

**Cover:** The electronic centrepiece of mylife™ YpsoPump®.



## Status report

### Ypsomed continues on its path of growth

In the first half-year of the current business year 2016/17, the Ypsomed Group generated consolidated net sales of CHF 185.4 million, CHF 27.6 million more than compared with the same period of the previous year (CHF 157.8 million). This represents an increase in sales of 17.5%. In the first half-year of 2016/17, the operating result (EBIT) increased by an impressive 45.0% to CHF 28.1 million compared to the previous year. The EBIT margin is now at 15.2% (previous year: 12.3%). The increase in EBIT is largely due to higher sales and increased utilisation of production capacities, but also to efficiency improvements in production and sales processes. For the reporting period we can post a net profit of CHF 22.4 million.

#### New designation of segments in financial reporting

For reasons of competition, the Board of Directors has decided to adapt disclosure to the segment reports. Ypsomed will now publish net sales from a sales point of view and report profitability at a group level. A precise overview of the new disclosure system is given on page 4 of this report.

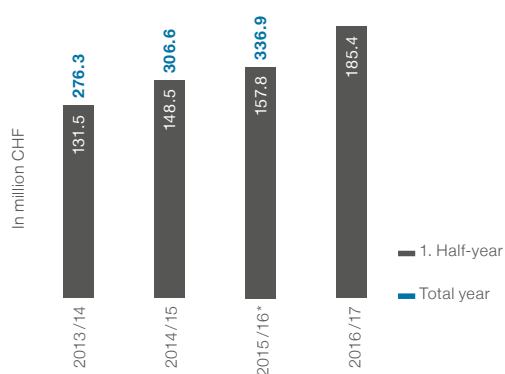
#### Ypsomed Delivery Systems: continued sales growth

Pharmaceutical and biotech customers purchase injection systems and corresponding services via the Ypsomed Delivery Systems (YDS) segment. Compared with the previous year, net sales in this business area increased by CHF 6.7 million or 11.5% to CHF 64.2 million. There are numerous reasons for this consistent growth in net sales. We were able to achieve further growth with our major customers AstraZeneca and GSK in the area of GLP-1 pens. GLP-1 is a hormone which is given prior to insulin therapy in type 2 diabetics. This was accompanied by numerous customising and industrialisation projects with existing and new customers for our injection systems; in addition pens were supplied for clinical studies and for the qualification of final assembly machines at our customers. Additional growth drivers in this area were increased deliveries of components for Sanofi SoloStar® disposable pens.

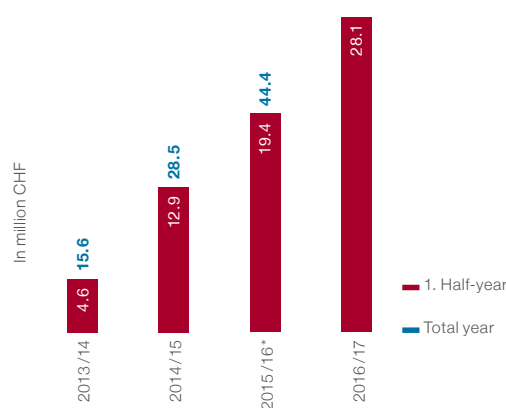
#### Ypsomed Diabetes Care: launch of the mylife™ YpsoPump®

With its mylife™ Diabetescare brand, Ypsomed Diabetes Care (YDC) operates successfully in the direct business with products and services for people with diabetes mellitus. The products are marketed directly to hospitals, physicians, pharmacies and patients via Ypsomed's subsidiaries and distributors. The net sales for this division amount to CHF 113.4 million. This corresponds to a growth in net sales of an impressive 23.0% (previous year CHF 92.2 million). Our pen needles and blood glucose monitoring systems have grown above market averages over the reporting period, although slight price pressure exists at a low

Development of net sales at group level



Development of EBIT at group level



\* Effect of the exchange rate EUR/CHF: average rate 2014/15 EUR/CHF 1.18, average rate 2015/16 EUR/CHF 1.07.

single-digit percentage rate. The better part of growth for Ypsomed Diabetes Care is composed of the increased sales for third party products via DiaExpert and the growth of the mylife™ OmniPod® insulin patch pump. Introduction into new markets has proved positive. The market launch in France in particular, exceeded all expectations. The mylife™ OmniPod® has been extremely well received by type 1 diabetic patients in France, who have waited for many years for the introduction of this unique patch pump. Another important milestone for the Ypsomed Group is the market launch of its own mylife™ YpsoPump® insulin pump during the first half-year 2016/17. Detailed information on the market launch is given on page 9 of this semiannual report.

**Others: the environment in the Others segment remains difficult**

The Others segment, which consists of Ypsotec and the assets not used operationally, showed a slight decrease in net sales. Net sales in the first half-year of 2016/17 amounted to CHF 7.8 million and declined by 2.6 % (previous year CHF 8.1 million). The decline in net sales is due to the continuing difficult environment in the sector as well as strong competitive pressure in Switzerland. Growth was achieved by the Ypsotec subsidiary in Czechia. Several new orders were acquired for this production site.

