Ypsomed Full Year 2020/21 Results

Webcast, 26 May 2021

YPSOMED
SELFCARE SOLUTIONS

Making selfcare simpler and easier

Delivery Systems – Preferred partner for systems to administer liquid drugs

Pen systems

Autoinjector systems

Patch injector systems

Smart services

Diabetes Care – Established diabetes specialist with 35 years' experience

Pen needles

Blood glucose monitoring

Infusion systems

Therapy management

YPSOMED SELFCARE SOLUTIONS

Key Figures

Turnover Group
+2 %

Sales growth
Injection Systems
+11 %

mylife™ YpsoPump®
End of April 2021
~17'500 active users

EBIT
CHF 9 Mio.

Strategic Highlights

- **YpsoPump®**: Integrating **CGM** and accelerating **AID** Loop program
- Expanding **Injection Systems** towards **Digital Health**
- Collaborating with Schott and Lonza for **industrialisation** of **YpsoDose®**

- **YpsoPump®**: Global partnership with **Eli Lilly**
- **De-risking pump business**: Settlement with Insulet Corp.
- **De-risking pump business**: Divestment of the YpsoPod® program

- **Enhancement** of our **integrated, sustainable strategy** and **reporting**
- **SBTi** signed for ambitious science-based emission reduction targets
- **YpsoMate™ Zero**: World first zero carbon emission autoinjector offering

- **Accelerated capacity expansion** in Schwerin
- **Global expansion of manufacturing** is driven forward
- **MDR** readiness and further **Lean Management** achievements

Lasting, positive Effects on our Strategy due to COVID

- **Selfcare:** Global relevance of our vision of self management increased
- **Digitisation:** Significant acceleration of digitisation in the healthcare sector
- **Affordability:** Demand for affordable long-term care for chronic conditions growing
- **Supply Chain:** Responsibility and reliability are becoming priority
- **Partnering:** Building pragmatic and innovative collaborations becomes easier

Ypsomed's Strategy, Growth Drivers and Purpose

	Innovation & Digital Health	Modern liquid Drugs & Digitisation	Optimal Therapy Outcome
	Access & Expansion	Affordable Care & Biosimilars	Global Access to Therapy
	Responsibility & Engagement	Climate Change	Carbon Net Zero
	Technology Platforms & Operational Excellence	Chronic Conditions & Aging Population	Self Management & Home Care

YPSOMED SELFCARE SOLUTIONS

Ypsomed's integrated, sustainable Strategy

	Sustainable Development Goals (SDGs)*
Innovation & Digital Health	
Access & Expansion	
Responsibility & Engagement	
Platforms & Operational Excellence	

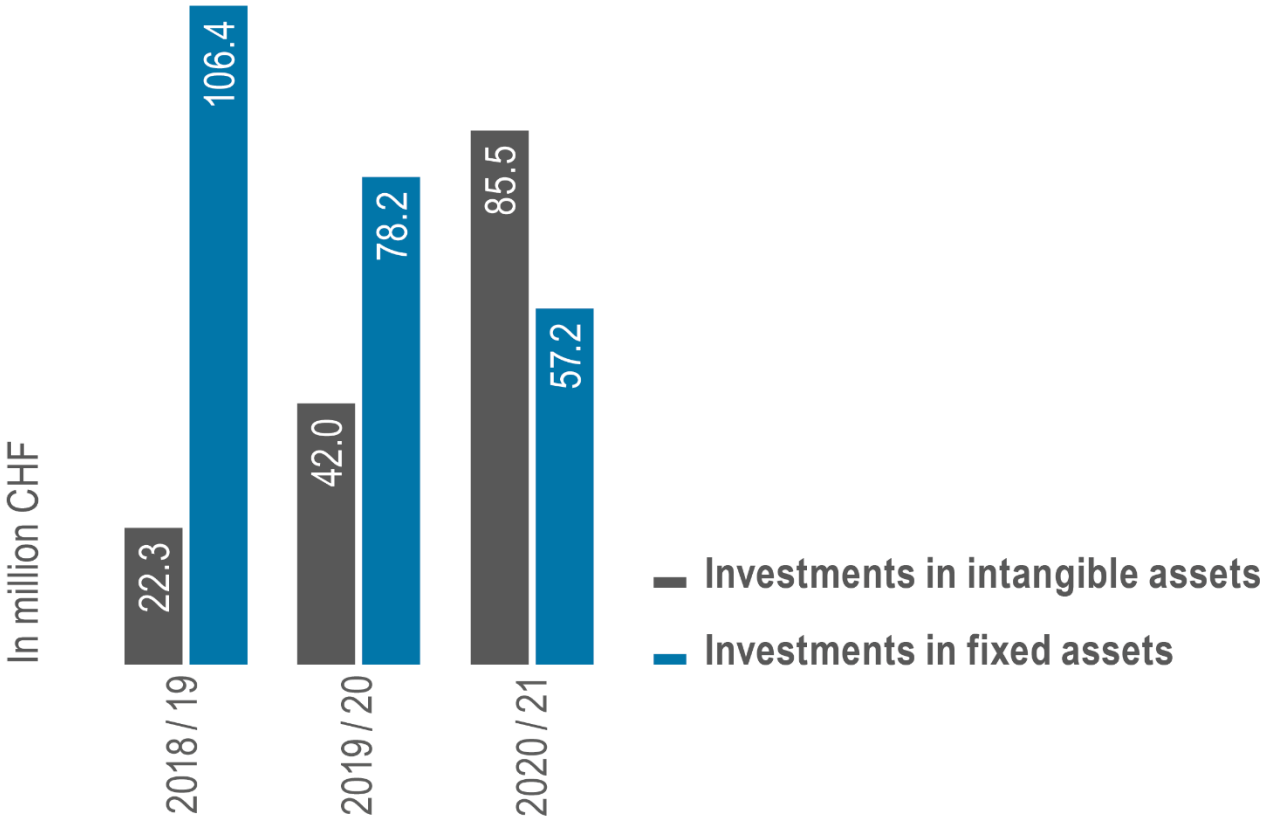
* See sdgs.un.org/goals

Positive Outlook for our Business Model

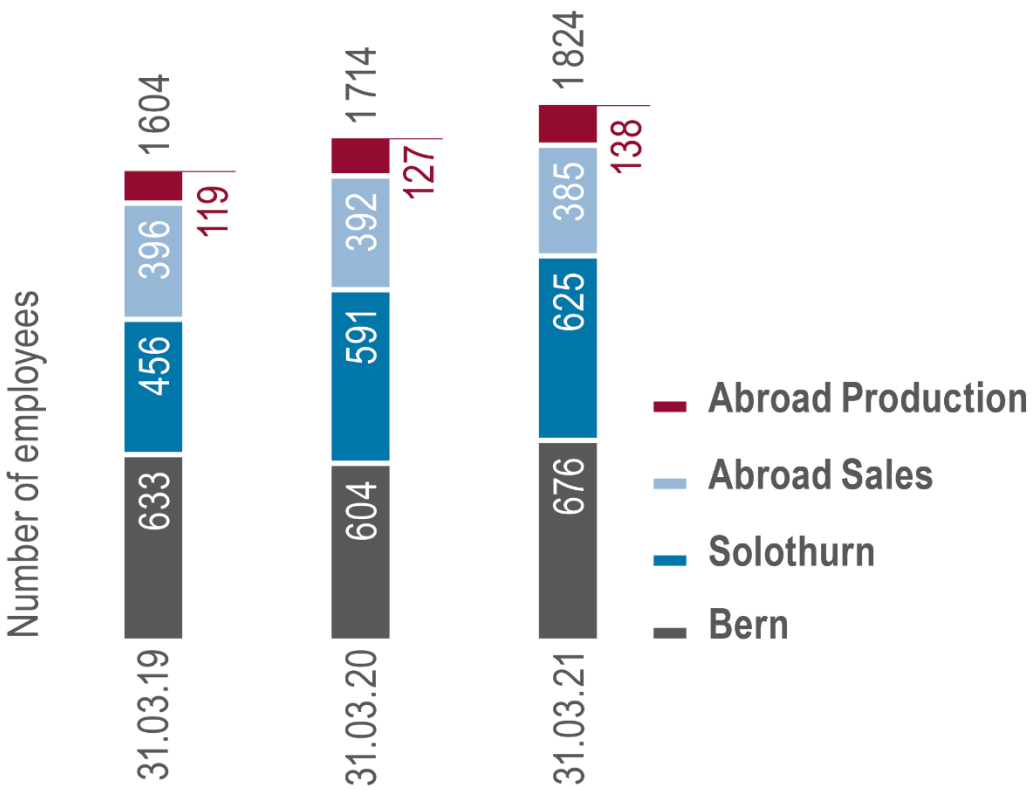
- Our **products** are vital for people with chronic conditions, resulting in a **robust** and **recurring business model**
- **Improving competitive position**
- We prepare **to unlock market potentials** and **shareholder value**
- We **execute our strategy** and consequently **continue to invest** in:
  - **Research & Development** with strong focus on digital health,
  - **Expanding capacities** and
  - our **Employees**

