

The Ypsomed Group is a leading developer and manufacturer of injection and infusion systems for self-medication and a renowned diabetes specialist with 38 years' experience. As a leader in innovation and technology, Ypsomed is the preferred partner for pharmaceutical and biotech companies for the supply of injections pens, autoinjectors and infusion systems to administer liquid drugs. Ypsomed promotes and sells its product portfolio under the umbrella brands, mylife™ Diabetescare directly to patients or through pharmacies and clinics, and under YDS Ypsomed Delivery Systems as business-to-business to pharmaceutical companies.

Ypsomed has its headquarters in Burgdorf, Switzerland, and operates a global network of manufacturing sites, subsidiaries and distributors. The Ypsomed Group employs around 1 800 employees.

Ypsomed Holding AG

Annual Report 2020/21



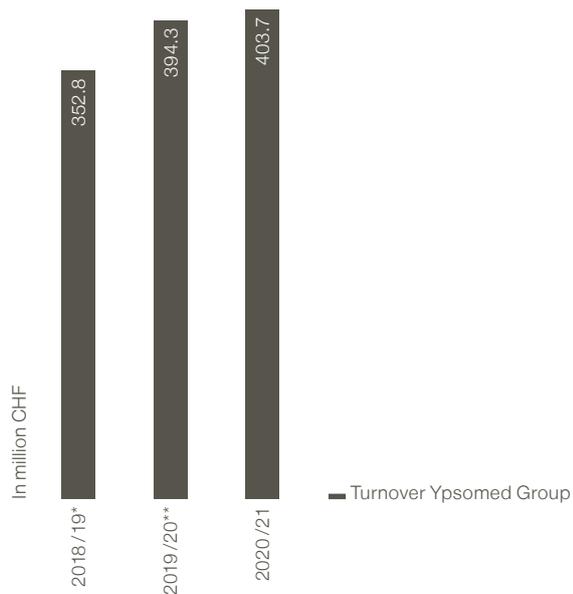
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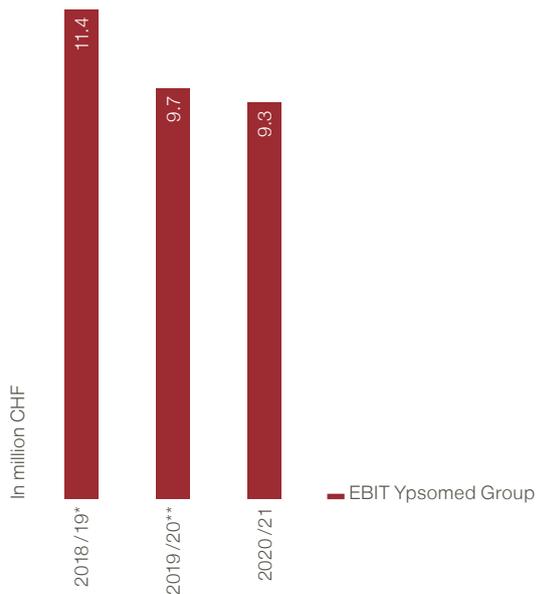


Key figures

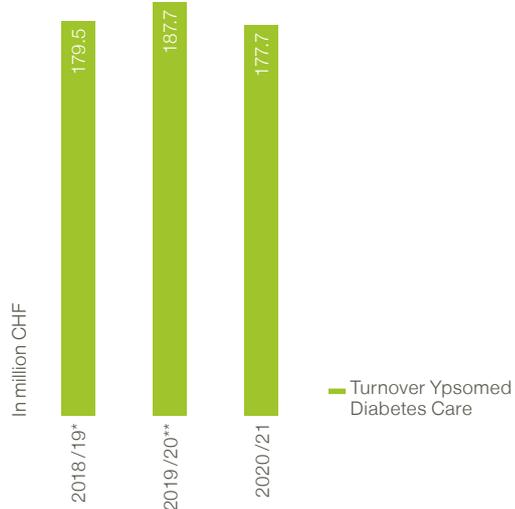
Sales at group level



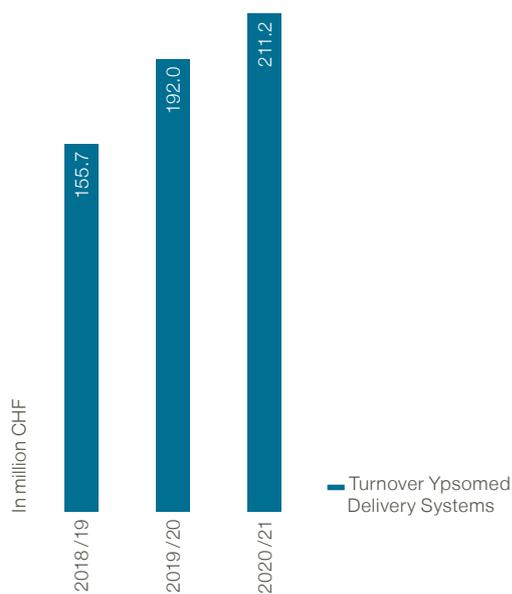
EBIT at group level



Turnover Ypsomed Diabetes Care



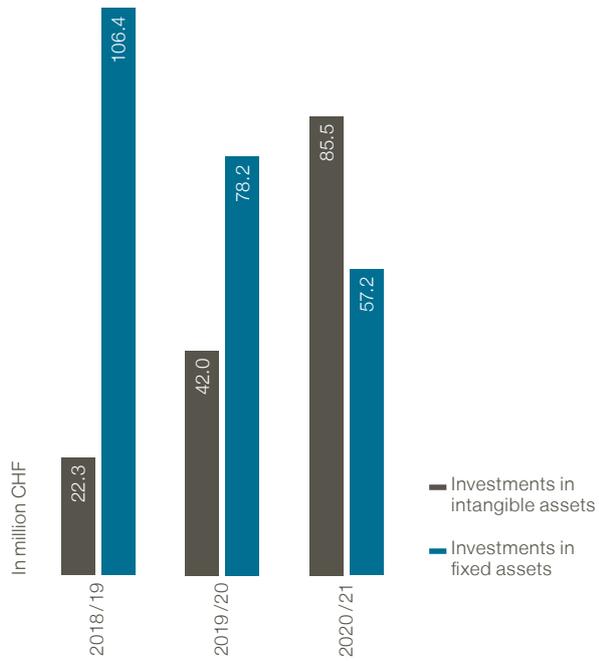
Turnover Ypsomed Delivery Systems



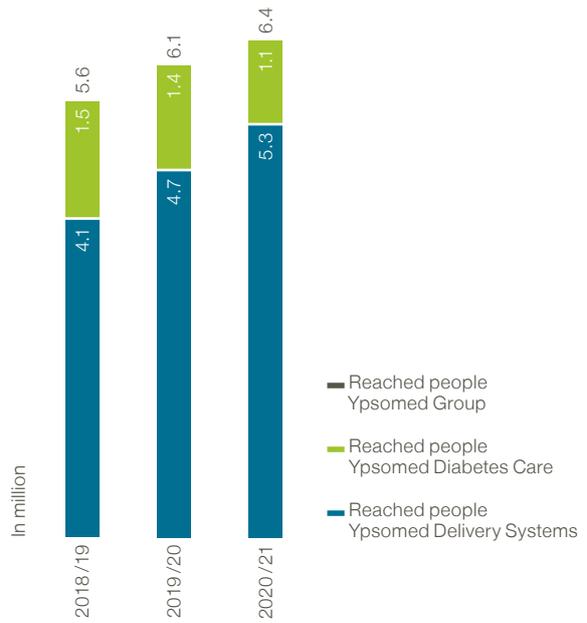
* In the financial year 2018/19, only contributions from continuing operations. For information about the discontinued operations, see note 21 and Annual Report 2019/20, note 21.

** See Notes to the consolidated financial statements no 27, Restatement.

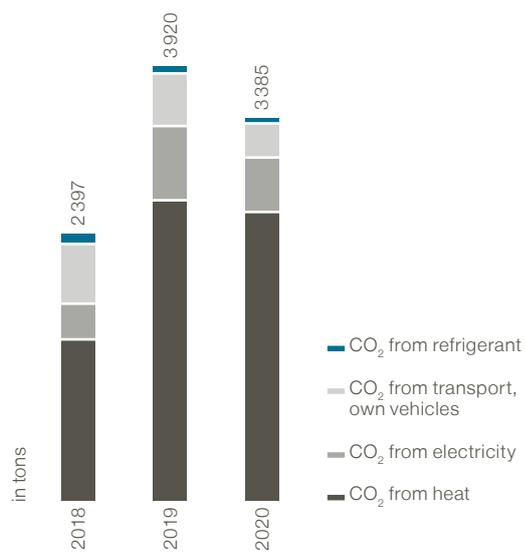
Investments



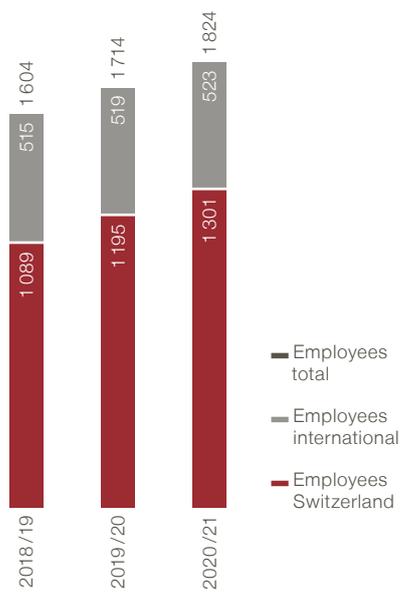
Reached people



CO₂ emissions*



Employee headcount



* CO₂-eq emissions Scope 1 + 2 of the Ypsomed Group, excluding Ypsotec, from 2019 (in calendar years; Scopes according to Greenhouse Gas Protocol).



Major opportunities

Letter to shareholders

Dear shareholders,

Global health and supply crises pose immense challenges for society and the business models of companies are being radically put to the test. We have passed this test and demonstrated our resilience during the financial year 2020/21 under exceptional circumstances. With prudent risk management, secure supply chains and reliable, highly automated production processes, we were able to maintain our production interference-free and supply our customers at all times. Ypsomed is privileged to supply people suffering from chronic diseases with products that are essential to their lives. We are proud to have been able to reliably live up to our social responsibility, even in these extraordinary times.

The market environment offers major opportunities

The past year has affected all our lives, but it has also triggered developments which will have a lasting impact on our society. The fact that the healthcare systems in highly developed countries are approaching their limits substantiates the global relevance of our vision that self-treatment must become a matter of course. The demographic development of the ageing population in the coming decades will further add weight to this issue. Society therefore needs sustainable solutions for the treatment of diabetes as well as for other chronic diseases to relieve the burden on the healthcare system while improving healthcare as a whole at the same time.



Digitisation is a key element here, and one we are accelerating intensively. In the segment of Delivery Systems, we aim to offer integrated, connected solutions based on our proven and established products, which increase the quality of therapy and long-term adherence to therapy in chronic diseases and thus improve the success of treatment. Ypsomed is therefore expanding its business model to include digital services for pharmaceutical companies, thereby evolving from a manufacturer of self-injection devices to a provider of solutions for successful therapies in the medium term.

Breaking down established thought patterns and accepting new challenges

For several months now, we have been highly active in preparing for the market entry in the USA with the YpsoPump®. Together with Eli Lilly, we have initiated a forward-looking and innovative partnership which will open up new therapeutic options for people with diabetes and make their everyday lives easier. And with our innovative YpsoDose® patch injector platform, our partnership with Lonza and Schott is also creating an entirely new market offering for our pharmaceutical customers in the heart of Europe.

We continue our efforts as a sustainable company unabated and credibly. As sustainability is a way of life for us, we have integrated the issue into our established corporate strategy. This annual report credibly and transparently identifies us as a sustainable company with an integrated approach.

Proposal for an increase in capital to the Annual General Meeting

Owing to our robust as well as forward-looking business model, we have continued to grow in a challenging year and remain committed to consistently pursuing our growth strategy. In fact, we are even expanding our capacities at an accelerated rate and investing untiringly in innovation and development. Our particular focus is on digitisation and the expansion of our portfolio to include digital services. As our solutions for self-care for chronically ill people have been received euphorically, we continuously invest in expanding capacities and digitisation. Here, we aim to increase our strategic room for manoeuvre and our financial flexibility for opportunities. Therefore, the Board of Directors submits a proposal to the General Meeting of Shareholders authorising the Board of Directors to increase the share capital at any time up to 29 June 2023 by issuing a maximum of one million fully paid registered shares with a nominal value of CHF 14.15 each.



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

Due to the continuing exceptional circumstances, this year's Annual General Meeting will also have to be held without shareholders attending in person. The Board of Directors has therefore appointed an independent proxy to exercise the voting rights of absent shareholders. As a consequence, you will again only be able to submit your voting instructions to the independent proxy in writing or electronically. The Board of Directors regrets that this important event can once again not be held in its usual format. We thank you for your understanding and look forward all the more to your personal participation at next year's Annual General Meeting.

We continue to build our future and are keen to seize the opportunities offered by our market environment. Despite the corona crisis and the resulting lower growth in the financial year 2020/21, we are standing by our medium-term EBIT target of CHF 100 million.

Dear shareholders, I greatly thank you for your confidence.



Positive outlook

Status report

Dear shareholders, valued partners and customers

Our business model proved to be crisis-proof during the financial year 2020/21. Our privilege of providing care to people with chronic conditions allows us to have recurring revenues. Owing to our flexible processes and agile approach to work, we were able to cope with the constraints of the Corona pandemic and reliably supply our customers. Growth in the financial year 2020/21 was 2 %. This lies below our original expectations. It is therefore all the more important that the past financial year has further strengthened the faith placed in our growth strategy. We are more confident than ever about the future.

In the course of business, our two business segments were affected to different extents by the Corona pandemic. Whereas we only experienced isolated delays with pharmaceutical customers, the exceptional situation severely limited access to hospitals and thus hindered new customer acquisition for the mylife™ YpsoPump®.

Ypsomed Delivery Systems (YDS)

In the Ypsomed Delivery Systems segment, we confirmed the development of previous years and increased turnover by 10 %. The operational business with established pharmaceutical products is performing reliably. As expected, the second half of the financial year experienced certain COVID-related constraints in the commercial launch of individual new products by our pharmaceutical partners. At the same time, our platform strategy enabled us to secure over thirty additional customer projects, which is a new record. We offer flexible solutions for numerous medical indications. Therefore, our products are suitable for the self-treatment of widespread chronic conditions as well as for the treatment of rare diseases. As a result, we now see the need to expand our capacities faster than we had originally planned. Based on our modular master plan for expansion at the Schwerin site, we are facing this expansion with confidence. Once again, it has become evident that the scalability of highly automated production is an enormous asset that customers value highly. In the past financial year, the expansion possibilities in Switzerland have been largely exhausted.

We were able to initiate industrialisation of the YpsoDose® patch injector. We are developing a complete solution for the patch injector and have entered into a collaboration with Lonza and Schott for this purpose. The complete solution for the patch injector which will allow sensitive biopharmaceuticals to be brought more quickly into the clinical trial phase and thus obtain marketing approval.

Last year, we launched the development of the YpsoMate® Zero – the first completely CO₂-neutral autoinjector. With this product, we are reaffirming our pioneering role as an innovation and technology leader with the ambition of also becoming a leader in sustainability.

Ypsomed Diabetes Care (YDC)

In the segment of Diabetes Care, turnover of the mylife™ YpsoPump® was slightly below the prior year's level due to the pandemic. It was difficult to reach out to people with diabetes through the hospitals and this applied to all markets. As a result, we were able to recruit fewer new users for our insulin pump. However, training of people with pump experience was possible to some extent. In this process, we were able to break new ground and increasingly provide more online and digital training. The new mylife™ Explorer App – an app which simulates the handling of the YpsoPump® in 3D – opened up new approaches for us in this area.

We made efficient use of the time available and substantially improved our offering. In particular, we implemented the technical integration of the Dexcom G6 CGM sensor into our digital therapy management system. This is the first step in our mylife™ Loop™ Program, which we will be rolling out shortly.

We are developing the YpsoPump® further into a digital therapy management system with an insulin pump fully controlled via the smartphone. In the future, this system will also support an algorithm-based, more highly automated insulin delivery. We launched an accompanying information campaign and were pleased to record first positive effects on pump sales.

We are currently preparing the market launch of the YpsoPump® in the USA. We succeeded in concluding a partnership with the US pharmaceutical company Eli Lilly for this purpose. In cooperation with Lilly we will launch our YpsoPump® as part of Lilly's connected therapy system under Lilly's own brandname on the American market. This will accelerate sales of the YpsoPump® without us having to set up an expensive distribution network in the USA ourselves. Instead, we are focusing on the technical development and preparing for approval with the US authorities.

Furthermore, we sold the YpsoPod® development project, thereby reducing our entrepreneurial risks. In addition, we were able to settle the legal dispute with Insulet Corp. Insulet acknowledges the contractually agreed compensation and recompenses Ypsomed for the market development in Europe with a total of USD 41.25 million, as well as waiving its counterclaims. This allows us to focus our resources on further technical development of existing products and on strengthening customer relationships.

Strategic focus in the financial year 2021/22

Some of the effects of the pandemic on society are sustainably positive for our business model. For example, the successful self-treatment of chronic diseases significantly eases the lives of those affected and sustainably relieves the burden on the healthcare system. If we expand our offerings in a digital and connected approach, this will lead to innovative opportunities for opening up new ways of providing domestic therapy care. We will therefore continue to drive forward our growth strategy and intensify digitisation in the coming financial year. To this end, we are continuing to further develop our product portfolio. We have set the following priorities for action over the next twelve months:

- We are accelerating expansion in Schwerin to be able to successfully and reliably commercialise the encouraging strong growth in our order pipeline. And we will evaluate the global expansion of our production sites to further shorten supply chains and to reduce the impact on the environment.
- Our strengthened software development teams are adding digital services to our injection systems, thus driving digitisation in the healthcare sector. We focus on connected solutions that help to sustainably improve treatment adherence and thus the treatment outcomes for people with chronic diseases. To achieve this, we will continue to invest heavily in research and development.
- We are implementing the first two steps of the mylife™ Loop™ Programm: mylife™ Assist and mylife™ Dose. And we are working on the approval of the YpsoPump® in the USA.
- We are implementing a sustainability management system, which we will have certified according to ISO 14001, and are consistently pursuing our comprehensive initiatives to reduce our carbon footprint.



Simon Michel

Simon Michel
Chief Executive Officer

This creates the basis for long-term profitable and sustainable growth. Therefore our medium- and long-term business development assessment remains positive.

Dear shareholders, valued partners and customers, I greatly thank you for your confidence.

Our corporate responsibility

Sustainable value creation

Last year we integrated sustainability as the fourth pillar of our corporate strategy. This has not changed our business practices or our attitudes. The reason being that, we have always been a sustainability-oriented company committed to responsibility for society and have therefore embodied sustainability in our processes and initiatives. What has changed is that we report more comprehensively and more holistically on our commitment and efforts in the area of sustainability than before.

As a company which thinks long-term, sustainable action has always been one of our basic principles. We now view sustainability holistically within all business activities and business units. This means that we do not deal with sustainability in a separate chapter, but address the issues and the commitment to sustainability in our strategic pillars and integrate them into the overall report. The result is a report with a framework of measurable sustainability targets, and their progress is outlined by applying an integrated reporting approach. Here, we are guided by the principles of the Global Reporting Initiative (GRI) and the Sustainable Development Goals (SDGs) of the United Nations.

Further development of the sustainability strategy

Last year, we developed our sustainability programme further into a sustainability strategy. To do this, we first conducted a materiality analysis to determine both the relevance for our stakeholders as well as the business relevance of 24 social, environmental and economic issues. In terms of stakeholder relevance, we surveyed customers, investors, suppliers and representatives from politics and non-governmental organisations. Internal representatives from management and employees assessed the impact of these issues on the company's success. This resulted in a comprehensive overview of the issues which are key to our sustainability strategy.

Our understanding of what is key: "We consider social, environmental and economic issues to be key if they substantially shape the views and decisions of our stakeholders and thus impact the success of our business."

Based on the analysis, we defined the twelve sustainability issues most relevant to us:



Relevance from Ypsomed's point of view

- Innovation & Digital Health**
 - 1 Innovative technologies
 - 2 Digitisation in healthcare
- Access & Expansion**
 - 3 Availability & affordability of healthcare
 - 4 Product quality & safety
 - 5 Patients' health & life quality
- Responsibility & Engagement**
 - 6 Climate change & energy
 - 7 Resource efficiency, cyclability & waste
 - 8 Corporate governance & compliance
 - 9 Human rights
 - 10 Data privacy & security
 - 11 Working conditions & employee satisfaction
- Platforms & Operational Excellence**
 - 12 Long-term profitability

As a company, we have defined responsibilities for the topics, established the goals and introduced measures. As we continuously review their implementation and progress, the topics are firmly embedded in our processes. In our integrated report, we inform on our performance and progress in the twelve relevant sustainability topics and explain how we promote sustainability throughout the company.

Sustainable corporate strategy

Our corporate strategy already focuses on sustainability and contributes to the United Nations' Sustainable Development Goals (SDGs). Our ambitions for 2025 will further increase our commitment.

We strive to play a pioneering role in our industry in terms of sustainability. To this purpose, we examine the environmental, social and economic impact of our value chain on society. Our processes and supply chains are guided by the principles of product stewardship and the closed-loop economy. And we have set ourselves the ambitious goal of becoming Net Zero (net zero carbon dioxide across the entire value chain) by 2040.

In this respect, we attach great importance to acting responsibly towards all stakeholders – also by being profitable in the long term and ensuring that we can sustainably make our system-relevant contribution to society. The launch of the development of the world's first CO₂-neutral injection device, the YpsoMate® Zero autoinjector, is testimony to the fact that our ambitions in the field of innovation and our strategic pillars are mutually supportive and rewarding.

201

stakeholders participated in the materiality analysis (169 external/32 internal)

Our integrated sustainable strategy

	Our impact	Sustainable Development Goals (SDGs)*
 Innovation & Digital Health	<ul style="list-style-type: none"> Innovative and evidence-based healthcare Digital therapy management and optimal therapy outcomes Advanced solutions in our industry (technology leadership) 	  
 Access & Expansion	<ul style="list-style-type: none"> Establishing as a global provider of self-medication Access to innovative medicines and biosimilars Improving patients' quality of life 	  
 Responsibility & Engagement	<ul style="list-style-type: none"> Reduction of environmental footprint Fostering of circular economy Acting responsibly towards employees, partners and society 	         
 Platforms & Operational Excellence	<ul style="list-style-type: none"> Reduced risk and short time to market Cost leadership due to scaling effects Lean management and agility 	 

* See sdgs.un.org/goals

Our investment in research and development is above average.

When developing our new technologies, the focus is on added value for those affected, the customers and society.





Ongoing development and digitisation of the portfolio

Digitisation has also conquered the health care system. The Corona pandemic is also accelerating this trend as it lessens resistance to new solutions and demonstrates their benefits. We regard ourselves as an innovation leader in our market. We defend this position through product innovation in regard to the handling, the materials as well as the application capabilities of our devices. In addition, we want to continue shaping the market by expanding our portfolio with digital solutions for successful therapies.

Highlights 2020/21

- 15 % of our employees work in research and development
- Establishment of a software development hub in Barcelona
- Launch of the mylife™ Loop™ Program for YpsoPump®
- Red Dot Award for SmartPilot™ UnoPen™

246

in-house employees in research and development

Innovation for easy self-medication and quality of life

“Innovation & Digital Health” embraces the consistent further development of our products and services to continue to assert ourselves as an innovation leader. Furthermore, we are also expanding our portfolio with digital services. We are convinced that the future of self-medication will rely heavily on networked devices and data-based systems as digital assistants.

Millions of people with chronic diseases use our products for self-medication purposes. We already have a portfolio of networked devices that make self-medication easier for users. These devices, together with our SmartServices, form the basis for new care and support models which help to relieve the burden on the healthcare system and make it more efficient. For the treatment of diabetes, we have a digital ecosystem that is currently making a significant leap forward towards more automated insulin therapy.

As a manufacturer of injection and infusion systems, we believe it is our duty to play a pioneering role and actively shape developments on the market. This includes the ongoing improvement and adaptation of existing products, as well as the development of new technologies and additional services, such as therapeutic monitoring and active therapy support. This enables us to both offer our pharmaceutical customers as well as our end customers additional options in the management of therapies.

Digitisation at Ypsomed

Digitisation changes the demands of patients and influences their behaviour. It also offers the opportunity to gain a deeper understanding of specific therapy needs and demands from the data. At the same time, digitisation promotes a new understanding of the stakeholders' roles.

For us, digitisation means:

- application of digital technologies to increase therapeutic success
- collaboration with partners outside traditional industry boundaries
- creation of new mechanisms for patient interaction with users and stakeholder integration

Even though the requirements of our customers in the areas of Delivery Systems and Diabetes Care differ, they have one thing in common: Everyone benefits from networked, intelligent platforms which help to improve adherence to therapy and the quality of therapy: the users, healthcare professionals, pharmaceutical companies, healthcare systems, health insurance funds, society and, last but not least, the environment.

Digital eco-systems for self-treatment:

- improve the quality of patients' life
- facilitate self-therapy as well as accompanying remote therapy
- enable therapy monitoring for users, physicians and caregivers
- make it easier to access healthcare anywhere and anytime
- improve overall therapy adherence, which improves therapeutic outcomes

Innovative technologies and solutions form integral parts of Ypsomed's endeavours. This is why we are increasing our efforts, particularly in the development of innovations and the expansion of technical expertise. Owing to our active patent strategy, we are the technology and innovation leader in the industry. A position we are continuing to strengthen. And in doing so, we ensure that our products and services always offer added value.

Ambitions 2025

- Our innovative and smart solutions for self-medication improve adherence and increase therapeutic success.
- At least 200 000 patients make use of our smart solutions.

SDGs



Performance, KPI	2019/20	2020/21	Target 2025/26
Number of active users of smart solutions	20 300	27 800	200 000
Total R&D staff (number)	179	246	
Patents (number of first applications)	24	25	
Patents (number of invention disclosures)	33	44	



Becoming a provider of solutions for better therapeutic outcomes

We are expanding our portfolio to include digital services that support patients in their self-medication and their therapy. We strive for regulatory-approved solutions that improve treatment quality and adherence, enhance quality of life and reduce the burden on the healthcare system. Ypsomed is in an excellent position to take on a leading role in this promising environment.

Self-treatment is becoming commonplace – and more so in the future due to comprehensive digital health solutions for people with chronic illnesses as well as for medical staff and pharmaceutical customers. Efforts to improve patient adherence, in other words treatment compliance, will shape and change the development of therapy management applications over the coming years. After all, successful autonomous therapies offer benefits to users and providers alike and relieve the burden on the healthcare system in the long term. As a manufacturer of medical devices for the subcutaneous administration of liquid medications, we are integrated into the everyday lives of the people affected.

Our SmartDevices, such as our Diabetescare products based on the mylife™ YpsoPump® insulin pump, are already helping people with chronic diseases to manage their therapy more easily and better. And as integrated therapy management benefits everyone, we are already developing approaches and solutions which can further improve the long-term success of therapy.

Digitally supported therapies offer a definite added value: For example, electronic symptom management has been shown to increase the survival rate of cancer patients. Furthermore, the new approaches shift treatment from the hospital to the patient at home. This benefits both patients and health insurance companies: instead of spending two days in hospital as an inpatient, the patients can treat themselves at home. The physician has access to the patient's therapy behaviour via the cloud and can closely monitor the course of therapy. Health ministries have also embraced this trend. In 2019, for example, Germany laid the foundation for the "App on prescription", the first application being an orthopaedic app. Germany has thus paved the way for statutory health insurers to cover the costs of selected digital health applications. This has proven to be a valuable tool in caring for people. And while a market for purely digital health support is emerging, we are working to expand the options and capabilities of our established products via linking and integrating them with digital solutions.

Positive effect on behaviour

People with chronic illnesses are encouraged to take regular medication and make lifestyle changes, such as exercising more or eating a healthier diet, according to their treatment plans. The therapy of these individuals can be followed in a connected manner if they consent to a structured process to record important therapy data in strict compliance with data protection and all legal requirements.

The medication is automatically recorded by the injection device and sent to a connected cloud solution via a direct wireless connection or a mobile phone. The relevant data are collected there, and this enables the physician to accurately assess therapy behaviour and interpret meaningful patterns. A basic prerequisite here is a technical design which is as simple and intuitive as possible for the user.

The decisive step from documentation to intervention is that the attending physician can intervene if necessary and adjust the therapy. Integrated, connected therapy solutions are characterised by the fact that users are provided with therapy suggestions directly on the basis of the data, thereby promoting desirable behaviour.

Digital therapy support

Particularly in chronic diseases, it is not always easy for those affected to adhere to the discussed therapy. This is especially true when the symptoms subside in phases, when hope of a symptom-free life arises, and the patient fails to recognise the value of adherence to therapy. Nowadays, patients and their attending physicians increasingly meet at eye level. To achieve better results together, they communicate with each other. This is because successful therapy includes communication, agreements and treatments. Adherence entails that patients adhere to agreements, such as behavioural changes, to appointments, and to the specified intake of medication.

Although adherence to therapy is enormously important for the success of treatment, and patients are fully aware of this, there are reasons why insights and action do not always correlate. The World Health Organisation identifies five factors which influence adherence: patient-related

factors, disease-related factors, socioeconomic factors, medical and care factors, as well as treatment-related factors.* In virtually all of these cases, improved communication as well as ongoing active support can have a positive impact on people.

Simple, intuitive and integrated solutions improve patient adherence. By showing when, how and whether the therapy was applied correctly, the system intervenes positively and stimulates the patients' behaviour. This creates a win-win situation which benefits all the stakeholders involved:

- Patients, who follow their therapy correctly and are therefore healthier. Long-term harm caused by incorrect therapies is reduced.
- Health insurers, whose costs are reduced when therapies are more successful. For example, in diabetes, about two third of the healthcare costs in the USA accrue solely for the inpatient treatment of late effects of poorly managed therapies.
- Our pharmaceutical customers, who can provide medicines according to the complete therapy plan.
- The environment, as half of the medications are no longer simply disposed of instead of being administered due to discontinued therapy or forgotten administration, as is currently the case.