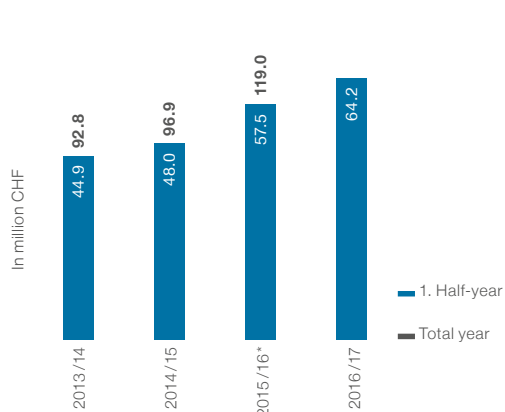
**Profitability in terms of operating profit is over 15 %**

In the first half-year of 2016/17, the operating result (EBIT) increased by an impressive 45.0 % to CHF 28.1 million (previous year CHF 19.4 million). The EBIT margin is now at 15.2 % compared with 12.3 % for the same period in the previous year.

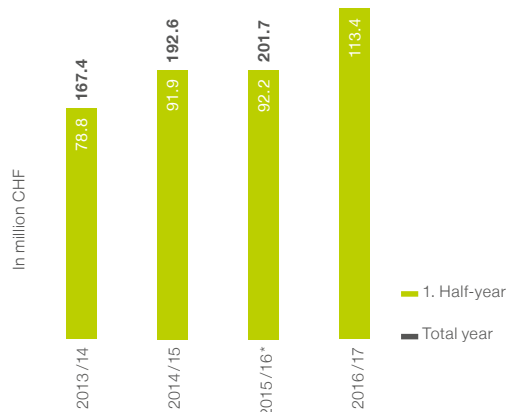
Looking at gross profit, the following issues contributed to the success:

- Growth in net sales for all products led to additional margins. The increased net sales for injection systems and pen needles led to improved utilisation of production capacities.
- Optimisation of the purchasing and sales processes increased the margin at DiaExpert. The flat-rate reimbursement system in the German healthcare system, which affects close to 50 % of DiaExpert's net sales, can burden the margin considerably if the business is not managed actively.
- In the first half-year of 2016/17, dissolutions in guarantee provisions for injection systems of CHF 0.7 million, which had been formed in the 2015/16 annual report, contributed to the results.

**Net sales Ypsomed Delivery Systems**



**Net sales Ypsomed Diabetes Care**



\* Effect of the exchange rate EUR/CHF: average rate 2014/15 EUR/CHF 1.18, average rate 2015/16 EUR/CHF 1.07.

At the level of operating costs in the areas of marketing and sales as well as administration, the following issues affected the result:

- Increased net sales in the subsidiaries and the introduction of the mylife™ YpsoPump® during the first half-year helped to make even better use of the sales structure capacities in the subsidiaries.
- The first half-year of 2016/17 is affected by the launch activities for our new mylife™ YpsoPump® insulin pump. The burden on the operating result is approximately CHF 1.0 million. This is due to amortisation of the activated development costs as well as other launch costs, for example, the supply of demonstration pumps to doctors and hospitals.
- A further expense was incurred in setting up the new subsidiaries in Czechia and Australia.

#### Ypsomed finances expansion from operative business

In the first half of the financial year 2016/17, Ypsomed increased the cash flow from business operations from CHF 34.4 million to CHF 36.2 million compared with the same period in the previous year. Investments were also increased when compared with the previous year. Overall, CHF 17.5 million was invested into tangible and intangible assets. The majority, over CHF 9.5 million, was allocated to the expansion of tool building, renewing various machines and further extension of production capacities. In particular, this related to the purchase of new injection moulding tools and new automated machines for the UnoPen™ and YpsoMate® platforms. The expansion of capacities in the area of contract manufacturing amounted to investments in the order of CHF 3.3 million. CHF 4.3 million was invested in intangible assets. The major share went to the further development of existing, and the setting up of new product platforms, for pens and autoinjectors as well as the further development of insulin pumps. On the basis of the positive development of the operative business, the investments were financed fully from the operative business. Free cash flow to the amount of CHF 18.8 million was therefore used to further reduce debt. The loan from the main shareholder was reduced by CHF 5.0 million. A further CHF 12.6 million was distributed as tax-exempted dividends from capital reserves.

#### Equity increases to over 70 %

On the balance side, liquid assets of CHF 27.8 million were reported for the first half-year 2016/17. This high cash level allows Ypsomed flexibility in the operative business and will be used for the planned extension of capacities. In the near future, investments are intended for financing the planned new construction of the production site. And finally, the equity of the Ypsomed Group increased from 68.9 % to 70.6 %, amounting to CHF 277.3 million for the reporting period.

#### Outlook

For the overall year 2016/17, we will increase the outlook for growth in net sales to around 15.0 %. The operating result of around CHF 55.0 million is confirmed, as the launch of the mylife™ YpsoPump® will place a greater burden on the result.



**Dr. h. c. Willy Michel**  
President of the Board of Directors



**Simon Michel**  
Chief Executive Officer

## Changes in segmentation

For reasons of competition, the Board of Directors has decided to adapt disclosure to the segment reports. As of this financial statement for the group, Ypsomed will disclose net sales according to the sales structure, by Ypsomed Delivery Systems (injection systems) and Ypsomed Diabetes Care (insulin pumps, infusion sets, pen needles, blood glucose monitoring systems and other accessories). Operating profit will be disclosed on group level.

Pharmaceutical and biotech customers purchase injection systems and corresponding services via the Ypsomed Delivery Systems (YDS) segment. This concerns B2B business and is managed directly from the headquarters in Burgdorf. In the Ypsomed Diabetes Care (YDC) segment, the products are marketed directly to hospitals, physicians, pharmacies and patients via Ypsomed's subsidiaries and distributors. The Others segment consists of Ypsotec and the assets not used operationally.