Investments for sustainable Growth ongoing

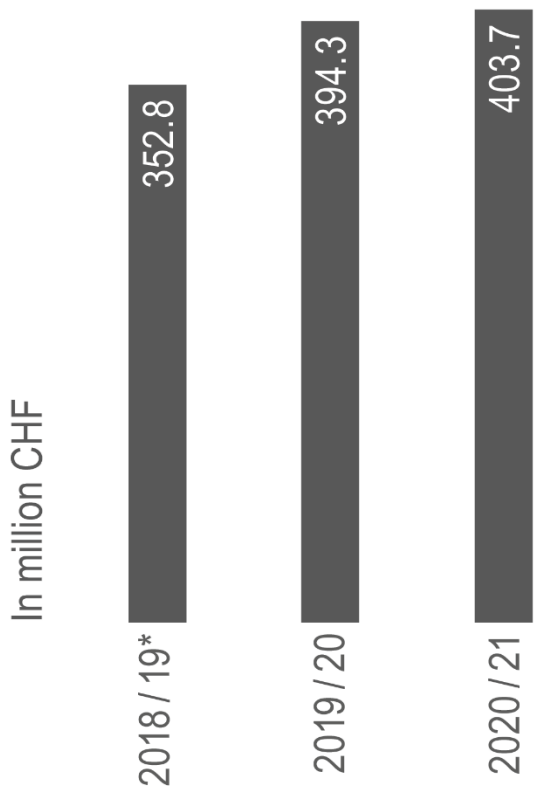
Shifting the focus towards more IP and Software



Creating 110 additional Jobs, with 106 in Switzerland

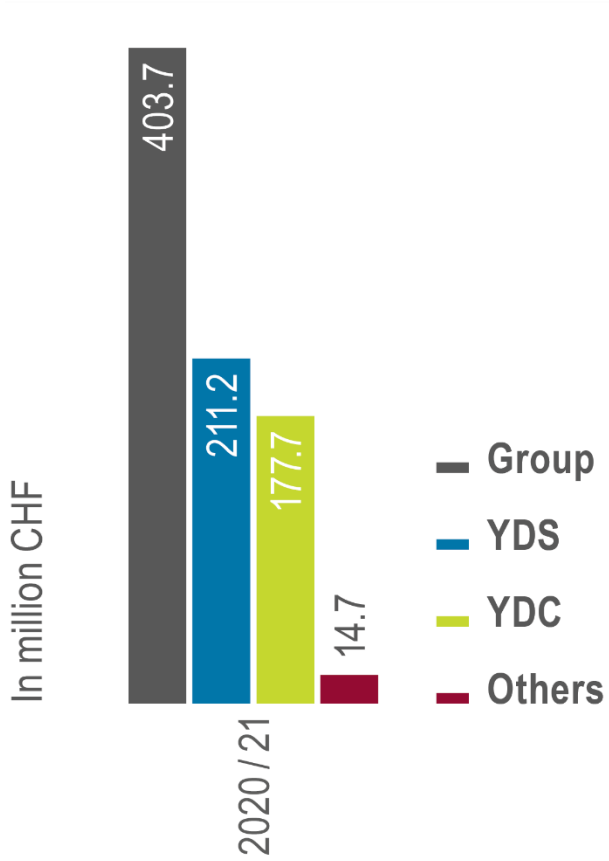


Resilient Business Model delivers +2.4 % Growth in Sales



* In 2018/19 only contributions from continuing operations. For information about discontinued operations, see Annual Report 2020/21, Notes 21.

Delivery Systems strongest Revenue Driver



- Sales in **Ypsomed Delivery Systems** (YDS) segment rose by **10.0 %** to **CHF 211.2 million**
- In **Ypsomed Diabetes Care** (YDC) segment, turnover declined by **-5.3 %** to **CHF 177.7 million**
- Revenues in the segment, **Others** increased slightly **by 1.5 %** to **CHF 14.7 million**

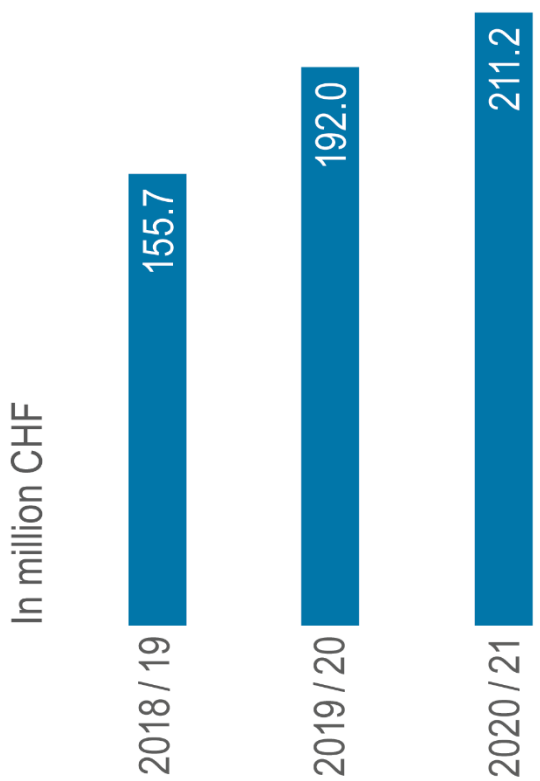
Ypsomed Delivery System

YDS Deliverysystems

- **Reliable performance** with deliveries for introduced products
- As expected, second half-year effected by constraints in the **commercial launch** of **individual new products** due to COVID
- **Very good performance in project business**, proceeding undisturbed, with only a few studies delayed
- **Acquisition** of new projects is continuing successfully, with our **platform approach** paying off