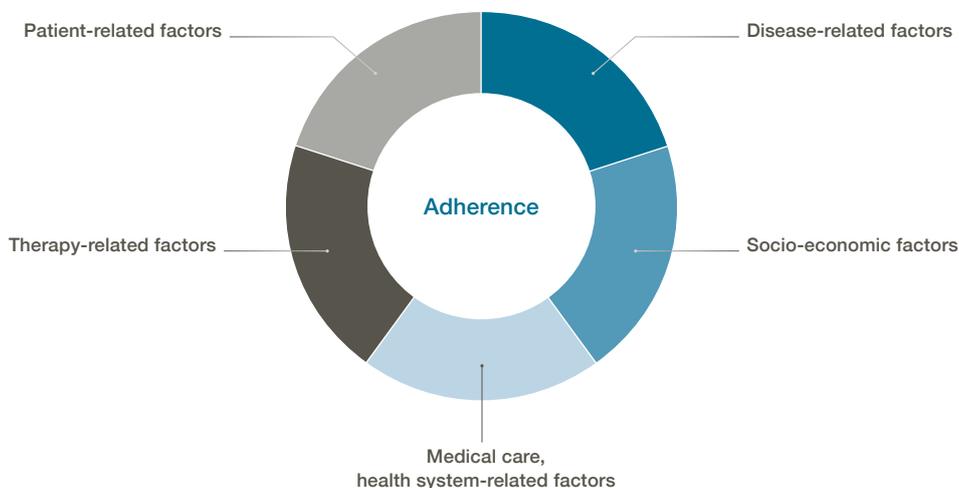
What we already achieve for people with diabetes, is what we want to make possible for people with other chronic diseases. In this context, our focus is primarily on our pharmaceutical customers in the Ypsomed Delivery Systems business segment, to whom we want to offer a reliable product with additional digital services. We are

committed to advancing our products and solutions into digital companions to help achieve optimal therapeutic outcomes for the benefit of society as a whole. By doing so, we consistently pursue our strategy.

Advancing market leadership

An integrated SmartServices therapy solution is strategically valuable for Ypsomed as it brings us closer to the user, opens up additional potential and generates social benefits. This helps us to consolidate our market leadership in our core business and, on this basis, to position ourselves as a system provider for connected device and digital solutions. The transition from a provider of medical devices to a provider of solutions for more successful therapy allows us to build on our strengths and products and to extend their benefits. As a manufacturer of devices for administration, we are physically very close to the patient. Our devices offer opportunities for making therapy more successful for patients and for reducing the subsequent costs to society. The healthcare system is increasingly under cost pressure due to an ageing population as well as the prevalence of chronic diseases. Evidence of treatment quality and adherence is therefore becoming increasingly invaluable. With our SmartDevices, we are in an excellent position to help shape this attractive market.

The five factors that influence adherence according to the World Health Organisation



* Sabaté, E. Adherence to Long Term Therapies Project. Adherence to long-term therapies: Evidence for action. World Health Organisation (Genova 2003).

**Our products help improve
medical care for people
with chronic diseases globally.**

We wish to serve the widest possible
range of medical indications to
make life easier for affected people.





Access to easy and high-quality self-medication

Our growth strategy benefits both our company as well as society. This is because products for self-medication and services for improving the success of therapy optimise the therapies of chronically ill people and thus significantly relieve the burden on the healthcare system. Our products also facilitate treatment because they are easy and safe to use.

Highlights 2020/21

- Cooperation with Eli Lilly concluded for market entry of the YpsoPump® in the USA
- Cooperation with Lonza and Schott started to provide total solution for YpsoDose®
- Strong growth in customer and project portfolio for injection systems in key indication areas

6.4 Mio.

people use our solutions

Access to healthcare

“Access & Expansion” is our credo to help people access self-medication and medical care. We also pursue this ambition through growth, which enables us to reach more people with our injection devices for safe and easy self-medication. The reason being that self-medication fundamentally facilitates and improves the possibilities of medical care. The formulation of innovative medicinal products for subcutaneous injection, instead of intravenous infusion, allows for self-treatment in more and more indications. And the use of generic versions of expensive originator drugs or so-called biosimilars makes therapy more cost-effective and thus accessible to a larger group of patients. In the segment of Delivery Systems, our pharmaceutical customers distribute our products worldwide. We market our Diabetes Care products directly through subsidiaries and distributors in over 40 countries.

219

users took part in 19 formative usability studies

The demand for reliable and easy-to-use injection systems for self-treatment of chronic diseases is increasing steadily. Our platform products enable us to meet different customer requirements and to make products available for clinical trials as well as the market in a very short time. As an independent manufacturer, we have relevant market shares in several therapeutic areas. Owing to our flexibility in production, we are also able to satisfy smaller customer orders or start-up companies and thus make a significant contribution to the treatment of rare diseases involving small patient numbers.

Quality of life and product quality

The high quality of the products and their ease of use play a major role in ensuring that the application of our solutions brings both benefits and relief. Successful self-medication requires that our products are safe and reliable, easy and intuitive to use, and that erroneous manipulation is impossible. This is why we place great emphasis on design, haptics, ergonomics and usability during development. In this process, we incorporate the insights we gain from focus group testing and surveys during both the concept and development phases.

Product quality and safe application are key for us in delivering our vision. For this reason, we have a comprehensive system of processes to continuously improve and ensure quality and safety.

Our management system complies with the worldwide regulations for medical devices according to US 21 CFR 820 and is certified according to ISO 13485:2016 (EU + Canada) and EU Directive 93/42/EEC and therefore also according to the Medical Device Single Audit Program (MDSAP). At Ypsomed, compliance with these regulations and standards not only means implementing a quality system, but also ensuring that quality-oriented thinking is a core component of our corporate philosophy.

Our quality system is reviewed systematically every year during numerous audits by customers and regulatory authorities.

100 %

of the external audits in 2020 were without significant findings

Ambitions 2025

- We enable self-medication solutions for over 10 million people.
- Our devices serve treatments in over 25 indications.
- Our medical technology products are the most user-friendly on the market.

SDGs



Performance, KPI	2019/20	2020/21	Target 2025/26
Access to healthcare			
Reached people with Ypsomed products (millions)	6.1	6.4	10.0
Indications served (number)	18	21	25
Biosimilars (number of products)	33	48	55
Injection systems for original preparations (number of medicines)	36	42	50
Product quality and safety			
Audits of production sites by external parties (number of audit days)	137	73	
Audits by external parties without significant findings (%)	79	100	
Supplier audits (number of audit days)	23	19	
Product recalls (number)	0	0	



Market launch in the USA

Partnership with Eli Lilly and Company

We have entered into a strategic partnership for the distribution of the YpsoPump® with the US pharmaceutical company Eli Lilly and Company. Together with Lilly's rapid-acting insulins, we are bringing the best possible integrated therapy to the US market. Lilly has exclusive rights to the YpsoPump® in the USA and a non-exclusive option for most other countries, except those where we have exclusive agreements with distributors. Ypsomed plans to submit a version of the mylife™ YpsoPump® for clearance to the U.S. Food and Drug Administration for use in automated insulin delivery in 2022. The partnership with Lilly secures Ypsomed access to the largest insulin pump market without having to establish its own sales structure there.

Therapy meets Medtec – An independent entry into the large US market would have required us to invest heavily in building up a sales organisation over many years and would have committed considerable resources. Our cooperation with Eli Lilly enables us to launch the YpsoPump® as part of Lilly's connected therapy system under Lilly's own brandname. This collaboration is innovative in that it brings together an insulin manufacturer and an insulin pump manufacturer who share the same vision – to make life easier for people with diabetes. In addition to the synergies and development potential, the cooperation therefore creates significant user benefits by not only bringing the components together, but also optimising their joint impact. And we are already working on this together with Lilly. We are both well aware of how complex and also stressful daily diabetes management can be for those who are affected.

Although technical innovations offer new, interesting options, they can also add to more complexity in handling. And this is where Lilly takes its lead from, with the integrated system for automated insulin delivery, which has our pump at its core: bringing together the best possible components, optimising their integrated function and improving the quality of diabetes treatment.

The Indianapolis-based pharmaceutical company Eli Lilly is one of the world's leading suppliers of insulin and the largest diabetes care company per se. Together with Lilly, we are working on the future of insulin pump systems with highly automated, autonomous insulin delivery. Lilly Connected Care is designed to provide patients with optimal support throughout their therapy and also to offer physicians a uniform platform for improved support in therapy. The design of the insulin pump is intended for the 1.6ml prefilled cartridges of Lilly's rapid-acting Humalog® and Lyumjev® insulins. The fact that a world market leader is partnering with us in its plans for a connected system for diabetes clearly signals that our pump is one of the best and that major global players also value our expertise in the development and integration of diabetes care products.

The collaboration with Eli Lilly accelerates our sales of the YpsoPump® worldwide. But it also shows that our development programme for the pump – the mylife™ Loop™ Program – is the right way forward, both from a technological and a commercial perspective: smartphone control, cloud connectivity, CGM integration and better algorithms are the future of insulin therapy – and together with Lilly, we are now helping to shape it globally. Lilly's distribution network is an important vector for volume sales in this regard. One of the prerequisites for this is our manufacturing capacity, which we have built up for the production of the new generation of the YpsoPump® Orbit® infusion set 2.0. This enables us to meet the increased demand and confirms that our automated production can cope with the highest of challenges.

Our pump system with the Lilly's own brand for the USA and the mylife™ brand for Europe and other countries

We are preparing the approval of the YpsoPump® insulin pump system with the US Food and Drug Administration (FDA). We plan to submit the required regulatory documents in 2022 together with the CGM connection of the G6 sensor of our partner Dexcom. In a second step, we will complement the approval of our system with an algorithm (AID) for higher automated insulin delivery.

The cooperation provides for the exclusive marketing of the YpsoPump® product portfolio in the USA under Lilly's own brand. In other words, Lilly assumes responsibility for market access, marketing, user training and first-level support, while Ypsomed acts as the regulatory marketer and primarily drives development. The partnership also grants Lilly an option to distribute in numerous markets outside the USA.



More quality of life due to integrated pump therapy

In the mid-term, Eli Lilly will offer its American customers a diabetes therapy system which takes automated insulin delivery to a new level. The very core is the Ypsopump®, which is connected to the Dexcom G6 CGM system and to a sophisticated algorithm via the pump app. The pump app serves as a fully comprehensive therapy cockpit for insulin pump therapy, which can be used discreetly in everyday life. This integrated app solution calculates the dosing values directly based on the CGM data and performs very reliably. The objective is to offer people with diabetes more options to manage their therapy and thus improve their quality of life and lessen the psychological burden of diabetes. In the words of Kevin Cammack, Head of Connected Care at Lilly, “People who use insulin, like healthcare professionals, need simple and effective tools to improve treatment. The highly automated insulin delivery system that Ypsomed is developing offers promising possibilities which will help meet the need for better therapy.”

Our competitiveness has been confirmed yet again

The conclusion of the partnership with Eli Lilly demonstrates the strength of our diversified product portfolio, which is based on over 35 years of experience in development. The partnership with Eli Lilly is proof of our competitiveness and opens up a huge market with interesting options. And it brings us closer to our vision of self-therapy becoming a natural part of our lives. We have therefore developed an insulin pump which is easy to learn and simple to operate. In the future, we will be able to support people with app-based insulin management, CGM data and therapy-supporting algorithms. Owing to the partnership with Lilly, we are taking the next important step towards a comprehensive therapy platform. By doing so, we are consequently pursuing the path we set ourselves in 1984 with the market launch of the world’s first micro-insulin pump.

We are committed to acting responsibly towards our employees, our partners and society.

We strive for a closed-loop economy and to reduce our carbon footprint.





Responsible towards the environment, partners and employees

We are a value-based company and feel committed to society as a whole. That is why we take responsibility for the environmental, social and societal impact of our actions and strive for long-term and sustainable development. And in doing so, we are open, fair and respectful towards customers, partners and employees.

Highlights 2020/21

- Launch of the development of the YpsoMate® Zero, the first CO₂-neutral autoinjector worldwide
- Reduction of fossil fuel consumption for heat by 6 %
- Calculation of the corporate carbon footprint across the entire value chain and the resulting long-term climate targets
- Very high values for satisfaction, identification and loyalty in the employee survey
- Sensitisation training on information security introduced for employees

By “Responsibility & Commitment” we mean our social responsibility in environmental protection, the promotion and development of employees, as well as ethical behaviour as individuals and as a company.

The healthcare sector has a significant environmental footprint. Self-medication products such as pens and autoinjectors, which are used in the treatment of a wide range of chronic diseases, are also contributors.

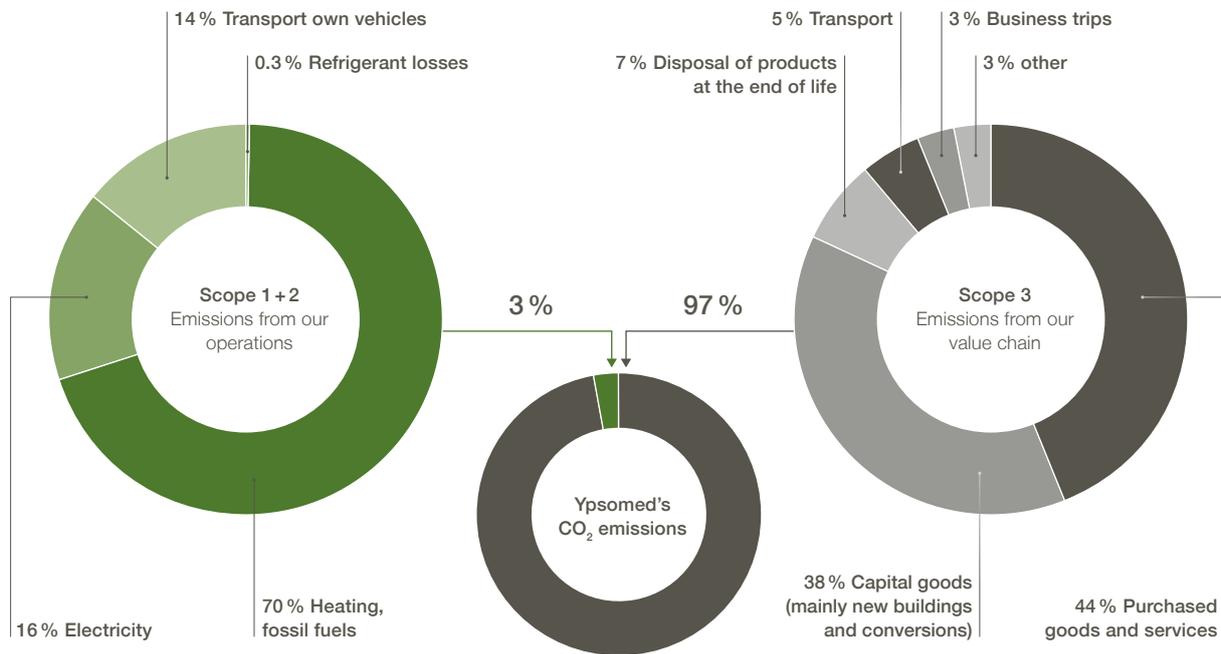
Our commitment to environmental protection is guided by the principles of product responsibility and the closed-loop economy. We strive for optimisation across the entire life cycle of the products as well as across the entire value chain of the company. This begins with development, continues with procurement and production, and extends to packaging as well as use by the users, and finally to disposal and recycling.

Product responsibility and the closed-loop economy

We take on product responsibility by minimising the undesirable effects of our products and services on health, safety and the environment throughout the entire product life cycle. We put the closed-loop economy into practice by developing products which minimise waste and emissions, which use fully or partially recyclable and renewable raw materials, and which protect the climate. Furthermore, we make efficient use of the energy necessary.

We implement these measures while at the same time fulfilling the most important demands on medical technology: high quality, patient safety as well as user-friendliness. As a large part of our environmental footprint is generated outside our facilities and processes, we have networked with our partners to jointly address these challenges.

Corporate carbon footprint



Climate and energy across the value chain

Our corporate carbon footprint, calculated for the first time in 2019, has shown that our own greenhouse gas emissions from heat and electricity consumption (Scope 1 and 2) amount to just 3 % of total emissions. 97 % of the CO₂ emissions however, come from the upstream and downstream value chain (Scope 3). The largest share is accounted for by purchased materials (in particular plastic granulate and transport containers), by the new buildings in Schwerin as well as by the conversion and expansion projects in Burgdorf and Solothurn realised in 2019. Therefore, it is crucial for us to work with our partners to tackle emissions where they occur.

The realisation that the materials we procure create the largest share of our carbon footprint inspired the development of the YpsoMate® Zero. According to the ecological product lifecycle balance, 95 % of the CO₂ emissions of the YpsoMate® are caused by the production of raw and packaging materials (in particular plastic granulate) as well as their disposal. The YpsoMate® Zero, launched in 2020, is the world's first CO₂-neutral autoinjector. It is CO₂-optimised due to the use of alternative, sustainable plastic and the packaging material. The YpsoMate® Zero exemplifies our approach: reducing emissions by substituting the materials used, reusing the packaging materials and compensating for the remaining footprint.

Our long-term climate milestones are derived from the results of the corporate carbon footprint as well as from the importance of upstream and downstream emissions.

- By 2030, we aim to achieve net zero operational CO₂ emissions (Scope 1 and 2) in our operations.
- By 2030, a selection of our products should meet net zero CO₂ emissions (Scope 1 to 3).
- By 2040 at the latest, we aim to achieve net zero CO₂ emissions across our entire value chain (Scope 1–3).

In the Ypsomed action plan, we specify these ambitions with concrete short- and medium-term reduction targets, taking into account scientific guidelines (in accordance with the Science Based Targets initiative, SBTi) and across the entire value chain. We have already signed an SBTi declaration of intent.

97 %

of the CO₂ emissions in our corporate carbon footprint come from the upstream and downstream value chain (Scope 3)

Climate and energy in operations

80 %

less natural gas consumption and CO₂ emissions due to the heat pump at the Solothurn site

In future, we wish to obtain electricity exclusively from 100 % renewable energy with guarantees of origin or from solar plants. Already today, our electricity mix is virtually CO₂-free. We have been reducing the energy consumption and CO₂ emissions of our plants and production sites for many years now. In 2017, we have been awarded the “Energy- and CO₂-reduced” label of the Energy Agency for Industry (EnAW), with which we have committed ourselves to binding targets. The heat pump installed in Solothurn makes a significant contribution here. In addition, we only purchase the latest generation of injection moulding machines, which consume 36 % less energy than conventional machines.

In the past financial year, we switched shipping of our infusion sets from Mexico from air freight to sea freight. We are also working on making our fleet of vehicles more environmentally friendly. In addition, we also offer employees free electricity for their hybrid or electric vehicles. We promote environmentally friendly cycling with parking spaces for e-bikes with electric hook-ups. Bicycles are available for free use at all sites and the “Bike to Work” programme has been motivating employees to use bicycles for many years. We also promote public transport with a free voucher for public transport for all employees in Switzerland and free general season tickets for our approximately 60 apprentices. These promotional measures are effective: over 30 % of employees at the Swiss production sites travel to work by public transport or bicycle.

Ambitions 2025

- Reducing the ecological footprint by promoting product stewardship and the closed-loop economy.
- Reducing our operational as well as upstream and downstream greenhouse gas emissions (according to the Science Based Targets initiative).
- Progressing towards net zero greenhouse gas emissions by 2030 for operational emissions and by 2040 for the entire value chain.
- Meeting the target agreement for energy efficiency (115 %) and CO₂ intensity (55 %) as specified with the Energy Agency for Industry (EnAW) for the Swiss sites.
- Using electricity from 100 % renewable energy.

SDGs

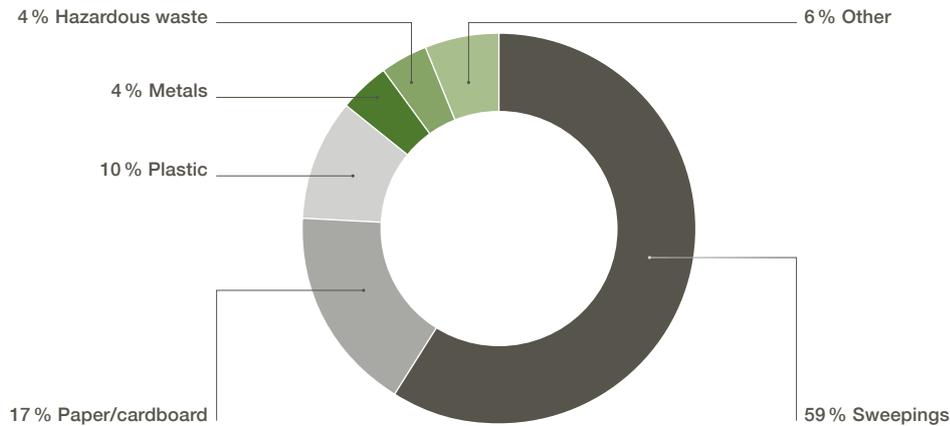


Performance, KPI	2019	2020	Target 2025
CO ₂ emissions, Scope 1, 2* (t CO ₂ -eq)	3920	3385	
CO ₂ balance, Scope 3* (t CO ₂ -eq)	114089	n.a.	
Energy efficiency** (%)	109	111	115
CO ₂ intensity** (%)	55	38	55
Specific energy consumption (MWh per t processed plastic granulate)	8.5	7.6	
Specific energy consumption (kWh per machine hour)	58	49	
Specific CO ₂ emissions (kg per t processed plastic granulate)	213	128	
Specific CO ₂ emissions (kg per machine hour)	1.5	0.8	
Electricity from 100 % renewable energy (%)	6	6	100

* CO₂eq emissions according to Greenhouse Gas Protocol, see illustration p. 29, scope 3 value only collected for 2019.

** According to target agreement for the Swiss sites with the Energy Agency for Industry (EnAW).

Waste at Ypsomed according to categories



Recycling and waste

Regulatory requirements and the high quality demands require extensive test runs, which inevitably generate rejects in our plants. However, we try to minimise waste and rejects as far as possible and constantly increase the proportion of recycled waste at our production sites. In the past financial year, our recycling rate was 31 %. Since 2020, we have been able to recycle an additional 50 tons of plastic by collecting it separately and sorting it by category.

The principles of product stewardship and the closed-loop economy apply both to the directly generated waste as well as to the product life cycle. We are currently implementing a return and recycling system for the mylife™ YpsoPump®. Insights into the carbon footprint, have led us to implement an eco-design process for development. This promotes the use of sustainable materials and improves the recyclability and reuse of products.

Ambitions 2025

- Promoting product responsibility and the closed-loop economy within our company and in cooperation with our partners.
- Establishing an eco-design process and optimising a selection of products accordingly.
- Reducing waste and increasing recycling of products and operational waste.

SDGs



Performance, KPI	2019	2020	Target 2025
Amount of waste total (t)	965	1010	
Specific amount of waste (kg per t processed plastic granulate)	284	246	200
Specific amount of waste (kg per machine hour)	1.95	1.59	
Waste per disposal process (t)			
Recycling	286	319	
Incineration plant	619	657	
High-temperature combustion	52	44	
Landfill	8	1	
Proportion of total volume recycled (recycling rate) (%)	29.5	31.1	40

YPSOMED

Employee support

Ypsomed employs a staff of 1824 qualified people, 1301 of them in Switzerland. This makes us the third largest employer in the medical technology sector in Switzerland.

Ypsomed’s employees have attractive and future-oriented job and development opportunities. The company uses a structured talent management process to identify potential and consistently develop skills further. It supports young talents and trains around 60 apprentices in twelve professions. Approximately 80 % of all apprentices take up a position with Ypsomed after completing their apprenticeship. In the “Leading for Future” leadership development programme, employees develop the leadership skills that Ypsomed needs to remain successful in the future.

100%

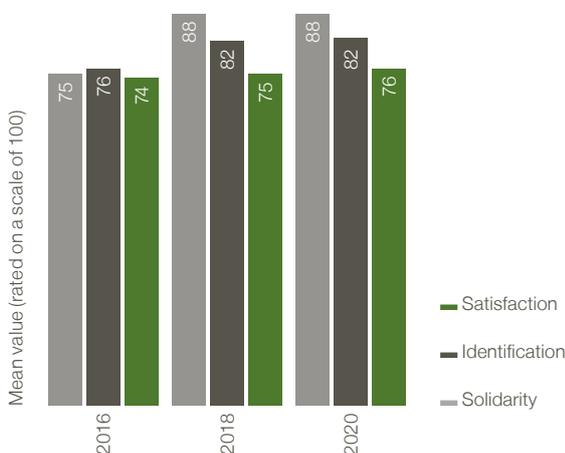
of Ypsomed’s managers included in the development programme

The promotion of employee diversity and the inclusion of different groups of people (age, gender, nationality, etc.) are important cornerstones of Ypsomed’s personnel policy. Ypsomed consistently implements gender equality and ensures equal pay between men and women: that means, equal pay for the same job for the same experience and the same contribution to the company. This objective has been achieved for several years, as regular external and audited salary analyses have shown.

Ypsomed offers optimal working conditions to protect the safety and health of its employees. All plants, buildings and work processes are equipped with protection and safety concepts and are subject to strict inspection and control protocols. The organisation is prepared for emergencies, both operationally and organisationally. Different offers and information at work and for leisure promote health and well-being. A new programme is WE@Ypsomed, which supports employees and fellow citizens in the areas of health, culture and sustainability. The aim is to allocate Ypsomed's sponsorship budget primarily to our employees, who are committed to internal and external projects.

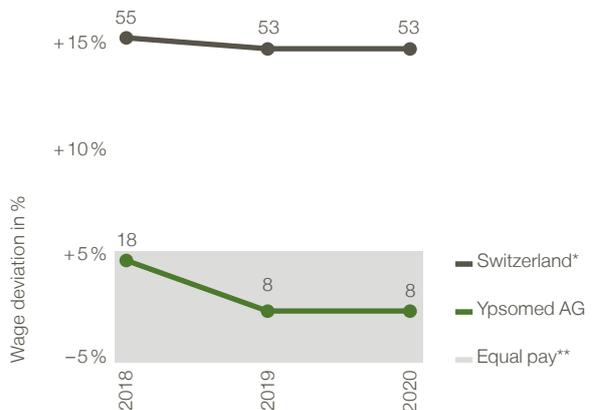
The multifaceted activities for employee development strengthen job satisfaction, identification and solidarity with the company. The employee survey 2020 confirmed the positive trend of recent years: In the categories “satisfaction”, “identification” and “solidarity”, the values continue to remain at a very high level.

Employee survey



Equal Pay Day

The woman’s additional working days to reach the same wage level as the man.



* Data from BPW Switzerland.

** Equal pay applies within the tolerance threshold of 5% (according to the Federal Office for Gender Equality).

Ambitions 2025

- Diversity and inclusion: increasing the proportion of women in administration, management and in executive positions, including different groups of people (age, gender, nationality).
- Leading the way in employee involvement and empowerment in our industry (employee commitment).
- Ensuring leadership skills in a complex, global and digital environment.
- Strengthening employer branding.

SDGs



Performance, KPI	2019/20	2020/21	Target 2025/26
Employee survey, satisfaction* (points 0–100)	75	76	80
Employee survey, identification* (points 0–100)	82	82	80
Employee survey, solidarity* (points 0–100)	88	88	80
Leadership development, leaders enrolled for programme (%)	100	100	100
Talent liquidity, positions filled in-house (%)	28.6	18.2	30
Fluctuation rate**** (%)	5.0	6.6	7.0
Equal pay, unexplained pay gap of women**/**** (%)	–2.1	–2.1	5
Gender diversity, share of women Board of Directors (%)	0	0	30
Gender diversity, share of women Executive Management (%)	13	13	20
Learning support, training budget per employee*** (CHF)	1200	900	
WE@Ypsomed, Budget for Corporate Social Responsibility*** (CHF)	150000	175000	
Share of trainees among employees (%)	3.0	3.4	3.0

* Values collected every two years, see illustration p. 33.

** Survey according to methodology recognised by the Confederation. Equal pay applies within the tolerance threshold of 5 %.

*** Effect of blended learning (mixture of virtual and traditional forms of learning) by Corona.

**** Data for Ypsomed AG.

Integrity

Corporate Governance and Compliance

With a high level of performance in all our activities and honest, open and responsible conduct, we strengthen the trust placed in us by our customers, business partners and shareholders.

We foster an open, honest and transparent corporate culture and communication. Since our foundation, our vision and mission have been shaped by the interests of our customers, employees and shareholders, as well as by the legitimate interests of authorities, society and the environment. We pursue sustainable corporate development, which also includes the ability to constantly adapt to the environment and to be open to change and adaptation. At the same time, we respect the different regional cultural and social rules in accordance with the applicable legislation.

Our Code of Conduct sets out the framework for ethical behaviour in our company. We are committed to treating employees, customers and business partners honestly, fairly and with respect. We refrain from any kind of discrimination and harassment and other inappropriate behaviour in the working environment such as corruption and unfair competition. We are committed to health and well-being, respect and integrity, openness and responsible behaviour in our daily actions and decisions in the company.

The Code of Conduct is an integral part of the employment contract and regular training is provided. All employees are responsible for complying with the applicable legislation and consistently implementing our principles and values.

Data and information security

As a globally active company, we comply with the laws and regulations on data protection and data security of the countries in which Ypsomed operates. Our processes and procedures regarding data protection and data security are standardised across the group and meet a high level of personal data protection. By doing so, Ypsomed protects the freedom of self-determination of the affected persons even in countries without adequate data protection rights.

The technical and organisational actions we take to protect the company’s confidential information include actions for the confidentiality, integrity, availability and robustness of the systems and services. We aim to align our information security management system with the level of ISO 27001 to meet the increasing needs in this area.

Our efforts and the implementation of actions in the area of data protection are analysed and assessed annually in a data protection report. The report prepared for this financial year attests Ypsomed an average to good status with regard to activities and compliance with legal requirements.

87 %

of the employees have received data protection training

Responsible supply chain

We also demand responsible behaviour from our suppliers towards employees, society and the environment. Our Code of Conduct for Suppliers specifies all requirements. In concrete terms, we expect our suppliers to act ethically and with integrity, to respect internationally recognised human rights and to treat their employees with dignity and respect. We also expect suppliers to ensure the health and safety of their employees and other affected persons and to protect the environment. We only consider suppliers who have systems in place which enable them to demonstrate compliance with laws as well as with our principles.

The Code of Conduct for Suppliers is an integral part of our supply contracts. We are implementing a new sustainable procurement programme to ensure a high social and environmental standard of responsible business conduct among our suppliers. Supplier commitment is imperative for us to achieve our sustainable product and value chain objectives. Encouragingly, 29 % of the relevant suppliers already have an ISO 14001-certified environmental management system.

29 %

of relevant suppliers have an ISO 14001-certified environmental management system

Ambitions 2025

- Consistently ensuring responsible behaviour towards our employees, partners and society.
- Increasing the level of employee training on the Code of Conduct to 100 % across the Group.
- Strengthening Corporate Governance / Good Governance within the company.
- Increasing the level of employee training with regard to security awareness and data protection to 100 % across the Group.
- All our relevant suppliers are part of our sustainable procurement programme.