Compared with relevant competitors, the disclosure of segment results in the area of injection systems and insulin pumps leads to considerably greater transparency in terms of costs as well as margin structures, with Ypsomed being the only company giving detailed segment profitability information. The relevant competitors are largely companies without public access to financial data (Owen Mumford, Haselmeier, SHL Group) or are major corporations with large reporting segments and corresponding diluted comparative information (Roche, Medtronic). Accordingly, a further disclosure with regard to the competing companies results in a considerable competitive disadvantage. Furthermore, such information can have a negative effect on the negotiating position with customers and suppliers.

The following graphic illustrates the conversion from the financial segmentation to-date to the new disclosure of net sales by YDS and YDC.

Financial segmentation to-date							
Diabetes Direct Business							
Delivery Devices							
<b>Products</b>	<b>DiaExpert</b>	<b>BGMS*</b>	<b>OmniPod</b>	<b>YpsoPump &amp; Orbit**</b>	<b>Pen needles</b>	<b>Injection systems</b>	<b>Contract manufacturing</b>
Ypsomed Diabetes Care							
Ypsomed Delivery Systems							
New disclosure of net sales according to a sales point of view							

\* BGMS – Blood Glucose Monitoring Systems business

\*\* Infusion sets



## Lean management in production

### Optimisation in process and energy efficiency

Ypsomed operates in a highly competitive environment and is also exposed to unfavourable currency exchange rates. To continue our market success in the future and to maintain production in Switzerland, the lean approach is being applied consistently at Ypsomed.

Our customers expect to receive our services at the right time, in the desired quantity, at the required quality and at reasonable prices. These demands need to be implemented across all departments. It is crucial that Ypsomed works as a single entity and efficiently. The objective of the lean approach is to manage operations more efficiently and more cost-effectively, while at the same time making the working environment more attractive for employees. Work processes are to become more ergonomic and more efficient, idling is to be avoided completely. The major types of wastage in production areas – excess production, unnecessary waiting periods, inefficient transport and communication paths as well as unnecessary work steps – are to be eliminated completely. To give an example: optimisation of a documentation process resulted in reducing 439 000 handwritten entries on 6 500 pages within one year. However, the lean approach is not only limited to production, but is implemented across the entire value chain at Ypsomed.

#### Energy efficiency

Another aspect of the lean approach is the reduction of energy costs and greater efficiency in energy consumption. Since April 2016, we have implemented the Energy Ordinance for Bulk Users, part of the government's Energy Strategy 2015. This regulation stipulates achieving a 20% increase in efficiency in energy consumption within ten years. We will meet our obligation within the framework of the universal target agreement with the state, and may use the label "Energy and CO<sub>2</sub>-reduced" as of next year. According to current estimates, we assume that we can reduce energy costs in Switzerland by nearly half a million Swiss francs per year.

The greatest savings potentials are found in the production area for injection systems. The installation of a thermal pump at the Solothurn site will make us independent of fossil fuels. Injection moulding consumes large amounts of energy. "We were aware that we were wasting considerable thermal energy, but were not fully aware of how much energy can be recycled by using a thermal pump", states Patrick Gfeller, the person responsible for the project. The thermal waste from the heating water is used to replace heating in the buildings. This measure equates to an investment of a million Swiss francs.

#### Ypsomed is compliant with government's energy strategy



YDS

## Ypsomed plans a new production site in Schwerin

Following the decision to fully develop the Solothurn production site and to use existing space optimally for manufacturing different injection systems and pen needles, the production capacities in Switzerland will be exhausted in the near future. Mid-term planning indicates a demand for additional production capacities as of 2019. Initially for setting up further assembly lines for the UnoPen™ and YpsoMate®. For Ypsomed, the new production site means capacity extension, not capacity transfer.