YPSOMED SELFCARE SOLUTIONS

Turnover Ypsomed Delivery Systems
Growth of 10.9 % in Injection Systems

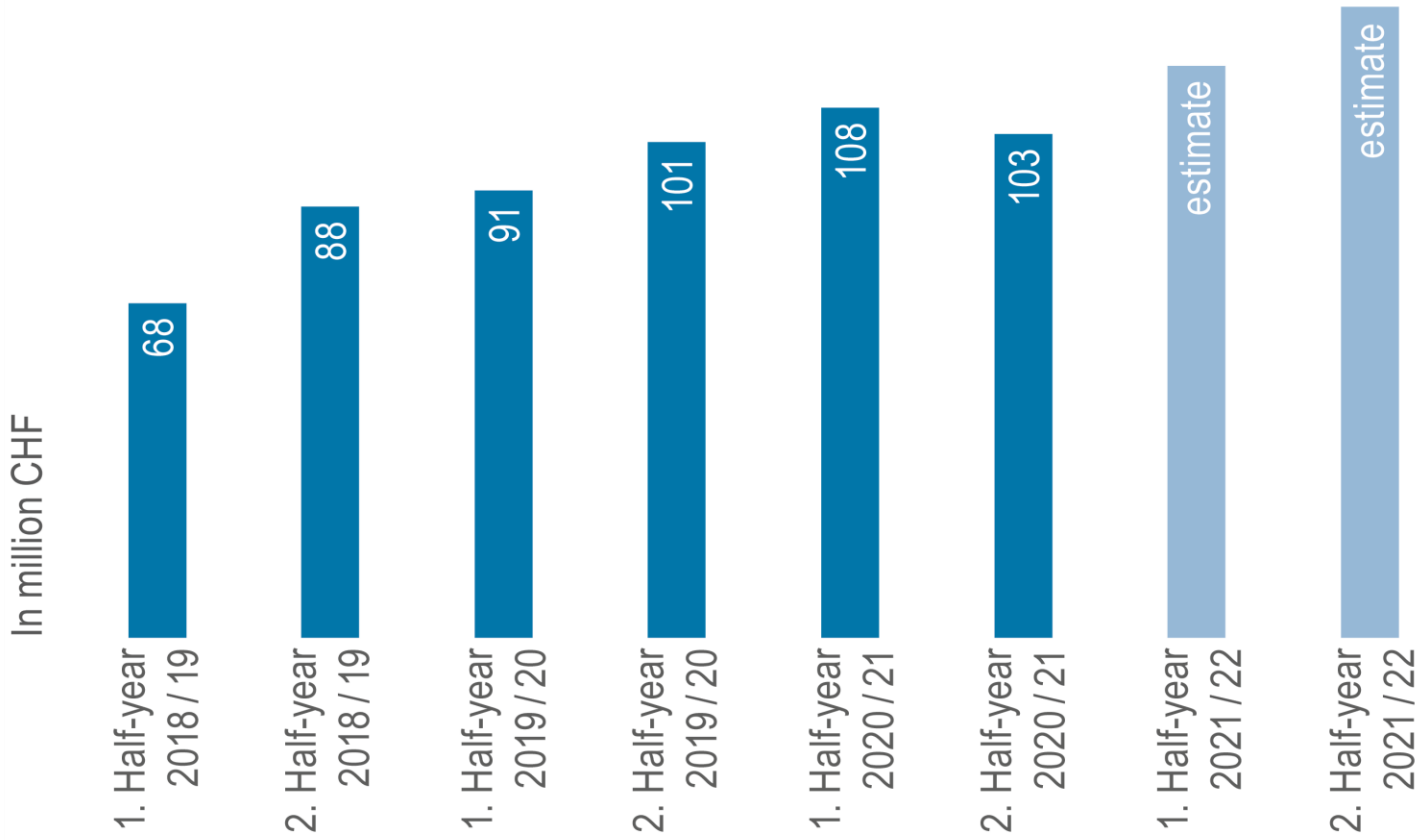


- Increase Sales of **+10.9 %** for **Injection Systems** year-on-year
- **Autoinjectors**, **UnoPen™**, **FixPen™** and **reusable pens** contribute to growth
- **Project revenues** also increased compared to previous year
- The sales contribution of **Contract Manufacturing** rose by **7.0 %** despite negative FX effects

YPSOMED SELFCARE SOLUTIONS

Growth Pause in second half-year 2020/21 due to COVID

Sales Ypsomed Delivery Systems per half-year



YPSOMED SELFCARE SOLUTIONS

Ypsomed Diabetes Care

- **Recurring business** for consumables such as **infusion sets** robust
- **Adoption of new users** to the mylife™ YpsoPump® is still **restricted in our territories**
- We consistently use the time for:
  - **commercial** and **organizational actions**,
  - the implementation of the **mylife™ Loop program** and
  - preparing the **U.S. market entry with Eli Lilly**

YPSOMED SELFCARE SOLUTIONS

De-risking Ypsomed's Infusion System Business

Agreement with Insulet Corp.

- Insulet Corp. acknowledges the compensation and recompensed us with a total of **USD 41.25 million**
- Thereof USD 36 million paid in 2020/21
- Insulet Corp. waives its counterclaims
- After all offsets and currency effects, we posted an **adjustment** of receivables amounting to approx. **CHF 9 million**, impacting the result

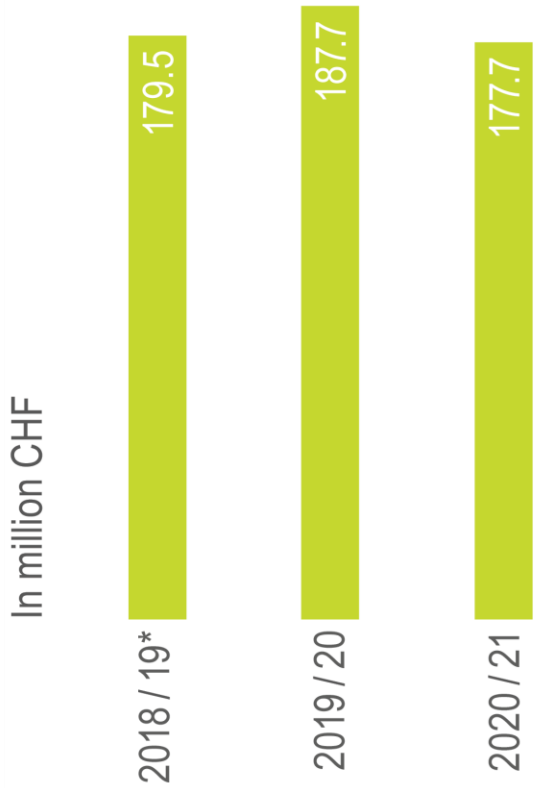
For more Information, see Annual Report 2020/21, Note 21.

Divestment and Services YpsoPod®

- Development project YpsoPod® sold to a company controlled by Willy Michel (TecMed AG)
- Income of CHF 13 million, realizing a **profit** of about **CHF 5 million**
- Ypsomed has a **pre-emption right**
- If opting out the pre-emption right, then it is entitled to **20 % of the earn-out**
- Ypsomed is **mandated to conduct** the development program for YpsoPod®

For more Information, see Annual Report 2020/21, Note 24.

