's IPO marked the only IPO in Denmark across all sectors in 2023 and from a European perspective, the only IPO in the biotech sector. This talks to the strength of our hybrid business model with a highly cash-generative service business combined with a discovery and biotech arm providing significant upside potential. With 2,500 Gubra shareholders it is a pleasure to announce that we have not only met but exceeded our targets for 2023.

Record-high revenue in the CRO service business

When we laid out our plans for the year, we were looking into an organic revenue growth of 10%. When we now conclude the year, we were wrong, in a positive way. CRO organic revenue growth came in at 29% year-over-year translating into a record high revenue level. The growth has been founded across many disease areas and we are specifically satisfied to see the relatively new disease areas – kidney and IPF/lung – being received very positively by our customers. We also saw strong tailwind for Gubra's traditional core areas, obesity and fatty liver (NASH/MASH).

Obesity has been the talk of 2023 and we anticipate this momentum to persist.

> Very strong performance in 2023 and ahead of our expectations


Jacob Jelsing, Co-founder and Chair, and Henrik Blou, CEO

Obesity has been a core area since the inception of Gubra and we now deliver our specialized CRO obesity services to a broad range of customers.

Discovery & Partnerships

Revenue from D&P is volatile by nature, as it is to a large extent driven by milestone payments in a particular year. In 2023, it amounted to DKK 36.5 million down from DKK 68.8 million in 2022. We are investing in our pipeline, and total costs excluding special items of DKK 116.7 million in 2023 were slightly above the expected range due to progressing the Amylin anti-obesity asset at high speed. We find great confidence in our obesity centric pipeline that is constantly being matured towards new partnerships. In line with the upper end of our guidance, we signed two new partnerships in 2023. Also, in 2023, we have taken important steps forward by upgrading our AI-based drug discovery engine, the streaMLine platform, to handle more complex peptide structures, which opens a broader palette of therapeutic targets and new treatment options, and also potentially enable the development of orally available peptides.

New partnerships
The new partnership with Hemab is an example of how our innovative power and understanding of peptides can directly translate into new business. The aim is to find peptide modulators suitable as treatments for certain bleeding disorders. These diseases are outside of Gubra's normal metabolic focus, hence a testimony to the fact that our streaMLine platform can be used to develop drug candidates to a broad range of diseases.

A new partnership with Boehringer-Ingelheim (BI) was signed towards the end of the year. This is our 4th obesity partnership with BI. The aim is to provide innovate obesity therapies with increased tolerability that support better weight loss than current therapy options. The global prevalence of obesity has increased dramatically and new treatments based on a holistic understanding of obesity and its interconnections are needed.

The revenue effect in 2023 from these two partnerships were rather limited as they were signed in the second half of the year and as upfront payments are recognised as revenue throughout the collaboration periods that go beyond 2023.

GUBamy entering the clinic
Within obesity, we took a decisive step forward as a company when dosing the first human in a Phase 1 clinical trial with our Amylin agonist GUBamy. Our preclinical studies have shown significant weight loss with GUBamy alone and additive weight loss in combination with other anti-obesity drugs. We see promising potential for GUBamy – either alone or as part of a combination therapy.

Looking ahead

After a very successful 2023, we look forward to continuing Gubra's growth journey. We have just completed the construction of a 750 m2 new facility adjacent to our headquarters, which increased our lab capacity by 30%. This, combined with the opening of our new office in Boston and the acquisition of minipig specialist MiniGut, lays a strong foundation for continued growth. We guide for 10-15% organic revenue growth in the CRO business in 2024 on the back of the record-high level achieved in 2023.

For Discovery & Partnerships our focus for 2024 is on continuing to build our R&D pipeline with innovative novel drug candidates and advance our partnership discussions. Then of course, the ongoing Phase 1 trial for GUBamy where we expect to complete enrollment by mid-2024.

We are looking forward to continuing the strong collaboration between the management team and the board, which was strengthened with two new members in 2023. Together with all our skilled colleagues, we are truly excited to start 2024 with great confidence in our business and to unfold our strategy further, driving the company towards new achievements.

Financial Highlights

In million DKK	2023	2022	2021	2020[1]	2019[1]
Income statement					
Revenue	205	199	255	172	198
CRO revenue	169	131	155	148	118
D&P revenue	36	69	100	24	80
Gross profit	115	98	166	92	149
Adjusted EBIT[2]	(34)	19	108	28	38
EBIT	(48)	(1)	89	16	38
Net financials	5	8	(2)	(2)	(3)
Profit/loss before tax	(43)	6	87	14	35
Profit/loss for the year	(44)	4	68	13	28
Statement of financial position					
Balance sheet total	625	263	302	195	170
Equity	480	108	151	80	70
Cash flows					
Cash flows from operating activities	(49)	24	89	33	37
Cash flows from investing activities	(351)	44	(27)	(7)	(24)
- Hereof cash flows from investment in PP&E	(5)	(10)	(27)	(7)	(24)
Cash flows from financing activities	383	(112)	(13)	1	(0)
Financial ratios (%)					
Gross margin	56%	49%	65%	54%	75%
Adjusted EBIT margin[2]	(17%)	9%	42%	16%	19%
EBIT margin	(23%)	(1%)	35%	9%	19%
CRO adjusted EBIT margin[2]	27%	28%	45%	45%	N/A

[1] The Consolidated Financial Statements of the company for 2023, with comparative figures for 2022, 2021 and 2020, have been prepared in accordance with IFRS. The comparative figures for 2019 are presented in accordance with the Danish Financial Statement Act.

[2] Adjusted EBIT are adjusted for special items that comprise income or expenses that are non-recurring and not part of the underlying operations, e.g. cost for IPO preparation, cost recognition of incentive programs from 2022 earlier, gain on sale of assets and costs related to Gubra Green.

DKKm
205
Revenue 2023

DKKm
(34)
Adjusted EBIT 2023

27%
CRO adjusted EBIT margin 2023

DKKm
29%
CRO organic revenue growth

Key events in 2023

IPO
Gubra listed on NASDAQ Copenhagen
MARCH 2023

Promising Phase 1 results
Encouraging data from a phase 1 trial with the novel long acting Y2 receptor agonist for treatment of obesity (partnership with Boehringer Ingelheim)
MAY 2023

Orexin added
Internally developed brain-accessible orexin peptides for the treatment of narcolepsy, ready for partnering
JUNE 2023

MiniGut acquisition
Acquisition of the Danish minipig service provider company MiniGut
JUNE 2023

Hemab partnership
Collaboration with Hemab within bleeding disorders
AUGUST 2023

US office opened
Gubra opens its first US office in Boston, MA
OCTOBER 2023

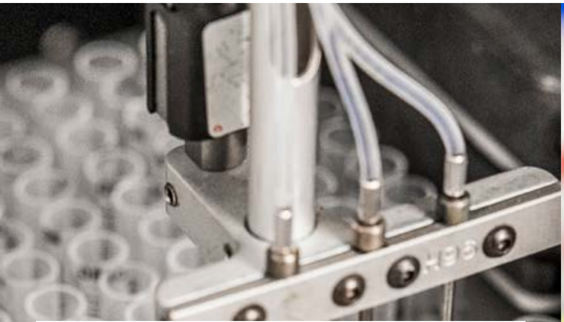
Amylin Phase 1
First subject dosed in Phase 1 trial of amylin agonist (GUBamy) for treatment of obesity
NOVEMBER 2023

Amylin Phase 1

BI partnership
4th partnership deal signed with Boehringer-Ingelheim within obesity
DECEMBER 2023

TIMELINE

Strategic priorities and aspirations



CRO

DRIVE TOPLINE ORGANIC GROWTH AND PROFITABILITY

+ Develop and innovate our vast catalogue of specialty models and tech services
+ Build US presence and grow key markets
+ Keep optimizing automation and digitalization at all levels of the business

Mid-term targets

+ Yearly organic revenue growth of approx. 10%
+ EBIT-margin of 35-40%

Discovery & Partnerships

LEVERAGE STREAMLINE PLATFORM

+ Further develop the streaMLine platform and be a preferred partner in target and hit identification
+ Develop Amylin obesity asset in early clinical development
+ Continue early partnering approach and progress new partnerships

Mid-term targets

+ 1-2 new partnerships per year

M&A

ACCELERATE GROWTH

+ Expand CRO offerings and geographic footprint
+ Optimize and complement capabilities and platforms related to internal pipeline
+ Leverage Gubra's digitalized and automated platform to integrate acquisitions

Gubra Green

NATURE POSITIVE/ CARBON NEGATIVE

+ Drive green transition
+ 10% of annual pre-tax profit invested in projects to reduce carbon emission and improve biodiversity
+ Potential financial returns from Gubra Green projects channelled back to Gubra A/S

Financial outlook and guidance

Key guidance items	2024 outlook	Mid-term guidance	Results 2023
CRO Segment			
Organic revenue growth	10-15%	10% annually	29%
Adjusted EBIT-margin	25-28%	35-40%	27%
Discovery & Partnerships Segment*			
Number of new partnerships per year	1-2	1-2	2
Total costs (adjusted)**	DKK 145-155 million		DKK 117 million
Total costs** excl. Amylin asset (adjusted)*	DKK 100-110 million		DKK 93 million

* No revenue guidance is provided for D&P due to the inherent uncertainty on timing and size of partnership revenue
** Total costs are cost of sales and operating costs

Comments to 2024 outlook

In the adjusted EBIT-margin outlook for the CRO business, we have excluded expected buildup costs of the Minipig business that was acquired in 2023 (revenue effects from Minipig will also be deducted) as well as expected buildup cost of new technology platforms.

For the buildup of the Minipig business and the technology platforms, we expect to expand Gubra's workforce by 5-10% gradually in 2024.

The adjustments are made to present the underlying business excluding effects from buildup costs.

For the subsidiary and business segment Gubra Green, revenue in 2024 is expected to be minimal. Costs are expected to be below DKK 1 million.

Forward-looking statements

The annual report contains forward-looking statements, which include projections of our short- and long-term financial performance. These statements are by nature uncertain and associated with risk. Many factors may cause the actual development to differ materially from Gubra's expectations.

Read more about the risks in the chapter on Risks and Risk Management.

Our business

CRO service business

As a Contract Research Organization (CRO), Gubra offers specialized, end-to-end research and development services to pharmaceutical and biotechnology companies on a contract basis. This enables our customers to make data-based decisions to move their pre-clinical research projects fast forward.

We are a fully integrated and digitised CRO partner to a broad range of customers comprising both large and small pharmaceutical and biotechnology companies worldwide.

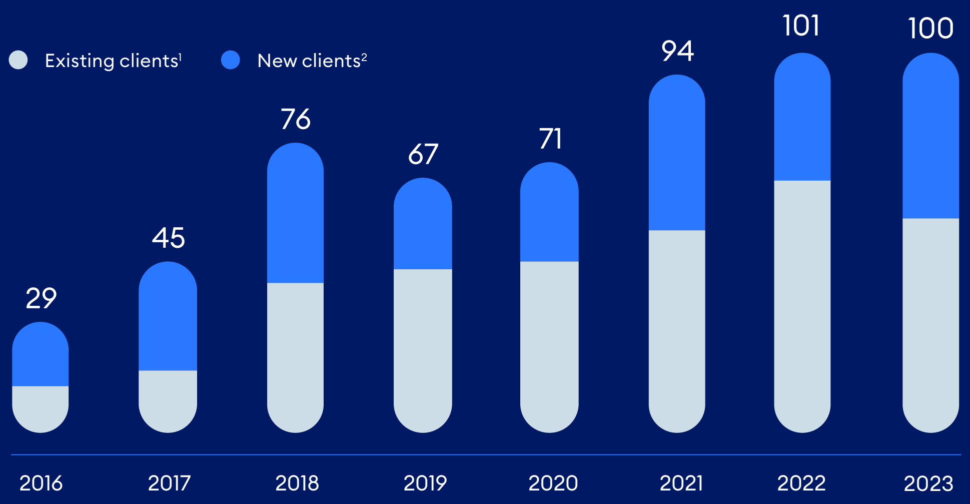
Gubra has served

15 out of top 20

big pharma companies

We have seen a substantial increase in the number of customers since we moved to larger facilities in 2016. We have served 15 out of 20 of the largest pharmaceutical companies globally of which the vast majority are now recurring customers.

We have increased the number of clients substantially

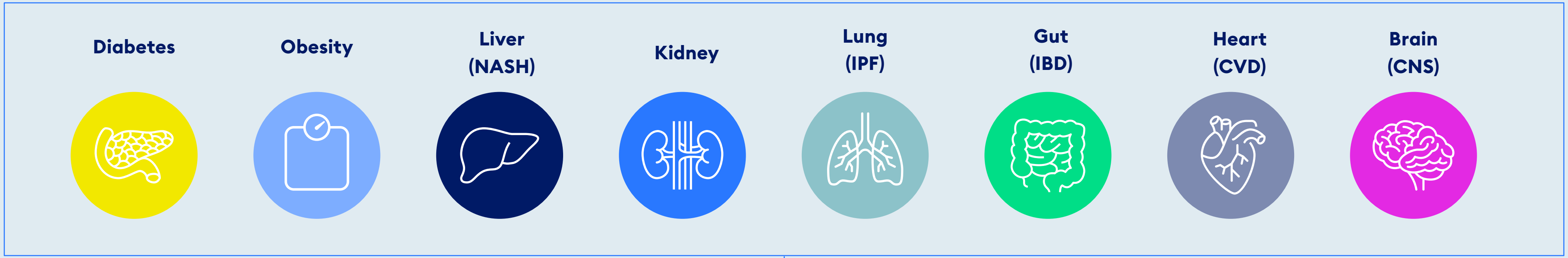


Scan the code to learn more about our CRO business

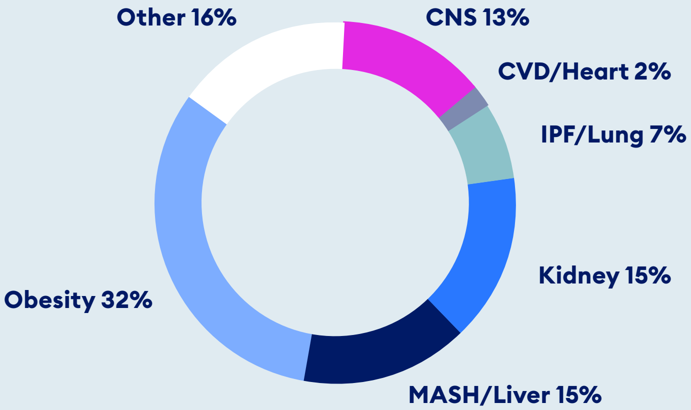
[1]Existing clients defined as clients that have had a transaction with Gubra in previous years.
[2]New clients defined as clients that have not previously had a transaction with Gubra.

Disease areas

Our CRO services cover a wide variety of disease areas

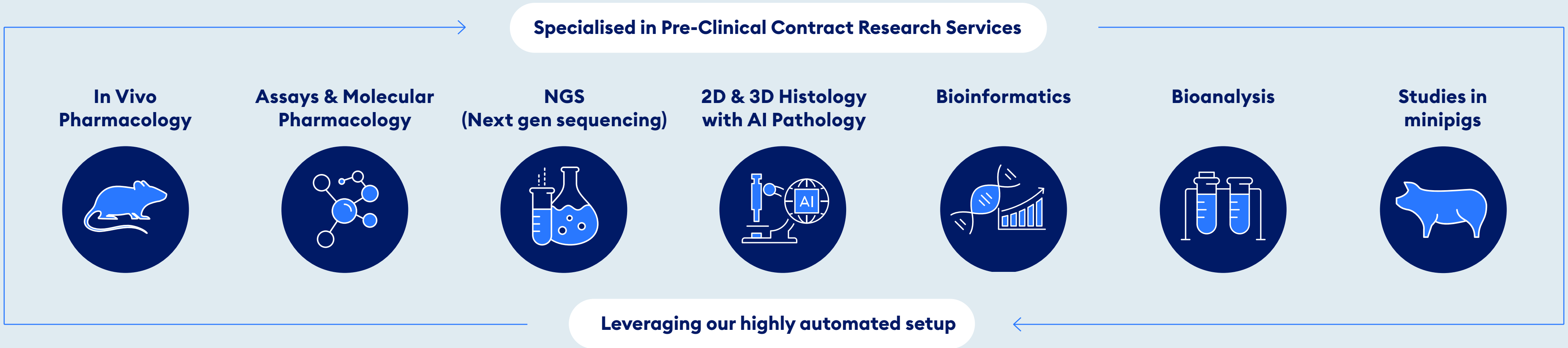


Number of studies sold per disease area in 2023



Research services

We are utilizing our deep knowledge, animal model capabilities and advanced laboratory and animal testing facilities with operations centred around automation, robotisation and digitalisation to offer a broad range of specialized services covering all aspects of pre-clinical studies.



In Vivo Pharmacology

Highly ranked clinical translatable rodent models enable specialised team of technicians and scientists to continuously deliver high quality animal data to clients.

Assays & Molecular Pharmacology

Extensive experience with ex vivo biochemical and immuno-assays combined with broad model knowledge ensuring reproducible pre-clinical assay data packages.

NGS (Next gen sequencing)

Transformation of complex omics networks into clear interpretable data by offering advanced molecular analysis based on both DNA and RNA sequencing.

2D & 3D Histology with AI Pathology

State-of-the-art automated whole-organ 3D imaging for quantitative functional and anatomical studies, and AI-based clinical-derived histopathology scoring build for scale and speed. Complete histology solutions on any tissue from animal to human.

Bioinformatics

Fully integrated complete data platform to easily analyse large amounts of data from multiple own data systems ensuring efficiency and integrity.

Bioanalysis

Robot assisted molecular pharmacology and automated analysis of pharmacokinetic studies enabling delivery of data to multiple projects in a matter of days.

A large and growing CRO market

There is an increased pressure on pharmaceutical and biotechnology companies to develop efficient medications, forcing them to not only increase research and development spending, but also to improve cost efficiencies.

In an effort to reduce research and development expenditure, time and complexity of drug development, there has been an increase in the use of outsourcing, including to contract research companies such as Gubra.

The global CRO service market is expected to reach USD 113 billion by 2026, corresponding to an annual average growth rate (CAGR) of 12.4% from 2021 to 2026. Our focus markets - North America, Europe, Japan and South Korea – represented approx. 83% of the global CRO market in 2021.

Gubra's addressable market

The addressable market within early phase development services in our geographical focus markets was approx. USD 3.8 billion in 2021. This is expected to reach approx. USD 6.4 billion in 2026[1], corresponding to an annual average growth rate of 10.8% from 2021 to 2026.

With only a minor share of the addressable market and with our end-to-end service offerings based on our advanced technology platforms resulting in both speed and efficiency for our customers, we believe we have a competitive edge to increase our market share substantially.

3.8
Gubra's addressable market (USDbn) in 2021

10.8%
CAGR 2021-2026 Addressable market

> Gubra's addressable market is expected to reach USD 6.4 billion in 2026.

Source: [1]Fortune Business Insights
Note: [1]In order to arrive at the Company's estimate of the market size for Early Development CRO services within Cardiovascular, Metabolic, Kidney and CNS disorders, the share of Early Phase Development services of total CRO services in the Geographical Focus Markets (21% in 2021) has been applied to the market value per disease area. Thus, the estimated market values are independent and not derived directly from Fortune Business Insights' data.

DEEP DIVE

Acquisition of MiniGut

MiniGut

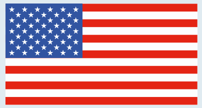
In June 2023, we acquired the Danish company MiniGut ApS. MiniGut is a fully equipped minipig Contract Research Organization (CRO) located at DTU Science Park in Hørsholm, Denmark, next to the headquarters of Gubra. The facility at MiniGut is very well-suited for conducting a variety of advanced and well controlled studies in high-containment, individually ventilated holding rooms.

The acquisition enables Gubra to perform minipig studies and adds a large animal model to Gubra's CRO services. This includes both pharmacokinetic studies and microbiome studies, and over time additional minipig research models covering the disease areas within which Gubra operates.

Adding minipigs and a large animal model to Gubra's model catalogue is important and enables us to better bridge from rodent to human pharma-cokinetics and efficacy.

DEEP DIVE

Gubra opens office in the US

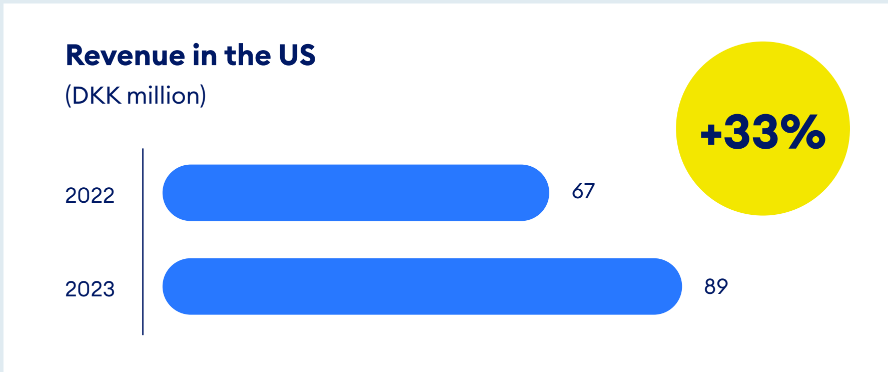


In October 2023, Gubra opened its first US office in Boston located on Kendall Square. The expansion to the US is part of Gubra's strategic ambition to expand its global footprint and be closer to our customers.

The location on US East Coast in Boston is ideal as the Boston area offers a unique and strong biotech ecosystem. It is home to numerous pharma and biotech companies, as well as universities which not only provide access to cutting-edge research, but also offer opportunities for close collaborations.

Gubra sees a tremendous potential to expand our presence and offering to the US market. Already today, half of our total CRO revenue comes from the US. With feet on the ground in the US, it enables us to be more accessible and adapt faster to the needs of our US-based customers and partners.

With the US office, Gubra will promote services and solutions for the CRO business and engage in collaboration discussions within the Discovery & Partnership business.



Discovery & Partnerships

The Discovery & Partnerships business serves as our drug discovery engine for identification of novel peptide-based candidates within metabolic and fibrotic diseases.

For drug discovery, Gubra has developed a unique method using Machine Learning (ML) and Artificial Intelligence (AI), which accelerates the process from target identification to drug candidates. We call it the streaMLine platform.