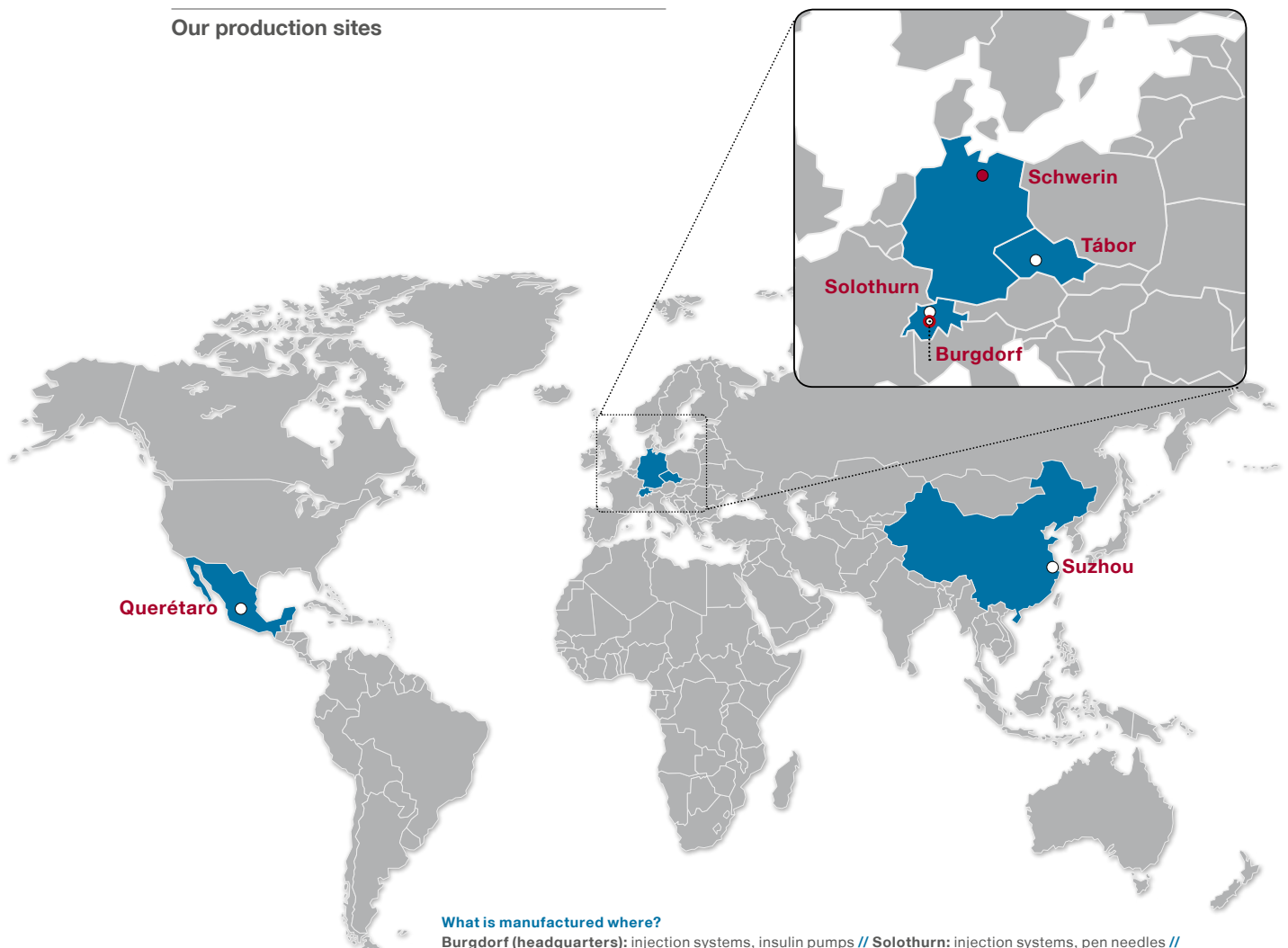
Since autumn 2015, extensive assessments were conducted with regard to a new site and the various framework conditions for extending capacities in Switzerland, Germany, Czechia and Poland. In July 2016, the decision was taken to plan the further extension of capacities in Schwerin in Germany in detail. Ypsomed intends to acquire a 10 hectare property in the industrial park with the option of a further 10 hectares for expansion.

### Schwerin as an ideal location

Compared with the other evaluated locations, the Schwerin location provides the perfect framework conditions for our needs. The emphasis being on the availability of space, skilled labour and the investment climate.

- An important aspect in favour of Schwerin is its location within the European Union. This would not only contribute a high level of legal and planning safety, but also reduce the effects of the strong Swiss franc.
- The Schwerin location offers an excellent infrastructure, especially as a considerable number of companies engaged in healthcare, plastics technology as well as other high-tech industries are already based there.

### Our production sites



#### What is manufactured where?

**Burgdorf (headquarters):** injection systems, insulin pumps // **Solothurn:** injection systems, pen needles // **Schwerin:** injection systems (planned construction beginning 2017) // **Tábor:** precision turned parts // **Suzhou (sub-contractor):** injection systems // **Querétaro (sub-contractor):** infusion sets



### Illustration of the planned production site in Schwerin



- The proximity to the major city of Hamburg, in particular the port of Hamburg, would lead to greater optimisation of our trade routes via ships and thus increase our export potential. Schwerin can also be reached easily and quickly from Switzerland.
- Schwerin would also prove to be an ideal location for attracting available skilled labour. For example, some 60 000 qualified employees commute daily from the Schwerin area to the Hamburg metropolitan area. The proximity to the universities of Rostock and Greifswald as well as various colleges would ensure sustainable recruitment of qualified personnel.
- And finally, the fact that Schwerin and Burgdorf share the same language and culture also plays a major role.

#### Step-by-step build-up and extension

Right from the start, the Schwerin works are to be planned and constructed in line with a centralised concept which will allow easy development and expansion. This enables the option of step-by-step extension, either in its own right or via mirroring the utility and production space. The size and layout of the property as well as the modular concept will allow extension without impairing ongoing production.

#### Capacity extension instead of capacity transfer

After its inauguration, it is planned that the Schwerin site is to include production, quality control, logistics and tool maintenance. On the process side, injection moulding processes, printing, assembly and clean room technology will be located there. Evaluations have shown that the investment required for the necessary expansion of capacities will amount to well over EUR 50 million. Furthermore, a step-by-step increase in personnel to approximately 200 jobs is planned in six years.

Expansion in Schwerin would also be a further step in the direction of continuity and the transfer of our know-how. Additional production lines of existing platform products which have already been industrialised in Switzerland, would be installed new in Schwerin. The specialist personnel to be recruited for the new production site in Schwerin would also be trained in existing production at the Swiss sites, and then be transferred back to Schwerin.

#### Start of production in November 2018

In line with the present project phase, we expect a possible start of construction in Schwerin during the first half-year 2017. Construction is to be completed by mid-2018. Inauguration and the start of production are planned for the second half of the same year.





## mylife™ Diabetescare Go-ahead for the mylife™ YpsoPump®

Offering innovative self care solutions to improve the lives of people with diabetes is the focus of the collaboration between Ypsomed and Novo Nordisk.