SDGs



Performance, KPI	2019/20	2020/21	Target 2025/26
Code of Conduct, percentage of employees trained (%)	83.7	84.4	100
Security awareness training, percentage of employees (%)	0	72.5	100
Data protection training, percentage of employees (%)	85.5	85.5	100



Empowering employees for transformation

Ypsomed is gearing up for the challenges of the future. As we move towards this goal, we are broadening our culture of responsibility to one of self-responsibility with simultaneous flexibility. To do this, we are developing a shared self-image of company-wide collaboration, leadership and mutual support, which will enable us to master the future challenges in a self-determined manner.

We are driving the digitisation of our products to further improve patients' quality of life with a comprehensive range of therapeutic options. At the same time, we need to be able to deal flexibly with future changes in the market and adapt our offers to changing customer needs – or better still, always be slightly ahead. This requires the willingness, the capability and the freedom to recognise opportunities for change and to unleash their potential, which in turn requires self-responsibility, courage and confidence – qualities that, when practiced in a self-determined manner, can develop their full impact. This is because self-responsibility both strengthens motivation and promotes open-ended thinking and action. Ypsomed accompanies its employees at all stages of this transformation process to be fit for the future. The Leading for Future programme promotes an understanding of leadership for the future and has been developed jointly by managers at all levels. The managers acquire the necessary skills to master the complexity of the future in a self-determined manner on the basis of business-relevant and specific challenges – so-called business challenges – to further advance our competitive edge.

We are flexible: So we work independently of location and time



“We are equipping ourselves to meet the demands of an ever-changing market environment and are consciously taking advantage of the many learning opportunities to meet the challenges of the future.”

Michael Zaugg, Senior Vice President Human Resources

Transformation and values

Our strategic cornerstones – growth, innovation and digitisation, cost leadership, and sustainable management – require us to be prepared to embrace new ideas and, at times, to break with cherished habits. This affects the corporate culture and changes the way we work. And here we rely on common values to guide us. Our values are responsibility, honesty, openness to new things, customer orientation, commitment and quality. We believe that responsibility is a conscious attitude towards customers, colleagues and shareholders in the immediate context, and towards society and the environment in the wider context. We stand up for what we do and what we consciously do not do. By practicing honesty, we promote an active error culture. We express praise and criticism openly. We are open to new things and seize every opportunity to learn, the objective being to constantly improve. This is why we regard change as an opportunity. These values empower us to succeed in the face of international competition. At the same time, we are proud of our origins and of our achievements. That is why we also stand firmly by our traditional values of customer focus, commitment and quality. There can be no question that in the future we wish to remain the reliable partner our customers are accustomed to.

Management principles and skills

Our further developed understanding of leadership is reflected in our formulated leadership principles. As managers, we want to shape the future in a results-oriented, focused, entrepreneurial, trusting, strength-based and confident manner. In so-called Business Challenges, managers take up challenges they wish to resolve. In the process, they work interdepartmentally and measure their progress with the objective of strengthening their leadership role. When they radiate confidence, they transfer their positive attitude to the teams for which they are responsible. Our understanding of leadership and work also requires new skills. These are set out in a four-stage skills model: from “Run Business”, in other words the strategic, results- and customer-oriented actions, to “Lead People” to “Develop Myself” and “Do My Work”. Within the context of “Lead People”, managers help to

shape the change by using a systematic, hands-on approach. In other words, they directly learn to communicate professionally via the Business Challenges in everyday life, to promote collaboration and to involve their employees in this process. The skills category “Develop Myself” is about acting in a value-oriented manner, acting authentically, taking on responsibility, and constantly developing oneself further. “Do My Work” focuses on professional skills. We are convinced that successful cooperation and the willingness to perform are prerequisites for all of us to add value to the company. Our programmes follow a practical, systematic approach. This approach is designed to help managers to quickly acquire leadership principles and to help all of us to acquire, the skills we need for the future.

Flexibility

The pandemic has shown that flexibility is crucial to mastering extraordinary situations. But flexibility is also an attitude as a company and as a manager to promote personal responsibility at all levels. This attitude is reflected, for example, in Ypsomed’s FlexWork principle: within the context of operational requirements, Ypsomed enables and supports regular geographical (“Work Anywhere”) and temporal (“Work Anytime”) work flexibility. FlexWork is voluntary for employees. This room for manoeuvre follows our values and allows us to independently reconcile personal life plans with the demands of the company. Of course, this calls for mutual support within the team and across departments, and in turn promotes open communication and collaboration throughout the entire company.

Our values, our leadership principles, our skills model, Leading for Future and FlexWork are specific examples of Ypsomed’s responsibility and commitment to employee development and to its own future. These are activities which unfold their effects gradually. They are only successful if they are supported by everyone and when self-responsibility becomes a matter of course. To ensure that this succeeds, we coordinate the various actions well with each other, continuously review their implementation and progress, and make adjustments where necessary.

Due to our established platform approach and the resulting ease of scaling capacities, we are able to provide our customers with products quickly and reliably.

We operate according to the principles of lean management and continuously optimise our highly automated work processes. This enables us to further expand our cost leadership.





Increasing availability and expanding cost leadership

We distinguish ourselves by developing and industrialising innovative technologies. Our platform strategy enables us to provide customised pens and autoinjectors for clinical studies in a very short period of time and to even manufacture large quantities due to scalable fully automated production. Based on the medium and long-term demand, we set up the necessary production capacity in good time, thus ensuring that we can meet the required delivery volumes for our customers and users at all times. Due to our focus on proprietary products and crisis-proof supply chains, we can always reliably supply our customers with products.

Highlights 2020/21

- Production capacities in Switzerland further optimised and expanded
- Capacities for YpsoMate® platform doubled
- Full expansion of production capacities in Switzerland completed
- Start of YpsoPump® infusion set production in Schwerin at the end of 2021
- Industrialisation of the YpsoDose® patch injector started
- Lean Transformation advanced further

Platforms and production competence

“Platforms & Operational Excellence” stands for our platform approach as well as for the claim to continuously optimise our processes in order to further expand our cost leadership while continuing to maintain a high level of quality. As an experienced developer and manufacturer of injection and infusion systems, we offer our customers significant advantages in the development, project and commercialisation phases: our proven platform strategy enables us to achieve short implementation times for customer projects. We support pharmaceutical and biotech companies worldwide in providing their medicinal products in a timely manner for clinical trials of systems for self-injection and then using these to commercialise them more quickly. We base the customer-specific requirements on production processes which have already been established, industrialised and proven.

We continuously optimise our work processes and strive to further expand our cost leadership in this way. To achieve this, we operate according to the principles of lean management. This means that we continuously review all process steps to determine whether they add value and offer customer benefits. If this is not the case, we replace them with more efficient processes or eliminate them completely. Due to our high level of productivity and our reliable quality, we are able to further develop our workplaces in Switzerland and Germany. We create qualified jobs locally and this makes us successful in the face of international competition.

Capacities

In our growth strategy, we rely on our production capacities, which we are expanding continuously. In Switzerland, our production areas are almost fully utilised. In Schwerin, we are steadily expanding the capacities of the platforms. Thanks to a modular master plan, we are well prepared for further, seamless expansion in the coming years.

Ambitions 2025

- Accelerated expansion of production capacities for infusion sets, autoinjectors and pens.
- Further increase in efficiency and productivity through economies of scale.
- Consistent lean management and agile working methods.
- Expanding further cost leadership.

SDGs

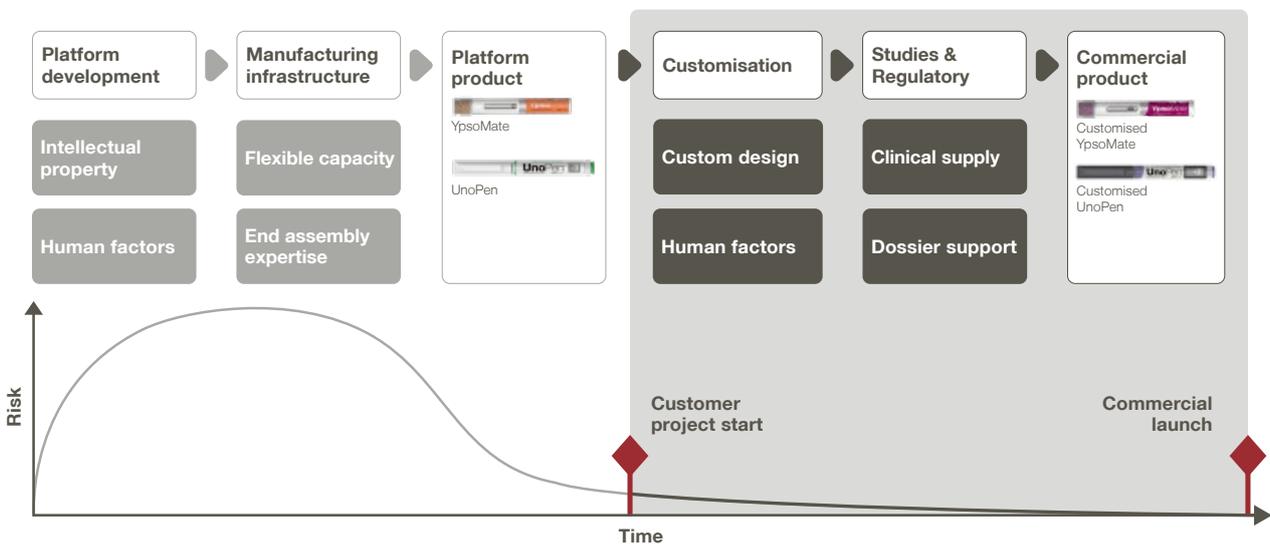


Performance, KPI	2019/20	2020/21	Target 2025/26
Number of platforms	8	9	13

Lean Management

Overall Equipment Effectiveness (OEE) Contract Manufacturing (%)	62	66	75
Overall Equipment Effectiveness (OEE) UnoPen™ (%)	58	62	70
Overall Equipment Effectiveness (OEE) YpsoMate® (%)	66	68	70
Scrappings in % of manufacturing costs	1.8	1.4	1.0

Ypsomed's development process for custom products







Agile software development in Barcelona

The establishment of our new software development site in Barcelona is in full swing. With a current staff of 20 employees to support us, some 40 software developers will become fully operational in our organisational structure by spring 2022. This expansion strengthens our development of digital services in the area of app and cloud technologies, which are already proving important today and which will become even more important for us and our customers in the future.

Internet of Things, Cloud Applications, Cyber Security and Data Engineering and Science – digitisation permeates through wide areas of our lives and therefore also forms the focus of our product strategy and a large part of our investments. This is already amply reflected in that our product portfolio is expanding from purely mechanic and mechatronic devices to digital products and services. With this portfolio, we are well prepared for digitisation in healthcare and will play a leading role in our environment. This is why it is essential for us to further expand digital competencies within our organisation. Last year alone, we expanded our software department by 20 additional employees due to the high number of digital projects in Burgdorf and Solothurn. Currently, more than 100 experts and managers work in this area. In order to be able to cover the projects, we are supported by just as many external developers from time to time. The additional support by external specialists provides us with the opportunity to scale developments and benefit from external knowledge. At the same time, we strive to establish and to retain the know-how acquired in the projects within our organisation.

Attractive location for specialists

The broader we are positioned in development, the better we can counteract bottlenecks in resources. The growing number of cloud and app-based services for our customers demands increased resources. We have evaluated numerous options on how to build the necessary resources and competencies for the future. During this process, the shortage of Swiss specialists in software development was highlighted, and we would hardly have been able to implement our ambitious plans by establishing a software hub in Switzerland. We therefore decided to set up a Software Delivery Centre outside Switzerland to help expand our search for talent. And we found what we were looking for in the Catalan capital Barcelona – not only is the city a potpourri of different lifestyles, but also a magnet for Spain's best talents in medical technology and software development.

The hub in Barcelona will serve as an important addition to the Swiss locations and will be a great asset in our software development. Our development and transfer plan envisages that we will be able to integrate an operational team into our organisational structure as from spring 2022. Until then, a Swiss IT service provider will support us in recruiting the employees. The site in Barcelona is crucial for us to be able to implement our software product developments reliably and on time.



Lean is part of our work culture

Over the past ten years, we have transformed all aspects of our company in line with the principles of lean management. In the area of production in particular, we have streamlined the workflows and processes of our well-proven product manufacturing capabilities – without any compromises to our high quality standards. As a result, we reduce rejects, shorten the supply chains and lead times, and thus improve our profitability.

Some ten years ago, we initiated the transformation of our production with a focus on lean principles. This transformation is our approach and our formula for defending our global cost leadership and continuing to supply competitive quality products for the world market from the Swiss production site. And because we are not simply satisfied with what we have achieved, we continue planning and shaping the future, free from external pressure, but driven by inner conviction.

What does Lean Transformation imply?

Basically, Lean Transformation is the answer to two crucial questions:

- Does an action or an adapted process step benefit the customer?
- Does an action or an adapted process step increase value creation?

If we cannot answer these two questions in the affirmative, the action or process step is superfluous according to the lean principles. We therefore adapt them or, ideally, cancel them altogether. In other words, Lean seeks to eliminate unnecessary complexity with a focus on the customer, thereby gaining efficiency.

Processes and the work philosophy

Since beginning the transformation, we have continuously and successfully implemented the lean principles – and without any disruption of ongoing production. At the same time, we try to generate added value without waste by optimally coordinating all processes and avoiding superfluous activities. This is an ongoing process which seeks to come close to perfection, even if this is unattainable.

This endeavour requires lean thinking to be deeply ingrained in our work DNA. This is the only way to align our daily thinking and work with these principles. Therefore, in addition to designing and operating optimal production processes, Lean is also a matter of attitude. It is based on our culture of openness with reliable management principles and parallel internal development programmes in which we train our employees to meet the changing

challenges. This is because Lean also promotes a cultural shift away from traditional hierarchies to agile, cross-divisional and cross-functional network organisations with a clear customer focus and clear responsibilities.

Continuous improvement

Details are crucial: in our high-precision manufacturing operations, most deviations are microscopically small and therefore usually only become apparent during analytical quality control. However, every nonconformity, whether it affects product quality or is purely cosmetic, creates waste at the end of the production chain in the form of rejects, time or loss of materials. To minimise this and to improve continuously, we systematically record and analyse all nonconformities in a continuous improvement process. And here we want to respond as fast as possible. The closer together the deviation and the analysis are, the more obvious the cause of a nonconformity becomes and the faster the fault can be corrected. With the aid of rapid feedback, we can complete the cycle of learning and improving. We have been able to massively shorten our processes and lead times with this approach, thus making our production more efficient and sustainable overall.

Quality goods in automated mass production

Our production is highly automated and geared to large production volumes. This is why interference-free and stable production processes are essential. Even a short interruption or a small malfunction can either cause missing quantities or unnecessary rejects. A look at the figures shows the potential dimensions we are talking about:

We manufacture pens and autoinjectors on highly automated assembly lines. The cycle times in production vary from 30 to 230 pens per minute, depending on the product. On average, we manufacture more than 200 million pens/autoinjectors in a financial year. The pens/autoinjectors themselves consist of 10 to 15 individual parts. These parts mainly consist of plastic and are manufactured on standardised injection moulding machines. In total, we assemble well over 2.5 billion individual parts.



The cycle times for pen needles are up to 900 needles per minute. The installed capacities allow us to produce up to one billion per year.

That is why we are always intent on improving the balance between availability, performance and quality (Overall Equipment Efficiency). As a result, we increase profitability and thus also our competitiveness in the manufacturing of innovative medical technology products.

Continuous optimisation

Being a medical technology company in a regulated environment, we adhere to demanding specifications and meet the highest standards of good manufacturing practice. We therefore operate according to recognised principles and with certified processes. If work in the system runs smoothly, then we can deliver in the desired quality. We operate with zero-defect tolerance as a matter of principle. In addition, changes in the market environment and product optimisation require continuous attention to the system. Lean is the bridge that brings these two aspects together and is key to further expanding our cost leadership.

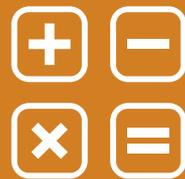
We eliminate unnecessary complexity in this fundamentally sound system. To this purpose, we regularly subject all activities to comprehensive value stream analyses. Value stream maps are then created and the target conditions defined. Visualisation helps us to organise everything and keep track of all the dependencies. Using meaningful key performance indicators, we measure the progress and impact of our implemented actions.

Lean delegates more personal responsibility to employees and enables them to participate and exert influence. This is because they work in networks with experts from different departments and decide in self-organised teams what needs to be done. Consistent error management also requires an error culture in which employees can act on their own responsibility and where information is shared without restrictions. Attributing blame and accusations are frowned upon. The rule is: identify, share, fix. This is exemplified by the Management Board and the divisional managers.

Getting as close as possible to perfection is the vision of our Lean Transformation. This enables us to achieve scalable growth and to continuously adapt to an ever-changing environment. To achieve this, we deploy employees effectively while continuously eliminating waste from the system. We pursue this transformation to allow us to continue to compete globally.

**In the 2020/21 financial year,
we achieved a sales growth
of CHF 9.4 million.**

The operating result (EBIT) amounted to CHF 9.3 million. The net profit amounts to CHF 5.8 million.





Growth in turnover and robust operating results

In the financial year 2020/21, we achieved consolidated sales of CHF 403.7 million (previous year: CHF 394.3 million). In a difficult environment, we have thus achieved a growth of CHF 9.4 million or 2.4% in the reporting period. The operating result (EBIT) amounted to CHF 9.3 million (previous year: CHF 9.7 million). Net profit amounts to CHF 5.8 million (previous year: CHF 11.7 million). The decrease in net profit compared to the previous period is mainly due to stronger negative foreign currency effects as well as a one-time effect resulting from income tax in the previous year.

Delivery Systems increases turnover by 10 %

Turnover in the Ypsomed Delivery Systems (YDS) segment increased by 10.0 % or CHF 19.1 million in the 2020/21 financial year. The turnover for the reporting period amounts to CHF 211.2 million (previous year: CHF 192.0 million).

- In the segment of pens and autoinjectors, we achieved a growth in sales of 10.9 %.
- As expected, the second half of the financial year experienced certain COVID-related constraints in the commercial launch of individual new products by our pharmaceutical partners. The operational business with established pharmaceutical products is performing reliably.
- For the most part, project work is proceeding undisturbed, with only occasional clinical trials having been delayed.
- The acquisition of new projects is continuing successfully without hindrance. 36 new project orders were concluded during the reporting period.
- Sales in the contract manufacturing segment were 7 % higher than the previous year's level. Turnover with Sanofi makes up 11.1 % of the Group's turnover.

Diabetes Care within expectations

In the Ypsomed Diabetes Care (YDC) segment, we achieved sales of CHF 177.7 million in the 2020/21 financial year (previous year: CHF 187.7 million). Half of the decrease is due to negative currency effects amounting to approximately CHF 5 million.

- Sales for the YpsoPump® increased by 12.8 % in the reporting period. This growth was enabled by higher revenues from development services in the field of infusion systems for partners to the amount of approximately CHF 6 million. The revenues originate from Eli Lilly and, as from January 01, 2021, from the development services charged to TecMed AG for the YpsoPod® development project. The tubeless insulin pump is being developed further on behalf of TecMed AG. TecMed AG is a company controlled by Willy Michel.

- Commercial sales of the mylife™ YpsoPump® dropped by 7.5 %. COVID-19 makes it difficult to reach out to people with diabetes through the hospitals. Therefore, we are only successful in attracting new users for our insulin pump to a limited extent.
- Business with pen needles in the reporting period was 14.8 % below the previous year's level due to the sales development in the USA.
- Business with blood glucose monitoring systems is 8.1 % below the previous year. The overall market continues to decline sharply.
- DiaExpert sales were 6.3 % lower than in the previous year due to currency effects and the impact of the situation on the stationary business.

The segment, Others in a difficult environment

In segment Others, which consists primarily of our subsidiary Ypsotec, we achieved sales of CHF 14.7 million. This corresponds to a growth of 1.5 % versus the previous year. Ypsotec's environment remains challenging.

Higher gross margin despite production expansion

Commissioning and a higher depreciation of buildings and infrastructure for the production plant in Schwerin, which ensures the production floor space and technical infrastructure for our growth, burdens the gross margin with around CHF 3 million. Despite this the gross margin has increased slightly. The gross margin for the 2020/21 financial year is 23.5 % (previous year: 23.1 %).

Settlement with Insulet Corp.

Expenses in marketing and distribution have increased mainly due to an effect from the settlement of the legal dispute with Insulet Corp. In this settlement, Insulet Corp. acknowledges the contractually agreed compensation and recompensed Ypsomed for the market development in Europe with a total of USD 41.25 million, of which USD 36 million was paid in the 2020/21 financial year. In addition, Insulet Corp. waives its counterclaim to the amount of USD 18.7 million. After all offsets and currency effects, Ypsomed posts an adjustment of long-term receivables from Insulet Corp. amounting to approximately CHF 9 million, which impacts the result.

This was offset by cost savings, in particular from lower travel and trade fair costs, as well as positive currency effects totaling approximately CHF 3 million.

Administration costs are CHF 1 million below the previous year.

Reduction of risks

The operating result for the 2020/21 financial year was CHF 9.3 million (previous year: CHF 9.7 million). The following factors have affected the result of the past financial year:

- The increase in turnover and higher utilisation of the production capacity for Ypsomed Delivery Systems as well as continued high project revenues made a positive contribution to earnings.
- The operational business with the mylife™ YpsoPump® burdens the result with CHF –43.8 million (previous year: CHF –47.2 million). In the previous year, the result included a one-time value adjustment of approximately CHF 3 million due to amending the registration strategy for the YpsoPump® in the USA.
- The commissioning of the Schwerin production site with increasing depreciation burdens the financial year with a total of CHF 9 million.
- A one-time charge of approximately CHF 9 million from the settlement with Insulet Corp.
- One-time earnings of approximately CHF 5 million from the sale of the YpsoPod® offset a lower license income of CHF 2.7 million (license income previous year: CHF 7.5 million) due to individual expired patents and an accumulated compensation of historically claimed patents in the previous year. Both effects are included under “Other operating income”.

The net financial result is CHF –3.2 million (previous year CHF –1.8 million), of which CHF 1.7 million is interest expense. The change was due to an increase in interest expenses of CHF 0.9 million and negative currency effects of CHF 2.8 million, which were partly offset by a higher income from securities of CHF 2.5 million.

In the 2020/21 financial year, we posted a tax on profits of CHF –0.3 million. In the previous year, we generated a positive income from tax on profits of CHF 3.9 million. This was due to accounting effects from the sale of patents and trademarks between two Swiss Group companies. Further details and descriptions of this business transaction can be found in notes 19.

In the 2020/21 financial year, we generated a net profit of CHF 5.8 million (previous year CHF 11.7 million). The net profit margin is 1.4 % (previous year: 3.0 %). The earnings per share are CHF 0.46 (previous year: CHF 0.93).

Restatement financial year 2019/20

In the financial year 2020/21, an error was identified in the VAT accounting at the German sales companies, which affects the periods from 2004/05 to 2019/20. The amounts could be recovered from the tax authority. For this reason, we have decided to adjust the prior-year figures retrospectively. In the 2020/21 financial year, this results in an overall positive effect of around CHF 3 million on equity. Further details can be found in notes 27.

Investments for growth

In the financial year 2020/21, we generated a cash flow of CHF 85.8 million from operating activities (previous year 49.1 million). In the reporting period, the cash flow for investments in fixed assets amounted to CHF 59.2 million (previous year: CHF 76.8 million). Approximately CHF 23 million were invested in capacity expansions at the new production plant in Schwerin, in particular for first assembly lines, injection moulding machines and tools for the YpsoMate® 1.0ml and 2.25ml autoinjector. The remaining amount was used primarily for the full expansion of capacities at the Swiss sites. This included the YpsoMate® 1.0ml and 2.25ml autoinjector, UnoPen™, FixPen™, needles and contract manufacturing.

We invested an additional CHF 67.4 million (previous year CHF 42.0 million) into intangible assets. Of this amount, CHF 30 million were invested in the further development of the Delivery Systems portfolio; in particular for the large-volume patch injector YpsoDose®, the SmartPilot™ and our SmartServices. Approximately CHF 27 million were invested in the Diabetes Care business. The major part was used for the further development of the YpsoPump® digital therapy management system, the integration of the CGM G6 sensor from Dexcom, the control of the pump via smartphone and algorithm-based increased automation, as well as on work for market approval in the USA. We capitalised approximately CHF 10 million for development software and ERP systems.

Our short-term financial liabilities to banks remain relatively unchanged at CHF 182.5 million (previous year CHF 183.0 million). In the financial year 2020/21, Techpharma Management AG granted Ypsomed Holding AG a further loan with a credit line of CHF 45 million. Of this amount, CHF 22.5 million were taken up by March 31, 2021. Techpharma Management AG is a company controlled by Willy Michel.

On 05 July 2020, CHF 1.3 million were distributed as tax-exempted dividends from capital reserves as well as CHF 1.3 million from retained earnings.

Sustainable dividend policy

In the interests of a sustainable dividend policy, the board of directors will propose to the Annual General Meeting that approximately CHF 14.7 million be distributed in dividends. This takes into account that the settlement of the legal dispute with Insulet Corp. resulted in additional receipts of USD 36 million.

Shareholders will be paid CHF 1.16 per registered share for the 2020/21 financial year (previous year CHF 0.20). CHF 0.58 are to be paid out from reserves from capital contributions and CHF 0.58 from retained earnings if the Annual General Meeting 2021 approves the respective proposal by the Board of Directors. According to the newly applicable tax law, no more than 50 % of the dividend may be distributed from tax-privileged reserves from capital contributions. The Annual General Meeting of the Ypsomed Holding AG will be held on 30 June 2021.



Consolidated income statement

(Audited Swiss GAAP FER figures) in thousand CHF

	Notes	01 April 2020– 31 March 2021	in %	01 April 2019– 31 March 2020	in %
Sales of goods and services	20/27	403 656	100.0 %	394 264	100.0 %
Cost of goods and services sold		-308 828	-76.5 %	-303 290	-76.9 %
Gross profit		94 827	23.5 %	90 974	23.1 %
Marketing and sales expenses		-72 964	-18.1 %	-67 175	-17.0 %
Administration expenses		-21 095	-5.2 %	-21 981	-5.6 %
Other operating income	24	9 536	2.4 %	9 367	2.4 %
Other operating expenses		-1 036	-0.3 %	-1 498	-0.4 %
Operating profit	20/27	9 269	2.3 %	9 687	2.5 %
Financial income	17	5 465	1.4 %	4 417	1.1 %
Financial expenses	18	-8 620	-2.1 %	-6 250	-1.6 %
Profit before income taxes		6 113	1.5 %	7 854	2.0 %
Income taxes	19/27	-302	-0.1 %	3 880	1.0 %
Net profit	27	5 811	1.4 %	11 734	3.0 %
Earnings per share (diluted and undiluted) in CHF	25/27	0.46		0.93	
Operating profit		9 269		9 687	
Depreciation and impairment of fixed assets		34 053		30 365	
Amortisation and impairment of intangible assets		21 972		22 434	
EBITDA (operating profit before depreciation and amortisation)		65 294	16.2 %	62 486	15.8 %



Consolidated balance sheet

(Audited Swiss GAAP FER figures) in thousand CHF

Assets	Notes	31 March 2021	in %	31 March 2020	in %
Cash and cash equivalents	3	19 320	2.7 %	13 394	2.0 %
Securities	6	3 091	0.4 %	8 940	1.3 %
Trade receivables	4	72 663	10.1 %	76 290	11.2 %
Other current assets	27	12 170	1.7 %	15 004	2.2 %
Accrued income and prepayments		12 948	1.8 %	14 672	2.2 %
Current income tax assets		67	0.0 %	60	0.0 %
Inventories	5	63 357	8.8 %	56 286	8.3 %
Customer machinery		1 524	0.2 %	5 242	0.8 %
Total current assets		185 141	25.8 %	189 890	28.0 %
Long term receivables	21	0	0.0 %	43 484	6.4 %
Financial assets	6	2 668	0.4 %	185	0.0 %
Deferred income tax assets	19	34 768	4.8 %	33 069	4.9 %
Fixed assets	7	334 379	46.6 %	309 097	45.6 %
Intangible assets	8	160 728	22.4 %	102 516	15.1 %
Total non-current assets		532 543	74.2 %	488 351	72.0 %
Total assets		717 683	100.0 %	678 240	100.0 %
Liabilities and equity	Anhang	31 March 2021	in %	31 March 2020	in %
Financial liabilities	10	182 500	25.4 %	182 999	27.0 %
Trade payables		34 553	4.8 %	24 044	3.5 %
Prepayments from customers		19 382	2.7 %	11 917	1.8 %
Current income tax payable	19/27	1 240	0.2 %	23 855	3.5 %
Other payables		2 955	0.4 %	3 911	0.6 %
Accrued liabilities and deferred income		29 283	4.1 %	26 678	3.9 %
Provisions (short-dated)	12	2 463	0.3 %	2 599	0.4 %
Total current liabilities		272 377	38.0 %	276 003	40.7 %
Non-current liabilities to major shareholder	10	32 500	4.5 %	10 000	1.5 %
State-subsidised payments	11	8 757	1.2 %	7 687	1.1 %
Provisions (long-term)	12	6 125	0.9 %	4 723	0.7 %
Deferred income tax liabilities	12	2 539	0.4 %	2 168	0.3 %
Total non-current liabilities		49 921	7.0 %	24 579	3.6 %
Share capital	13	178 994	24.9 %	178 994	26.4 %
Capital reserves		111 433	15.5 %	112 196	16.5 %
Own shares/Translation exchange differences	27	-11 785	-1.6 %	-25 724	-3.8 %
Goodwill offset	9	-322 892	-45.0 %	-322 892	-47.6 %
Retained earnings	27	439 635	61.3 %	435 084	64.1 %
Total equity		395 385	55.1 %	377 659	55.7 %
Total liabilities and equity		717 683	100.0 %	678 240	100.0 %



Consolidated statement of cash flows

(Audited Swiss GAAP FER figures) in thousand CHF

	Notes	01 April 2020– 31 March 2021	01 April 2019– 31 March 2020
Net profit	27	5811	11 734
Depreciation and amortisation of fixed and intangible assets	7/8/11	56 025	52 799
Loss from impairment (+)/Reversal of impairment (-)	17/21	8 863	-481
Change in provisions (incl. deferred income taxes)	12/19	116	-29 788
Other expenses/income that do not affect the fund	27	-688	-145
Increase (-)/decrease (+) in long term receivables not affecting cash and cash equivalents	21	2 600	1 345
Cash remittance by Insulet Corp.	21	32 021	0
Gain from disposals of fixed, intangible and financial assets		-6 525	-180
Increase (-)/decrease (+) in trade receivables		5 032	11 798
Increase (-)/decrease (+) in other receivables and prepayments and accrued income	27	5 058	-4 205
Increase (-)/decrease (+) in inventories		-6 305	-4 853
Increase (-)/decrease (+) in customer machinery		3 718	-3 451
Increase (+)/decrease (-) in trade payables		-5 852	3 540
Increase (+)/decrease (-) in prepayments from customers		7 465	-812
Increase (+)/decrease (-) in other payables and accrued liabilities and deferred income	19/27	-21 510	11 788
Cash flow from operating activities		85 828	49 089
Decrease of long term receivables	21	0	2 531
Disposal of financial assets and securities	6	8 877	51
Acquisition of financial assets	6	-2 500	0
Purchases of fixed assets	7	-59 184	-76 750
Disposals of fixed assets	7	290	315
Purchases of intangible assets	8	-67 397	-41 981
Disposal of intangible assets	8/24	13 000	0
Cash flow from investing activities		-106 914	-115 834
Proceeds of borrowings from major shareholder	10	22 500	0
Proceeds of borrowings from banks	10	54 001	75 017
Repayment of short-dated financial liabilities to banks	10	-54 500	-4 000
State-subsidised payments	11	1 053	4 576
Purchase (-)/disposals (+) of own shares	13	6 136	0
Distribution of capital reserves and retained earnings		-2 521	-6 932
Cash flow from financing activities		26 669	68 661
Effect of foreign currency translation		342	-604
Total cash flow		5 925	1 311
Cash and cash equivalents as of 01 April		13 394	12 083
Cash and cash equivalents as of 31 March		19 320	13 394
Net increase (+)/decrease (-) in cash and cash equivalents		5 925	1 311



Consolidated statement of changes in equity

(Audited Swiss GAAP FER figures) in thousand CHF

	Share capital	Group reserves and share premium	Treasury shares	Cumulative translation reserve	Goodwill offset	Retained earnings	Total
Balance as of 01 April 2019	178 994	119 128	-6 595	-10 842	-322 892	423 350	381 143
Net profit						11 734	11 734
Distribution of dividends from capital contribution reserves		-6 932					-6 932
Translation exchange differences				-8 287			-8 287
Balance as of 31 March 2020	178 994	112 196	-6 595	-19 129	-322 892	435 084	377 659

	Share capital	Group reserves and share premium	Treasury shares	Cumulative translation reserve	Goodwill offset	Retained earnings	Total
Balance as of 01 April 2020	178 994	112 196	-6 595	-19 129	-322 892	435 084	377 659
Net profit						5 811	5 811
Dividend payout from capital contribution reserves		-1 260					-1 260
Dividend payout from retained earnings						-1 260	-1 260
Disposals of own shares		497	5 638				6 136
Translation exchange differences				8 300			8 300
Balance as of 31 March 2021	178 994	111 433	-957	-10 829	-322 892	439 635	395 385



Basis for the consolidated financial statements

1. General information

Ypsomed Holding AG is a limited company (Aktiengesellschaft) established on 29 December 2003 under Swiss law with registered offices in Burgdorf (canton of Bern, Switzerland).

