





Ypsomed Holding AG

Annual Report 2021/22

The Ypsomed Group is a leading developer and manufacturer of injection and infusion systems for self-medication and a renowned diabetes specialist with more than 35 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 2 000 employees.



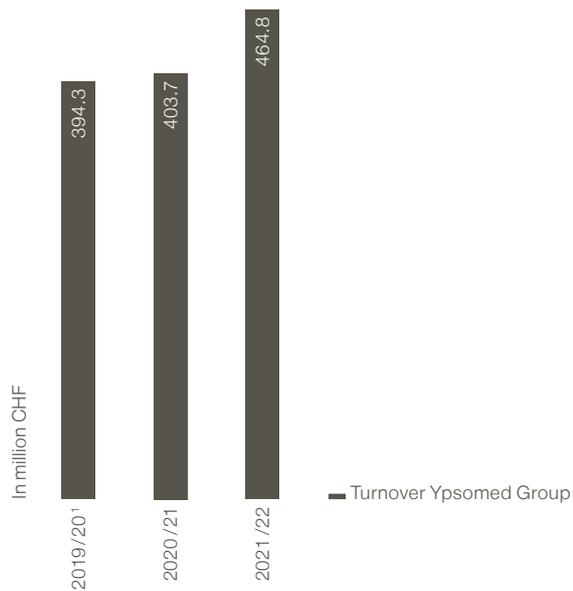
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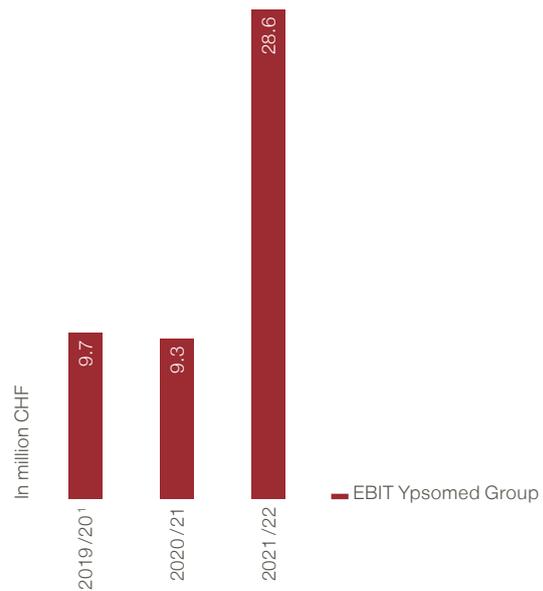


Key figures

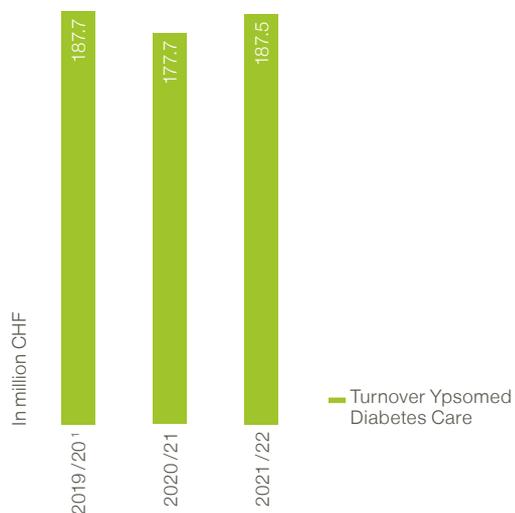
Sales at group level



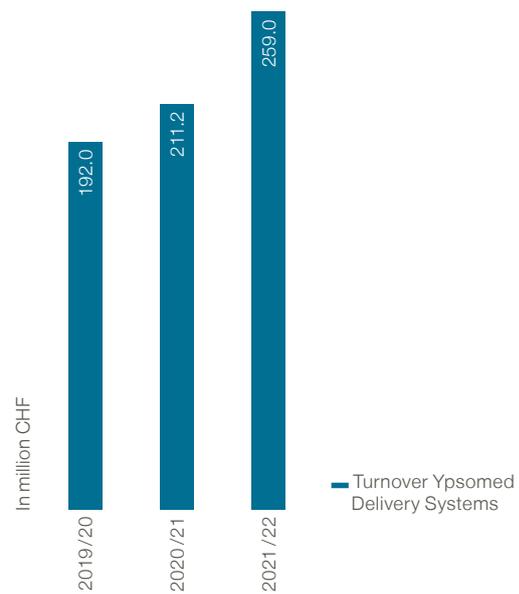
EBIT at group level



Turnover Ypsomed Diabetes Care

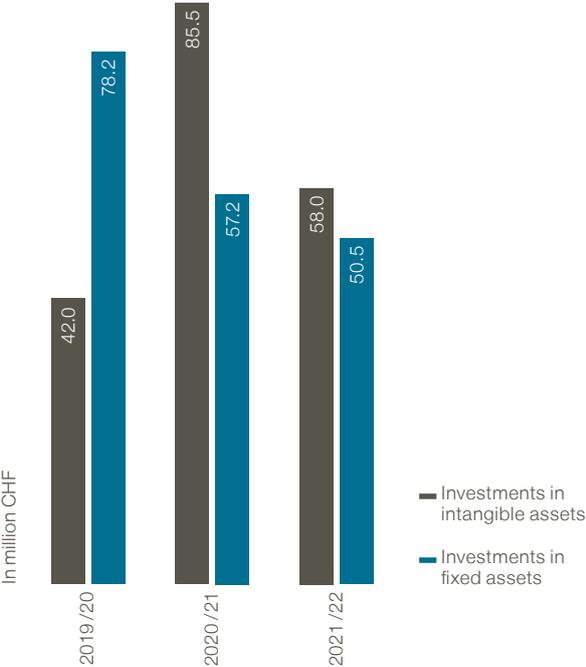


Turnover Ypsomed Delivery Systems

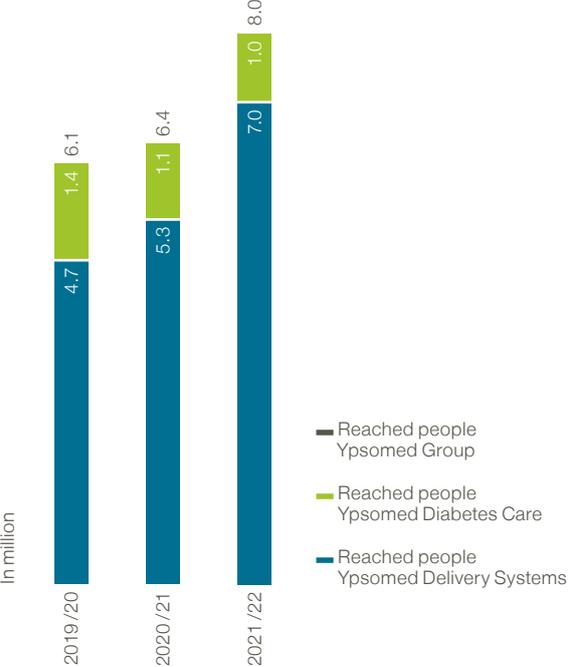


¹ See Annual Report 2020/21, notes to the consolidated financial statements no. 27, Restatement.

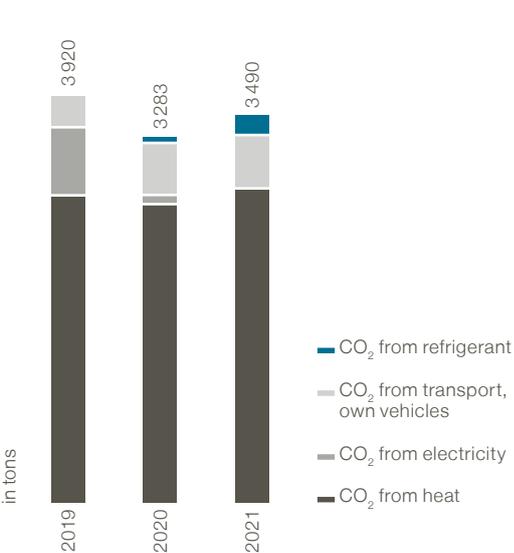
Investments



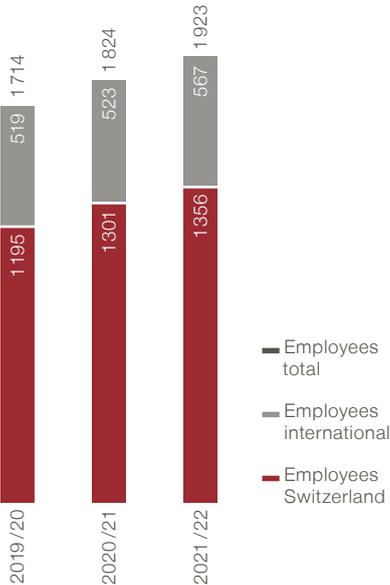
Reached people



CO₂ emissions¹



Employee headcount



¹ CO₂-eq emissions Scope 1 and 2 according to Greenhouse Gas Protocol.



Reliability and confidence

Letter to shareholders

Dear shareholders

Fortunately, the end of the Corona pandemic appears to be in sight. Overall, Ypsomed has mastered this crisis well. Throughout the pandemic, we were able to continue our production without any restrictions and there were no disruptions in supply. This is encouraging from an economic point of view. Above all, however, it is of central importance, as we owe great social responsibility to people suffering from chronic diseases. Our corporate customers and millions of patients around the world depend on our products being readily available. We have always considered it our privilege to serve people with chronic conditions. It fills us with a certain pride that we reliably live up to this social responsibility.

Reliable business model

Supply reliability in pandemic times is a major challenge. Due to our highly automated production and a highly integrated value chain, we were able to overcome these hurdles. This dictum is firmly anchored in the values of our company and is reflected in the qualitative and operational excellence of our products. We are largely autonomous in our production sites in Central Europe and are therefore less dependent on suppliers and global supply chains. Our success in difficult times reinforces this belief, which is fundamental to us. Together with our recurring business model and the modular expansion options of our production, we are ideally positioned in both Diabetes Care and Delivery Systems and will continue to advance these areas on an equal footing.

Into the future with innovation

We took advantage of the past two challenging pandemic years to intensify with passion our research and development. This has enabled us to launch innovative solutions such as our mylife™ Loop™ program. In the Delivery Systems sector, the expansion of our portfolio with digital health elements and the evolution of our autoinjectors are of major



relevance. Owing to our forward-looking attitude and our great willingness to innovate and invest, we are extremely well equipped for the future, not only in the short term but also in the long term.

Made possible thanks to meaningful partnerships for networking

Current challenges are transnational and require systemic changes that go beyond the capabilities of individual companies. Ypsomed has been a reliable, competent and therefore preferred partner of pharmaceutical companies for decades. Therefore, it is quite natural for us to enter into partnerships in order to shape and secure our common future in cooperation with accomplished partners. Here, too, we made the most of our time and concluded a number of new, trendsetting collaborations in many different areas. Nevertheless, we need to be as agile as possible in responding to an ever faster changing world and to evolving customer needs. Together with partners, we wish to expand our competencies and not only develop networked products, but also sustainable solutions that relieve the burden on healthcare.

Our sustainable contribution to the healthcare system

We have a social responsibility in matters of global access to healthcare. And in this context, biosimilars are becoming increasingly important. As our platform approach allows us to supply many different pharmaceutical customers and as there are few alternatives in the market, we are of systemic relevance. Together with upstream and downstream companies, we are responsible for improving access to medicines worldwide.

Society is getting older and older, and this will place an increasing burden on the health system. Self-medication and evidence-based improvement of adherence are able to reduce the costs of chronic diseases in the healthcare system. Together with our partners, we are creating an ecosystem that will offer even more people access to promising therapies, and improve treatment outcomes.



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

General Assembly of Shareholders is a physical option again

Last year, the Annual General Meeting authorised the Board of Directors to increase the share capital at any time until 29 June 2023 by a maximum amount of CHF 14 150 000 by issuing a maximum of 1 000 000 fully paid registered shares with a par value of CHF 14.15 each. The Board of Directors intends to exercise this right in the financial year 2022/23. The increase in capital provides Ypsomed with the necessary financial flexibility to accelerate our capacity expansion and to continue to drive digitisation forward. This way, we wish to give even more people access to our products and, as a consequence, to self-medication. I am pleased that you, as shareholders, are with us on this journey.

After an interruption of two years, it is finally possible to hold the General Assembly again in a physical setting. I am very pleased to be able to speak to you personally again, to inform you on site about the last financial year and to thank you for your great trust. I would very much appreciate your personal participation.

I look to the future of Ypsomed with both confidence and joy. We are well positioned in both Diabetes Care and Delivery Systems. And the company will continue to prosper in the future. Also, we continue to adhere to our EBIT target of around CHF 100 million in two years.

Helping people with chronic diseases is a privilege. The same is also bestowed on us by your trust, dear shareholders. And for this, I thank you.



Successful financial year

Status report

Dear shareholders, valued partners and customers

I look back on a successful financial year 2021/22. In the reporting period, we achieved a consolidated turnover of CHF 464.8 million and recorded a satisfying growth of CHF 61.2 million or 15.2 %. We were able to triple our operating result to around CHF 29 million. Our recurring business model has proven to be crisis-proof. Although the past year was still dominated by COVID-19, we were able to hold our own and achieve success in a challenging environment. Our two main business segments, Ypsomed Diabetes Care and Ypsomed Delivery Systems, varied in their good performance. But this is no reason for unrest. Quite the contrary, we have done our homework and look to the future with confidence.

Ypsomed Delivery Systems

We can report encouraging results in the Ypsomed Delivery Systems division. In the business with our own pens, we have products on the market that are in high demand and which are extremely lucrative for us commercially.

The driving forces are our two main platform product families, the UnoPen™ disposable pens and our YpsoMate® autoinjectors. While the UnoPen™ is primarily relevant for providers of biosimilars in the field of diabetes, our autoinjectors are mainly used by major pharmaceutical companies for cutting-edge originator drugs. Both product families are very successful and grow at an above-average rate.

We are further refining our autoinjectors offering. After the YpsoMate® Zero, a CO₂-neutral autoinjector, we introduced the YpsoMate® On with integrated connectivity during the last financial year and delivered the YpsoMate® 2.25 Pro commercially for the first time. This autoinjector with a stronger spring is suitable for pharmaceuticals with a higher viscosity and in this case is used for the treatment of atopic dermatitis. We anticipated the trend towards larger volumes in self-medication at an early stage and invested heavily in the development of corresponding products. Now we are reaping the benefits and are already working on a variant for even larger volumes on the basis of our established platform approach.

Focused acquisition during the last financial year continues to bear fruit: 36 new project orders received bear witness that we are quite successful in the injection systems business. Commissioning at the new Schwerin production site has been successful and the first commercial deliveries of autoinjectors have been made. Due to the gratifying increase in demand for our products, we will continuously expand our production capacities, particularly in Schwerin, while planning our new production site in China in parallel. Flexible capacity expansion and far-sighted planning are crucial to being a reliable partner for pharmaceutical companies at all times.

Ypsomed Diabetes Care

The challenges were somewhat greater in the Ypsomed Diabetes Care business segment. Although sales also increased here by 5.5 %, this increase is primarily due to revenue from development services for Eli Lilly and TecMed. The anticipated increase in new users for our mylife™ YpsoPump® has failed to materialise. The reasons for this were largely due to the limited range of functions compared to competing products. For example, our insulin pump lacked the integration of continuous glucose monitoring (CGM) and the option of automated insulin delivery. We have acknowledged this and taken action. We are therefore all the more pleased about our partnerships with Dexcom and CamDiab. The partnership with CamDiab provides a world-leading, hybrid closed-loop solution that enables users of our mylife™ YpsoPump® to benefit from a unique, self-learning and adaptive algorithm that runs on a smartphone. The app is currently

already available on Android for use in Europe and approved for all age groups aged one year and over. Thanks to both partnerships, we expect to see a rapid improvement in our product proposition and therefore a greater participation in the strong market growth. First feedback from the market looks positive.

We also remain on track in our collaboration with Eli Lilly and are working on the submission to the US FDA to open up the important American market.

We are well aware of the challenges in this business sector. This insight, paired with our willingness to innovate, invest and adapt, makes us confident that we will be able to better position ourselves in this market over the next two years. We wish to actively participate in this growing market and firmly believe that we will succeed in doing so.

Looking ahead

We will continue to pursue our growth strategy with conviction in the coming financial year. We are on the right track and can follow it successfully. We would like to pursue the following areas with particular focus:

- We are continuing to accelerate the expansion of capacities in Schwerin to be able to reliably commercialise the projected growth from our promising project pipeline.
- By involving our partners CamDiab and Dexcom, we are significantly strengthening our mylife™ YpsoPump® proposition.
- At the same time, we are working on the integration of Abbott's Freestyle Libre 3 CGM sensor as a further option for users by the end of the current financial year.
- In the Ypsomed Delivery Systems division, we are building strategic partnerships for fully comprehensive therapy management. At the same time, we continue to invest in our own research and development as an important part in our transformation process towards becoming a provider of integrated healthcare services.
- We are continuing on the path towards net zero CO₂ emissions, substantiating our programme for the reduction of our CO₂ footprint and will involve our suppliers and partners in this process. We will also complete the implementation and certification of our sustainability management system according to ISO 14001.



Simon Michel

Simon Michel
Chief Executive Officer

Although we are very confident for the coming financial year, the degree of our success also depends on the economic and geopolitical circumstances. Our privilege of providing care to people with chronic conditions allows us to have recurring revenues. To a certain extent, this makes us independent of global economic developments. Due to our plant-intensive, highly automated production processes, we do not see any major problems with regard to inflation at present, nor in the procurement of our raw materials. As our production is mainly autonomous and we have few operational dependencies, we consider our supply chains to be secure. We also continue to fulfil our ethical responsibility in compliance with international regulations and continue to supply life-saving insulin pens to pharmaceutical companies in Russia in a logistically challenging environment.

There are signs that our efforts to achieve profitable and sustainable growth are paying off. Our positive assessment of the medium- to long-term business development has been confirmed and we are more confident than ever about the future.

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

Our corporate responsibility

Sustainable value creation

Two years ago, 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. Today, we report more comprehensively and more holistically on our commitment and efforts.

As a company which thinks long-term, sustainable action has always been one of our basic principles. Since the integration in our corporate strategy, 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 in our reporting either, but address the issues and the commitment to sustainability in our strategic pillars and integrate them into the overall report. As a result, since 2020/21 we have been applying an integrated reporting with a framework of measurable sustainability targets and outlining our progress. 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

In our financial year 2020/21, 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. A total of 201 stakeholders participated in the materiality analysis (169 external/32 internal). The analysis is repeated regularly.

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:

Materiality analysis (2020)



- **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, recyclability & waste
 - 8 Corporate governance & compliance
 - 9 Human rights
 - 10 Data privacy & security
 - 11 Working conditions & employee satisfaction
- **Platforms & Operational Excellence**
 - 12 Long-term profitability

Relevance from Ypsomed's point of view

The remaining twelve sustainability topics were assessed as comparatively less relevant for Ypsomed (e.g. biodiversity, water consumption/waste water, air pollutants) and are therefore not addressed as a priority.

For the twelve essential topics, on the other hand, we ensure an explicit management process, which means that 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 circular 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 integrated sustainable strategy shows that we are making a significant contribution to sustainable development across all four strategic pillars, and that our ambitions in the field of innovation and our strategic pillars are mutually supportive and rewarding.

Our integrated sustainable strategy

	Our impact	Sustainable Development Goals (SDGs) ¹
 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 	 

¹ 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 healthcare system. In the pandemic, this development experienced an additional acceleration. Resistance to new solutions weakened and their benefits became vividly apparent. 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 2021/22

- Cooperation with CamDiab Ltd. on the introduction of adaptive automated insulin delivery via smartphone
- Introducing YpsoMate® On – the world's first autoinjector with fully integrated connectivity
- Number of users of smart solutions almost doubled
- Over 20% increase in highly skilled research and development staff

277

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 offer both our pharmaceutical customers and 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

SDGs

- 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.



Performance, KPI	2019/20	2020/21	2021/22	Target 2025/26
Number of active users of smart solutions	20 300	27 800	41 100	200 000
Total R&D staff (number)	179	228	277	
Patents (number of first applications)	24	25	36	
Patents (number of invention disclosures)	33	44	35	



Insulin pump therapy 2.0: Ypsomed launches mylife™ Loop™

Type 1 diabetes impacts hugely on the lives of those affected, adding burden, reducing quality of life and increasing the risk of diabetes-related health complications. In order to facilitate the best outcomes for people with type 1 diabetes, individualised therapy management needs to become more advanced and adaptive. Diabetes clinicians and people (and their loved ones) living with type 1 diabetes agree that digital solutions can provide targeted help in reducing treatment complexity and improving therapeutic outcomes. Ypsomed has recognised this need and is offering an innovative solution with its mylife™ Loop™ programme in combination with the mylife™ YpsoPump® and mylife™ CamAPS FX.