On 28 June 2016, Ypsomed and Novo Nordisk announced the approval by the European Medicines Agency (EMA), for the mylife™ YpsoPump® to be used in combination with the pre-filled NovoRapid® PumpCart® cartridge. This collaboration creates a high added value for people with diabetes and medical professionals, and offers new options for simplifying insulin therapy while at the same time improving the results of treatment. “Insulin pump therapy can be an effective form of therapy for people with diabetes. However, operating a traditional insulin pump, and manually filling an empty cartridge, can be complex and time-consuming,” explains Dr. Mark Evans, assistant professor and honorary lecturer for medicine at the University of Cambridge. “Due to these factors and the burden on health systems of training patients in handling insulin pumps, any simplification in handling and training is more than welcome.”

### A solid approach instead of aggressive market exploitation

The EMA-approval was the starting signal for the launch of the mylife™ YpsoPump® in Europe. At the beginning of August 2016, the first 35 patients were started with the mylife™ YpsoPump® and tested it for 30 days each in their daily routine as part of an advance study in Germany. At the same time, a surveillance study was conducted in several study centres, including 100 patients over a user period of 12 months. The results of these studies should confirm the product benefits in a clinical setting. At the end of August, the product was launched in the Netherlands, followed by the UK in September. Again, the new insulin pump was launched step-by-step via selected specialist practices and diabetes centres involving only a small number of patients. These soft launches correspond to the Ypsomed strategy of launching the mylife™ YpsoPump® in a steady and considered manner to gain a foothold in the market. In particular, the first few months will focus on gaining experience for the future market development.

Following successful introduction in the first three countries, the mylife™ YpsoPump® will also be available in Czechia by the end of the business year 2016/17 in March next year. By then, submission to the tender organisations in the Nordic countries and Italy will also have taken place.

### Successful industrialisation of all system components

Pump production has also heralded a new era for production and the industrialisation and technology teams. The set-up and operation of the mylife™ YpsoPump® was not only accompanied by a major industrialisation effort, but also with an intense and demanding training programme for the employees in production.

For industrialisation this not only meant grappling with and understanding new technologies, but also taking additional regulatory and quality-relevant aspects into consideration. In the past year, production was largely involved in preparing the validation documents and in setting up the production lines according to the lean approach. Now production has been handed over to regular operations.

However, following the successful product launch, the challenges for Ypsomed are far from being over. During the next calendar year, the successor version of the mylife™ YpsoPump® will be launched and this will further extend the field of indications for the new insulin pump. This too, has been part of the launch strategy from the beginning and a solid next step following on the first experiences gained from the market. The main difference between the next version and the present launch version of the insulin pump is that the current age limitation of 12 years will be lifted.

NovoRapid® and PumpCart® are registered trademarks of Novo Nordisk.

**Picture:** Patient at the first mylife™ YpsoPump® training



## Consolidated income statement

(unaudited Swiss GAAP FER figures) in thousand CHF	Notes	1 April 2016– 30 Sept. 2016	in %	1 April 2015– 30 Sept. 2015	in %
<b>Sales of goods and services</b>	<b>2</b>	<b>185 386</b>	<b>100.0 %</b>	<b>157 777</b>	<b>100.0 %</b>
<b>Cost of goods and services sold</b>		<b>-124 182</b>	<b>-67.0 %</b>	<b>-109 688</b>	<b>-69.5 %</b>
<b>Gross profit</b>		<b>61 204</b>	<b>33.0 %</b>	<b>48 088</b>	<b>30.5 %</b>
<b>Marketing and sales expenses</b>		<b>-25 590</b>	<b>-13.8 %</b>	<b>-22 454</b>	<b>-14.2 %</b>
<b>Administration expenses</b>		<b>-8 858</b>	<b>-4.8 %</b>	<b>-7 533</b>	<b>-4.8 %</b>
<b>Other operating income</b>		<b>2 350</b>	<b>1.3 %</b>	<b>2 213</b>	<b>1.4 %</b>
<b>Other operating expenses</b>		<b>-972</b>	<b>-0.5 %</b>	<b>-911</b>	<b>-0.6 %</b>
<b>Operating profit</b>	<b>2</b>	<b>28 135</b>	<b>15.2 %</b>	<b>19 404</b>	<b>12.3 %</b>
<b>Financial income</b>	<b>3</b>	<b>1 498</b>	<b>0.8 %</b>	<b>2 044</b>	<b>1.3 %</b>
<b>Financial expenses</b>	<b>3</b>	<b>-2 630</b>	<b>-1.4 %</b>	<b>-2 812</b>	<b>-1.8 %</b>
<b>Profit before income taxes</b>		<b>27 003</b>	<b>14.6 %</b>	<b>18 636</b>	<b>11.8 %</b>
<b>Income taxes</b>		<b>-4 574</b>	<b>-2.5 %</b>	<b>-3 424</b>	<b>-2.2 %</b>
<b>Net profit</b>		<b>22 429</b>	<b>12.1 %</b>	<b>15 211</b>	<b>9.6 %</b>
<b>Earnings per share</b> (basic and diluted) in CHF	<b>4</b>	<b>1.78</b>		<b>1.20</b>	
<b>Operating profit</b>		<b>28 135</b>		<b>19 404</b>	
<b>Depreciation of fixed assets</b>		<b>9 355</b>		<b>8 948</b>	
<b>Amortization of intangible assets</b>		<b>4 548</b>		<b>3 577</b>	
<b>EBITDA</b> (operating profit before depreciation and amortization)		<b>42 037</b>	<b>22.7 %</b>	<b>31 929</b>	<b>20.2 %</b>



