

Ad hoc announcement pursuant to Art. 53 LR

Ypsomed doubles profits and confirms outlook

Burgdorf, 16.11.2022, 7 a.m. – Ypsomed (SIX: YPSN) is on track and achieved consolidated sales of CHF 244.2 million in the first half of the 2022/23 financial year (previous year: CHF 222.6 million). This corresponds to a growth of 9.7% compared with the previous year. At constant currency rates compared to the previous year, this would have represented an increase of around 13%. With this growth, the company has significantly increased its operating profit (EBIT) from CHF 10.5 million to CHF 19.4 million and doubled its net profits to CHF 15.4 million (previous year CHF 7.1 million). Despite a challenging general environment, Ypsomed confirms its positive assessment of future business development and its outlook.

This result confirms the long-term, fundamental trends towards easy and safe selfcare for people suffering from chronic conditions.

Other major events:

- Strong sales growth of 26% in the proprietary pen business;
- The acquisition of new customer projects with existing and new pharmaceutical customers continues to develop positively and supports sustainable growth;
- Accelerated investments for the upcoming growth in Schwerin as well as for our new production site in China, Changzhou, west of Shanghai;
- Conclusion of a partnership with Sidekick Health for innovative digital services to further improve therapeutic outcomes;
- Successful launch of the mylife™ Loop™ system for YpsoPump together with our partner CamDiab Ltd, currently with more than 1 000 new users per month;
- Focusing the portfolio on proprietary products through the initiated sale of DiaExpert;
- Certification of Ypsomed's environmental management system according to ISO 14001 and certification of production according to ISCC+ for the handling of sustainable plastics.

“Our underlying growth drivers of selfcare, the rise of biopharmaceutical medicines and biosimilars offer enormous potential. Our business is also less dependent on macroeconomic cycles, because we support people with chronic conditions with our products. Our highly automated, scalable and vertically integrated processes are proving their effectiveness and allow us to benefit from growth with increased profitability. The confirmation of our outlook in this challenging environment is clear evidence of the longstanding, successful efforts of our employees”, comments CEO Simon Michel on the positive development.

Outlook

For the financial year 2022/23, Ypsomed expects sales growth of the continued operations in the range of the previous financial year. At the EBIT level, we confirm growth of at least 50%, taking into account the negative effects from inflation, higher energy costs and the announced sale of DiaExpert.

In addition, Ypsomed is expecting to record a one-off profit in the low double-digit million range at EBIT level on completion of the divestment of DiaExpert.

For the following financial year 2023/24, we confirm a doubling of the operating profit (EBIT) compared to 2022/23, even without a contribution to earnings from DiaExpert.

Strong growth of Ypsomed Delivery Systems in the pen business by 26%

During the first half-year 2022/23, the Ypsomed Delivery Systems segment increased turnover by 21.5% or CHF 25.4 million respectively. The turnover for the reporting period amounts to CHF 143.7 million (previous year: CHF 118.3 million).

- The development in the pen business was particularly pleasing, with growth of 25.6%;
- Main contributors were the YpsoMate® 2.25 auto-injector for larger volumes, the two reusable insulin pens, the FixPen® as well as project revenues;
- In the segment of Contract Manufacturing, sales increased by 2.1% despite unfavourable currency effects; and by approximately 10% when adjusted for currency effects;

“For injection systems, we foresee a well-calculable and very promising development. Our platform offering, scalable manufacturing and a robust supply chain are paying dividends. We are therefore accelerating our capacity expansion in Schwerin and in China,” says Ulrike Bauer, Chief Business Officer Delivery Systems, pleased by the positive development.

Encouraging growth of 32% in mylife™ YpsoPump® through mylife™ Loop™

In the Ypsomed Diabetes Care segment, a slight decline in sales of 3.4% to CHF 92.0 million (previous year: CHF 95.2 million) was recorded for the first half of 2022/23. The main reason for this decline was the slightly negative business performance of DiaExpert in Germany.