In developing the mylife™ Loop™, we have built strong partnerships. The objective of these partnerships was to expand the functionality of the mylife™ YpsoPump® insulin pump using the Dexcom G6 Continuous Glucose Monitoring System and the mylife™ CamAPS FX App and thus provide for greater automation of insulin pump therapy. This digital solution ensures that glucose levels are better managed, making the daily routine of people living with type 1 diabetes noticeably easier. The mylife™ Loop™, consisting in the mylife™ YpsoPump® insulin pump, the mylife™ CamAPS FX App and the Dexcom G6 glucose sensor, forms a comprehensive therapeutic platform. The adaptive mylife™ CamAPS FX algorithm is app-based and thus operates on a personal smartphone, which means it's always up-to-date and individualised and someone's diabetes can be discreetly managed in public. Through the use of mylife™ CamAPS FX, automated insulin delivery (AID) is possible with the mylife™ YpsoPump®. Even though type 1 diabetes can occur at any age, it particularly affects infants, toddlers, children and young adults – and mylife™ CamAPS FX is currently the only available AID system that is CE-marked for young children under the age of 6 years and in pregnancy. It is precisely these target groups that enjoy a high affinity for digital approaches and need treatment option solutions that can be easily integrated into their daily lives.

Algorithm-based automated insulin delivery

The mylife™ Loop™ has been developed into a comprehensive digital therapeutic system with the incorporation of mylife™ CamAPS FX together and Dexcom G6. Toward this end, Ypsomed has been collaborating with CamDiab Ltd., the developer of the CamAPS FX, an app that controls the insulin pump using an adaptive algorithm.

The partnership with CamDiab Ltd. provides a world-leading, adaptive loop solution that enables users of the mylife™ YpsoPump® to better manage their glucose levels and benefit from a unique, self-learning and adaptive algorithm that runs on a smartphone. The mylife™ CamAPS FX mobile app is compatible with the Dexcom G6 CGM –

and is the first CE-marked algorithm for a mobile application. The algorithm automatically adjusts insulin delivery via the insulin pump based on Dexcom G6 CGM sensor glucose readings. The algorithm has been comprehensively tested in clinical trials and the results have been published in leading international medical journals. For greater privacy and convenience, users can deliver a bolus at mealtimes directly using their smartphones. The easy-to-operate user interface ensures everyday suitability with high discretion and improved therapy adherence, thus resulting in better therapeutic outcomes. Since the first half of 2022, the mylife™ CamAPS FX App has been available for Android devices in selected countries and is also intended to become available for iOS devices starting in late 2022. Our existing customers with a compatible mylife™ YpsoPump® will receive the mylife™ CamAPS FX App at no cost.

“Many years of research went into our hybrid closed-loop solution – and we are thrilled to bring in our expertise on to this project with Ypsomed, a leader in innovation in delivery systems for liquid drugs. We share a common goal: to make life easier for people with diabetes and their families. And we are excited that technology and innovation can contribute to a better and healthier future,” says Roman Hovorka, Director CamDiab Ltd.

Providing users with freedom of choice

The mylife™ Loop™ may not be the right therapeutic solution for every person with type 1 diabetes at this point in time. Some people may not yet feel comfortable with the idea of automated insulin delivery. In addition, access to the Dexcom G6 CGM is limited or its use is not reimbursed as a standard service by health insurance funds or healthcare systems in some countries. We are aware of the needs of these people and wish to provide an alternative that measures up to current market conditions. As a result, we will gradually offer new functionalities for our established mylife™ App.



mylife™ Assist successfully implemented

In 2021, the new mylife™ Assist function for the mylife™ YpsoPump® was launched for Android users in Germany, Austria, Denmark, Sweden, Italy, Holland, Australia, France, Switzerland and the UK. The launch was based on a close partnership with Dexcom. The data from the Dexcom G6 CGM System were successfully integrated into the mylife™ App.

“The ongoing partnership with Ypsomed highlights our continued mission to innovate and help people take control of their diabetes. The Dexcom G6 integration into the mylife™ App is a key element of the mylife™ YpsoPump® system, and will meaningfully improve diabetes management and inspire confidence within our community and in one another,” says Erik Bjorkman, Senior Vice President and General Manager EMEA at Dexcom.

This integration means that the CGM data and/or the current tissue glucose concentration are sent to the mylife™ App every five minutes. Thanks to the complete integration of the CGM data into the mylife™ YpsoPump® system, now users can not only monitor their insulin, but also their glucose data in real time. The app-based integration of the Dexcom G6 system thus enables people with diabetes to manage their therapy directly on their smartphones.

People with diabetes can use these data, for example, to calculate bolus recommendations directly in the mylife™ App in preparation for prompt delivery of a certain amount of insulin. In addition, the mylife™ App warns users when glucose levels are too high or too low.

Our innovation makes it easier for healthcare professionals to care for their patients. And users can safely and easily share their data with their healthcare providers because our solution is cloud-integrated.

The app-based approach enabled us to provide users of the mylife™ YpsoPump® with expanded pump system functions through a free update of the mylife™ App.

Bolus delivery directly from a smartphone even without an algorithm

The market launch of the mylife™ Dose function is scheduled for the summer of 2022. This function is also an additional update of the mylife™ App. In addition to the familiar calculation of a recommended bolus, this function will also enable users to discreetly deliver the bolus directly to the YpsoPump® from their personal smartphones. All bolus variations – from a normal bolus to an extended bolus to a combined bolus – can be delivered in this way. And all this without ever having to operate the insulin pump itself. This provides patients with a significantly more convenient option for everyday use. In order to use this function, patients must have the new, bidirectionally communicating version of the mylife™ YpsoPump®, which also includes a highly effective cybersecurity solution.



World's first autoinjector with fully integrated connectivity

In October 2021, we introduced YpsoMate® On, a product innovation designed to enable networked therapy management for people with chronic diseases. This is a further development of our established YpsoMate® autoinjector family. The integrated electronics of the YpsoMate® On enable automatic recording and logging of injection events on the smartphone. The data are sent via Bluetooth to a therapy management app and synchronised from there with a cloud. This supports more reliable medication adherence and data collection enables subsequent therapy management.

Self-medication as a decisive therapeutic approach in chronic diseases

Our life expectancy continues to rise. This development brings about several societal challenges, such as an increase in the prevalence of chronic diseases. Chronic diseases include non-communicable, non-infectious and long-lasting diseases that usually cannot be cured fully. Typical examples are cardiovascular diseases, diabetes, psoriasis, asthma, dementia, cancer or certain hormonal disorders. As chronically ill people require sustained treatment, there is also an increasing demand for simple and reliable forms of drug administration which meet the special needs of those affected. With product innovations such as YpsoMate® On, we are working towards making our vision come true – self-treatment becomes a matter of routine. The treatment of these diseases should become significantly easier and those affected should be supported in achieving a better quality of life. Furthermore, a shift towards autonomous self-medication relieves the burden on the healthcare system. In particular, the past few years of the pandemic have shown that in states of an emergency, telemedicine and self-medication can help to counteract treatment bottlenecks.

Sustainable improvement in treatment adherence

Autonomous self-medication represents a decisive contribution to the successful treatment of chronic diseases. Pens, patches or autoinjectors can be used for this purpose. Our proven YpsoMate® product family consists of different versions of autoinjectors for prefilled syringes. YpsoMate® autoinjectors are reliable and safe devices for subcutaneous self-medication that enable people with chronic diseases to treat themselves autonomously at home, thus relieving the burden on the medical infrastructure. This positive effect is offset by the fact that the success of therapy depends to a large extent on the discipline of the person being treated. Therapy compliance or adherence entails that patients adhere to agreements, to agreed behavioural changes, appointments, and the specified intake of medication. Therefore, digital therapy

solutions aim to improve therapy adherence and thus have a positive impact on the success of therapy. Automatically recorded injection data, such as time, date, dose and duration of the injection, support patients as well as the attending physicians in joint therapy management.

Market research leads to innovation

To create true added value for affected people with our products, it is important for us to understand what their real self-medication needs are, and also what their challenges are. To this end, we conducted a representative survey with patients on the use of injection processes and possible digital solutions at the beginning of 2021. Based on the collected results and the evaluated challenges in the injection process, the idea for the YpsoMate® On was born.

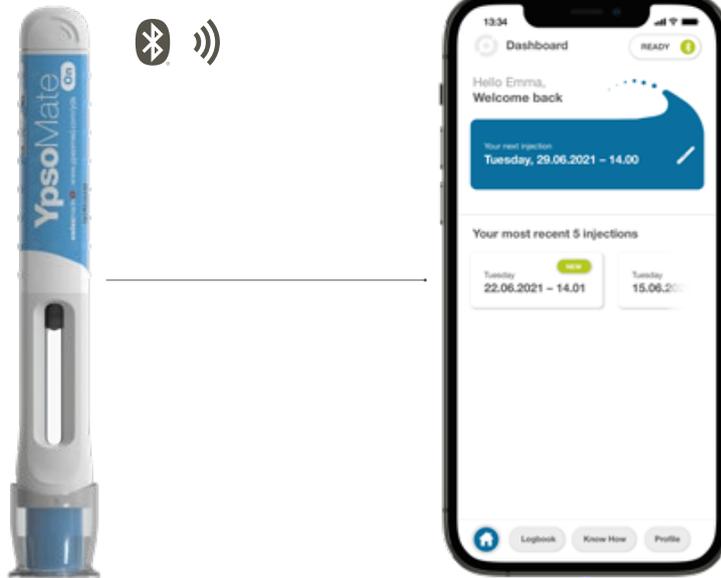
Overview of the most important lessons learned:

- 50 % of the study participants stated that they were sometimes unsure about when the next injection should be given.
- Approximately 50 % are occasionally or frequently unsure about the injection site and the warm-up time of the medication.
- More than 45 % of respondents stated that they were sometimes not quite sure how to perform the injection.
- Nearly 70 % of participants would like to be able to connect their smartphone to a delivery device.
- 85 % would be willing to share the collected data from a smart injection system with their physician.

The results presented above show that affected persons are open to digital therapy management approaches.

The smart autoinjector

The YpsoMate® On is the world's first autoinjector for prefilled syringes with fully integrated connectivity. It is a follow-up development and combines the advantages



of the proven Ypsomate® autoinjector with the options of digital therapy support. The Ypsomate® On is distinguished by its ease of use and high level of patient safety. It automatically records the administration of medication and transmits the data wirelessly to a therapy management system. Due to a novel, passive communication protocol, no prior pairing of the device with the mobile phone is necessary. In addition, the visual feedback of the Ypsomate® On supports users in reliably administering medication. With this product innovation, we offer our customers another option in the area of connectivity alongside the established SmartPilot™. This is a networked reusable attachment for the Ypsomate® autoinjector.

When comparing the SmartPilot™ for Ypsomate® with the Ypsomate® On, there are both similarities but also significant differences between the two solutions. The SmartPilot™ is a reusable attachment for the Ypsomate®. It detects injection events, identifies application errors and provides comprehensive injection support in real time, including drug authentication at the point of application and step-by-step guidance. In comparison, the Ypsomate® On offers a narrower range of functions, but retains the proven two-stage device operation and enables automatic data collection. In addition, the device features an LED-based visual feedback that signals the injection in progress and the completion of the injection, including the hold time.

As the new Ypsomate® On autoinjector is based on the original model, the Ypsomate®, it is possible to use the existing production lines. Both products are based on the same spring-driven delivery mechanism.

Eco-design approach for optimum recycling

Like all new product developments from Ypsomed, the Ypsomate® On is designed to support the company's sustainability goals. The Ypsomate® On embraces sustainability principles right to the end of the product's life cycle: in the future, the device will be made of sustainable materials and designed for simplified recycling in accordance with our eco-design approach. This is also exemplified in that the electronic components are located in a separable element of the autoinjector. The electronic components as well as the injection unit can thus be disposed of separately.

Designed for recycling – separable electronics and battery



**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 and 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 2021/22

- 1.6 million people more reached with Ypsomed products totalling at 8.0 million and thus coming already very close to the target of 10 million users
- Access to eight more biosimilars enabled and thereby contributing to an affordable healthcare system
- First YpsoMate® 2.25 Pro for high viscosity drug delivery
- Another 36 new projects orders in the pen business for important indications

Access to healthcare

8 Mio.

people use our solutions

“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 Ypsomed Delivery Systems, our pharmaceutical customers distribute our products worldwide. We market our Diabetes Care products directly through subsidiaries and distributors in over 40 countries.

432

users took part in 20 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 are also able to serve smaller customer orders or start-up companies due to our flexibility in production. Thus, we make a significant contribution to the treatment of rare diseases involving small patient numbers.

Non-discriminatory access to healthcare for all levels of society, regardless of age, origin or status, is a top priority. Health and basic medical care is a universal human right. Thus, in India and Bangladesh, where our subsidiary Ypsomed India is active, we are specifically committed to the health of the weak and poor population through social and charitable organisations. Thanks to third-party institutions, children and financially disadvantaged people with diabetes have easy and free access to urgently needed medical products, which are subsidised by Ypsomed.

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 MDR (EU) 2017/745 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.

149

audit days by certification companies and customers

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	2021/22	Target 2025/26
Access to healthcare				
Reached people with Ypsomed products (millions)	6.1	6.4	8.0	10.0
Indications served (number)	18	20	20	25
Devices for biosimilars (number of products)	30	36	44	55
Devices for original preparations (number of medicines)	20	23	27	50
Product quality and safety				
Audits of production sites by external parties (number of audit days)	137	73	149	
Audits by external parties without significant findings (%)	79	100	81	
Supplier audits (number of audit days)	23	19	39	
Product recalls (number)	0	0	0	

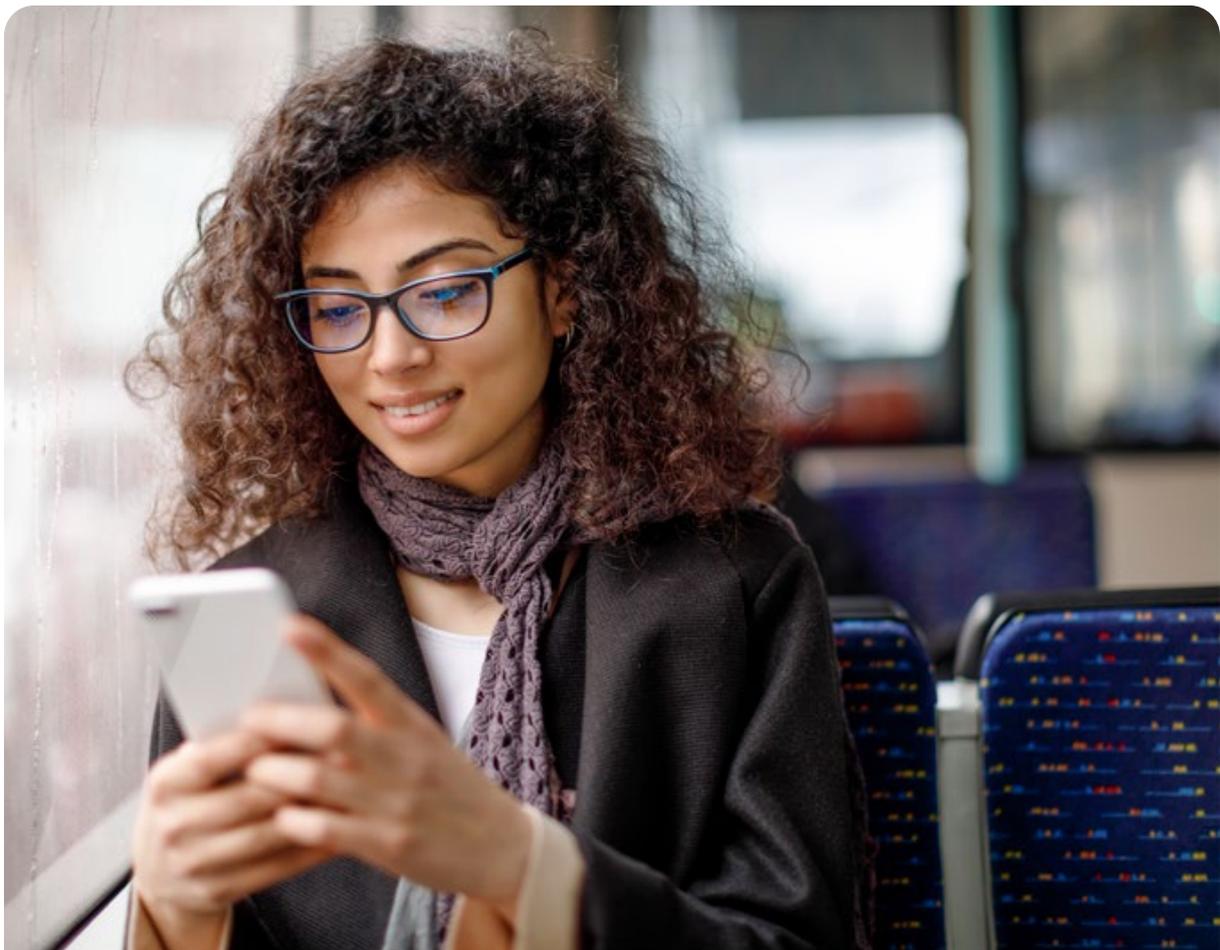


Diabetes in the U.S. Partnership with Eli Lilly and Company

In 2020, we entered into a strategic partnership for the distribution of our Ypsopump® with the U.S. pharmaceutical company Eli Lilly and Company. The flexibility and convenience of our insulin pump perfectly complements Lilly's connected diabetes solutions.

Eli Lilly and Company, Lilly for short, a pharmaceutical company based in Indianapolis, U.S., is a global leader in diabetes care. In 1923, Lilly was the first company to bring insulin to market, after researchers at the University of Toronto in Canada discovered insulin in 1921. Together with Lilly, we are working on the future of insulin pump systems with highly automated, autonomous insulin delivery. Our cooperation is innovative. It brings together a manufacturer of insulin and a manufacturer of insulin pumps. We are united by the vision of making life easier for people with diabetes. The common goal is to combine the possible components, optimise their integrated functioning and improve the quality of diabetes care. The pump will use pre-filled insulin cartridges for Lilly's rapid-acting insulins bringing together a holistic solution for people who use insulin. The partnership with Lilly allows us rapid access to the largest insulin pump market of the world without having to establish our own sales structure there.

Discreet and from everywhere: control your insulin pump therapy via your smartphone.



Ongoing development of the YpsoPump® system

Our collaboration with Lilly is making progress. We are working at full speed on the ongoing advancement of our existing YpsoPump® into a more highly automated insulin delivery system, or AID for short. In other words, we are integrating the YpsoPump® with a dedicated app which includes continuous glucose monitoring and algorithms to significantly improve glucose control for pump users. We aim to submit the pump for clearance to the U.S. Food and Drug Administration in 2023. If approved, Lilly will market the system in the U.S. and provide user training and support, while we continue driving the technical development of the pump system forward. The partnership with Lilly is proof of our competitiveness and opens up a market with interesting growth opportunities.

Considerable demand in the USA

In the United States, one in ten people suffers from diabetes, this is equivalent to 37 million people.¹ This makes the U.S. one of the five countries in the world with the highest number of people suffering from diabetes. More and more people are developing diabetes, often at a young age, with 95% suffering from type 2 diabetes. In 2020, North America dominated the market for diabetes devices, accounting for the largest share of global sales at 39.3%.²

The reasons for the increasing demand in the USA are numerous: eating habits and the resulting rise in the number of people with diabetes, a growing awareness of diabetes treatment and improved access to healthcare facilities. Advances in technology and related product launches have also driven growth. Fortunately in recent years, diabetes care in the USA has seen important progress. Nonetheless, many patients still have difficulties in managing this disease properly. The complexity of diabetes treatment can have an emotional impact, thereby significantly reducing adherence to treatment.³ We wish to contribute to improving this situation through our partnership with Lilly.

Working together against diabetes

One thing is very clear: healthcare providers and people with diabetes are interested in innovative solutions that improve health status. Our insulin pump, which is distinguished by its small size and unique icon-based touchscreen, guarantees flexibility and convenience. Together with the algorithm for automatic insulin delivery, it will optimally complement Lilly's network of diabetes solutions. In partnership with Lilly, we are helping to improve the quality of life of people with diabetes.

We at Ypsomed bring together our considerable expertise and even greater passion with that of Lilly. The partnership is based on a shared vision of a better life for diabetes patients. Thanks to this collaboration, we can increase the level of diabetes care in the future. Our common goal is to help as many people with diabetes who use insulin to improve their outcomes and reduce the burden associated with diabetes management. 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.

¹ Centers for Disease and Control and Prevention (The Facts, Stats, and Impacts of Diabetes | CDC).