Operating in the field of medical technology, the Ypsomed Group is a leading independent manufacturer of injection pens for pharmaceutical and biotech companies, and of products for people with diabetes, such as insulin pumps, pen needles and blood glucose monitoring systems. Ypsomed's core manufacturing business consists of developing and marketing products and services allowing patients to administer their own medication. The group operates production sites in Burgdorf, Solothurn, Grenchen (all CH) and Tábor (CZ) and – in expansion – Schwerin (DE) and has a global sales and distribution network. The shares of Ypsomed Holding AG have been traded on SIX Swiss Exchange since 2004.

The company was created as a result of the split-up of the Disetronic Group in 2003. Disetronic had been founded in 1984 to develop, manufacture and sell infusion pumps and had expanded into the injection systems business in 1986.

The consolidated financial statements were approved for issue by the Board of Directors on 18 May 2021 and recommended for acceptance to the General Meeting of Shareholders in Burgdorf on 30 June 2021.

2. Fundamental accounting and assessment methods

Basics

The consolidated financial statements have been prepared in accordance with the Swiss accounting and reporting recommendations of Swiss GAAP FER according to the principle of "true and fair view". They are based on the financial statements of the company prepared for the same reporting period using consistent accounting policies. The group's reporting currency is the Swiss Franc (CHF). The period under review comprises twelve months and ends 31 March.

The accompanying consolidated financial statements are published in German and English. The German version is legally binding.

All figures included in these financial statements and notes to the financial statements are rounded to the nearest CHF 1 000 except where otherwise indicated.

Consolidation

Subsidiaries: Subsidiaries are all entities over which the group has the power to govern the financial and operating policies, generally accompanying a shareholding of more

than half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or tradable can also determine whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained. They are de-consolidated from the date that control ceases.

Subsidiaries are recognised using the purchase method. The consideration encompasses the compensation transferred in exchange for obtaining control over the identifiable assets, liabilities and contingent liabilities of the company acquired. The compensation encompasses cash payments as well as the fair market value of both the transferred assets, the incurred or assumed liabilities and, in addition, the equity instruments as of the trade date that have been issued by the group. The net assets acquired, comprising identifiable assets, liabilities and contingent liabilities, are recognised at their fair value. Goodwill is recognised as of the acquisition date and is measured as the excess of the consideration transferred as described over and above the fair value of the identified net assets. If the group does not acquire 100 % of the shares of a company, the minority interest in equity is to be disclosed separately under the equity.

Transactions, balances and gains on transactions between subsidiaries are eliminated. Losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Associates: Associated companies are those companies that are significantly influenced but not controlled by the group. This normally applies to investments in which the group owns between 20 % and 50 %. Investments in affiliated companies are accounted for using the equity method. The group's investment in associates includes goodwill identified on acquisition. Ypsomed does not currently have any investments in associated companies.

Foreign currency translation

Foreign currency transactions are translated to the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised as financial income or expenses (individual financial statements).

In the consolidated financial statement, assets and liabilities of foreign subsidiaries are converted into Swiss francs at year-end exchange rates. Equity is converted with historical exchange rates. The income statement and the statement of cash flows are translated at annual average exchange rates. The effects of this conversion as well as foreign exchange gains and losses arising from the translation of non-currency congruent financed

equity-like corporate loans denominated in foreign currencies are to be recognised in the equity, with no effect on the income statement.

Cash

Cash and cash equivalents comprise cash on hand, demand deposits and time deposits with a residual term to maturity from the balance sheet date of 90 days at the most. They form the basis of the consolidated statement of cash flows.

Listed securities

Listed securities are valued at stock market prices on the balance sheet date.

Trade receivables/

other receivables as well as long term receivables

Trade receivables, other receivables as well as long term receivables are valued at nominal amount less impairment, if any. An allowance is set aside if objective indications show that receivables cannot be collected. Allowances are based on individual valuations.

Inventories

Raw materials and merchandise purchased are recognised at cost, semi-finished and finished goods at their production cost. Discounts are recognised as a reduction in the purchase price. Manufacturing costs include the associated direct production costs and production overheads. If the acquisition or manufacturing costs are higher than the net market value, an impairment loss is recorded on the income statement in the current period to write the inventories down to the net market value (lower of cost or market principle). Net market value is equivalent to the current market price less the usual sales deductions, marketing costs and administrative costs yet to be incurred. Inventories that cannot be sold are written off in full. The costs of inventories are determined by using the FIFO method.

Customer machinery/

prepayments from customers

Ypsomed receives prepayments from pharma partners in order to acquire production machinery for these pharma partners. Ypsomed coordinates the manufacturing of the machinery with suppliers and makes contractual advance payments to the suppliers. After installation and successful test runs, the machinery is accepted by Ypsomed. From a legal and commercial viewpoint, once the machinery has been accepted by Ypsomed the title is transferred to the pharma partners. The advance and final payments made by Ypsomed to suppliers are disclosed in the consolidated balance sheet as current assets until acceptance of the machinery. The prepayments from customers are recognised in current liabilities. Once the machinery is accepted, the advance and final payments from Ypsomed are settled with the prepayments.

Fixed assets

Fixed assets are carried at historical acquisition or manufacturing cost, with depreciation calculated using the straight-line method based on the following estimated useful lives:

● Land	no depreciation
● New buildings	30 to 40 years
● Special buildings	20 to 30 years
● High voltage current, sanitary, lifts	20 years
● Heating/ventilation/air-conditioning, floors	10 to 15 years
● Production machinery	8 to 12 years
● Measuring and inspection equipment	3 to 8 years
● Software and hardware	3 to 5 years
● Furniture, vehicles	5 to 8 years

Depreciation is included in the following income statement categories: manufacturing costs of goods sold, marketing and distribution costs, administration costs and other operating expenses. Should an asset be impaired as a result of impairment testing, the corresponding impairment charge is included in depreciation and reported separately as an impairment loss.

Value-enhancing expenditures are capitalised if the market value or the value in use increases as a result.

Long-term leasing contracts, which are, in substance, equivalent to the purchase of assets with long-term financing (financial leasing), are recognised at the beginning of the lease as an asset and measured at net market value/acquisition cost or, if lower, at the present cost of the leasing payments. The asset is depreciated in line with its useful economic life.

Investment properties are reported at cost of acquisition minus depreciation. The period of depreciation is calculated according to the category of asset.

Intangible assets

Goodwill: Net assets taken over in an acquisition are to be valued at actual values and any surplus of acquisition cost over the newly valued net assets is to be designated as goodwill (purchase price allocation). The goodwill is to be offset at the date of acquisition, the negative goodwill (badwill) is to be attributed to the equity. The effects of a theoretical capitalisation are to be disclosed in the notes, please refer to notes no. 9.

Development costs: Development costs are capitalised if an intangible asset can be identified, finished, marketed or used internally, if it is controlled by the Ypsomed Group, if it is expected to provide the Ypsomed Group with an economic benefit over several years and if its costs can be reliably determined.

Capitalised development costs are amortised straight-line over their useful economic life of seven to nine years after the beginning of marketing. The amortisation is included in the manufacturing costs of products and services sold. Costs accrued for development projects are tested for impairment on an annual basis.

Other intangible assets: Patents are carried at acquisition cost and amortised over their estimated useful lives of 15 to 20 years. Amortisation is included in the costs of research and development that are integrated in the manufacturing costs of products and services sold.

Software is capitalised on the basis of the costs incurred to acquire the software and bring the software to use. These costs are amortised over the estimated useful life of three to five years using the straight-line method. Amortisation is mainly included in marketing & sales and administration expenses. Intangible assets, such as brand names or customer relationships that were acquired through a business combination and can be identified separately, are reported if they fulfil the definition of an intangible asset. The acquisition costs of such intangible assets correspond to their fair value at the time of acquisition. The value thereafter is measured at acquisition cost minus accumulated amortisation and impairment. The useful life is estimated at five to eight years. Amortisation is included in marketing and distribution costs.

Leasing

In the case of leasing transactions, a distinction is made between finance leasing and operational leasing. Finance leasing exists when substantially all risks and rewards incidental to ownership of an asset are transferred. Assets and liabilities from finance leasing are shown in the balance sheet.

Leasing liabilities from operating leasing that cannot be terminated within one year are shown in Appendix 23 to the consolidated financial statement.

Financial assets

Financial assets are recognised at acquisition cost less impairment, if any. Impairment is recorded in profit or loss for the current period.

Impairment of assets

All assets are reviewed as of each balance sheet date for indications of impairment. If there are indications that an asset may be impaired, the recoverable amount of the asset is determined and the impairment loss is estimated. Should the estimated recoverable amount of the asset, which is equivalent to the higher of net market value and the value in use of the asset, be lower than the asset's book value, an adjustment is made to the income statement to reduce the book value of the asset to the estimated recoverable amount in the same period in which the impairment was discovered. Net market value is the price obtainable between independent third parties less the associated selling expenses. Value in use is based on the estimated future cash flows resulting from the use of the asset, including any possible cash flow at the end of the useful life, discounted using an appropriate long-term interest rate.

Financial liabilities

Financial liabilities are measured at its nominal amount.

Provisions

Provisions are established when a legal or de facto obligation arising from previous events exists that will likely result in a cash outflow and this cash outflow can be reliably estimated. The provisions established represent the best possible estimate of the final obligation. Long-term provisions are discounted to their present values, provided that the impact is material. The subdivision into short-term and long-term provisions is based on whether utilisation is assumed to be probable within one year or at a later time.

Possible obligations whose existence requires confirmation by future events, or obligations whose amount cannot be reliably estimated, are disclosed in the notes to the financial statements as contingent liabilities.

State-subsidised grants

State-subsidised payments are shown as liabilities, which are reversed proportionately according to the specific depreciable life of the respective tangible fixed asset item that was qualified as state-subsidy. The reversal is posted net after deducting the cost of depreciation. The state-subsidised payments are disclosed within "cash flow from financing activities" in the consolidated statement of cash flows.

Pension benefit obligations

The pension benefit obligations of the group companies in respect of old age, death and disability comply with the statutory provisions and regulations in the respective countries. The employees of the Swiss companies have a legally independent pension fund for retirement, death and disability. The pension funds are financed by employer and employee contributions (defined contribution plan). The actual economic impact of pension plans on the company is calculated as of the balance sheet date. An economic benefit is capitalised provided it will be available to reduce the company's future pension expenses. An economic obligation is recognised as a liability if the conditions for establishing a provision are met. Any unconditionally available employer contribution reserves are recognised as assets. The economic impacts of surpluses or deficits in the pension funds on the group, as well as a change in any employer contribution reserves, are recognised as profit or loss and reported as personnel expenses in addition to the contributions deferred to the reporting period.

Current income taxes

Income taxes are calculated based on reported profits and in conformity with the tax laws prevailing in the individual countries and recognised in profit or loss of the current period.

Deferred taxes are taken into account on temporary differences between tax bases and the carrying amounts in the consolidated financial statements and are calculated using the liability method based on effective or expected effective local tax rates. Deferred tax assets are recognised for loss carry-forwards where it is highly probable that they can be offset against future taxable income. The changes in deferred tax assets and liabilities

are recognised in the consolidated income statement. Taxes on transactions that are reported in equity are also recognised in equity.

Net sales and sales recognition

Net sales: Sales consists of all sales proceeds attained from the delivery of goods and the provision of services to third parties after deducting discounts, rebates, cash discounts and value-added taxes. Sales proceeds are always included in the income statement as soon as the delivery of the goods has taken place and benefit and risk have been transferred to the buyer or the service has been rendered. Net sales also comprises income from the provision of research, development, industrialisation and marketing services.

Other operating income: Other operating income primarily includes rental income arising from the leasing of properties owned by the Ypsomed Group, licencing income arising from the use of Ypsomed assets by external third parties and proceeds from the disposal of fixed and intangible assets.

Long-term contracts: Development and industrialisation projects are accounted for according to the percentage-of-completion method (POCM), if the respective criteria are met. Services and costs are correspondingly considered according to the degree of completion (cost-to-cost method) so that any profit is taken into consideration proportionally. The degree of completion for the services provided is calculated by determining the difference between the costs incurred and the costs expected for the whole order. If the criteria for the application of POCM are not met, the respective revenue is disclosed according to the amount of the realisable cost (without recognising any profit). However, respective losses and non-recoverable costs are debited directly and reduces the profit of the financial year.

The long-term contracted projects according to POCM are disclosed within the reporting lines inventories, trade receivables and prepayments from customers.

Research and development costs

Research costs are routinely included in the manufacturing costs of the products and services sold.

Development costs are capitalised if an intangible asset can be identified, finished, marketed or used internally, if it is controlled by the Ypsomed Group, if it is expected to provide the Ypsomed Group with an economic benefit over several years and if its costs can be reliably determined.

Borrowing costs

Borrowing costs are charged directly to the income statement.

Derivative financial instruments

Derivative financial instruments are entered into for hedging purposes and carried at market value. The adjustment of the changes in market value is recorded in the same way as for the underlying transaction

3. Risk assessment

The management of the Ypsomed Group carries out a comprehensive risk assessment at least once a year. This standardised process is based on a risk inventory that encompasses the relevant risk categories such as strategic risks, management risks, general risks in the operating business, legal risks, systemic risks, financial risks (including market, credit and liquidity risks) and event risks (including political, regulatory, fiscal and external risks). The fundamental risks are assessed with regard to probability of occurrence and impact and both management and the Board of Directors decide on measures to be taken and monitor their implementation according to predetermined criteria.

4. Legal risks

The Ypsomed Group develops innovative platform technologies, produces customer-friendly medical devices, sells and supplies these to various customers in numerous countries and protects the technologies developed by Ypsomed in several countries. Ypsomed's business activities are exposed to numerous legal risks that could have a negative affect on the course of business, the financial situation or the competitiveness of the group.

Competitive pressure in the pharmaceutical sector has increased significantly with the emergence of new drug forms (generics, biosimilars), the medical device sector in general and infusion and injection systems in particular have also been affected. Regular legal disputes regarding the validity and alleged or actual infringement of intellectual property rights by drugs or medical devices, tightening of the regulatory environment, uncertainties and delays in the approval of new drugs and medical devices, cost-saving measures in the health sector, in particular reimbursements from health insurance funds as well as risks in connection with product liability and data liability cohesive with infringement of individual-related data inclusive health data are risks to which Ypsomed is also exposed, in particular with its platform technology products. Furthermore, possible terminations of existing contracts of important suppliers or important customers and disputes in the context of the settlement of contractual relationships could impair Ypsomed's business development.

Arbitration proceedings against Insulet Corp.

For further details of the arbitration proceedings against Insulet Corp. please refer to note no. 21.

5. Key estimates and assumptions

The preparation of the consolidated financial statements in accordance with generally accepted accounting principles assumes that management makes certain estimates and assumptions which have an impact on the reported carrying amounts of assets and liabilities shown in the balance sheet on the balance sheet date and income and expenses accounted for in the period under review. These estimates and assumptions are based on future expectations and are held reasonable at the time of preparation of the financial statements. The actual amounts can deviate from these assumptions. The most important influential factors on positions based on estimates and assumptions are expressed as follows:

Capitalised development expenses

The development expenses are capitalised when the requirements for the capitalisation are met. Ypsomed's estimation of future economic benefits is based on management's assumptions with regard to the economic baseline conditions, expected prospective cash flows and the expected period of time in which economic benefits are targeted. Capitalised development expenses as of 31 March 2021 amount to CHF 124.9 million (previous year: CHF 91.3 million).

Provisions for warranties

When determining the provisions for warranties, management takes into account currently marketed own products and sets the provisions necessary to cover all callable claims based on the maturity and characteristics of the products as well as experience. As of 31 March 2021 Ypsomed discloses provisions for warranties of CHF 4.5 million (previous year: CHF 3.1 million).

Income taxes

When accruals for income taxes are made for a period, uncertainties regarding final tax payments remain. Estimates that vary from the definitive tax amount have an impact on current and deferred income taxes. With the capitalisation of deferred tax assets from losses carried forward, the value of these tax loss carryforwards and the tax rates to be applied must be estimated. Deferred income tax assets related to tax loss carryforwards as of 31 March 2021 amount to CHF 9.7 million. (previous year: CHF 5.3 million). In the 2019/20 financial year there were special effects due to sales of brands and patents within the group. These are described in no. 19 of the Appendix.

6. Impact of the COVID-19 pandemic on business

Ypsomed is a manufacturer of drug delivery systems that are classified as important drugs under the COVID-19 regime (for example insulin). In the insulin pump business, new pump starts have proven difficult or impossible for some time as hospitals and diabetes centres have had to run a COVID-19-focussed operating mode. We expect that these new pump starts will probably be made up for as soon as operations return to normal. In the area of injection systems, no significant influences on deliveries of injection systems for approved drugs are expected. In the projects with pharmaceutical partners, delays may occur, for example in studies or approvals, and these may have a corresponding impact on project earnings. The Ypsomed Group has a high level of self-financing and liquidity is ensured through bank limits.



Alternative Performance Measures

Ypsomed's annual report according to SWISS GAAP FER is enhanced by additional financial measures that have not been determined by the FER framework. The substantial financial ratios are EBIT and EBITDA.

EBIT and EBITDA

Ypsomed's EBITDA equals operating profit before amortisation, depreciation and impairment of tangible and intangible assets, whereas EBIT stands for operating profit. Ypsomed feels confident that both EBIT and EBITDA represent substantial financial ratios that allow for a comparison with other corporations with regard to

different Capitalisation – or legal set-ups and therefore different interest- and tax rates. In addition, the ratios enable drawing comparisons to enterprises with differently occurring amortisation, depreciation and impairment of both tangible and intangible assets.

in thousand CHF

	01 April 2020– 31 March 2021	01 April 2019– 31 March 2020
Operating profit	9 269	9 687
EBIT	9 269	9 687
Depreciation and impairment of fixed assets, refer to note no. 7.	34 396	30 550
Dissolved state-subsidies, refer to note no. 11.	-343	-186
Amortisation and impairment of intangible assets, refer to note no. 8.	21 972	22 434
EBITDA (operating profit before depreciation and amortisation)	65 294	62 486



Notes to the consolidated financial statements

In thousand CHF, unless otherwise stated.

Subsequent events

There were no events after the balance sheet date that had a significant impact on the financial or earnings position.

1. Consolidation scope

	Interest held capital/votes	Share capital	Research & Development	Production	Marketing & Sales	Financing & Services
Ypsomed Holding AG, CH-Burgdorf		CHF 178993807				■
Ypsomed AG, CH-Burgdorf	100%	CHF 10000000	■	■	■	■
TecPharma Licensing AG, CH-Burgdorf	100%	CHF 100000				■
Ypsotec AG, CH-Grenchen	100%	CHF 1000000		■	■	
Ypsotec s.r.o., CZ-Tábor	100%	CZK 33200000		■	■	
Ypsomed GmbH, DE-Liederbach	100%	EUR 100000			■	
DiaExpert GmbH, DE-Liederbach	100%	EUR 50000			■	
Ypsomed Produktion GmbH, DE-Schwerin*	100%	EUR 23000000		■		
Ypsomed Distribution GmbH, DE-Rheinfelden	100%	EUR 25000				■
Ypsomed AB, SE-Bromma	100%	SEK 10000000			■	
Ypsomed S.A.S., FR-Paris	100%	EUR 1000000			■	
Ypsomed BV, NL-Nieuwegein	100%	EUR 50000			■	
Ypsomed India Private Ltd., IN-New Delhi	100%	INR 172316470			■	
Ypsomed Ltd., UK-Esrick	100%	GBP 300000			■	
Ypsomed GmbH, AT-Vienna	100%	EUR 35000			■	
Ypsomed S.r.l., IT-Varese	100%	EUR 50000			■	
Ypsomed Australia Pty Ltd., AU-Sydney	100%	AUD 700000			■	
Ypsomed s.r.o., CZ-Prague	100%	CZK 5000000			■	
Ypsomed Polska Sp. z o.o., PL-Warsaw	100%	PLN 1000000			■	
Ypsomed BVBA, BE-Brussels	100%	EUR 300000			■	
Ypsomed Diabetes, S.L., ES-Barcelona	100%	EUR 500000			■	
Ypsomed Canada inc., CA-Montreal	100%	CAD 1000000			■	
Ypsomed AS, NO-Drammen	100%	NOK 2000000			■	
Ypsomed Oy, FI-Masala	100%	EUR 50000			■	
Ypsomed ApS, DK-Glostrup	100%	DKK 50000			■	
Ypsomed Inc., US-Dover**	100%	USD 100000			■	
Ypsomed Medical Devices Co. Ltd., CN-Beijing	100%	CHF 500000				■

* A capital increase was carried out at Ypsomed Produktion GmbH in December 2020.

** A capital increase was carried out at Ypsomed Inc. in July 2020.

The financial year of each company but TecPharma Licensing AG runs from 01 April to 31 March of the following year. The latter closes the financial year on 31 December. As of 01 April 2020 Ypsomed Distribution AG (Burgdorf) was merged into Ypsomed AG by means of an absorption.

2. Foreign currencies

	Balance sheet year-end rates		Income statement average rates	
	31 March 2021	31 March 2020	2020/21	2019/20
Euro (EUR)	1.11	1.06	1.08	1.10
US Dollar (USD)	0.94	0.96	0.92	0.99
Swedish Krona (100SEK)	10.81	9.55	10.41	10.30
Norwegian Krone (100NOK)	11.02	9.21	10.09	10.96
Danish Krone (100DKK)	14.86	14.17	14.45	14.68
Czech Koruna (100CZK)	4.22	3.86	4.05	4.28
Indian Rupee (100INR)	1.28	1.27	1.24	1.40
British Pound (GBP)	1.30	1.19	1.21	1.25
Australian Dollar (AUD)	0.72	0.59	0.66	0.67
Polish Zloty (100 PLN)	24.05	23.26	23.93	25.49
Canadian Dollar (CAD)	0.75	0.68	0.70	0.74
Chinese Yuan Renminbi (100CNY)	14.27	13.48	13.63	14.17

3. Cash and cash equivalents

	31 March 2021	31 March 2020
Cash	116	29
Postal accounts	1 173	1 228
Bank accounts	18 030	12 137
Total	19 320	13 394

4. Trade receivables

	31 March 2021	31 March 2020
Trade receivables	73 098	76 644
Provision for bad and doubtful debts	-435	-354
Total	72 663	76 290

Provision for bad and doubtful debts	2020/21	2019/20
At 01 April	354	197
Addition of provision	310	262
Use of provision of booked up trade receivables	-23	-64
Reversal of unneeded provisions	-182	-23
Currency translation differences	-24	-19
At 31 March	435	354

5. Inventories

	31 March 2021	31 March 2020
Raw materials and supplies	7 685	6 810
Goods in process	24 946	23 511
Finished product	32 406	27 488
Gross inventories	65 037	57 809
Valuation allowance	-1 680	-1 522
Total	63 357	56 286

6. Securities and financial assets

Securities	31 March 2021	31 March 2020
Bionime Corp., Taiwan	3 091	8 940
Total	3 091	8 940

The shares in Bionime – held for sale – are disclosed in the current assets, refer to notes 17.

Financial assets	31 March 2021	31 March 2020
CeQur SA, Switzerland	2 500	0
Other financial assets	168	185
Total	2 668	185

The investment in CeQur SA was carried out in March 2021. CeQur SA is currently at the stage of commercialising a wearable mechanical patch device for the bolus delivery of insulin.

7. Fixed assets

Cost value	Land and buildings	Machinery and equipment	Other fixed assets	Assets under construction	Buildings for investment purposes	Total
At 01 April 2019	92 400	292 035	18 628	97 534	20 556	521 153
Additions	3 355	27 878	4 420	42 194	306	78 155
Disposals		-4 766	-584			-5 350
Transfers	31 487	54 276	2 112	-82 498	-7 144	-1 767
Currency translation differences	-1 665	-1 983	-335	-2 001		-5 984
At 31 March 2020	125 578	367 440	24 241	55 229	13 718	586 206
Accumulated depreciation						
At 01 April 2019	-44 139	-187 551	-12 766	0	-8 053	-252 509
Depreciation	-3 396	-23 818	-2 741		-596	-30 550
Disposals		4 678	538			5 216
Transfers	-1 484	-1 705	-124		3 316	3
Currency translation differences	78	487	167			731
At 31 March 2020	-48 940	-207 910	-14 926	0	-5 333	-277 109
Net book value at 01 April 2019	48 261	104 484	5 862	97 534	12 502	268 644
Net book value at 31 March 2020	76 638	159 530	9 315	55 229	8 385	309 097
Cost value						
At 01 April 2020	125 578	367 440	24 241	55 229	13 718	586 206
Additions	473	39 170	2 297	15 030	227	57 197
Disposals	0	-7 519	-753	0	0	-8 272
Transfers	659	45 852	577	-49 257	8	-2 160
Currency translation differences	1 754	3 131	331	418	0	5 634
At 31 March 2021	128 464	448 074	26 694	21 420	13 953	638 605
Accumulated depreciation						
At 01 April 2020	-48 940	-207 910	-14 926	0	-5 333	-277 109
Depreciation	-3 765	-26 877	-3 316	0	-438	-34 396
Disposals	0	7 367	712	0	0	8 079
Currency translation differences	-99	-533	-169	0	0	-801
At 31 March 2021	-52 803	-227 953	-17 699	0	-5 771	-304 227
Net book value at 01 April 2020	76 638	159 530	9 315	55 229	8 385	309 097
Net book value at 31 March 2021	75 661	220 121	8 995	21 420	8 182	334 379

There are no pledges as security for loans and no investments in finance leasing. Gains on the sale of tangible assets in the financial year 2020/21 amounted to CHF 0.1 million (previous year: CHF 0.2 million) and are included in other operating income in the income statement. The reclassification of investment properties in 2019/20 concerns the office buildings 1 and 5 in Solothurn, which are now used by Ypsomed for operational purposes.

The additions of tangible fixed assets encompass the further expansion of production capacity both in Switzerland and Schwerin for the purpose of absorbing the budgeted growth, mainly in the Ypsomed Delivery Systems segment.

8. Intangible assets

Cost value	Development costs	Patents	Software	Client base/ Other	Total
At 01 April 2019	131 272	660	31 187	11 945	175 063
Additions	36 538		5 385	58	41 981
Disposals			-115		-115
Transfers			1 764		1 764
Currency translation differences	-148		-115	-245	-509
At 31 March 2020	167 661	660	38 105	11 758	218 184
Accumulated amortisation					
At 01 April 2019	-58 103	-660	-23 015	-11 867	-93 644
Amortisation	-18 247		-4 151	-36	-22 434
Disposals			115		115
Currency translation differences	5		50	240	295
At 31 March 2020	-76 345	-660	-27 001	-11 663	-115 668
Net book value at 01 April 2019	73 169	0	8 172	78	81 419
Net book value at 31 March 2020	91 317	0	11 104	95	102 516
Cost value					
At 01 April 2020	167 661	660	38 105	11 758	218 184
Additions	57 934	20 000	7 567		85 502
Disposals	-7 970		-602		-8 571
Transfers			2 160		2 160
Currency translation differences	274		175	194	644
At 31 March 2021	217 900	20 660	47 406	11 952	297 918
Accumulated amortisation					
At 01 April 2020	-76 345	-660	-27 001	-11 663	-115 668
Amortisation	-16 788		-5 147	-38	-21 972
Disposals	112		602		714
Currency translation differences	-18		-54	-191	-263
At 31 March 2021	-93 038	-660	-31 599	-11 892	-137 190
Net book value at 01 April 2020	91 317	0	11 104	95	102 516
Net book value at 31 March 2021	124 862	20 000	15 806	61	160 728

Capitalised development costs include products in the development phase amounting to CHF 58.4 million (previous year: CHF 26.2 million), products in the industrialisation phase amounting to CHF 11.2 million (previous year: CHF 5.1 million), products in the pre-launch phase amounting to CHF 4.1 million (previous year: CHF 3.3 million) and products in the marketing phase amounting to CHF 51.2 million (previous year: CHF 56.7 million).