Turnover Ypsomed Diabetes Care
Decline of 5.3 %

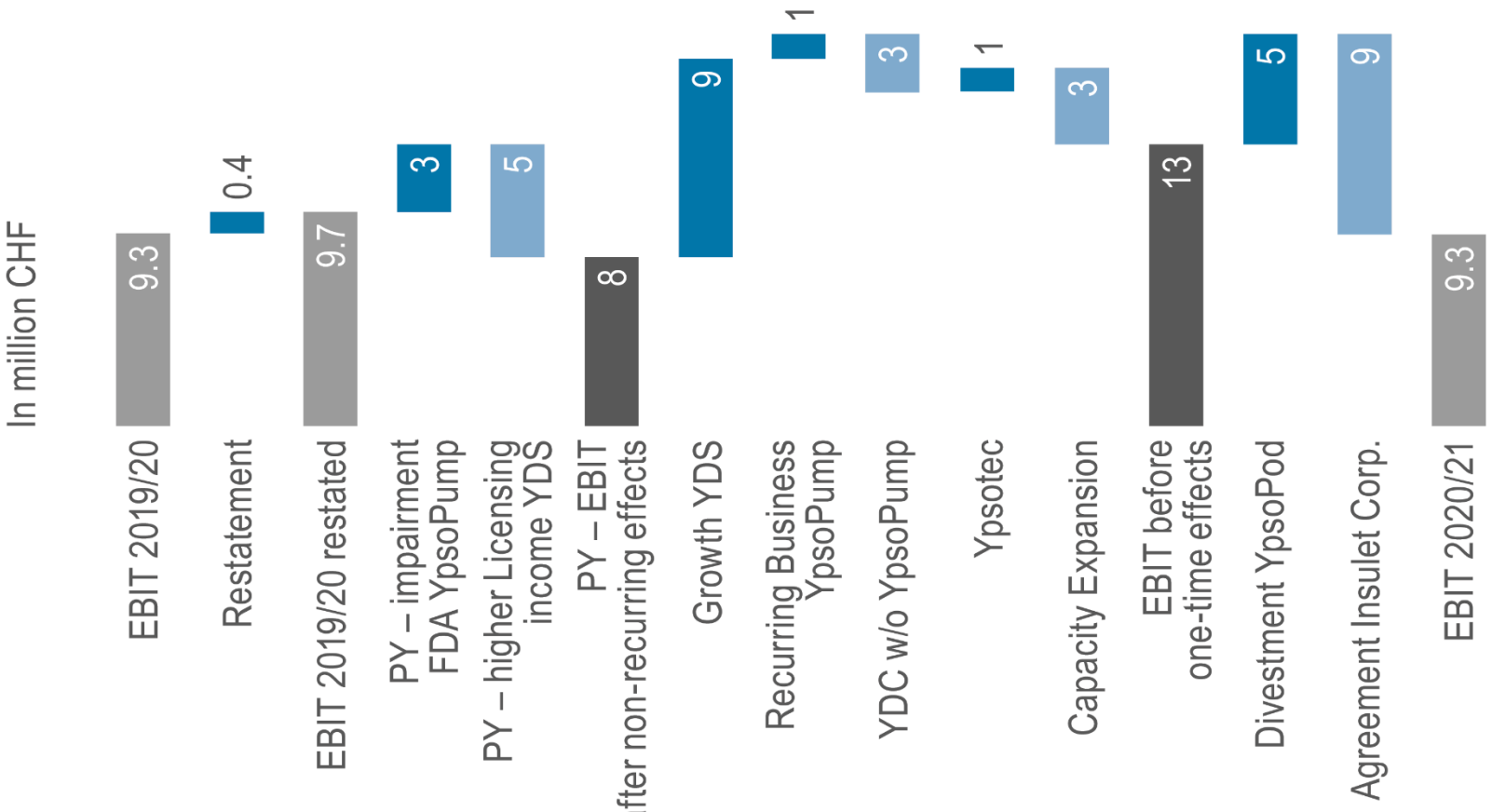


- **Turnover for YpsoPump®** increased by **12.8%** based on additional **development services** for partners
- Due to COVID-19, **commercial sales** of **mylife™ YpsoPump®** declined by **-7.5 %**
- **Pen needles** sales down **-14.8 %** due to loss of a mayor U.S.-customer
- Revenues of **test strips** fell **-8.1 %**
- **DiaExpert** sales decreased by **-6.3 %**, due to FX effects and limitations in stationary business

* In 2018/19 only contributions from continuing operations. For information about discontinued operations, see Annual Report 2019/20, page 59.

EBIT for recurring Business significantly increased

Strong YDS, weak YDC and Costs for Expansion



Outlook FY 2021/22

- Ypsomed expects a growth of around 20% for the injection systems business in the 2021/22 business year.
- Ypsomed is convinced there will be a catch-up effect for insulin pumps once the COVID situation normalises. Ypsomed expects the situation to ease with regard to new recruitments for insulin pumps during the second half of the 2021/22 business year.
- **For the 2021/22 business year, Ypsomed expects a sales growth in double-digits as well as a doubling to tripling of the operating result with a stronger second half of the year.**
- Ypsomed continues to uphold its medium-term EBIT target of CHF 100 million.

Proposal for generating authorised Capital

- Ypsomed is accelerating the further expansion of production capacities to cope with the expected growth and is investing undiminished in innovation and development, especially with regard to digitisation and expansion of the portfolio to cover digital services.
- **To expand the strategic room for manoeuvre as well as the financial flexibility for possible opportunities**, the Board of Directors proposes an authorised increase in capital to the Annual General Meeting.
- This authorises the Board of Directors **to increase the share capital at any time until 29 June 2023 by issuing a maximum of 1 million fully paid registered shares** with a nominal value of CHF 14.15 each.

Expansion of the Board of Directors
Betül Susamis Unaran

- Ypsomed proposes **Ms Betül Susamis Unaran** as a new member of the Board of Directors
- **Chief Strategy and Digital Officer and a member of the Executive Board of the Zur Rose Group**
- Prior to Zur Rose: Global Head of Digital Medicines with **Novartis** Pharmaceuticals and Global Head of Digital with **Ferring** Pharmaceuticals
- **Industrial Engineering studies at the** Bogaziçi University in Istanbul, holding an **MBA** from INSEAD

YPSOMED
SELFCARE SOLUTIONS

Innovation & Digital Health

YPSOMED
SELFCARE SOLUTIONS

mylife™ YpsoPump® – mylife™ Loop Program

- **mylife™ Assist**

  Wireless connectivity: all data, including CGM

- **mylife™ Dose**

  Bolus calculation and delivery from your smartphone manually by user

- **mylife™ Loop**

  Higher Automated, algorithm-supported insulin delivery (AID) via smartphone

mylife™ Loop Program Milestones
Steps to individual Therapy Options (outside U.S.)

mylife™ Assist
CGM-integration

Q2 2021

mylife™ Dose
Remote bolus

Q4 2021

mylife™ Loop
AID-enabled,
interoperable
3rd party App

mid-2022

mylife™ Loop
AID-enabled,
integrated
mylife™-App

mid-2023

Product mylife Assist, mylife Dose and mylife Loop not approved and not commercially available. Features and performance of any future technologies may vary.
Dexcom and Dexcom G6 are registered trademarks of Dexcom, Inc. in the U.S., and may be registered in other countries.