² Grand View Research, Diabetes Devices Market Size, Share & Trends Analysis Report By Type (BGM Devices, Insulin Delivery Devices), By Distribution Channel, By End-use (Hospitals, Homecare), By Region, And Segment Forecasts, 2021–2028, July 2021.

³ Polonsky WH, Henry RR. Poor medication adherence in type 2 diabetes: recognizing the scope of the problem and its key contributors. *Patient Prefer Adherence*. 2016;10:1299–1307. doi:10.2147/PPA.S106821. <p1302/col2/para2/ln1-4; ln15–19>.



New applications for large-volume injections

Over the last five to seven years, much of the demand for new device innovations for subcutaneously delivered drugs has been dominated by the need to inject larger volume injections. This has spawned demand for larger volume handheld autoinjectors and the new device class of patch injectors that adhere to the skin during injection. With regard to this development Ypsomed is perfectly positioned with the family of YpsoMate™ autoinjectors and the YpsoDose® patch injector.

The larger volumes are typically due to the larger antibody payloads for delivering new, more targeted therapy options. For example, to complement the well-known TNF inhibitors (e.g. adalimumab) for treating autoimmune diseases such as rheumatoid arthritis, psoriasis and IBD (inflammatory bowel disease). There are also new innovative biologics for treating conditions such as atopic dermatitis, asthma and migraine. Two examples of recently approved drugs delivered in YpsoMate™ 2.25ml autoinjectors are Teva's Ajovy for migraine (2020) and Novartis' Cosentyx for psoriasis (2021).

During 2021, the U.S. Food and Drug Administration (FDA) approved 50 novel therapeutics, 30 % of which were for cancer treatment. Six approvals were for monoclonal antibodies (mAbs) bringing the number of mAbs that have been approved by the FDA to 100 in total. In the field of Alzheimer's disease, first drugs have been approved, and there are a number of Alzheimer's pipeline drugs that are moving closer to market providing growing support for the effectiveness of anti-amyloid antibodies in treating this neurological disease. There are also many new drugs in development and gaining approval for so-called complement inhibitors that act on the complement immune system for the treatment of a range of rare diseases.

Many of the new approvals include next-generation biologics such as bispecific antibodies and antibody drug conjugates (ADCs) for treating cancer. Advances in cancer therapy is generating the greatest need for larger mAb payloads, in particular for the new checkpoint inhibitors (e.g. anti-PD-1/PD-L1 inhibitors) and follow-on drugs that are transforming treatment options and improving survival rates for cancer patients around the world. Anti PD-1/PD-L1 agents will become the backbone of modern oncology treatments and continue to transform cancer therapy over the coming years.

Trend to subcutaneous delivery

Underlining all of these exciting developments is how these new drugs will be administered. For cancer, first-line treatment involves chemotherapy using cytotoxic drugs to destroy rapidly dividing cancer cells. These cytotoxic drugs are typically administered intravenously (IV).

The new antibody-based therapies block the growth of cancer cells by interfering with specific targeted molecules needed for carcinogenesis and tumour growth.

To simplify the administration of new mAb-based cancer therapies many of the currently approved drugs or drugs under development are targeting subcutaneous (SC) delivery. Treating cancer, particularly during the initial stages which require surgery, radiation and chemotherapy as well as immuno-oncology, will always be performed in the hospital environment. But, even in the clinical setting there are advantages of replacing IV infusion regimens with more convenient, easy to prepare and administer SC therapies. Following a successful first phase of treatment which forces the cancer into remission, there will be significant demand for injectable maintenance therapies to be performed in the hospital and ultimately in the home environment.

Simple and safe – even with high-volume injections

One key aspect of SC delivery is the ability to inject larger volumes in a relatively short time either using a large volume handheld autoinjector or wearable patch injector. SC tissue contains hyaluronic acid and collagen as connective tissue between fat cells. Many SC biologic formulations are being co-formulated with an enzyme, called hyaluronidase that breaks down or “dissolves” the SC hyaluronic acid on injection so that the drug can be injected faster into the additional space created.

Over the last seven years, Ypsomed has developed and industrialised both the handheld YpsoMate™ 2.25ml in two versions (standard and Pro for more viscous drugs) and the YpsoDose® 10ml patch injector for large volume SC injections. Moreover, Ypsomed is preparing to break the 2.25ml boundary for handheld autoinjectors, thereby expanding the design space for rapid high-volume injections. Both types of device are used for therapies that dose every week, two weeks, monthly or even less frequently. The number of use steps and thus complexity must be minimised to ensure that all users will remember the correct handling even with a longer timespan between injections. Accordingly, simplicity and safety are key requirements for both autoinjectors and patch injectors.

Two steps, as simple as that

In various comparative studies, it has been confirmed that patients and healthcare professionals prefer a prefilled and preassembled device that increases convenience, particularly for such infrequent injections. Beyond the immediate advantages of convenience, safety, correct dosing and time saving, pharma partners particularly like that the user is unable to manipulate the drug container before or after the injection event.

The 2-step YpsoMate™ autoinjector is triggered by push-on-skin activation, which is convenient and ergonomic requiring two simple steps: remove cap and inject. The same approach is applied to YpsoDose®, in which case the two steps are: patch and inject. YpsoDose® is an electromechanical device with a digital user interface, which ensures clear and unambiguous communication of the device status to the user. The integrated skin-sensing patch guarantees needle safety even in case of user errors, like early activation of the start button or premature removal of the device from the skin.

With digitisation to a comprehensive therapy management

For pharma companies to consider and invest in either autoinjectors or patch injectors they need to be able to access reliable device technology and implement standard filling and final assembly processes that provide a solution that fulfils the needs of patients and healthcare professionals. Fulfilling these requirements with well thought-out device technology will allow both

the YpsoMate™ large volume autoinjector and the YpsoDose® patch injector franchises to grow significantly over the coming years. YpsoDose® is already becoming established as a key self-injection device class to complement the growing franchises for pens (UnoPen™, ServoPen®, YpsoPen®) and autoinjectors (YpsoMate™ 1 ml, YpsoMate™ 2.25 ml and YpsoMate™ 2.25 ml Pro).

For less frequent injections, pharmaceutical companies need to weigh up the pros and cons of injections from an autoinjector containing a lower drug payload and an even less frequent injection with a wearable patch injector. Ultimately, which device is preferred and selected depends on a range of factors including the drug characteristics and payload; the frequency of injection; the location of treatment, in the hospital, at home or in a caregiving setting; and the overall condition of the patient.

Last but not least, digital solutions to remotely support patients are helping to address key concerns about the safety of self-administration of biologics in oncology. At Ypsomed, we are working on the application of therapy management systems and the value-add of remote patient-monitoring solutions in clinical practice, which will shape the further development of our large volume injection systems. Ypsomed draws on nearly 40 years' experience to further develop its modular and customisable autoinjector and patch injector platforms to cover the growing needs of large volume SC injections.

Autoinjectors and patch injectors – trend to larger volumes.



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

We strive for a circular 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 are committed to long-term and sustainable development. And in doing so, we are open, fair and respectful towards customers, partners and employees.

Highlights 2021/22

- Founding of the Alliance to Zero to collaborate on net zero CO₂ emissions with other partners in the pharmaceutical value creation chain.
- First customers have opted for the Ypsomate® Zero and are joining us on the road to net zero CO₂ emissions.
- Ypsomate® On was developed according to Ypsomed's eco-design guidelines and optimised with regard to recyclability.
- Since 2021, our electricity originates 100 % from renewable sources.
- Top employer award: Ypsomed receives the Swiss Employer Award 2021 and ranks fourth among large companies.
- Successful pilot phase of the FlexWork working model and definitive introduction in the new financial year.
- Diversity comes natural to us: election of the first female member to the Ypsomed Board of Directors.

By "Responsibility & Engagement" 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.

Our commitment to environmental protection is guided by the principles of product responsibility and the circular economy. We strive for permanent optimisation across the entire life cycle of the products as well as across the entire value creation 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 circular 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. In doing so, we are committed to the principle of the circular economy. We put this into practice by developing products which minimise waste and emissions, which use fully or partially recyclable and renewable raw materials, and which also protect the climate. Further-

more, we make efficient use of the energy used. At the same time, we meet the most important demands on medical technology: high quality, patient safety as well as user-friendliness continue to be our top priorities. As a large part of our environmental footprint is generated outside our facilities and processes, we network with our partners to jointly address these challenges.

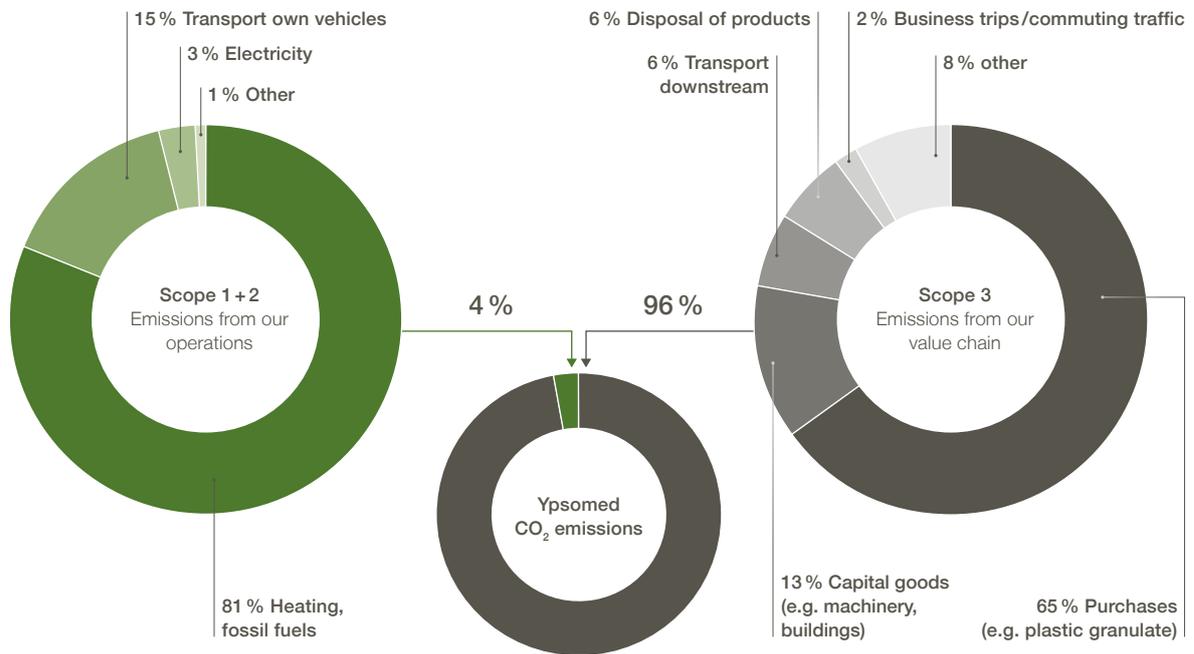
Climate and energy across the value creation chain

Climate change is one of the great global challenges of our time, and one we can only master collectively. As a socially responsible company, Ypsomed wants to make a significant contribution here. Which is why we have committed ourselves to net zero emissions. This is an ambitious goal for a company that processes large quantities of raw materials and requires energy to do so. As a large proportion of the CO₂ emissions we generate occur outside our operations, we are committed to reducing our emissions to a minimum along the entire value creation chain. To achieve this, we are actively engaged inside our own company, but also in cooperations and partnerships.

The calculation of our corporate carbon footprint in 2020 confirms: our own greenhouse gas emissions from heat and electricity consumption (Scope 1 and 2) amount to a mere 4 % of total emissions. 96 % however, come from the upstream and downstream value creation chain (Scope 3). The largest share is accounted for by purchased materials (in particular plastic granulate and transport containers). The second most important emission category is investments in capital goods, such as injection moulding equipment. However, the share for 2020 is significantly lower than in the previous year, as the new buildings in Schwerin as well as conversion and expansion projects in Burgdorf and Solothurn contributed significantly to the CO₂ balance in 2019.

The importance of the upstream and downstream value creation chain for our CO₂ balance makes it particularly crucial for us to work with our partners and to tackle emissions where they occur.

Corporate carbon footprint (2020)



Zero Programme

The realisation that the materials we procure create the largest share of our CO₂ footprint inspired Ypsomed to develop the Zero Programme. The Ypsomed Zero Programme is advancing the decarbonisation of individual product platforms. Our approach: to reduce emissions through alternative materials, to reuse packaging materials and also to offset the remaining footprint.

The YpsoMate® Zero, launched in 2020, is the world's first CO₂-neutral autoinjector. It was implemented on the basis of the YpsoMate® platform and will now be available as from 2022. It is CO₂-optimised by the usage of bioplastics from renewable sources, a new packaging concept with transport containers made from recycled PET and the neutralisation of the remaining emissions. Certification according to ISCC+ ensures that the applied mass balance procedure is correctly integrated into the company processes and is validated. The first customers decided to switch to the YpsoMate® Zero last year and will receive supplies from 2023 onwards. As a result, the YpsoMate® platform is gradually being converted to Zero. The objective is to completely convert the platform and decarbonise it with bioplastics by 2030. Decarbonisation projects are also under development for the YpsoMate® 2.25 ml and UnoPen™ platforms as part of the Zero Programme. Ypsomed Delivery Systems thus makes a substantial contribution to Ypsomed's net-zero targets.

96 %

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

80 %

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

Net-zero targets

Our Zero Programme and other climate commitments are guided by our ambitious short- and long-term climate objectives:

- By 2030, we aim to achieve net zero operational CO₂ emissions (Scope 1 and 2) in our operations.
- By 2030, a selection of products are to 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 creation chain (Scope 1 to 3).

In doing so, we take into account scientific and established guidelines according to the Science Based Target initiative (SBTi). We signed an SBTi declaration of intent in May 2021. We are presently working on concrete short- and medium-term reduction targets across the entire value creation chain. The net zero target by 2040, ten years ahead of the Paris Climate Agreement, presents a challenge. Especially as the majority of CO₂ emissions are generated outside of our operations.

The primary focus of our actions is on CO₂ reduction. As already initiated for the YpsoMate® Zero as an exemplary measure, we are minimising CO₂ emissions by using alternative materials, e.g. for the housing and also the transport containers. Our partners and suppliers will also play a decisive role in this. Only together will we be able to tackle the global challenge and set the right course for the future with our respective contributions. However, compensation will also be necessary in addition to the reduction.

Therefore, we developed our compensation principles in 2021. Reduction comes before compensation: we invest primarily in CO₂ reduction through appropriate internal and external programmes. The verifiable quality of externally supported climate protection projects must be guaranteed, with internationally recognised and certified standards (primarily Gold Standard and Verified Carbon Standard Verra). In addition, all externally supported climate protection projects also contribute to other Sustainable Development Goals (SDGs). With the compensation projects, we support both avoiding further emissions (so-called avoidance projects) as well as removing them from the atmosphere and storing them permanently (removal projects).

Since 2021, we have been developing a portfolio of carbon compensation projects based on these principles. Projects supported to date include:

- Promotion of renewable energy in India, wind energy in Madhya Pradesh: the renewable electricity generated replaces electricity from fossil fuels.
- Forest protection measure of the Kariba Forest REDD+ in Zimbabwe: by avoiding deforestation, both climate and biodiversity are protected and society is supported with actions in the health and education sectors.
- Reforestation project in Tanzania: the forest area lost to deforestation in recent decades is being replanted with pine and eucalyptus forests. This increases CO₂ storage and contributes additional infrastructure for wells, schools and hospitals.

We will continue to expand our portfolio of compensation projects during the next financial year. At the same time, our prime focus is on reducing direct and indirect emissions, be it through actions within our own company or, in particular, through partnerships such as the Alliance to Zero, with which we are jointly paving the way towards net zero.

Climate and energy in operations

We have been sourcing our electricity from 100 % renewable energy since 2021. In addition, construction of solar plants on the roofs of our production sites in Schwerin and Lochbach in Burgdorf is planned. We have been reducing the energy consumption and CO₂ emissions of our plants and production sites continuously for many years now. To achieve this, we have committed ourselves to binding targets with the Energy Agency for Industry (EnAW). The heat pump installed in Solothurn is one of the most effective actions: natural gas consumption at the Solothurn site was reduced by over 80 % as a result. The potential for further waste heat utilisation is currently being analysed. In addition, we only purchase the latest generation of injection moulding machines, which consume an average of 36 % less energy than conventional injection moulding machines.

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. In 2021, two new charging stations were installed, bringing the total number of charging stations to ten. 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 an eco-bonus for all employees in Switzerland as well as free all-season tickets for our approximately 60 apprentices. With our FlexWork initiative and the option of location-independent working, the number of commuter movements of our employees will also continue to decrease in the long term, even after Corona. By the same token, virtual sessions have become established for customer visits and further training over the last two years, and they will remain with us as a part of the business world. The number of business trips and flights can thereby be kept at a lower level than before the pandemic. Overall, these actions and developments have a positive impact on our ecological footprint.

Ambitions 2025

- Reducing the ecological footprint by promoting product stewardship and the circular 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.
- Making use of electricity from 100% renewable energy and increasing the share of self-produced renewable energy (use of waste heat, installation of solar systems).

SDGs



Performance, KPI	2019	2020	2021	Target 2025
CO ₂ emissions, Scope 1 and 2 ¹ (t CO ₂ -eq)	3920	3283	3490	¹
CO ₂ emissions, Scope 3 ¹ (t CO ₂ -eq)	114 089	77 520	¹	¹
Electricity from renewable energy (%)	9	58	100	100
Energy efficiency ² (%)	109	111	112	115
CO ₂ intensity ² (%)	55	38	32	55
Specific energy consumption (MWh per t processed plastic granulate) ³	8.5	7.6	7.9	
Specific energy consumption (kWh per machine hour) ³	58	49	47	
Specific CO ₂ emissions (kg per t processed plastic granulate) ³	213	128	136	
Specific CO ₂ emissions (kg per machine hour) ³	1.5	0.8	0.8	

¹ CO₂-eq emissions according to Greenhouse Gas Protocol, see illustration p. 33. Scope 3 value only collected for 2019 and 2020. Collection 2021 and definition of targets according to SBTi are work in progress.
² According to target agreement for the Swiss sites with the Energy Agency for Industry (EnAW).
³ Calculated for Swiss production sites, excluding Schwerin (under construction).

Recycling and waste

40

tonnes of plastic additionally recycled through recycling programme

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 increased from 31 % to 36 %. Owing to the newly established separate collection of plastic and the parallel awareness training of employees, an additional 40 tonnes of plastic are recycled per year when compared to the previous year. The plastics recycling project will be continued in the new financial year and promises even more recycling potential.

We strive to apply the principles of product stewardship and the circular economy both to the operational waste we generate as well as to the life cycle of our products. Together with our recycling partner, we implemented an international take-back and recycling system for the mylife™ YpsoPump® last year. The Ypsomed ecodesign process implemented in 2021 promotes the use of sustainable materials and improves the recyclability and reuse of products. This was how we launched the YpsoMate® On in 2021: the latest product in the YpsoMate® platform was designed with connectivity in mind, while at the same time being optimised for recyclability in line with ecodesign. By integrating the connectivity module into the end cap, the electronics and battery can be separated easily from the rest of the device after use and then be recycled.

We were able to make further progress in the area of packaging: the transport container for the YpsoMate® platform is now made of recycled PET. This keeps resources in the loop and reduces CO₂ emissions per container by around 40 %. By reusing the transport containers, we wish to contribute even more to the circular economy. A pilot project has been running since 2021 and the reused containers will be available to our customers as from the next financial year.

Together with our customers and other partners, we pave the way for the circular economy: proactively and with commitment, we address the issues of ecodesign, recyclability, take-back and recycling systems.

Ambitions 2025

- Promoting product responsibility and the circular 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	2021	Target 2025
Amount of waste total (t)	965	1 022	967	
Specific amount of waste (kg per t processed plastic granulate)	284	248	228	200
Specific amount of waste (kg per machine hour)	1.9	1.6	1.4	
Waste per disposal process (t)				
Recycling	286	319	345	
Incineration plant	619	657	586	
High-temperature combustion	52	44	34	
Landfill	8	1	0	
Proportion of total volume recycled (recycling rate) (%)	29.5	31.1	35.7	40
Categories of waste (t)				
Sweepings	564	599	540	
Paper/cardboard	180	172	148	
Plastic, mono-material	67	101	171	
Metals	31	44	35	
Hazardous waste	53	45	34	
Matured timber	52	56	33	
Other	18	6	5	

Employee support

Ypsomed employs 1 923 qualified staff, 1 356 of them in Switzerland. This makes us the third largest employer in the medical technology sector in Switzerland.

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. Ypsomed supports young talents and trains around 60 apprentices in twelve professions. Approximately 80 % of these 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.

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. For example, the legally stipulated compliance with equal pay was formally checked and confirmed for the first time in 2021 at Ypsomed AG, Switzerland, by an external auditing company (PWC). Based on this result, Ypsomed is now not legally obliged to conduct an equal pay analysis in Switzerland during the coming years. However, to maintain transparency, Ypsomed will in future conduct such an analysis every year on a voluntary basis. Ypsomed is also holder of the ADVANCED independent fair-pay label, which additionally confirms equal pay between the genders.