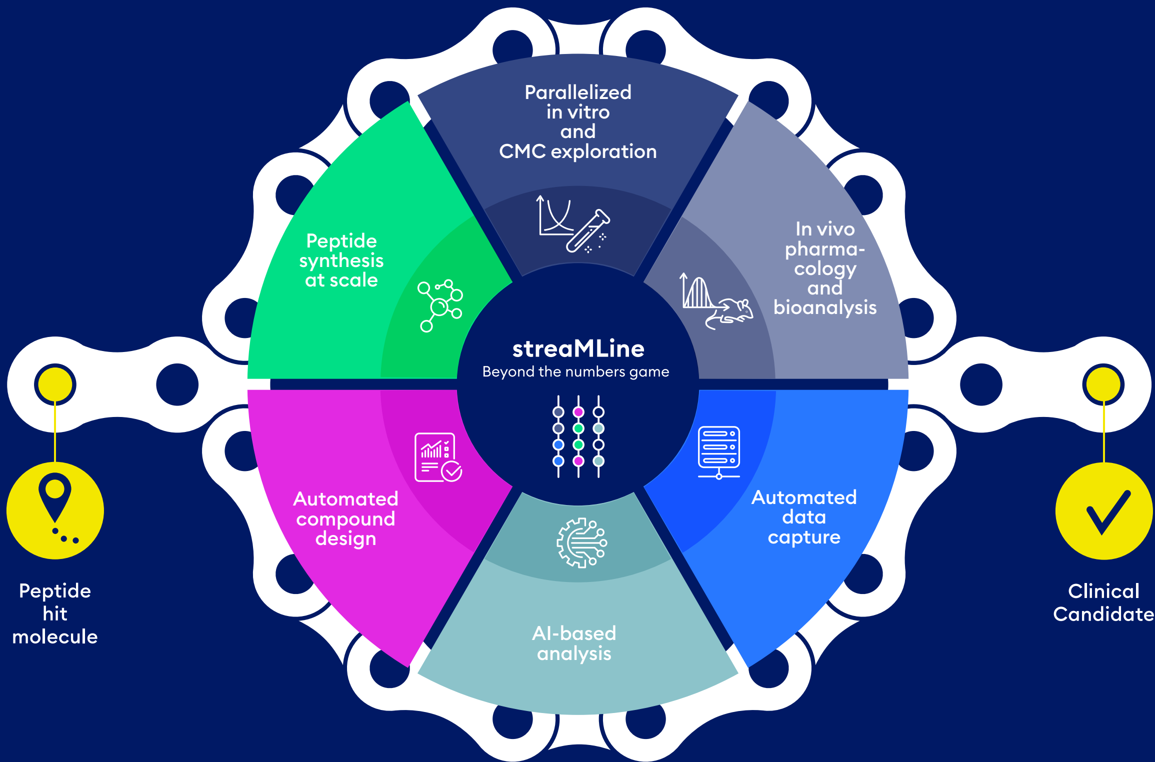
The streaMLine process is a circular process that can evaluate several aspects of the molecule simultaneously, resulting in the ability to rapidly modify molecule designs and thus optimizing the hit molecule before testing it in vivo in our readily available and translatable models. The streaMLine platform enables us to run multiple projects in parallel with fewer resources, and thus lowering pre-clinical development costs per project.

Once our projects have matured they are included in our R&D pipeline and are ready to be out-licenses to partners. Our approach is to out-license our projects early to reduce risks and costs.

streaMLine advantages

- + Design of over 4,000 peptides per month – compared to a few hundred before the use of streaMLine
- + Focus on 4-6 projects simultaneously instead of 2-3 using fewer researchers = time efficiency and lower costs
- + Improved patent potential

Scan the code to know more about our Discovery & Partnership programs



Strong achievements in 2023

Our mindset is to be scientific entrepreneurs, and every year we push to break new technological boundaries. In 2023, we have taken significant steps forward:

Upgrading to cyclic peptides

We have upgraded our AI-based drug discovery engine, the streaMLine platform, to handle complex peptide structures such as cyclical peptides. Bringing in cyclic peptides to the streaMLine Platform not only opens up a broader palette of targets in the body and new treatment options, but the rigid cyclic structures may also enable development of orally available peptides.

Progressing our R&D pipeline

Promising results from Phase 1 obesity project

Results from the Phase 1 study for the obesity project partnership with Boehringer- Ingelheim were presented in 2023. The results showed positive effects on energy intake and gastric emptying and no unexpected safety concerns.

GUBamy to the clinic

Our most advanced obesity asset entered clinical Phase 1 in 2023 (see more on page 22)

Orexin added

Orexin was added to the R&D portfolio. Orexin is an internally developed brain-accessible orexin peptide for the treatment of narcolepsy. The results so far show that the peptide can cross the blood-brain-barrier and induce a positive effect in a mouse narcolepsy disease model.

New obesity asset targeting healthy weight loss

Following the conclusion of the collaboration between Gubra and Bayer in 2023, the drug candidate aimed at the cardio-renal area was returned to Gubra. Gubra sees great potential for this asset within the obesity area, specifically healthy weight loss.

New partnerships

In 2023, we signed two new partnerships within bleeding disorders (Hemab) and obesity (Boehringer-Ingelheim), read more on pages 21 and 23.

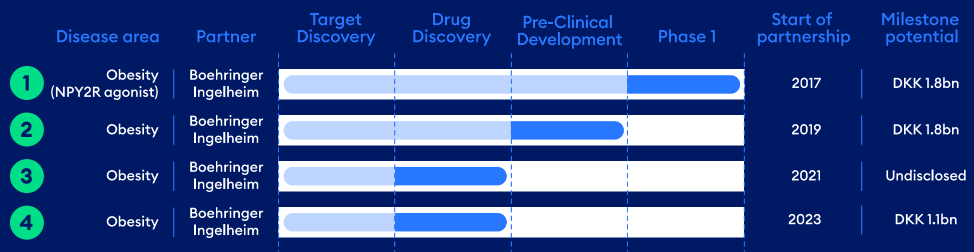
R&D pipeline

Scan the code to know more about our expanding pipeline

DEEP DIVE

Obesity collaborations

Boehringer Ingelheim partnerships



Obesity partnerships

Obesity is a complex chronic disease and the global prevalence is increased over the last decade affecting around 650 million adults today (according to WHO). Gubra and the German company Boehringer Ingelheim, collaborate to develop novel anti-obesity treatment and currently the companies have four partnerships.

The first partnership was formed in 2017 and the most recent was in 2023. In all partnerships, Gubra has granted Boehringer Ingelheim worldwide rights to further develop and commercialise the compounds, while Gubra is entitled to receive partnership payments in the form of upfront payments, research payments, milestone payments and royalties.

1. The first partnership concerns development of a novel long-acting neuro-peptide Y receptor type 2 (NPY2) agonist (BI 1820237). Results from clinical Phase 1 were presented in 2023 at the European Congress on Obesity, ECO. The results showed positive effects on energy intake and gastric emptying and no unexpected safety concerns.

   The compound, BI 1820237, is currently being tested in an ongoing clinical trial in combination with two other anti-obesity compounds. The combination compounds are the approved GLP-1 receptor agonist semaglutide from Novo Nordisk and the GLP-1/GCGR investigational drug BI 456906/Survodutide from Boehringer-Ingelheim and Zealand Pharma.

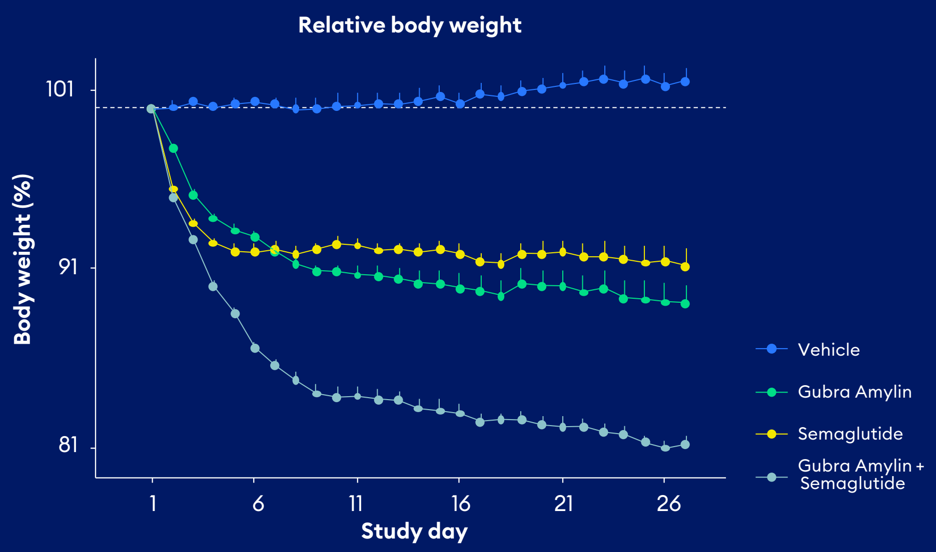
2. The second anti-obesity partnership concerns development of novel poly-agonist peptides. The project is currently in pre-clinical development.

3. The third anti-obesity partnership concerns the identification and validation of targets and innovative peptide compounds. The project is currently in the drug discovery phase.

4. The most recent anti-obesity partnership concerns the discovery of novel peptides and takes on a new approach to identify, validate and develop innovative treatments with the aim of improving health outcomes for people living with obesity. The project is currently in the drug discovery phase.

DEEP DIVE

Promising own Amylin project for obesity



Preclinical results

GUBamy holds promising potential as a novel treatment option both as a monotherapy and in combination with other anti-obesity drugs. Our preclinical studies have shown significant weight loss with GUBamy alone and additive weight loss in combination with other anti-obesity drugs (see graph to the left on this page). Administered as monotherapy, it shows a weight loss of around 10% after a month. Combining it with a GLP-1, a hormone that plays important roles regulating appetite and blood sugar levels, the weight loss is amplified to around 20% after a month.

Ongoing Phase 1 study

The Phase 1, First-In-Human, randomized, single ascending dose trial, will assess safety, tolerability, pharmacokinetics, and pharmacodynamics of GUBamy administered in lean to overweight but otherwise healthy subjects. The study will be conducted in up to 48 subjects divided in 6 cohorts. In addition to assessing the safety (primary objective), the trial will also evaluate the pharmacokinetic properties of GUBamy as well as the pharmacodynamic effects on gastric emptying and metabolic and hormonal changes.

The trial is expected to complete enrollment mid-2024. Additional information about the trial is available via ClinicalTrials.gov (NCT06144684).

About GUBamy in more detail

GUBamy is a long-acting amylin agonist for once weekly subcutaneous (s.c.) administration. The drug product is a sterile solution with a neutral pH. The physical and chemical properties of GUBamy solution are compatible with future co-formulation with other anti-obesity injectable drugs (e.g. GLP-1 agonists, dual and triple agonists etc.). The Amylin asset is patent-protected beyond 2040 based on data derived from our streaMLine platform.

Huge market opportunity

The global obesity market is rapidly growing and is expected to reach USD 100 billion in market value by 2030 (according to Goldman Sachs), up from USD 2 billion in 2022.

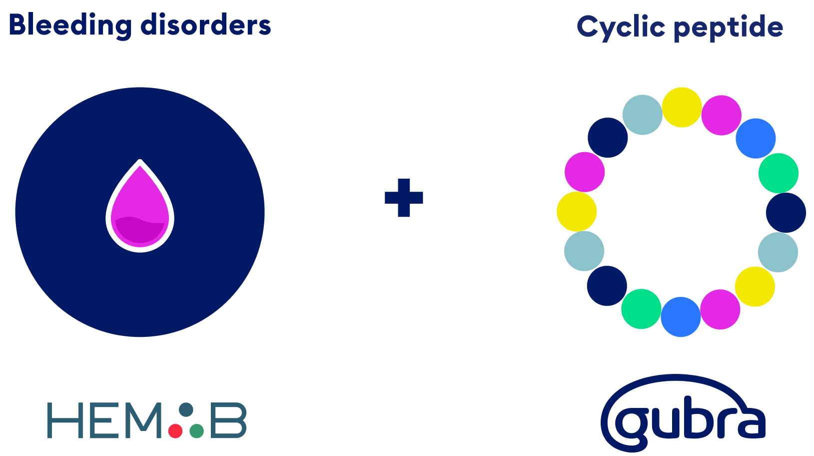
DEEP DIVE

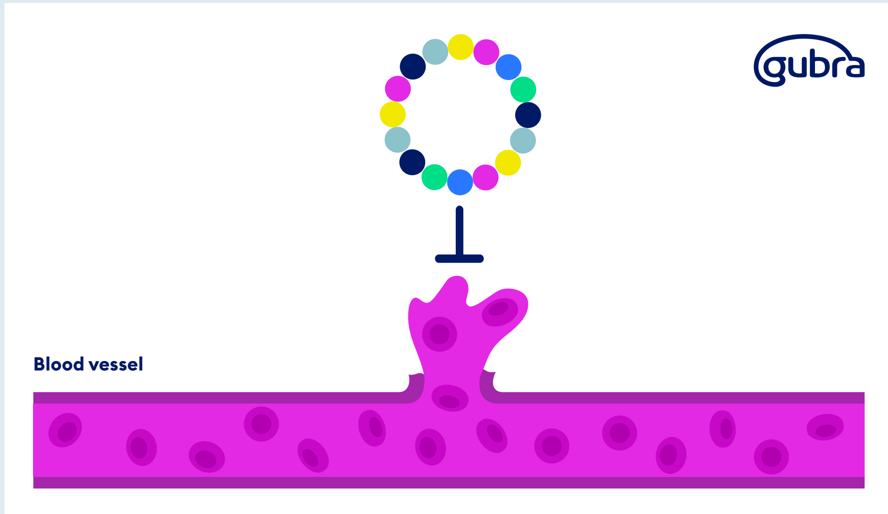
New partnership with Hemab

In August 2023, Gubra and Hemab entered into a collaboration for the treatment of bleeding disorders. The aim is to develop a peptide-based inhibitor to treat bleeding disorders.

Gubra utilizes its streaMLine peptide platform for the development of the clinical candidate, which will subsequently be handed over to Hemab for further development.

This collaboration underscores the versatility of our streaMLine platform, showcasing its ability to facilitate the development of peptide drug candidates for a broad range of diseases, including those outside of Gubra's usual metabolic disease focus. such as bleeding disorders.





Financial results 2023

Revenue

In 2023, Gubra recorded total revenue of DKK 205.0 million compared to DKK 199.4 million in 2022. The revenue increase was driven by the CRO segment, that exhibited its highest revenue ever and grew 29% year-over-year, while revenue in the Discovery & Partnerships business declined compared to 2022.

CRO services segment

In the CRO segment, revenue growth was seen across many disease categories and most notably within Obesity, Liver, Kidney and IPF/Lung studies. This resulted in a 29% organic revenue increase for the CRO business year-over-year (outlook in the Annual Report 2022 was 10% and the latest guidance 25-28%).

The market interest in the Obesity area has been very significant in 2023, which has led to an increased demand for our CRO services in this field. Obesity is a core area in Gubra and has been so since the inception of the company. This expertise enabled us to capitalize on the high activity in this field in 2023.

The growth within Liver studies in 2023 followed the positive trend seen since Q4-2022 where positive late-stage clinical data rejuvenated the market interest in this field. This has translated into increased demand for Gubra's pre-clinical liver models.

The Kidney disease category also experienced substantial growth in 2023 compared to 2022. In recent years, Gubra has developed a comprehensive and well-established catalogue of kidney models. In 2023, we witnessed solid demand from both major pharmaceutical companies and small biotech firms.

Finally, another relatively new field for Gubra is within IPF/Lung, which has gained strong traction from customers in 2023 and contributed to the growth in the CRO business.

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DKK million	2023	2022
Income statement		
Revenue	205.0	199.4
CRO revenue	168.5	130.6
D&P revenue	36.5	68.8
Gross profit	114.9	97.7
EBIT	-47.7	-1.3
Special Items and Gubra Green*	-13.5	-19.8
Adjusted EBIT*	-34.1	18.5
Profit/loss for the period	-44.5	4.3
Balance sheet and cash flow		
Equity	479.7	108.2
Cash flows from operating activities	-49.4	24.3
Cash flows from investing activities	-351.4	44.1
Cash flows from financing activities	382.8	-112.3
Key figures and ratios		
EBIT margin	-23%	-1%
Adjusted EBIT margin*	-17%	9%
CRO EBIT	38.5	25.6
CRO special items	-7.6	-10.4
CRO adjusted EBIT*	46.1	35.9
CRO adjusted EBIT margin*	27%	28%
D&P total costs (adjusted)*	-116.7	-86.2
D&P total costs excl. Amylin asset (adjusted)*	-93.1	-75.2
* Adjustment for special items and Gubra Green cost:	13.5	19.8
IPO costs	9.4	5.1
Special items arising from business combinations	-1.4	-
Cost recognition of incentive programs from 2022 and earlier (non-cash effect)	5.1	34.2
Costs related to sale of headquarter	0.4	-22.5
Cost of Gubra Green	0.3	3.0

Discovery & Partnerships segment
In 2023, revenue from Discovery & Partnerships (D&P) segment amounted to DKK 36.5 million (2022: DKK 68.8 million). It is important to understand that revenue from the D&P segment is volatile by nature – in contrast to the more stable CRO service business. In certain periods a number of partnership payments such as milestones are triggered and the D&P revenue increases significantly, and in periods less milestones are triggered resulting in lower D&P revenue.

In the second half of 2023, two new partnerships were established. The recognition of revenue from upfront payments is deferred over the collaboration period. Thus, the revenue effect of the two new partnerships was relatively limited in 2023.

Total costs, cost of sales and OPEX, excluding special items, amounted to DKK 116.7 million in 2023. This was slightly above the expected range of DKK 105-110 million. The higher costs were related to timing effects driven by the fast progress for the development of the Amylin asset where first human was dosed in November 2023. Excluding Amylin costs, the total costs were DKK 93.1 million, which can be compared to the guided range of DKK 85-95 million.

Gubra Green segment
Total costs of Gubra green amounted to DKK 0.4 million, wich was fully in line with expectations.

Adjusted EBIT

Group adjusted EBIT was, as expected, negative and amounted to DKK -34.1 million (2022: DKK 18.5 million). This decline in earnings was driven by growth in personnel and increased costs related to the development of the Amylin asset. Gubra has grown its organization to an average of around 205 employees in 2023 compared to an average of around 180 employees in 2022. Costs for developing the Amylin asset amounted to DKK 24 million in 2023, slightly higher than expectations, compared to DKK 11 million of Amylin costs in 2022.

Adjusted EBIT for the CRO business increased by 28% year-over-year to DKK 46.1 million, driven by revenue growth. In terms of adjusted EBIT-margin, it stood at 27.4% compared to outlook for 2023 in the Annual Report 2022 at 25% and latest guidance 26-28% (2022: 27.5%).

Reported EBIT totalled DKK -47.7 million in 2023. The difference vis-à-vis adjusted EBIT is primarily explained by adjustments for IPO related costs and costs recognition of employee incentive programs that were implemented in the years prior to 2023 (no cash flow impact). The adjustments are explained in more detail in note 3.

Net financial income and expenses

For 2023, net financials amounted to an income of DKK 4.7 million (2022: income of DKK 7.5 million). The net financial income in 2023 is explained by interest income from short-term placement of IPO proceeds in Danish AAA-rated mortgage bonds.

Tax

For 2023, tax on the result for the period amounted to a tax cost of DKK 1.6 million (2022: DKK tax cost of 1.9 million)

Result for the period

Result for the period totalled DKK -44.5 million (2022: DKK 4.3 million). The decline compared to 2022 was mainly due to lower EBIT.

Cash flow

Operating net cash outflow for 2023 amounted to DKK -49.4 million, against an inflow of DKK 24.3 million last year. The lower operating cash flow stems from a net operating loss in 2023 compared to a profit in 2022 as well as lower partnership payments received in 2023.

Cash flow from investing activities amounted an outflow of DKK –351.4 million (2022: DKK 44.1 million), driven by short-term placement of excess liquidity in Danish AAA-rated mortgage bonds, in part offset by the proceeds from the sale of property end of 2022 received in 2023, amounting to DKK 65.7 million.

Cash flow from financing activities 2023 amounted to an inflow of DKK 382.8 million against an outflow for the same period last year amounting to DKK -112.3 million. The large increase in cash flow from financing activities in 2023 was driven by the equity issuance in connection with the IPO with gross proceeds of DKK 500 million.

Equity

Equity was DKK 479.7 million at the end of December 2023 against DKK 108.2 million at the end December of 2022. The significant increase was due to the abovementioned capital increase. This was partly offset by payment of dividend of DKK 68.5 million.

ESG

Environmental, Social and Governance (ESG)

At Gubra, we have been deeply committed to the ESG agenda since we were founded in 2008. In a world facing unprecedented problems like global climate change, inequality, and ethical lapses, there is, in our opinion, a need for responsible businesses reversing this concerning trend.

Especially the environment has been a key priority to Gubra, and we firmly believe that we need to act now as greenhouse gas emissions reached new highs in 2023, and biodiversity is declining at an alarming rate. In 2019, we made the commitment to invest 10% of our pre-tax profit in environmental activities every year, and in 2023, Gubra was the first company in Denmark to be listed on Nasdaq Copenhagen with this promise.

First steps toward a fully compliant ESG report

The EU Corporate Sustainability Reporting Directive (CSRD) supported by the European Sustainability Reporting Standards (ESRS), were approved in November 2022. As a consequence, we have decided in 2023 to take the first preliminary steps towards a full ESG report, even though we expect not to be legally required to report in compliance with CSRD and ESRS before 2026.

In 2023, we have conducted a 2022 ESG baseline including all Scope 1, 2, and selected Scope 3 data, as well as data related to Social and Governance. We have chosen not to proceed with an audit of our ESG data in 2023. Instead, the compiled dataset named Gubra Sustainability Statement is available on our website. Furthermore, in 2023, we have conducted a preliminary double materiality assessment based on ESRS, set overall targets, and identified our key stakeholders.

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The CSRD framework requires companies to work with involving stakeholders, conducting a materiality assessment and setting targets. In this ESG report, we have included our initial stakeholder analysis and double materiality assessment including high-level targets. In 2024, we will continue to work on engaging and getting feedback from our stakeholders in identifying material issues as well as detailing our double materiality assessment and target setting.

> To Gubra, ESG is not a destination, it is a journey to give back more than we take

Business model

Gubra is a public biotech company with two primary areas of business: Preclinical contract research services (CRO) and proprietary early target and drug discovery programs. For a more thorough description of our business model see page 4.

SUSTAINABLE DEVELOPMENT GOALS

We are dedicated to act on the UN's Sustainable Development Goals (SDG) with special focus on SDG 3 (Good Health and Well-being), SDG 13 (Climate Action), SDG 14 (Life Below Water), and SDG 15 (Life on Land).

Stakeholder engagement

Involving stakeholders in the double materiality assessment is a central element of CSRD, which enables a more holistic understanding of the most relevant and impactful material issues. We are committed to creating value for our key stakeholders, and in 2023, we have identified and shortly described seven key stakeholder groups.

Our aspiration for 2024 is to incorporate feedback from our stakeholders in our continued work with our materiality assessment as well as inspire them to work towards a more sustainable world.

Employees

Our employees are crucial for the success of Gubra. We engage them through our strong culture, values as well as development opportunities and leadership dialogues.

Academia and scientific partners

We work closely with academia and scientific partners to accelerate scientific and technological innovations through e.g. numerous PhD and post.doc programs.

NGOs and communities

Engaging with NGOs, funds, municipality and neighboring businesses as well as e.g. organic vegetable growers is an inspiration for us, and we are involved in activities benefitting our local community.

Suppliers

We prioritize long-term supplier relations build on trust to ensure security of supply and high-quality product deliveries. We engage our most important suppliers in frequent dialogues to make sure we can always deliver the best possible service to our customers.

Customers/ partners

Excellent value creating experiences are at the centre of everything we do. We engage with our customers and partners through close collaborations tailored to their needs and scientific aspirations.

Shareholders and investors

Long-term support from shareholders (both internal and external) and investors are important to ensure stability for the future sustainable growth of Gubra. We engage though frequent, open dialogue and communication.

Authorities and industry associations

To ensure the high standards, we engage in dialogue with both government officials, international industry organizations, and associations.

Double materiality assessment, targets, and key actions taken

In 2023, we have conducted a preliminary double materiality assessment of the 10 generic topical ESRSs and the related sub-topics within Environment, Social, and Governance. Our assessment pinpoints 4 out of 10 ESRS topics as material: E1 Climate Change, E4 Biodiversity and Ecosystems, S1 Own Workforce, and G1 Business Conduct. 16 sub-topics were assessed with high materiality as shown in the table below.