## Consolidated balance sheet

(unaudited Swiss GAAP FER figures) in thousand CHF

Assets	Notes	30 Sept. 2016	in %	31 March 2016	in %
<b>Cash and cash equivalents</b>		<b>27 809</b>	<b>7.1 %</b>	<b>25 507</b>	<b>6.6 %</b>
<b>Trade receivables</b>		<b>45 597</b>	<b>11.6 %</b>	<b>52 713</b>	<b>13.6 %</b>
<b>Other current assets</b>		<b>7 188</b>	<b>1.8 %</b>	<b>5 715</b>	<b>1.5 %</b>
<b>Prepayments and accrued income</b>		<b>10 505</b>	<b>2.7 %</b>	<b>8 206</b>	<b>2.1 %</b>
<b>Current income tax assets</b>		<b>91</b>	<b>0.0 %</b>	<b>83</b>	<b>0.0 %</b>
<b>Inventories</b>		<b>51 322</b>	<b>13.1 %</b>	<b>49 095</b>	<b>12.6 %</b>
<b>Customer machinery</b>		<b>9 081</b>	<b>2.3 %</b>	<b>7 044</b>	<b>1.8 %</b>
<b>Total current assets</b>		<b>151 592</b>	<b>38.6 %</b>	<b>148 363</b>	<b>38.2 %</b>
<b>Financial assets</b>		<b>7 468</b>	<b>1.9 %</b>	<b>8 151</b>	<b>2.1 %</b>
<b>Deferred income tax assets</b>		<b>3 428</b>	<b>0.9 %</b>	<b>5 627</b>	<b>1.4 %</b>
<b>Fixed assets</b>		<b>157 009</b>	<b>40.0 %</b>	<b>153 752</b>	<b>39.5 %</b>
<b>Intangible assets</b>		<b>73 261</b>	<b>18.7 %</b>	<b>72 978</b>	<b>18.8 %</b>
<b>Total non-current assets</b>		<b>241 166</b>	<b>61.4 %</b>	<b>240 508</b>	<b>61.8 %</b>
<b>Total assets</b>		<b>392 758</b>	<b>100.0 %</b>	<b>388 871</b>	<b>100.0 %</b>
<b>Liabilities and equity</b>					
<b>Financial liabilities</b>		<b>35 000</b>	<b>8.9 %</b>	<b>34 000</b>	<b>8.7 %</b>
<b>Current liabilities to major shareholder</b>		<b>5 000</b>	<b>1.3 %</b>	<b>5 000</b>	<b>1.3 %</b>
<b>Trade payables</b>		<b>16 655</b>	<b>4.2 %</b>	<b>19 968</b>	<b>5.1 %</b>
<b>Prepayments from customers</b>		<b>14 511</b>	<b>3.7 %</b>	<b>12 350</b>	<b>3.2 %</b>
<b>Current income tax payable</b>		<b>1 230</b>	<b>0.3 %</b>	<b>2 966</b>	<b>0.8 %</b>
<b>Other payables</b>		<b>4 958</b>	<b>1.3 %</b>	<b>4 533</b>	<b>1.2 %</b>
<b>Accrued liabilities and deferred income</b>		<b>25 426</b>	<b>6.5 %</b>	<b>23 682</b>	<b>6.1 %</b>
<b>Provisions</b>		<b>1 831</b>	<b>0.5 %</b>	<b>2 826</b>	<b>0.7 %</b>
<b>Total current liabilities</b>		<b>104 609</b>	<b>26.6 %</b>	<b>105 325</b>	<b>27.1 %</b>
<b>Non-current liabilities to major shareholder</b>		<b>5 000</b>	<b>1.3 %</b>	<b>10 000</b>	<b>2.6 %</b>
<b>Other non-current financial liabilities</b>		<b>14</b>	<b>0.0 %</b>	<b>14</b>	<b>0.0 %</b>
<b>Provisions</b>		<b>2 935</b>	<b>0.7 %</b>	<b>2 803</b>	<b>0.7 %</b>
<b>Deferred income tax liabilities</b>		<b>2 851</b>	<b>0.7 %</b>	<b>2 892</b>	<b>0.7 %</b>
<b>Total non-current liabilities</b>		<b>10 800</b>	<b>2.7 %</b>	<b>15 709</b>	<b>4.0 %</b>
<b>Share capital</b>		<b>178 994</b>	<b>45.6 %</b>	<b>178 994</b>	<b>46.0 %</b>
<b>Capital reserves</b>		<b>150 034</b>	<b>38.2 %</b>	<b>162 647</b>	<b>41.8 %</b>
<b>Own shares/Translation exchange differences</b>		<b>-13 517</b>	<b>-3.4 %</b>	<b>-13 213</b>	<b>-3.4 %</b>
<b>Goodwill acquired offset</b>		<b>-322 892</b>	<b>-82.2 %</b>	<b>-322 892</b>	<b>-83.0 %</b>
<b>Retained earnings</b>		<b>284 729</b>	<b>72.5 %</b>	<b>262 300</b>	<b>67.5 %</b>
<b>Total equity</b>	5	<b>277 349</b>	<b>70.6 %</b>	<b>267 836</b>	<b>68.9 %</b>
<b>Total liabilities and equity</b>		<b>392 758</b>	<b>100.0 %</b>	<b>388 871</b>	<b>100.0 %</b>