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. Offers and information at work and for leisure promote health and well-being. The WE@Ypsomed programme, which was launched at the beginning of 2021 and supports employees and fellow citizens in the areas of health, culture and sustainability, has developed very well. The objective is to allocate Ypsomed’s sponsorship budget primarily to our employees, who are committed to internal and external projects. During the reporting period, more than 25 internal projects were supported, including events such as an Advent wreath workshop, an upcycling competition or various sports courses and events such as participation in the Bern Grand Prix. In addition,

FlexWork brings up new work landscapes and forms of collaboration.



there were over 140 external sponsorship activities. In its entirety, the WE@Ypsomed programme makes another important contribution to Ypsomed’s attractiveness as a company with regional roots, which is intended to promote togetherness and thus also contribute to greater employee satisfaction.

The multifaceted activities for employee development strengthen job satisfaction, identification and solidarity with the company. The employee survey is conducted every two years, most recently in 2020, and shows that employees rate the categories “satisfaction”, “identification” and “solidarity” at a very high level.

This is also confirmed by the independent awards as a popular employer: in the Swiss Employer Award 2021, Ypsomed was awarded fourth place among the large companies. We are also ranked as a “Top Employer 2022” in a large, independent survey by the “Handelszeitung” newspaper. This strengthens our commitment to our employees, which we will continue to pursue intensively during the next financial year, with actions such as FlexWork and a further expansion of our office world (see page 40/41).

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	2021/22	Target 2025/26
Employee survey, satisfaction ¹ (points 0–100)	75	76	76	80
Employee survey, identification ¹ (points 0–100)	82	82	82	80
Employee survey, solidarity ¹ (points 0–100)	88	88	88	80
Leadership development, leaders enrolled for programme (%)	100	100	100	100
Talent liquidity, positions filled in-house (%)	28	18	30	30
Fluctuation rate ^{2,4} (%)	8.2	4.7	6.9	7.0
Equal pay, unexplained pay gap of women ^{3,4} (%)	-2.1	-2.1	-2.1	5
Gender diversity, share of women Board of Directors (%)	0	0	20	30
Gender diversity, share of women Executive Management (%)	13	13	13	20
Learning support, training budget per employee ⁴ (CHF)	1 200	900	1 200	
WE@Ypsomed, Budget for Corporate Social Responsibility ⁴ (CHF)	150 000	175 000	175 000	
Share of trainees among employees (%)	3.0	3.4	3.5	3.0
Occupational accidents with lost days ^{4,5} (number)	12	13	9	
Lost time injury severity rate ^{4,6}	0.6	0.1	0.2	

¹ Values collected every two years, last survey 2020/21.

² Net fluctuation rate, excluding natural fluctuation (retirements, deaths, etc.).

³ Survey according to methodology recognised by the Confederation. Equal pay applies within the tolerance threshold of 5%.

⁴ Data for Ypsomed AG.

⁵ Recognised cases with daily allowance according to SUVA (Swiss accident insurer).

⁶ Number of days compensated by SUVA per full-time employee.

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 our 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 avoid 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. We are currently preparing for the Whistleblower Directive and evaluating a suitable new reporting system.

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 data protection report prepared for this financial year attests Ypsomed an average to good status with regard to activities and compliance with legal requirements.

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 our principles. The Code of Conduct for Suppliers is an integral part of our supply contracts. We give preference to suppliers who demonstrably and sustainably take care of our environment and contribute to reducing the footprint. Already today, 30 % of the relevant suppliers have an ISO 14001-certified environmental management system. In the past financial year, we also started working on a specific programme for sustainable purchasing. Next year, we will continue this development and further progress integration into our procurement processes and supplier evaluation.

93 %

of employees in the Ypsomed Group are trained with regard to our Code of Conduct

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	2021/22	Target 2025/26
Code of Conduct, percentage of employees trained (%)	83.7	84.4	93.4	100
Security awareness training, percentage of employees (%)	0	72.5	72.5	100
Data protection training, percentage of employees (%)	85.5	87.3	84.8	100



Committed and successful thanks to modern working models

The pandemic has had a lasting impact on our approach to work. The sudden working from home requirement has led to challenges, but also opened up new opportunities. Flexible working, independent of time and location, has become an integral part of our culture at Ypsomed within a very short space of time. We intend to continue attracting the best talents in the industry and therefore offer a working environment tailored to employees' individual situations in all stages of their lives.

The four cornerstones of FlexWork@Ypsomed

The world of work has changed dramatically. Both employees and employers have discovered the benefits of flexible working. Young, motivated talents in particular are actively demanding this more and more. Starting in January 2021, we introduced our innovative FlexWork@Ypsomed (FlexWork) model step by step and tested it until the end of March 2022.

The FlexWork working model endeavours to achieve an optimal balance between presence at the workplace and working from home, in other words, between personal exchange in-house and flexible, individual work scheduling. Therefore, FlexWork at Ypsomed means that employees can work from anywhere and at any time within the legal framework. This has been firmly incorporated in the employment regulations since 01 April 2022. Of course, this applies first and foremost to employees whose tasks are not tied to a specific location such as production facilities, laboratories or logistics. The departments and teams decide together how they wish to work.

This location- and time-independent work offers the highest possible degree of flexibility. This also promotes balancing of the most diverse areas of life (work, family, social commitments, hobbies, health and sports, etc.). Our FlexWork model is built on four cornerstones that affect all levels of everyday work and which optimally address an increasingly fast-changing world of work.

Namely, the four cornerstones are:

- Infrastructure and architecture
- Technology and work tools
- Working model
- Organisational structure

These are based on a practice-oriented model from the University of Applied Sciences Northwestern Switzerland.

Successful pilot phase

After a one-year trial period with the FlexWork working model, we have come to a positive conclusion. The experience gained with FlexWork is perceived as very good by both managers and employees. In various teams, the

increased flexibility also led to gains in productivity and higher employee satisfaction. It also became clear that FlexWork must be applied flexibly and depending on the situation. For some tasks, it may prove useful to work alone at home for several days at a stretch. In other projects, on-site presence is both valuable and crucial to success.

Ypsomed wishes to contribute innovative solutions to the major social challenges facing the healthcare sector. Satisfaction and enthusiasm at work are key to achieving great things together. In the summer of 2021, an internal working group was therefore formed to ensure the continuous development of our FlexWork model across all four cornerstones and to provide the optimal coordination of individual and company-specific needs.

The way of working can only change sustainably to the extent that the corresponding technological tools are available. At Ypsomed, we therefore constantly invest in the expansion of our communication infrastructure. Since the beginning of 2022, Ypsomed has increasingly been using Microsoft Teams as part of the FlexWork initiative. The objective is to ensure a central Ypsomed-wide platform for collaboration in the team, in the department, in projects, in working groups and communities, both with or without external parties, and from any location. By June 2022, all departments should have access to Microsoft Teams.

In the summer of 2021, we also conducted an employee survey on the topics of infrastructure, architecture and working model. In particular, emphasis was placed on gathering input on the future planning and design of office landscapes and workplaces. Some 600 employees took part in this survey.

In today's world, the workplace should be an inspiring, attractively designed place for meeting. This was also confirmed in the survey. The employees expressed a great desire for a new design of the working landscape with different working and meeting zones, a good room climate, meeting boxes for web conferences, more plants and more colour. To accommodate these needs, we are planning to redesign the office space as from summer 2022.

A new inspiring office world

Ypsomed's new office world is based on the three-zone principle. Personal workplaces are eliminated in favour of greater flexibility. The office planning factor is set at 70 %. This means that there are 70 individual workstations for every 100 persons. In addition to the new workplaces, there will also be interactive areas for co-working and closed rooms for telephone calls and web meetings. This modern working environment is designed to further encourage different types of dialogue, collaboration and creativity.

Continuing to be successful

Our FlexWork initiative adds to our agility. But change does not mean sacrificing what is tried and tested. We stand firmly by our key values of customer focus, commitment and quality without making any compromises. They are the basis for our success.

However, these ambitions require corresponding structures and processes within the organisation in order to achieve these goals, also in view of increasing digitisation. Digitisation in the healthcare sector and the associated integration of high-quality products into networked therapy management solutions for improved therapy outcomes calls for closer cooperation between marketing and product development. Ypsomed is therefore merging these areas into the respective operational business units Ypsomed Delivery Systems and Ypsomed Diabetes Care by early September 2022. This enables market and customer requirements to be anticipated more quickly and shortens the time to market for new products and solutions. We are convinced that this path is promising for all of us at Ypsomed.

FlexWork brings up new work landscapes and forms of collaboration.



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 2021/22

- More than 30 % own pens and autoinjectors produced
- First deliveries of autoinjectors from the new production site in Schwerin (successfully started)
- Further expansion of operational infrastructure and industrialisation of the YpsoDose® patch injector in Switzerland
- Lean transformation in production firmly anchored and consolidated

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.

9

platforms foster economies of scale and enable a fast customisation

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

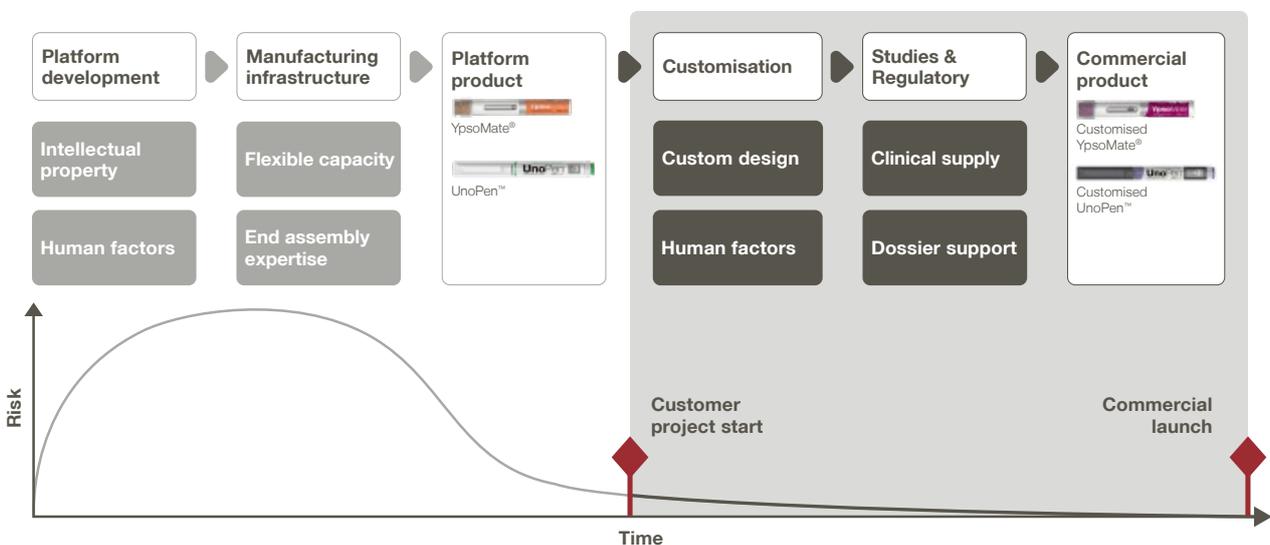


Performance, KPI	2019/20	2020/21	2021/22	Target 2025/26
Number of platforms	8	9	9	13

Lean management

Overall Equipment Effectiveness (OEE) contract manufacturing (%)	62	66	68	75
Overall Equipment Effectiveness (OEE) UnoPen™ (%)	58	62	62	70
Overall Equipment Effectiveness (OEE) YpsMate® (%)	66	68	69	70
Scrappings in % of manufacturing costs	1.8	1.4	1.4	1.0

Ypsomed's development process for custom products





With foresighted planning to full expansion in Schwerin

Our new production plant in Schwerin in the northeast of Germany opened in August 2019. Since then, we have been steadily expanding the plant capacities for our infusion and injection business. The site in Schwerin supports our global growth ambitions and ensures production space and technical infrastructure for our medium- to long-term growth. The plant is a prime example of our forward-looking planning, which enables us to always react reliably to the demands of our customers and partners.



In view of our continued dynamic growth, we have steadily expanded our production capacities in Switzerland during recent years. However, the potential for domestic expansion was soon exhausted. Therefore, we looked for a suitable location for the production of pens and autoinjectors abroad. We located what we were looking for in Schwerin and found ideal overall conditions to set up a production facility of our envisaged scale. Mecklenburg-Vorpommern is a prospering business location with diverse industries and an excellent skilled workforce. The new location in Germany and thus in the European Union also offers us a high degree of planning and legal certainty as well as a noticeable improvement in the currency mix in a persistently challenging environment with the rather too strong Swiss franc. With the start of production in the heart of Europe, we can significantly expand our production capacity and secure our needs in the long term based on modular expansion capabilities.

The ideal factory thanks to modular expansion

We like to describe our location in Schwerin as a kind of ideal factory with optimal framework conditions to meet our high quality requirements in combination with large production volumes. In Schwerin, we found ideal conditions for the realisation of an additional production facility: sufficient available, fully developed space, embedded in a

modern industrial park and ample space in reserve for future expansions. The region is also home to important technical universities and colleges. Universities in the federal state of Mecklenburg-Vorpommern train 3500 graduates in MINT (Mathematics, Information technology, Natural sciences and Technology) subjects every year. This allows us to find sufficient qualified and motivated specialists in Schwerin. Meanwhile, some 80 competent employees apply their know-how profitably at our Schwerin site. Over the next few years, this number will rise to over 200. Our employees in Schwerin appreciate the varied tasks, the close cooperation with other teams, the high degree of personal responsibility and the personal development opportunities at Ypsomed.

The infrastructure of the factory is exceptionally well developed and offers us all the options to be able to react flexibly to future market demands. The plant is equipped with ultra-modern clean rooms, plastic injection moulding machines, printing machines as well as automatic assembly and packaging machines. We are able to constantly and flexibly expand our production and infrastructure at the Schwerin production site. When planning the new site, we already took into account the growth aspirations of our company. We have deliberately spread production over three halls and organised it entirely on one level. This simplifies the process noticeably because, for example, cumbersome vertical transport can be dispensed with. Together with an experienced factory planner, we found a solution that reduces the size of the critical clean-room zone, which involves high investments, to a minimum. Right from the very beginning, we aimed at designing and building a flexibly adaptable production site. The supply line, the so-called backbone, supplies the clean production areas with the necessary materials and transports the products to the warehouse. This affords us a high degree of automation and expansion of production during ongoing operations. We have invested around EUR 100 million in the construction of the Schwerin production plant.

Location for injection and infusion systems

Our Schwerin production plant for the manufacture of injection systems and infusion sets for insulin pumps is located in the Schwerin Industrial Park on an area of 100 000 m². In Schwerin, we are investing in additional high-volume production lines for our existing platform products, which have been developed, tested and industrialised in Switzerland. In particular, due to the demand for the YpsoMate[®] autoinjector and the intuitive variable-dose pen for insulin, for example, the UnoPen[™], we require additional production capacity.

We employ sustainable and innovative technologies at our production sites. For example, our latest generation of injection moulding machines features temperature control units with intelligent and efficient controls. This allows electricity consumption to be reduced significantly. We also wish to be leaders in our industry in the area of sustainability.

Further extension plans

Agility is essential for success in a global market. We have already taken into account a future extension of the production areas at the Schwerin site in the modular master plan. The existing area can be expanded short-term by a further 5000 m². In the medium term, we will even be able to double the space expansions needed over the next few years by mirroring the existing plant. Due to this increase in capacity, we are able to successfully and reliably commercialise the encouraging strong growth in our order pipeline.

The demand for our YpsoMate[®] autoinjector is growing continuously. We therefore intend to significantly increase the production capacity for YpsoMate[®] in Schwerin. The necessary equipment has already been ordered and is in the process of implementation. As of 2023, the additional capacity will be validated and ready for commercial production. The current capacity of our UnoPen[™] platform in Solothurn will also be more than doubled by 2023 with the new facilities in Schwerin.

We are also expanding our production capacity as needed and in good time over the coming years, so that we can guarantee the required capacities for the delivery volumes of our customers and users. The situation in Schwerin and additional land reserves directly next to our existing plant also offer us ample space for the construction of further production halls. Thanks to our high degree of flexibility, we can guarantee our customers in the pharmaceutical industry a high degree of delivery reliability and secure supplies.

State-of-the-art production facility





Production site in China

China is a high-growth, but also a challenging market. For over 15 years now we have been supplying China with our devices, such as the reusable ServoPen® and YpsoPen® and very recently also our single-use UnoPen™. We have also had an office in China for seven years with about six staff persons that support our pharmaceutical business with local clients. We are currently evaluating potential production sites to enable us to manufacture locally in future and directly supply the market there. Our production efforts in China are aimed at taking full advantage of the growing preference for locally manufactured products as compared to imports while also lowering logistical costs to proactively take a more sustainable approach.

China has the highest number of people living with diabetes in the world. The number of Chinese suffering from this chronic disease is also constantly on the rise. According to health experts, the causes of this increase include, among others, urbanisation, rising living standards, unhealthy diet and lack of exercise, as well as an aging population. Predictions suggest that 174 million people in China will be living with diabetes by 2045.¹ According to the World Health Organization, non-transmissible diseases, including diabetes, are considered China's number one health threat. Additional complicating factors include a low level of awareness among the population concerning the causes and triggers of diabetes and the many undiagnosed diabetes cases that exist.

The growing number of diabetics is also associated with China's economic development – prosperity has altered the behaviours and habits of the people.

China enjoys sustained economic growth. The country grew by 8.1 % in 2021. Economic experts are expecting 5 % growth in 2022.² Based on this growth, the government is expanding access to reimbursable medical services, thus increasing the market volume for medicines and medical devices. This is making China an attractive, high-volume market. We are setting up our own production capabilities in China to better serve this important market. A local production site and its closer proximity to customers will allow us to respond more flexibly and take a more sustainable approach to their needs.

We are investing in the most modern, fully automated production lines from Europe for our production site in China. We are replicating the setup currently in place at our plants in Switzerland and Germany. These systems enable us to work productively and save energy. The centrepiece of our production systems, the injection moulding tools for the pen components, will continue to be supplied by our headquarters in Burgdorf. The entire production setup will take place under the guidance of our experts from Switzerland. While we will be setting up a new production site in China, our research and development activities will remain firmly anchored in Switzerland.

¹ <https://www.diabetesatlas.org/data/en/country/42/cn.html>

² http://de.china-embassy.org/det/zggy/202203/t20220307_10649198.htm

Production on the ground is indispensable

The Chinese market is growing rapidly and the number of our customers' projects is constantly rising. According to our forecasts, we expect the country to experience a major rise in the volume of single-use pens, such as the UnoPen®, in the coming years. Initial YpsoMate™ projects for the supply of prefilled syringes have also been secured. Our long-standing and new Chinese clients are anticipating significantly higher future sales in the domestic market. Our clients expect us to initiate local production soon and intensify our future collaboration with China. The slogan "China for China" is much promoted by the government. Our local production site will increase our partners' trust in us.

Production in China also entails the advantage of registering devices locally. Regulations and regulatory requirements can change rapidly in China and we will be in a better position to handle these changes on the ground. In addition to the single-use UnoPen®, we can also package our reusable YpsoPen®, which is already currently produced in China, at our own site in China, which is significantly faster and more sustainable. This saves time and logistics and shipping costs.

Potential sites in China

We are currently working with an experienced Chinese consultancy, that has already helped many reputable European companies set up operations in China, to evaluate which local site would be suitable for us. We are looking for a readily accessible site in a region with a suitably qualified population. Because most Chinese pharmaceutical companies are concentrated around Shanghai and the necessary expertise is also available there, we are focussing our search on the greater Shanghai region.

Two questions for Reto Felber, Vice President Manufacturing China



Reto Felber,
Vice President
Manufacturing China

Reto Felber, how long have you lived in China?

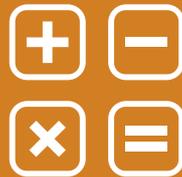
Although I have been working for Ypsomed in China only since November 2021, I have actually been living and working here for over twelve years now. As a result, I am very familiar with the country and its people. As a former active martial artist, I became very fascinated with this impressive country at an early age. Up to now, I have always worked for European companies in China and have contributed to the further development of local business. It has been my privilege over all these years to gain a superb understanding of the many differences and idiosyncrasies of the Chinese market. I look forward to using my many years of local experience to now assist Ypsomed in setting up production here.

What is Ypsomed's motive for setting up production in China?

China is an economically attractive growth market. There is also a rapidly increasing need among the people here for better medical care and improved treatment options. Our medical devices form an important therapeutic platform. A local production site would enable us to more effectively provide services for high-quality self-medication and give us more flexibility on the Chinese market. As a quality-conscious and sustainable Swiss firm, the objective of our relocation is not to cut costs.