After the materiality assessment, we set key targets for our overall climate and biodiversity activities, as well as sub targets for gender representation across all management layers and employee satisfaction. Finally, we listed key actions taken since 2020 progressing the ESG agenda. The double materiality assessment will be subject to potential changes when finalized and we have not yet obtained independent assurance on the assessment.

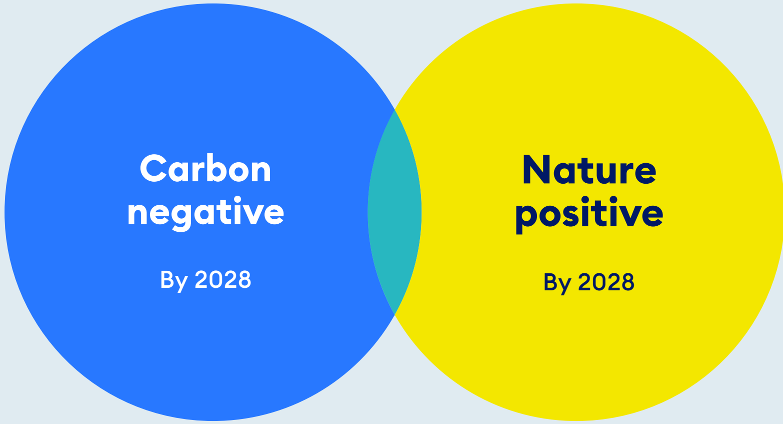
MATERIAL TOPICAL ESRS	MATERIAL SUB AND SUB-SUB-TOPICS	KEY TARGETS	KEY ACTIONS TAKEN
ESRS – E1 Climate change	**Scope 2** 1. Electricity **Scope 3** 2. Purchased goods and services 3. Business travel 4. Employee commute 5. Upstream transportation and distribution 6. Waste generated in operations	Carbon negative by 2028	+ Afforestation on Langeland from 2020-2023 consisting of 377,128 new trees and bushes * + Sustainability policy + Green panel established: 10 internal ambassadors + Employee commute campaigns saving CO_2 + 14% of our parking spaces are with E charging stands + Numerous initiatives to reduce electricity and water consumption e.g. automatic lights and 'one cup a day' campaign + Primarily plant-based canteen
ESRS – E4 Biodiversity and ecosystems	**Direct impact drivers of biodiversity loss** 7. Climate change 8. Land-use change 9. Others (supply chain) 10. Species population size	Nature positive by 2028	+ Restored 150 ha of conventional farmland into forest and grassland since 2020 + Established 9 new waterholes in 2020/2021 and blocked 6 drains to restore a more natural hydrology hereby fostering biodiversity and species population size + Pesticide free canteen
ESRS – S1 Own workforce	**Working conditions** 11. Gender equality and equal pay for work of equal value 12. Training and skills development 13. Diversity	A minimum of 40% of the underrepresented gender in Board of Directors and other management in 2024	+ Equal maternity/paternity leave implemented + Diversity and inclusion policy + Leadership training programs and Gubra internal training academy continuously conducted
ESRS – G1 Business conduct	**Business conduct** 14. Corporate culture 15. Protection of whistle-blowers 16. Animal welfare	Employee engagement score above 90% (High, very high) in 2024	+ Whistleblower channel established + Anti-bribery and anti-corruption policy + AAALAC accreditation since 2020 + Health and Safety system in place

* Skovdyrkerne have assisted Gubra in planting and maintaining the new forest

Environment

In our double materiality assessment, we have assessed ESRS E1 (Climate Change) and E4 (Biodiversity and Ecosystems) as being material. At Gubra, we are on a journey moving towards carbon negative and nature positive within few years, and the material sub-topics will help guide our actions.

We are ambitious and this is also reflected in our sustainability guidelines and the targets we have set. We have taken numerous initiatives and actions towards avoiding and reducing our negative impacts on climate and nature, and this will be an ongoing focus ahead.



Gubra's sustainability actions are shaped by our five key sustainability guidelines developed in 2019. In 2022, we added the guideline regarding nature positive, and in 2023, we have strengthened the social and governance aspirations in guideline 5. Guidelines 1, 2, 3 and 5 relate directly to reaching our targets, and guideline 4 help us to engage and inspire to take action, both internally and externally.

Key sustainability guidelines

1. **Investing 10% of our pre-tax profit**
Commitment to invest 10% of our pre-tax profit in environmental activities every year through our subsidiary Gubra Green.

2. **Carbon negative**
Carbon negativity implies absorbing more CO_2 than we are emitting. We do this by stimulating projects aiming at reducing our carbon emissions, planting trees, and when necessary, buying carbon offsets.

3. **Nature positive**
Our contribution to reversing the decline in biodiversity so that species and ecosystems begin to recover. We do this by e.g. reducing our supply chain impacts, and converting farmland into nature and forests.

4. **Inspire & Engage**
Inspiring and engaging our stakeholders and other companies to fight for a more sustainable world.

5. **Order in own house**
Providing a healthy and non-discriminatory work environment, insisting on proper waste management, and support and encourage our suppliers to live up to environmental and social standards.

Scan the code to see our Sustainability in Action page

Gubra Green

Together with reducing our negative environmental footprint, our most impactful contribution to climate and nature is our commitment to invest 10% of our pre-tax profit in environmental activities every year through our subsidiary Gubra Green. By the end of 2023, Gubra Green had a cash position of around 20 mDKK.

In 2023, we had lots of exciting activity in Gubra Green with high expectations for impact investments in 2024.

> Gubra was listed on Nasdaq CPH in March 2023 with a 10% green commitment. We hope this will inspire other companies to follow our lead

Since 2020, Gubra has converted 150 hectares of conventional CO_2-emitting farmland on the Danish island Langeland into forest and grassland to absorb CO_2 and increase biodiversity. In 2023, Gubra has planted 4,567 trees on the Danish island Langeland, bringing the total number of planted trees and shrubs to 377,128 (70% deciduous, 30% conifers). By the end of 2022, 81 hectares have been sold off with the continuation of the initiated forest and nature projects. The income has been returned to Gubra Green to enable additional projects. Among the assets in Gubra Green, are the remaining 69 hectares of forest and nature.

Carbon negative

Moving swiftly towards carbon negative is imperative to us. We embarked on the journey years ago and in 2019 we committed to adhering to the Greenhouse Gas (GHG) Protocol for managing our scope 1, 2 and 3 emissions. We utilize the suggested unit CO_2e, which is an essential metric for comparing and aggregating the impact of different greenhouse gases based on their relative contribution to climate change.

In 2023, we have established a comprehensive 2022 data baseline for Environment (Scope 1, 2, and 3). Below is an overview of total Scope 1 and 2, as well as selected Scope 3 emissions for 2022 and 2023.

For our Scope 3 emissions, we have included 6 categories in 2022 and 2023, based on relevant GHG categories (see breakdown below). Our focus has solely been on activity-based data. Going forward, we will focus on identifying and collecting residual Scope 3 emissions e.g. spend-based data. See page 43 for detailed overview of climate data.

See all metrics in Gubra's unaudited Sustainability Statement here

www.gubra.dk

SCOPE 1: Own operations

Direct emissions from our own operations.

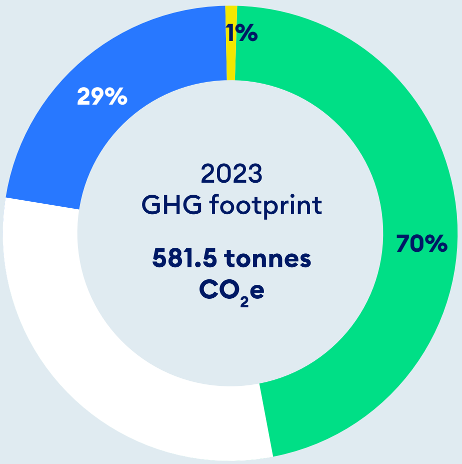
6 tonnes CO_2e (2022: 1)

SCOPE 2: Purchased energy

Indirect emissions from the generation of purchased energy.

68% of our scope 2 emissions come from electricity, and **32%** from heating.

166.4 tonnes CO_2e (2022: 153)



SCOPE 3: Value chain

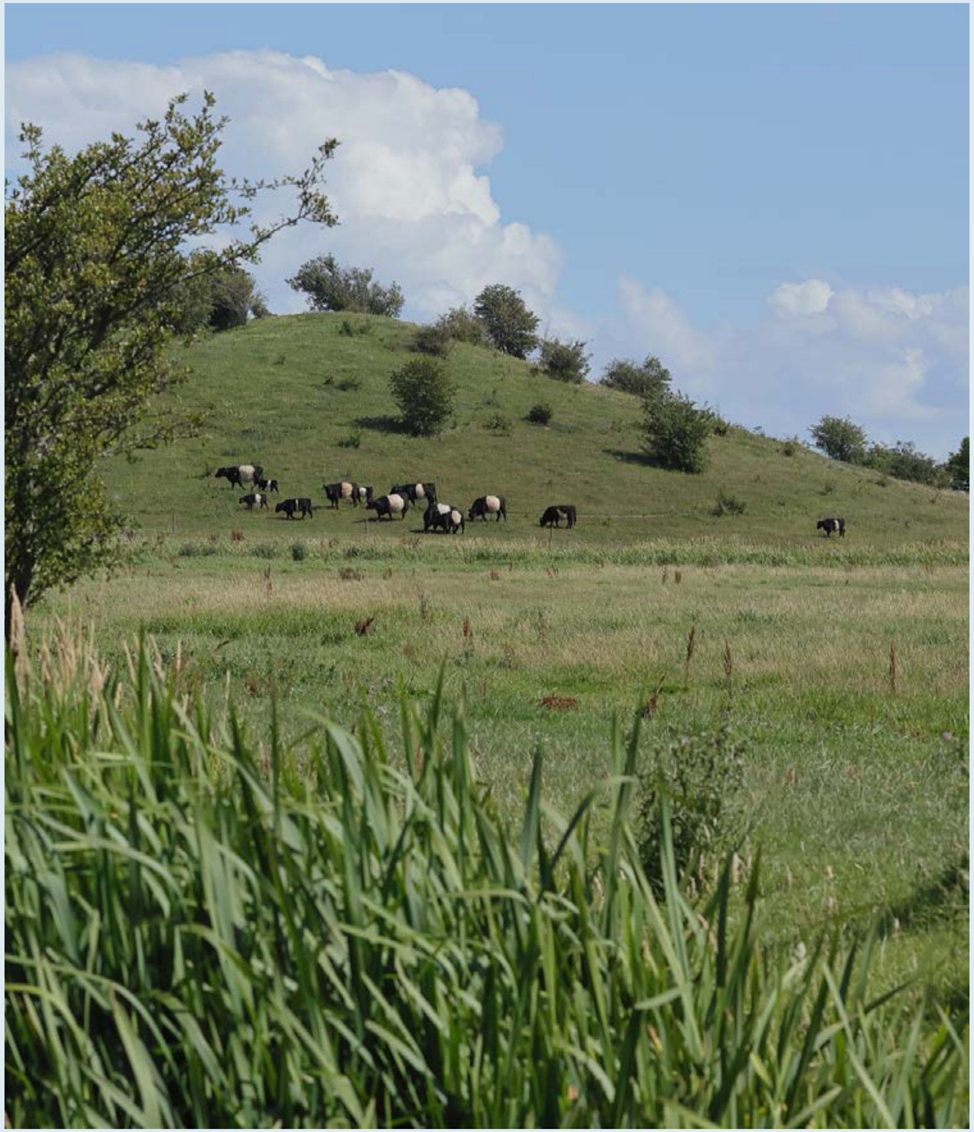
All indirect emissions occurring up- and downstream in our value chain.

409.1 tonnes CO_2e (2022: 288.5)

Breakdown of scope 3 emissions:

- **Cat. 1: 10%** Purchased goods and services (canteen only)
- **Cat. 3: 13%** Fuel- and energy-related activities
- **Cat. 4: 4%** Upstream transportation and distribution
- **Cat. 5: 3%** Waste generated in operations
- **Cat. 6: 15%** Business travel (flights only)
- **Cat. 7: 56%** Employee commute

Percentage of unknown emissions – scope 3 residual



Towards carbon negative

As Gubra continues its growth and expands our workforce, our concurrent goal is to achieve carbon negativity by 2028 without external climate credits. This is an ambitious target, and as our understanding of Scope 3 emissions deepens, we can identify the areas where decisive actions are required. Additionally, we are exploring further investments through Gubra Green to implement tangible and impactful initiatives.

> Climate and nature are in crisis, placing human and planetary health at risk. We must act now

Give back more

Aligned with our Sustainability Guidelines, we are committed to giving back more than we take. In 2023, our recorded CO_2e emissions were 581.5 tCO_2e, and we have purchased 1,000 tonnes of CO_2e climate credits through the EcoTree Label Bas Carbone project to offset.

Nature positive

In our preliminary double materiality assessment, Gubra has assessed ESRS E4 Biodiversity and Ecosystems as being material for our organization. It is material because biodiversity and ecosystems are threatened worldwide, and all companies need to avoid and reduce negative impacts on biodiversity and ecosystems, no matter the size of the impact. At Gubra protecting biodiversity and ecosystems is a mindset and part of our vision and mission. It is imperative for us to focus on reducing our adverse effects on biodiversity and ecosystems, as well as to take active measures to restore and regenerate to reach our target for giving back more than we take.

An active approach

When Gubra in 2020 converted 150 hectares of conventional farmland on Langeland into forest and nature, it was driven by a commitment to climate and biodiversity, rather than offsetting purposes. Simultaneously, our mindset is to reduce our negative impact on nature across our operations and value chain. One example is our primarily plant-based and pesticide free canteen.

Towards Nature Positive

As Gubra continues its growth, our concurrent goal is to achieve nature positivity by 2028. This is an ambitious target, and we will implement it once a standardized unit of measurement is established to address the adverse impacts generated by businesses and evaluate the effectiveness of initiatives like our Langeland project. Until then we keep focusing on our E4 material sub-topics: Climate change, land-use change, supply chain, and species population size. Additionally, we are exploring further investments through Gubra Green to implement tangible and impactful initiatives.

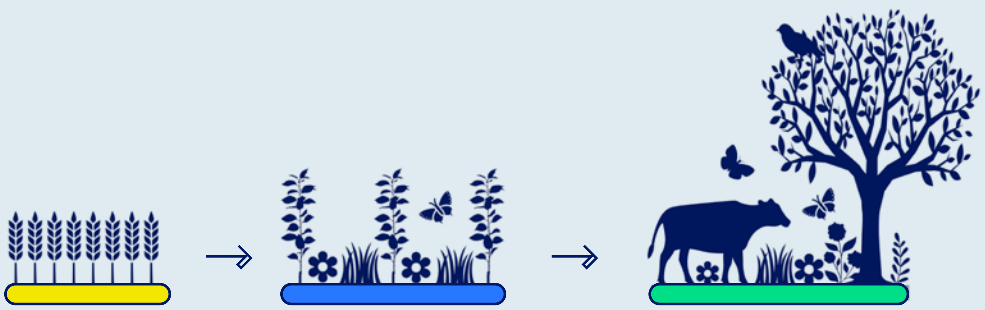
Restore and regenerate nature and biodiversity

Gubra has converted 150 hectares of conventional farmland into forest and nature on the island of Langeland. We have made a baseline assessment in 2020 for the whole area, and a status assessment in 2023 to measure progress on the 69 hectares Gubra now owns. This method scores the forest and nature areas based on their structure, species, maintenance and protection state per hectare. The total additive nature score can then be calculated, when a standard unit of measurement is developed.

See our baseline report for 2020 and 2023 here **Baseline reports**

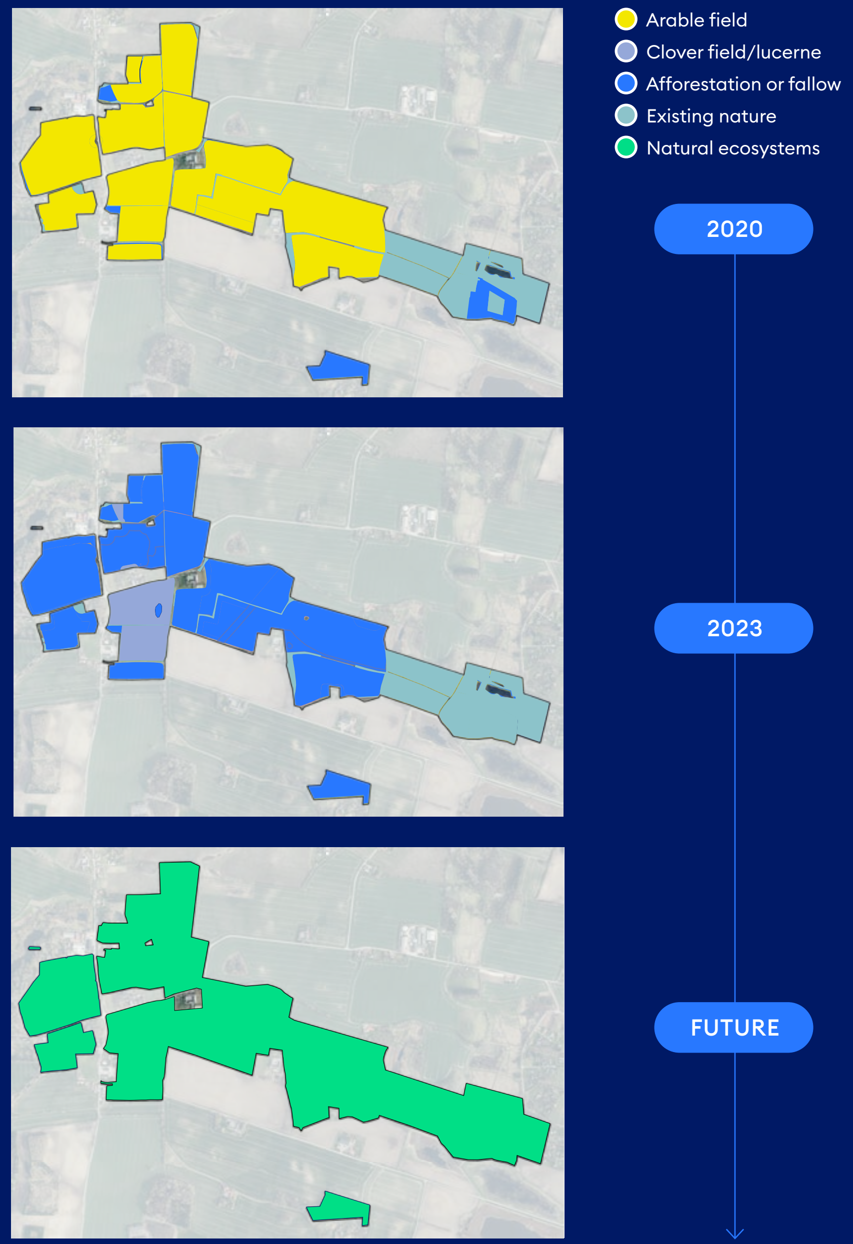
Nature vision for Gubra's Langeland project

The establishment of high-quality ecosystems with thriving biodiversity is a time-consuming process. In the meantime we see how species are moving in, and especially the increase of insects and birds is a sign of a healthier ecosystem with more space for nature. Our vision is to develop the area's full biodiversity potential.



See our film from Langeland here **Langeland project**

The figures to the right show forest and nature development on Gubra's 69 hectares of land on Langeland (2020-2023). In 2020, the area was primarily used for intensive farming (yellow). With our afforestation and nature project (2020-2023) the positive change is clear.



Social

The social dimension of ESG in the ESRS framework focusses on own workforce, value chain workers, communities, and consumers. In Gubra's assessment three topics all related to own workforce, were identified as material: diversity, gender equality, as well as training and development.

Diversity and gender equality (Danish Financial Statements Act §99b)

At Gubra, we believe that prioritizing diversity and gender equality is both ethically responsible and beneficial for the business.

Diversity and gender equality are both important elements in creating an inclusive company culture, where people thrive and develop. Having this focus enable us to attract and retain a broader talent pool ultimately ensuring a competitive edge in the market as we can cater to the diversity of our global customers.

> People are the cornerstone of our success – the foundation is inclusion and diversity

Gubra is a diverse and inclusive workplace where all employees, regardless of gender, age, nationality, religion, sexual orientation, or handicap all have equal rights and opportunities in their career paths. We believe that a diverse workplace contributes to a thriving working environment that allows all employees to express their meanings and develop their careers freely and we consider it to be in accordance with our values.

To drive our ambitions on gender equality, we have set the following targets going forward:

A minimum of 40% of the underrepresented gender in Board of Directors and other management in 2024.

	Target	2022		2023	
		# (M/F/T)	% (M/F)	# (M/F)	% (M/F)
BoD	Min. 40%	3/1/4	75/25/100	3/3/6	50/50/100
Other management (C-suite, VP, Sr. dept mgmt. /dept mgmt.)	Min. 40%	12/11/23	52/48/100	14/15/29	48/52/100

One of the most significant achievements in 2023, was to obtain an equal gender representation in our Board of Directors. Three women were formally elected, and the Board of directors now consist of three men and three women. The methodology for calculating gender equality relies on the actual headcount of both male and female individuals in the Board of Directors (BoD) and other management positions at the end of the year. In 2023, we maintained an equal gender representation in our other management.

In 2024, we will continue to focus on gender equality in our recruitment processes, talent development, and promotion strategy as well as develop a policy for Diversity and Gender Equality. This section constitutes our reporting on gender policies pursuant to section 99b of the Danish Financial Statements Act.

Training and development

Continuous training and development of our people is instrumental for the overall success of Gubra as it enhances our performance and increases employee satisfaction.

Twice yearly, we have Personal Development Dialogues with all employees with a structured focus on the employee's development progress and development objectives going forward.

Gubra Academy, our internal training program, offers training across a wide range of disciplines, and where needed we complement with external courses and education. Furthermore, our scientists have the opportunity to attend scientific conferences deepening their scientific knowledge in a specific disease area or technology and bringing valuable insights back to Gubra for our further development.

Governance

Governance in the ESRS framework focuses on responsible business conduct, which is deeply embedded in Gubra's DNA and core values. It is important for us to conduct our business operations with honesty, transparency and high ethical standards. This we believe fosters trust with our partners and employees building long-term, value generating relationships.

Through conducting the double materiality assessment, topics concerning corporate culture, whistleblower, anti-corruption, bribery and animal welfare came out as material relevant. Furthermore, we will include a section on human rights and data ethics to be in compliance with Danish legislation.

Company culture

We believe that our strong company culture is instrumental in Gubra's success over the years. We regard our company culture as business critical to attract and retain talent, enhance innovation, and provide excellent customer service. Teamwork, responsibility, and flexibility are key traits in the Gubra culture.

Every year, we conduct an Employee Engagement Survey asking employees a number of different questions related to the work environment at Gubra. Employee engagement correlates with company culture, and therefore we have chosen to set a target for employee engagement as an expression of our strong company culture.

The employee engagement score is determined by the number of employees who respond either agree or strongly agree to question #2 “I am generally satisfied working at Gubra” in the Employee Engagement survey.

	Target y/y	2021	2022	2023
Employee engagement score	>90%	90.9%	94.5%	91.4%

In 2024, we will continue to focus on our company culture and our employees' well-being, where we will work hard to maintain the high level of employee engagement score.

Whistle-blower channel

Gubra has in 2023 established a whistleblower channel. The whistle-blower channel is important for Gubra to provide a confidential channel for employees to report wrong-doing, misconduct, or unethical behaviour. It encourages transparency, accountability, and early detection of issues, helping to prevent potential legal and reputational damage, fostering a culture of ethics, and protecting employees who speak out.

