

Trading statement Q3-2023: Continued strong performance

Today, Gubra released its trading statement for the third quarter of 2023. Organic revenue grew by 44% year-over-year in Q3-2023 (9M: 28%) for the CRO business with an adjusted EBIT-margin of 31% (9M: 28%). FY-2023 outlook for organic revenue growth was, as communicated on 26 October 2023, raised to 25-28% (previously 16-21%) and adjusted EBIT-margin was raised to 26-28% (previously around 25%). The 2023 outlook for other parameters remains unchanged (as also communicated on 26 October 2023).

Henrik Blou, CEO of Gubra said:

“The strong growth seen in first half of 2023 has continued in the third quarter. I’m particularly pleased to see our CRO business growing across many disease categories and it underscores the value of our strategic path to broaden our disease model catalogue. I’m also pleased to see very strong growth in the US, which fits very nicely with the opening of our first US based office in Boston this October. This will allow us to further capitalize on the growth in this region.

In the other part of our business, Discovery & Partnerships, we presented a new partnership with Hemab. Together with Hemab, we will work on identifying peptide modulators suitable as a treatment for certain bleeding disorders. These disease areas are outside of Gubra’s normal metabolic disease focus, so it is a testimony that our drug discovery platform streaMLine can be used to develop peptide drug candidates to a very broad range of diseases.

During the third quarter, the cardio-renal peptide collaboration agreement with Bayer was terminated. With this project back in our own pipeline we will change its focus, as we see great potential in developing this asset within the area of ‘healthy weight loss,’ one of the other core areas at Gubra.

Last, but not least, we are progressing the development of our anti-obesity asset Amylin at high speed. In the beginning of November, we received approval of the Clinical Trial Application, CTA, from the Medicines and Healthcare products Regulatory Agency (MHRA) in the UK. We are now looking forward to expectedly start the first-in human trial here in the fourth quarter of 2023.”

Key financial highlights for 9M 2023

Key ratio	CRO segment		D&P segment		Group incl. Gubra Green	
	9M-2023	9M-2022	9M-2023	9M-2022	9M-2023	9M-2022
Revenue	123.6	96.4	31.6	42.7	155.2	139.1
Organic revenue growth	28%	n/a	-26%	n/a	12%	n/a
EBIT	26.2	12.1	-56.4	-27.9	-30.6	-19.4
Adjusted EBIT*	34.5	27.6	-49.9	-15.4	-15.4	12.2
Adjusted EBIT-margin*	28%	29%	-158%	-36%	-10%	9%
Total costs adjusted (cost of sales and OPEX)*	-89.1	-68.7	-81.5	-58.1	-170.7	-126.9
Amylin costs	n/a	n/a	-17.3	-4.6	-17.3	-4.6
Total costs adjusted less costs for Amylin*	-89.1	-68.7	-64.2	-53.5	-153.3	-122.3

* Adjusted for special items, which comprise IPO costs, cost recognition of share based incentive programs from 2022 and earlier (non-cash impact) and costs related to Gubra Green.

Key financial highlights for Q3 2023

Key ratio	CRO segment		D&P segment		Group incl. Gubra Green	
	Q3-2023	Q3-2022	Q3-2023	Q3-2022	Q3-2023	Q3-2022
DKK million						
Revenue	43.6	30.2	9.8	11.2	53.3	41.4
Organic revenue growth	44%	n/a	-12%	n/a	29%	n/a
EBIT	12.8	4.7	-19.8	-13.7	-7.8	-10.4
Adjusted EBIT*	13.3	8.7	-19.5	-10.3	-6.2	-1.6
Adjusted EBIT-margin*	31%	29%	-199%	-92%	-12%	-4%
Total costs adjusted (cost of sales and OPEX)*	-30.3	-21.5	-29.3	-21.5	-59.5	-43.0
Amylin costs	n/a	n/a	-7.3	-3.3	-7.3	-3.3
Total costs adjusted less costs for Amylin*	-30.3	-21.5	-22.0	-18.2	-52.2	-39.1

* Adjusted for special items, which comprise IPO costs, cost recognition of share based incentive programs from 2022 and earlier (non-cash impact) and cost related to Gubra Green.