**In the financial year 2021/22,
we achieved a sales growth
of CHF 61.2 million.**

The operating result (EBIT) amounted
to CHF 28.6 million. The net
profit amounts to CHF 23.1 million.





Tripling of Operating Profit

In the financial year 2021/22, we achieved consolidated sales of CHF 464.8 million (previous year: CHF 403.7 million). We have thus achieved satisfying growth of CHF 61.2 million or 15.2 % in the reporting period. As such, we have tripled our operating profit (EBIT). This now amounts to CHF 28.6 million (previous year: CHF 9.3 million). We have achieved almost a four-fold increase in net profit, which now stands at CHF 23.1 million (previous year: CHF 5.8 million).

The good result confirms the positive trends for easy and safe selfcare for people suffering from chronic conditions. Our highly automated and vertically integrated processes are proving their effectiveness and enable us to ensure supplies to our customers at all times.

Pen business posts strong growth of 31 %

The Ypsomed Delivery Systems (YDS) segment increased by 22.7 % or CHF 47.9 million in the financial year 2021/22. The turnover for the reporting period amounts to CHF 259.0 million (previous year: CHF 211.2 million).

- The development in the pen business was particularly pleasing, with growth of 30.6 %.
- The main contributors to this growth were the two platform families UnoPen™ and YpsoMate®, which have shown disproportionate growth compared to the pens prior to the introduction of the platform approach.
- By constantly expanding our autoinjector family, we were able to post our first sales for our YpsoMate® 2.25 Pro in the financial year, which is designed for highly viscous medications. It is used in the treatment of moderate to severe atopic dermatitis.
- Thanks to our strong and continually growing project and order pipeline, project revenues also grew by 31.4 %. Project revenues include customer-specific adaptations of our standardised platform products and deliveries for clinical trials for the approval of new products which will have an impact on commercial sales in the future.
- The acquisition of new projects continues to be very successful. During the reporting period, a further 36 new project orders were concluded.
- Ypsomed understands its responsibilities and continues to deliver life-saving insulin pens to pharmaceutical firms in Russia in a logistically challenging environment. Sales from deliveries to Russia amounted to 7.5 % of the segment turnover during the reporting period.
- Sales in the contract manufacturing segment were 6.2 % below the previous year's level. Turnover with Sanofi makes up 9.0 % of the Group's turnover.

Growth in Diabetes Care from project revenues

In the Ypsomed Diabetes Care (YDC) segment, we achieved turnover growth of CHF 9.8 million or 5.5 % for the financial year 2021/22. This growth primarily resulted from higher revenues from development services for infusion systems for partners. The turnover for the reporting period amounts to CHF 187.5 million (previous year: CHF 177.7 million).

- Sales for YpsoPump® stagnated owing to the late integration of continuous blood glucose monitoring and the lack of automated insulin delivery, which was not available until that time. Working with our partner CamDiab Ltd., we will start to roll out automated insulin delivery via an app in early summer 2022 (initially for Android and then for iOS during the course of the financial year). As a result, we expect to see a clear improvement in our product proposition and therefore a higher participation in market growth.
- The higher revenues from development services originate from Eli Lilly as well as from 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.
- Business with pen needles in the reporting period was 5 % below the previous year's level due to the sales development in the USA.
- Business with blood glucose monitoring systems and sales from DiaExpert both show a slight decline.

The segment Others further on the road to recovery

The segment Others, which consists of our subsidiary Ypsotec and real estate not used for operational purposes, continues to show recovery. This is reflected in a strong sales increase of 24.2 % compared to the previous year. Turnover in this segment for 2021/22 is CHF 18.3 million (previous year: CHF 14.7 million).

Higher gross margin again despite production expansion

Although gross margin is impacted by the expansion and the ongoing, continued ramp up of additional capacities, particularly at our production site in Schwerin for the YpsoMate® autoinjector, gross margin increased slightly to 24.5 % (previous year: 23.5 %).

Encouraging earnings contribution from the pen business

The operating result for the financial year 2021/22 grew significantly and was CHF 28.6 million (previous year: CHF 9.3 million). The following factors have affected the result of the past financial year:

- The increase in turnover and higher production capacity utilisation as well as continued high project revenues at Ypsomed Delivery Systems made a positive contribution to earnings.
- The operational business with the mylife™ YpsoPump® burdens the result with CHF –51.3 million (previous year: CHF –43.8 million). Higher depreciation and amortisation of around CHF 5 million and higher marketing expenses of around CHF 3 million for launch activities of the new product features affect the result here.
- Commissioning at the Schwerin production site has been successful and the first commercial deliveries of autoinjectors have been made. The plant is currently only partially utilised, which is why the site burdens the result.
- The changeover of the ERP system with integrated billing software for health insurance companies temporarily reduces the profit contribution of DiaExpert.
- The positive development of Ypsotec, which is clearly returning to profitability again, supports the result.

In the 2021/22 financial year, we generated a net profit of CHF 23.1 million (previous year: CHF 5.8 million). The net profit margin is 5.0 % (previous year: 1.4 %). The earnings per share are CHF 1.83 (previous year: CHF 0.46).

Continued high growth investments

In the financial year 2021/22, we generated an operative cash flow of CHF 85.7 million from operating activities (previous year: CHF 85.8 million). Cash flow from investing activities in the reporting period was CHF 125.7 million, again up from the previous year (previous year: CHF 106.9 million). Investments in fixed assets amounted to CHF 51.6 million (previous year: CHF 59.2 million). In the new production plant in Schwerin, investments in automated assembly lines for YpsoMate®, UnoPen™ and for the infusion set as well as in injection moulding machines and tools and further infrastructure amounted to CHF 18.3 million. At the Swiss sites, investments were made in the full expansion of capacities, industrialisation of the YpsoDose® and additional operating infrastructure.

Of the CHF 75.8 million invested in intangible assets (previous year: CHF 67.4 million), CHF 18 million was spent on patent letters for the control system of the insulin pump, which was already recorded in the balance sheet in the previous period. Furthermore, investments were made in the further development of platforms for pen systems, the smartphone app and service cloud for the YpsoPump® and in digital services in the area of Smart Services.

In the financial year 2021/22, Techpharma Management AG granted Ypsomed Holding AG a further loan with a credit line of CHF 55 million. On 31 March 2022, a total of CHF 110.0 million was drawn against Techpharma Management AG, thus exhausting the credit line. Techpharma Management AG is a company controlled by Willy Michel. In return, CHF 25.5 million in financial debt to banks was paid back. Our short-term financial liabilities to banks therefore amount to CHF 157.0 million (previous year: CHF 182.5 million).

In July 2021, we were able to distribute CHF 14.7 million in dividends to our shareholders in line with our sustainable dividend policy. Half of the dividend was paid from retained earnings and half from tax-free capital contribution reserves.

Ypsomed continues to have a solid and healthy finance structure for future growth. Our total equity amounts to CHF 392.5 million (comparative period: CHF 395.4 million). The equity ratio is 51.9 %.

Sustainable dividend policy

In the interests of our sustainable dividend policy, the board of directors will propose to the Annual General Meeting that CHF 0.60 per registered share to be distributed in dividends for the financial year 2021/22, half of which from capital contribution reserves and the other half from retained earnings. According to the newly applicable tax law, no more than 50 % of the dividend may be distributed from tax-privileged capital contributions reserves.

The Annual General Meeting of the Ypsomed Holding will be held in Burgdorf on 29 June 2022.



Consolidated income statement

(Audited Swiss GAAP FER figures) in thousand CHF

	Notes	01 April 2021 – 31 March 2022	in %	01 April 2020 – 31 March 2021	in %
Sales of goods and services	20	464 841	100.0 %	403 656	100.0 %
Cost of goods and services sold		-351 024	-75.5 %	-308 828	-76.5 %
Gross profit		113 817	24.5 %	94 827	23.5 %
Marketing and sales expenses		-66 391	-14.3 %	-72 964	-18.1 %
Administration expenses		-23 029	-5.0 %	-21 095	-5.2 %
Other operating income		5 073	1.1 %	9 536	2.4 %
Other operating expenses		-891	-0.2 %	-1 036	-0.3 %
Operating profit	20	28 579	6.1 %	9 269	2.3 %
Financial income	17	3 045	0.7 %	5 465	1.4 %
Financial expenses	18	-6 083	-1.3 %	-8 620	-2.1 %
Profit before income taxes		25 540	5.5 %	6 113	1.5 %
Income taxes	19	-2 435	-0.5 %	-302	-0.1 %
Net profit		23 105	5.0 %	5 811	1.4 %
Earnings per share (diluted and undiluted) in CHF	25	1.83		0.46	
Operating profit		28 579		9 269	
Depreciation and impairment of fixed assets		40 273		34 053	
Amortisation and impairment of intangible assets		27 808		21 972	
EBITDA (operating profit before depreciation and amortisation)		96 660	20.8 %	65 294	16.2 %



Consolidated balance sheet

(Audited Swiss GAAP FER figures) in thousand CHF

Assets	Notes	31 March 2022	in %	31 March 2021	in %
Cash and cash equivalents	3	17 038	2.3 %	19 320	2.7 %
Securities	6	0	0.0 %	3 091	0.4 %
Trade receivables	4	86 986	11.5 %	72 663	10.1 %
Other current assets		8 338	1.1 %	12 170	1.7 %
Accrued income and prepayments		10 672	1.4 %	12 948	1.8 %
Current income tax assets		164	0.0 %	67	0.0 %
Inventories	5	68 299	9.0 %	63 357	8.8 %
Customer machinery		2 086	0.3 %	1 524	0.2 %
Total current assets		193 584	25.6 %	185 141	25.8 %
Financial assets	6	2 642	0.3 %	2 668	0.4 %
Deferred income tax assets	19	33 756	4.5 %	34 768	4.8 %
Fixed assets	7	336 150	44.4 %	334 379	46.6 %
Intangible assets	8	190 779	25.2 %	160 728	22.4 %
Total non-current assets		563 327	74.4 %	532 543	74.2 %
Total assets		756 910	100.0 %	717 683	100.0 %
Liabilities and equity					
Financial liabilities	10	157 000	20.7 %	182 500	25.4 %
Trade payables		17 386	2.3 %	34 553	4.8 %
Prepayments from customers		19 544	2.6 %	19 382	2.7 %
Current income tax payable	19	182	0.0 %	1 240	0.2 %
Other payables		3 608	0.5 %	2 955	0.4 %
Accrued liabilities and deferred income		36 789	4.9 %	29 283	4.1 %
Provisions (short-dated)	12	2 827	0.4 %	2 463	0.3 %
Total current liabilities		237 336	31.4 %	272 377	38.0 %
Non-current liabilities to major shareholder	10	110 000	14.5 %	32 500	4.5 %
State-subsidised payments	11	7 739	1.0 %	8 757	1.2 %
Provisions (long-term)	12	6 512	0.9 %	6 125	0.9 %
Deferred income tax liabilities	12	2 783	0.4 %	2 539	0.4 %
Total non-current liabilities		127 034	16.8 %	49 921	7.0 %
Share capital	13	178 994	23.6 %	178 994	24.9 %
Capital reserves		104 313	13.8 %	111 433	15.5 %
Treasury shares		0	0.0 %	-957	-0.1 %
Translation differences		-23 283	-3.1 %	-10 829	-1.5 %
Goodwill offset		-322 892	-42.7 %	-322 892	-45.0 %
Retained earnings		455 407	60.2 %	439 635	61.3 %
Total equity		392 540	51.9 %	395 385	55.1 %
Total liabilities and equity		756 910	100.0 %	717 683	100.0 %



Consolidated statement of cash flows

(Audited Swiss GAAP FER figures) in thousand CHF

	Notes	01 April 2021– 31 March 2022	01 April 2020– 31 March 2021
Net profit		23 105	5 811
Depreciation and amortisation of fixed and intangible assets		68 081	56 025
Loss from impairment (+)/Reversal of impairment (-)	17/21	0	8 863
Change in provisions (incl. deferred income taxes)	12/19	1 514	116
Other expenses/income that do not affect the fund		134	-688
Increase (-)/decrease (+) in long term receivables not affecting cash and cash equivalents	21	0	2 600
Cash remittance by Insulet Corp.	21	0	32 021
Result from disposals of fixed, intangible and financial assets and securities		294	-6 525
Increase (-)/decrease (+) in trade receivables		-16 432	5 032
Increase (-)/decrease (+) in other receivables and prepayments and accrued income		5 430	5 058
Increase (-)/decrease (+) in inventories		-5 919	-6 305
Increase (-)/decrease (+) in customer machinery		-562	3 718
Increase (+)/decrease (-) in trade payables		2 016	-5 852
Increase (+)/decrease (-) in prepayments from customers		162	7 465
Increase (+)/decrease (-) in other payables and accrued liabilities and deferred income	19	7 883	-21 510
Cash flow from operating activities		85 706	85 828
Disposal of financial assets and securities	6	2 841	8 877
Acquisition of financial assets	6	0	-2 500
Purchases of fixed assets	7	-51 592	-59 184
Disposals of fixed assets	7	51	290
Purchases of intangible assets ¹	8	-75 838	-67 397
Disposal of intangible assets	8/24	0	13 000
Acquisition of subsidiaries less cash and cash equivalents acquired	1	-1 162	0
Cash flow from investing activities		-125 700	-106 914
Proceeds of borrowings from major shareholder	10	77 500	22 500
Proceeds of borrowings from banks		2 000	54 001
Repayment of short-dated financial liabilities to banks	10	-27 500	-54 500
State-subsidised payments	11	0	1 053
Purchase of own shares	13	-263	6 136
Disposals of own shares	13/15	1 054	0
Distribution of capital reserves and retained earnings		-14 667	-2 521
Cash flow from financing activities		38 125	26 669
Effect of foreign currency translation		-412	342
Total cash flow		-2 281	5 925
Cash and cash equivalents as of 01 April		19 320	13 394
Cash and cash equivalents as of 31 March		17 038	19 320
Net increase (+)/decrease (-) in cash and cash equivalents		-2 281	5 925

¹ Of the CHF 20 million invoice received in the financial year 2020/21 for patent letters to operate the insulin pump, which were capitalised under intangible assets, CHF 18 million were paid in the reporting period.



Consolidated statement of changes in equity

(Audited Swiss GAAP FER figures)
in thousand CHF

	Share capital	Group reserves and share premium	Treasury shares	Translation differences	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 differences				8 300			8 300
Balance as of 31 March 2021	178 994	111 433	-957	-10 829	-322 892	439 635	395 385

	Share capital	Group reserves and share premium	Treasury shares	Translation differences	Goodwill offset	Retained earnings	Total
Balance as of 01 April 2021	178 994	111 433	-957	-10 829	-322 892	439 635	395 385
Net profit						23 105	23 105
Dividend payout from capital contribution reserves		-7 333					-7 333
Dividend payout from retained earnings						-7 333	-7 333
Purchase of own shares			-263				-263
Disposals of own shares		215	1 219				1 434
Translation differences				-12 454			-12 454
Balance as of 31 March 2022	178 994	104 313	0	-23 283	-322 892	455 407	392 540



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 17 May 2022 and recommended for acceptance to the Annual General Meeting of Shareholders in Burgdorf on 29 June 2022.

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 note 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 consist 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 comprise 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 effect 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.

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 costs

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 2022 amount to CHF 156.5 million (previous year: CHF 124.9 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 2022, Ypsomed discloses provisions for warranties of CHF 5.2 million (previous year: CHF 4.5 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 2022 amount to CHF 11.7 million. (previous year: CHF 9.7 million).

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 continue to be difficult as hospitals and diabetes centres continue to run a COVID-19-focused operation. We expect operations to normalise soon. In the area of injection systems no significant impact is expected on deliveries of injection systems for approved drugs. In projects with pharmaceutical partners, delays in studies or approvals may occur which may have a corresponding effect on project revenues. The Ypsomed Group has a high level of self-financing, and liquidity is ensured by bank limits.

7. Impact of the Ukraine crisis

The war between Ukraine and Russia shows a significant impact on the economies of both countries and beyond. While deliveries to pharmaceutical and biotech companies in Russia are currently not affected by sanctions, this may change over time. Ypsomed meets its obligations in a logistically challenging environment and supplies pharmaceutical companies with life-saving insulin pens. Future negative effects on Ypsomed, for example as a result of possible payment restrictions, cannot be excluded.



Alternative Performance Measures

Ypsomed's annual report in accordance with SWISS GAAP FER is enhanced by additional key financial figures that are not defined in SWISS GAAP FER. These are mainly 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 2021 – 31 March 2022	01 April 2020 – 31 March 2021
Operating profit	28 579	9 269
EBIT	28 579	9 269
Depreciation and impairment of fixed assets, refer to note 7.	40 656	34 396
Dissolved state-subsidies, refer to note 11.	-383	-343
Amortisation and impairment of intangible assets, refer to note 8.	27 808	21 972
EBITDA (operating profit before depreciation and amortisation)	96 660	65 294



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				■
Ypsomed Immobilien AG, CH-Burgdorf ¹	100%	CHF	200000				■
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-Solna	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-Milano	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-Pointe Claire	100%	CAD	1000000			■	
Ypsomed AS, NO-Drammen	100%	NOK	2000000			■	
Ypsomed Oy, FI-Masala	100%	EUR	50000			■	
Ypsomed ApS, DK-Herlev	100%	DKK	50000			■	
Ypsomed Inc., US-Dover	100%	USD	100000			■	
Ypsomed Software S.L., ES-Barcelona ²	100%	EUR	250000	■			■
Ypsomed Medical Devices Co. Ltd., CN-Beijing	100%	CHF	500000				■

¹ As of 21 April 2021, Burkhard-Dreier AG, based in Burgdorf, was acquired and renamed to Ypsomed Immobilien AG. The company has ceased its production activities but continues to generate income from rented flats. Ypsomed acquired the company together with the rented buildings as a strategic land reserve at the headquarters. By means of purchase price allocation, current assets of CHF 0.1 million, fixed assets of CHF 1.3 million and liabilities of CHF 0.1 million were recognised in the consolidated financial statements.

² As of 11 June 2021, Ypsomed Software S.L. was founded in Barcelona. This subsidiary serves as an internal Group software development centre, which is intended to strengthen the expansion strategy in the area of digital services.

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.

2. Foreign currencies

	Balance sheet year-end rates		Income statement average rates	
	31 March 2022	31 March 2021	2021/22	2020/21
Euro (EUR)	1.02	1.11	1.07	1.08
US Dollar (USD)	0.93	0.94	0.92	0.92
Swedish Krona (100SEK)	9.98	10.81	10.43	10.41
Norwegian Krone (100NOK)	10.63	11.02	10.58	10.09
Danish Krone (100DKK)	13.86	14.86	14.35	14.45
Czech Koruna (100CZK)	4.09	4.22	4.22	4.05
Indian Rupee (100INR)	1.22	1.28	1.23	1.24
British Pound sterling (GBP)	1.22	1.30	1.26	1.21
Australian Dollar (AUD)	0.69	0.72	0.68	0.66
Polish Zloty (100PLN)	21.48	24.05	23.29	23.93
Canadian Dollar (CAD)	0.74	0.75	0.73	0.70
Chinese Yuan Renminbi (100CNY)	14.64	14.27	14.31	13.63

3. Cash and cash equivalents

	31 March 2022	31 March 2021
Cash	406	116
Postal accounts	1 179	1 173
Bank accounts	15 453	18 030
Total	17 038	19 320

4. Trade receivables

	31 March 2022	31 March 2021
Trade receivables	87 976	73 098
Provision for bad and doubtful debts	-990	-435
Total	86 986	72 663

Provision for bad and doubtful debts	2021/22	2020/21
At 01 April	435	354
Addition of provision	892	310
Use of provision of booked up trade receivables	-27	-23
Reversal of unneeded provisions	-280	-182
Currency translation differences	-31	-24
At 31 March	990	435

5. Inventories

	31 March 2022	31 March 2021
Raw materials and supplies	8 979	7 685
Goods in process	33 183	24 946
Finished products	27 597	32 406
Gross inventories	69 759	65 037
Valuation allowance	-1 461	-1 680
Total	68 299	63 357

6. Securities and financial assets

Securities	31 March 2022	31 March 2021
Bionime Corp., Taiwan	0	3 091
Total	0	3 091

The remaining shares of Bionime Corp. were sold in full in the financial year 2021/22, refer to note 17 and note 18.