Anti-corruption, bribery, and human rights (Danish Financial Statements Act §99a)

As part of further developing Gubra's code of conduct, we have in 2023 developed a detailed policy for anti-corruption and bribery. It is important for Gubra to establish as clear set of guidelines and expectations towards our employees to ensure compliance with legislation and ethical standards.

In 2024, we will implement additional training in anti-corruption and bribery for all employees with customer contact. The ambition with the training program is to maintain our strong culture that is built on integrity and trust, safeguard our reputation, and mitigate legal risks.

The pharmaceutical and biotechnology industry has extensive supply chains, with an inherent potential risk of violating human rights. As Gubra is only operating in the early stage of the drug development value chain, we consider our impact as limited and do therefore not consider it as necessary to have a policy on human rights. This section constitutes our reporting on human rights pursuant to section 99a of the Danish Financial Statements Act.

Animal welfare

Gubra is committed to ensuring animal welfare, and our state-of-the-art facilities, expert animal technicians, and veterinarians ensure meticulous care, fully complying with Danish and international regulations. Gubra is AAALAC accredited underlining our dedication to excellence in animal care and use.

Our approach is based on the principles of 3R:

+ **Replace:** we aim to further develop and adopt e.g. in vitro methods and computer modelling if feasible
+ **Reduce:** we ensure that experiments are designed to minimize the number of animals used while still achieving scientific objectives
+ **Refine:** We strive to continuously improve animal care ensuring their physical and psychological well-being

Data Ethics (Danish Financial Statements Act §99d)

As an innovative and knowledge-based company, data is key to Gubra and we work relentlessly to ensure high data integrity and quality in all our scientific endeavours. We are currently working on developing a Data Ethics policy, which will be implemented in 2024.

Personal data is handled in compliance with GDPR and we have a Privacy Policy in place for all website visitors creating transparency around how we collect and protect personal data. This section constitutes our reporting on data ethics policies pursuant to section 99d of the Danish Financial Statements Act.

ESG key figures and calculations

Gubra greenhouse gas (GHG) emissions 2022 and 2023 according to Scope 1, 2 and 3

Scope	Category	2022 usage	2022 (tCO_2e)	2023 usage	2023 (tCO_2e)
Scope 1	**Total Scope 1 emissions**		**1**		**6**
	Fugitive emissions (CO_2)	kg 3,979	1	kg 8,236	6
Scope 2	**Total Scope 2 emissions**		**153**		**166.35**
	Electricity	kWh 769,354	104.63	kWh 831,193	113.04
	Heating	kWh 527,450	48.37	kWh 581,334	53.31
Scope 3	**Total Scope 3 emissions**		**288.46**		**409.13**
	Category 1: Purchased goods and services		29.18		39.95
	Category 3: Fuel- and energy-related activities				52.52
	Category 4: Upstream transportation and distribution		4.05		15.07
	Category 5: Waste generated in operations	kg 109,379	12.34	kg 110,858	13.35
	Category 6: Business travel	Km 454,372	36	Km 584,019	60.6
	Category 7: Employee commute	Km: Bike 173,339 Bus 306,020 Car 1,338,030	206.89	Km: Bike 190,725 Bus 336,712 Car 1,472,228	227.64
Total emissions tCO_2e			**442.46**		**581.49**

(Nasdaq: E1|UNGC: P7|GRI: 305-1,305-2,305-3|SASB: General Issue / GHG Emissions|TCFD: Metrics & Targets).

We have calculated CO_2e for 2022 and 2023 in Klappir's ISAE 3000 certified Sustainability Platform, with 2022 being the baseline year.
The calculated CO_2e emissions in our 2022 Sustainability Report differ from the baseline, which is due to change of system and addition of data in the baseline.

ESG accounting policies

The ESG accounting policies cover the period 1 January 2023 - 31 December 2023

Environment

CO_2e emissions (CO_2 equivalent), total
CO_2e total is defined as the total scope 1, 2, and 3 CO_2e emissions measured in tonnes.

Scope 1 emissions refer to all Gubra's direct emissions. Scope 2 (location-based) emissions are indirect emissions from generation of consumed energy, where emissions from energy consumption are estimated based on the average emissions from generation onto the energy network. Scope 2 (market-based) emissions are the emissions from the electricity that Gubra is purchasing (often spelled out in contracts or instruments) which may be different from the electricity that is generated locally. Scope 3 refers to all other indirect emissions from Gubra's activities, occurring from sources that Gubra does not own or control. These are the greatest share of our carbon footprint.

Scope 1, 2, and 3 are calculated in accordance with Greenhouse Gas Protocol standards: Relevance, Accuracy, Completeness, Consistency and Transparency. If nothing else is stated, the emissions are calculated in the Klappir Software.

Scope 1 - Fugitive emissions
Fugitive emissions are defined as emissions resulting from intentional or unintentional releases, e.g., equipment leaks from joints, seals, packing, and gaskets; methane emissions from coal mines and venting; hydrofluorocarbon (HFC) emissions during the use of refrigeration and air conditioning equipment; and methane leakages from gas transport. Fugitive emission data are fully included and are derived from Linde Gas A/S.

Scope 2 - Electricity
According to guarantees of origin (GOs) Gubra's electricity purchases were 99% from renewable sources. (All electricity purchased from True Energy and Ørsted, which is 99% of purchased electricity at Gubra). The electricity consumption of certain assets has been estimated based on prior consumption data of the asset, as data was not available for the remainder of the reporting year. These estimations constitute 12% of Gubra's electricity consumption in the current reporting year. Electricity data is from True Energy and Ørsted and is reported in kilowatt hours (kWh).

Heating
The heating consumption of certain assets has been estimated based on prior consumption data of the asset, as data was not available for the remainder of the reporting year. These estimations constitute 16.6% of Gubra's heating consumption in the current reporting year. Heating data is from Norfors I/S and is reported in kilowatt hours (kWh).

Scope 3 - All other indirect emissions
Out of the 15 Scope 3 categories, 6 are included. The rest are either not included (Cat. 2) or not applicable (Cat. 8-15).

Purchased goods and services (Cat. 1)
Extraction, production, and transportation of goods and services purchased or acquired by Gubra in the reporting year, not otherwise included in Categories 2 – 8. Only purchased goods related to Gubra's canteen are included, and CO_2 emissions were calculated by BC Catering.

Fuel- and energy related activities (Cat. 3)
Includes emissions related to the production of fuels and energy purchased and consumed by Gubra in the reporting year that are not included in scope 1 or scope 2. Fuel- and energy related activities fully included.

Upstream transportation and distribution (Cat. 4)
Third party transportation and distribution services purchased by Gubra in the reporting year, including inbound logistics, outbound logistics and third-party transportation and distribution between Gubra's own facilities. Data is from FedEx, WorldCourier, DSV. Upstream transportation and distribution partially included.

Waste generated in operations (Cat. 5)
Emissions from third-party disposal and treatment of waste in the reporting year. Waste generated in operations fully included.

Business travel (Cat. 6)
Emissions from the transportation of employees for business related activities in the reporting year. Air travel is fully included, taxi and hotel are not included. Business travel partially included.

Employee commute (Cat. 7)
Emissions from the transportation of employees between their homes and their worksites. A measure of employee commute was made in November 2023, covering all kilometers by bike, public transport, and electric, petrol and diesel cars (incl. different sizes). Employee commute fully included.

Carbon credits
A carbon credit is a convertible and transferable instrument representing Greenhouse Gas, GHG, emissions that have been reduced, avoided or removed through projects that are verified according to recognized quality standards. Carbon credits can be issued from projects within (sometimes referred to as insets) or outside the undertaking's value chain (sometimes referred to as offsets). Gubra has purchased 1,000 tonnes of CO_2e climate credits through the EcoTree Label Bas Carbone project to offset (Project No. 10648301: https://label-bas-carbone.ecologie.gouv.fr/liste-projets-labellises).

Social

Underrepresented gender, board of directors
This indicator measures the percentage of individuals from the underrepresented gender in the Board of Directors. The board of directors is responsible for the company's overall and strategic management and proper organization of the business and operations and supervises the man-agement and organization. The methodology for calculating gender equality relies on the actual headcount of both male and female individuals in the board of directors at the end of the year.

Underrepresented gender, other management
This indicator measures the percentage of individuals from the underrepresented gender in other management. Other management is defined as c-suite, VPs, senior department managers, and department managers. The methodology for calculating gender equality relies on the actual headcount of both male and female individuals in the other management at the end of the year.

Governance

Employee engagement
The employee engagement score is determined by the number of employees who respond either agree or strongly agree to question #2 "I am generally satisfied working at Gubra" in the Employee Engagement survey. It is measured on the scale from strongly disagree, disagree, neither agree nor disagree, agree, strongly agree. In general, all permanent and fixed term Gubra employees are included in the survey, which was sent out on 17 November 2023. Employees on garden leave on the date of the launch of the survey were excluded.

Corporate governance

Introduction

Gubra is committed to always exercising good corporate governance and the Board of Directors will regularly assess rules, policies, and practices according to the Corporate Governance Recommendations. Nasdaq Copenhagen has incorporated the Corporate Governance Recommendations in the Nasdaq Issuer Rules. Accordingly, as a company with shares listing on Nasdaq Copenhagen, Gubra is required to comply with or explain deviations from the Corporate Governance Recommendations as also required pursuant to Section 107b of the Danish Financial Statements Act.

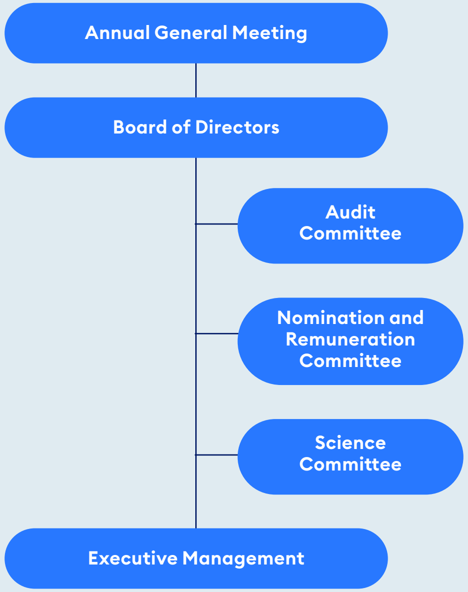
The Board of Directors has prepared a statutory statement on corporate governance that reflects the compliance of the company with each of the Corporate Governance Recommendations. The company complies in all material respects with 38 out of the 40 Corporate Governance Recommendations, except for the following:

- Recommendation 1.1.3 regarding publication of quarterly reports. Gubra deviates from this recommendation as the company does publish quarterly reports. Gubra instead publishes trading statements for the three months period ending 31 March and nine-month period ending 30 September. The company believes that trading statements will provide investors and other stakeholders with sufficient information about the company's financials.
- Recommendation 4.1.2 on share-based incentive schemes for the Board of Directors and the Executive Management. Gubra deviates from this recommendation as the share-based remuneration may be non-revolving. The remuneration of the Board of Directors and the Executive Management is deemed customary by the company among comparable listed companies and advantageous to attract and retain high-performing members of the Board of Directors and Executive Management with the ability to implement the company's strategy, operate in the global biotech environment and deliver long-term shareholder value.

The company's corporate governance practices are also accounted for in the statutory statement on corporate governance, which is available on the company's website **www.gubra.dk/corporate-governance**. Gubra has also published a remuneration report, which can be found using the link below.

Remuneration report

Corporate governance structure



Board and board practises

We have a two-tier governance structure consisting of the board of directors and the executive management. The two management bodies are separate and have no overlapping members.

The board of directors is responsible for the company's overall and strategic management and proper organization of the business and operations. The board of directors supervises the management and organization, while the executive management is responsible for the day-to-day management of the company.

The board of directors' functions according to its rule of procedure. It consists of six members and has appointed a chairperson and a Vice Chairperson. Five of the members are regarded as independent. The board of directors represents broad international experience and possesses the professional skills considered to be relevant for Gubra.

The Board of Directors plans to convene at least five regular board meetings annually. Extraordinary board meetings are convened by the Chair when considered necessary by the Chair or when requested by a board member, a member of the Executive Management or by the company's auditors.

In 2023, six ordinary board meetings were held. In addition to this, additional board meetings by circulation were held to primarily resolve on IPO matters.

Significant topics covered in 2023 were preparations and decisions related to the company's IPO, review of the R&D pipeline and partnership considerations, establishment of US subsidiary and M&A.

On an annual basis, the board of directors will conduct an evaluation of the effectiveness, performance, achievements, and competencies of the board of directors, including an evaluation of the performance of each individual member of the board of directors and of the collaboration with the executive management.

The board of directors has set up an Audit Committee, a Science Committee as well as a Nomination and Remuneration Committee, each of which has a charter setting forth its purpose and responsibilities.
The purpose of the committees is to prepare decisions to be made by the Board of Directors.

Significant board topics in 2023

+ IPO
+ R&D pipeline (development and prioritization)
+ Partnership considerations
+ Establishment of US subsidiary
+ M&A

	AC member	Nom-RemCo member	ScienceCom Member	Board meetings attended
Jacob Jelsing		● (Chair)	●	100%
Alexander Martensen-Larsen	● (Chair)	●		100%
Henriette Rosenquist	●	●		83%
Arndt Schottelius			● (Chair)	100%
Astrid Haug*				100%
Monika Lessl*				100%

* Elected to the board on 1 November 2023

Nomination and Remuneration Committee

The company's Remuneration and Nomination Committee (RemCo) shall assist the Board of Directors with matters related to the remuneration of the Board of Directors and Executive Management. This includes reviewing and updating the company's remuneration policy, evaluating and making recommendations for the remuneration of the members of the Board of Directors and the Executive Management as well as the preparation of the remuneration report.

Furthermore, RemCo shall assist the Board of Directors with ensuring that appropriate plans and processes are in place for nomination of candidates to the Board of Directors, the Executive Management, and the board committees.

The RemCo consists of three members including Jacob Jelsing as chair and Alexander Martensen-Larsen and Henriette Dræbye Rosenquist as ordinary members.

The RemCo shall convene two times every year or as often as deemed necessary by the chair or when requested by a member of the RemCo. In 2023, two meetings were held, all with 100% attendance.

Significant topics covered in 2023 were framework for remuneration packages for the management and company in general, board evaluation and board nominations of two new members, updates of relevant policies including implementation of a whistleblower portal.

Remuneration policy

Remuneration report

Audit Committee

The Audit Committee shall review accounting and audit matters that by decision of the Board of Directors or the Audit Committee require a more thorough evaluation and assess the internal controls and risk management systems of the company. Its duties also include supervision of the company's auditors and review of the audit process.

The Audit Committee consists of two members including Alexander Martensen-Larsen (Chair) and Henriette Rosenquist. Astrid Haug joined as committee observer in late 2023 following the additional board member election at EGM on 1 November 2023.

The Audit Committee shall meet at least four times every year or as often as considered necessary by the Chair or when requested by a member of the Audit Committee, a member of the Executive Management or by the company's auditors. In 2023, four meetings were held, all with 100% attendance rate.

Significant topics covered in 2023 were preparation of reporting framework for Gubra as a listed company, risk review, financial reporting and financial forecast as well as guidance to the stock market.

The Audit Committee also oversees investments in the 100%-owned subsidiary Gubra Green with members of the Audit Committee assigned as board members in Gubra Green.

Audit Committee policy

Science Committee

The company's Science Committee shall assist the Board of Directors with the evaluation and advice on scientific, regulatory and development activities. The Science Committee supports the Board of Directors in setting and monitoring goals and objectives for the company's scientific activities, including research and development activities and prioritising activities. Further, the Science Committee reviews the company's research and development activities on a regular basis.

The Science Committee consists of two members including Arndt Schottelius as chair and Jacob Jelsing as ordinary member. Monika Lessl joined as committee observer in late 2023 following the additional board member election at EGM on 1 November 2023. The Science Committee shall meet no less than two times a year or as often it is deemed necessary by the chair or when requested by a member of the Science Committee. In 2023, two meetings were held, all with 100% attendance.

Significant topics covered in 2023 were clinical preparations of Gubra Amylin program for first human dose, general discussions of the Gubra discovery pipeline including partner discussion strategies, as well as technology platform advancements and CRO related model developments.

Science Committee policy

Board of Directors

Jacob Jelsing
Chair
(Not independent)

Danish, born 1974
Joined Board in 2008
Gubra shares: 5,001,997

Experience:
Jacob Jelsing is co-founder of Gubra and has been Chair of the Board of Directors of Gubra since May 2022, having previously been COO of Gubra from October 2008 until January 2010, and CSO from January 2010 until September 2016. From September 2016 until May 2022, Jacob Jelsing served as Vice-Chair of the Board of Directors. Jacob Jelsing has previously worked as a section manager at Rheoscience A/S from March 2006 until October 2008. He did his PhD at Bispebjerg University Hospital from August 2003 until February 2006.

Current position
Chairman of the board of Planetary Impact Ventures and board member of New Loop.

Education
M.Sc. in Biology and PhD in Neurostereology from the University of Copenhagen.

Competences
Leadership – Commercial business – R&D, technology, digitalization – People leadership and change management – ESG – Biotech – CRO/sales/marketing

Alexander Martensen-Larsen
Vice Chair
(Independent)

Danish, born 1975
Joined Board in 2022
Gubra shares: 4,545

Experience:
Alexander Thomas Martensen-Larsen has been the Deputy Chair of the Board of Directors of Gubra since May 2022. Alexander has vast experience from both listed and unlisted companies and has previously held several management and executive positions incl. Group CEO and Group CFO in IC Group (until 2019 listed on NASDAQ Copenhagen) and Director of M&A at TDC.

Current position
Chairman of the board in Revolution Race (listed on NASDAQ Stockholm), Relesys (listed on NASDAQ First North Premier Copenhagen), The Jewellery Room, Give Elementer and Laplandar. Alexander is also vice chair of the board of directors of Tiger of Sweden and By Malene Birger.

Education
MBA from IMD and a B.Sc. in international business from Copenhagen Business School.

Competences
Leadership – Finance – M&A – Commercial business – People leadership and change management – Listed company – CRO/sales/marketing

Henriette Dræbye Rosenquist
(Independent)

Danish, born 1969
Joined Board in 2022
Gubra shares: 2,272

Experience:
Henriette Dræbye Rosenquist has been a member of the Board of Directors of the Company since September 2022. Previously, Henriette has been Country President, Managing Director of Pfizer France and French Territories, Country Manager, Managing Director of Pfizer Denmark and Iceland, Sn. Commercial Director, Oncology of Pfizer (EU, Africa & Middle East), Head of Oncology Business Unit of Pfizer Denmark and Business Unit Manager at AbbVie, Denmark. In addition, Henriette has held non-executive positions as Board Member and Treasurer at LEEM (The French Pharma Trade Association), Vice-chairman and Treasurer at AGIPHARM (The Association of American Pharmaceutical Companies), Chairman and board member at LIF (The Danish Association of the Pharmaceutical Industry), Vice-chairman of the Ethical Committee for the Pharmaceutical Industry (Denmark) and Board member at Confederation of Danish Industry, Denmark.

Current position
Henriette Dræbye Rosenquist is an owner and CEO of the pharmacy group: Espergærde, Fredensborg and Humlebæk pharmacies.

Education
Master of Science Pharm., Copenhagen University, Denmark and Executive MBA, Henley Business School, University of Reading, London, United Kingdom.

Competences
Leadership – Finance – M&A – Commercial business – Clinical development – People leadership and change management – ESG – Listed company – CRO/sales/marketing – Big pharma

Board of Directors

Arndt Justus Georg Schottelius
(Independent)

German, born 1966
Joined Board in 2022
Gubra shares: 681

Experience:
Arndt Justus Georg Schottelius has been a member of the Board of Directors of Gubra since September 2022. Arndt Schottelius has vast experience from the pharma and biotech industry and has previously held several management and executive positions incl. Director and Medical Director Immunology Early Development at Genentech, Inc., Chief Development Officer of MorphoSys AG and EVP and head of research and development as well as member of the management board of Kymab Ltd., now part of Sanofi.

Current position
Arndt Schottelius is serving as Chief Scientific Officer of Affimed N.V. (listed on NASDAQ-CM).

Education
MD PhD from Albert Ludwigs University Freiburg, Germany, resident physician at Charité University Hospital Berlin, Germany, a post-doctoral fellow at the University of North Carolina at Chapel Hill, USA and a Privatdozent/Lecturer (habilitation in experimental internal medicine) at Ludwig-Maximillian University of Munich.

Competences
Leadership – R&D, technology, digitalization – Clinical development – People leadership and change management – Listed company – Biotech – CRO/sales/marketing

Astrid Haug
(Independent)

Danish, born 1978
Joined Board in 2023
Gubra shares: 25

Experience:
Astrid Haug is an independent consultant in Astrid Haug ApS bureau, consulting private companies, organisations, start-ups and funds on digital strategy, social media, innovation, and green impact communication. She is the author of six books and recognised as an expert on radio and television debates and other media covering these topics.

Current position
Member of Faculty at CBS/Børsen Executive Board education and member of the Digital Council at the Danish Academy of Technical Sciences. Besides that, she acts as board member in UNICEF Denmark (Chair), Symbion A/S, Nørrebro Teater (vice-chair) and Re-Zip Aps.

Education
Astrid holds a cand. mag. in Media Sciences.

Competences
Leadership – R&D, technology, digitalization – ESG – CRO/sales/marketing

Monika Lessl
(Independent)

Swiss, born 1966
Joined Board in 2023
Gubra shares: 1,160

Experience:
Monika Lessl is an internationally experienced pharma and life science Executive with more than 25 years of R&D leadership. In her current role as Senior Vice President at Bayer AG, she is reponsible for Corporate R&D and the company‘s global societal engagement with a focus on Sustainability and Innovation. In her former position as Head of Innovation Strategy she developed and led Bayer's Innovation Agenda to strengthen Bayer's Innovation capabilities and foster new business models. As Head of External Innovation Therapeutics at Bayer's pharmaceutical division, she was responsible for creating the external innovation strategy and leading global partnering activities.

Current position
Senior Vice President of Corporate R&D and Social Innovation Bayer AG. She is also Executive Director of the Bayer Foundation with a focus on Science and Social Innovation. Besides these roles she is a Non-Executive Director of the Marienhaus GmbH, a German hospital group and of the Futurium, a museum of the Future in Berlin and acts as a jury member of the European Innovation council and the German Ministry of Science and Education.

Education
PhD in Biochemistry from the Max Planck Institute for Molecular Genetics in Berlin and a Diploma in General Management from the Ashridge Business School in London, UK. Beyond this she holds a digital diploma from IMD Lausanne and joined the Corporate Director‘s program at Harvard Business School.

Competences
Leadership – M&A – Commercial business – R&D, technology, digitalization – People leadership and change management – ESG – Listed company – Big pharma- Corporate Governance.

Executive Management

Henrik Blou
CEO

Danish, born 1979
Gubra shares: 506,499

With Gubra since 2015, CEO since 2016

Previous positions include:
McKinsey & Co., Aros Pharma (as CEO), Epi Therapeutics

Experience:
Henrik has vast experience in managing and developing life science companies. Henrik has also worked within the areas of business development and strategy.

Other positions:
Board member in Dansk Biotek.

Education:
MSc in Engineering with the general engineering field of chemical engineering and with a specific engineering field of Biotechnology from the Technical University of Denmark.