- Commercial sales of the mylife™ YpsoPump® increased by a very gratifying 31.8%, even by more than 40% year-on-year when adjusted for negative currency effects;
- The introduction of the higher automated insulin delivery solution mylife™ Loop™ with a self-learning algorithm, together with partner CamDiab Ltd. in the summer, is already generating considerable demand. However, processing by the local health insurance companies leads to time delays until invoicing for the insulin pumps is approved. The very positive impulses are therefore only partially reflected in the current turnover figures;
- Lower income from development services compared to the same period last year reduced turnover;
- The contribution of the pen needles to turnover increased by 12.3% compared to the previous year. The turnover with test strips dropped by 14.0% due to the generally declining market development in the business with conventional blood glucose monitoring.

“I am proud of my team that we have reached the important mark of 1,000 new pump starts per month in such a short period of time. With our new management organisation and the upcoming innovations, we can now clearly see a return back to profitability in the YpsoPump business within the next one and a half to two years,” says Sébastien Delarive, Chief Business Officer Diabetes Care, referring to the successful launch of the mylife™ Loop™ offering.

Increased earnings contribution from the pen business

The operating result (EBIT) of the Ypsomed Group for the first half-year 2022/23 increased significantly to CHF 19.4 million (previous year: CHF 10.5 million) due to the positive development.

- The increase in turnover and very high utilisation of the production capacity in Switzerland for pen systems made an encouraging contribution to earnings. Add to this, there were increased contributions from the project business;
- At the production site in Schwerin (DE), further production facilities with additional depreciation are being commissioned to expand capacities;
- Additional license income of CHF 1.2 million was also encouraging;

- The introduction of the mylife™ Loop™ system during the summer provided access to additional physicians and clinics for YpsoPump®. This initially involved higher costs for training, marketing and product maintenance. Together with a higher depreciation of CHF 2.4 million, the total burden on the EBIT increased to CHF 27.5 million;
- In addition, the development of Ypsotec in the EU environment negatively affected the result by approximately CHF 1 million;
- Income and expenses in the various foreign currencies largely offset each other and only negatively impacted the EBIT by approximately CHF 1 million.

Net profits for the reporting period more than doubled to CHF 15.4 million compared to the previous year (previous year CHF 7.1 million).

Continued high investments for future growth

Cash flow from investment activities in the reporting period was CHF 83.2 million, again up from the previous year (previous year: CHF 69.4 million). Investments in property, plant and equipment amounted to CHF 55.0 million. Investments in autoinjectors and UnoPen™, automated assembly lines, printing equipment, injection moulding machines and tools as well as in other operational infrastructure in our production facilities amounted to around CHF 30 million in Germany and around CHF 20 million in Switzerland.

Add to this investments of CHF 28.4 million in intangible assets. Half went to the further development of platforms for pen systems and half to the further development of the YpsoPump® system and the associated software solutions.

Corporate Responsibility

Ypsomed has continued to fulfil its social responsibility in the current financial year. The environmental management system was successfully certified according to the international standard ISO 14001. In the production of the world's first CO₂-neutral autoinjector, the YpsoMate® Zero, the company has achieved an important milestone: the production has been certified according to the ISCC+ standard for sustainable plastics. Ypsomed can now process granulates made from biomaterials for its ISCC+ certified sites and pass on the products to its customers with this certification. The CO₂ footprint of the YpsoMate® Zero can thus be reduced by 40%.

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Ypsomed Group

Ypsomed is the leading developer and manufacturer of injection and infusion systems for self-medication and a renowned diabetes specialist with over 35 years of experience. As a leader in innovation and technology, it is a preferred partner of pharmaceutical and biotech companies for pens, autoinjectors and pump systems for administering liquid medications. Ypsomed presents and markets its product portfolios under the umbrella brands mylife™ Diabetescare directly to patients or via pharmacies and hospitals as well as under YDS Ypsomed Delivery Systems in business-to-business operations with pharmaceutical companies. The company is headquartered in Burgdorf, Switzerland, and has a global network of production facilities, subsidiaries and distribution partners employing a staff of over 2,000 employees worldwide.

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