Financial assets	31 March 2022	31 March 2021
CeQur SA, Switzerland	2 500	2 500
Other financial assets	142	168
Total	2 642	2 668

CeQur SA is in the commercialisation phase of a wearable, purely mechanical patch for 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 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		-7 519	-753			-8 272
Transfers	659	45 852	577	-49 257	8	-2 160
Currency translation differences	1 754	3 131	331	418		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		-438	-34 396
Disposals		7 367	712			8 079
Currency translation differences	-99	-533	-169			-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
Cost value						
At 01 April 2021	128 464	448 074	26 694	21 420	13 953	638 605
Initial consolidation	1 250					1 250
Additions	1 716	17 032	2 833	28 502	454	50 537
Disposals	-135	-14 853	-2 391			-17 379
Transfers	287	17 506	255	-18 894		-847
Currency translation differences	-2 490	-6 322	-455	-558		-9 826
At 31 March 2022	129 092	461 436	26 935	30 470	14 407	662 340
Accumulated depreciation						
At 01 April 2021	-52 803	-227 953	-17 699	0	-5 771	-304 227
Depreciation	-3 922	-32 870	-3 433		-431	-40 656
Disposals	135	14 853	2 312			17 301
Currency translation differences	168	946	276			1 391
At 31 March 2022	-56 422	-245 024	-18 543	0	-6 202	-326 191
Net book value at 01 April 2021	75 661	220 121	8 995	21 420	8 182	334 379
Net book value at 31 March 2022	72 670	216 412	8 392	30 470	8 205	336 150

There are no pledges as security for loans. Gains on the sale of tangible assets in the financial year 2021/22 amounted to CHF 0.0 million (previous year: CHF 0.1 million) and are included in other operating income in the income statement.

In the reporting period 2021/22, our manufacturing capacity for the YpsoMate® and UnoPen™ platforms was expanded in Germany and Switzerland.

8. Intangible assets

Cost value	Development costs	Patents	Software	Client base/ Other	Total
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
Cost value					
At 01 April 2021	217 900	20 660	47 406	11 952	297 918
Additions	54 365		3 613		57 977
Disposals			-3 693	-16	-3 709
Transfers	4		842		847
Currency translation differences	-804		-323	-339	-1 467
At 31 March 2022	271 465	20 660	47 844	11 597	351 566
Accumulated amortisation					
At 01 April 2021	-93 038	-660	-31 599	-11 892	-137 190
Amortisation	-21 954		-5 823	-30	-27 808
Disposals			3 693	12	3 705
Currency translation differences	65		104	336	505
At 31 March 2022	-114 928	-660	-33 626	-11 574	-160 787
Net book value at 01 April 2021	124 862	20 000	15 806	61	160 728
Net book value at 31 March 2022	156 538	20 000	14 218	23	190 779

Capitalised development costs include products in the development phase amounting to CHF 87.2 million (previous year: CHF 58.4 million), products in the industrialisation phase amounting to CHF 10.6 million (previous year: CHF 11.2 million), products in the pre-launch phase amounting to CHF 4.0 million (previous year: CHF 4.1 million) and products in the marketing phase amounting to CHF 54.7 million (previous year: CHF 51.2 million).

Information on the previous year's sale of the YpsoPod® can be found in note 24, Transactions with related parties.

In the case of patent letters acquired for CHF 20.0 million in the previous year 2020/21, the patented functionalities will be used from May 2022 onwards and are therefore amortised from this date on until the patent letters expire at the end of 2029.

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	2021/22	2020/21
At 01 April	323 776	323 130
Accumulated currency translation differences	-845	646
At 31 March	322 931	323 776
Accumulated amortisation		
At 01 April	-323 776	-323 130
Amortisation, scheduled amortisation over 5 years	0	0
Change in accumulated currency translation differences	845	-646
At 31 March	-322 931	-323 776
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 amortised if the same had been hypothetically capitalised.

10. Financial liabilities

	31 March 2022	31 March 2021
Fixed advances banks (current)	157 000	182 500
Long-term loan from Techpharma Management AG, Burgdorf	110 000	32 500

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 0.9%. As at 31 March 2022, the maximum credit line for fixed advances was CHF 265 million. Interest of CHF 1.7 million (previous year: CHF 1.6 million) was paid on fixed advances in 2021/22.

In the 2021/22 financial year, Techpharma Management AG granted Ypsomed Holding AG a further loan with a credit line of CHF 55 million. The entire loan amount of CHF 55 million was paid out by 31 March 2022. The loan bears interest at 0.3%, starting on 31 March 2022. The loan granted by Techpharma Management AG is subordinated to receivables of various banks from loan agreements. The loan covered by the subordination is deferred for the duration of the subordination agreement. Should Ypsomed Holding AG reduce the credit line of the banks, Ypsomed Holding AG is entitled to repay the loan in a correspondingly proportionate amount. In the event of a capital increase by Ypsomed Holding AG, it has been agreed that Techpharma Management AG shall use the loan, which has been deferred in ranking, in the context of a conversion of liabilities for the payment of share capital of Ypsomed Holding AG.

Techpharma Management AG granted a loan with a credit line of CHF 45 million to Ypsomed Holding AG in the financial year 2020/21. As of 31 March 2022, the credit line has been fully utilised. The interest on the loan is 0.7%, starting on 31 March 2021. No amortisation payment was made in the reporting year. Techpharma Management AG can terminate the loan agreement as of 31 March 2025 at the earliest. In the financial year 2021/22, the loan of Techpharma Management AG has been subordinated to the receivables of various banks ensuing from loan agreements. The loan covered by subordination has been deferred for the duration of the subordination agreement; in the event that Ypsomed Holding AG reduces the credit line of the banks, Ypsomed Holding AG is entitled to repay the loan at a corresponding proportionate amount. The subordination agreement shall lapse if the subordinated claims are used to settle for share capital of Ypsomed Holding AG.

In 2004, Willy Michel granted a loan to Ypsomed Holding AG which he assigned to Techpharma Management AG, which he controls. As at 31 March 2022, a total of CHF 10 million in loans is still outstanding. Since 01 January 2022, the interest rate on the loan is based on 12-month SARON CHF as published by the Swiss National Bank plus a 0.5% margin, but at an interest rate of at least 0.7% and adjusted according to the current rate at the end of March and end of September. No amortisation payment was made in the reporting year. Ypsomed Holding AG can repay the loan in full or in part at any time, however the loan is due for repayment on 31 March 2025 at the latest. Techpharma Management AG waives the right to terminate the loan in whole or in part until 31 March 2025 and to demand repayment of the terminated amount.

Techpharma Management AG is a company controlled by Willy Michel. Interest of CHF 0.4 million (previous year: CHF 0.1 million) was paid on the loan in the financial year 2021/22.

11. State-subsidised grants

Ypsomed receives state-subsidies – granted by the German federal state of Mecklenburg-Vorpommern from funds of the joint expenditure “Improvement of the regional economic structure” – that is fully related to the set-up of the manufacturing site in Schwerin (DE), i.e. the construction of the building and the procurement of movable assets. The overall amount of these state-subsidies amounts EUR 9.8 million at most, and they are dependent on the ultimate amount of investment.

	2021/22	2020/21
At 01 April	8 757	7 687
Funds received	0	1 053
Partial reversal of subsidies	-383	-343
Currency translation differences	-635	360
At 31 March	7 739	8 757

In the financial year 2021/22, Ypsomed received no subsidies (previous year: CHF 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 on the reporting date.

12. Provisions/Deferred tax liabilities

	Taxes	Warranties	From pension plans	Restructuring	Other	Total
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
At 01 April 2021	2 539	4 445	0	0	4 144	11 128
Additions	254	2 946			1 167	4 114
Initial consolidation					80	80
Release	-9	-697			-325	-1 754
Utilisation		-1 528			-810	-2 338
Currency translation differences	-1				-82	-82
At 31 March 2022	2 783	5 165	0	0	4 174	12 122
of which current	0	2 223	0	0	604	2 827

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 in the previous year were 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 benefits of employees. In this context, CHF 1.0 million was formed, CHF 0.5 million used as well as CHF 0.2 million released in the year under review. As at 31 March 2022, provisions for long-service benefits amounted to CHF 3.2 million (previous year: CHF 2.9 million). In addition, CHF 0.3 million was used for legal costs in connection with various proceedings.

13. Share capital

Share capital (in thousand CHF)	2021/22	2020/21
At 01 April	178994	178994
At 31 March	178994	178994
Shares issued at 31 March	12649739	12649739
Treasury shares at 31 March	0	6786
Shares outstanding at 01 April	12642953	12602953
Purchase number of shares	1531	
Average price in CHF	171.6	
Disposal number of shares	8317	40000
Average price in CHF	172.4	153.4
Shares outstanding at 31 March	12649739	12642953

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 2022, Ypsomed group including the employee pension fund held 16 456 treasury shares (previous year: 23 242).

At the Annual General Meeting on 30 June 2021, the Board of Directors was authorised at any time until 29 June 2023 to increase the share capital by a maximum amount of CHF 14 150 000 through the issuance of a maximum of 1 million fully paid registered shares with a nominal value of CHF 14.15 each.

Non-distributable reserves

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

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

	2021/22	2020/21
Revenue from development and industrialisation services (POCM)	44 282	33 727
Long-term contracts according to POCM in the balance sheet	31 March 2022	31 March 2021
Trade receivables	9796	5577
Inventories	11 152	2 172
Prepayments from customers	-17 317	-16 663

15. Personnel expenses

	2021/22	%	2020/21	%
Wages and salaries	176657	84.9	164191	85.4
Social security expenses	26849	12.9	24928	13.0
Other personnel expenses	4542	2.2	3090	1.6
Total	208048	100.0	192209	100.0

Employees of Ypsomed AG were able to purchase shares of Ypsomed Holding AG at preferential conditions. All employees of who were in an employment relationship without notice at the time of the offer were entitled to acquire shares in Ypsomed Holding AG amounting to 90 % of one month's salary.

The purchase price offered on 01 December 2021 corresponded to the average of all daily share prices for the months of September, October and November minus a discount of 20 %. Partly due to tax considerations, the acquired shares cannot be sold during a blocking period of 3 years.

Ypsomed employees acquired a total of 8317 Ypsomed Holding AG shares at the special price of CHF 126.77. The nominal discount per share on the grant date (date of origination of purchase agreement between Ypsomed AG and the employee, 08 December 2021) amounts to CHF 45.63. CHF 0.4 million is therefore reported under "Wages and salaries".

Personnel at 31 March (full-time equivalents)	31 March 2022	31 March 2021
Australia	13	12
Belgium	2	2
China	7	6
Denmark	3	3
Germany	284	264
Finland	3	2
France	41	37
India	6	6
Italy	10	13
Canada	10	8
Netherlands	8	9
Norway	1	1
Austria	5	5
Poland	2	2
Sweden	6	6
Switzerland	1294	1244
Spain	17	8
Czechia	97	89
United Kingdom	21	19
United States of America	2	2
Total	1831	1737
Headcount	1923	1824

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 of Ypsomed AG representing a proportion of 66 % of the group's workforce as at 31 March 2022, 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 2022, the pension scheme held a value fluctuation reserve of CHF 43.8 million (previous year: CHF 41.4 million). In contrast to the previous year, there were no non-committed funds as per 31 March 2022. In the previous year, the surplus

in the value of the fluctuation reserves, the amount that exceeded the target value of 18.0 %, amounted to CHF 11.6 million. In the reporting period, the calculated coverage ratio was 116.9 % within the meaning of art. 44 of the Ordinance on Occupational Retirement, Survivors' and Disability Pension Plans (BVV2), based on a technical interest rate of 1.0 % and BVG 2020 (previous year: 123.0 %, technical interest rate 1.5 % and BVG 2015). The previous year's surplus in the value fluctuation reserve is not used to reduce the contributions. This surplus therefore does not correspond to any economic benefit according to 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	
	31.03.2022	31.03.2022	31.03.2021	2021/22	2021/22
Pension institutions without surplus/deficit	0	0	0	8683	8683
Pension institutions without own assets	0	0	0	1158	1158
					8106
					1102

Per end of the financial years 2021/22 and 2020/21, there were no employer contribution reserves existing.

17. Financial income

	2021/22	2020/21
Interest income	10	27
Gains from sale of securities	2	3 028
Foreign exchange gains	2 952	2 165
Dividends/other financial income	80	246
Total	3 045	5 465

The previous year's effects in 2020/21 in gains from sale of securities arose from the valuation and sale of Bionime Corp. shares.

18. Financial expenses

	2021/22	2020/21
Interest expenses	2 050	1 720
Loss from sale of securities	263	0
Foreign exchange losses	3 555	6 604
Other financial expenses	215	297
Total	6 083	8 620

19. Income taxes

	2021/22	2020/21
Current income taxes	1 675	1 365
Deferred income taxes	761	-1 062
Total	2 435	302
Weighted average tax rate in %	9.5 %	4.9 %
Weighted average tax rate in % without special item	9.5 %	13.1 %

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 Bern and Solothurn.

Ypsomed AG is benefitting from reduced tax rates due to the STAF. Deferred tax effects on the development of temporary differences as well as the offsetting of loss carryforwards are recognised at future tax rate of 11.275 %, taking advantage of the maximum STAF relief.

At Ypsomed Produktion GmbH, losses incurred in connection with the set-up of production are recognised as deferred tax assets at a tax rate of 32 %.

Special effects in current taxes (previous year 2020/21)

In the financial year 2020/21, the final tax assessment resulted in a credit of CHF 0.2 million. Ypsomed Holding AG did 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 12.9 % (previous year: 12.3 %).

Special effects in deferred taxes

As at 31 December 2019, intercompany sales of trademarks and patents of TecPharma Licensing AG to Ypsomed AG amounted to CHF 242.0 million. In the 2019/20 financial year, ordinary current taxes of CHF 21.5 million were due on the gain of this intercompany transaction. At Group level, there are valuation differences due to sales of brands and patents within the group, as the brands and patents were capitalised by Ypsomed AG. Since 01 January 2020, these are amortised linearly for tax purposes over 10 years. As per 31 March 2021, the deferred income tax assets on this transaction amounted to CHF 21.1 million (previous year: CHF 23.9 million). These were assessed at the future income tax rate of 11.275 %, taking advantage of the maximum STAF relief.

	31 March 2022	31 March 2021
Total capitalised deferred tax assets	33 756	34 768
of which temporary differences	22 091	25 027
of which not yet utilised tax-loss carryforwards	11 665	9 741

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 financial year 2021/22, no deferred income tax assets were reversed on expired and thus unusable loss carryforwards (previous year: CHF 0.1 million). CHF 2.3 million (previous year: CHF 4.6 million) in assets were created for newly incurred losses. CHF 0.3 million (previous year: none) of the deferred tax assets from loss carryforwards were used by offsetting profits.

Deferred income tax assets are recognised on 98 % (previous year: 97 %) of the total loss carryforwards of CHF 67.9 million (previous year: 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 2020/21	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Others	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

Financial year 2021/22	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Others	Eliminations	Group
Sales of goods and services to third-party customers	187 490	259 036	18 316		464 841
Intersegmental sales			1 871	-1 871	0
Total sales of goods and services	187 490	259 036	20 187	-1 871	464 841

Operating profit					28 579
EBIT margin					6.1 %
Investments in fixed and intangible assets					108 514
Depreciation/Amortisation/Impairment					68 081

Sales of goods and services by regions	2021/22	2020/21
Switzerland	42 427	35 317
Europe	296 625	269 383
North America	41 192	39 235
Rest of the World	84 597	59 722
Total	464 841	403 656

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 (previous year 2020/21)

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. 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.

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. At the time of this settlement the currency adjusted book value of the total receivables was CHF 43.5 million. Therefore Ypsomed posted an impairment of about CHF 8.9 million in the annual report 2020/21 on the level of EBIT, which burdened the result of the segment Ypsomed Diabetes Care.

22. Contingent liabilities

Ypsomed has indefinite contingent liabilities (mainly guarantees) from current business activities with regard to third parties to the amount of CHF 2.1 million (previous year: CHF 1.8 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 2022	31 March 2021
Less than 1 year	3 343	3 105
1 to 5 years	11 003	9 312
Over 5 years	3 106	3 519
Total	17 452	15 936

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 ends on 31 December 2029. The total obligation until expiry of the contract amounts to CHF 6.5 million.

Further contractual obligations	31 March 2022	31 March 2021
Purchase commitments for products	15 378	11 022
Obligations for the purchase of fixed assets	36 039	6 783
Obligations for the purchase of intangible assets	1 811	962
Liabilities for miscellaneous purchasing	589	1 784
Total	53 817	20 551

The increase for obligations for the acquisition of fixed assets is primarily related to the expansion (extension of hall, assembly facilities, injection moulding machines, etc.) at the manufacturing site of Ypsomed Produktion GmbH in Schwerin.

24. Transactions with related parties

Related parties 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 1.1 million (previous year: CHF 0.7 million).

As in the previous year, there were no liabilities at the reporting date. The reporting year includes the following significant transactions with related parties:

Expenses	2021/22	2020/21
Techpharma Management AG (interest according to note 10)	365	118
Techpharma Management AG (compensation for rented business premises)	840	851
Techpharma Management AG (amounts in accordance with service contract)	17	8
Total expenses	1222	978
Income/Sale of capitalised development expenditures		
TecMed AG (sale of the development project Ypsopod®)	0	13000
TecMed AG (development activities rendered regarding Ypsopod® enhancement project since 01.01.2021) in sales of goods and services	9076	1775
Total income	9076	14775

Lease Agreement

Since 01 January 2006, Techpharma Management AG, which is controlled by Willy Michel, has rented the commercial property at Buchmattstrasse in Burgdorf to Ypsomed. 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

Techpharma Management AG, which is controlled by Willy Michel, and Ypsomed have concluded a framework service contract that can be terminated by 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 01 January 2021, Ypsomed sold the development project YpsoPod® (patch-pump technology) to TecMed AG, a company controlled by Willy Michel. Beside a sales profit of about CHF 5 million in the previous year, this sale enables Ypsomed to enhance the entrepreneurial freedom and to invest the resources by focusing in all activities, which contribute to profitability faster. Ypsomed has a preemption 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 can repurchase the product at the respective stage of development.

As stipulated in a service contract, TecMed AG has mandated Ypsomed AG to enhance YpsoPod®. Ypsomed charges occurring expenditures and processing services with a mark-up of 5 %. The risks of the enhancement and industrialization bear TecMed AG. The corresponding contracts have been discussed and approved by the Board of Directors and, in the opinion of the Board of Directors, correspond to a cooperation customary in the market.

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.

	2021/22	2020/21
Net profits in thousand CHF	23105	5811
Number of outstanding shares weighted on a monthly basis	12645041	12612184
Earnings per share in CHF (diluted and undiluted)	1.83	0.46



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 2022, the consolidated balance sheet as at 31 March 2022, consolidated statement of cash flows and consolidated statement of changes in equity for the financial year then ended, the basis for the consolidated financial statements and notes to the consolidated financial statements.

In our opinion, the consolidated financial statements (pages 54 to 82) give a true and fair view of the consolidated financial position of the Group as at 31 March 2022 and its consolidated financial performance and its consolidated cash flows for the 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 3'200'000
	We concluded full scope audit work at 5 Group companies in 2 countries. These Group companies contributed 90% of the Group's sales of goods and services.
	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 3'200'000
Benchmark applied	Sales of goods and services
Rationale for the materiality benchmark applied	We chose sales of goods and services 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 160'000 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 29 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 2022, Ypsomed Group disclosed capitalized development costs in the amount of CHF 156.5 million (prior year: CHF 124.9 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 87.2 million (prior year: CHF 58.4 million), products in the industrialization phase of CHF 10.6 million (prior year: CHF 11.2 million), products in the pre-launch phase of CHF 4.0 million (prior year: CHF 4.1 million) and products in the marketing phase of CHF 54.7 million (prior year: CHF 51.2 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>

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, 17 May 2022



Balance sheet of Ypsomed Holding AG – statutory financial statements

In thousand CHF

Assets	31 March 2022	31 March 2021
Cash	2 291	3 965
Securities	0	3 091
Other short-term receivables to third parties	19	17
Accrued income	384	0
Total current assets	2 694	7 073
Investments	306 144	306 144
Long-term receivables group companies	601 760	567 156
Total non-current assets	907 904	873 300
Total assets	910 598	880 373
Liabilities and equity	31 March 2022	31 March 2021
Trade payables third parties	60	26
Other short-term payables to third parties	16	0
Short-term financial liabilities to bank	117 000	144 500
Short-term financial liabilities to group companies	15 063	13 763
Accrued liabilities and deferred income	1 639	1 281
Current income taxes payable	54	51
Total current liabilities	133 833	159 621
Long-term interest-bearing financial liabilities to major shareholder (Techpharma Management AG, CH-Burgdorf)	110 000	32 500
Total non-current liabilities	110 000	32 500
Total liabilities	243 833	192 121
Share capital	178 994	178 994
Statutory capital reserves		
Capital contribution reserves	102 556	109 889
Disagio	– 150	– 150
Statutory retained earnings		
General legal reserves	50	50
Voluntary retained earnings		
Retained earnings	393 093	403 039
Net result	– 7 778	– 2 613
Treasury shares	0	– 957
Total shareholders' equity	666 765	688 253
Total liabilities and shareholders' equity	910 598	880 373



Income statement of Ypsomed Holding AG – statutory financial statements

In thousand CHF

	01 April 2021 – 31 March 2022	01 April 2020 – 31 March 2021
Operating expenses		
Administrative expenses	1 247	984
Costs of services	700	700
Impairment of Ypsotec AG	0	8 844
Total operating expenses	1 947	10 528
Operating result	-1 947	-10 528
Financial income		
Interest income third parties	0	0
Interest income investments	3 497	2 608
Dividend income	81	246
Gains from securities/previous year incl. reversal of impairment	0	3 028
Income treasury shares	215	498
Foreign exchange gains realised and unrealised	26	3 314
Total financial income	3 819	9 693
Financial expense		
Interest expense third parties	-1 523	-1 261
Interest expense investments	-93	-130
Securities expenses third incl. reversal of previous year's revaluation	-288	0
Expenses own shares	-1	0
Foreign exchange losses realised and unrealised	-7 557	-69
Other financial expenses	-23	-121
Total financial expenses	-9 486	-1 581
Financial result	-5 667	8 112
Result before taxes	-7 614	-2 416
Taxes	-164	-197
Net result	-7 778	-2 613



Notes to the statutory financial statements of Ypsomed Holding AG

General

The creation of the annual financial statements 2021/22 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 equivalents

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

Securities

The remaining shares of Bionime Corp. were sold in full in the year under review.