Kristian Borbos
CFO

Swedish, born 1978
Gubra shares: 454

With Gubra as CFO since 2022

Previous positions include:
Ascelia Pharma (CFO), Novozymes, Ørsted and Danske Bank.

Experience:
Over 20 years of experience in finance roles, including serving as CFO for Ascelia Pharma, a company listed on NASDAQ Stockholm, as well as holding various finance positions in large-cap companies.

Other positions:
-

Education:
MSc in Business Administration.

Niels Vrang
CSO

Danish, born 1968
Gubra shares: 5,001,997

Co-founder of Gubra

Previous positions include:
Rheoscience, University of Copenhagen

Experience:
Niels Vrang co-founded Gubra in 2008. Prior to that Niels Vrang was Director of Discovery at Rheoscience.

Other positions:
-

Education:
MD and PhD in Neuroscience from the University of Copenhagen.

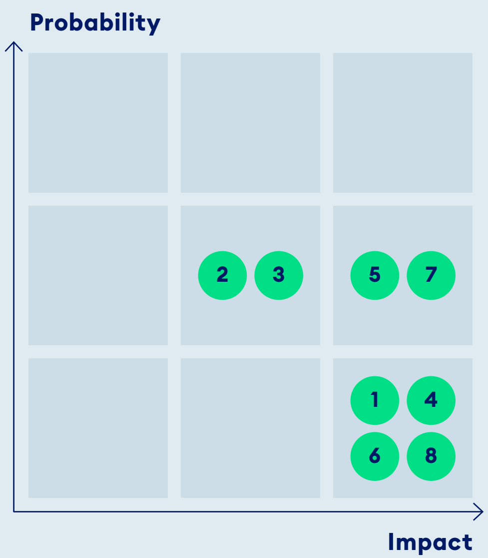
Risk management

Risks are a natural and integral part of Gubra's business. We manage and mitigate our risks with the aim to find the optimal balance between risk and return.

To grow and sustain the value of Gubra and our services and business, we must anticipate and adapt to our surrounding environment and stakeholders.

Changes in our environment can have a negative impact – pose a risk – on our image, results and value. Managing risks regularly and systematically is key to creating and protecting value over time. We do this by identifying, assessing, and mitigating risks – to the extent possible and reasonable – to limit the likelihood of events occurring and limit the undesirable impact on Gubra.

This section contains a description of the key risk areas for Gubra and how we attempt to mitigate these risks. Some risk areas affect the company as whole while others are more directly related to one of the business areas – CRO services or Discovery & Partnerships. This is depicted on the risk map below. The individual risks areas and we manage and mitigate these are described on the following pages.



Risk area	Company as a whole	CRO business	D&P business
1) Innovation Ability to keep pace with changes in its industry, or failure to continue to provide attractive and innovative services and solutions	x		
2) Key personnel Ability to attract and retain management and other employees, including highly specialized scientific staff	x		
3) Investment in growth opportunities Success of investments in growth opportunities and difficulties in managing development and expansion efforts	x		
4) IT systems Dependence on information technology systems	x		
5) Demand for CRO services Customers' ability and willingness to initiate contract research and development		x	
6) Deficient quality Mistakes in conducting pre-clinical contract research and/or contractual breaches		x	
7) Identifying new peptides and technologies Success in identifying new research peptides and technologies			x
8) Success of partnerships Ability to engage into new partnerships and partners' success in drug development and their development decision			x

Risk factors explained

Gubra as a whole

1) Innovation risk

Risk description
The preclinical CRO industry and the biotech industry are subject to rapid technological change, new product and service introductions, evolving industry standards, rules and regulations, changing customer needs and preferences, and the entrance of non-traditional competitors. Gubra also competes with companies located in low-cost countries. This in total necessitates that Gubra continues to innovate to differentiate and adapt to evolving market trends.

Potential impact
If Gubra fails to identify and keep pace with industry changes or fails to continue developing and introducing attractive and innovative services and solutions or if the competitors offer superior services, the use of the Gubra's services and solutions and the margins could decline and become less desirable or even obsolete.

Mitigating actions
To remain competitive, Gubra needs to anticipate and respond to the industry changes, which requires continued investment in, and time spent on, innovation and R&D. Gubra is optimising its technological solutions within both the CRO Segment and the D&P Segment through its multi-channel offerings and its streaMLine Platform to best position Gubra to profit from market growth and newly developed services.

2) Key personnel risk

Risk description
Gubra's ability to compete in its industry, which is highly competitive, depends upon its ability to attract and retain highly qualified managerial, scientific, medical and other personnel. Some of Gubra's competitors, with whom we compete for qualified personnel, have greater financial and other resources, different risk profiles, and longer histories in the industry than Gubra does.

Potential impact
Loss of key personnel could impede, delay or prevent the innovation and attractiveness Gubra CRO services, successful development of its drug candidates and completion of planned discovery processes and negatively impact the ability to implement its business plan.

Mitigating actions
Gubra a knowledge-based house that sells services and products with a very high intellectual content. The key to success is our highly skilled employees.

We attract and retain our employees through various initiatives including long-term incentive programs to employees at all levels, allowing scientists to work on and publish cutting edge science, actively promoting employees to participate in the company's green agenda projects and so forth.

3) Risk in investment in growth opportunities

Risk description
Gubra invests in growth opportunities, including the development and acquisition of technologies and service offerings, such as new disease models, technologies supporting and broadening the use of imaging and peptide platforms, within both existing and new disease areas. Going forward, Gubra will accelerate its efforts and investments in M&A and also growing its presence in the US. There is a risk that Gubra is unable to find suitable acquisition targets or that Gubra fails to realise the expected benefits from strategic investments and acquisitions.

Potential impact
If Gubra fails to realise the expected benefits from investments or acquisitions, whether as a result of unidentified risks or liabilities, integration difficulties, regulatory setbacks, litigation with current or former employees or other events, Gubra could have difficulty recovering the costs that it has incurred and, to the extent that such investments have been capitalised, incur significant write-offs and/or losses. Additionally, following an acquisition, Gubra may not be able to successfully integrate the acquired business or operate the acquired business profitably.

Mitigating actions
Gubra has a strong track record in successfully developing and investing in growth opportunities incl. new technologies and service offerings. This is achieved through our employees' deep scientific and industry understanding. Within M&A Gubra has less extensive experience, but works systematically to identify, screen, evaluate and prepare acquisitions.

Risk factors explained

Gubra as a whole

4) Risk and dependence on IT-systems

Risk description
Gubra depends heavily on the efficient and uninterrupted operation of its IT systems, including its computer systems, software, data centres and servers. This to securely and reliably conducts its CRO services and for D&P to utilise the streaMLine platform for identification of peptide-based drug discovery for partnering.

Potential impact
Interruptions of Gubra's IT systems or those of third parties, could result in failure to deliver an effective and secure service, or other performance issues that result in significant processing or reporting errors. This could lead to, for example, loss of revenue, loss of data, increased costs, loss of customers and/or contracts, contractual penalties as well as additional operating and development costs and reputational damage.

Mitigating actions
IT security is a focus area for Gubra in order both to protect the data and systems from threats and to establish appropriate measures for restoring the IT environment if necessary. Gubra has implemented a number of measures to improve its IT security incl. servers at different locations, firewalls, VPN access on computers etc. Additionally, Gubra uses multiple special configured laboratory and animal facility computers. At the company's IT department, several monitoring systems are used to manage the company's IT infrastructure. This includes multiple security systems designed to warn and block hostile programmes and traffic.

CRO specific risks

5) Demand for CRO services

Risk description
The demand for Gubra's CRO services is influenced by customers' willingness and ability to initiate contract research, which can be impacted by economic factors and industry trends. In particular, changes in different therapeutic areas can alter the demand for Gubra's CRO services in that disease area. In terms of overall macroeconomic sensitivity, the pharma industry is in general less susceptible to economic cycles, but funding environment for especially small biotech companies can at times be subdued and reduce or delay their ability to fund purchase of CRO services. There is also a risk that customers reduce outsourcing of their preclinical activities.

Potential impact
Gubra sells knowledge-based services performed by its employees and as such operates with a high operating leverage. Thus, a significant prolonged reduction in demand will have large impact on the earnings within the CRO business.

Mitigating actions
Gubra has expanded its CRO services to new disease areas and to different geographic regions and customer types. This has reduced its dependency on specific unfavourable trends within a particular segment or geographic area.

6) Quality in the performance of CRO services

Risk description
The performance of pre-clinical CRO services is highly complex, expensive, specialized and time-consuming. Gubra may risk not performing according to its high standard, which could negatively impact or obviate the usefulness of the research or cause the results to be reported improperly or Gubra could be subject to customer claims.

Potential impact
Failure to deliver high-quality CRO services may require that Gubra has to repeat the studies under the terms of the company's contract at no further cost for the customer and results in claims from customers as well as reputational losses. Repeating such studies could entail substantial financial cost for Gubra and have a significant impact on Gubra's reputation.

Mitigating actions
Gubra considers the risks outlined above as a natural part of conducting pre-clinical contract research. Thus, mistakes may have to be remedied by repeating studies at no cost to the customer. Gubra has establish quality assurance, QA, system to ensure high standard in its deliveries.

Risk factors explained

D&P specific risks

7) Success of partnerships

Risk description
In the D&P segment, all revenue is generated from partnership payments (upfront, research payments, milestones and royalties). Thus, Gubra is dependent on its ability to establish new partnerships for its pipeline assets. Gubra is also dependent on the inherent development risk that the pipeline assets do not obtain the desired safety and efficacy results or that development can be significantly delayed. Further, Gubra is dependent on the partners' success in drug development and their decisions to bring the drug forward through the development phases.

Potential impact
Inability to establish new partnerships would have a substantial impact on Gubra's revenue and earnings as Gubra is dependent on partnerships to commercialize its pipeline assets to the market. It can also delay and disrupt the progression of certain pipeline assets. Partners' success in drug development and their decisions will have a substantial impact on the value and revenue realized from the partnered assets.

Mitigating actions
Gubra considers the risks outlined above as a natural part of its D&P business. Gubra mitigates these risks through a close collaboration with its partners on the partnered programs and are constantly working on a number of new partnerships to be able to establish future collaborations.

8) Success in identifying new peptides and technologies

Risk description
Gubra's strategy and long-term value creation entails searching for and identifying additional peptides with a view to targeting the same or additional indications of new research peptides or technology. The company seeks to achieve these goals through the use of its streaMLine Platform and through early collaboration agreements. While Gubra believes that this strategy allows the company to move more rapidly through pre-clinical development and at a potentially lower cost, this may not be possible to realize. Also, drug discovery programs may initially show promising results in identifying potential pipeline assets, however, the drug discovery programmes may fail to yield more advanced drug candidates for clinical development for many reasons.

Potential impact
The materialization of the above risks on a smaller scale is not deemed to have a serious impact on the natural part of drug discovery. However, on a larger and more continuous scale than regularly encountered, this could significantly impact the ability to engage in new partnerships.

Mitigating actions
The risk of not successfully identifying research peptides and technologies is an inherent and natural part of search for new therapeutic targets. Gubra works systematically, involving AI, with drug discovery involving continuous risk assessment.

Shareholder information

In 2023, Gubra completed its IPO and shares were listed on NASDAQ Copenhagen.

Share capital

In 2023, and as part of the IPO on NASDAQ Copenhagen (main market), the number of shares was increased by 4,545,455 new shares and DKK 500 million in gross proceeds were raised.

The share capital in Gubra per 31 December 2023 had a nominal value of DKK 16,349,703, divided into 16,349,703 shares of nominally DKK 1 each. All shares are of the same share class and have the same voting and dividend rights.

At the end of 2023, Gubra held a total of 59,271 treasury shares (0.4% of total) to be used to cover incentive schemes.

Composition of shareholders

The two founders in Gubra each own 30.6% of the shares. Board members and Management members, apart from the founders, own an additional 3.6% of the shares. Thus, board members and Management own 64.8% of the shares in Gubra.

The remaining shares is primarily owned by large institutional investors that acquired shares in the IPO. Shareholders holding above 5% in addition to the founders are Arbejdsmarkedets Tillægspension, ATP (8.9%).

The shareholder base is geographically centred on Denmark and non-Danish shareholders represent around 3% of the share capital. In total, Gubra had per 31 December 2023 around 2,500 shareholders.

Share price development

Gubra's shares were listed on NASDAQ Copenhagen on 30 March 2023 at a price DKK 110 per share. At the end of 2023, the share price was DKK 125 per share. Thus, Gubra's share price increased by 14% in 2023. Gubra's share price at 31 December 2023 corresponds to market cap DKK 2.0 billion. During the period from 30 March 2023 to 31 December 2023, the Danish midcap index was largely unchanged.

Annual General Meeting

The annual general meeting is scheduled to be held on 4 April 2024. Additional information will become available at **https://investors.gubra.dk/governance/agm/default.aspx** no later than 3 weeks before the annual general meeting.

Analyst coverage

Gubra is followed by the financial institutions and analysts listed below:

Firm	Analyst
SEB	Martin Parkhøi
ABG Sundal Collier	Morten Larsen

Share information

ISIN	DK0062266474
Share classes	One class
Nominal value	DKK 1 per share
Exchange	NASDAQ Copenhagen
List	Mid cap Copenhagen
Ticker	GUBRA
Number of shares	16,349,703 shares
Number of treasury shares	59,271 shares

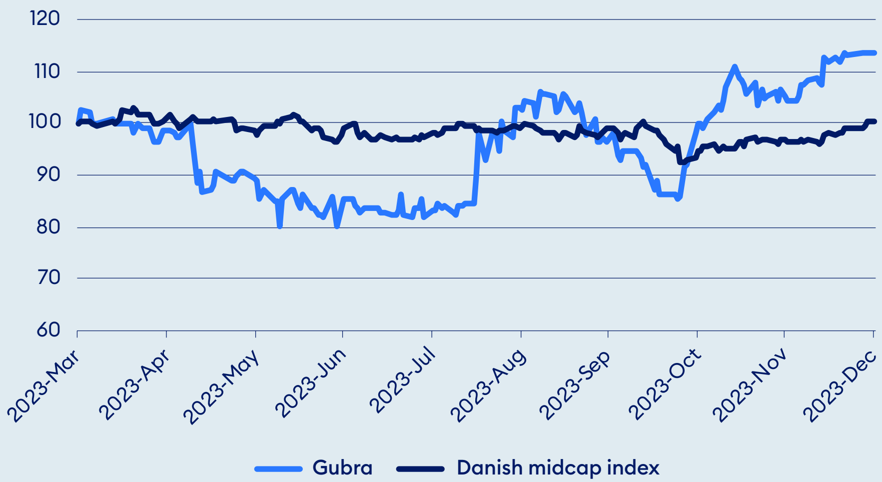
Financial calendar

28 Feb 2024	Annual Report 2023
4 Apr 2024	Annual General Meeting

Interim reports and trading statements:

7 May 2024	Trading statement Q1-2024
23 Aug 2024	First half-year report 2024
7 Nov 2024	Trading statement Q3-2024
28 Feb 2025	Annual Report 2024

Gubra share price vs. Danish midcap index



Financial Statements

Statement of the Board of Directors and the Executive Management on the Financial Statements of Gubra A/S as at and for the financial year ended 31 December 2023

The Board of Directors and Executive Management have today considered and adopted the Annual Report of Gubra A/S for the financial year 1 January to 31 December 2023.

The Annual Report has been prepared in accordance with IFRS account standards as adopted by the EU and further requirements in the Danish Financial Statements Act for listed companies.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Group and the Parent Company and of the results of the Group and Parent Company operations and cash flows for 2023.

In our opinion, the Annual Report of Gubra A/S for the financial year 1 January to 31 December 2023 with the file name 254900T17RRFZONO6W53-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Group and the Parent Company, of the results for the year and of the financial position of the Group and the Parent Company as well as a description of the most significant risks and elements of uncertainty facing the Group and the Parent Company.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hørsholm, 28 February 2024
Gubra A/S

BOARD OF DIRECTORS

Jacob Jelsing
Chair and co-founder

Alexander Thomas Martensen-Larsen
Deputy Chair

Arndt Schottelius
Board Member

Henriette Dræbye Rosenquist
Board Member

Astrid Haug
Board Member

Monika Lessl
Board Member

EXECUTIVE MANAGEMENT

Henrik Blou
CEO

Kristian Borbos
CFO

Niels Vrang
CSO and co-founder

Independent Auditor's Report

To the shareholders of Gubra A/S

Report on the audit of the Financial Statements

Our opinion
In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January to 31 December 2023 in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Our opinion is consistent with our Auditor's Long-form Report to the Audit Committee and the Board of Directors.

What we have audited
The Consolidated Financial Statements of Gubra A/S for the financial year 1 January to 31 December 2023 comprise consolidated statement of comprehensive income, consolidated balance sheet, consolidated cash flow statement, consolidated statement of changes in equity and the notes including material accounting policy information.

The Parent Company Financial Statements of Gubra A/S for the financial year 1 January to 31 December 2023 comprise statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and notes, including material accounting policy information.

Collectively referred to as the "Financial Statements".

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the Financial Statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence
We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have also fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

To the best of our knowledge and belief, prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 were not provided.

Appointment
The shares of Gubra A/S were admitted for listing on Nasdaq OMX Copenhagen in 2023, and we were appointed auditors of Gubra A/S on 14 March 2023 for the financial year 2023.

Key audit matters
Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Financial Statements for 2023. These matters were addressed in the context of our audit of the Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter
Revenue recognition and work in progress
The revenue streams Study-by-study and Flexible research hours are recognised over time using the percentage-of-completion method with costs as the driver. Depending on the nature of the contract, Management applies either a cost-to-cost or hours relative to total hours when measuring progress. The transaction price is fixed and does not include any forms of variable consideration.

The accuracy of work in progress of contracts and the timing of recognition in the income statement is dependent on complex estimation methodologies of, amongst others, the percentage of completion based on cost or hours.

We focused on work in progress related to Study-by-study contracts and Flexible hours contracts (pre-clinical contract research services) as the accounting treatment is subject to significant judgements and estimates made by Management.

Refer to Note 3.

How our audit addressed the key audit matter
We performed risk assessment procedures with the purpose of achieving an understanding of business procedures and relevant key controls regarding revenue recognition and work in

progress. In respect of key controls, we assessed whether they were designed and implemented effectively to address the risk of material misstatements.

We considered the appropriateness of the Group's accounting policies for revenue recognition and work in progress and assessed compliance with IFRS 15.

We tested on a sample basis work in progress for individual contracts including reconciliations to underlying registrations made and supporting documentation. We assessed the accuracy of the percentage of completion assessment, including challenging the assumptions used and the estimated costs or hours to complete the projects. We also performed retrospective review to evaluate the historical accuracy of the assessment of percentage of completion.

We assessed the completeness and accuracy of the disclosure of revenue recognition and work in progress against the requirements in IFRS 15.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. Moreover, we considered whether Management's Review includes the disclosures required by the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group or the Parent Company to cease to continue as a going concern.

Independent Auditor's Report, cont.

- Evaluate the overall presentation, structure and content of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Report on compliance with the ESEF Regulation

As part of our audit of the Financial Statements we performed procedures to express an opinion on whether the annual report of Gubra A/S for the financial year 1 January to 31 December 2023 with the filename 254900T17RRFZONO6W53-2023-12-31-en.zip is prepared, in all material respects, in compliance with the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the Consolidated Financial Statements including notes.

Management is responsible for preparing an annual report that complies with the ESEF Regulation. This responsibility includes:

- The preparing of the annual report in XHTML format;
- The selection and application of appropriate iXBRL tags, including extensions to the ESEF taxonomy and the anchoring thereof to elements in the taxonomy, for all financial information required to be tagged using judgement where necessary;
- Ensuring consistency between iXBRL tagged data and the Consolidated Financial Statements presented in human-readable format; and
- For such internal control as Management determines necessary to enable the preparation of an annual report that is compliant with the ESEF Regulation.

Our responsibility is to obtain reasonable assurance on whether the annual report is prepared, in all material respects, in compliance with the ESEF Regulation based on the evidence we have obtained, and to issue a report that includes our opinion. The nature, timing and extent of procedures selected depend on the auditor's judgement, including the assessment of the risks of material departures from the requirements set out in the ESEF Regulation, whether due to fraud or error. The procedures include:

- Testing whether the annual report is prepared in XHTML format;
- Obtaining an understanding of the company's iXBRL tagging process and of internal control over the tagging process;
- Evaluating the completeness of the iXBRL tagging of the Consolidated Financial Statements including notes;
- Evaluating the appropriateness of the company's use of iXBRL elements selected from the ESEF taxonomy and the creation of extension elements where no suitable element in the ESEF taxonomy has been identified;
- Evaluating the use of anchoring of extension elements to elements in the ESEF taxonomy; and
- Reconciling the iXBRL tagged data with the audited Consolidated Financial Statements.

In our opinion, the annual report of Gubra A/S for the financial year 1 January to 31 December 2023 with the file name 254900T17RRFZONO6W53-2023-12-31-en.zip is prepared, in all material respects, in compliance with the ESEF Regulation.