YPSOMED
SELFCARE SOLUTIONS

Introducing YDS' Vision of Digital Health

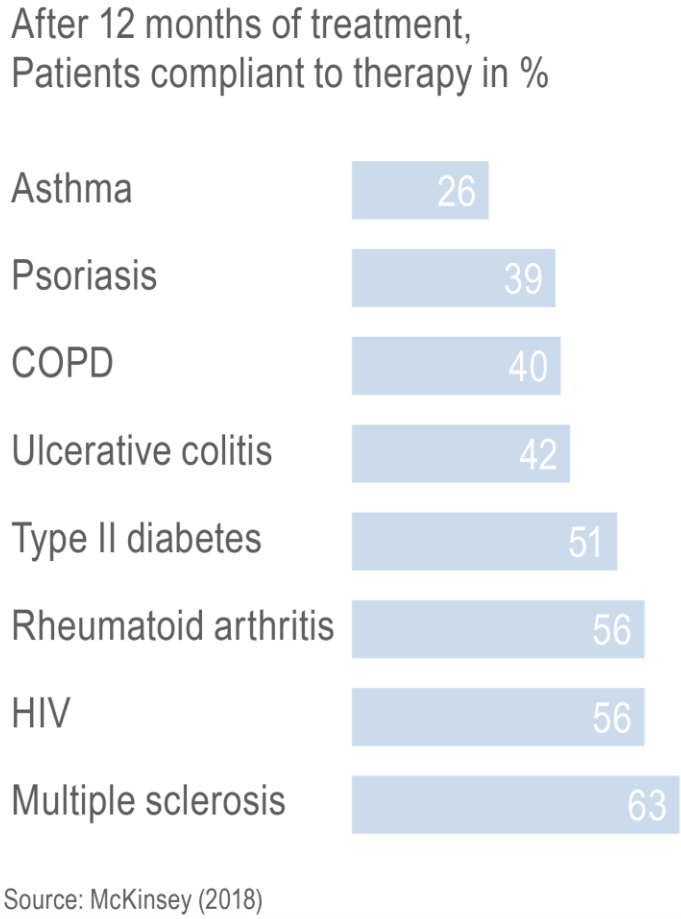
- YDS SmartServices™ solutions to **improve therapy adherence** and **therapy outcome**
- Developing Ypsomed from a provider of self-injection devices to a provider of **successful therapy**

SmartServices™ as an integrated Therapy Management Service

YPSOMED SELFCARE SOLUTIONS

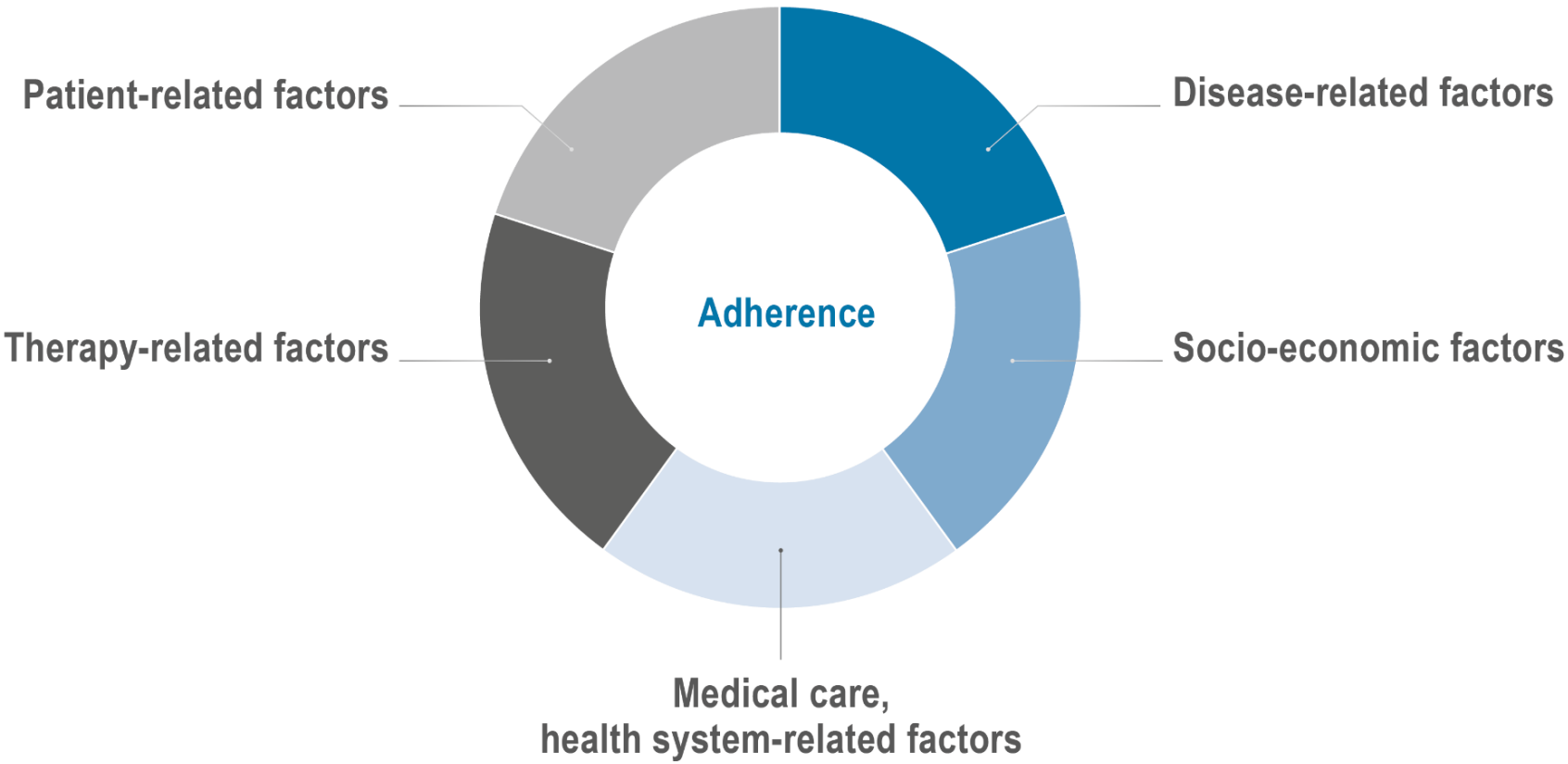
Non-Adherence – a Challenge for Health Care Systems

- **50% - 60%** of patients with chronic conditions do **not take the medication correctly**
- **10% of all hospitalisations** could be saved through improved adherence
- 125,000 patients die in the USA due to lack of adherence to therapy
- Non-adherence costs **USD 290 billion** annually in the U.S.



Source: McKinsey (2018)

Five Factors that influence Adherence



Advancing SmartServices™ to an integrated Solution

4 Therapy Management

3 APIs SDKs Device Management

2

Smart Device

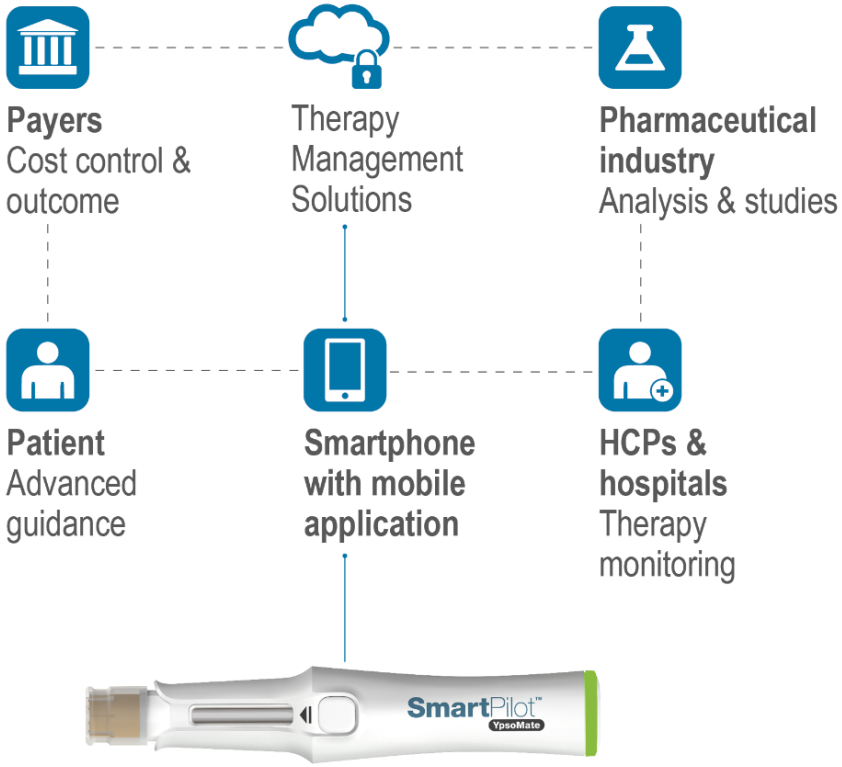
1

Injection Device

YPSOMED SELFCARE SOLUTIONS

Adherence as a Service Business Model

- Improving adherence by lowering therapy burden via **Digital Therapeutics:**
  - **Therapy monitoring**
  - **Digital Avatars**
  - **Coaching for behavioral change**
- Increase of quality of life and reducing risks for late complications
- Avoiding burden for health care systems
- Enabling outcome based models and increased supply for pharma clients