## Consolidated statement of cash flows

(unaudited Swiss GAAP FER figures) in thousand CHF

	Notes	1 April 2016– 30 Sept. 2016	1 April 2015– 30 Sept. 2015
<b>Net profit</b>		<b>22 429</b>	<b>15 211</b>
Depreciation of fixed and intangible assets		13 902	12 174
Loss from impairment (+)/Reversal of impairment (-)	3	671	1 097
Change in provisions (incl. deferred income taxes)		1 264	3 258
Other expense / income that does not affect the fund		290	-644
Gain (-)/loss (+) of fixed and financial assets		-13	-67
Increase (-)/decrease (+) in trade receivables		6 582	-2 742
Increase (-)/decrease (+) in other receivables and prepayments and accrued income		-3 825	-464
Increase (-)/decrease (+) in inventories		-2 540	3 373
Increase (-)/decrease (+) in customer machinery		-2 036	-3 316
Increase (+)/decrease (-) in trade payables		-3 290	333
Increase (+)/decrease (-) in prepayments from customers		2 160	3 211
Increase (+)/decrease (-) in other short-term payables and accrued liabilities and deferred income		614	2 985
<b>Cash flow from operating activities</b>		<b>36 209</b>	<b>34 408</b>
Purchases of fixed assets		-13 255	-10 932
Disposals of fixed assets		73	70
Purchases of intangible assets		-4 257	-5 136
<b>Cash flow from investing activities</b>		<b>-17 440</b>	<b>-15 998</b>
Repayment of financial liabilities to major shareholder		-5 000	0
Proceeds (+)/repayment (-) from borrowings		1 000	-9 000
Disposal of own shares		0	375
Distribution of capital reserves	5	-12 613	-7 576
<b>Cash flow from financing activities</b>		<b>-16 613</b>	<b>-16 201</b>
Effect of foreign currency translation		145	298
<b>Total cash flow</b>		<b>2 301</b>	<b>2 508</b>
Cash and cash equivalents as of April 1		25 507	16 243
Cash and cash equivalents as of September 30		27 809	18 751
<b>Net increase (+)/decrease (-) in cash and cash equivalents</b>		<b>2 301</b>	<b>2 508</b>



## Consolidated statement of changes in equity

(unaudited Swiss GAAP FER figures) in thousand CHF

	Share capital	Group reserves and share premium	Treasury shares	Cumulative translation reserve	Goodwill offset after taxes	Retained earnings	Total
<b>Balance as of 31 March 2015</b>	<b>178994</b>	<b>170114</b>	<b>-1635</b>	<b>-10432</b>	<b>-322892</b>	<b>226488</b>	<b>240637</b>
Net profit from half-year						15211	15211
Distribution of dividends from capital contribution reserves		-7576					-7576
Disposal of own shares		113	261				375
Translation exchange differences				1211			1211
<b>Balance as of 30 September 2015</b>	<b>178994</b>	<b>162651</b>	<b>-1374</b>	<b>-9221</b>	<b>-322892</b>	<b>241699</b>	<b>249858</b>

	Share capital	Group reserves and share premium	Treasury shares	Cumulative translation reserve	Goodwill offset after taxes	Retained earnings	Total
<b>Balance as of 31 March 2016</b>	<b>178994</b>	<b>162647</b>	<b>-3830</b>	<b>-9383</b>	<b>-322892</b>	<b>262300</b>	<b>267836</b>
Net profit from half-year						22429	22429
Distribution of dividends from capital contribution reserves		-12613					-12613
Translation exchange differences				-304			-304
<b>Balance as of 30 September 2016</b>	<b>178994</b>	<b>150034</b>	<b>-3830</b>	<b>-9687</b>	<b>-322892</b>	<b>284729</b>	<b>277349</b>



## Notes to the consolidated interim financial statements

Figures in thousand CHF unless otherwise stated

### 1. Accounting policies

#### Basic principles

These consolidated interim financial statements include the unaudited consolidated interim financial statements of Ypsomed Holding AG and its subsidiaries for the reporting period ending 30 September 2016. The consolidated interim financial statements have been prepared in accordance with Swiss GAAP FER 31 "Interim Reporting". The accounting policies applied to the preparation of the interim financial statements are in line with the accounting policies which also provide the basis for the consolidated annual financial statements up to 31 March 2016. The consolidated interim financial statements were approved for issue by the

Board of Directors on 27 October 2016. Ypsomed is not exposed to significant seasonal or cyclical fluctuation in its business activities within the financial year. In order to prepare consolidated interim financial statements, management is obliged to use estimates and assumptions which have an impact on the reported carrying amounts of assets and liabilities, and the income and expenses reported for the relevant accounting period. These estimates and assumptions are based on future expectations, and seem reasonable at the time of preparation of the interim financial statements. The actual results may differ from these assumptions.

### 2. Segment information

Ypsomed has adapted disclosure to the segment reports in this financial statement 2016/17. Ypsomed will disclose net sales according to the sales structure, by Ypsomed Delivery Systems (injection systems) and Ypsomed Diabetes Care (insulin pumps, infusion sets, pen needles, blood glucose monitoring systems and other accessories). Pharmaceutical and biotech customers purchase injection systems and corresponding services via the Ypsomed Delivery Systems (YDS) segment. This concerns B2B business and is managed directly from the headquarters in Burgdorf. In the Ypsomed Diabetes Care (YDC) segment, the products are marketed directly to hospitals, physicians, pharmacies and patients via Ypsomed's subsidiaries and distributors. The Others segment consists of Ypsotec and the assets not used operationally.