Hellerup, 28 February 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Torben Jensen
State Authorised Public Accountant
mne18651

Elife Savas
State Authorised Public Accountant
mne34453

Consolidated Financial Statements

Consolidated statement of comprehensive income

DKK'000	Notes	2023	2022
Revenue	2, 3	205,005	199,381
Cost of sales	4, 5, 7	(90,069)	(101,636)
Gross profit		**114,936**	**97,745**
Selling, general and administrative costs	4, 5, 7	(75,128)	(66,696)
Research and development costs	4, 5, 7	(89,225)	(56,841)
Other operating income	13, 25	1,749	24,504
EBIT		**(47,668)**	**(1,288)**
Financial income	8	11,014	9,502
Financial expenses	8	(6,250)	(1,955)
Profit (loss) before tax		**(42,904)**	**6,259**
Tax	9, 10	(1,620)	(1,949)
Net profit (loss) for the year		**(44,524)**	**4,310**
Other comprehensive income		-	-
Total comprehensive income for the period		**(44,524)**	**4,310**
Basic earnings per share (DKK)	22	(2.9)	0.4
Total diluted earnings per share	22	(2.9)	0.4

Consolidated Balance Sheet

DKK'000	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets	11	11,688	7,330
Land and buildings	12	9,152	12,635
Equipment	12	10,934	5,094
Right-of-use assets	12, 13	43,374	38,007
Deferred tax assets	10	3,687	3,759
Deposits		4,410	4,063
Total non-current assets		**83,245**	**70,888**
Current assets			
Trade receivables	14, 16	52,912	36,093
Contract work in progress	3	4,108	3,255
Income tax receivables		2,221	-
Prepayments		3,508	9,941
Other receivables		21,899	5,136
Other financial assets	14	403,989	65,664
Cash and cash equivalents		53,397	71,925
Total current assets		**542,034**	**192,014**
Total assets		**625,280**	**262,902**

Consolidated Balance Sheet

DKK'000	Notes	31 December 2023	31 December 2022
Equity and liabilities			
Equity			
Share capital	18	16,350	133
Retained earnings		463,310	108,074
Total equity		**479,659**	**108,207**
Non-current liabilities			
Lease liabilities	13	60,685	60,962
Other payables		848	-
Total non-current liabilities		**61,533**	**60,962**
Current liabilities			
Lease liabilities	13	10,750	8,441
Share-based payments	6	-	19,043
Deferred income		4,113	3,171
Trade payables		11,405	10,592
Contract liability	3	40,573	31,851
Tax payables		-	4,437
Other liabilities	14	17,247	16,198
Total current liabilities		**84,088**	**93,733**
Total liabilities		**145,621**	**154,695**
Total equity and liabilities		**625,280**	**262,902**

Consolidated Cash Flow Statement

DKK'000	Notes	2023	2022
Cash flow from operating activities			
Net profit (loss) for the year		(44,524)	4,310
Adjustments for non-cash items	17	14,539	12,574
Changes in net working capital	17	(13,042)	8,794
Interest received		6,901	204
Interest paid		(5,089)	(1,399)
Income taxes paid/received		(8,206)	(143)
Net cash inflow (outflow) from operating activities		**(49,419)**	**24,340**
Cash flow from investing activities			
Purchase of property, plant & equipment	12	(5,840)	(9,542)
Payments for development costs	11	(5,356)	(4,613)
Proceeds from sale of property, plant & equipment	12	-	29,950
Proceeds from sale of property related to sale and lease back transaction	12, 13	65,664	28,259
Investment in business combinations	25	(5,000)	-
Investments in bonds	14	(400,509)	-
Deposits		(347)	-
Net cash inflow (outflow) from investing activities		**(351,388)**	**44,054**
Cash flow from financing activities			
Repayment of borrowings		-	(35,866)
Principal elements of lease payments		(5,055)	(4,863)
Dividends paid to company's shareholders		(68,324)	(66,013)
Capital Increase, IPO		500,000	-
Transaction costs for equity issuance		(41,030)	-
Acquisition of treasury shares		(2,802)	(5,512)
Net cash inflow (outflow) from financing activities		**382,789**	**(112,254)**
Net increase (decrease) in cash and cash equivalents		**(18,018)**	**(43,860)**
Cash and cash equivalents at the beginning of the financial year		71,925	115,785
Exhange rate gain (loss) on cash and cash equivalents		(510)	-
Cash and cash equivalents at end of year		**53,397**	**71,925**

Consolidated Statements of Changes in Equity

DKK'000	Notes	Share capital	Retained earnings	Total
Equity at 1 January 2022		**133**	**151,330**	**151,463**
Net profit for the year		-	4,310	4,310
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**4,310**	**4,310**
Transactions with owners:				
Dividends paid		-	(66,013)	(66,013)
Acquisition of treasury shares		-	(4,478)	(4,478)
Share-based payments		-	22,925	22,925
Equity at 31 December 2022		**133**	**108,074**	**108,207**
Equity at 1 January 2023		**133**	**108,074**	**108,207**
Net profit for the year		-	(44,524)	(44,524)
Other comprehensive income		-	-	-
Total comprehensive income		**-**	**(44,524)**	**(44,524)**
Transactions with owners:				
Capital conversion, from retained earnings		11,672	(11,672)	-
Capital increase		4,545	495,455	500,000
Transaction costs for equity issuance		-	(41,030)	(41,030)
Dividends paid		-	(68,503)	(68,503)
Acquisition of treasury shares		-	(2,802)	(2,802)
Share-based payments		-	28,311	28,311
Equity at 31 December 2023		**16,350**	**463,309**	**479,659**

Notes summary

Note

Notes to the Consolidated Financial Statements

Note 1 General accounting policies

The consolidated financial statements for Gubra A/S and its subsidiary (jointly, the "**Group**") for the financial year ended 31 December 2023, were authorised for issue in accordance with a resolution of the Board of Directors and Executive Management on 28 February 2024. This note provides a list of general accounting policies adopted in the preparation of these financial statements. Significant accounting policies related to each accounting area are provided in the disclosures to which the specific policy relates. All accounting policies have been consistently applied to all the years presented.

Basis for preparation
The consolidated financial statements of the Group have been prepared in accordance with IFRS Accounting Standards as adopted by EU as well as further requirements for listed companies in the Danish Financial Statements Act.

The consolidated financial statements have been prepared on a historical cost basis.

The consolidated financial statements are presented in Danish Kroner (DKK) and all values are rounded to the nearest thousand (DKK ’000) except when otherwise indicated.

New standards and interpretations not yet adopted
All amendments to the IFRS Accounting Standards effective for the financial year 2023 have been implemented as basis for preparing the consolidated financial statements and notes to the financial statements.
None of the implementations have had any material impact on the statements or notes presented.

Principles of consolidation

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

The acquisition method of accounting is used to account for business combinations by the Group.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Foreign currency translation

Functional and presentation currency
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 Danish Kroner (DKK), which is Gubra A/S’ functional and presentation currency.

Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognised in profit or loss.

Critical estimates and judgements
The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group’s accounting policies.

Some areas involve a higher degree of judgement or complexity, and within those areas, some items are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. The areas involving a higher degree of judgement or complexity include recognition of revenue from contracts with customers, recognition of share-based payment and capitalisation of development projects as intangible assets.

Detailed information about each of these estimates and judgements is included in the respective notes together with information about the basis of calculation for each affected line item in the financial statements.

See the following notes:

Note 3 - Revenue from contracts with customers
Note 6 - Share-based payments
Note 11 - Intangible assets

Note 1, cont.

Other accounting areas

Other operating income
Other operating income comprise items of a secondary nature to the main activities of the Group, including government grants, gains and losses on the sale of intangible assets and property, plant and equipment (including sale-and-leaseback transactions).

Government grants
Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received, and the Group will comply with all attached conditions. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

Other receivables
Other receivables consist of government grants that will be received for which the Group will comply with any conditions attached to the grant.

Deferred income
Deferred income relates to received government grants.

Other financial assets
Other financial assets relate to a receivable recorded in the balance sheet as a result of an unpaid amount related to a sale-and-leaseback transaction (refer to Note 14).

Impairment of assets
Development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-current assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Prepayments
Prepayments comprise prepaid expenses concerning the next financial year.

Pensions
For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Transaction costs related to equity issuance
Qualifying transaction costs incurred in connection with issuance of equity instruments are deducted from equity. Transaction costs incurred in anticipation of an issuance of equity instruments are recognised in the balance sheet. If the equity instruments are not subsequently issued, the transaction costs will be recognised as an expense. Where the qualifying transaction costs relate to listing of existing and new shares, the part of the total transaction costs deducted from equity are based on management's estimate of the transaction costs' relevance for new shares compared to existing shares.

Financial ratios
The financial ratios have been calculated in accordance with the recommendations of the Association of Danish Financial Analysts.

Note 2 Segment information

The Group's strategic steering committee, consisting of the chief executive officer, the chief financial officer and the chief science officer, examines the Group's performance both from a product and geographic perspective and has identified three reportable segments of its business.

The steering committee is the Chief Operating Decision Maker (the "CODM") and monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment.
The steering committee primarily uses a measure of earnings before interest and tax (EBIT) before special items to assess the performance of the operating segments. There are no transactions between the segments. Business areas are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

Special items are disclosed separately in the segment information where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount, e.g. share-based payments arising from the old LTIP program (2022 and earlier), cost for IPO preparations and gain on sale of assets in 2022 . Badwill arising from business combinations is considered special items.

The Group is domiciled in Denmark. The amount of its revenue from external customers, broken down by geographical region of the customers is disclosed in note 3.

In 2023, revenue from a single external customer amounted to 11% of the Group's total revenue (2022: 23% from a single external customer). This revenue is reported in the D&P segment.

All non-current assets are placed in Denmark.

Pre-clinical contract research (CRO)
The CRO Segment comprises pre-clinical contract research and development services within metabolic and fibrotic diseases to customers in the pharmaceutical and biotechnology industry (business areas).

CRO revenue consists of Study-by-study (SBS) contracts and Flexible Research Hours (FRH). In 2023 FRH-contracts contributed a total DKK 40.5 million to CRO-revenue (2022: DKK 37.8 million).

Discovery & Partnerships (D&P)
The Discovery & Partnerships Segment comprises a portfolio strategy with an aim to generate revenue through early partnering of the Company's potential drug candidates in the form of upfront payments, research payments, milestone payments and royalties (business area).

Gubra Green
The Gubra Green Segment comprises investments targeting assets promoting the green transition made through Gubra Green ApS.

DKK'000	CRO	D&P	Gubra Green	Total
2023				
Revenue (external)	168,557	36,448	-	205,005
Total segment revenue	**168,557**	**36,448**	**-**	**205,005**
Depreciation and amortisation	**(4,953)**	**(4,953)**	**(44)**	**(9,951)**
Adjusted EBIT*	**46,133**	**(80,227)**	**-**	**(34,094)**
Adjusted EBIT margin	**27.4%**	**(215.1%)**	**-**	**(16.6%)**
Gubra Green and special items	(7,592)	(5,798)	(139)	(13,529)
EBIT incl. Gubra Green and special items	**38,541**	**(86,025)**	**(183)**	**(47,667)**

DKK'000	CRO	D&P	Gubra Green	Total
2022				
Revenue (external)	130,620	68,761	-	199,381
Total segment revenue	**130,620**	**68,761**	**-**	**199,381**
Depreciation and amortisation	**(3,443)**	**(3,443)**	**-**	**(6,885)**
Adjusted EBIT	**35,928**	**(17,416)**	**-**	**18,512**
Adjusted EBIT margin*	**27.5%**	**(25.3%)**	**-**	**9.3%**
Gubra Green and special items	(10,378)	(6,449)	(2,973)	(19,800)
EBIT incl. Gubra Green and special items	**25,550**	**(23,865)**	**(2,973)**	**(1,288)**

*EBIT excl. Gubra Green and special items

Note 3 Revenue from contracts with customers

The following tables disaggregates the Group's revenue into geographical regions. The revenue is further disaggregated into the following research service categories: pre-clinical contract research (CRO Segment) services and drug discovery programs (Discovery & Partnership Segment).

In the year ending 31 December 2023 Denmark, being the domicile country, contributed to the total revenue with DKK 33 million (2022: DKK 15 million).

Germany as well as US are the largest single countries contributing to more than 20% each of the total revenue with DKK 44 million (2022: DKK 77 million) and DKK 86 million (2022: DKK 67 million) respectively.

DKK'000	Europe	North America	Other	Total
2023				
Discovery & Partnership Segment	36,448	-	-	**36,448**
CRO Segment	71,828	88,782	7,947	**168,557**
Total segment revenue	**108,276**	**88,782**	**7,947**	**205,005**

DKK'000	Europe	North America	Other	Total
2022				
Discovery & Partnership Segment	68,761	-	-	**68,761**
CRO Segment	53,370	72,932	4,318	**130,620**
Total segment revenue	**122,131**	**72,932**	**4,318**	**199,381**

Assets and liabilities related to contracts with customers
The Group has recognised the following assets and liabilities related to contracts with customers:

DKK'000	2023	2022
Assets		
Contract work in progress	4,108	3,255
Liabilities		
Contract Liabilities	40,573	31,851

Note 3, cont.

Significant changes in assets and liabilities related to contracts with customers

Contract work in progress has increased as the Group has provided more services ahead of the agreed payment schedules.

Contract liabilities have increased as revenue related to upfront payments from partnership contracts have not been recognized in the income statement yet.

Revenue recognised in relation to contract liabilities

The following table shows how much of the revenue recognised in the current reporting period relates to carried-forward contract liabilities:

DKK'000	2023	2022
Revenue recognised that was included in contract liabilities at the beginning of the period	31,851	45,208

Unsatisfied contracts

The following table shows unsatisfied performance obligations resulting from long-term contracts in the Discovery & Partnership Segment:

DKK'000	2023	2022
Aggregate amount of the transaction price allocated to long-term Discovery & Partnerships contracts that are partially or fully unsatisfied as at 31 December	22,883	24,075

The amount disclosed for unsatisfied contracts does not include variable consideration which is constrained (e.g. milestone payments).

Management expects that the transaction price allocated to unsatisfied performance obligations as of 31 December 2023 will be recognised as revenue in 2024.

ACCOUNTING POLICIES

The Group provides research services to the biotech and pharma industry with proprietary research and collaboration programmes.

Revenue is recognised when customers obtain control of promised goods or services, in an amount that reflects the consideration that the Group expects to receive in exchange for those goods or services.

For the purposes of recognising revenue, the Group distinguishes between study-by-study arrangements, flexible research hours arrangements (jointly, CRO Segment) and partner programmes (Discovery & Partnership Segment).

Study-by-study

Study-by-study contracts are for preclinical studies in a wide variety of rodent models, which can be adapted according to the specific scientific question in focus.

Study-by-study contracts comprise a single performance obligation (i.e. research services). The transaction price is fixed and does not include any forms of variable consideration.

The consideration is received in accordance with a payment schedule. Usually 50% of the transaction price is received at contract inception. The contracts have a credit term of 30 days.

Revenue is recognised over time based on an input method of cost incurred relative to the total expected cost of the study (i.e. cost to cost). Management considers this measure of progress to be most representative of the services performed, as the effort is consistent with the related costs incurred.

Note 3, cont.

Flexible research hours
Under contracts for flexible research hours, the Group provides a fixed number of research hours at a fixed price.

Contracts for flexible research hours comprise a single performance obligation (i.e. a fixed number of research hours). The transaction price is fixed and does not include any forms of variable consideration.

Payments are received on a monthly basis.

Revenue is recognised over time based on the number of hours delivered relative to the total number of hours to be delivered. Management has determined that this method most appropriately depicts the Group's performance as all work in process for which control has transferred to the customer would be captured in this measure of progress.

Partnership programmes
Under partnership programme contracts, the Group enters into an arrangement with a counterparty to identify and perform discovery activities and identify compounds. Under the contracts, the Group will perform research activities.

Partnership programmes comprise a single performance obligation (i.e. research services). The Group receives as consideration a fixed non-refundable upfront fee, research payments, milestone payments, as well as sales-based royalties, if the compounds are commercialized. The contracts have a credit term of 30 days.

The consideration related to the non-refundable fee is received at contract inception. The consideration related to the milestone payments are received after the respective milestone is triggered through e.g. progression of the compound through development phases.

Revenue is recognized over time over the contract period on a straight-line basis as the Group's performance during the contract period is equivalent month to month. Management has determined that this method of measuring progress is the most representative of the services performed, as the Group's effort is linear throughout the contract period. This is because a fixed number of employees will work full time on the project throughout the contract term.

At contract inception, all milestone payments are constrained due to the high degree of uncertainty. Once the uncertainty related to a milestone payment is resolved, revenue is recognised on a cumulative catch-up basis. The amount related to the unsatisfied portion of the performance obligation is recognised as that portion is satisfied over the remaining contract term.

Revenue related to the sales-based royalties is recognised as revenue when the subsequent sales occur.

Contract balances

Contract work in progress
Contract work in progress is the Group's right to consideration in exchange for services that the Group has transferred to the customer. A contract asset becomes a receivable when the Group's right to consideration is unconditional, which is the case when only the passage of time is required before payment of the consideration is due.

Contract liabilities
Contract liabilities are recognised if a payment is received or a payment is due (whichever is earlier) from a customer before the Group transfers the related services. Contract liabilities are recognised as revenue when the Group performs under the contract (i.e. transfers control of the related services to the customer).

Judgements

Measures of progress

The Group recognises revenue over time and in accordance with the Group's progress towards complete satisfaction of the specific performance obligation.

The purpose of measuring progress towards satisfaction of a performance obligation is to recognise revenue in a pattern that reflects the transfer of control of the promised service to the customer. Because there are various methods for measuring progress, Management should carefully consider which method that best depicts the transfer of control of services and apply that method consistently to similar performance obligations and in similar circumstances.

Depending on the nature of the contract, Management applies either a cost-to-cost, hours relative to total hours, or a straight-line method when measuring progress.

At the end of each reporting period, the Group remeasures its progress towards complete satisfaction of a performance obligation.

Partnership programmes

Evaluating the criteria for revenue recognition in relation to the partner programmes requires the following from Management:

- An assessment of whether the contract is for the sale of services that are an output of the Group's ordinary activities (i.e. whether the contract is included in the scope of IFRS 15).
- An assessment of the nature of performance obligations and whether they are distinct or should be combined with other performance obligations. An assessment of whether the achievement of milestone payments is highly probable.

Currently, the Group's counterparties for all partnership contracts are considered customers.

Note 4 Breakdown of costs by nature

The following table breaks down costs by nature:

DKK'000	2023	2022
Staff costs	155,653	149,010
Depreciation amortisation and impairments	9,951	6,885
Other operating expenses	88,819	69,278
Total	**254,422**	**225,173**
Included in cost of sales:		
Staff costs	65,141	73,616
Depreciation amortisation and impairments	3,732	2,780
Other operating expenses	21,196	25,240
Total	**90,069**	**101,636**
Included in selling, general and administrative costs:		
Staff costs	47,415	38,377
Depreciation amortisation and impairments	325	336
Other operating expenses	27,387	27,983
Total	**75,128**	**66,696**
Included in research and development costs:		
Staff costs	43,097	37,017
Depreciation amortisation and impairments	5,893	3,769
Other operating expenses	40,235	16,055
Total	**89,225**	**56,841**

Other operating expenses under cost of sales comprise materials directly associated with revenue generating projects and raw materials and consumables, such as mice, diets, chemicals, etc., that are consumed in the provision of the services.

Other operating expenses under selling, general and administrative costs comprise primarily costs related to conferences, campaigns, advertising and travel costs as well as costs related to facilities, human resources, information technology, procurement and logistics and other administrative functions and costs related to accounting and legal services.

Other operating expenses under research and development comprise primarily research and development consumables as well as external research and development costs as part of the Group's research and development for clinical activities are performed by third-party laboratories, medical centres or clinical research outsourcing partners .

ACCOUNTING POLICIES

Cost of sales
Cost of sales include costs directly associated with fulfilling performance obligations. Cost of sales include direct materials, direct labour (including share-based payments), all direct overheads, including depreciation and impairment of property, plant and equipment, and indirect overheads that can reasonably be allocated to the production function.

Selling, general and administrative costs
Selling, general and administrative costs comprise expenses incurred for the Group's administrative functions, marketing costs, travel, wages and salaries and share-based payments for staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses for property, plant and equipment used for administration of the Group.

Research and development costs
Research and development costs comprise research costs, costs of development projects not qualifying for recognition in the balance sheet, wages and salaries and share-based payments for research and development staff, and amortisation and impairment losses relating to development projects.

Note 5 Salaries and other remuneration

DKK'000	2023	2022
Wages and salaries	134,245	103,700
Share-based payments*	9,392	34,223
Pension cost, defined contribution plans	16,807	14,004
Other social security costs	1,822	1,546
Total	**162,266**	**153,473**
Average number of employees	205	180

* Refers to recognised costs but not paid-out remuneration for active share-based incentive programmes.

Key management personnel compensation
Key management personnel consist of the Executive Management and the Board of Directors.
The compensation paid or payables to key management personnel for employee services is shown below:

EXECUTIVE MANAGEMENT:

DKK'000	2023	2022
Wages and salaries including social security costs	7,518	3,855
Share-based payments*	5,850	20,650
Pension cost, defined contribution plans	552	342
Total	**13,920**	**24,847**

* Refers to recognised costs but not paid-out remuneration for active share-based incentive programmes.

BOARD OF DIRECTORS:

DKK'000	2023	2022
Wages and salaries	2,158	492
Total	**2,158**	**492**
Total Executive Management and Board of Directors	**16,063**	**25,339**

Note 6 Share based remuneration

Gubra has historically and in 2023 implemented incentive programs to provide long-term incentives for participants (Executive Management and full-time employees) to deliver long-term shareholder returns. The programs are important to retain the participants in the Group.

The historical programs prior to 2023, "OLD LTIPs", became fully vested upon the occurrence of the IPO that was completed in March 2023 and all share-based instruments for these programs have been delivered to the participants.

In 2023, Gubra implemented two long-term incentive programs for employees ("LTIP 2023"). One being a Restricted Stock Unit (RSU) program and the other being a warrants program. These two programs are the only outstanding share-based remuner-ation programs as of 31 December 2023.

Below is a summary of share-based instruments granted under the incentive programs for both OLD LTIPs and LTIP 2023.

DKK'000	2023	2022
OLD LTIPs (fully vested and delivered)		
Number of shares granted during the year	-	2,199
Outstanding number of shares granted at 31 December	-	9,433
Grant date fair value per share (in DKK)	-	8,987
LTIP 2023		
Restricted Stock Unit program (RSU) – number of RSUs granted during the year*	41,544	-
Warrants program – number of warrants granted during the year*	98,793	-
Grant date value (in DKK)	7,741	

* Number of granted during the year is the same as the outstanding number

DKK'000	2023	2022
OLD LTIPs		
Costs arising from share-based payment transactions	5,087	34,223
LTIP 2023		
Costs arising from share-based payment transactions	4,305	-

DKK'000	2023	2022
OLD LTIPs		
Carrying amount of share-based payment liability	-	19,043
LTIP 2023		
Carrying amount of share-based payment liability	-	-

LTIP 2023
Gubra's outstanding share-based incentive programs and overall terms are summarised in the table below and subsequently described in further detail.

Type program	Grant date	No. of instruments	Vesting period	Value at grant	Costs recognised in 2023
Restricted Stock Units (RSU)	1 June 2023	41,544	2 years	DKK 98/RSU	DKK 2.5 million
Warrants	1 June 2023	98,793	3 years	DKK 37.1/warrant	DKK 1.8 million

Restricted Stock Unit ("RSU") program 2023
The RSU program is directed to employees that has been employed in Gubra for a certain period of time. The RSUs are granted free of charge to the employees.

The RSUs will vest over two years with 1/24 allocation per month and be exchangeable into ordinary shares (one RSU to one ordinary share). Grant, vesting and/or exchange of the RSUs is not subject to achievement of performance targets, but conditional on continued employment during the vesting period (service condition).

In total, 41,544 RSUs were granted to employees in the LTIP 2023 program. This corresponds to 0.25% of the share capital in Gubra.

ACCOUNTING POLICIES (RSU)

The employee costs of the shares granted under the program are recognised in the income statement with equity as the corresponding entry.

Estimating fair value
Since there is no exercise price for the RSUs, the value of each RSU equals the share price. At grant date on 1 June 2023, the value of each RSU was determined to DKK 98 (the closing price on 31 May 2023). The total value at grant of the RSU program throughout the vesting period amounts to DKK 4.1 million. In 2023, costs of DKK 2.5 million were recognised.

Note 6, cont.

Warrant program 2023
The warrant program is directed to Management members. The warrants are granted free of charge to the Management members.

The warrants will vest over three years with 1/36 allocation per month and be exercisable for a two year period following full vesting. Each vested warrant entitles a right to acquire one new ordinary share at the exercise price. Grant, vesting and/or exercise of the warrants is not subject to achievement of performance targets, but conditional on continued employment during the vesting period (service condition).

In total, 98,793 warrants were granted to Management in the LTIP 2023 program. This corresponds to 0.6% of the total share capital on a fully diluted basis.

ACCOUNTING POLICIES (Warrant)

The employee costs of the shares granted under the program are recognised in the income statement with equity as the corresponding entry.

Estimating fair value
At grant on 1 June 2023, the value of each warrant was DKK 37.1. The total value at grant of the warrant program throughout the vesting period amounts to DKK 3.7 million. In 2023, costs of DKK 1.8 million were recognised.

The warrants have been valued using the Black-Scholes option pricing model, which is a commonly used model for warrant pricing. The assumptions applied in the Black-Scholes valuation of the warrants are summarised in the below table and described in the subsequent sections.

Parameters in model	Value	Value input	Gubra Judgement
Share price	DKK 98	Closing price on 31 May 2023	No
Exercise price	DKK 98.6	Volume-weighted share price 5 trading days prior to grant	No
Time to maturity	4 years	Assumption on the time for exercise	Yes
Risk-free rate	2.6%	Risk free interest rate on Danish government bonds	No
Volatility	45%	Volatility on 9 chosen peer companies	Yes
Dividend	0	No dividend assumed	No

Share price
The price per share in Gubra equals DKK 98, i.e. the latest listed share price as at the valuation date (closing price on 31 May 2023).