Access & Expansion

YPSOMED
SELFCARE SOLUTIONS

Therapy meets Medtech

- **Innovative partnership** between an insulin manufacturer and an insulin pump manufacturer for **sustainable user benefits**
- **Advanced, connected diabetes solution**
  - based on the existing YpsoPump® system
  - pre-filled insulin cartridges for Lilly's rapid acting insulins
  - smartphone control and cloud connectivity
  - strong partnership with the leading CGM provider Dexcom
  - advanced automated insulin delivery

Global Partnership for an Insulin Pump

- Ypsomed is the **marketing authorization holder**
- Non-exclusive **global promotion**
- **Lilly** will have **exclusive** rights to commercialize YpsoPump® in the **U.S.**
  - Ypsomed supplies FCA[1)] to Lilly
  - Lilly is responsible for market access, marketing, training und first-level support
  - Ypsomed provides second-level support

1) FCA = Free Carrier, Lilly picks up at Ypsomed warehouse in CH/GER

Roadmap Lilly's Pump for the U.S.

Remote bolus
FDA approval

AID-enabled
FDA approval

H2 2022

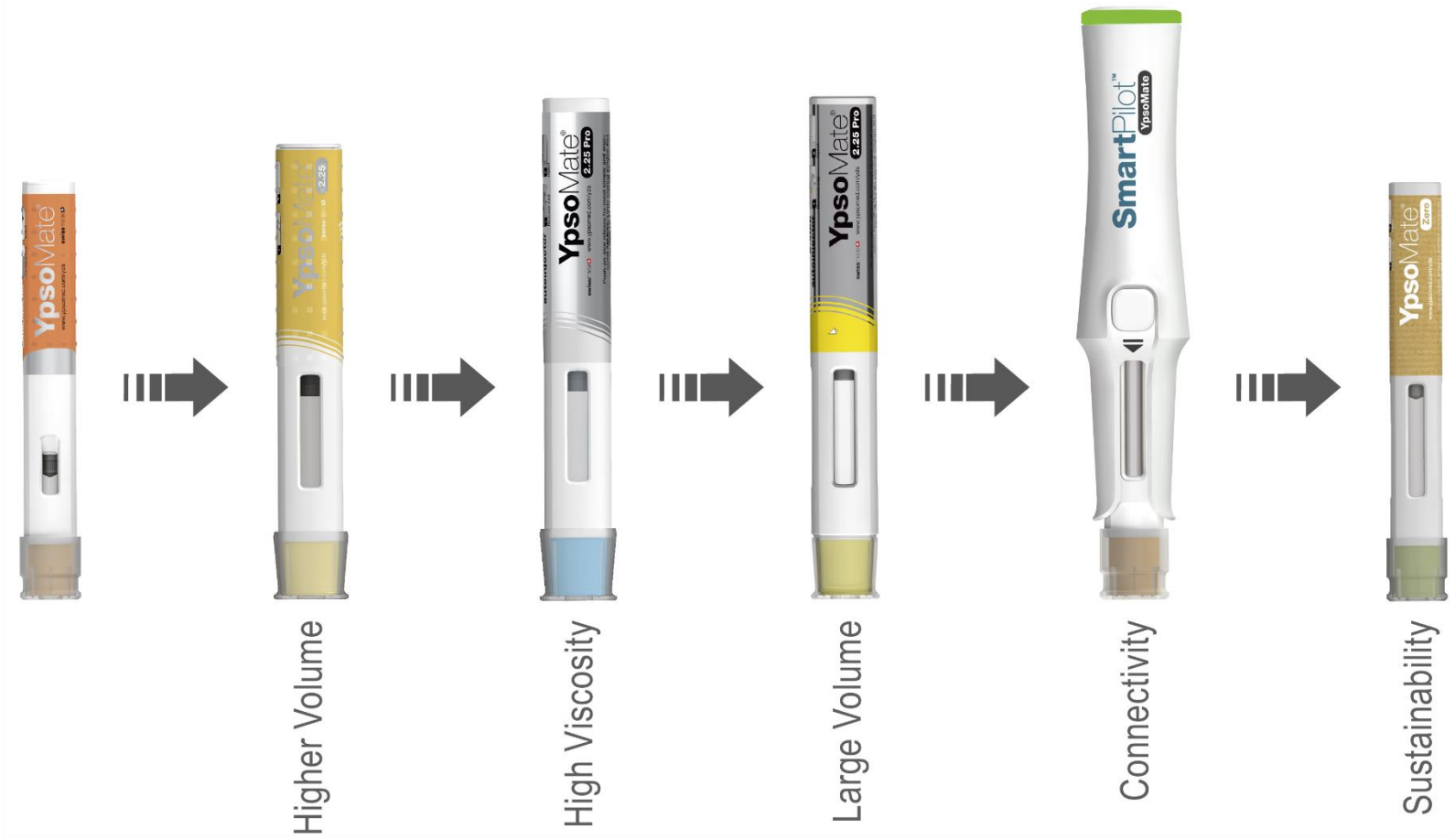
H2 2023

Product Lilly Pump not approved and not commercially available. Features and performance of any future technologies may vary.
Dexcom and Dexcom G6 are registered trademarks of Dexcom, Inc. in the U.S., and may be registered in other countries.

Great Opportunities for Injection Systems

- **Focus** of our pharma clients to their **R&D** and **innovation pipeline**
- In addition, already **introduced products** are now accelerating performance based on our **general fundamental drivers**
- **Smart devices**, **connectivity** and **Adherence Management driving** for Outcome Based Payment models
- **Platform strategy** well established and resulting in many **follow-up projects**
- In financial year 2020/21 **record-high 36 additional projects** acquired for
  - Existing platforms
  - Modified or evolved platforms
  - Innovative new platforms
- **Momentum** in the beginning of the current financial year **ongoing**