Specifics related to the selling of YpsoPod® are disclosed in note no. 24 'transactions with related persons'.

During the financial year 2020/21 an investment in patent letters – with regard to operating the insulin pump – amounted to a total of CHF 20.0 million.

9. Goodwill not reported in the balance sheet

Acquired goodwill – the difference between acquisition costs and the recalculated current value of all net assets acquired – is offset directly against equity at the time of acquisition of a participation or business. Theoretical

capitalisation of goodwill and amortisation over five years would produce the following stated values under assets and scheduled amortisation of goodwill in the income statement:

Cost value	2020/21	2019/20
At 01 April	323 130	323 887
Accumulated currency translation differences	646	-757
At 31 March	323 776	323 130
Accumulated amortisation		
At 01 April	-323 130	-323 887
Amortisation, scheduled amortisation over 5 years	0	0
Change in accumulated currency translation differences	-646	757
At 31 March	-323 776	-323 130
Net book value at 01 April	0	0
Net book value at 31 March	0	0

The value of acquired goodwill would have been completely absorbed if the same had been hypothetically capitalised.

10. Financial liabilities

	31 March 2021	31 March 2020
Fixed advances banks (current)	182 500	182 999
Long-term loan from Techpharma Management AG, Burgdorf	32 500	10 000

The fixed advances of the banks were granted to Ypsomed Holding AG and Ypsomed AG with a term of up to 12 months. The average interest rate is 0.8 %. As at 31 March 2021, the maximum credit line for fixed advances was CHF 265 million. Interest of CHF 1.6 million (previous year: CHF 0.8 million) was paid on fixed advances in 2020/21.

Since 01 April 2010, the interest rate on the long-term loan of CHF 10 million from Techpharma Management AG is based on the 12-month Libor CHF as published by the Swiss National Bank plus 0.5 % margin, but at least 0.7 %. The interest rate is subsequently adjusted semi-annually. Ypsomed Holding AG can repay all or part of the loan at any time. The redemption of the loan is due on 31 March 2025. The contract terms regarding the interest rate will be aligned to the SARON in the course of the upcoming financial year.

In 2020/21 Techpharma Management AG has granted an additional loan – with a credit line of CHF 45 million and interest rate of 0.7 % – to Ypsomed Holding AG. Ypsomed Holding AG will repay CHF 10 million not later than 01 April 2024. Furthermore, Ypsomed Holding AG could amortise the loan anytime in full or in part. Techpharma Management AG can recall the loan as per 31 March 2025 at the earliest.

Techpharma Management AG is a company controlled by Willy Michel. Interest of CHF 0.1 million (previous year: CHF 0.1 million) was paid on the loan in the financial year 2020/21.

11. State-subsidised grants

Ypsomed receives state-subsidies – granted by the German federal state of Mecklenburg-Vorpommern – that is fully related to the set-up of the production site in Schwerin (DE), i.e. the construction of the building and the procurement of movably capital tangible assets (Purpose: facilitating the industrial economy with funds taken from the joint initiative “Improvement of the structure of the regional economy”). The overall amount of these state-subsidies amounts EUR 9.8 million at most, and they are dependent on the ultimate amount of investment.

The production facility was commissioned in the course of the 2019/20 reporting year and the subsidies carried as liabilities were released in proportion to the recorded depreciation.

In the 2020/21 financial year, Ypsomed received further subsidies amounting to EUR 1.1 million. The subsidies are carried as liabilities and released in line with the depreciation period of the respective subsidised asset.

The conditions for receiving the subsidies were met as of the cut-off date.

	2020/21	2019/20
At 01 April	7 687	3 644
Funds received	1 053	4 576
Partial reversal of subsidies	-343	-186
Currency translation differences	360	-347
At 31 March	8 757	7 687

12. Provisions/Deferred tax liabilities

	Taxes	Warranties	From pension plans	Restructuring	Other	Total
At 01 April 2019	2 900	1 785	0	0	4 234	8 918
Additions	2	2 378		223	1 545	4 148
Release	-732	-322			-176	-1 230
Utilisation		-744			-1 625	-2 368
Currency translation differences				-8	-46	-54
At 31 March 2020	2 169	3 097	0	215	3 932	9 413
of which current	0	1 241	0	215	1 142	2 599

At 01 April 2020	2 169	3 097	0	215	3 932	9 413
Additions	377	2 882			1 322	4 580
Release	-7	-292		-47	-186	-532
Utilisation		-1 242		-172	-965	-2 379
Currency translation differences	1			4	41	46
At 31 March 2021	2 539	4 445	0	0	4 144	11 128
of which current	0	1 862	0	0	602	2 463

Warranties

There is a risk that medical products developed, distributed and produced by Ypsomed could have material defects or product faults, resulting in legal liability and product liability in particular, as well as other liabilities, such as the withdrawal or recall of products. Provisions are recorded based on management's best estimate and relate to warranties and also to replacement costs for withdrawn products. The company's management bases these provisions on the estimated potential warranty claim for each product.

Ypsomed holds insurance policies with third parties to cover material damages, interruption of operation, product liability and other risks, with worldwide cover. Ypsomed believes that its insurance cover and provisions with regard to business activities and the associated operative risks involved with this are appropriate and sensible. However, events can arise that are not covered or only partly covered by insurance policies or provisions made by Ypsomed. The closing of an insurance contract, covering product liability, depends on the development of the insurance market and, in particular, on the general development of the pharmaceutical industry, in which high claims for compensation are typical. Although no such losses are presently expected at Ypsomed, there is no guarantee that the company might not be subjected to damage claims in the future that are in excess of the cover available.

Provisions for warranties cover any warranty claims that may occur for products on the market. The provisions extend for the average life of the products, which is between one and five years, depending on the product, and are also determined by the best possible assessment of the risk of a claim for each product category.

Restructuring provisions

The restructuring provisions are related to a restructuring programme at subsidiaries to adapt to market conditions.

Other provisions

The other provisions are based on estimates and mainly include provisions for long-service awards of employees. In this context, CHF 0.9 million was formed and CHF 0.5 million used in the year under review. As at 31 March 2021, provisions for long-service awards amounted to CHF 2.9 million (previous year: CHF 2.5 million). In addition, CHF 0.5 million was used for legal costs in connection with the arbitration proceedings with Insulet Corp. There was an increase of CHF 0.5 million in provisions for both enforcing and warding patent letters, whereas CHF 0.2 million could be reversed.

13. Share capital

Share capital (in thousand CHF)	2020/21	2019/20
At 01 April	178 994	178 994
At 31 March	178 994	178 994
Shares issued at 31 March	12 649 739	12 649 739
Treasury shares at 31 March	6 786	46 786
Shares outstanding at 01 April	12 602 953	12 602 953
Disposal number of shares (average price in CHF 153.4)	40 000	0
Shares outstanding at 31 March	12 642 953	12 602 953

Ypsomed Holding AG was founded on 29 December 2003 with original share capital of CHF 250 000, consisting of 2 500 shares with a nominal value of CHF 100 each. Today a total of 12 649 739 shares exists, each with a nominal amount of CHF 14.15. As of 31 March 2021, the Ypsomed Group and the employee pension fund held 23 242 treasury shares in total (previous year: 63 242).

Non-distributable reserves

Non-distributable reserves in the group's shareholders' equity amounted to CHF 35.8 million at the end of the year under review (previous year: CHF 35.8 million).

14. Long-term contracts according to Percentage-of-Completion-Method (POCM)

	2020/21	2019/20
Revenue from development and industrialisation services (POCM)	33 727	23 805
Long-term contracts according to POCM in the balance sheet	31 March 2021	31 March 2020
Trade receivables	5 577	2 547
Inventories	2 172	1 524
Prepayments from customers	16 663	7 456

15. Personnel expenses

	2020/21	%	2019/20	%
Wages and salaries	164 191	85.4	136 928	83.6
Social security expenses	24 928	13.0	23 313	14.2
Other personnel expenses	3 090	1.6	3 482	2.1
Total	192 209	100.0	163 723	100.0

Personnel at 31 March (full-time equivalents)	31 March 2021	31 March 2020
Australia	12	10
Belgium	2	2
China	6	6
Denmark	3	3
Germany	264	253
Finland	2	3
France	37	39
India	6	8
Italy	13	12
Canada	8	7
Netherlands	9	10
Norway	1	1
Austria	5	7
Poland	2	2
Sweden	6	7
Switzerland	1 244	1 137
Spain	8	10
Czechia	89	90
United Kingdom	19	20
United States of America	2	1
Total	1 737	1 627
Headcount	1 824	1 714

16. Employee pensions

Within the group, there are various employee pension plans, of which most employees are members. For the companies abroad and one company in Switzerland, there are pension plans for which the obligation to provide benefits such as retirement, death or invalidity benefits lies with a state institution and/or an insurance company. For the pension plan for two companies in Switzerland representing a proportion of 67 % of the group's workforce as at 31 March 2021, there is a separate pension scheme set up in accordance with the Swiss Federal Act on Occupational Retirement, Survivors' and Disability Pension Plans (BVG) and independent of the group. As at 31 March 2021, the pension scheme held a value fluctuation reserve of CHF 41.4 million (previous year: CHF 21.8 million). The surplus in the value fluctuation reserve, i.e. the amount by which the reserves exceed the target value of 18.0% (previous

year: 18.0%) of assets, stands at CHF 11.6 million (previous year: CHF 0.0 million). This corresponds to a calculated level of cover within the meaning of Art. 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV2) of 123.0% based on a technical interest rate of 1.5% and BVG 2015 (previous year: 111.1%, technical interest rate 1.5% and BVG 2015). The board responsible for the pension scheme decided in the previous year not to use the surplus in the value fluctuation reserve to reduce contributions. Thus, this surplus did not represent an economic benefit within the meaning of Swiss GAAP FER 16 and was therefore not capitalised. Pension costs as part of personnel expense correspond to the standard contribution payments by the group companies involved.

	Surplus/deficit	Economic benefit/obligation	Contributions concerning the business period	Pension benefit expenses within personnel expenses	
	31.03.2021	31.03.2021	31.03.2020	2020/21	2019/20
Pension institutions with surplus	11551	0	0	8106	7092
Pension institutions without own assets	0	0	0	1102	1188

Per end of the financial years 2019/20 and 2020/21, there were no employer contribution reserves existing.

17. Financial income

	2020/21	2019/20
Interest income	27	6
Gains from sale of securities of Bionime Corp.	3028	12
Reversal impairment of Bionime Corp.	0	481
Foreign exchange gains	2165	3601
Dividends/other financial income	246	317
Total	5465	4417

In March 2020 it was decided to sell the stake in Bionime Corp. This investment was consequently reclassified to current assets and hence the valuation method was adjusted, too. The reported gains from sale of securities of Bionime Corp. comprise both sales profit and valuation at current value.

Dividend distribution from Bionime Corp amounts to CHF 0.2 million in the reporting year (previous year CHF 0.3 million).

18. Financial expenses

	2020/21	2019/20
Interest expenses	1720	781
Foreign exchange losses	6604	5270
Other financial expenses	297	199
Total	8620	6250

19. Income taxes

	2020/21	2019/20
Current income taxes	1 365	27 266
Deferred income taxes	-1 062	-31 146
Total	302	-3 880
Weighted average tax rate in %	4.9 %	-49.4 %
Weighted average tax rate in % without special item	13.1 %	15.5 %

The Group benefits from reduced tax rates at Ypsomed AG, which are subject to annual changes. In Switzerland, the Tax Reform and AHV Financing (STAF) was adopted, which are now affecting the Swiss Group companies. The aim of the STAF is to create an internationally compliant and competitive tax system for companies. Privileged taxation is no longer in conformity with the law. The Ypsomed Group can, among other things, obtain tax relief in this system for research and development activities as well as for patents. Tax rates of individual companies within the group may vary. Differences in the allocation of earnings to the companies also affects the effective, both in the international environment and between the cantons of Berne and Solothurn.

Special effects in current taxes

As per 31.12.2019, intercompany sale of trademarks and patents of TecPharma Licensing AG to Ypsomed AG amounted to CHF 242.0 million. In the 2019/20 financial year, current taxes of CHF 21.5 million were due on the gain of this intercompany transaction. In the 2020/21 financial year, the final tax assessment resulted in a credit of CHF 0.2 million. Ypsomed Holding AG will not pay any

taxes on the profit share of CHF 5.8 million in 2020/21 due to the participation deduction.

The group average tax rate used to calculate deferred income tax is 12.3 % (previous year: 11.9 %). The change compared to previous year results from the increase in the proportion of companies with higher tax rates. The change in deferred tax rates compared to the previous year results leads to an increase in expenses of CHF 0.04 million.

Special effects in deferred taxes

At the Group level, there are now valuation differences due to sales of brands and patents within the group, as the brands and patents were capitalised by Ypsomed AG. Since 1 January 2020, these are depreciated linearly for tax purposes over 10 years. As per 31 March 2021, the deferred income tax assets on this transaction amounted to CHF 23.9 million (previous year: CHF 26.6 million). These were assessed at the future income tax rate of 11.275 %, taking advantage of the maximum STAF relief.

	31 March 2021	31 March 2020
Capitalised deferred tax assets	34 768	33 069
of which temporary differences	25 027	27 724
of which not yet utilised tax-loss carryforwards	9 741	5 345

Deferred income tax assets from unused tax loss carryforwards are only capitalised if it is highly probable that future taxable profits will be generated. In the 2020/21 financial year deferred income tax assets of CHF 0.1 million expired and unusable loss carryforwards were reversed. CHF 4.6 million in assets were created for newly incurred losses.

Deferred income tax assets are recognised on 97 % of the total loss carryforwards of CHF 64.6 million. For the usable loss carryforwards in Switzerland, the CHF 8.9 million from the value adjustment of the receivable against Insulet Corp. cannot be offset for cantonal and communal taxes. In the case of federal taxes, however, these can be fully offset. This is because Ypsomed Distribution AG was taxed at a privileged rate in the past.

20. Segment information

Ypsomed discloses net sales from the perspective of sales structures, according to Ypsomed Delivery Systems (YDS: injection systems) and Ypsomed Diabetes Care (YDC: insulin pumps, infusion sets, pen needles, blood glucose monitoring systems and other accessories). The YDS division provides pharmaceutical and biotech customers with injection systems and related services. This is a B2B business which is handled directly from the headquarters in Burgdorf. In the YDC area, the products are sold directly to hospitals, doctors, pharmacies and patients via Ypsomed subsidiaries and distributors. The segment Others comprises Ypsotec and properties not used for operational purposes.

Due to possible competitive disadvantages, segment results are not disclosed in accordance with Swiss GAAP FER 31/8. Compared to relevant competitors in the field of injection systems and insulin pumps, this results in significantly higher transparency with regard to the cost and margin structure and Ypsomed would be the only company to provide detailed segment profitability information. Most of the relevant competitors are companies without publicly available financial information (Owen Mumford, Haselmeier, SHL Group), or large companies with large reporting segments and diluted comparative information (Roche, Medtronic). Accordingly, disclosure of such information would result in a significant competitive disadvantage compared to competitors. In addition, such information can have a negative impact on the negotiating position towards customers and suppliers.

Financial year 2019/20	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Others	Eliminations	Group
Sales of goods and services to third-party customers	187 706	192 032	14 526		394 264
Intersegmental sales			1 085	-1 085	0
Total sales of goods and services	187 706	192 032	15 611	-1 085	394 264

Operating profit					9 687
EBIT margin					2.5%
Investments in fixed and intangible assets					120 136
Depreciation/Amortisation/Impairment					52 799

Financial year 2020/21	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Other	Eliminations	Group
Sales of goods and services to third-party customers	177 730	211 176	14 750		403 656
Intersegmental sales			1 473	-1 473	0
Total sales of goods and services	177 730	211 176	16 223	-1 473	403 656

Operating profit					9 269
EBIT margin					2.3%
Investments in fixed and intangible assets					142 699
Depreciation/Amortisation/Impairment					56 025

Sales of goods and services by regions	2020/21	2019/20
Switzerland	35 317	34 221
Europe	269 383	276 692
North America*	39 235	40 165
Rest of the World	59 722	43 185
Total	403 656	394 264

Sales of goods and services are reported by geographical location in accordance with the invoice address. The sales of injection systems to biotech and pharmaceutical part-

ners are made mainly to their European group companies. These companies market the products worldwide.

21. Discontinued operations

On 21 July 2017, Ypsomed announced that the distribution agreement with Insulet Corp. for the distribution of the Omnipod® will not be extended. The agreement with Insulet Corp. ended on 30 June 2018.

As contractually agreed compensation for the establishment of the European distribution structures for Omnipod®, Ypsomed booked an income of CHF 49.8 million (USD 50.2 million) as a compensation fee from Insulet Corp. as on 30 June 2018. The calculation depends on the number of Omnipod® deliveries to existing customers within the twelve months after expiration of the distribution agreement. According to the contract the real payment shall be quarterly computed by Insulet Corp. on the basis of the number of real deliveries. The contract foresees the first quarterly due payment as per end of November 2018 encompassing the months July to September 2018, end of February 2019 for the months October to December 2018, at the end of May 2019 for the months January to March 2019 and then at the end of August 2019 for the months April to June 2019. Instead of the expected approximately USD 50 million, Insulet Corp. transferred USD 5.1 million to Ypsomed without disclosing a calculation basis. Due to the lack of a mutual understanding Ypsomed has initiated arbitration proceedings against Insulet Corp. as of 21 December 2018, which is in adherence to respective stipulations in the distribution agreement. In the course of the arbitration proceedings Insulet Corp. has asserted a counterclaim of USD 18.7 million, i.a. due to allegedly insufficient sales efforts.

As per end of December 2020 there was an agreement in the course of the arbitration proceedings resulting in the recognition of the compensation fee by Insulet Corp. as stipulated in the contract; thus an amount of additional USD 36.15 million was paid due to the termination of the cooperation. The overall compensation finally amounts to USD 41.25 million. Insulet concurrently abandons the counterclaim of USD 18.7 million. At the time of this settlement the currency adjusted book value of the total receivables was CHF 43.5 million. Therefore Ypsomed posts an impairment of about CHF 8.9 million in the annual report 2020/21 by reducing the EBIT and consequently the financial result of the segment Ypsomed Diabetes Care.

22. Contingent liabilities

Ypsomed has unlimited contingent liabilities (mainly guarantees) from current business activities with regard to third parties to the amount of CHF 1.8 million (previous year: CHF 2.4 million). Ypsomed is of the opinion that it is

unlikely that these contingent liabilities will be utilised. In addition there are contingencies and commitments in the context of law cases that could occur in the course of normal business operations.

23. Leasing and contractual obligations

The maturities of the group's fixed operating leasing/rental liabilities that cannot be terminated within 12 months are as follows (undiscounted):

	31 March 2021	31 March 2020
Less than 1 year	3 105	2 745
1 to 5 years	9 312	7 106
Over 5 years	3 519	4 729
Total	15 936	14 580

The above overview includes a lease agreement concluded between Ypsomed AG and Techpharma Management AG, a company controlled by Willy Michel. The rent is based on an independent rental valuation and starting from 01 June 2020 it amounts to CHF 840 000 per year plus VAT and is linked to the national consumer price index. The rental contract stipulates that small and standard

maintenance work on the building shall be paid by the tenant up to a maximum amount of 2.0% of the annual rent per calendar year. The contract period was prolonged by ten years in the previous year and ends on 31 December 2029, the total obligation until expiry of the contract amounts to CHF 7.4 million.

Further contractual obligations	31 March 2021	31 March 2020
Purchase commitments for products	11 022	16 783
Obligations for the purchase of fixed assets	6 783	14 100
Obligations for the purchase of intangible assets	962	3 307
Liabilities for miscellaneous purchasing	1 784	782
Total	20 551	34 972

24. Transactions with related persons

Related persons are Techpharma Management AG, TecMed AG and the employee pension funds. On the balance sheet date, trade receivables and advance payments to related parties amounted to CHF 0.7 million (previous year: CHF 0.0 million).

The liabilities amounted to CHF 0.0 million (previous year: CHF 0.0 million). The reporting year includes the following significant transactions with related parties:

Expenses	2020/21	2019/20
Techpharma Management AG (interest according to Note 10)	118	70
Techpharma Management AG (compensation for rented business premises)	851	907
Techpharma Management AG (amounts in accordance with service contract)	8	129
Total expenses	978	1 105
Income/Sale of capitalised development expenditures		
TecMed AG (sale of the development project Ypsopod®)	13 000	0
TecMed AG (development activities rendered regarding Ypsopod®-enhancement project since 01.01.2021) in sales of goods and services	1 775	0
Total income	14 775	0

Lease Agreement

Since 01 January 2006 Ypsomed AG has rented the commercial property at Buchmattstrasse in Burgdorf (Ypsomed north) from Techpharma Management AG, which is controlled by Willy Michel. The parties have signed this lease contract that stipulates i.e. an index-linked lease at arms' length; the determination of the lease has been reviewed and agreed by an independent assessor. The lease contract could be terminated on 31 December 2029 conditional upon a 24 months' notice, and after this date on any month. During the entire lease period there is an unlimited purchase option for the lessee, which definitely will end after 25 years after the beginning of the lease. In addition the lease contract stipulates that moderate and usual maintenance work amounting up to 2 % of the annual lease per calendar year shall be borne by the lessee. More extensive maintenance expenses in order to preserve the substance of the building shall be borne by the lessor. Realised and with the hirer agreed modifications of the building shall be reimbursed upon the termination of the contract; the respective book values derive from the asset ledger by applying the respective depreciation rates according to Swiss GAAP FER. This lease contract was discussed and agreed by the Board of Directors who have obtained the opinion that the contract is at arm's length.

Further contractual relations

Willy Michel, respectively the Techpharma Management AG company that is controlled by him, and Ypsomed AG have concluded a framework service contract that can be terminated bei either side at any time. This contract allows Techpharma Management AG for providing service as of needed basis to Ypsomed Group (e.g. hotel, catering) as well as selected management support services (including temporary labour leasing) and, for its part, for Ypsomed Group to offer occasional services Techpharma Management AG (e.g. management – and IT support, including temporary labour leasing). The required services are being invoiced at a prevailing market rate. This service contract was discussed and agreed by the Board of Directors who have obtained the opinion that the contracts is at arm's length.

Sale and the further development of YpsoPod® development project

As of 1st January 2021 Ypsomed sold the development project YpsoPod® (patch-pump technology) to TecMed AG, a company that is controlled by Willy Michel. Beside a sales profit of about CHF 5 million, this sale enables Ypsomed to enhance the entrepreneurial freedom and to invest the financial resources by focusing in all activities, which generate faster profits. At the same time Ypsomed participates in a future success of the YpsoPod®. Though, Ypsomed will get a pre-emption right if TecMed AG prospectively sells the YpsoPod in future. If Ypsomed is opting out the preemption right, then it could claim 20% earn-out, in addition Ypsomed could repurchase the marketable product. Both the development and the industrialization run by TecMed AG will last several years and bear various risks.

A possible future sales price cannot be estimated accurately. For the before-mentioned various reasons Ypsomed has waived a capitalisation of the possible earn-out.

As stipulated in a service contract TecMed AG has mandated Ypsomed AG to enhance YpsoPod®. Ypsomed will charge occurring expenditures and processing services with a profit margin of 5%. Both the risks of the enhancement and industrialization bear TecMed AG. The corresponding contracts have been discussed and approved by the Board of Directors.

In January 2021, TecMed AG paid CHF 13.0 million for this development project. The realized profit of CHF 5 million, after the offsetting of the capitalised development output to date of about CHF 8 million, is disclosed in the financial reporting line other operating income.

25. Earnings per share

The earnings per share are calculated by dividing the net profits by the monthly weighted number of outstanding shares during the period. Here, the average number of own

shares held by the group companies is subtracted from the issued shares.

	2020/21	2019/20
Net profits in thousand CHF	5811	11 734
Number of outstanding shares weighted on a monthly basis	12612184	12602953
Earnings per share in CHF (diluted and undiluted)	0.46	0.93

26. Derivative financial instruments

At the end of May 2019, Ypsomed Holding AG concluded a EUR loan with Cross Currency Swap (CCS). For the period from 03 June 2019 – 02 June 2020, Ypsomed Holding AG received a loan amounting to EUR 40.1 million, which entitles to draw on CHF 45.0 million (EUR/CHF 1.1225). At the end of the term, the CHF 45.0 million were due for repayment at a fixed rate of EUR/CHF 1.1225. The contractual interest rate was 0.21% p.a. on the CHF 45.0 million. There was no risk of currency exchange or interest rates. The cross currency swap was converted into an ordinary fixed advance of CHF 45.0 million on 02 June 2020. As per 31 March 2021, the Ypsomed Group has no derivative financial instruments.

in million CHF	Contract value		Asset		Liability	
	31.03.2021	31.03.2020	31.03.2021	31.03.2020	31.03.2021	31.03.2020
Derivative financial instruments						
EUR Credit EUR 40.1 million					0	42.4
Cross Currency Swap for currency hedging	0	42.4			0	2.6

27. Restatement

In the course of the financial year 2020/21 we did identify a mistake in the reported VAT declaration of the German distribution companies. During the tax periods 2004/05 – 2020/21 the entities paid too much VAT. The respective amounts of these taxable years have been claimed for refund. This is Ypsomed's reason for a restatement with the retrospective adjustment of figures of the previous year 2019/20.

The following tables disclose the impact of the restatement on the concerned financial lines of the closing

in thousand CHF

Impact on income statement	Restated				
	01 April 2019– 31 March 2020	in %	01 April 2019– 31 March 2020	in %	Delta
Sales of goods and services	393 866	100.0 %	394 264	100.0 %	397
Operatin profit	9 289	2.4 %	9 687	2.5 %	397
Income taxes	3 996	1.0 %	3 880	1.0 %	-115
Net profit	11 452	2.9 %	11 734	3.0 %	282

Impact on balance sheet and equity	Restated				
	31 March 2020	in %	31 March 2020	in %	Delta
Assets					
Other current assets	11 502	1.7 %	15 004	2.2 %	3 502
Total assets	674 738	100.0 %	678 240	100.0 %	3 502
Liabilities					
Current income tax payable	22 839	3.4 %	23 855	3.5 %	1 016
Total current liabilities	274 987	40.8 %	276 003	40.7 %	1 016
Equity					
Own shares / translation exchange differences	-25 321	-3.8 %	-25 724	-3.8 %	-403
Retained earnings	432 195	64.1 %	435 084	64.1 %	2 889
Total equity	375 172	55.6 %	377 658	55.7 %	2 487
Total liabilities and equity	674 738	100.0 %	678 240	100.0 %	3 502

Impact on consolidated statement of cashflows	Restated		
	01 April 2019– 31 March 2020	01 April 2019– 31 March 2020	Delta
Net profit	11 452	11 734	282
Other expenses/income that do not affect the fund	-11	-145	-134
Increase (-) / decrease (+) in other receivables and prepayments and accrued income	-3 996	-4 205	-208
Increase (+) / decrease (-) in other payables and accrued liabilities and deferred income	11 728	11 788	60
Cashflow from operating activities	49 089	49 089	0



Report of the group auditors

Report of the statutory auditor

to the General Meeting of Ypsomed Holding AG

Burgdorf

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Ypsomed Holding AG and its subsidiaries (the Group), which comprise the consolidated income statement for the financial year ended 31 March 2021, the consolidated balance sheet as at 31 March 2021, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 50 to 78) give a true and fair view of the consolidated financial position of the Group as at 31 March 2021 and its consolidated financial performance and its consolidated cash flows for the financial year then ended in accordance with Swiss GAAP FER and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 3'220'000

We concluded full scope audit work at 4 Group companies in 2 countries. These Group companies contributed 90% of the Group's sales.

As key audit matter the following area of focus has been identified:
Impairment of capitalized development costs

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due

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to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 3'220'000
How we determined it	0.8% of sales
Rationale for the materiality benchmark applied	We chose sales as the benchmark because, in our view, it is one of the benchmarks against which the performance of the group is most commonly measured, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Board of Directors that we would report to them misstatements above CHF 150'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

The Group comprises three business divisions (Ypsomed Delivery Systems, Ypsomed Diabetes Care, Others) and it is active in four regions, 'Switzerland', 'Europe', 'North America' and 'Rest of the World'. The Group financial statements are a consolidation of 27 reporting units, comprising the Group's operating businesses and centralised service and corporate functions.