Direct investment

The direct investment in Ypsotec AG was impaired by CHF 0.0 million (previous year: CHF 8.8 million).

Long-term interest-bearing financial liabilities to major shareholder

Techpharma Management AG granted two additional loans in the amount of CHF 22.5 million and CHF 55.0 million in the reporting period. The loans totalling CHF 110.0 million have been subordinated in the amount of CHF 100.0 million in the reporting period. The loan covered by the subordination is deferred for the duration of the subordination agreement. Should Ypsomed Holding AG reduce the credit line of the banks, Ypsomed Holding AG is entitled to repay the loan in a correspondingly proportionate amount. The subordination agreement shall lapse if the subordinated claims are used to settle for share capital of Ypsomed Holding AG.

Derivative financial instruments

No transactions with derivative financial instruments were carried out in the reporting year. In the previous year, Ypsomed Holding AG still had a EUR cross currency SWAP at the conditions listed below: Ypsomed Holding AG concluded a EUR loan with cross currency SWAP (CCS) at the end of May 2019. For the period from 03 June 2019 to 03 June 2020, Ypsomed Holding AG received a loan in the amount of EUR 40.1 million, which entitled it to draw CHF 45.0 million (EUR/CHF 1.1225). At the end of the term, the CHF 45.0 million became due for repayment at the 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 exchange rate or interest rate risk.

Financial income

With the sale of the remaining securities of Bionime Corp., a loss of CHF 0.3 million was realised in the reporting year (previous year financial income: CHF 3.0 million incl. valuation at the stock market price as at 31 March 2021).

Financial expenses

The foreign currency valuation of the loan to Ypsomed Produktion GmbH resulted in an unrealised foreign currency loss of CHF –7.5 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).

At the Annual General Meeting on 30 June 2021, the Board of Directors was authorised at any time until 29 June 2023 to increase the share capital by a maximum amount of CHF 14 150 000 through the issuance of a maximum of 1 million fully paid registered shares with a nominal value of CHF 14.15 each.

Impact of the COVID-19 pandemic on business

We refer to the consolidated financial statements on page 62.

Significant shareholders and shareholder groups

	31 March 2022		31 March 2021	
	Number of shares	Capital and vote share	Number of shares	Capital and vote share
Shareholder group Michel family	9324912	73.7%	9310322	73.6%

As of 31 March 2022, no further notifiable holdings have been reported.

Treasury shares

	31 March 2022		31 March 2021	
	Number of shares	Ø price (CHF)	Number of shares	Ø price (CHF)
Treasury shares at the beginning	6786		46786	
Purchase of treasury shares	1531	171.64		
Disposal of treasury shares	-8317	172.40	-40000	153.4
Treasury shares held	0		6786	

The sale of treasury shares was made at market value.

Direct investments

	31 March 2022		31 March 2021	
	Capital and vote share	Book value (CHF)	Capital and vote share	Book value (CHF)
Ypsomed AG, CH-Burgdorf	100 %	299812758	100 %	299812758
Ypsotec AG, CH-Grenchen	100 %	4800000	100 %	4800000
TecPharma Licensing AG, CH-Burgdorf	100 %	1529702	100 %	1529702
Ypsomed BVBA, BE-Brussels	0.34 %	1177	0.34 %	1177
Ypsomed India Private Ltd., IN-New Delhi	0.01 %	0	0.01 %	0
Total Investments		306143637		306143637

Indirect and substantial investments

	Holding by	Capital and vote share	
		31 March 2022	31 March 2021
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-Solna	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	99.99 %	99.99 %
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-Milano	Ypsomed AG, CH-Burgdorf	100 %	100 %
Ypsomed Medical Devices Co. Ltd., CN-Beijing	Ypsomed AG, CH-Burgdorf	100 %	100 %
Ypsomed Australia 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	99.66 %	99.66 %
Ypsomed Diabetes, S.L., ES-Barcelona	Ypsomed AG, CH-Burgdorf	100 %	100 %
Ypsomed Canada inc., CA-Pointe Claire	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-Herlev	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 %
Ypsomed Immobilien AG, CH-Burgdorf	Ypsomed AG, CH-Burgdorf	100 %	
Ypsomed Software S.L., ES-Barcelona	Ypsomed AG, CH-Burgdorf	100 %	

As of April 2021, Burkhard-Dreier AG, based in Burgdorf, was acquired and renamed Ypsomed Immobilien AG. Ypsomed acquired the company together with an older building as a strategic land reserve at the headquarters.

In the reporting period, Ypsomed Software, S.L, ES-Barcelona, was founded.

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 2022	31 March 2021
Credit Suisse (Schweiz) AG, CH-Zurich, guarantee in connection with credit business for Ypsomed AG	87 500	87 500
BNP Paribas (Suisse) SA, CH-Geneva, guarantee in connection with tender transactions of subsidiaries	10 229	11 050

Long-term receivables group companies

In thousand CHF

	31 March 2022	31 March 2021
Ypsomed AG, CH-Burgdorf	476 243	462 130
Ypsotec AG, CH-Grenchen	21 892	21 031
Ypsomed Produktion GmbH, DE-Schwerin	103 625	83 995
Total long-term receivables group companies	601 760	567 156

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

As at 31 March 2022, 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 2022	31 March 2021
Dr. h.c. Willy Michel, President	9 009 852	8 994 212
Indirect investments	9 721	9 741
Total Willy Michel and indirectly held investments	9 019 573	9 003 953
Paul Fonteyne, Member	0	0
Dr. Martin Münchbach, Member	0	0
Gilbert Achermann, Member	10 550	0
Betül Susamis Unaran, Member	0	0
Total shares Board of Directors	9 030 123	9 003 953

Members of Executive Management

Simon Michel, CEO	164 495	164 125
Dr. Beat Maurer, Senior Vice President Legal Services & Intellectual Property	695	500
Niklaus Ramseier, Chief Financial Officer (CFO)	1 260	1 069
Hans Ulrich Lehmann, Senior Vice President Technology (CTO)	274	86
Ulrike Bauer, Senior Vice President Delivery Systems	465	275
Dr. Eberhard Bauer, Senior Vice President Diabetes Care	200	1 310
Frank Mengis, Senior Vice President Operations (COO)	550	400
Michael Zaugg, Senior Vice President Human Resources	25	0
Total shares Executive Management	167 964	167 765

Refer to the Corporate Governance on page 104 for details of the shareholder group Michel family and their share ownership.

Proposal for the appropriation of retained earnings

The dividend per share is calculated on the overall number of outstanding shares up to the time of the dividend distribution. As of 31 March 2022, there are 12 649 739 fully paid registered shares outstanding. On 30 June 2021, the Annual General Meeting resolved for an authorized capital. If the planned authorized capital increase has passed and is executed in the course of June 2022 (incl. the commercial register entry), there shall be a maximum of 13 649 739 fully paid shares outstanding at the time of both the dividend resolution and the dividend payment. The grand total of the dividend amounts to a maximum of CHF 8 189 843.40 (provided that the planned authorized capital increase has passed and is implemented) or CHF 7 589 843.40, respectively (given that the capital increase does not take place).

Proposal for the appropriation of retained earnings (after execution of the capital increase)

The Board of Directors proposes to the Annual General Meeting of Shareholders under condition of the implementation of the capital increase a distribution of the retained earnings as follows:

In thousand CHF

	31 March 2022	31 March 2021
Retained earnings	393 093	403 039
Net result	- 7 778	- 2 613
Retained earnings at disposal of the General Meeting of Shareholders	385 315	400 426
Distribution of dividend from retained earnings ¹	- 4 095	- 7 333
Allotment from capital contribution reserves ¹	4 095	7 333
Distribution of dividend from capital contribution reserves ¹	- 4 095	- 7 333
Carried forward to the next year	381 220	393 093
Fully paid register shares as of 31 March apiece at CHF 14.15 par value	12 649 739	12 649 739
Issuance of at most one million new shares that are entitled to dividends – in the course of the planned authorized capital increase	1 000 000	
Grand total of fully paid register shares apiece at CHF 14.15 par value after execution of the capital increase in June 2022	13 649 739	

¹ The Board of Directors proposes to the Annual General Meeting of Shareholders a dividend payment of retained earnings of CHF 0.30 (previous year: CHF 0.58) and a tax free distribution of capital contribution reserves in the amount of CHF 0.30 (previous year: CHF 0.58) per share. The total distribution based on the outstanding shares after the execution of the capital increase (at most 13 649 739 shares) amounts to approximately CHF 8.2 million maximum (previous year: CHF 14.7 million)

Proposal for the appropriation of retained earnings (without capital increase)

The Board of Directors proposes to the Annual General Meeting of Shareholders a distribution of the retained earnings as follows:

In thousand CHF

	31 March 2022	31 March 2021
Retained earnings	393 093	403 039
Net result	- 7 778	- 2 613
Retained earnings at disposal of the General Meeting of Shareholders	385 315	400 426
Distribution of dividend from retained earnings ¹	- 3 795	- 7 333
Allotment from capital contribution reserves ¹	3 795	7 333
Distribution of dividend from capital contribution reserves ¹	- 3 795	- 7 333
Carried forward to the next year	381 520	393 093
Fully paid registered shares as of 31 March each at CHF 14.15 par value	12 649 739	12 649 739

¹ Provided that the planned authorized capital increase in June 2022 shall not be executed, the Board of Directors proposes to the Annual General Meeting of Shareholders a dividend payment of the retained earnings of CHF 0.30 (previous year: CHF 0.58) and a tax free distribution of capital contribution reserves in the amount of CHF 0.30 (previous year: CHF 0.58) per share. The total distribution based on the outstanding shares as of 31 March 2022 amounts to approximately CHF 7.6 million (previous year: CHF 14.7 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 2022, income statement and notes to the statutory financial statements for the year then ended, including a summary of significant valuation principles.

In our opinion, the financial statements (pages to 87 bis 93) as at 31 March 2022 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 long-term receivables group companies

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
Benchmark applied	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 Board of Directors that we would report to them misstatements above CHF 160'000 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 long-term receivables group companies

Key audit matter	How our audit addressed the key audit matter
<p>As at 31 March 2022, Ypsomed Holding AG holds investments and long-term receivables group companies in the amount of kCHF 907'904 (prior year: kCHF 873'300).</p> <p>To test the investments and long-term receivables group companies positions for impairment, management prepares medium-term plans. These medium-term plans form the basis for testing the impairment of investments and long-term receivables group companies' positions. These medium-term plans are substantially based on management estimates.</p> <p>We consider the impairment of investments and long-term receivables group companies 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 statutory financial statements in the "valuation principles – investments and financial assets".</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 long-term receivables group companies.</p>

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, 17 May 2022



Multi-year overview

In thousand CHF

	2021/22	2020/21	2019/20	2018/19
Sales of goods and services ¹	464 841	403 656	394 264	453 765
Gross profit	113 817	94 827	90 974	156 413
Gross profit in %	24.5 %	23.5 %	23.1 %	34.5 %
Operating profit	28 579	9 269	9 687	73 344
Operating profit in %	6.1 %	2.3 %	2.5 %	16.2 %
Net profit	23 105	5 811	11 734	60 136
Net profit in %	5.0 %	1.4 %	3.0 %	13.3 %
Depreciation of tangible assets	40 273	34 053	30 365	25 747
Amortisation of intangible assets	27 808	21 972	22 434	19 141
EBITDA ²	96 660	65 294	62 486	118 232
EBITDA in %	20.8 %	16.2 %	15.8 %	26.1 %
Current assets	193 584	185 141	189 890	178 789
Non-current assets	563 327	532 543	488 351	408 959
Current liabilities	237 336	272 377	276 003	187 883
Non-current liabilities	127 034	49 921	24 579	21 061
Balance sheet total	756 910	717 683	678 240	587 748
Capital expenditure	-50 537	-57 197	-78 155	-106 421
Cash flow from operating activities	85 706	85 828	49 089	59 859
Cash flow from investing activities	-125 700	-106 914	-115 834	-128 390
Cash flow from financing activities	38 125	26 669	68 661	49 089
Issued shares at 31 March	12 649 739	12 649 739	12 649 739	12 649 739
Average shares outstanding	12 645 041	12 612 184	12 602 953	12 602 953
Earnings per share in CHF (basic/diluted)	1.83	0.46	0.93	4.77
Dividend per share (in CHF)	0.60	1.16	0.20	0.55
Book value per issued share (in CHF) ³	31.03	31.26	29.86	29.95
Share price: year's highest (in CHF)	193.00	162.80	160.00	154.70
Share price: year's lowest (in CHF)	138.20	112.40	102.40	111.60
Share price: year-end (in CHF)	163.00	158.60	125.00	127.50
Market capitalisation (in million CHF)	2 062	2 006	1 581	1 613
Average headcount	1 882	1 799	1 684	1 531
Average full-time equivalent	1 791	1 712	1 602	1 451
Year-end headcount	1 923	1 824	1 714	1 604
Year-end full-time equivalent	1 831	1 737	1 627	1 522
Sales per average full-time equivalent (in CHF)	259 543	235 780	246 107	312 725

¹ See basis for the consolidated financial statements on page 58.

² Operating profit before depreciation and amortisation.

³ 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 18 June 2021 (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 112 under section "Definition of competences". Ypsomed Holding AG's Articles of Association (in German) can be ordered in printed form from the company or can be viewed on the company's website at www.ypsomed.com (under: www.ypsomed.com/articlesofassociation).

The Code of Conduct of the Ypsomed Group can be ordered in printed form from the company or can be viewed on the company's website at www.ypsomed.com (www.ypsomed.com/codeofconduct). Implementation 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 had 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, Switzerland, 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 2022	Per 31 March 2021
Market capitalisation in CHF	2 061 907 457	2 006 248 605
In % of equity ¹	525.3	507.4
Share price in CHF	163.00	158.60
Price/earnings ratio ²	89.21	344.23

¹ Equity capital on 31 March 2022: kCHF 392 540
Equity capital on 31 March 2021: kCHF 395 385

² Earnings per share as at 31 March 2022: CHF 1.83
Earnings per share as at 31 March 2021: CHF 0.46



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 2022.

Authorised share capital

At the Annual General Meeting 2021, the shareholders approved the new article 3a in the Articles of Association of Ypsomed Holding AG (www.ypsomed.com/articles-of-association). According to this article, the Board of Directors is authorised, at any time up to 29 June 2023, to increase the share capital by an amount not exceeding CHF 14 150 000 by issuing a maximum of 1 000 000 registered shares to be fully paid up with a nominal value of CHF 14.15 each.

The Board of Directors is authorised to restrict or withdraw shareholders' subscription rights and to allocate these to third parties (1) for the full or partial acquisition of companies, parts of companies or shareholdings, (2) to finance or refinance the acquisition of companies, parts of companies or shareholdings and (3) for the expansion of international production capacities. Shares for which subscription rights have been granted but have not been exercised, are to be allocated by the Board of Directors in the interests of the company.

Equity analysis of Ypsomed Holding AG

(Values in CHF)

Date	Process	Number of shares	Par value	Share capital	Retained earnings
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
01.04.21	Transfer of net profit carried forward to retained earnings				-2612622.87
09.07.21	Dividend from capital contribution reserves				
09.07.21	Dividend from retained earnings				-7332912.74
10.–14.12.21	Purchase of 1 531 own shares				
17.12.21	Disposal of 8 317 own shares				
31.03.22	Net result				
31.03.22	Holdings	12649739	14.15	178993806.85	393093356.76

The Board of Directors shall determine the respective date of issue and the issue amount, the date of dividend entitlement, the nature of the contributions as well as the conditions for exercising subscription rights. The Board of Directors may decide on increases in partial amounts and to issue new shares by means of a firm underwriting by a bank, a consortium of banks or a third party and a subsequent offer to existing shareholders and to investors. The subscription and acquisition of the new shares as well as any subsequent transfer of the shares is restricted in accordance with the Articles of Association.

In the financial year 2021/22, there was no capital increase within the context of the authorised capital.

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 2022 in accordance with the statutory financial statement of Ypsomed Holding AG.

Net result	Treasury shares	Other capital reserves (disagio)	Capital contribution reserves	General legal reserves	Total equity
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
2612622.87					688252512.04
			-7332912.74		680919599.30
					673586686.56
	-262786.40				673323900.16
	1219340.96				674543241.12
-7778319.49					666764921.63
-7778319.49	0	-150000.00	102556077.51	50000.00	666764921.63



Shareholder structure

Registered shareholders

There were 5 499 shareholders owning shares registered in the Share Register on 31 March 2022 (previous year: 5 891 shareholders). Of these shareholders, some 97 % report Switzerland as their place of residence. The distribution of shareholdings is as follows:

Number of shares	Number of shareholders as at 31 March 2022	Number of shareholders as at 31 March 2021
1 to 100	3 287	3 447
101 to 1000	1 995	2 229
1001 to 10 000	185	186
10 001 to 100 000	25	23
over 100 000	7	6

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 2022, the Michel family shareholder group holds a combined total of 9 324 912 (previous year: 9 310 322) registered shares in Ypsomed Holding AG, which represents 73.7 % (previous year: 73.6 %) 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 Financial 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 their 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. Until October 2021, Willy Michel was Vice-Chairman of the Board of Directors of BV Holding AG (now: SKAN Group AG), an equity investment company which was listed on the Berne Stock Exchange BX Swiss AG (and from 2001 to March 2008 its Chairman). He is also Chairman of the Board of Directors of Solarstadt Burgdorf AG. In June 2017, he founded the Diabetes Center Bern 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 which are of no significance to its business activities and is a member of the Board of Trustees of the UniBE Foundation, which will be established in 2021. In 1990 Willy Michel received the Scientific Award of the Swiss Society for Biomedical Engineering. 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 "Master Entrepre-

neur 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). In 2016, Willy Michel was appointed honorary member of the Society of the Institute for Organisation and Human Resources at the University of Bern.

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 Covetrus Inc. (since 2021) and 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 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. He is currently Managing Partner of Pureos Bioventures, a venture capital company specialising 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 is currently a member of the Board of Directors of Ariceum Therapeutics in Munich, Germany, Alentis Therapeutics AG in Basel, Binx Health Ltd. in Trowbridge, UK, and River Renal Inc. in New York, USA.

Gilbert Achermann

Member of the Board of Directors of Ypsomed Holding AG since 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 Implantology). In addition, Gilbert Achermann was Chairman of the Board of Directors of Siegfried Holding AG in Zofingen (2011 to 2014) as well as of Vitra Holding AG in Birsfelden (2012 to 2015). 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 Basel cantons, since 2016, a member of the Supervisory Board of the IMD in Lausanne and, since 2020, a member of the Board of Directors at Swiss Medtech. In addition, he is a jury member of Venture Kick and an active investor in Swiss start-ups.

Betül Susamis Unaran

Member of the Board of Directors of Ypsomed Holding AG since 2021. After graduating from Bogazici University with a degree in Industrial Engineering, she began her career in various positions at Procter & Gamble in Istanbul and Frankfurt. After completing her MBA at INSEAD, she joined McKinsey & Company as a consultant in 2004 and worked in London and Geneva in various industry sectors with a focus on healthcare, strategy and transformation. From 2012 to 2017, she worked at Ferring Pharmaceuticals, where she served first as Director of Global Operations and then as Global Head of Digital. From 2018 to 2019, she was Global Head of Digital Medicines at Novartis Pharmaceuticals and was a member of the Global Commercial Leadership Team of Novartis Pharma as well as of the Global Digital Leadership Team of Novartis. She currently serves as Chief Strategy and Digital Officer at the Zur Rose Group AG, the largest e-commerce pharmacy in Europe, where she is responsible for group strategy and for realising the group's digital vision to become Europe's healthcare ecosystem and enable people to manage their health with one click. She was also a member of the Advisory Board of NATIVE in 2020, a leading design agency in London and San Francisco as well as being a member of the Advisory Board of Humanity, a company of Arsenal Capital Partners with a vision to accelerate and optimise access to medical advances. Betül Susamis Unaran was included by HotTopics.ht in collaboration with Hewlett Packard Enterprise in the 2022 Global Top CDO 100 list (January 2022). She was also named by the Handelszeitung as one of Switzerland's 10 visionaries (December 2021) and by Mindquest as one of the "20 amazing Women leading Europe's tech revolution" (April 2021).

