



DIVE BRIEF // Obesity drugs

# Novo, continuing deal streak, buys another obesity drug startup

Founders of Embark Biotech have researched proteins that regulate energy and the breakdown of fatty tissues.

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## Dive Brief:

- Novo Nordisk is adding to its recent string of obesity-related dealmaking, announcing Wednesday it has agreed to pay 15 million euros, or about \$16 million, to buy Embark Biotech, a startup it helped found from a research center at the University of Copenhagen.
- Per deal terms, Embark shareholders could receive up to 456 million euros in additional payments based on achievement of certain development, regulatory and commercial goals. The startup's staff will continue their research under a new company called Embark Laboratories.
- Fueled by quickly growing sales of its weight-loss drug Wegovy and diabetes therapy Ozempic, Novo has secured a leading position in obesity treatment, which could be worth tens of billions of dollars in annual sales. The Danish firm is looking to strengthen its hold through dealmaking, with the latest

acquisition coming three weeks after the announced buyout of Canadian biotechnology company Inversago Pharma.

### **Dive Insight:**

Embark got its start at the Novo Nordisk Foundation Center for Basic Metabolic Research, where research conducted by Zach Gerhart-Hines, Jakob Bondo Hansen and Thue Schwartz gained seed backing from Novo Holdings and a collaboration with Novo Nordisk itself.

Gerhart-Hines and Schwartz have published research on two proteins, FFAR4 and GPR3, that regulate energy expenditure and the breakdown of fatty tissue. In announcing the deal, Embark cited a “novel target that suppresses appetite, increases energy expenditure and enhances insulin sensitivity.”

In previous disclosures, Embark said it had identified a peptide drug for cardiovascular and metabolic disease and a small molecule “energy expenditure activator” that it was investigating for obesity.

Novo set a new standard in obesity treatment when it repurposed its daily blood-sugar-lowering injection Victoza into a weight-loss drug called Saxenda. A weekly diabetes treatment Ozempic followed, which it sells in weight-loss as Wegovy, although Ozempic is widely used off-label to treat overweight people.

These drugs regulate blood sugar by activating a hormone called GLP-1. Eli Lilly is looking to dethrone Novo with Mounjaro, a dual-acting injection that activates GLP-1 and another target called GIP. Mounjaro has been approved in diabetes and could be launched soon for weight loss.

In response, Novo is beefing up its diabetes and weight-loss pipeline, where it has around nine novel projects in clinical trials.

With the Inversago and Embark deals, Novo will add up to five experimental drugs in diabetes, obesity and metabolic diseases.