For reasons of competition Ypsomed will not disclose segment results anymore (according to Swiss GAAP FER 31/8). Compared with relevant competitors, the disclosure of segment results in the area of injection systems and insulin pumps leads to considerably greater transparency in terms of costs as well as margin structures, with Ypsomed being the only company giving detailed segment profitability information. The relevant competitors are largely companies without public access to financial data (Owen Mumford, Haselmeier, SHL Group) or are major corporations with large reporting segments and corresponding diluted comparative information (Roche, Medtronic). Accordingly, a further disclosure with regard to the competing companies results in a considerable competitive disadvantage. Furthermore, such information can have a negative effect on the negotiating position with customers and suppliers.

Half year 2016/17	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Others	Eliminations	Group
<b>Sales of goods and services to third-party customers</b>	<b>113 375</b>	<b>64 171</b>	<b>7 840</b>		<b>185 386</b>
<b>Intersegmental sales</b>			<b>970</b>	<b>- 970</b>	
<b>Total sales of goods and services</b>	<b>113 375</b>	<b>64 171</b>	<b>8 810</b>	<b>- 970</b>	<b>185 386</b>
<b>Operating profit</b>					<b>28 135</b>
<b>EBIT margin</b>					<b>15.2%</b>
<b>Investments in fixed and intangible assets</b>					<b>17 512</b>
<b>Depreciation/Amortization/Impairment</b>					<b>13 902</b>



Half year 2015/16	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Others	Eliminations	Group
Sales of goods and services to third-party customers	92 182	57 544	8 051		157 777
Intersegmental sales			826	- 826	
<b>Total sales of goods and services</b>	<b>92 182</b>	<b>57 544</b>	<b>8 877</b>	<b>- 826</b>	<b>157 777</b>
<b>Operating profit</b>					<b>19 404</b>
<b>EBIT margin</b>					<b>12.3 %</b>
Investments in fixed and intangible assets					16 067
Depreciation/Amortization/Impairment					12 524

### 3. Financial income

	Half year 2016/17	Half year 2015/16
Interest income	3	0
Dividend income	323	38
Foreign exchange gains	1 172	2 005
<b>Total financial income</b>	<b>1 498</b>	<b>2 044</b>
Interest expense	177	274
Losses from marketable securities	9	5
Foreign exchange losses	1 722	1 766
Other financial expense	51	21
Impairment of financial assets	671	747
<b>Total financial expense</b>	<b>2 630</b>	<b>2 812</b>

### 4. Earnings per share

Earnings per share are calculated by dividing net profit through the weighted monthly number of shares outstanding during the period. The average number of shares held by group companies is deducted from the number of shares issued during the period.

	Half year 2016/17	Half year 2015/16
<b>Net profit in thousand CHF</b>	<b>22 429</b>	<b>15 211</b>
<b>Number of outstanding shares weighted on a monthly basis</b>	<b>12 612 817</b>	<b>12 627 946</b>
<b>Earnings per share in CHF (basic and diluted)</b>	<b>1.78</b>	<b>1.20</b>

### 5. Payment to shareholders

On 7 July 2016, the sum of CHF 1.00 per share was paid out to shareholders free of withholding tax from the capital reserves. The total amount paid out came to CHF 12.6 million (previous year CHF 7.6 Mio.).



## General information

### Information policy

Ypsomed Holding AG maintains an open and transparent communication policy towards shareholders, potential investors, financial analysts, the media, customers and other interested people, based on the principle of equality. The company uses the following instruments: annual report, semiannual report, presentation of the annual results to the media and financial analysts ahead of the shareholders' meeting, as well as media briefings and company publications that have potential relevance to the share price. Responsibility for communication with investors rests with the Chairman of the Board of Directors.

The following banks monitor the development of the Ypsomed Group:

BZ-Bank, Wilen ([www.bzbank.ch](http://www.bzbank.ch)),

**Holger Blum**

Credit Suisse, Zurich ([www.credit-suisse.com](http://www.credit-suisse.com)),

**Christoph Gretler**

Vontobel, Zurich ([www.vontobel.com](http://www.vontobel.com)),

**Carla Bänziger**

Zürcher Kantonalbank, Zurich ([www.zkb.ch](http://www.zkb.ch)),

**Sibylle Bischofberger Frick**

On our website at [www.ypsomed.com](http://www.ypsomed.com) (under Media & Investors), any interested person can access up-to-date and potentially market-relevant information (pull system) without charge. Furthermore, any interested person can subscribe to an e-mail distribution list under <http://www.ypsomed.com/media-investors> (push system). The official publication organ of Ypsomed Holding AG is the Swiss Official Gazette of Commerce (SOGC). Company publications with potential relevance to the share price are usually communicated at the end of daily trading. Such publications are initially reported to the SIX Swiss Exchange Regulation and thereafter uploaded to the above-mentioned website and simultaneously communicated to a number of national newspapers, electronic information systems and to persons registered on the e-mail distribution list.

### Stock listing

The registered shares of Ypsomed Holding AG are traded at the SIX Swiss Exchange and at the BX Bern eXchange.

Ticker symbols:

YPSN (Telekurs)

YPSN.S (Reuters)

YPSN SW (Bloomberg)

Securities number 1939 699

ISIN CH 001 939 699 0

### Key forthcoming dates

#### 24 May 2017

Press conference and presentation of the annual results 2016/17, Burgdorf

#### 28 June 2017

General Meeting of Shareholders

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