Evolution of the Autoinjector Portfolio

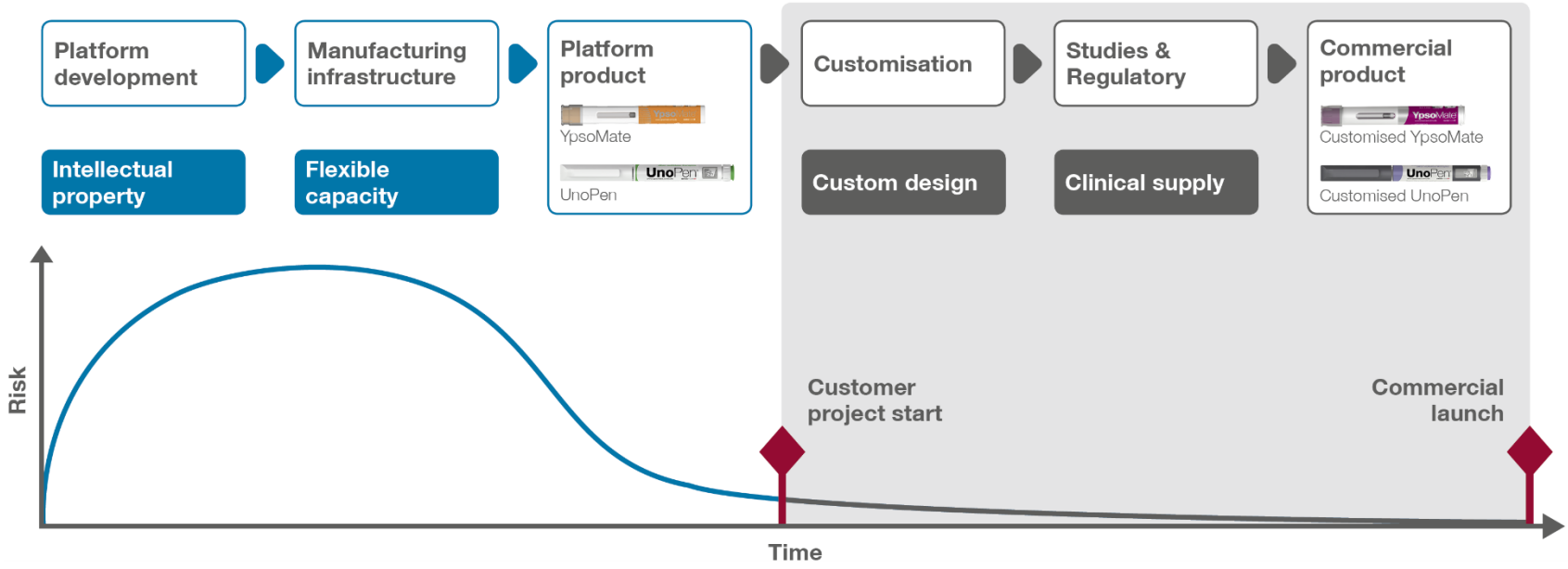


Platforms & Operational Excellence

YPSOMED
SELFCARE SOLUTIONS

Established Platform Device Strategy

- **Reduction of risks** and **shortened "time-to-market"**
- **Technological leadership** due to consistent ongoing development
- **Cost leadership** due to scaling effects and highly automated production



Products built on Platforms
Fast, flexible and cost efficient

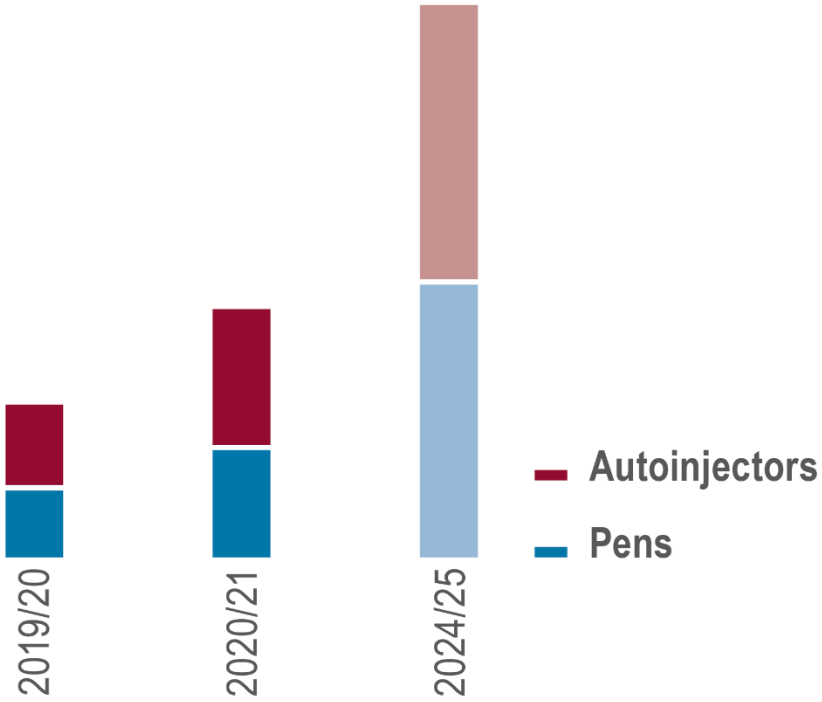
YPSOMED
SELFCARE SOLUTIONS

Further Improvements Lean Management

Performance, KPI	2019/20	**2020/21**	Target 2025/26
Lean Management			
Overall Equipment Effectivenes (OEE) Contract Manufacturing (%)	62	**66**	75
Overall Equipment Effectivenes (OEE) UnoPen™ (%)	58	**62**	70
Overall Equipment Effectivenes (OEE) YpsoMate® (%)	66	**68**	70
Scrappings in % of manufacturing costs	1.8	**1.4**	1.0