The Group audit strategy was determined taking into account the work performed by the Group auditor as well as by the component auditors in the PwC network. In relying on the component auditors, we have ensured that their work provides sufficient appropriate audit evidence on the components' financial information as a basis for the Group audit opinion. This involvement of the Group auditor in the work of the component auditors was based on audit instructions and pre-structured reporting. It also included the assessment of the risk assessments and reporting of the component auditors as well as various telephone conferences with them.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment of capitalized development costs

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 March 2021, Ypsomed Group disclosed capitalized development costs in the amount of CHF 124.9 million (prior year: CHF 91.3 million). In this regard, we also refer to section 5 of the basis for the consolidated financial statements and in section 8 of the notes to the consolidated financial statements.</p> <p>Capitalized development costs include products in the development phase in the amount of CHF 58.4 million (prior year: CHF 26.2 million), products in the industrialization phase of CHF 11.2 million (prior year: CHF 5.1 million), products in the pre-launch phase of CHF 4.1 million (prior year: CHF 3.3 million) and products in the marketing phase of CHF 51.2 million (prior year: CHF 56.7 million).</p> <p>In order to test the development costs for impairment, management assesses the probability of any expected future economic benefits. We consider the impairment of capitalized development costs as a key audit matter, as the profitability analysis used for this purpose is substantially based on management estimates.</p>	<p>We tested the appropriateness of the Group's financial reporting in relation to the impairment of capitalized development costs.</p> <p>Based on the following audit procedures we tested how management made the accounting estimate in terms of the profitability analysis:</p> <ul style="list-style-type: none"> • We compared the relevant parameters used in the profitability analysis with data sources of the group. • We assessed the accuracy of past plans by comparing them with the values, that actually occurred. • Furthermore, we evaluated how sensitively the calculations reacted to changes in the input parameters and whether the calculation models used were mathematically accurate. <p>We consider the profitability analysis applied by management to be an appropriate basis for the assessment of the impairment of capitalized development cost.</p>

Other matter

The consolidated financial statements of Ypsomed Holding AG for the year ended 31 March 2020 were audited by another firm of auditors whose report, dated 19 May 2020, expressed an unmodified opinion on those statements.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with Swiss GAAP FER and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 Swiss law and Swiss Auditing Standards 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 consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Oliver Kuntze
Audit expert
Auditor in charge

Astrit Mehmeti
Audit expert

Bern, 18 May 2021



Balance sheet of Ypsomed Holding AG – statutory financial statements

In thousand CHF

Assets	31 March 2021	31 March 2020
Cash	3 965	1 866
Securities	3 091	8 940
Other short-term receivables	17	21
Total current assets	7 073	10 827
Investments	306 144	314 987
Long-term receivables group companies	567 156	556 250
Total non-current assets	873 300	871 237
Total assets	880 373	882 064
Liabilities and equity	31 March 2021	31 March 2020
Trade payables third parties	26	1
Other short-term payables to third parties	0	28
Short-term financial liabilities to bank	144 500	133 999
Short-term financial liabilities to group companies	13 763	34 643
Accrued liabilities and deferred income	1 281	753
Current income taxes payable	51	66
Total current liabilities	159 621	169 489
Long-term interest-bearing financial liabilities to major shareholder & president of Board of Directors (Techpharma Management AG, CH-Burgdorf)	32 500	10 000
Long-term interest-bearing financial liabilities to intra-group companies (Ypsomed Distribution Ltd.)	0	14 828
Total non-current liabilities	32 500	24 828
Total liabilities	192 121	194 317
Share capital	178 994	178 994
Statutory capital reserves		
Capital contribution reserves	109 889	111 149
Disagio	- 150	- 150
Statutory retained earnings		
General legal reserves	50	50
Voluntary retained earnings		
Retained earnings	403 039	187 262
Net result	- 2 613	217 038
Treasury shares	- 957	- 6 595
Total shareholders' equity	688 253	687 747
Total liabilities and shareholders' equity	880 373	882 064



Income statement of Ypsomed Holding AG – statutory financial statements

In thousand CHF

	01 April 2020– 31 March 2021	01 April 2019– 31 March 2020
Operating expenses		
Administrative expense	984	882
Cost of services sold	700	700
Impairment of Ypsotec AG	8844	0
Total operating expenses	10528	1582
Operating result	-10528	-1582
Financial income		
Interest income third (others)	0	0
Interest income investments	2608	2479
Dividend income	246	220316
Gains from securities/reversal of impairment	3028	493
Income treasury shares	498	0
Foreign exchange gains	3314	2
Total financial income	9693	223290
Financial expense		
Interest expense	-1261	-690
Interest expense to investments	-130	-404
Expenses own shares	0	0
Foreign exchange losses	-69	-3363
Other financial expenses	-121	-59
Total financial expenses	-1581	-4516
Financial result	8112	218775
Result before taxes	-2416	217192
Taxes	-197	-154
Net result	-2613	217038



Notes to the statutory financial statements of Ypsomed Holding AG

General

The creation of the annual financial statements 2020/21 is in adherence to the regulations of the Swiss Reporting Authorisation (32nd title of Swiss Code of Obligations) Additional information in the notes to the annual financial statement, the cash flow statement and the situation report was dispensed with in accordance with Art. 961d OR as Ypsomed Holding AG prepares a consolidated financial statement in accordance with a recognised standard for financial accounting.

Valuation principles

This annual financial statement was prepared in accordance with the provisions on commercial accounting of the Swiss Code of Obligations (Art. 957–963 b OR, applicable as of 01 January 2013).

Assets and Liabilities

Assets are valued no higher than the purchasing costs, listed securities at market value. All changes in values are posted in the profit and loss results. No provisions are made for a fluctuation reserve. Liabilities are valued at their nominal value.

Investments and financial assets

Investments and financial assets are valued at acquisition costs less impairment. Value adjustments affecting net income are included in the results for the period.

Foreign currency translation

All assets and liabilities in foreign currencies are translated at the exchange rates applicable at the reporting date. The translation of income and expenses in foreign currencies as well as all transactions in foreign currencies are made at the exchange rates applicable on the respective transaction dates. The resulting differences in exchange rates are included in the profit and loss account.

Number of full-time jobs

The annual average of full time equivalents was 0 – in both the reported financial year and the previous year.

Securities

The revaluation and reversal of impairment of Bionime Corp. shares amounts to CHF +0.8 million as of 31 March 2021 (previous year as of 31 March 2020: CHF –1.0 million).

Direct investment

The direct investment in Ypsotec AG was impaired by CHF 8.8 million.

Derivative financial instruments

At the end of May 2019, Ypsomed Holding AG concluded a EUR loan with Cross Currency SWAP (CCS). For the period from 03 June 2019–02 June 2020, Ypsomed Holding AG received a loan amounting to EUR 40.1 million, which entitles to draw on CHF 45.0 million (EUR/CHF 1.1225). At the end of the term, the CHF 45.0 million were due for repayment at a fixed rate of EUR/CHF 1.1225. The contractual interest rate was 0.21 % p.a. on the CHF 45.0 million. There was no risk of currency exchange or interest rates.

Financial revenue

The partial sale of the securities of Bionime and the valuation at the stock market price as of 31 March 2021 generated income of CHF 3.0 million (previous year: CHF 0.5 million) in the reporting year. The foreign currency valuation of the loan to Ypsomed Produktion GmbH resulted in an unrealised foreign currency gain of CHF 3.2 million (previous year: CHF –3.3 million).

Share capital

The share capital amounting to CHF 178 993 806 (previous year: CHF 178 993 806) consists of 12 649 739 (previous year: 12 649 739) registered shares with a nominal value each of CHF 14.15 (previous year: CHF 14.15).

Impact of the COVID-19 pandemic on business

We refer to the consolidated financial statements on page 58.

Significant shareholders and shareholder groups

	31 March 2021		31 March 2020	
	Number of shares	Capital and vote share	Number of shares	Capital and vote share
Shareholder group Michel family	9310322	73.6%	9475254	74.9%

As of 31 March 2021, no further notifiable holdings have been reported.

Treasury shares

	31 March 2021		31 March 2020	
	Number of shares	Ø price (CHF)	Number of shares	Ø price (CHF)
Treasury shares at the beginning	46786		46786	
Purchase of treasury shares				
Disposal of treasury shares	-40000	153.4		
Treasury shares held	6786		46786	

Direct investments

	31 March 2021		31 March 2020	
	Capital and vote share	Book value (CHF)	Capital and vote share	Book value (CHF)
Ypsomed AG, CH-Burgdorf	100%	299812758	100%	293812758
Ypsotec AG, CH-Grenchen	100%	4800000	100%	13643520
TecPharma Licensing AG, CH-Burgdorf	100%	1529702	100%	1529702
Ypsomed Distribution AG, CH-Burgdorf		0	100%	6000000
Ypsomed BVBA, BE-Brussels	1%	1177	1%	1177
Total Investments		306143637		314987157

As of 01 April 2020 Ypsomed Distribution AG (Burgdorf) was merged retroactively into Ypsomed AG by means of an absorption.

Indirect and substantial investments

	Holding by	Capital and vote share	
		31 March 2021	31 March 2020
Ypsomed GmbH, DE-Liederbach	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed BV, NL-Nieuwegein	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed S.A.S., FR-Paris	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed AB, SE-Bromma	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Produktion GmbH, DE-Schwerin	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed India Private Ltd., IN-New Delhi	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Ltd., UK-Esclrick	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed GmbH, AT-Vienna	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed S.r.l., IT-Varese	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Medical Devices Co. Ltd., CN-Beijing	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Pty Ltd., AU-Sydney	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed s.r.o., CZ-Prague	Ypsomed AG, CH-Burgdorf	100%	100%
DiaExpert GmbH, DE-Liederbach	Ypsomed GmbH, DE-Liederbach	100%	100%
Ypsotec s.r.o., CZ-Tábor	Ypsotec AG, CH-Grenchen	100%	100%
Ypsomed Polska Sp. z o.o., PL-Warsaw	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed BVBA, BE-Brussels	Ypsomed AG, CH-Burgdorf	99%	99%
Ypsomed Diabetes, S.L., ES-Barcelona	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Canada inc., CA-Montreal	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed AS, NO-Drammen	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Oy, FI-Masala	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed ApS, DK-Glostrup	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Inc., US-Dover	Ypsomed AG, CH-Burgdorf	100%	100%
Ypsomed Distribution GmbH, DE-Rheinfelden	Ypsomed AG, CH-Burgdorf	100%	100%

Patronage agreements to investments

There is an unlimited patronage agreement in favour of a group company.

Securities, reserve for guarantees and collateral order in favour of third parties

In thousand CHF

	31 March 2021	31 March 2020
Credit Suisse (Schweiz) AG, CH-Zurich guarantee in connection with credit business for Ypsomed AG	87 500	62 500
BNP Paribas (Suisse) SA, CH-Geneva guarantee in connection with tender transactions of subsidiaries	11 050	10 581

Long-term receivables group companies

In thousand CHF

	31 March 2021	31 March 2020
Ypsomed AG, CH-Burgdorf	462 130	473 838
Ypsotec AG, CH-Grenchen	21 031	20 031
Ypsomed Produktion GmbH, DE-Schwerin	83 995	62 381
Total long-term receivables group companies	567 156	556 250

Investments held by the Board of Directors and members of Executive Management

As at 31 March 2021, executive and non-executive members of the Board of Directors, members of the Executive Management and persons closely linked to them held the following investments in total. No options on Ypsomed shares were held. Own shares held by the

Ypsomed Group and shares of Ypsomed Holding AG held by the employee pension fund are not allocated to any member of the Board of Directors or Executive Management.

Share ownership of Board of Directors	31 March 2021	31 March 2020
Dr. h.c. Willy Michel, President	8 994 212	9 094 212
Indirect investments	9 741	71 173
Total Willy Michel	9 003 953	9 165 385
Anton Kräuliger, Member until 01.07.2020		5 100
Paul Fonteyne, Member	0	0
Dr. Martin Münchbach, Member	0	0
Gilbert Achermann, Member since 01.07.2020	0	
Total shares Board of Directors	9 003 953	9 170 485

Members of Executive Management

Simon Michel, CEO	164 125	164 125
Dr. Beat Maurer, Senior Vice President Legal Services & Intellectual Property	500	500
Niklaus Ramseier, Senior Vice President Finance/IT (CFO)	1 069	1 069
Hans Ulrich Lehmann, Senior Vice President Technology	86	46
Ulrike Bauer, Senior Vice President Marketing & Sales Delivery Systems	275	275
Dr. Eberhard Bauer, Senior Vice President Marketing & Sales Diabetes Care	1 310	1 610
Frank Mengis, Senior Vice President Operations	400	200
Michael Zaugg, Senior Vice President Human Resources	0	0
Total shares Executive Management	167 765	167 825

Refer to the Corporate Governance on page 100 for details of the shareholder group Michel family and their share ownership.

Proposal for the appropriation of retained earnings

The Board of Directors proposes to the General Meeting of Shareholders that the retained earnings be appropriated as follows:

In thousand CHF

	31 March 2021	31 March 2020
Retained earnings	403 039	187 262
Net result	-2 613	217 038
Retained earnings at disposal of the General Meeting of Shareholders	400 426	404 299
Distribution of dividend from retained earnings*	-7 333	-1 260
Allotment from capital contribution reserves*	7 333	1 260
Distribution of dividend from capital contribution reserves*	-7 333	-1 260
Carried forward to the next year	393 093	403 039

* The Board of Directors proposes to the General Meeting of Shareholders a distribution of retained earnings in the amount of CHF 0.58 (previous year: CHF 0.10) and a tax free distribution of capital contribution reserves in the amount of CHF 0.58 (previous year: CHF 0.10) per share. The total distribution based on the actual share capital as of 31 March 2021 will be approximately CHF 14.7 million (previous year: CHF 2.5 million).



Report of the statutory auditors

Report of the statutory auditor

to the General Meeting of Ypsomed Holding AG

Burgdorf

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Ypsomed Holding AG, which comprise the balance sheet as at 31 March 2021, income statement and notes for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages to 83 bis 89) as at 31 March 2021 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall materiality: CHF 7'000'000

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As key audit matter the following area of focus has been identified:

Impairment of investments and intercompany loans

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 7'000'000
How we determined it	0.8% of total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is a relevant benchmark against which a holding company can be assessed, and it is a generally accepted benchmark for materiality considerations.

We agreed with the Audit Committee that we would report to them misstatements above CHF 150'000 identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. 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.

Impairment of investments and intercompany loans

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 March 2021, Ypsomed Holding AG holds investments and intercompany loans in the amount of kCHF 873'300 (prior year: kCHF 871'237).</p> <p>To test the investments and intercompany loans positions for impairment, management prepares medium-term plans. These medium-term plans form the basis for testing the impairment of investments and intercompany loans positions. These medium-term plans are substantially based on management estimates.</p> <p>We consider the impairment of investments and intercompany loans as a key audit matter due to their relevance to the financial position of Ypsomed Holding AG.</p> <p>This matter is presented in the statutory financial statements in the notes to the financial statements in the section on "Principles for the valuation of investments".</p>	<p>In order to test the appropriateness of the impairment assessment undertaken by management, we performed the following audit procedures:</p> <ul style="list-style-type: none"> • We assessed the mathematical accuracy and consistency of the applied calculation models. • We assessed the accuracy of past planning by comparing it to what actually occurred. • Furthermore, we assessed whether the medium-term plans used in impairment testing were consistent with the planning data that was used in connection with the consolidated financial statements. <p>We consider the assessment procedures used by management to be an appropriate and adequate basis for the impairment testing of investments and intercompany loans.</p>

Other matter

The financial statements of Ypsomed Holding AG for the year ended 31 March 2020 were audited by another firm of auditors whose report, dated 19 May 2020, expressed an unmodified opinion on those statements.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors 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, the Board of Directors is responsible for assessing the entity'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 the Board of Directors either intends to liquidate the entity 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 Swiss law and Swiss Auditing Standards 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.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings and reserves complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Oliver Kuntze
Audit expert
Auditor in charge

Astrit Mehmeti
Audit expert

Bern, 18 May 2021



Multi-year overview

In thousand CHF

	2020/21	2019/20	2018/19	2017/18
Sales of goods and services*	403 656	394 264	453 765	466 119
Gross profit	94 827	90 974	156 413	139 825
Gross profit in %	23.5 %	23.1 %	34.5 %	30.0 %
Operating profit	9 269	9 687	73 344	61 070
Operating profit in %	2.3 %	2.5 %	16.2 %	13.1 %
Net profit	5 811	11 734	60 136	52 060
Net profit in %	1.4 %	3.0 %	13.3 %	11.2 %
Depreciation of tangible assets	34 053	30 365	25 747	19 744
Amortisation of intangible assets	21 972	22 434	19 141	14 725
EBITDA**	65 294	62 486	118 232	95 539
EBITDA in %	16.2 %	15.8 %	26.1 %	20.5 %
Current assets	185 141	189 890	178 789	218 311
Non-current assets	532 543	488 351	408 959	281 928
Current liabilities	272 377	276 003	187 883	142 453
Non-current liabilities	49 921	24 579	21 061	16 245
Balance sheet total	717 683	678 240	587 748	500 239
Capital expenditure	-57 197	-78 155	-106 421	-54 798
Cash flow from operating activities	85 828	49 089	59 859	53 269
Cash flow from investing activities	-106 914	-115 834	-128 390	-65 820
Cash flow from financing activities	26 669	68 661	49 089	4 595
Issued shares at 31 March	12 649 739	12 649 739	12 649 739	12 649 739
Average shares outstanding	12 612 184	12 602 953	12 602 953	12 586 645
Earnings per share in CHF (basic/diluted)	0.46	0.93	4.77	4.14
Dividend per share (in CHF)	1.16	0.20	0.55	1.40
Book value per issued share (in CHF)***	31.26	29.86	29.95	27.00
Share price: year's highest (in CHF)	162.80	160.00	154.70	228.70
Share price: year's lowest (in CHF)	112.40	102.40	111.60	132.50
Share price: year-end (in CHF)	158.60	125.00	127.50	145.90
Market capitalisation (in million CHF)	2 006	1 581	1 613	1 846
Average headcount	1 799	1 684	1 531	1 394
Average full-time equivalent	1 712	1 602	1 451	1 328
Year-end headcount	1 824	1 714	1 604	1 451
Year-end full-time equivalent	1 737	1 627	1 522	1 384
Sales per average full-time equivalent (in CHF)	235 780	246 107	312 725	350 993

* See basis for the consolidated financial statements on page 54.

** Operating profit before depreciation and amortisation.

*** The goodwill was offset with equity under Swiss GAAP FER.

The Corporate Governance report describes the management and control principles at the highest corporate level of Ypsomed Holding AG and its subsidiaries.

This report is based on the directive of the SIX Swiss Exchange on corporate governance.





Corporate Governance

The Corporate Governance Report describes the management and control principles at the highest corporate level of Ypsomed Holding AG and its subsidiaries according to the directive of SIX Swiss Exchange as of 20 June 2019 (Corporate Governance Directive) concerning information on corporate governance.

Ypsomed, with headquarters in Burgdorf, Switzerland, is a world leader in the field of injection systems for the administration of pharmaceutical substances. Ypsomed develops and produces its products primarily in Switzerland. Ypsomed injection systems are marketed by globally operating pharmaceutical and biotechnology companies. As part of its diabetes care business segment, Ypsomed focuses on self-medication products for patients with diabetes. The company's own infusion pumps, pen needles as well as infusion sets and commercial products purchased from third parties, in particular devices for the self-monitoring of blood glucose levels, accessories and many day-to-day items for diabetics, are sold through the company's own distribution network and by independent distributors. The Ypsomed Group also includes Ypsotec, with headquarters in Grenchen and a subsidiary in Czechia, a supplier of precision turned parts and components.

The Ypsomed Group's principles and regulations on Corporate Governance are defined in the Articles of Association, in the Organisational Policy of Ypsomed Holding AG as well as the Code of Conduct of the Ypsomed Group and correspond to the Corporate Governance Directive. The organisational policy issued by the Board of Directors governs the duties, powers and responsibilities of the executive bodies of the Ypsomed Group, with the main features of this policy set out on page 107 under the section on the definition of competences. Ypsomed Holding AG's Articles of Association (in German) can be ordered in print form from the company or can be viewed on the company's website at www.ypsomed.com (under: www.ypsomed.com/articlesofassociation).

A copy of the Code of Conduct of the Ypsomed Group can be ordered in print form from the company or can be viewed on the company's website at www.ypsomed.com (www.ypsomed.com/codeofconduct). Im-

plementation of the basic principles and values laid down in the Code of Conduct is reviewed on an ongoing basis during the company's day-to-day business. To this purpose, the Board of Directors receives information on a regular basis regarding experiences with the Code of Conduct.

Group structure

Ypsomed Holding AG is organised as a holding company pursuant to Swiss law and directly or indirectly owns or controls all the companies that form part of the Ypsomed Group worldwide. None of Ypsomed Holding AG's subsidiaries are listed companies.

History of Ypsomed's development

Ypsomed was formed from what was previously Disetronic, which was founded in 1984 and which developed and produced infusion systems and also, from 1986, injection systems. On 30 April 2003, Roche Holding AG acquired the infusion business of Disetronic through a public tender offer. Willy Michel continued the injection business under the Ypsomed company name.

Listed group company

Ypsomed Holding AG, which has its headquarters in Burgdorf, is the parent company of the Ypsomed Group. It has a share capital of CHF 178 993 806.85, divided into 12 649 739 registered shares with a nominal value of CHF 14.15 each. Shares in Ypsomed Holding AG have been traded on the Domestic Standard of the Swiss Stock Exchange, the SIX Swiss Exchange, security number 1 939 699/ticker symbol: YPSN.

	Per 31 March 2021	Per 31 March 2020
Market capitalisation in CHF	2006248605	1581217375
In % of equity	507.4	418.7
Share price in CHF	158.60	125.00
Price/earnings ratio	344.23	134.26

* Equity capital on 31 March 2021: kCHF 395385
Equity capital on 31 March 2020: kCHF 377 659

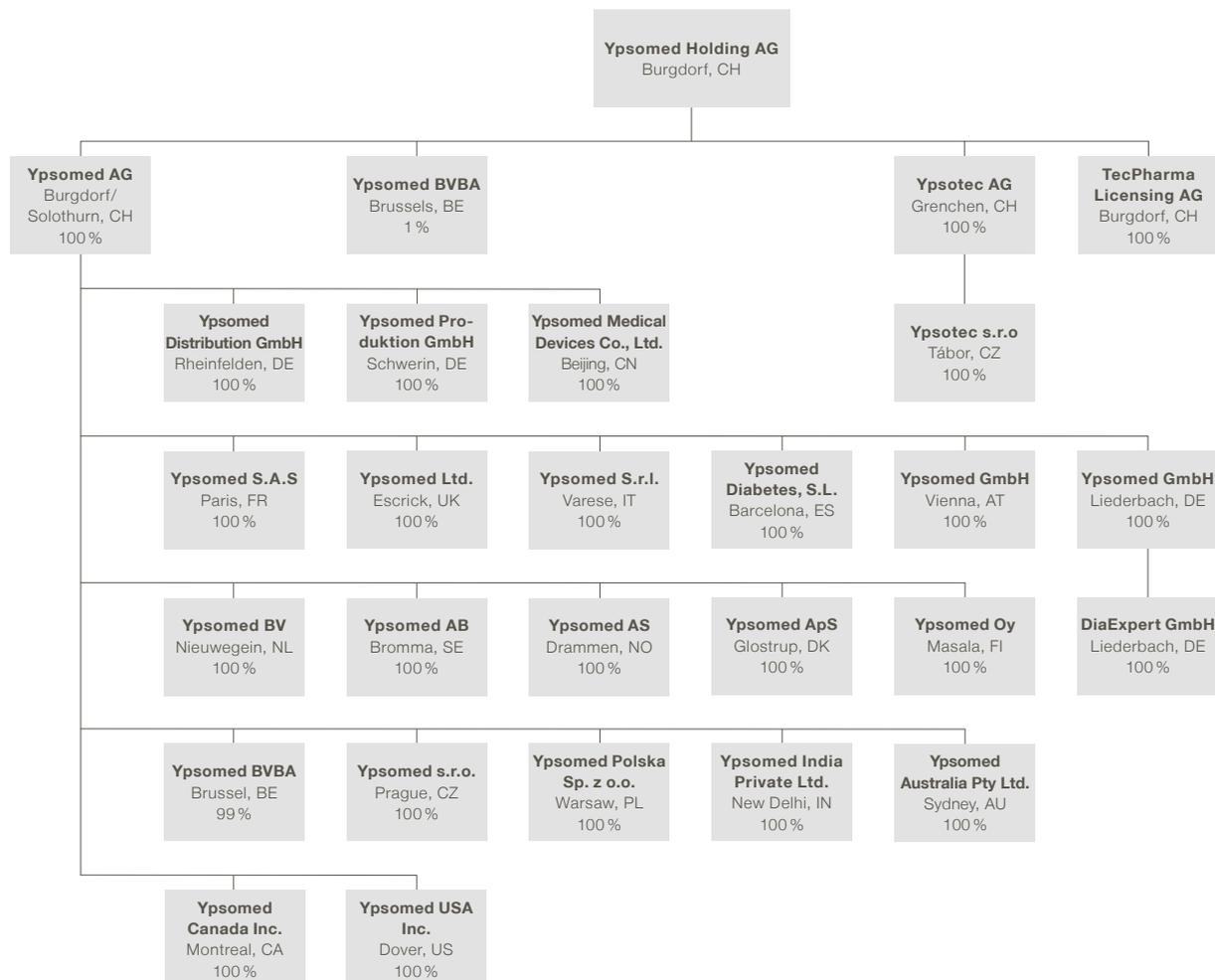
** Earnings per share as at 31 March 2021: CHF 0.46
Earnings per share as at 31 March 2020: CHF 0.93

Operating organisation

The operating organisation of the Ypsomed Group is based on a parent company structure. The CEO is supported by the following departments: Operations (incl. Production, Logistics, Quality Management & Regulatory), Technology, Corporate Finance/IT, Marketing & Sales (Delivery Systems and Diabetes Care), Human Resources, and Legal & Intellectual Property. As a rule, two members of the Executive Management sit on the supreme body of each subsidiary. The Executive Management of Ypsotec reports directly to the CEO, whereas the Executive Management bodies of the international distribution companies report to the Senior Vice President Diabetes Care.

In terms of operations, the Ypsomed Group is divided into two business segments: the “Ypsomed Delivery Systems” segment comprises the injection systems business developed and manufactured by Ypsomed. The “Ypsomed Diabetes Care” segment comprises the business with various supplies for diabetes care, for example infusion pumps, infusion sets, pen needles, blood glucose monitoring systems and other accessories. The “Others” segment comprises precision turned parts as well as real estate not currently in operational use.

Group structure as at 31 March 2021



The capital of each company is given in the appendix to the consolidated annual balance, see page 60 under note 1. Consolidation scope.



Capital structure

Share capital

The share capital of Ypsomed Holding AG amounts to CHF 178 993 806.85. It is divided into 12 649 739 fully paid-up registered shares, each with a nominal value of CHF 14.15.

Conditional share capital

The Ypsomed Holding AG does not own conditional capital as of 31 March 2021.

Authorised share capital

The Ypsomed Holding AG does not own authorised share capital as of 31 March 2021.

Shares and participation certificates

The 12 649 739 registered shares are fully paid-up and each has a nominal value of CHF 14.15. One registered share represents one vote. All shares have equal dividend rights. There are no preferential rights. Ypsomed Holding AG has no participation capital.

Dividend rights certificates

Ypsomed Holding AG owns no dividend rights certificates.

Changes in capital

The capital changed as follows in the past years: changes in the share capital up to 31 March 2021 in accordance with the statutory financial statement of Ypsomed Holding AG.

Equity analysis of Ypsomed Holding AG

(Values in CHF)

Date	Process	Number of shares	Par value	Share capital	Retained earnings
31.03.18	Holdings	12649739	14.15	178993806.85	123443274.39
01.04.18	Transfer of net profit carried forward to retained earnings				17943907.24
05.07.18	Dividend from capital contribution reserves				
31.03.19	Buying/disposal of own shares				
31.03.19	Net profit				
31.03.19	Holdings	12649739	14.15	178993806.85	141387181.63
01.04.19	Transfer of net profit carried forward to retained earnings				45874326.41
05.07.19	Dividend from capital contribution reserves				
31.03.20	Buying/disposal of own shares				
31.03.20	Net profit				
31.03.20	Holdings	12649739	14.15	178993806.85	187261508.04
01.04.20	Transfer of net profit carried forward to retained earnings				217037679.63
10.07.20	Dividend from capital contribution reserves				
10.07.20	Dividend from retained earnings				-1260295.30
27.01.21	Disposal of 40 000 own shares				
31.03.21	Net result				
31.03.21	Holdings	12649739	14.15	178993806.85	403038892.37

Net result	Treasury shares	Other capital reserves (disagio)	Capital contribution reserves	General legal reserves	Total equity
17943907.24	-6594954.56	-150000.00	135725043.90	50000.00	449411077.82
-17943907.24					449411077.82
			-17644134.20		431766943.62
					431766943.62
45874326.41					477641270.03
45874326.41	-6594954.56	-150000.00	118080909.70	50000.00	477641270.03
-45874326.41					477641270.03
			-6931624.15		470709645.88
					470709645.88
217037679.63					687747325.51
217037679.63	-6594954.56	-150000.00	111149285.55	50000.00	687747325.51
-217037679.63					687747325.51
			-1260295.30		686487030.21
					685226734.91
	5638400.00				690865134.91
-2612622.87					688252512.04
-2612622.87	-956554.56	-150000.00	109888990.25	50000.00	688252512.04



Shareholder structure

Registered shareholders

There were 5 891 shareholders owning shares registered in the Share Register on 31 March 2021 (previous year: 6 238 shareholders). Of these shareholders, some 95 % report Switzerland as their place of residence. The distribution of shareholdings is as follows:

Number of shares	Number of shareholders as at 31 March 2021	Number of shareholders as at 31 March 2020
1 to 100	3 447	3 580
101 to 1 000	2 229	2 424
1 001 to 10 000	186	204
10 001 to 100 000	23	25
over 100 000	6	5

Significant shareholders and significant shareholder groups

The Michel family shareholder group, set up for the purposes of holding shares in family ownership, comprises Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, who holds shares both directly and indirectly, via the Techpharma Management AG, which he controls, and his children Simon Michel, CEO of Ypsomed Holding AG and the Ypsomed Group, Serge Michel and Lavinia Camilla Nussio, who each hold shares directly. As at 31 March 2021, the “Michel family” shareholder group holds a combined total of 9 310 322 (previous year: 9 475 254) registered shares in Ypsomed Holding AG, which represents 73.6 % (previous year: 74.9 %) of all the shares in the company.

There are no other known significant shareholders or significant shareholder groups. No shareholder agreements have been disclosed.

In the reporting year, there were no disclosure notifications. The disclosure notifications published pursuant to Art. 120 ff. of the Finance Market Infrastructure Act can be accessed at the website of SIX Swiss Exchange via the following link: www.ser-ag.com.

Cross participations

There are no cross participations.

Limitation on the transferability of shares

No share certificates are issued for Ypsomed Holding AG shares. Any shareholder may ask the company at any time to issue a confirmation regarding the registered shares entered in the Share Register in his/her name. Any person validly entered in the Share Register as an owner or beneficiary is considered to be a shareholder of the company. Any person acquiring registered shares or the beneficial entitlement to registered shares must apply in writing to be entered in the Share Register. Approval is given by the Board of Directors, which may delegate this power. The transfer is then entered in the Share Register. Applicants will be entered in the Share Register as shareholders with voting rights provided they expressly declare that they have acquired the registered shares in their own name and for their own account. If this declaration is not made, the Board of Directors may refuse the entry. The Board of Directors may draw up guidelines for the entry of nominees and may permit nominees to be entered in the Share Register with voting rights for shares up to a maximum of 5.0 % of the nominal share capital. The Board of Directors may also allow nominees to be entered in the Share Register with voting rights for shares exceeding this limit if the nominees disclose the names, addresses, nationality, domicile and shareholdings of the natural persons and legal entities on whose account they hold 1.0 % or more of the share capital. The 5.0 % limit also applies to nominees who are related to one another through capital ownership or voting rights by virtue of a common management or otherwise. After having heard the parties involved, the Board of Directors may remove

the entry as a shareholder with voting rights from the Share Register and replace it with an entry as a shareholder without voting rights if the entry was made on the basis of incorrect information. No applications for the entry of nominees were made in the reporting year.