Members of the Board of Directors

Name	Nationality	Year of birth	Position	Member since	Elected until ordinary AGM
Dr. h.c. Willy Michel ¹	CH	1947	Chairman	1984	2022
Paul Fonteyne ²	BE/USA	1961	Member	2018	2022
Dr. Martin Münchbach ²	DE/CH	1970	Member	2019	2022
Gilbert Achermann ²	CH	1964	Member	2020	2022
Betül Susamis Unaran ²	CH/TR	1976	Member	2021 ³	2022

¹ 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.

² 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.

³ Betül Susamis Unaran was elected to the Board of Directors at the Annual General Meeting in June 2021.



Dr. h.c. Willy Michel



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. The business relations between Willy Michel and/or parties related to him with Ypsomed Holding AG and/or its subsidiaries in the reporting year are listed below.

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 related parties" in the appendix to the consolidated annual balance on page 81. 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 01 January 2021, Ypsomed has sold the YpsoPod® development project (patch pump technology) to TecMed AG, a company controlled by Willy Michel. In addition to a profit of around CHF 5 million in the previous year, this sale enables Ypsomed to increase its entrepreneurial scope and to invest the resources in those activities which contribute more quickly to profitability. Ypsomed has the right of first refusal in the event of a potential future sale of the YpsoPod® by TecMed AG. If this right is not exercised, Ypsomed is entitled to a 20 % earn-out. In addition, Ypsomed can also buy back the product at the respective stage of development.

Ypsomed will continue to develop the YpsoPod® on behalf of TecMed AG up to production maturity within the context of a service contract. Ypsomed shall charge a profit mark-up of 5 % for costs incurred and development services. Insofar as TecMed AG outsources the production of the YpsoPod®, Ypsomed shall have the right to submit an offer.

The corresponding contracts were discussed and approved by the Board of Directors and, in its opinion, they correspond to the conventional standard of market cooperation. Further information on this can be found in the notes to the consolidated financial statements on page 82.



Betül Susamis Unaran



Gilbert Achermann

Executive loan

In the 2021/22 financial year, Techpharma Management AG granted Ypsomed Holding AG a further loan with a credit line of CHF 55 million in accordance with the loan agreement from the year 2022. The entire loan amount of CHF 55 million was paid out by 31 March 2022. The loan bears interest at 0.3 %, starting on 31 March 2022. The loan granted by Techpharma Management AG is subordinated to receivables of various banks from loan agreements. The loan covered by the subordination is deferred for the duration of the subordination agreement. Should Ypsomed Holding AG reduce the credit line of the banks, Ypsomed Holding AG is entitled to repay the loan in a correspondingly proportionate amount. In the event of a capital increase by Ypsomed Holding AG, it has been agreed that Techpharma Management AG shall use the loan, which has been deferred in ranking, in the context of a conversion of liabilities for the payment of share capital of Ypsomed Holding AG.

In accordance with the loan agreement from the year 2020, Techpharma Management AG granted Ypsomed Holding AG a loan of CHF 45 million in the financial year 2020/21. As of 31 March 2022, the credit line has been fully utilised. The interest on the loan is 0.7 %, starting on 31 March 2021. No amortisation payment was made in the reporting year. Techpharma Management AG can terminate the loan agreement as of 31 March 2025 at the earliest. In the financial year 2021/22, the loan of Techpharma Management AG has been subordinated to the receivables of various banks from loan agreements. The loan covered by subordination has been deferred for the duration of the subordination agreement. In the event that Ypsomed Holding AG reduces the credit line of the banks, Ypsomed Holding AG is entitled to repay the loan at a correspondingly proportionate amount. The subordination agreement shall lapse if the subordinated claims are used to settle for share capital of Ypsomed Holding AG.

In accordance with the loan agreement of 2004, Willy Michel granted a loan to Ypsomed Holding AG which he assigned to Techpharma Management AG, which he controls. As at 31 March 2022, a total of CHF 10 million in loans is still outstanding. Since 01 January 2022, the loan bears interest at the 12-month SARON CHF as published by the Swiss National Bank plus a 0.5 % margin, but at an interest rate of at least 0.7 % and adjusted according to the current rate at the end of March and end of September. No amortisation payment was made in the reporting year. Ypsomed Holding AG can repay the loan in full or in part at any time, however the loan is due for repayment on 31 March 2025 at the latest. Techpharma Management AG waives the 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

Techpharma Management AG, which is controlled by Willy Michel, has been renting out the building on Buchmattstrasse in Burgdorf 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 at 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

Techpharma Management AG, which is controlled by Willy Michel, and Ypsomed have concluded a framework service agreement, which 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

Ypsomed Holding AG's Articles of Association prevent the members of the Board of Directors from accepting more than 15 additional mandates in legal entities and limit such outside activity to five mandates in listed companies. 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 of the Board of Directors 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 Annual General Meeting of Shareholders in 2021 and Willy Michel was also re-elected as Chairman. The results of the first election can be seen in the table on page 107. Ypsomed Holding AG's Articles of Association 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 Annual 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 the 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 a committee.

Compensation Committee

The Annual General Meeting of Shareholders 2021 elected Paul Fonteyne, Dr. Martin Münchbach, Gilbert Achermann as well as Betül Susamis Unaran 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 Annual General Meeting of Shareholders with regard to the compensation of the Board of Directors and the 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 the 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 of the Board of Directors; 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 the 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 of the Board of Directors has the casting vote, in his absence, the Vice Chairman shall have the casting vote. The members of the Board of Directors cannot appoint a 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 the Executive Management or employees with an advisory role are present at the meetings. External advisors are not consulted.

The Board of Directors met a total of three times in the reporting year and once immediately after the Annual General Meeting 2021. The lead auditor attended the Board of Directors meeting in May 2021. The Board of Directors also met for two days in March 2022 as part of the strategy meeting with the Executive Management. Paul Fonteyne was excused for the Board meeting held immediately after the Annual General Meeting 2021; other than that 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 2022. Paul Fonteyne

was excused from the Annual General Meeting in June 2021, 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 2021.

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 during 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 2021 and at the strategy meeting in March 2022 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 the 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 the 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. The Board of Directors has delegated any other tasks concerning the responsibility for running the company to the CEO.

Instruments for information and control with regard to the Executive Management

The Ypsomed Group's information and control tools, which are at the disposal of the full 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 the 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 the 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 full 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 their 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, together with the other members of the Executive Management, is responsible for the operational management of the Ypsomed Group within the scope of the guidelines defined by the Board of Directors.

Members of the Executive Management

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 (CTO)	2000
Dr. Eberhard Bauer ¹	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 of Directors	1992

¹ Due to retirement, Eberhard Bauer has stepped down from the Executive Management as of 31 March 2022. His successor Sébastien Delarive will take up his position at Ypsomed on 01 June 2022. Until then, the Ypsomed Diabetes Care division will be managed on an ad interim basis by Simon Michel.

Simon Michel

CEO of Ypsomed Holding AG and Ypsomed Group. With Ypsomed since October 2006. Member of the Executive Management since 2008 and responsible for Marketing & Sales and CEO since July 2014. From 2003 to 2006 Simon Michel worked for Orange Communications AG. Simon Michel studied Economics at the University of St. Gallen and completed a master's degree with a focus on Media and Communications Management. He is a member of the Board of Directors of Unitectra AG, sitem-insel AG, Forster Rohner AG and LEM Surgical AG. Simon Michel has been a member of the board of the Chamber of Commerce in the Cantons of Bern and Solothurn and since 2015 a member of the board of Swiss Medtech. 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 in Switzerland and researches new therapeutic approaches to improve the quality of life of people with diabetes. Since 2021, he has also been Chairman of the Board of Ahueni AG, a company dedicated to the development and trading of CO₂ certificates in Africa. 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 the 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 the 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 Basel 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). From 2017 to 2021, he was a member of the Board of Directors of Qualitech AG, and since June 2021 he has been an advisor to Qualitech AG. He has also been a member of the Board of Directors of Nemis Technologies AG since June 2021.

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 the 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 at Harvard Business School in Boston, USA.

Eberhard Bauer

Dr. med. vet., Senior Vice President Diabetes Care. Since July 2014, member of the 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 marketing and sales functions and since 2014 a member of the Executive Management and responsible for the Delivery Systems business area. Previously Product Manager with Mettler Toledo (1996 to 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 (1983 to 1995). Education: Swiss certified expert in accounting and controlling.

Michael Zaugg

Senior Vice President Human Resources, with Ypsomed since 2017. Since 2020 also Chairman of the Board of Trustees of the Ypsomed Group Pension Fund Foundation. 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) and 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 a business administration focus on human resources management, marketing and environmental economics. Completed interfaculty university accompanying studies in Man – Society – Environment (MSE). 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.

Other activities and vested interests

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

Number of permissible mandates

Ypsomed Holding AG's Articles of Association prevent the members of the Executive Management from accepting more than seven additional mandates in legal entities and limit such outside activity to two mandates in listed companies.

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 the 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 Annual General Meeting of

Shareholders regarding compensation as well as the actual compensation paid to current and former members of the Board of Directors and the Executive Management in 2021/22 can be found in the Compensation Report 2021/22, as of page 121.



Shareholders' rights of participation

Voting right restrictions and representation

All shareholders who are entered in the Share Register with voting rights by the book closure are entitled to vote at the General Meeting of Shareholders. The date of book closure is at the earliest five days before the General Meeting and is determined together with the Share Register. As a result of the execution of the authorised capital increase planned shortly before the Annual General Meeting on 29 June 2022, the book closing date is exceptionally expected to be seven days before the Annual General Meeting. Shareholders may arrange to be represented at the General Meeting of Shareholders by written proxy. In exercising their voting rights, no shareholder may directly or indirectly amalgamate more than 5 % of the total voting rights in the form of their own shares and those they are 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 does not apply to the exercise of voting rights by the independent proxy. It does 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 Financial 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 Ypsomed Holding AG's Articles of Association, 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 Annual General Meeting of Shareholders 2021 elected Dr. Peter Stähli, attorney-at-law and notary, Burgdorf, as the independent proxy for the period up to the conclusion of the Annual General Meeting of Shareholders 2022. 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 of the Board of Directors shall also vote and, if the vote is tied, he shall have the casting vote. The quorums laid down in the Ypsomed Holding AG's Articles of Association reflect the quorums of the applicable legal provisions.

Convening the General Meeting of Shareholders

The invitation to the General Meeting will be sent either by letter, e-mail or other electronic media to the share-

holders registered in the Share Register at least 20 days before the date of the meeting and by one-time publication in the Swiss Official Gazette of Commerce (SHAB).

Agenda items

Shareholders holding shares with a nominal value of at least CHF 1 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

All shareholders entered up to book closure in the Share Register with voting rights are entitled to vote at the General Meeting. The date of book closure is at the earliest five days before the General Meeting and is determined together with the Share Register. There are no rules governing the granting of exceptions. As a result of the execution of the authorised capital increase planned shortly before the Annual General Meeting on 29 June 2022, the book closing date is exceptionally expected to be seven days before the Annual General Meeting.



Change of control and blocking mechanisms

In the event of a public takeover offer, the bidder is required pursuant to art. 135 of the Financial Market Infrastructure Act to make an offer for all of the company's listed shares as soon as they acquire 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 Annual General Meeting of Shareholders for a term of office of one year, last at the Annual General Meeting of Shareholders in 2021. At the 2021 Annual General Meeting, PricewaterhouseCoopers (PwC) AG, Bern, was re-elected as auditor. Oliver Kuntze is the lead auditor for Ypsomed Holding AG since the financial year 2020/2021.

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 0.28 million. During the reported year, the PwC auditors provided and charged additional, so-called non-auditing services to Ypsomed Holding AG and its group companies totalling CHF 0.02 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, semi-annual report, presentation of the annual results to the media and financial analysts ahead of the Annual 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: Sandra Dietschy
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 identified as ad hoc announcements and usually communicated after 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.

Blackout Periods

During the blackout periods (no-trade periods), the following persons are not permitted to trade in shares or place orders to trade Ypsomed Holding AG shares. Affected are:

- Employees of Ypsomed AG and other companies belonging to the Ypsomed Group, who have access to the financial statements, as well as persons closely associated with them,
- Members of the Board of Directors of all companies of the Ypsomed Group and persons closely associated with them.

The blackout periods in the reporting year were:

- from 01 October until the publication of the semi-annual figures
- from 01 April until the publication of the annual financial statement.

The Board of Directors of Ypsomed Holding AG or the Executive Management can also, in special situations, specify ad hoc blackout periods for individual groups of persons, who have access to price-sensitive information. Ad hoc blackout periods end with the notification of the persons concerned or immediately after publication of the price-sensitive information.

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

29 June 2022: Annual General Meeting of Shareholders, Burgdorf

16 November 2022: Media conference and analysts' presentation of the semi-annual figures 2022/23, Zurich

24 May 2023: Media conference and analysts' presentation of the annual figures 2022/23, Burgdorf

Ypsomed Holding AG // Thomas Kutt //
 Head of Investor Relations //
thomas.kutt@ypsomed.com //
 +41 34 424 35 55



Compensation report

The Compensation Report for Ypsomed Holding AG for the financial year 2021/22 sets out the compensation principles, the compensation system and the actual compensation for the Board of Directors and the Executive Management in accordance with the provisions pursuant to the Ordinance against Excessive Compensation in Listed Stock Companies (VegüV) and Ypsomed Holding AG's 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 Annual General Meeting of Shareholders with regard to the compensation of the Board of Directors and the 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 the 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 Annual General Meeting of Shareholders of Ypsomed Holding AG of 29 June 2022, the Annual 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 Annual General Meeting of Shareholders 2023 and for the members of the Executive Management for the duration of the following financial year 2023/24 as well as on the performance-related compensation for the members of the Board of Directors and the Executive Management for the financial year preceding the Annual General Meeting of Shareholders, ending on 31 March 2022.

The relevant total amounts shall include all 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 the 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	Annual General Meeting of Shareholders
Board of Directors Fixed compensation	Maximum amount of fixed compensation for members of the Board of Directors for the period 30 June 2022 until the next Annual General Meeting of Shareholders in 2023	Review of the principles and proposal to the Board of Directors	Proposal to AGM	Approval at the AGM of 29 June 2022
	Individual compensation to the Chairman and the members of the Board of Directors	Proposal to the 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 2021/22	Recommendation	Proposal to AGM	Approval at the AGM of 29 June 2022
	Individual compensation to the members of the Board of Directors	Proposal to the Board of Directors	Approval	
Executive Management Fixed compensation	Maximum fixed compensation to members of the Executive Management for the financial year 2023/24	Review of the principles and proposal to the Board of Directors	Proposal to AGM	Approval at the AGM of 29 June 2022
	Individual compensation to the members of the Executive Management	Proposal to the 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 2021/22	Recommendation	Proposal to AGM	Approval at the AGM of 29 June 2022
	Individual compensation to the members of the Executive Management	Proposal to the 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 Annual General Meeting of Shareholders 2021 to the Annual General Meeting of Shareholders 2022 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 ⅔ % 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. In the reporting year, this amounted to CHF 144 500 resp. 27.2 % of the fixed basic compensation for all members of the Board of Directors based on a target achievement rate of 85 %. If target attainment had been 100 %, the performance-related components would have totalled around CHF 170 000. 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 Annual 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 Annual General Meeting of Shareholders in July 2022. 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 2021/22 is given in the table on page 124.

Executive Management compensation

The elements of the compensation granted to the 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 the 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 the Executive Management between 0% and a maximum of 31 ¼% of the annual basic compensation (gross) of the individual member of the 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 the 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. The amount of the performance-related component for the CEO in the reporting year amounted to CHF 284 592 resp. 44.4% of the fixed basic compensation, based on a target attainment level of 88.75%. If target attainment had been 100%, the performance-related component would have been around CHF 36 075 higher. The amount of the performance-related component for the other members of the Executive Management in the reporting year amounted to CHF 543 839 resp. 22.6% of the fixed basic compensation, based on a target attainment level of 90.5%. If target attainment had been 100%, the performance-related component would have been around CHF 57 088 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 the 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.

Employees of Ypsomed AG, including members of the Executive Management, were able to purchase shares in Ypsomed Holding AG at preferential conditions in the 2021/2022 financial year. All employees of Ypsomed AG, who were not under notice of termination at the time of the offer, were entitled to acquire shares in Ypsomed Holding AG to the amount of 90% of a monthly salary. The purchase price offered on 01 December 2021 corresponded to the average of all daily closing prices for the months of September, October and November 2021 less a discount of 20% granted by Ypsomed. The acquired shares cannot be sold during a blocking period of three years. There is no obligation to return the shares.

No severance pay and no notice periods of more than six months have been agreed with any members of the 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 the Executive Management in the financial year 2021/22 is given in the table on page 124.

124 Compensation report

Board of Directors compensation (certified by auditor)

Gross, in thousand CHF	Fixed compensation		Performance-related compensation		Employer contribution to social insurance		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Dr. h.c. Willy Michel, Chairman	154.5	154.5	42.5	17.5			197.0	172.0
Paul Fonteyne	94.5	94.5	25.5	10.5			120.0	105.0
Martin Münchbach	94.5	94.5	25.5	10.5	9.5	8.3	129.5	113.3
Gilbert Achermann, member since 01.07.2020	94.5	93.0	25.5	10.5	9.5	8.2	129.5	111.7
Anton Kräuliger, Vice Chairman till 01.07.2020		1.5						1.5
Betül Susamis Unaran, member since 30.06.2021	93.0		25.5		9.4		127.9	
Total Board of Directors compensation	531.0	438.0	144.5	49.0	28.4	16.5	703.9	503.5

Highest compensation to Willy Michel	197.0	172.0
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Further remuneration to affiliated persons of Willy Michel:

Techpharma Management AG: for loan (interest)	365.1	118.1
Techpharma Management AG: for rented business premises and services provided	840.0	851.1

No further benefits.

The fixed remuneration of kCHF 620 approved at the AGM as at 30 June 2021 was not utilised by kCHF 89.0 (excluding social security contributions).

The total performance-related remuneration of the Board of Directors amounts to kCHF 150.6 (previous year: kCHF 50.7). The performance-related portion amounts to kCHF 144.5 (previous year: kCHF 49.0) plus corresponding employer contributions to social security of kCHF 6.1 (previous year: kCHF 1.7).

Executive Management compensation (certified by auditor)

Gross, in thousand CHF	Fixed compensation		Other compensation		Performance-related compensation		Employer contribution to social insurance		Total	
	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	2020/21
Simon Michel, CEO	640.3	587.1	20.0		284.6	180.2	101.5	83.2	1046.4	850.5
Add. members	2410.1	2291.3	115.8	2.0	543.8	345.5	440.3	394.4	3510.0	3033.2
Subtotal	3050.4	2878.4	135.8	2.0	828.4	525.7	541.8	477.6		
Total Executive Management compensation									4556.4	3883.7

Highest compensation to Simon Michel	1046.4	850.5
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The net fixed basic remuneration of kCHF 3050.4 plus employer contributions to social security of kCHF 467.5 totalled kCHF 3517.9. This means that the maximum total amount of fixed remuneration for the 2021/22 financial year of kCHF 3900.0 which was approved at the AGM on 01 July 2020 was not utilised by kCHF 382.1.

The total performance-related compensation paid to the Executive Management amounts to kCHF 902.8 (previous year: kCHF 567.9) – the performance-related compensation amounts to kCHF 828.4 (previous year: kCHF 525.7) plus corresponding employer contributions to social security kCHF 74.4 (previous year: kCHF 42.2).

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 parties close to them during the reporting year. No such loans or credits were outstanding as of 31 March 2022.

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 parties related to them during the reporting year, with the exception of compensation given in the table on page 124.

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 Annual General Meeting of Shareholders.
 - for the 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 Annual 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 the 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 the 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 the 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 the 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 the Executive Management

See notes on the annual financial statement 2021/22 of Ypsomed Holding AG, page 92.



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 2022. 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 124 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 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.

Opinion

In our opinion, the remuneration report of Ypsomed Holding AG for the year ended 31 March 2022 complies with Swiss law and articles 14–16 of the Ordinance.

PricewaterhouseCoopers AG

Oliver Kuntze
Audit expert
Auditor in charge

Astrit Mehmeti
Audit expert

Bern, 17 May 2022

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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.

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