Substantial Expansion of Capacities ahead

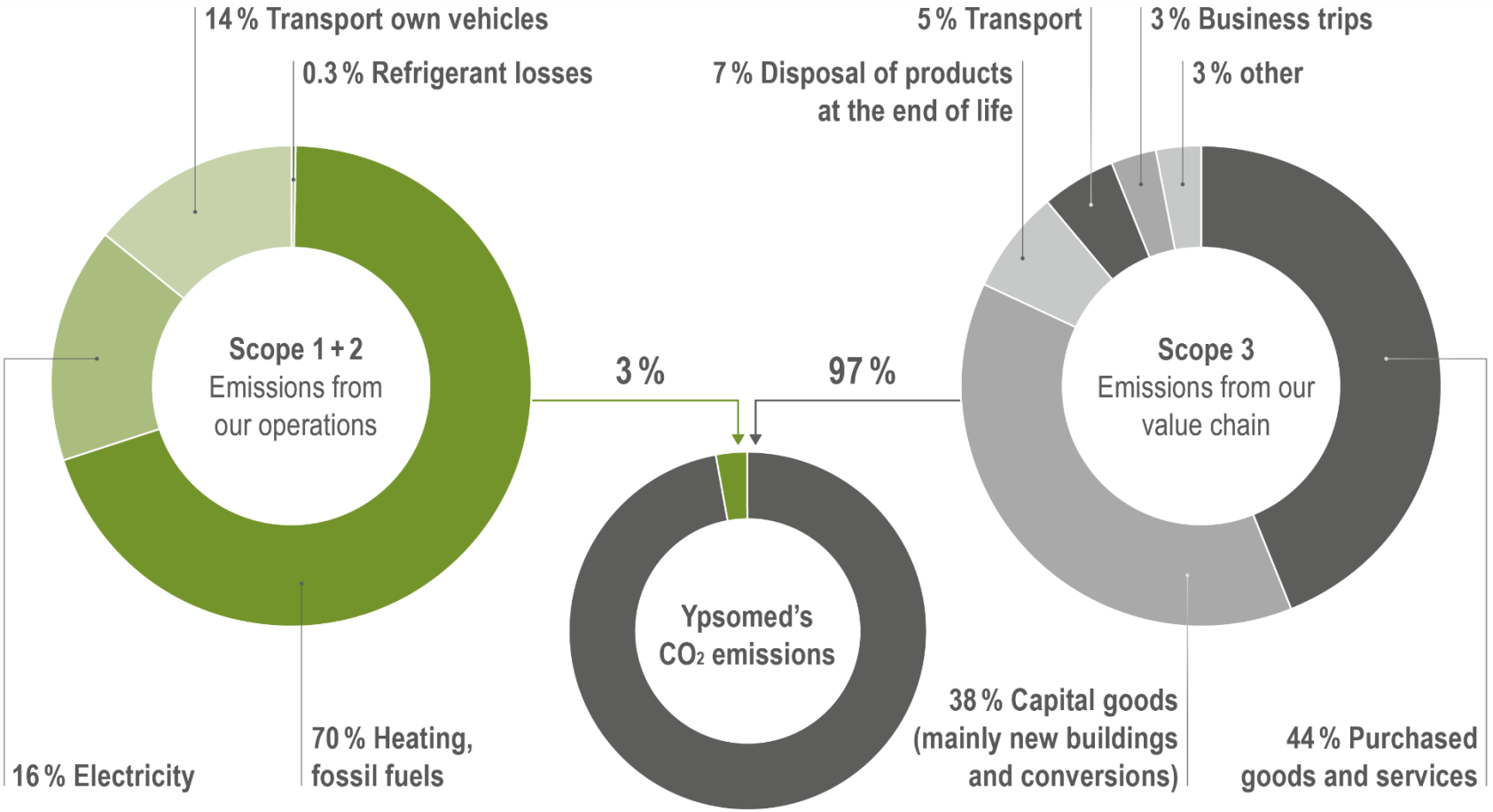
Installed and planned Capacities



Responsibility & Engagement

YPSOMED
SELFCARE SOLUTIONS

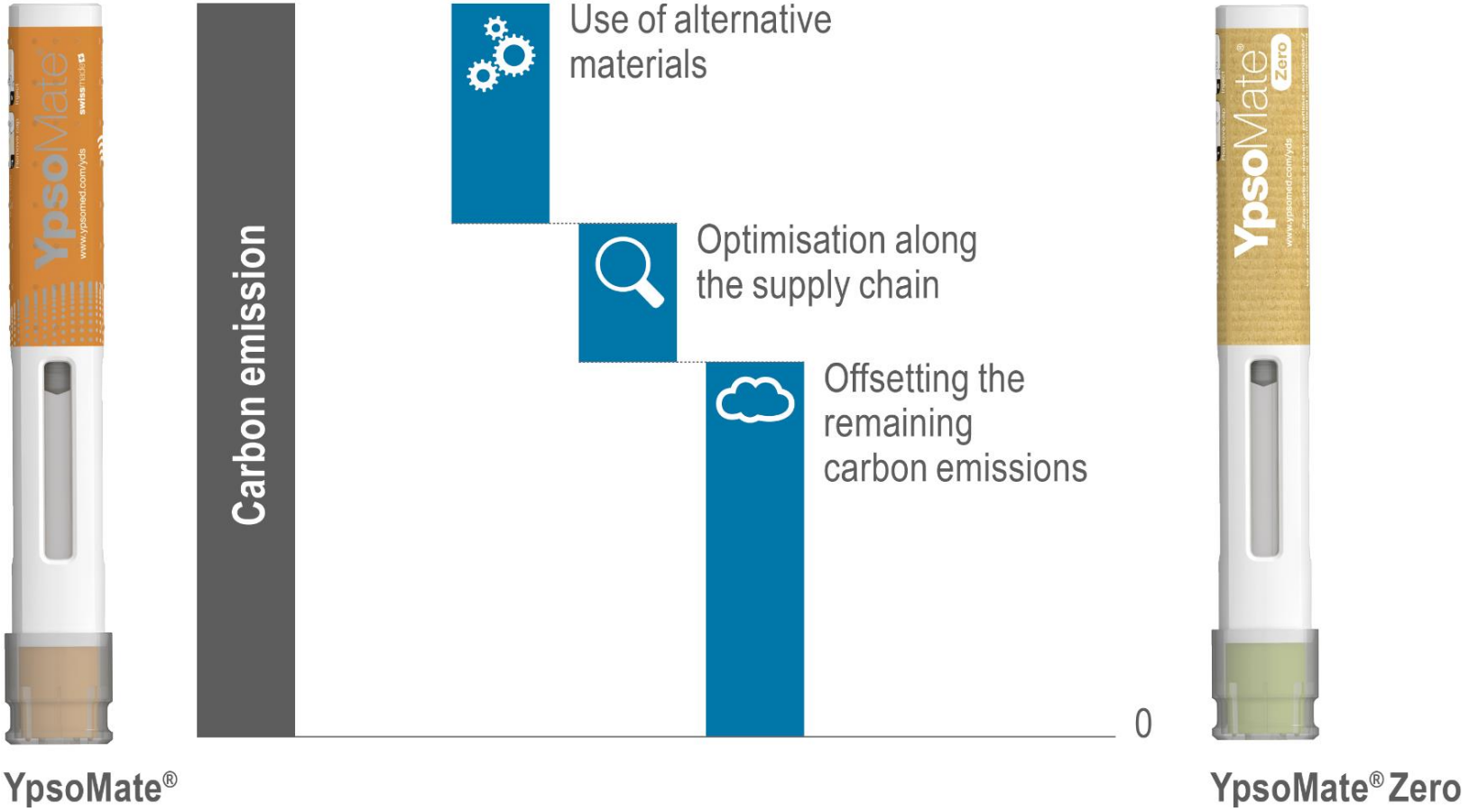
Our 2019 Corporate Carbon Footprint



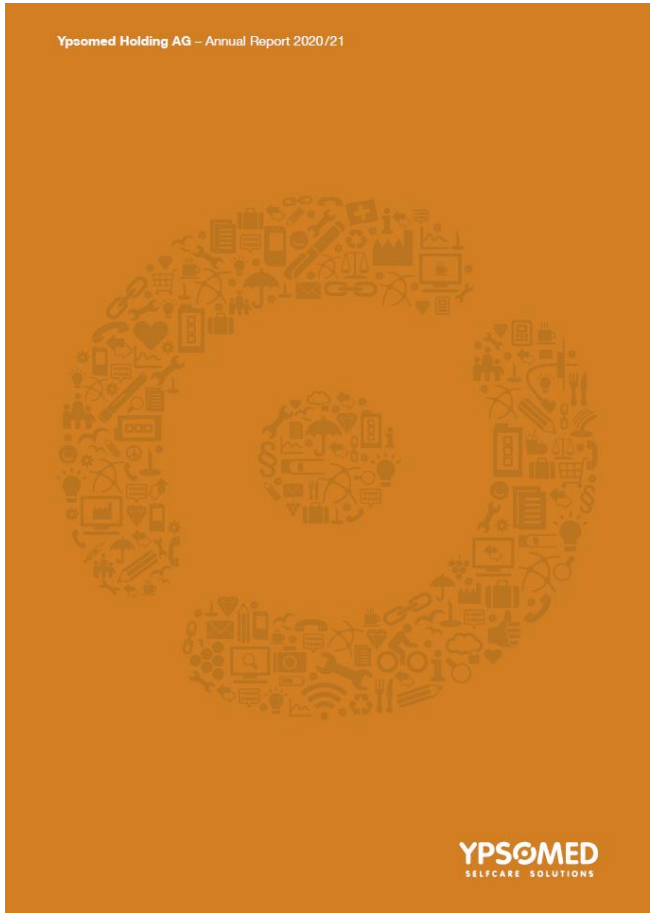
Our long-term Plan to Net Zero

- By **2030**, net zero operational CO2 emissions (Scope 1 and 2)
- By **2030**, a selection of our products meet net zero CO2 emissions across their individual value chain (Scope 1 to 3)
- By **2040** at the latest, net zero CO2 emissions across our entire value chain (Scope 1 to 3)
- Commitment to science-based emissions reduction targets according to the Science Based Targets initiative, **SBTi**

YpsoMate® Zero – the three Areas of Impact



Advancing our Sustainability across the Group detailed in our integrated 2020/21 Annual Report



Thank you for your trust

YPSOMED
SELFCARE SOLUTIONS