Restrictions on the transfer of registered shares may only be amended by a resolution passed at the General Meeting of Shareholders with a qualified majority of at least two thirds of the votes represented and an absolute majority of the nominal share capital represented at the meeting.

Convertible bonds and options

There are no outstanding convertible bonds and no options on participation rights for Ypsomed Holding AG or any group companies have been issued.

Head office of the Ypsomed Group in Burgdorf





Board of Directors

Dr. h.c. Willy Michel

Chairman of the Board of Directors of Ypsomed Holding AG. Until April 2003, Willy Michel was the Chairman of the Board of Directors and CEO of Disetronic Holding AG and since 2003 he has been Chairman of the Board of Directors of Ypsomed Holding AG. From August 2011 to June 2014, Willy Michel was the Delegate of the Board of Directors and CEO of Ypsomed Holding AG and the Ypsomed Group. He founded Disetronic together with his brother in 1984 and they were together until his brother's departure from the business in 1995, whereupon Willy Michel became solely responsible for the development, production, distribution and sale of Disetronic products (until 1999). Within the scope of the sale of Disetronic to Roche Holding AG in 2003, Willy Michel bought back Disetronic's injection business, which has subsequently traded under the name Ypsomed. Prior to the founding of Disetronic, Willy Michel, who holds a professional qualification as a pharmaceutical consultant with a federal diploma, obtained a broad range of experience with several industrial and pharmaceutical companies in the fields of development, sales and marketing, and he was the head of Novo Nordisk Switzerland for six years (from 1978 until 1984). Willy Michel was the founder, majority shareholder and Chairman of the Board of Directors of the non-listed company Finox AG, with the purpose of development, manufacturing and sale of pharmaceuticals, which was sold to Gedeon Richter in 2016. In addition, he was Chairman (from 2012 until the Annual General Meeting of 2020, member from 2007) of the Board of Directors of Adval Tech Holding AG, which is listed on the SIX Swiss Exchange. Willy Michel is Vice Chairman of the Board of Directors of BV Holding AG (Chairman from 2001 to March 2008), an equity investment company which is listed on the Berne stock exchange BX Swiss AG. He is also Chairman of the Board of Directors of Solarstadt Burgdorf AG. In 2016, he was elected as an honorary member in the Association of the Institute for Organisation and Personnel of the University of Berne. In June 2017, he founded the Diabetes Center Berne Foundation (DCB), which works closely with the University Hospital of the Insel Group. Willy Michel is Chairman of the Board of Trustees of DCB. In addition, he is owner of a number of companies, including well-known firms in the art sector, in the watch industry and in gastronomy. He is also a member of the Boards of Directors of various non-listed companies that operate in different sectors from the Ypsomed Group and of no significance to its business activities. In 2004, the City of Burgdorf awarded Willy Michel the Medal of Honour of the town for his great

services for the benefit of the town of Burgdorf. Willy Michel was declared the "Master Entrepreneur of the Year" for his overall business performance by Ernst & Young AG in 2005 and in 2006, he was awarded an honorary doctorate (Dr. h.c.) by the Economic and Social Science Faculty of the University of Bern. In 2014, the Swiss Association for Internal and Integrated Communication (SVIK) awarded Willy Michel as "Communicator of the Year" (COTY).

Paul Fonteyne

Member of the Board of Directors of Ypsomed Holding AG since 2018. After graduating from Brussels University with a degree in chemical engineering and an MBA from Carnegie Mellon University in Pittsburgh, he held various positions at Abbott Laboratories Inc. and Merck and Co. Inc. He joined the Boehringer Ingelheim Group in 2003. For the first five years, he headed the Human Pharmaceuticals Division in the USA. From 2008 to 2011, he lived in Germany to lead the worldwide marketing team for human pharmaceuticals. During his tenure at Boehringer Ingelheim, the company experienced strong sales, profit and profitability growth in the USA. From 2012 to 2018, he was Chairman of the Board of Directors and CEO of Boehringer Ingelheim USA as well as Country Managing Director for the United States. Paul Fonteyne previously served as Chairman of the National Pharmaceutical Council (NPC), and was a member of the board of Pharmaceutical Research and Manufacturers of America (PhRMA), as well as RestORbio Inc. (until 2020) and AMAG Pharmaceuticals Inc. (until 2020). He is currently a member of the Board of Directors of the four biotechnology companies Amylyx Pharmaceuticals Inc., Gelesis Inc. and Appellis Pharmaceutical Inc., all based in Boston, and DalCor Inc., based in London. He is associated as Executive in Residence with Canaan Partners (Venture Capital).

Dr. Martin Münchbach

Member of the Board of Directors of Ypsomed Holding AG since June 2019. After graduating from the ETH Zurich in natural sciences with a doctorate in protein chemistry and a post-graduate degree in economics, business and management sciences from the ETH Zurich, he worked in various positions for venture capital companies in Switzerland. Since 2004, he has been Senior Investment Advisor Private Equity at Bellevue Asset Management AG in Küsnacht, ZH and is currently Managing Partner of BB Pureos Bioventures, a venture capital company specializing in early-stage financing for the promotion of innovative young drug development companies with a focus on Switzerland and Europe. Through his work as a venture capitalist, he has built up numerous medical technology and biotechnology companies that have brought innovative drugs and diagnostics to market. Martin Münchbach has served on the Board of Directors of 4-Antibody AG in Basel, Optimer Pharmaceuticals Inc. in San Diego, USA and Radius Health Inc. in Waltham, USA, among others. He is currently a Director of Alentis Therapeutics AG in Basel and Binx Health Ltd. in Trowbridge, UK.

Gilbert Achermann

Member of the Board of Directors of Ypsomed Holding AG since July 2020. After completing his banking apprenticeship at the Bankverein and HWV in St. Gallen, he worked from 1988 to 1998, at UBS in investment banking in Switzerland and abroad. In 1998 he moved to the MedTech industry as CFO at Straumann, where he was appointed CEO in 2002 and Chairman of the Board of Directors of Straumann Holding AG in 2010. In this function, he has been a member of the Board of Directors of the academic partner organisation ITI (International Team for Team for Implantology). In addition, Gilbert Achermann was Chairman of the Board of Directors of Siegfried Holding AG in Zofingen, of Vitra Holding AG in Birsfelden and for a short time Vice Chairman of Moser Group AG in Schaffhausen as well as a member of the Board of Directors of Vifor Pharma AG in Glattbrugg (until 2021). Since 2012, he is a member of the Board of Directors of the Private Bank Julius Baer, since 2016, a committee member of the Chamber of Commerce of both Basle cantons, since 2016, a member of the Supervisory Board of the IMD in Lausanne and, since 2020, a member of the Swiss Medtech industry association. In addition, he is a jury member of Venture Kick and an active investor in Swiss start-ups.

Members of the Board of Directors

Name	Nationality	Year of birth	Position	Member since	Elected until ordinary AGM
Dr. h.c. Willy Michel*	CH	1947	Chairman	1984	2021
Anton Kräuliger**	CH	1946	Vice Chairman	2007	2020***
Paul Fonteyne**	BE/USA	1961	Member	2018	2021
Dr. Martin Münchbach**	DE/CH	1970	Member	2019	2021
Gilbert Achermann**	CH	1964	Member	2020****	2021

* Until April 2003, Willy Michel was a member of the Executive Management of Disetronic Holding AG and from 2003 to August 2011 he was the non-executive Chairman of the Board of Directors of Ypsomed Holding AG. From August 2011 to June 2014, Willy Michel was the Delegate of the Board of Directors and CEO of Ypsomed Holding AG and the Ypsomed Group. Since July 2014, he has been the non-executive Chairman of the Board of Directors of Ypsomed Holding AG.

** Non-executive member of the Board of Directors, member of the Compensation Committee, no operational activity for Ypsomed Holding AG and its subsidiaries in the current year and the three preceding financial years.

*** Anton Kräuliger resigned from the Board of Directors at the Annual General Meeting in July 2020.

**** Gilbert Achermann was newly elected to the Board of Directors at the Annual General Meeting in July 2020.



Dr. h.c. Willy Michel



Gilbert Achermann



Paul Fonteyne



Dr. Martin Münchbach

Other activities and vested interests

There are no other activities or vested interests apart from those already mentioned.

Significant business relations

With the exception of Willy Michel, there are no business relations between the individual members of the Board of Directors and Ypsomed Holding AG and its subsidiaries. There were the following business relations between Willy Michel and people closely related to him as well as to Ypsomed Holding AG and its subsidiaries in the reporting year.

Payments made during the reporting year as part of business-related services between Willy Michel and companies in the Ypsomed Group are given in the table "Transactions with closely related people" in the appendix to the consolidated annual balance on page 76. In addition to remuneration as President of the Board of Directors of Ypsomed Holding AG, these payments represent all compensations and remunerations for services within the scope of the business relations between Willy Michel and companies of the Ypsomed Group.

Sale and the further development of YpsoPod®

As of 1st January 2021 Ypsomed sold the development project YpsoPod® (patch-pump technology) to TecMed AG, a company that is controlled by Willy Michel. As stipulated in a service contract, TecMed AG has mandated Ypsomed AG to further develop YpsoPod® to manufacturing maturity. TecMed AG compensates Ypsomed for this according to Ypsomed's expenditure based on personnel deployment and the costs incurred plus a 5% profit margin. If TecMed AG outsources the manufacturing of the YpsoPod®, Ypsomed shall also be entitled to the right to submit an offer.

Besides a sales profit of about CHF 5 million, this sale enables Ypsomed to increase the financial flexibility and to focus resources on those activities that contribute faster to profitability. At the same time Ypsomed participates in a future success of the YpsoPod® and can buy back the market-ready product.

The corresponding contracts were discussed and approved by the Board of Directors. Further information on this can be found on page 77 in the notes 24 to the consolidated financial statements.

Executive loan

Techpharma Management AG has assured Ypsomed Holding AG the granting of an additional loan in the amount of CHF 45 million in accordance with the loan agreement from year 2020. As per 31 March 2021, CHF 22.5 million of the loan amount had been paid out. No amortisation payment was made in the reporting year. The remaining CHF 22.5 million can be drawn by Ypsomed from 1 June 2021. The loan bears interest at 0.7%, for the first time on 31 March 2021. The principal other terms and conditions as in force on 31 March 2021 are: Ypsomed Holding AG can repay the loan in full or in part at any time; it will repay an amount of CHF 10 million by 01 April 2024 at the latest. Techpharma Management AG can terminate the loan agreement on 31 March 2025 at the earliest.

In accordance to the loan agreement from 2004, Willy Michel made a loan to Ypsomed Holding AG, which he assigned to his company Techpharma Management AG. In the reporting year, no amortisation payment was made. As of 31 March 2021, a loan amount totalling CHF 10 million was still outstanding. Since 01 April 2010, the loan has borne interest at a rate based on the 12-month Libor CHF as published by the Swiss National Bank plus interest of 0.5%, but at least 0.7%, and it is adjusted in line with the prevailing rate as at the end of March and the end of September every year. The other key terms of the loan agreement in its currently valid version as at 31 March 2021 are: Ypsomed Holding AG may repay the loan in full or in part at any time. However, it is repayable by 31 March 2025 at the latest. Techpharma Management AG waives its right to terminate the loan in whole or in part until 31 March 2025 and to demand repayment of the terminated amount.

There are no further executive loans.

Rental contract

Willy Michel, via the company Techpharma Management AG which he controls, has been renting out the building on Buchmattstrasse in Burgdorf (Ypsomed Nord) to Ypsomed since 01 January 2006. The parties have signed a rental contract set at an indexed market rent based on a rental assessment performed by an independent party. The rental contract can be terminated on 31 December 2029 conditional upon 24 months' notice and after this in any month. The tenant has unlimited first right of refusal for purchasing the property for the entire rental period, but for a maximum of 25 years from the start of the rental. The rental contract stipulates that small and standard maintenance work on the building shall be paid by the tenant up to a maximum amount of 2% of the annual rent per calendar year. Major maintenance work and repairs necessary for safeguarding the asset value of the building are at the lessor's expense. On termination of the

contract, the tenant will be reimbursed for the alterations carried out to the leased property with the lessor's consent in application of Swiss GAAP FER depreciation rates at the residual book value. The rental contract was discussed and approved by the Board of Directors, in whose opinion it is commensurate with a rental contract at normal market conditions.

Other contractual relationships

Willy Michel, via the Techpharma Management AG company controlled by him, and Ypsomed AG have concluded a framework service contract that can be terminated by either side at any time. This contract allows Techpharma Management AG to provide occasional services to the Ypsomed Group (e.g. hotel and catering services) as well as selected management support services (including temporary personnel leasing) and, for its part, for the Ypsomed Group to offer occasional services to Techpharma Management AG (e.g. management and IT support, including temporary personnel leasing). The individual services are invoiced at normal market conditions. The contract was discussed and approved by the Board of Directors, in whose opinion it is commensurate with a cooperation contract at normal market conditions.

Number of permissible mandates

According to the statutes of Ypsomed Holding AG (under: www.ypsomed.com/articlesofassociation), the members of the Board of Directors should not accept more than 15 additional mandates in legal entities and only a maximum of five of these may be with companies whose participation rights are listed on an exchange. A mandate is deemed to be any activity in the highest management or administrative bodies of other legal entities that are obliged by law to be entered into the commercial register or a comparable foreign register and that are not directly or indirectly controlled by Ypsomed Holding AG or control the company. Mandates with different legal entities that are under joint control are deemed as being one mandate. Mandates that a member of the Board of Directors accepts on the instructions of the company, as well as mandates in associations, organisations and legal entities that are of a charitable or public nature, or in foundations, trusts and pension schemes are not governed by the restriction on admissible mandates.

Election and period of office

The members of the Board of Directors and the chairman are elected on an annual basis. Re-election is possible. There is no restriction to the period of office. The members of the Board of Directors were each elected at the General Meeting of Shareholders in 2020 and Willy Michel was also re-elected as chairman. The results of the first election can be seen in the table on page 103. The statutes of Ypsomed Holding AG do not include any rules that deviate from the statutory provisions regarding the appointment of the chairman, the members of the compensation committee and the independent proxy.

Internal organisation

The Chairman of the Board of Directors is elected by the General Meeting of Shareholders. In addition, the Board of Directors constitutes itself. There is no advisory board.

Division of duties in the Board of Directors

Willy Michel, Chairman of the Board of Directors of Ypsomed Holding AG, chairs the General Meeting of Shareholders and the meetings of the Board of Directors. He is the link between the Board of Directors and the CEO, is in regular contact with the CEO, discusses individual transactions with the CEO, monitors the activities of the CEO and of Executive Management and represents the Board of Directors outside the company.

Due to the size and composition of the Board of Directors, it can offer advice and make decisions on all questions as a full Board of Directors and it decided not to create committees with the exception of the compensation committee. However, it can transfer individual powers to an executive committee.

Compensation committee

The General Meeting of Shareholders 2020 elected Paul Fonteyne, Dr. Martin Münchbach und Gilbert Achermann as members of the compensation committee. The Board of Directors appoints the chairman of the compensation committee, Dr. Martin Münchbach was appointed as chairman. The compensation committee supports the full Board of Directors in determining and reviewing the compensation principles, in drafting the compensation report and in preparing the proposals for the General Meeting of Shareholders with regard to the compensation of the Board of Directors and Executive Management. In addition, it draws up recommendations regarding the compensation principles, which are then decided on by the Board of Directors.

Modus operandi of the Board of Directors and its committees

As a rule, the Board of Directors meets three times a year. In these meetings, it considers the written report and the verbal comments of the CEO and deliberates and decides on the proposals of the CEO. The auditors participate in the May Board meeting, in which they provide information on the comprehensive report and on other questions. The Board of Directors meets on one additional occasion per year for two days within the context of a strategy meeting with Executive Management. Occasionally, the Board of Directors also passes resolutions by means of a circular letter. The agendas for the meetings are set by the chairman; any member of the Board as well as the CEO can request that an item should be added to the agenda. The members, the CEO and CFO as well as the officer responsible for internal audit and risk management generally receive the agenda and the necessary documentation for decision making seven to ten days before the meeting. Any member of the Board of Directors may request information about any aspect of the group's affairs. Votes and elections within the Board of Directors are passed by majority decision. In the event of a tied vote, the chairman has the casting vote, in his absence, the vice chairman shall have the casting vote. Votes may not be taken by proxy. The CEO and generally the CFO as well as the officers responsible for internal audit and risk management and, on a case-by-case basis, other members of Executive Management or employees with an advisory role are present at the meetings. External consultants are not consulted.

In the reporting year, the Board of Directors met three times and passed several resolutions by circular letter. The lead auditor took part in the Board of Directors' meeting in May 2020. In addition, the Board of Directors convened for two days in March 2021 as part of the strategy meeting with the Executive Management. All members of the Board of Directors took part in all meetings of the Board, some of them online, and the strategy meeting in March 2021. Paul Fonteyne was excused from the Annual General Meeting in July 2020, which was held without the presence of the shareholders due to the COVID-19 pandemic; the other members of the Board of Directors were present at the Annual General Meeting 2020.

The compensation committee also meets during the strategy meeting and prior to or subsequent to the Board of Directors' meeting in May. All the recommendations of the committee are dealt with in the standard Board of Directors' meetings. In the reporting year, the compensation committee met in the course of the Board of Directors' meeting in May 2020 and at the Strategy Meeting in March 2021 to decide on proposals to be submitted to the full Board of Directors.

Definition of competences

The Board of Directors has by law certain non-transferable and irrevocable duties. It has the highest decision-making power in the company, under restriction of those matters on which shareholders must decide in accordance with the law. In particular, it defines company policy, the mission statement – consisting of a mission and a vision – and the strategic direction of the Ypsomed Group, sets its targets and priorities and allocates the resources for achieving the targets set. The Board of Directors defines the organisation of the Ypsomed Group, supervises business activities, controls the finance and accounting divisions and is responsible for appointments and dismissals as well as the supervision of the individuals entrusted with management duties. It is responsible for the Annual Report and the Compensation Report, issues the Code of Conduct, approves the budget and the mid-term planning for Executive Management and also monitors the business activities of the group companies and it periodically assesses strategic, operational and financial risks. The Board of Directors approves individual business affairs. This includes, in particular, decisions on the purchase or sale of companies, properties and new technologies as well as the conclusion of contracts regarding strategic cooperation and contracts with other financial significance. In addition, the Board of Directors approves the conclusion and any amendments to or dissolution of employment contracts with members of Executive Management. The competences of the Board of Directors and of the other decision-makers within the Ypsomed Group are determined within the competence regulation. Otherwise, the Board of Directors has delegated responsibility for running the company to the CEO.

Instruments for information and control with regard to Executive Management

The Ypsomed Group's information and control tools, which are at the disposal of the Board of Directors, consist of a quarterly written management report (management review, quarterly reports), and a financial report. The Chairman of the Board of Directors and the CEO have direct access at all times to the management information system (MIS).

Furthermore, the Board of Directors uses strategic planning documents as management tools for steering the company. Responsibility for risk management and monitoring rests with Executive Management, which reports on these matters periodically to the full Board of Directors, but at least once a year. In addition to these documents, further selected financial figures are available to Executive Management on a monthly basis.

Risk assessment is based on a risk inventory that encompasses the relevant risk categories such as strategic risks, management risks, general risks in the operating business, legal risks, systemic risks, financial risks (including market, credit and liquidity risks) and event risks (including political, regulatory, fiscal and external risks), and assesses these with regard to probability of occurrence and impact.

The internal auditing function, for which the Board of Directors is directly responsible, is commissioned with the constant expansion of the documented, internal control system. The auditing plans are based on a risk-oriented procedure that relates to business processes and are geared towards the following goals and tasks: reviewing the fulfilment of business goals and objectives; evaluation of the effectiveness of risk management, control and corporate management processes; optimisation of business processes; improvement of controls and processes with regard to the information systems; verification of controls and processes for accounting systems and financial reporting; confirmation and guarantee of authorised business transactions; safeguarding and protection of assets; support with regard to complying with

legal and regulatory requirements; reviewing significant or special business cases and transactions. The Board of Directors can determine additional areas to be reviewed. The officer responsible for internal auditing provides appropriate documentation to the auditors several times per year on his/her internal auditing activities and coordinates these with the auditing to be carried out by the auditors within the framework of the interim and year-end audits.



Executive Management

The CEO as well as Executive Management are responsible for the operational management of the Ypsomed Group within the scope of the guidelines laid down by the Board of Directors.

Members of the Management Board

Name	Nationality	Year of birth	Position	Employed at Ypsomed (n.b. before 2003 for Disetronic) since
Simon Michel	CH	1977	Chief Executive Officer (CEO)	2006
Frank Mengis	DE/CH	1964	Chief Operating Officer (COO)	2015
Hans Ulrich Lehmann	CH	1966	Senior Vice President Technology	2000
Dr. Eberhard Bauer	DE	1960	Senior Vice President Diabetes Care	2012
Ulrike Bauer	DE/CH	1969	Senior Vice President Delivery Systems	2001
Niklaus Ramseier	CH	1963	Chief Financial Officer (CFO)	2002
Michael Zaugg	CH	1972	Senior Vice President Human Resources	2017
Dr. Beat Maurer	CH	1958	Senior Vice President Legal & Intellectual Property, Secretary of the Board	1992

Simon Michel

CEO of the Ypsomed Holding AG and the Ypsomed Group. With Ypsomed since October 2006. Member of Executive Management since 2008 and responsible for Marketing & Sales. CEO since July 2014. From 2003 until 2006, Simon Michel worked for Orange Communications AG, where he was responsible for, among other things, the introduction and marketing of UMTS. Simon Michel studied economics at the University of St. Gallen and completed a Masters with a focus on media and communications management. He is a Member of the Board of Directors of Unitecra AG, sitem-insel AG and Forster Rohner AG. Simon Michel has been a member of the board of the Chamber of Commerce in the Cantons of Berne and Solothurn and since 2015 a member of the board of Swiss Medtech, the umbrella association of Swiss medtech, and other boards of trustees and advisory boards since 2015. Since 2017, he has been Chairman of the Board of Directors of DCB Research AG, which works closely with the University Hospital UDEM of the Insel Group and researches new therapeutic approaches to improve the quality of life of people with diabetes. Simon Michel was elected to the Cantonal Council of the Canton of Solothurn in March 2017.

Frank Mengis

Chief Operating Officer (COO). With Ypsomed since 2015 as a Member of Executive Management and responsible for Production, Supply Chain and QM&RA. He has many years of experience in the development and manufacturing of medical devices: former COO and member of management at Nobel Biocare AG, responsible for the global production sites and global supply chain. In the years 2001 to 2012 he held various management functions in the Straumann Group in Switzerland and the USA in the areas of quality management, production and development. After graduating, he started his career at F. Hoffmann-La Roche AG in Basle in the Engineering Department (1990–1999). Of German-Swiss dual nationality, he graduated as Dipl. Ing. Mechanical Engineering from the Technical University Karlsruhe followed by further training at the IMD Lausanne and the Harvard Business School (AMP Programme). He has been a member of the Board of Qualitech AG since 2017.

Hans Ulrich Lehmann

Senior Vice President Technology. From April to September 2015, Hans Ulrich Lehmann managed Operations on an interim basis. He has been a member of Executive Management since 2011 and is responsible for Technology. He has been with Ypsomed since 2000 (pre-2003 at Disetronic) in different positions, initially as Senior Project Manager for R&D projects, before spending several years as Vice President Manufacturing and Vice President Technology. Previously, he worked at various medical device manufacturing and injection moulding companies in Switzerland and the USA. He graduated as a mechanical engineer and completed the postgraduate programme in business administration at the University of Applied Sciences in Bern and also completed the Programme for Leadership Development PLD at Harvard Business School in Boston, USA.

Eberhard Bauer

Dr. med. vet., Senior Vice President Diabetes Care. Since July 2014, member of Executive Management and responsible for the Diabetes Care business area. Eberhard Bauer was responsible for the global distribution and the distribution companies of Diabetes Care from July 2012 until July 2014. Prior to this, he held various functions with Boehringer Mannheim and Roche Diagnostics over more than 20 years, including Division Head Iberia, Global Head of Marketing and Product Development for Roche Diabetes Care and most recently, Head Latin America. He graduated as Dr. med. vet. from the Ludwig-Maximilian-University Munich and carried out postgraduate studies at IMD Lausanne and the London Business School. Ulrike Bauer and Eberhard Bauer are not related in any way.

Ulrike Bauer

Senior Vice President Delivery Systems, with Ypsomed (pre-2003 with Disetronic) since 2001 in different functions and since 2014 a member of Executive Management and responsible for the Delivery Systems business area. Previously Product Manager with Mettler Toledo (1996 – 2001). She has a degree in chemical engineering and biotechnology at the University of Applied Sciences Aachen and completed a postgraduate diploma in International Management at the Kalaidos University of Applied Sciences in Zurich. Ulrike Bauer and Eberhard Bauer are not related in any way.

Niklaus Ramseier

CFO, with Ypsomed (pre-2003 with Disetronic) since 2002, prior to that Head of Finance and Controlling for the industrial services product line of the Von Roll Group (from 1995 until 2002) and various advisory and accounting functions within a trust and auditing company. Education: Swiss certified expert in accounting and controlling.

Michael Zaugg

Senior Vice President Human Resources, with Ypsomed since 2017. From 2011 to 2017 he was employed as Head of Talent Europe at ABB. Previous positions included HR at Credit Suisse: Division HR Manager, Head of Graduate Recruiting & Development and University Marketing (1997 to 2004). Moreover, he was Consultant and Management Member at schärpartners ag (2004 to 2007), Head of HR Services at Valiant Holding (2007 to 2008), Head of HR Recruiting at BKW FMB AG (2008 to 2011). Michael Zaugg held several part-time mandates: Member of the Board of Directors at Poolside AG in Zurich, Member of the Board at IngCH, lecturer at the ZfU and the University of St. Gallen Further Education Centre in the field of Talent Management, as well as the University of Bern on the topic of “Leadership in an innovative environment”, and President of the ABB Childcare Centres. Education: studied Economics at the University of Basel (degree: lic.rer.pol) with business focus on personnel management and marketing. Executive Master of Human Resources Management at the Institute for Applied Psychology in Zurich.

Beat Maurer

Dr. iur., attorney-at-law, Senior Vice President Legal and Intellectual Property, Secretary to the Board of Directors of Ypsomed Holding AG, with Ypsomed (pre-2003 with Disetronic) since 1992, prior to that tax and legal consultant with a trust and auditing company. Education: degree in Law from the University of Fribourg, studied at the Free University of Berlin, took a doctorate in law at the University of Bern and was admitted to the bar in the Canton of Bern. Beat Maurer has been a judge specialising in issues relating to business law and intellectual property law at the commercial court of the Canton of Bern since 2002. He is also President of Swiss Medtech's "Legal & Compliance" Group, the umbrella organisation for Swiss medical technology Swiss Medtech.

Other activities and vested interests

There are no other activities or vested interests apart from those already mentioned.

Number of permissible mandates

According to the statutes of Ypsomed Holding AG, the members of the Executive Management should not accept more than seven additional mandates in legal entities and only a maximum of two of these may be with companies whose participation rights are listed on an exchange.

A mandate is deemed to be any activity in the highest management or administrative bodies of other legal entities that are obliged by law to be entered into the commercial register or in a comparable foreign register and that are not directly or indirectly controlled by Ypsomed Holding AG or control the company. Mandates with different legal entities that are under joint control are deemed as being one mandate. Mandates that a member of the Executive Management accepts on the instructions of the company, as well as mandates in associations, organisations and legal entities that are of a charitable or public nature, or in foundations, trusts and pension schemes are not governed by the restriction on admissible mandates.

Management contracts

There are no management contracts.



Simon Michel – Chief Executive Officer (CEO)



Frank Mengis – Senior Vice President Operations (COO)



Hans Ulrich Lehmann – Senior Vice President Technology (CTO)



Dr. Eberhard Bauer – Senior Vice President Diabetes Care



**Ulrike Bauer – Senior Vice President
Delivery Systems**



Niklaus Ramseier – Chief Financial Officer (CFO)



**Michael Zaugg – Senior Vice President
Human Resources**



**Dr. Beat Maurer – Senior Vice President
Legal & Intellectual Property**



Compensation, participations and loans

Information on the compensation and participations of members of the Board of Directors and Executive Management, the contents and determination procedure as well as the statutory rules governing the principles, loans, credits and insurance benefits and the principles governing the votes of the General Meeting of Shareholders re-

garding compensation as well as the actual compensation paid to current and former members of the Board of Directors and Executive Management in 2020/21 can be found in the Compensation Report 2020/21, as of page 117.



Shareholders' rights of participation

Voting-right restrictions and representation

All shareholders who are entered in the share register with voting rights by the close of books are entitled to vote at the General Meeting of Shareholders. The book closing date is three to a maximum of five days before the General Meeting and is determined together with the share register. Shareholders may arrange to be represented at the General Meeting of Shareholders by written proxy. In exercising his/her voting rights, no shareholder may directly or indirectly amalgamate more than 5 % of the total voting rights in the form of his/her own shares and those he/she is representing. Legal entities and partnerships that are related to one another through capital ownership or voting rights or by virtue of a common management or otherwise, as well as natural persons, legal entities or partnerships that adopt a coordinated approach in order to circumvent the restrictions on voting rights, will be considered as one person. However, the restriction on voting rights will not apply to the exercise of voting rights by the independent proxy. It will also not apply to Willy Michel, his legal successors due to inheritance, estate distribution, anticipatory successions or matrimonial property rights, as well as to natural or legal persons and partnerships which directly or indirectly or in mutual agreement with Willy Michel, form a group in the meaning of Art. 120 of the Finance Market Infrastructure Act and disclose the same, as he was registered with more than 5 % of all voting rights on 18 September 2004 (Art. 13 Statutes, www.ypsomed.com/articlesofassociation). Furthermore, the Board of Directors may decide on exceptions to the restriction of voting rights in justified cases. The Board of Directors did not decide to make any exceptions during the reporting year. There are no rules governing the annulment of statutory voting-right restrictions.

Independent proxy

The General Meeting of Shareholders 2020 elected Dr. Peter Stähli, attorney-at-law and notary, Burgdorf, as the independent proxy for the period up to the conclusion of the next General Meeting of Shareholders 2021. According to the Articles of Association, the Board of Directors can issue a directive governing the independent proxy and determine the requirements under which valid instructions may be issued to the independent proxy. Shareholders may give their proxies and instructions to the independent proxy in writing or in an electronic form determined by the Board of Directors. The details regarding the electronic issuance of powers of attorney and instructions to the independent proxy are explained in the invitation to the Annual General Meeting.