CRO segment

In Q3 2023, Gubra's CRO business grew across several disease categories, resulting in a 44% increase in organic revenue year-over-year (9M-2023: 28% growth y/y). The strong revenue growth for the CRO business has been especially prevalent for services related to diseases of the Liver, Obesity as well as Kidney. The growth within Liver has followed the positive trend seen since Q4-2022 where positive late-stage clinical data rejuvenated the interest in this field. This has translated into increased demand for Gubra's pre-clinical liver models. Within obesity the increased focus in the pharmaceutical industry on this disease has led to high activity in this branch of the Gubra model-portfolio. Finally, the kidney disease category has experienced substantial growth in 2023. During the past years, Gubra has developed a large kidney model catalogue, and we are experiencing traction from both big pharma and small biotech for these services.

The adjusted EBIT-margin in the CRO segment was 31% in Q3 2023 (9M 2023: 28%) compared to 29% in Q3 2022 (9M 2022: 29%).

Discovery & Partnership segment

In the Discovery & Partnership segment, Gubra's historical stronghold is the development of linear hormone like peptide drugs particularly within metabolic diseases. The proprietary streamLine drug discovery platform delivers peptides with optimized drug like properties such as long half-life and efficacy with strong intellectual property rights. In 2023, the platform has been expanded to be used for rapid development of cyclic peptide drug candidates, and progress is also being made for handling even more complex peptides such as macrocyclic peptides. This expansion into more complex peptide structures opens up for new classes of drug targets as well as disease areas. In the third quarter 2023, this particular strength of the streamLine platform yielded a new partnership agreement with Hemab. Together with Hemab, we are developing cyclic peptides for the treatment bleeding disorder, a disease category outside Gubra's normal field of expertise.

For Gubra's most advanced non-partnered discovery project – the Amylin peptide for obesity – the progress goes according to plans. The Clinical Trial Application was approved in early November by the Medicines and Healthcare products Regulatory Agency (MHRA) in the UK and we anticipate to dose the first patient in the Phase 1a study (single ascending dose study, SAD) end of 2023.

Adjusted EBIT in the Discovery & Partnership segment was DKK -19.5 million in line with expectations (9M 2023: DKK -56.4m) compared to DKK -10.3 million in Q3 2022 (9M 2022: -15.4 million). Total costs (cost of sales and operating expenses) excluding the Amylin pipeline asset and special items was DKK 64.2 million in 9M 2023 (FY-2023 outlook of around DKK 85-95 million).

Outlook for 2023 (revised 26 October 2023)

Our outlook for 2023, which was raised upwards for CRO organic revenue growth and CRO adjusted EBIT-margin on 26 October 2023, is provided in the table below.

Key ratio	Outlook 2023	Previous outlook 2023*	Mid-term guidance	Results 9M-2023
CRO Segment				
Organic revenue growth yearly	25-28%	16-21%	Around 10%	28%
EBIT-margin excl. special items	26-28%	Around 25%	35-40%	28%
Discovery & Partnership Segment				
Number of new partnerships per year	1-2	1-2	1-2	1
Total costs** excl. special Items	DKK 105-110 million	DKK 105-110 million	n/a	DKK 82 million
Total costs** excl. Amylin and special Items	DKK 85-95 million	DKK 85-95 million	n/a	DKK 64 million

* Previous outlook refers to the outlook that was prevailing prior to 26 October 2023

** Total costs are cost of sales and operating costs

Conference call

A presentation for analysts and investors will be held today 8 November at 10:00am CET. The event will be hosted by the company's CEO Henrik Blou, CSO Niels Vrang and CFO Kristian Borbos. The presentation will be held in English.

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

DK: +45 3274 0710

UK: +44 20 3481 4247

When dialling-in, please state the name of the call "Gubra earnings release Q3-2023" or the conference ID: 4729780.

The presentation can also be followed live via the link: <https://app.webinar.net/Y1NInd59KWO>

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

For further information, please contact:

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About Gubra

Gubra, founded in 2008 in Denmark, listed on NASDAQ Copenhagen in 2023, is specialized in pre-clinical contract research services and peptide-based drug discovery within metabolic and fibrotic

diseases. Gubra's activities are focused on the early stages of drug development and are organised in two business areas – CRO Services and Discovery & Partnerships (D&P). The two business areas are highly synergistic and create a unique entity capable of generating a steady cash flow from the CRO business while at the same time enjoying biotechnology upside in the form of potential development milestone payments and potential royalties from the D&P business. Gubra has approx. 200 employees and had annual revenue of approx. DKK 200 million in 2022. See www.gubra.dk for more information.