Exercise price
The exercise price constitutes the volume weighted average share price of the Gubra's shares as quoted on Nasdaq Copenhagen A/S for the five trading days prior to the date of grant, i.e. DKK 98.6.

Estimated time of maturity
The warrants can be exercised between the end of the vesting period and the expiry of the warrants, which is five years after the grant date (two years after the last vesting date). This means that there does not exist a single fixed exercise date for the warrants. In line with common practise, it is assumed that the warrants are, on average, exercised halfway through the two years where the warrants can be exercised (i.e. one year after ended vesting, or four years after grant).

Risk-free interest rate
The risk-free interest rate is based on the yield curve for Danish government bonds as per the valuation date (based on 31-05-2023 market data), with a time to maturity that corresponds to the expected time to maturity of the warrants. The risk-free rate is derived by interpolating the yield curve on two Danish government bonds, such that the risk-free rate matches the time to maturity, i.e. four years. Based hereon, a risk-free rate of 2.6% is applied.

Volatility
As Gubra was listed in 2023 there is only short share price history to be able to use Gubra's own volatility for this parameter. Volatility has therefore been estimated using a benchmark volatility based on 9 peers in the CRO sector. The peers have been chosen by Management in Gubra. Using this, a volatility of 45% has been applied.

Note 6, cont.

Dividend
It is assumed that no dividends are paid until the warrants are exercised.

OLD LTIPs
During 2018-2022, employees (participants) were each year granted conditional shares in Gubra free of charge.

The granting of the shares was conditional on the participants' ongoing employment with the Group. If a participant ceased employment, all shares were reacquired by the Group. The reacquisition price for bad leavers was 70% and 100% for good leavers based on a predefined valuation that was updated annually. Good leaver means the involuntary termination of the employee's employment by the Group other than a termination for cause, the employee's resignation for good reason, or the employee's termination of employment due to death, disability, or a qualifying retirement. In all other situations where the employee leaves the Group, the employee was regarded as a bad leaver.

The arrangement was accounted for as a compound instrument, comprising both a cash-settled component and an equity-settled component. The fair value of the compound instrument is the sum of the values of the cash alternative and the equity alternative. The cash-settled component equals the fair value of the liability under the cash alternative, which is the cash payment that was guaranteed to any participant. The grant-date fair value of the cash-settled component, that would have to be forfeited in order to receive the equity alternative, is subtracted from the fair value of the total grant. Any positive difference equals the fair value of the equity-settled component.

Fair value measurement
The shares granted in the incentive programme is valued at fair value. Since there was no listed share price for Gubra at the grant date of these incentive programmes, the share price has been determined using an EV/EBITDA market multiple analysis using a normalized EBITDA. The EV/EBITDA multiple has been based upon an analysis of a peer-group consisting of public companies with operational similarities to Gubra. Historical EV/EBITDA multiples have been estimated as at the end of the financial year in order to estimate the fair value of Gubra.

The shares became fully vested in 2023 given the IPO and the fair value was calculated and recognized in equity at redemption. The fair value adjustment of the liability is recognized through the income statement. In total DKK 24 million is recognized in equity during 2023 from the old LTIPs.

ACCOUNTING POLICIES (OLD LTIP)

Share-based payments were provided to the participants of the Group's incentive program. The employee costs of the shares granted under the program have been recognised in the income statement. For the equity-settled component of the incentive program the corresponding entry has been in equity. For the cash-settled component of the incentive program, the corresponding entry is in liabilities.

The fair value of the arrangement is measured indirectly by reference to the fair value of the equity instruments granted as consideration (i.e. the shares). The cash-settled component corresponding to the ultimate cash payment that is guaranteed to any participant is recognized as a liability at grant date. Any adjustment to the cash-settled component is recognized in the income statement. The total cost related to the equity component has been recognised over the vesting period, which is the period over which all the specified vesting conditions were to be satisfied. For the cash-settled component, the fair value of the liability has been re-measured at each reporting date and at the date of settlement.

The shares would only become fully vested upon the occurrence of an exit event such as an IPO. Consequently, the Group revised its estimate of the length of the expected vesting period until the actual outcome is known. Upon a change in estimate, the Group adjusted the recognized share-based payment cost on a cumulative basis in the period in which the estimate was revised.

Share-based payment liability
The share-based payment liability comprises the cash-settled component of the Group's incentive programme.

Judgements - Estimating fair value
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model.

In valuing the shares, Management has applied a valuation technique that focuses on the Group as a whole as a starting point and includes market multiples. The assumptions and models used for estimating the fair value of the incentive programme are disclosed above.

Note 7 Depreciation and amortisation

DKK'000	2023	2022
Depreciation and amortisation		
Depreciation of property, plant and equipment	7,939	5,896
Amortisation of intangible assets	2,012	989
Total	**9,951**	**6,885**

ACCOUNTING POLICIES

Amortisation and depreciation for the year are recognised based on the amortisation and depreciation profiles of the underlying assets (see note 11 , 12 and 13)

Note 8 Financial income and expenses

DKK'000	2023	2022
Financial income		
Financial income	4,694	204
Other financial income	6,228	8,829
Foreign exchange rate effects	92	469
Total financial income	**11,014**	**9,502**
Financial costs		
Interest costs on borrowings	-	1,240
Interest costs on lease liabilities	4,890	280
Other financial costs	1,138	269
Total interest costs related to financial liabilities not at fair value through profit or loss	**6,028**	**1,789**
Foreign exchange rate effects	222	166
Total financial costs	**6,250**	**1,955**

The amount for other financial income of DKK 8,829 thousand in 2022 primarily reflects gain from early redemption of loans in 2022 as the loans were redeemed below nominal value (all borrowings were repaid in 2022).

ACCOUNTING POLICIES

Financial income and costs
Financial income and costs (net financial items) include interest income and expenses calculated in accordance with the effective interest method.

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Note 9 Income tax expense

DKK'000	2023	2022
Current tax		
Current tax on profits for the year	-	6,260
Tax adjustments prior year	1,548	-
Deferred income tax	72	(4,311)
Income tax expense	**1,620**	**1,949**

DKK'000	2023	%	2022	%
Reconciliation of effective tax rate				
Tax at the Danish tax rate of 22%:	(9,439)	22%	1,379	22%
Tax adjustment prior years	1,548	-	-	-
Tax effects of:				
Non-deductible expenses	19	0.0%	29	0.5%
Deduction for shares	-	-	(721)	(11.5)%
Share-based payments	1,661	(3.9)%	7,529	120.1%
Deduction for research and development	(1,076)	2.5%	(5,365)	(85.6)%
Unrecorded tax loss carryforwards	9,236	(21.5)%	-	-
Other	(330)	0.8%	(902)	(14.4)%
Income tax expense	**1,620**	**(3.8)%**	**1,949**	**31.1%**

ACCOUNTING POLICIES

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where Gubra A/S and its subsidiary operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The Group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred income tax liability is settled.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Note 10 Deferred tax

DKK'000	2023	2022
Deferred tax		
Deferred tax at the beginning of period	3,759	(553)
Deferred tax recognised in the statement of profit or loss	(72)	4,312
Deferred tax recognised in the statement of other comprehensive income	-	-
Deferred tax at year end	**3,687**	**3,759**
Deferred tax relates to:		
Intangible assets	-	42
Property, plant and equipment	34,955	39,574
Lease Liabilities	(66,299)	(69,403)
Contract work in progress	5,135	5,413
Tax losses carried forward research and development	10,759	7,289
Warrants	(1,310)	-
Total	**(16,760)**	**(17,085)**
Deferred tax liability, recognised	**(3,687)**	**(3,759)**
Of which presented as deferred tax assets	(3,687)	(3,759)
Of which presented as deferred tax liabilities	-	-
Deferred tax asset not recognised in the balance sheet	(9,236)	-
Deferred tax at 31 December	**(12,923)**	**(3,759)**

In line with the requirements of IAS 12, the deferred tax assets and liabilities are offset as they have a legal right to set off and relate to income tax with the same taxation authority. Deferred tax asset not recognised in the balance is tax loss carry forwards, which may be carried forward indefinitely.

ACCOUNTING POLICIES

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

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

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

Note 11 Intangible assets

DKK'000	Acquired licenses	Development projects in progress	Completed development projects	Total
Carrying amount 31 December 2021	**92**	**1,824**	**1,790**	**3,706**
Additions	-	4,613	-	4,613
Transfers	-	(2,309)	2,309	-
Additions and disposals 2022	**-**	**2,304**	**2,309**	**4,613**
Depreciation and impairment:				
Amortisation charge	(50)	-	(939)	(989)
Impairment	-	-	-	-
Depreciation and impairment 2022	**(50)**	**-**	**(939)**	**(989)**
Carrying amount 31 December 2022	**42**	**4,128**	**3,160**	**7,330**
Additions	-	5,356	-	5,356
Additions, from acquisitions			1,014	1,014
Transfers	-	(5,866)	5,866	-
Additions and disposals 2023	**-**	**(510)**	**6,880**	**6,370**
Depreciation and impairment:				
Amortisation charge	(42)	-	(1,970)	(2,012)
Impairment	-	-	-	-
Depreciation and impairment 2023	**(42)**	**-**	**(1,970)**	**(2,012)**
Carrying amount 31 December 2023	**-**	**3,618**	**8,070**	**11,688**

The intangible assets held by the Group increased primarily because of an increase in development projects in progress.

Development projects
A fundamental and critical component of the Group's business model is to continuously develop new technological and innovative solutions. As part of this, the Group develops in-house technology systems and software that are utilised by the Group and its support service offerings to customers (i.e. cost-reducing projects). Development costs that are directly attributable to the design and testing of identifiable of these solutions controlled by the Group are recognised as intangible assets where the criteria are met (see below).

The Group has incurred amortisation charges of DKK 1,971 thousands in 2023 (2022: DKK 989 thousands), which are included in research and development costs in the income statement.

ACCOUNTING POLICIES

Separately acquired licences are shown at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortisation and impairment losses. The licenses are amortized over the license period, however not exceeding 5 years.

Research expenditure and development expenditure that do not meet the criteria for capitalization as development projects are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period.

Development costs that are directly attributable to a project are capitalized where the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- Management intends to complete the software and use or sell it
- there is an ability to use or sell the software

Note 11, cont.

- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell
- the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software development projects include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use. The amortization period is 5 years.

Development projects in progress are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired.

Judgements

Capitalization of development projects
Initial capitalisation of costs is based on Management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, Management makes assumptions regarding the expected future cash generation of the project and the expected period of benefits.

Note 12 Property, plant and equipment

DKK'000	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Total
Carrying amount 31 December 2021	**73,610**	**-**	**11,006**	**84,615**
Cost:				
Additions	3,986	-	5,521	9,507
Transfers	-	-	-	-
Disposals	(62,029)	-	(9,565)	(71,594)
Additions and disposals 2022	**(58,043)**	**-**	**(4,044)**	**(62,086)**
Depreciation and impairment:				
Depreciation charge	-	-	(1,868)	(1,868)
Impairment	(2,932)	-	-	(2,932)
Depreciation and impairment 2022	**(2,932)**	**-**	**(1,868)**	**(4,800)**
Carrying amount 31 December 2022	**12,635**	**-**	**5,094**	**17,729**
Cost:				
Additions	-	-	5,840	5,840
Addtions from acquisitions	-	-	2,787	2,787
Transfers	-	-	-	-
Disposals	(3,436)	-	-	(3,436)
Additions and disposals 2023	**(3,436)**	**-**	**8,627**	**5,193**
Depreciation and impairment:				
Depreciation charge	(48)	-	(2,787)	(2,835)
Impairment	-	-	-	-
Depreciation and impairment 2023	**(48)**	**-**	**(2,787)**	**(2,835)**
Carrying amount 31 December 2023	**9,152**	**-**	**10,934**	**20,087**

Note 12, cont.

ACCOUNTING POLICIES

Property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

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

An asset's carrying amount 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 disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

Forest reserves
Gubra owns hectares of farmland characterised as a forest reserve. The forest reserve cannot be used by the Group in generating sales through a biological process and is thus accounted for in accordance with IAS 16 *Property, plant and equipment*. The Group accounts for the forest reserve using the cost model.

In 2021 a government grant was received to help the Group finance the acquisition of the forest reserve. In accounting for the transaction, the asset's carrying amount is deducted by the grant. Management considers the carrying amount of the forest reserve immaterial.

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

Land	Not depreciated
Buildings	10 - 50 years
Leasehold improvements	5 years
Other fixtures, fittings, tools and equipment	5 - 10 years

Note 13 Leases

Amounts recognised in the balance sheet
The Group leases laboratory equipment and premises. The balance sheet shows the following amounts relating to leases:

DKK'000	2023	2022
Right of use assets	43,374	38,007
Lease liabilities – Equipment		
Current	4,853	5,838
Non-current	10,239	9,650
Total	**15,092**	**15,488**
Lease liabilities – Premises		
Current	5,897	2,603
Non-current	50,445	51,312
Total	**56,342**	**53,915**

Maturities for lease liabilities are provided in note 15.

DKK'000	2023	2022
Additions to the right-of-use assets during the year	4,264	35,334
Additions to the right-of-use assets during the year, from business combinations	8,971	
Disposals to the right-of-use assets during the year	(2,900)	-

The income statement shows the following recognised amounts relating to leases:

DKK'000	2023	2022
Depreciation charge of right-of-use assets	5,104	4,029
Interest expense on lease liabilities	4,890	280
Expense relating to short-term leases	657	647
Expense relating to leases of low-value assets	816	309
Cash outflow for leases	9,945	5,949

Sale-and-leaseback
On 20 December 2022, the Group entered into a sale-and-leaseback transaction for the Group's head office, in order to improve the Group's capital management.

The transfer of the asset qualifies for a sale in accordance with IFRS 15 and is thus accounted for as a sale-and-lease-back transaction in accordance with IFRS 16. In accounting for the transaction, the Group measures a right-of-use asset arising from the leaseback as the proportion of the previous carrying amount of the asset that relates to the right of use retained. The gain that the Group recognizes is limited to the proportion of the total gain that relates to the rights transferred to the buyer-lessor.

The gain arising from the sale-and-leaseback transaction recognised as other operating income was DKK 28,143 thousands in 2022.

In relation to the sale-and-leaseback transaction, the Group is responsible for the construction of a new building. As a consequence, the Group has a future lease commitment of up to DKK 30 million that are not reflected in the measurement of lease liabilities, the transaction will be finalized in Q1 2024.

ACCOUNTING POLICIES

The Group's leasing activities and how these are accounted for
The Group leases its headquarters. The lease agreement was entered into by the Group and the purchaser (landlord) in connection with a sale and lease back transaction where the landlord acquired the headquarters from the Group. The lease agreement is non-terminable for both parties for a period of 12 years from the Lease Agreement Commencement Date (including termination notice of 18 months). The lease does not have any extension and termination options.

The Group also leases laboratory equipment. The leases are typically made for periods of 60 months. The leases do not have any extension and termination options.

Note 13, cont.

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include the following:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Group under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, and
- makes adjustments specific to the lease, e.g. term, country, currency and security.

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

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are depreciated over the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets primarily comprise e-bikes.

Note 14 Financial assets and financial liabilities

The Group holds the following financial instruments:

DKK'000	2023	2022
Financial assets at amortised cost:		
Trade receivables	53,027	36,093
Other financial assets	-	65,664
Cash and cash equivalents	53,397	71,925
Total financial assets at amortised cost	**106,424**	**173,682**
Financial assets at fair value through profit and loss		
Other financial assets	403,989	-
Total Financial assets at fair value through profit and loss	**403,989**	**-**
Financial liabilities at amortised cost:		
Trade payables	11,405	10,592
Lease liabilities	71,434	69,403
Other liabilities	73,338	74,700
Total Financial liabilities at amortised cost	**156,178**	**154,695**
Financial liabilities at fair value through profit and loss		
Contingent consideration included in Other liabilities	848	-
Total Financial liabilities at fair value through profit and loss	**848**	**-**

Other financial assets measured at fair value through profit and loss end of 31 December 2023 consists of acquired SDRO Bonds (Fair value hiearchy level 1), the bonds mature in Q1-2024. (2022: Other financial assets of DKK 65,664 thousand relate to a receivable recorded in the balance sheet as a result of an unpaid amount related to a sale-and-leaseback transaction. The payment of the amount was obtained in January 2023.) The fair value of other contingent consideration is based on the expected value of earnout from acquisition (refer to note 25), the calculation is based on non-observable data and thus categorized as level 3 in the fair value hierarchy.

The Group's exposure to various risks associated with the financial instruments is discussed in note 15.

For the financial assets and liabilities at amortised cost, the fair values are not materially different from their carrying amounts, since the interest receivable/payable on those assets/ liabilities is either close to current market rates or the liabilities are of a short-term nature.

ACCOUNTING POLICIES

Financial assets

Trade receivables
Trade receivables are recognised initially at the amount of consideration that is unconditional, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost less loss allowance. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss.

Trade and other payables
These amounts represent liabilities for services provided to the Group prior to the end of the financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Other financial assets (Financial instruments)
Initial recognition and measurement financial assets and financial liabilities are recognized when the Group becomes party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognized on trade date, the date on which the Group commits to purchase or sell the asset. At initial recognition, the Group measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions.

Transaction costs off a financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss.

Note 14, cont.

Financial assets Classification and subsequent measurement
The Group classifies its financial instruments in the following categories assets valued at fair value either via the income statement or other comprehensive income or financial assets valued at the amortized cost. The classification of investments in debt instruments depends on the Group's business model for handling financial assets and the contractual terms for the cash flow of the assets.

Amortized cost
Assets that are held for the purposes of collecting contractual cash flows, and where the cash flows only constitute capital amounts and interest are valued at the amortized cost. They are included under current assets, with the exception of items maturing more than 12 months after the balance sheet date, which are classified as non-current assets.

Interest income from these financial assets is recognized using the effective interest method and included in financial income. The Group's financial assets that are valued at the amortized cost are made up of the items other receivables, and cash and cash equivalents.

Fair value through profit or loss
Assets that do not meet the criteria for amortized cost are measured at fair value through profit and loss. A gain or loss on a financial debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in the financial net in the period in which it arises. Interest income from these financial assets is included in the financial net using the effective interest rate method. The fixed income fund has been valued and classified according to fair value via the Income Statement with level 1 in the valuation hierarchy based on listed prices on a traded market.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Derecognition
Financial assets, or a portion thereof, are derecognized when the contractual rights to receive the cash flows from the assets have expired, or when they have been transferred and either (i) the Group transfers substantially all the risks and rewards of ownership, or (ii) the Group neither transfers nor retains substantially all the risks and rewards of ownership and the Group has not retained control of the asset.

Impairment of financial assets
Upon every reporting occasion, the Group examines whether there is objective evidence that a financial asset or group of assets requires impairment. Objective evidence consists of observable conditions that have occurred and have a negative impact on the possibility to recover the acquisition value.

Note 15 Financial risk management

The Group's principal financial liabilities, comprise mortgage debt, lease liabilities, trade and other payables, and other liabilities. The main purpose of these financial liabilities is to finance the Group's operations. The Group's principal financial assets include trade receivables, and cash and cash equivalents.

The Group is exposed to market risk (interest rate risk and Foreign currency risk), credit risk and liquidity risk.

Interest rate risk
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Group's borrowings has prior to 2023 comprised mortgage loan facilities with fixed interest rates. End of 2023 interest risk is solely related to equiptment lease liabilities which is primarily tied to a floating interest rate and thus Management considers the risk immaterial.

Foreign currency risk
Foreign currency risk is the risk that fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities. This arises when the Group enters into contracts with customers where the consideration is denominated in a foreign currency (i.e. revenue is denominated in a foreign currency). The Group is primarily exposed to fluctuations in EUR and USD. Due to the fixed DKK/EUR exchange rate policy, the exposure to foreign currency is primarily considered to arise from sales in USD.

The Group's exposure to the effect of significant fluctuations in exchange rates is estimated to be high. However, the Group assesses the risk of significant fluctuations in exchange rates to be moderate.

The depicted table demonstrates the sensitivity to a reasonably possible change in foreign exchange rates. With all other variables held constant, the Group's profit and equity are affected as follows:

	2023		
DKK'000	**Hypothetical change in exchange rate**	**Hypothetical impact on profit or loss**	**Hypothetical impact on equity**
USD/DKK	+5%	**77**	**77**
USD/DKK	-5%	**(77)**	**(77)**

	2022		
DKK'000	**Hypothetical change in exchange rate**	**Hypothetical impact on profit or loss**	**Hypothetical impact on equity**
USD/DKK	+5%	**403**	**403**
USD/DKK	-5%	**(403)**	**(403)**

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks.

Management has determined that the credit risk related to the Group's trade receivables is not significant. This is due to the high-quality nature of the Group's customers. As such, all material counterparties are considered creditworthy.

The credit risk on marketable securities is considered very limited as the placement is in AAA rated highly liquid Danish mortgage bonds.

The credit risk on bank deposits is limited because the counterparties, holding significant deposits, are banks with high credit-ratings (minimum A3/A-) assigned by international credit-rating agencies. The Group's policy is only to invest its cash deposits with highly rated financial institutions. Accordingly, the Group considers credit risk to be immaterial.

Liquidity risk
Prudent liquidity risk management implies maintaining sufficient cash and the availability of funding to meet obligations when due.

Management monitors rolling forecasts of the Group's and cash and cash equivalents on the basis of expected cash flows. In addition, the Group's liquidity management policy involves projecting cash flows and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios.

Maturities of financial liabilities
The amounts disclosed in the following table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Note 15, cont.

Contractual maturities of financial liabilities

DKK'000	**< 1 year**	**1 - 5 years**	**> 5 years**	**Total contractual cash flows**
At 31 December 2023				
Lease liabilities	11,059	43,284	35,222	89,565
Trade payables	11,405	-	-	11,405
Other payables	61,933	-	-	62,484
Total	**84,397**	**43,284**	**35,222**	**163,454**
At 31 December 2022				
Lease liabilities	8,441	22,644	38,318	69,403
Trade payables	10,592	-	-	10,592
Other payables	52,486	-	-	52,486
Total	**71,519**	**22,644**	**38,318**	**132,481**

Note 16 Commitments and contingent liabilities

Asset pledges as security

DKK'000	2023	2022
The following assets have been placed as security with group assets representing a nominal value of DKK 6.000.000:		
Other fixtures and fittings, tools and equipment	10,934	5,094
Trade receivables	53,027	36,093

Other contingent liabilities
The Group does not have any contingent liabilities.

Note 17 Cash flow information

DKK'000	2023	2022
Adjustments		
Financial income	(11,014)	(9,502)
Financial expenses	6,250	1,955
Depreciation, amortisation and impairment charges	9,950	6,885
Income tax	1,620	1,949
Share-based payments	9,394	34,223
Gain from sale and lease back items and other non current assets	-	(22,472)
Other	(1,660)	(464)
	14,539	**12,574**
Changes in net working capital		
(-)Increase/decrease		
Change in trade receivables	(16,819)	47,882
Change in contract work in progress	(853)	1,633
Change in prepayments	6,433	(9,231)
Change in other receivables	(13,328)	(4,414)
Change in trade payables	813	5,215
Change in contract liabilities	8,722	(42,342)
Change in other liabilities	1,049	9,438
Change in deferred income	942	613
Total	**(13,042)**	**8,794**

Note 17, cont.