Statutory quorums

Unless otherwise stipulated by law or by the Articles of Association, the General Meeting of Shareholders shall adopt resolutions and conduct votes on the basis of an absolute majority of the votes cast, excluding blank and invalid votes. The chairman shall also vote and, if the vote is tied, he/she shall have the casting vote. The quorums laid down in the Articles of Association reflect statutory quorums.

Convening the General Meeting of Shareholders

The General Meeting of Shareholders will be convened at least 20 days prior to the meeting by way of a letter to the shareholders who are entered in the Share Register or the shareholders registered for electronic communication, as well as by publishing a notice in the Swiss Official Gazette of Commerce (SOGC).

Agenda items

Shareholders holding shares with a nominal value of at least CHF one million have the right to request that a specific matter be put on the agenda by specifying the item of the agenda and the proposal. Such requests must be submitted in writing to the Chairman of the Board of Directors at least 45 days before the meeting.

Entries in the Share Register

Entries in the Share Register shall be made up to six days prior to the General Meeting of Shareholders. There are no rules governing the granting of exceptions.



Change of control and blocking mechanisms

In the event of a public takeover bid, the bidder is required pursuant to Art. 135 of the Finance Market Infrastructure Act to make an offer for all of the company's listed shares as soon as he/she acquires shares in the company directly, indirectly or in concert with third parties, which along with the shares already held exceed the

threshold of 49.0 % of the voting rights of the company, whether exercisable or not (Art. 7 Articles of Association, www.ypsomed.com/articlesofassociation).

There are no change-of-control clauses with members of the Board of Directors, Executive Management and/or other management personnel.



Auditors

Term of mandate of auditors and term of the lead auditor

The auditors are elected by the General Meeting of Shareholders for a term of office of one year, last at the General Meeting of Shareholders in 2020. At the 2020 Annual General Meeting, PricewaterhouseCoopers (PwC) AG, Bern, was elected as the new auditor. Oliver Kuntze is the lead auditor at Ypsomed Holding AG. Since 27 June 2007 until the Annual General Meeting 2020, Ernst & Young AG, Bern, was in office as auditor. Olivier Mange served as lead auditor of Ernst & Young AG at Ypsomed Holding AG from June 2017 until July 2020.

Auditing fees

The total auditing fees invoiced by the auditors PwC to Ypsomed Holding AG and its group companies during the reporting year amounted to CHF 0.27 million. During the reported year, the PwC auditors provided additional, so-called non-auditing services in connection with tax advice, among other things, and invoiced Ypsomed Holding AG and its group companies a total of CHF 0.04 million.

Instruments for supervision and control with regard to auditing

The full Board of Directors undertakes the supervision and control of the auditor. The lead auditor is in attendance during the discussion and acceptance of the consolidated and annual financial statements by the Board of Directors. The auditor compiles a comprehensive report annually for the attention of the Board of Directors and this is discussed by the Board of Directors with the lead auditor in attendance.



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 tools: annual report, semiannual report, presentation of the annual results to the media and financial analysts ahead of the General Meeting of Shareholders, 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 research banks monitor the development of the Ypsomed Group:

Credit Suisse, Zurich: Christoph Gretler
Mirabaud Securities Ltd., Zurich: Daniel Jelovcan
Zürcher Kantonalbank, Zurich: Daniel Buchta
Vontobel AG, Zurich: Sibylle Bischofberger Frick
Octavian AG, Zurich: Tanya Hansalik
Research Partners, Zurich: Urs Kunz

On our website at www.ypsomed.com (under Media & Investors), all interested parties can access up-to-date and potentially market-relevant information (pull system) without charge. Furthermore, all interested parties can subscribe to an e-mail distribution list under www.ypsomed.com/newsservice (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 close of the trading day. Such publications are reported in advance 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.

Equity trading

The registered shares of Ypsomed Holding AG are traded on the SIX Swiss Exchange.

Ticker symbols:
 YPSN (Telekurs)
 YPSN.S (Reuters)
 YPSN SW (Bloomberg)
 Security number 1 939 699
 ISIN: CH 001 939 699 0

Important dates

30 June 2021: General Assembly of Shareholders, Burgdorf

04 November 2021: Media conference and analysts' presentation of the semiannual figures 2021/22, Zurich

25 May 2022: Media conference and analysts' presentation of the annual figures 2021/22, Burgdorf

Ypsomed Holding AG // Thomas Kutt //
 Head of Investor Relations //
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Compensation report

The Compensation Report for Ypsomed Holding AG for the financial year 2020/21 sets out the compensation principles, the compensation system and the actual compensation for the Board of Directors and Executive Management in accordance with the provisions pursuant to the Ordinance against Excessive Compensation in Listed Stock Companies (VegüV) and the Articles of Association (www.ypsomed.com/articlesofassociation).

The overall responsibility for the definition of the compensation principles is held by the Board of Directors. The compensation committee supports the full Board of Directors in determining and reviewing the compensation principles, in drafting the compensation report and in preparing the proposals for the General Meeting of Shareholders with regard to the compensation of the Board of Directors and Executive Management and prepares recommendations regarding the compensation principles for decision by the Board of Directors. The members of the Board of Directors and the members of Executive Management present at the relevant meeting of the Board of Directors have the right of participation and the right to comment if their compensation is being decided by the committee responsible.

At the General Meeting of Shareholders of Ypsomed Holding AG of 30 June 2021, the General Meeting of Shareholders shall decide with binding effect and in separate votes on the maximum total amount of the fixed compensation both for the members of the Board of Directors for the period until the next General Meeting of Shareholders 2022 and for the members of Executive Management for the duration of the following financial year 2022/23 as well as on the performance-related compensation for the members of the Board of Directors and Executive Management for the financial year preceding the General Meeting of Shareholders, ending on 31 March 2021.

The relevant total amounts shall include all the employer contributions to the social insurance and occupational insurance. No credits, loans or insurance benefits apart from those from the occupational insurance were granted to the members of the Board of Directors and Executive Management.

Fees and expenses that are paid in compliance with the regulations approved by the authorities are not deemed to be compensation subject to authorisation.

Compensation approval process

	Type of compensation	Compensation committee	Full Board of Directors	General Assembly of Shareholders
Board of Directors Fixed compensation	Maximum amount of fixed compensation for members of the Board of Directors for the period 01 July 2021 until the next Ordinary General Meeting of Shareholders in 2022	Review of the principles and proposal to Board of Directors	Proposal to GM	Approval at the GM of 30 June 2021
	Individual compensation to the Chairman and the Members of the Board of Directors	Proposal to Board of Directors	Approval	
Board of Directors Performance-related compensation	Total amount of performance-related compensation to the Members of the Board of Directors for the financial year 2020/21	Recommendation	Proposal to GM	Approval at the GM of 30 June 2021
	Individual compensation to the Members of the Board of Directors	Proposal to Board of Directors	Approval	
Executive Management Fixed compensation	Maximum fixed compensation to Members of the Executive Management for the financial year 2022/23	Review of the principles and proposal to Board of Directors	Proposal to GM	Approval at the GM of 30 June 2021
	Individual compensation to the Members of the Executive Management	Proposal to Board of Directors	Approval	
Executive Management Performance-related compensation	Total amount of performance-related compensation to the Members of the Executive Management for the financial year 2020/21	Recommendation	Proposal to GM	Approval at the GM of 30 June 2021
	Individual compensation to the Members of the Executive Management	Proposal to Board of Directors	Approval	

Board of Directors compensation

The fixed basic component and further benefits (e.g. attendance fee) as well as a performance-related component, are discussed, examined and presented to the full Board of Directors for a decision annually by the compensation committee. The full Board of Directors reviews the compensation annually and determines any adjustments at its own discretion and without consulting external advisors. The fixed component for the period from the General Meeting of Shareholders 2020 to the General Meeting of Shareholders 2021 comprises CHF 150 000 (previous year: CHF 150 000) for the Chairman of the Board of Directors and CHF 90 000 (previous year: CHF 90 000) for each member of the Board of Directors. The performance-related component comprises between 0% and a maximum of 41 $\frac{5}{8}$ % of the fixed component. According to the compensation principles, the amount of the performance-related component is dependent on the targets achieved vis-à-vis the set targets, based on two thirds of the consolidated EBIT margin and one third of the consolidated sales. Due to the special circumstances brought about by the COVID-19 pandemic, the Board of Directors decided to set the performance-related component for all members of the Board of Directors for the reporting year at a flat rate of 35% target achievement for turnover and EBIT shares. In the reporting year, this amounted to CHF 49 000 resp. 11.2% of the fixed basic compensation for all Directors of the Board. If target attainment had been 100%, the performance-related components would have totalled around CHF 140 000. The attendance fee amounts to CHF 1 500 for every meeting that lasts at least half a day (previous year: CHF 1 500). No attendance fee is paid for shorter meetings and participation in strategy meetings and the General Meeting of Shareholders. Participation in the compensation committee is not remunerated separately. Board of Directors' fees and attendance fees are paid to the members of the Board of Directors after the General Meeting of Shareholders in July 2021. All compensation is paid in cash. There are no equity or option plans.

Depending on the situation, VAT or statutory social insurance is to be paid on top of compensation. There are no insurance benefits from pension funds that are granted to the members of the Board of Directors.

Information on all the actual compensation paid to the current and former members of the Board of Directors in the financial year 2020/21 is given in the table on page 120.

Executive Management compensation

The elements of the compensation granted to Executive Management comprise a fixed basic component, further benefits (e.g. service-years award) as well as a performance-related component based on the company result and the attainment of individual targets. The compensation committee assesses the performance and the compensation of the members of Executive Management every year and recommends any adjustments to the Board of Directors to decide on at its own discretion and without consulting external advisors. The fixed basic compensation is dependent on the function, the qualification, the professional experience and the performance of the relevant person. The performance-related component for the CEO amounts to between 0% and a maximum of 62.5% and for the other members of Executive Management between 0% and a maximum of 31 ¼% of the annual basic compensation (gross) of the individual member of Executive Management. According to the compensation principles, the performance-related component is dependent on the targets achieved vis-à-vis the set targets and is 50% based on the consolidated EBIT margin, 25% on the consolidated sales and 25% on the attainment of the individual targets of the relevant member of Executive Management. The individual targets are set together with the line manager during the annual performance appraisal and can include project targets, personal development targets or the contribution to the target attainment of a team or the department. A management system for the assessment of performance ensures that targets are defined and that target attainment is assessed during the annual performance appraisal. Due to the special circumstances brought about by the COVID-19 pandemic, the Board of Directors decided to set the performance-related component for all members of the Board of Directors for the reporting year at a flat rate of 35% target achievement for turnover and EBIT shares. The amount of the performance-related component for the CEO in the reporting year amounted to CHF 180 152 resp. 30.7% of the fixed basic compensation, based on a target attainment level of 61.4%. If target attainment had been 100%, the performance-related component would have been around CHF 113 411 higher. The amount of the performance-related component for the other Members of Executive Management in

the reporting year amounted to CHF 345 521 resp. 15.1% of the fixed basic compensation, based on a target attainment level of 60.3%. If target attainment had been 100%, the performance-related component would have been around CHF 227 297 higher.

All compensation is paid in cash. There are no equity or option plans. The Board of Directors is entitled to pay all types of compensation from the authorised, fixed compensation amounts and/or the additional amounts. Members of Executive Management are granted insurance benefits from the occupational insurance within the framework of the statutory provisions and the provisions according to the regulations including extra-mandatory benefits and in the case of illness or accident their compensation continues to be paid and/or is paid as insurance and bridging benefits within the framework of the statutory provisions and the provisions according to the regulations.

No severance pay and no notice periods of more than six months have been agreed with any members of Executive Management. In the reporting year, no severance pay was paid to former members of executive bodies. Information on the actual compensation paid directly and indirectly to the current and former members of Executive Management in the financial year 2020/21 is given in the table on page 120.

Board of Directors compensation (certified by auditor)

Gross, in thousand CHF	Fixed compensation		Performance-related compensation*		Employer contribution to social insurance		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Dr. h.c. Willy Michel, Chairman	154.5	154.5	17.5	0.8			172.0	155.3
Paul Fonteyne	94.5	94.5	10.5	0.5			105.0	95.0
Martin Münchbach, member since 26.06.2019	94.5	93.0	10.5	0.5	8.3	7.4	113.3	100.9
Gilbert Achermann, member since 01.07.2020	93.0		10.5		8.2		111.7	
Anton Kräuliger, Vice Chairman till 01.07.2020	1.5	94.5		0.5			1.5	95.0
Gerhard Isler, member till 26.06.2019		1.5						1.5
Total Board of Directors compensation	438.0	438.0	49.0	2.3	16.5	7.4	503.5	447.7

Highest compensation to Willy Michel **172.0** 155.3

Further remuneration to affiliated persons of Willy Michel:

Techpharma Management AG: for loan (interest)								118.1	70.0
Techpharma Management AG: for rented business premises and services provided								851.1	906.6

No further compensation

Of the total fixed compensation of kCHF 520.0 approved at the General Meeting of Shareholders on 01 July 2020 was not exhausted by kCHF 82.0 (excluding social security contributions).

* The full performance-related compensation for the Board of Directors comes to a total of kCHF 50.7 (previous year: kCHF 2.3). The performance-related component amounts to kCHF 49.0 (previous year: kCHF 2.3) with additional corresponding employer contributions to the social insurances of kCHF 1.7 (previous year: kCHF 0.0).

Executive Management compensation (certified by auditor)

Gross, in thousand CHF	Fixed compensation		Other compensation		Performance-related compensation*		Employer contribution to social insurance		Total	
	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20
Simon Michel, CEO	587.1	539.5	0.0	0.0	180.2	58.7	83.2	69.9	850.5	668.1
Add. members	2 291.3	2 173.0	2.0	5.0	345.5	138.0	394.4	369.4	3 033.2	2 685.5
Subtotal	2 878.4	2 712.5	2.0	5.0	525.7	196.7	477.6	439.3		
Total Executive Management compensation									3 883.7	3 353.6

Highest compensation to Simon Michel **850.5** 668.1

The fixed compensation of kCHF 2 878.4 with employer contributions to social security of kCHF 435.4 amounts to a total of kCHF 3 313.8. Of the fixed compensation of kCHF 3 600.0 approved at the General Meeting of Shareholders on 26 June 2019 for the financial year 2020/21 was not exhausted by around kCHF 286.2.

* The full performance-related compensation for Executive Management comes to a total of kCHF 567.9 (previous year: kCHF 212.5) – performance-related component was an additional kCHF 525.7 (previous year: kCHF 196.7). The corresponding employer contributions to the social insurances were kCHF 42.2 (previous year: kCHF 15.8).

No loans and credits

No loans or credits were granted to current or former members of the Board of Directors and the Executive Management or to related persons close to them during the reporting year. No such loans or credits were outstanding as of 31 March 2021.

No other compensation

No compensation or waiving of claims was granted to present or former members of the Board of Directors and the Executive Management or persons close to them during the reporting year, with the exception of compensation given in the table on page 104.

Statutory rules governing the principles of compensation

The Articles of Association of Ypsomed Holding AG contain the following with regard to the principles of compensation:

- The General Meeting of Shareholders approves annually on a binding basis and upon the proposal of the Board of Directors the total amounts of the fixed compensation for the following approval periods:
 - for the Board of Directors until the next Ordinary General Meeting of Shareholders.
 - for Executive Management for the financial year following the Ordinary General Meeting of Shareholders.
- If the General Meeting of Shareholders should refuse to approve a total amount, the Board of Directors may propose new motions at the same General Meeting of Shareholders or defer the approval of the compensation until an Extraordinary General Meeting of Shareholders or until the next Ordinary General Meeting of Shareholders. Until the fixed compensation components have been approved by the General Meeting of Shareholders the compensation can be paid subject to approval.
- The General Meeting of Shareholders approves annually on a binding and individual basis the amount of the performance-related compensation components for the members of the Board of Directors and Executive Management for the financial year preceding the General Meeting of Shareholders.
- The amounts of compensation approved by the General Meeting of Shareholders can be paid by the company itself or by the company that it controls.

- The Board of Directors is entitled to pay all types of permissible compensation from the authorised, fixed compensation amounts or the additional amounts subject to Art. 20 VegüV.
- Compensations may be paid in cash, in contributions in kind and in rights to receive equity shares.
- If new members are elected to Executive Management following the resolution of the General Meeting of Shareholders, an additional amount of a maximum of 25% of the previous total of the approved fixed compensation amounts for the approval period shall be made available to the company.
- The company can conclude temporary and permanent contracts with members of the Board of Directors governing their compensation. Temporary contracts have a maximum period of one year, but they may be renewed more than once. Permanent contracts have a maximum notice period of twelve months.
- The company can conclude temporary and permanent contracts with members of Executive Management governing their compensation. Temporary contracts have a maximum period of six months, but they may be renewed more than once. Permanent contracts have a maximum notice period of six months.
- The compensation for non-competition clauses concluded with members of Executive Management may be paid for a maximum of twelve months and must not exceed the last annual compensation paid prior to the departure of this member.

Investments held by the Board of Directors and Executive Management

See notes on the annual financial statement 2020/21 of Ypsomed Holding AG, page 88.



Auditor report on the remuneration report

Report of the statutory auditor

to the General Meeting of Ypsomed Holding AG

Burgdorf

We have audited the remuneration report of Ypsomed Holding AG for the financial year ended 31 March 2021. The audit was limited to the information according to articles 14–16 of the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance) contained in the tables labeled 'certified by auditor' on page 120 of the remuneration report.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and overall fair presentation of the remuneration report in accordance with Swiss law and the Ordinance against Excessive Compensation in Stock Exchange Listed Companies (Ordinance). The Board of Directors is also responsible for designing the remuneration system and defining individual remuneration packages.

Auditor's responsibility

Our responsibility is to express an opinion on the accompanying remuneration report. We conducted our audit in accordance with Swiss Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report complies with Swiss law and articles 14–16 of the Ordinance.

An audit involves performing procedures to obtain audit evidence on the disclosures made in the remuneration report with regard to compensation, loans and credits in accordance with articles 14–16 of the Ordinance. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatements in the remuneration report, whether due to fraud or error. This audit also includes evaluating the reasonableness of the methods applied to value components of remuneration, as well as assessing the overall presentation of the remuneration report.

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

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Opinion

In our opinion, the remuneration report of Ypsomed Holding Inc. for the year ended 31 March 2021 complies with Swiss law and articles 14–16 of the Ordinance.

Other matter

The remuneration report of Ypsomed Holding Inc. for the financial year ended March 31, 2020 was audited by another auditor who expressed an unmodified opinion on this report on May 19, 2020.

PricewaterhouseCoopers AG

Oliver Kuntze
Audit expert
Auditor in charge

Astrit Mehmeti
Audit expert

Bern, 18 May 2021



Glossary

Asthma

Bronchial asthma (asthma for short) is a chronic disease of the respiratory airways. Asthma is characterised by spasms of the bronchi and a swelling of the bronchial mucosa with an excessive production of viscous mucus. The result is a narrowing of the bronchi (bronchospasm) with the typical sudden attacks of asthma complaints: coughing, wheezing (whistling breath, particularly when exhaling), a feeling of tightness in the airways, up to severe attacks of asthma with life-threatening shortness of breath. Respiratory distress is expressed by sudden attacks, frequently at night or the early morning.

Autoinjector

In autoinjectors, needle insertion into the skin and/or injection of the drug are automatic, usually driven by means of a spring mechanism.

Basal rates

The basal rate is the continuous dosage of rapid-acting insulin to cover a patient's basic needs.

Biosimilar

The term "biosimilar" refers to a protein-based mimetic drug that has been produced using biotechnology and which is approved after the expiration of the patent period for the original active substance. Unlike the classic drugs defined in terms of molecular structure, the active substances of these novel biotechnology products are not completely identical to the original active substance and therefore require more extensive approval and monitoring procedures than the classic generics. The main reasons for these differences are the different organisms (for example *E. coli* bacteria) on which the target protein is expressed and the different methods applied, such as separation and cleansing.

Blood sugar (blood glucose)

Blood sugar means, in general, the level of glucose in the blood. Glucose is an important source of energy for the body and represents a significant measured value in medicine. If the blood sugar is high over a sustained period of time (hyperglycaemia), diabetes mellitus typically exists. In intensive insulin therapy, the blood sugar or blood glucose should be measured at least four times a day so that the amount of insulin administered can be adjusted to actual requirements. A person's insulin requirements change over the course of the day due to the varying levels of hormones that influence blood sugar, the consumption of food, physical activity or febrile infectious diseases.

Blood sugar monitoring (blood glucose monitoring)

Diabetics normally measure their blood sugar levels themselves using a portable blood sugar monitor. To carry out the measurement, a small blood sample must first be placed on a test strip. Through an enzymatic reaction with the test strip, the blood sugar is converted into a measurable product that is then measured using a photometric or electrochemical process and displayed by the monitoring device. In the case of intensive insulin therapy, the measuring of the blood sugar takes place at least four times daily.

Bolus

When a patient needs more insulin (especially at mealtimes), a bolus, i.e. an additional dose of insulin, is administered to cover this increased requirement.

Cannula

See Pen needle.

Cartridge

A drug reservoir containing the drug to be administered used with, for example, reusable pens. Some substances need pens with dual-chamber cartridges, which contain lyophilised drugs and diluent that are mixed automatically in the pen before use.

CE registration

In Europe, the process of CE registration encompasses the independent examination and licencing of a product and confirms that it bears the required safety-related marking.

CGM/FGM

Continuously measuring glucose sensors measure the concentration of tissue glucose in the body. Continuous glucose monitoring (CGM) is generally used in people with diabetes mellitus in order to better control the therapy. In FGM systems (Flash Glucose Monitoring), the tissue glucose concentration is not measured or scanned continuously, but only on demand.

CM (contract manufacturing)

Contract manufacturing refers to the assigning of one or several stages in the manufacture of a product to a contractor (outsourcing manufacturing). There are cost benefits for the OEM/ODM manufacturer as the infrastructure is not just utilised for a single product line/assembly line or product, but for several manufacturers or products. The specialisation of the contractor with a specific infrastructure results in larger production volumes (numbers of units). This leads to a win-win situation.

Compliance

In medicine we talk about the compliance of the patient. This means that, in the case of many illnesses, the patient must have a cooperative attitude for healing to occur. In the medical sense therefore, compliance can be described as observing your therapy and taking your medicine as prescribed; in short, following the doctor's recommendations. Compliance is particularly important for diabetics with regard to taking their medicine, following a diet or making lifestyle changes.

Diabetes mellitus

Diabetes mellitus is a chronic metabolic disorder involving increased blood sugar levels. In people with diabetes mellitus, the glucose in the blood can no longer be absorbed into the cells of the body in the requisite quantity for the production of energy. As a result, there is excess glucose in the blood (hyperglycaemia/excess sugar), which is then excreted in part through the kidneys. In Type 1 diabetes mellitus, the body produces insufficient insulin, or no insulin at all (absolute insulin deficiency), because most or all of the insulin-producing cells in the pancreas have become damaged by an autoimmune disease. It generally manifests itself in persons up to 35 years old and requires the regular subcutaneous administration (injection) of insulin. Type 1 diabetes mellitus accounts for about 10% of all cases of diabetes mellitus and, thanks to its clear principal symptoms, is generally correctly diagnosed and treated by physicians. In Type 2 diabetes mellitus, which is much more common, the pancreas continues to produce insulin, however its effectiveness is reduced by an insulin resistance (insulin insensitivity) of the somatic cells. As a rule, this leads to an increased release of insulin (hyperinsulinemia) in order to compensate for the deficient insulin effectiveness. Risk factors, such as being overweight or lack of exercise, promote the development of Type 2 diabetes. It is therefore frequently labelled an illness of affluence. Type 2 diabetes mellitus is generally diagnosed in people over the age of 40 and who are overweight. As a first step, it is often successfully treated by following a healthy diet and by getting more physical exercise. In later phases, tablets and insulin injections may be considered. According to estimates, about half of all people who currently have Type 2 diabetes mellitus are unaware of that fact. If both types of diabetes are not diagnosed at an early stage or if they are inadequately treated, this can lead to serious secondary diseases affecting the kidneys, nerves, eyes or blood vessels.

GLP-1

Glucagon-like peptide-1 (GLP-1) is a peptide hormone formed in the intestines that plays an important part in glucose metabolism as part of the "incretin effect" – the insulin response of beta cells in the pancreas to the supply of sugar through the intestines and the blood. GLP-1 is released directly into the bloodstream when food is eaten. It is broken down within minutes by the enzyme dipeptidyl peptidase-4 (DPP-4) and therefore must be produced on an ongoing basis. It stimulates the production of insulin in the pancreas and slows the emptying of the stomach contents into the intestine, thereby suppressing hunger pangs and thirst. It also reduces glucagon levels. Glucagon helps the release and synthesis of glucose from the liver. In this way, secretion in sufficient quantities or the subcutaneous injection of GLP-1 prevents excessively high levels of blood sugar.

Hyperglycaemia

Hyperglycaemia (excess sugar) is an increased blood sugar value (glucose value) with clinical values above 110 mg/dl (6.1 mmol/l) on an empty stomach or above 140 mg/dl (7.8 mmol/l) two hours after eating. The cause of the hyperglycaemia is a relative or absolute insulin deficiency (diabetes mellitus). This has the effect that the glucose cannot be transported from the blood into the cells and at the same time glucose is released from the liver, for example. The result is that blood sugar increases. The body attempts to excrete the blood sugar through the kidneys, thereby losing vital amounts of liquid, and affected parties react with strong thirst and frequent urination. Slight increases in blood sugar remain unnoticed for the most part because the initial symptoms, such as fatigue and lethargy, are not recognised as resulting from high levels of blood sugar. A complete insulin deficiency and a prolonged increase in blood sugar may lead to nausea, vomiting, a smell of acetone on the breath, the appearance of glucose and acetone in the urine and finally to a life-threatening diabetic coma. Insulin is administered and the intake of liquids is increased for the treatment of hyperglycaemia.

Hypoglycaemia

Hypoglycaemia is low blood sugar with a blood sugar value of less than 40 mg/dl (2.2 mmol/l) without the presence of symptoms. Hypoglycaemia can occur in all diabetics who are treated with sulphonylurea, glinides or insulin. Low blood sugar can occur when the factors reducing blood sugar (e.g. insulin, tablet effectiveness, physical activity) outweigh the factors increasing blood sugar (e.g. food intake, sugar regeneration in the liver). The symptoms include, among other things, trembling and sweating, increased appetite, headaches, weakness, a loss of concentration and blurred vision. It can be treated by the immediate administration of glucose or by drinking fruit juice. Severe hypoglycaemia can lead to unconsciousness and requires immediate medical attention.

Injection

Administration of liquid substances with a syringe.

Injection systems/injection devices

Injection systems or injection devices include self-injection devices such as pens and autoinjectors as well as pen needles.

Insulin

A vital peptide hormone that is produced by the pancreas in the beta cells of the islets of Langerhans. The primary effect of insulin is the fast reduction of the blood sugar concentration in that it supports the transport of glucose from the blood into the cells' interior. Insulin was first discovered in 1921 by two Canadians, Dr. Frederick Banting and Charles Best, and has since been used to treat diabetes. Today, it is produced mainly by means of biotechnological processes and must be either injected or infused. It cannot be administered orally because the peptide hormone insulin would be destroyed by gastric acid.

Insulin pump

Insulin pumps are small, battery-operated devices (about the size of a pager or mobile phone) that can replace regular insulin injections for patients managing diabetes. They contain an insulin cartridge with fast-acting insulin. The insulin is delivered at regular intervals into the subcutaneous fatty tissue of the body by means of a catheter, the cannula for which is under the skin. The catheter and cannula are changed every one to three days. The infusion pump allows for an almost normal adjustment of blood sugar by continuously delivering small doses of insulin, pre-programmed by the patient, around the clock, even while he/she is asleep. In addition, the patient can deliver extra insulin doses at the touch of a button in order to be able to cover additional insulin requirements, for example at mealtimes. The treatment with an insulin pump requires the patient to continue to take regular blood sugar measurements so that the insulin dose can be adjusted as necessary.

Migraine

Migraine is a neurological disease which affects approximately 10% of the population. It is three times more prevalent in women than men and is typically characterised by periodically recurring sudden attacks of pulsating and unilateral headaches which can be accompanied by additional symptoms such as nausea, vomiting, sensitivity to light or noise.

Multiple sclerosis

Multiple sclerosis (MS) is a chronic inflammatory disease which attacks the myelin sheath in the central nervous system. Next to epilepsy, it is one of the most common neurological diseases in young adults and of considerable socio-medical significance.

Originator drug

Original products are approved medicinal products which allowed first use of a specific drug substance for therapeutic purposes in humans (or animals).

Osteoporosis

Osteoporosis is a classical age-related disease that causes bones to become weak and brittle and it therefore increases the risk of a broken bone.

Pen (injection pen)

Injection device that looks like a fountain pen or ballpoint pen. The dose of medication prescribed by a doctor is set by adjusting a dosage knob and is injected from a cartridge through a cannula (pen needle) into the body.

Pen needle (cannula)

A fine, hollow needle for single use attached to the tip of the injection pen in order to inject the drug into the body. Ypsomed's pen needles feature a click-on mechanism that makes the pen needle easy to attach to the pen.

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Rheumatoid arthritis

Rheumatoid arthritis (also chronic polyarthritis) is the most common condition that leads to inflammation in the lining of the joints. Most commonly, the chronic condition develops episodically, with an episode lasting typically between several weeks and a few months. The pain recedes between individual episodes. The cause of the condition has not been fully explained although it is thought to result from an autoimmune condition.

Self-injection devices

When used in this document, self-injection devices include pens (disposable, reusable and semi-disposable pens), autoinjectors, motor-driven injection systems, safety products and needle-free technology.

Subcutaneous

(from Lat. sub = under, cutis = skin, abbr. s.c.)

A subcutaneous injection is an injection into the fatty tissue under the skin. Using pens or other injection systems, drugs can, for example, be administered intramuscularly, subcutaneously or intravenously.

Tender

A (public) call for bids.

Viscosity

Viscosity expresses the fluidity or ductility of liquids and gases. The greater the viscosity, the more viscid (less flowable) the fluid, the lower the viscosity, the less viscid (flowable) it is, in other words, it can flow faster under the same conditions.

Publisher

Ypsomed Holding AG, Burgdorf

Text, Concept and Design

Ypsomed AG, Marketing Communications, Solothurn

Printing

Stämpfli AG, Bern

The Ypsomed Group publishes its annual reports in English and German. The German version is legally binding.

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