Net debt reconciliation
This section sets out an analysis of net debt and the movements in net debt for each of the periods presented.

DKK'000	2023	2022
Cash and cash equivalents	53,397	71,925
Lease liabilities	(71,434)	(69,403)
Net debt	**(18,037)**	**2,522**

2023			Non-cash changes			
DKK'000	Opening	Cash flows	New borrowing	New leases	Other changes	Closing
Liabilities from financing activities						
Leases	69,403	(5,055)	-	9,987	(2,900)	71,434
Total	**69,403**	**(5,055)**	**-**	**9,987**	**(2,900)**	**71,434**

2022			Non-cash changes			
DKK'000	Opening	Cash flows	New borrowing	New leases	Other changes	Closing
Liabilities from financing activities						
Borrowings	44,457	(36,018)	-		(8,439)	-
Leases	7,985	(4,863)	-	66,281	-	69,403
Total	**52,442**	**(40,881)**	**-**	**66,281**	**(8,439)**	**69,403**

Other changes include non-cash movements, including accrued interest expense which will be presented as operating cash flows in the statement of cash flows when paid.

ACCOUNTING POLICIES

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing, and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as share-based payment expenses, depreciation, amortisation, and impairment losses. Working capital comprises current assets less short-term debt, excluding items included in cash and cash equivalents.

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant, and equipment as well as fixed asset investments.

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt and principal element on lease payments as well as payments to and from shareholders.

Cash and cash equivalents
Cash and cash equivalents comprise cash and bank balances.

Note 18 Share capital

No./DKK	2023 Number of shares	2023 Nominal value	2022 Number of shares	2022 Nominal value
The share capital comprise:				
Ordinary shares (fully paid)	16,349,703	16,349,703	132,632	132,632

In Q1 2023 a decision was made to convert the company to a public limited liability company (A/S). In connection with this, the share capital was increased from nominally 132,632 (as per year end 2022) to nominally 11,804,248 by issuance of 11,671,616 bonus shares, keeping the nominal value per share at DKK 1. The bonus shares were issued pro rata to existing shareholders, which increased the number of treasury share from 318 to 28,302. At the end of Q1 2023 another capital increase was made in connection with the IPO, increasing the number of shares by 4,454,455 at nominal value per share DKK 1.

During 2023 a total of 30,969 shares were acquired as treasury shares.

Dividend for the year was paid before capital increases.

All shares have a nominal value of DKK 1. All shares are fully paid. Each share carries one vote. No shares carry any special rights.

Treasury shares
Treasury shares are shares in Gubra A/S that are held by Gubra A/S for the purpose of issuing shares under the incentive programme.

	2023	2022
Number of treasury shares	59,271	318
Proportion of share capital	0.36%	0.24%

Dividends per share

DKK per share	2023	2022
Total dividend paid out for the year	516.49	500.00
Total dividend proposed for the year	-	516.49

ACCOUNTING POLICIES

Share capital
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Dividends
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Note 19 Capital management

The company and the Board of Directors monitors capital structure to ensure that Gubra's capital resources support the strategic goals. Gubra's objectives when managing capital are to:

- safeguard their ability to continue as a going concern, so that the Group can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain a strong capital base to ensure investor, credit and market confidence as well as ensure that funds are available to unfold and implement Gubra's business strategy. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The main source of funds historically has been internally generated funds. In 2023, however, Gubra raised DKK 500 million before transaction costs, through share issuance that will be deployed on M&A, development of the Amylin anti-obesity asset, international expansion and investments in technology. This was Gubra's first share issuance since the inception of the company.

Gubra debt financing is limited to equipment leasing. At 31 December 2023, leasing debt amounted to DKK 71.4 million. This can be compared to the equity position of DKK 479.7 million. The solvency ratio as of 31 December 2023 stands at 30.4%, which Gubra considered to be a highly creditworthy position.

With respect to placement of excess cash, thus cash not needed for working capital, capital investments and outstanding near-term financial obligations, these are placed according to Gubra's treasury policy. All excess cash as of 31 December 2023 was placed in AAA-rated Danish mortgage bonds. Funds for ongoing operations are held in Sydbank A/S, which has a credit rating of A1 with Moody's. Gubra considers this to be a highly solid credit rating.

Gubra intends to apply all available financial resources for the purposes of current and future business development. The company currently intends to retain all available financial resources and any earnings generated by its operations for use of implementing its strategy and does not anticipate paying any dividends until such strategy is implemented.

Note 20 Related party transactions

			Ownership interests	
Name of entity	**Type**	**Place of business**	**2023**	**2022**
NV 2008 HOLDING ApS	Significant shareholder	Klampenborg, Denmark	30.6%	43.9%
JJ 081008 HOLDING ApS	Significant shareholder	Roskilde, Denmark	30.6%	43.9%
ATP	Significant shareholder	Hillerød, Denmark	8.9%	-

Transactions with entities that has more than 5% of the voting rights:

DKK'000	**2023**	**2022**
The following transactions occurs:		
Purchases of Purchases of treasury shares	2,988	4,478
Sale of property	-	14,000

Transactions with other related parties

DKK'000	**2023**	**2022**
The following transactions occurs with related parties:		
Purchases of architectural services	939	602
Sale of property	-	6,393

The mentioned owners have received dividends for 2022 (paid-out in 2023) amounting to DKK 30,096 thousand for each owner. The corresponding amount for 2021 (paid-out in 2022) was DKK 29,511 thousand for each owner. In 2022, each owner sold shares to Gubra A/S (treasury shares) for a value of DKK 2,239 thousand for each owner.

Information about remuneration to key management personnel has been disclosed in note 5.

Interests in subsidiaries are set out in note 23.

The Group acquired the services from close family members to key management personnel. The transactions were made on terms equivalent to those that prevail in arm's length transactions.

Note 21 Fee to auditors appointed at the general meeting

DKK'000	**2023**	**2022**
PricewaterhouseCoopers		
Audit fee	575	837
Other assurance services	598	47
Tax advisory service	189	142
Other services	1,754	1,966
Total	**3,116**	**2,992**

Non-audit services provided by PwC Denmark amounts to DKK 2.5 million in 2023, primarily related to advisory and accounting services in connection with Gubra's IPO (incl. comfort- and bringdown letters), accounting, tax and VAT advice and consulting services related to third party security framework.

Note 22 Earnings per share (DKK)

	2023	2022
Basic earnings per share		
Total basic earnings per share attributable to the ordinary equity holders of the company	(2.9)	0.4
Diluted earnings per share		
Total diluted earnings per share attributable to the ordinary equity holders of the company	(2.9)	0.4
Reconciliations of earnings used in calculating earnings per share		
Profit for the year as presented in the income statement	(44,523,519)	4,310,146
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	15,170,733	11,767,224

ACCOUNTING POLICIES

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Group, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares

Diluted earnings per share
Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Note 23 Interest in other entities

The Group's principal subsidiaries at year end are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

		Ownership interest held by the Group	
Name of entity	**Place of business**	**2023**	**2022**
Gubra Green ApS	Hørsholm, Denmark	100%	100%
Minigut ApS	Hørsholm, Denmark	100%	
Gubra Inc	Cambridge, USA	100%	

Note 24 Subsequent events

On 26 January 2024, the two-year explorative research collaboration signed in 2022 with Silence Therapeutics was concluded.

No other material subsequent events have occurred after 31 December 2023.

Note 25 Business combinations

On 29 June 2023, Gubra A/S acquired 100% of the shares in MiniGut ApS. MiniGut ApS is a fully equipped minipig contract research organisation (CRO). The acquisition enables Gubra to perform minipig studies and adds a large animal model to Gubra's CRO service.

DKK'000	**Minigut**
Consideration	
Cash consideration	5,113
Contingent Consideration	848
Total	**5,961**
Recognised amounts of indentifiable assets acquired and liabilities assumed	
Other intangible assets	1,015
PPE	2,787
Right of use asset	8,971
Financial liabilities	(5,275)
Cash at bank	113
Net identifiable assets acquired	**7,611**
Badwill recognized in Income statement	**(1,650)**
Total	**5,961**

The contingent consideration arrangement has been calculated based on an expected earn out.

The acquisition has very limited activity in 2023, and has not had any impact on Group statements of income, which would also be the case for a full year pro forma basis.

ACCOUNTING POLICIES

When accounting for acquisitions of business the acquisition method is applied. Acquired assets, liabilities and contingent liabilities are measured at fair value on initial recognition at the acquisition date. Identifiable intangible assets are recognized if they can be separated, and the fair value can be reliably measured.

Any positive differences between the consideration transferred and fair value of the assets, liabilities and contingent liabilities acquired are recognized as goodwill under "Intangible assets". Goodwill is subject to an annual impairment test, or whenever there is an indication of impairment. Negative balances (negative goodwill) are recognized in the income statement at the date of acquisition.

If the initial accounting for a business combination is incomplete by the end of the reporting period, in which the acquisition occurs, provisional amounts will be reported. Adjustments made to the provisional fair value of acquired assets, liabilities and contingent liabilities or cost of the acquisition within 12 months of the acquisition date are reflected in the initial goodwill. The adjustment is calculated as if it had been recognized at the acquisition date, and comparative figures are restated.

Changes in estimates of the cost of the acquisition that are contingent on future events are recognized in the income statement. Cost related to the acquisition are expensed as incurred and presented as special items.

Financial Statements for Gubra A/S

Statement of comprehensive income

DKK'000	Notes	2023	2022
Revenue	3	205,005	199,381
Cost of sales	4,5,7	(89,352)	(101,636)
Gross profit		**115,653**	**97,745**
Selling, general and administrative costs	4,5,7	(74,934)	(66,686)
Research and development costs	4,5,7	(89,216)	(56,841)
Other operating income	13	100	24,504
EBIT		**(48,396)**	**(1,278)**
Financial income	8	10,630	9,502
Financial expenses	8	(5,962)	(1,955)
Profit (loss) before tax		**(43,728)**	**6,269**
Tax	9,10	(1,435)	(1,949)
Net profit (loss) for the year		**(45,163)**	**4,320**
Other comprehensive income		-	-
Total comprehensive income for the period		**(45,163)**	**4,320**

Balance Sheet

DKK'000	Notes	31 December 2023	31 December 2022
ASSETS			
Non-current assets			
Intangible assets	11	10,759	7,330
Land and buildings	12	-	3,435
Equipment	12	8,359	5,094
Investments in subsidiaries	2	35,169	28,679
Right-of-use assets	12,13	34,824	38,007
Deferred tax asset	10	3,872	3,759
Deposits		4,410	4,063
Total non-current assets		**97,392**	**90,366**
Current assets			
Trade receivables	14,16	52,912	36,093
Contract work in progress	3	4,108	3,255
Income tax receivable		2,221	
Prepayments		3,508	9,941
Other receivables		21,772	5,106
Other financial assets		403,989	65,664
Cash and cash equivalents		33,612	52,487
Total current assets		**522,122**	**172,546**
Total assets		**619,514**	**262,912**

Balance Sheet

DKK'000	Notes	31 December 2023	31 December 2022
Equity and liabilities			
Equity			
Share capital	18	16,350	133
Reserve for development projects		8,392	5,685
Proposed dividends for the year		-	68,503
Retained earnings		454,287	33,896
Total equity		**479,029**	**108,216**
Non-current liabilities			
Lease liabilities	13	59,191	60,962
Other payables	25	848	-
Total non-current liabilities		**60,039**	**60,962**
Current liabilities			
Lease liabilities	13	7,108	8,441
Share-based payments	6	-	19,043
Deferred income		4,113	3,171
Trade payables		11,405	10,592
Contract liability	3	40,573	31,851
Tax payables		-	4,437
Other liabilities	14	17,247	16,198
Total current liabilities		**80,445**	**93,733**
Total liabilities		**140,485**	**154,695**
Total equity and liabilities		**619,514**	**262,912**

Cash Flow Statement

DKK'000	Notes	2023	2022
Cash flows from operating activities			
Net profit (loss) for the year	17	(45,163)	4,320
Adjustments for non-cash items	17	15,345	12,532
Changes in net working capital		(12,945)	8,825
Interest received		6,704	204
Interest paid		(4,908)	(1,400)
Income taxes paid/received		(8,206)	(143)
Net cash inflow (outflow) from operating activities		**(49,173)**	**24,338**
Cash flow from investing activities			
Purchase of property, plant & equipment	12	(5,840)	(9,542)
Payments for development costs	11	(5,356)	(4,613)
Investments in subsidiaries	2	(5,739)	(19,437)
Proceeds from sale of property, plant & equipment	12	-	29,950
Proceeds from sale of property related to sale and lease back transaction	12,13	65,664	28,259
Investment in bonds	14	(400,509)	-
Deposits		(347)	-
Net cash inflow (outflow) from investing activities		**(352,127)**	**24,617**
Cash flow from financing activities			
Repayment of borrowings		-	(35,866)
Principal elements of lease payments		(4,910)	(4,863)
Dividends paid to company's shareholders		(68,324)	(66,013)
Capital Increase, IPO		500,000	-
Transaction costs for equity issuance		(41,030)	-
Acquisition of treasury shares		(2,802)	(5,512)
Net cash inflow (outflow) from financing activities		**382,935**	**(112,254)**
Net increase (decrease) in cash and cash equivalents		**(18,366)**	**(63,298)**
Cash and cash equivalents at the beginning of the financial year		52,487	115,785
Effects of exchange rate changes on cash and cash equivalents		(510)	-
Cash and cash equivalents at end of year		**33,612**	**52,487**

Statements of Changes in Equity

DKK'000	Notes	Share capital	Retained earnings	Reserve for deveoploment costs	Proposed dividend	Total
Equity at 1 January 2022		**133**	**82,498**	**2,819**	**66,013**	**151,463**
Result for the year		-	4,320			4,320
Other comprehensive income		-	-			-
Total comprehensive income		**-**	**4,320**			**4,320**
Transfer to reserves			(2,866)	2,866		**-**
Transactions with owners:						
Dividends paid		-			(66,013)	(66,013)
Proposed dividend			(68,503)		68,503	-
Acquisition of treasury shares		-	(4,478)			(4,478)
Share-based payments		-	22,925			22,925
Equity at 31 December 2022		**133**	**33,896**	**5,685**	**68,503**	**108,216**
Equity at 1 January 2023		**133**	**33,896**	**5,685**	**68,503**	**108,216**
Result for the year		-	(45,163)	-	-	(45,163)
Other comprehensive income		-	-	-	-	-
Total comprehensive income		**-**	**(45,163)**	**-**	**-**	**(45,163)**
Transfer to reserves		-	(2,707)	2,707	-	-
Transactions with owners:						
Capital Increase		16,217	483,783	-	-	500,000
Transaction costs for equity issuance		-	(41,030)	-	-	(41,030)
Dividends paid		-	-	-	(68,503)	(68,503)
Proposed dividend		-	-	-	-	-
Acquisition of treasury shares		-	(2,802)	-	-	(2,802)
Share-based payments		-	28,311	-	-	28,311
Equity at 31 December 2023		**16,350**	**454,288**	**8,392**	**-**	**479,029**

Notes summary

Note

Notes to the Parent Company Financial Statements

Note 1 General accounting policies

The separate financial statements of Gubra A/S ('the Parent') have been prepared in addition to the consolidated financial statements as required by the Danish Financial Statements Act.

The 2023 financial statements of the Parent have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and further requirements in the Danish Financial Statements Act. The financial statements are presented in Danish kroner (DKK), which is the presentation currency and the functional currency.

The accounting policies for the Parent are the same as for the Group in the consolidated financial statements with the following exception:

- Investments in subsidiaries (refer to note 2 in the financial statements)
- Dividends on investments in subsidiaries (refer to note 2 in the financial statements)

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

Critical estimates and judgements
In preparing the financial statements, Management makes various accounting estimates and judgements that form the basis of presentation, recognition and measurement of the Parent's assets and liabilities.

The critical estimates and judgements made with respect to the Parent are the same for the Group. Refer to the consolidated financial statements for further information.

Equity
Reserve for development costs
The reserve for development costs comprises recognised development costs less related deferred tax liabilities. The reserve cannot be used as dividend or for covering losses. The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity

Note 2 Investments in subsidiaries

DKK'000	2023	2022
Cost:		
Cost at 1 January	28,679	-
Additions	6,490	28,679
At 31 December	**35,169**	**28,679**

In 2023, Minigut ApS was acquired, see Group note 25, and Gubra Inc was established. In 2022, Gubra Green ApS (a Gubra A/S subsidiary) was established with a capital of 40 thousands. The cost of the investment comprise cash contributions consideration of 19,439 thousands as well as, contributions of property, plant and equipment of 9,200 thousands.

It is Management's assessment that no indications of impairment existed at 31 December 2023. Impairment tests have therefore not been carried out for subsidiaries.

No dividends have been paid during 2023.

ACCOUNTING POLICIES

Investments in subsidiaries are measured at cost. Cost is the value of the costs incurred in acquiring or creating the asset, comprising the consideration paid to acquire or create the asset plus transaction costs.

Investments accounted for at cost are not subsequently remeasured. Such investments are measured in the separate financial statements at the original cost of the investment until the investment is de-recognised or impaired. Indications of impairment of investments in subsidiaries are assessed annually by Management.

Dividends on investments in subsidiaries are recognised in the income statement of the Parent in the financial year in which the dividend is declared.

Note 4 Breakdown of costs by nature

The following table breaks down costs by nature:

DKK'000	**2023**	**2022**
Staff costs	155,654	149,010
Depreciation amortisation and impairments	9,185	6,885
Other operating expenses	88,663	69,269
Total	**253,501**	**225,164**
Included in cost of sales:		
Staff costs	65,141	73,616
Depreciation amortisation and impairments	3,015	2,780
Other operating expenses	21,196	25,240
Total	**89,352**	**101,636**
Included in selling, general and administrative costs:		
Staff costs	47,415	38,377
Depreciation amortisation and impairments	286	336
Other operating expenses	27,232	27,974
Total	**74,934**	**66,687**
Included in research and development costs:		
Staff costs	43,097	37,017
Depreciation amortisation and impairments	5,884	3,769
Other operating expenses	30,235	16,055
Total	**89,216**	**56,841**

Other operating expenses under cost of sales comprise materials directly associated with revenue generating projects and raw materials and consumables, such as mice, diets, chemicals, etc., that are consumed in the provision of the services.

Other operating expenses under selling, general and administrative costs comprise primarily costs related to conferences, campaigns, advertising and travel costs as well as costs related to facilities, human resources, information technology, procurement and logistics and other administrative functions and costs related to accounting and legal services.

Other operating expenses under research and development comprise primarily research and development consumables as well as external research and development costs as part of the Parent's research and development for clinical activities are performed by third-party laboratories, medical centres or clinical research outsourcing partners .

ACCOUNTING POLICIES

Cost of sales
Cost of sales include costs directly associated with fulfilling performance obligations. Cost of sales include direct materials, direct labour (including share-based payments), all direct overheads, including depreciation and impairment of property, plant and equipment, and indirect overheads that can reasonably be allocated to the production function.

Selling, general and administrative costs
Selling, general and administrative costs comprise expenses incurred for the Group's administrative functions, marketing costs, travel, wages and salaries and share-based payments for staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses for property, plant and equipment used for administration of the Parent.

Research and development costs
Research and development costs comprise research costs, costs of development projects not qualifying for recognition in the balance sheet, wages and salaries and share-based payments for research and development staff, and amortisation and impairment losses relating to development projects.

Note 7 Depreciation and amortisation

DKK'000	2023	2022
Depreciation and amortisation		
Depreciation of property, plant and equipment	7,259	5,896
Amortisation of intangible assets	1,926	989
Total	**9,185**	**6,885**

Note 12 Property, plant and equipment

DKK'000	Land and buildings	Leasehold improvements	Other fixtures, fittings and equipment	Total
Carrying amount 31 December 2021	**73,609**	**-**	**11,006**	**84,615**
Cost:				
Additions	3,986	-	5,521	9,507
Transfers	-	-	-	-
Disposals	(71,229)	-	(9,565)	(80,794)
Additions and disposals 2022	**(67,243)**	**-**	**(4,044)**	**(71,287)**
Depreciation and impairment:				
Depreciation charge	-	-	(1,868)	(1,868)
Impairment	(2,932)	-	-	(2,932)
Depreciation and impairment 2022	**-**	**-**	**(1,868)**	**(4,800)**
Carrying amount 31 December 2022	**3,434**	**-**	**5,094**	**8,529**
Cost:				
Additions	-	-	5,840	5,840
Transfers	-	-	-	
Disposals	(3,434)	-	-	(3,434)
Additions and disposals 2023	**(3,434)**		**5,840**	**2,407**
Depreciation and impairment:				
Depreciation charge	-	-	(2,576)	(2,576)
Impairment	-	-	-	-
Depreciation and impairment 2023	**-**	**-**	**(2,576)**	**(2,576)**
Carrying amount 31 December 2023	**-**	**-**	**8,359**	**8,359**

Note 16 Commitments and contingent liabilities

Assets pledges as security

DKK'000	2023	2022
The following assets have been placed as security with group assets representing a nominal value of DKK 6.000.000:		
Other fixtures and fittings, tools and equipment	8,359	5,094
Trade receivables	52,912	36,093

Other contingent liabilities
The Group does not have any contingent liabilities.

Gubra A/S is the administration company and subject to the Danish rules on mandatory joint taxation of the Group. Gubra A/S accordingly pays all income taxes to the tax authorities under the joint taxation scheme. Danish subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation. The jointly taxed Danish companies are taxed under the on-account tax scheme.

On payment of joint taxation contributions, the current Danish income tax is allocated between the Danish jointly taxed companies in proportion to their taxable income.

In addition, tax on profit/loss and deferred tax are calculated and recognised as described in note 10 in the consolidated financial statements.

Note 17 Cash flow information

DKK'000	2023	2022
Adjustments		
Financial income	(10,630)	(9,502)
Financial expenses	5,962	1,955
Depreciation, amortisation and impairment charges	9,185	6,885
Income tax	1,435	1,949
Share-based payments	9,394	34,223
Gain from sale and lease back items and other non current assets	-	(22,472)
Other	-	(506)
Total	**15,345**	**12,532**
Changes in net working capital		
(-)Increase/decrease		
Change in trade receivables	(16,819)	47,882
Change in contract work in progress	(853)	1,633
Change in prepayments	6,433	(9,231)
Change in other receivables	(13,231)	(4,382)
Change in trade payables	813	5,215
Change in contract liabilities	8,722	(42,342)
Change in other liabilities	1,049	9,438
Change in deferred income	942	613
Total	**(12,945)**	**8,825**

Note 20 Related party transactions

In addition to the mention in the consolidated financial statements note 20, the Parent Company's related parties include its subsidiaries (refer to note 2 in the Parent Company financial statements).

Refer to note 5 in the consolidated financial statements for details about Management remuneration.

Note 21 Fee to auditors appointed at the general meeting

DKK'000	2023	2022
PricewaterhouseCoopers		
Audit fee	550	837
Other assurance services	598	47
Tax advisory service	189	142
Other services	1,754	1,966
Total	**3,091**	**2,992**

Non-audit services provided by PwC Denmark amounts to DKK 2.5 million in 2023, primarily related to advisory and accounting services in connection with Gubra's IPO (incl. comfort- and bringdown letters), accounting, tax and VAT advice and consulting services related to third party security framework.

Note 22 Proposed appropriation of net profit

DKK'000	2023	2022
Proposed appropriation of net profit		
Dividends to shareholders	-	68,503
Reserves	(45,163)	(64,183)
		4,320
Proposed dividend per share	**-**	**516.49**

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