

The Ypsomed Group is a leading developer and manufacturer of injection and infusion systems for self-medication and a renowned diabetes specialist with over 30 years' experience. As a leader in innovation and technology, Ypsomed is the preferred partner for pharmaceutical and biotech companies for the supply of injections pens, autoinjectors and infusion systems to administer liquid drugs. Ypsomed promotes and sells its product portfolio under the umbrella brands, mylife™ Diabetescare directly to patients or through pharmacies and clinics, and under YDS Ypsomed Delivery Systems as business-to-business to pharmaceutical companies.

Ypsomed has its headquarters in Burgdorf, Switzerland, and operates a global network of manufacturing sites, subsidiaries and distributors. The Ypsomed Group employs around 1 700 employees.

Strong growth in the pen business

During the first half-year of the financial year 2019/20, we achieved a consolidated total turnover of CHF 190.6 million (previous year: CHF 258.7 million). In the previous year, we achieved a turnover of CHF 157.8 million in continuing operations without contributions of the mylife™ OmniPod®. On this basis of comparison, we achieved growth of CHF 32.8 million or 20.8 % in the reporting period. The operating result amounted to CHF 9.0 million (previous year: CHF 68.4 million). Operating income (EBIT) from continuing operations increased by 70.8 % from CHF 5.3 million to CHF 9.0 million. The net profit amounted to CHF 7.6 million (previous year: CHF 56.1 million, incl. effects discontinued operations).

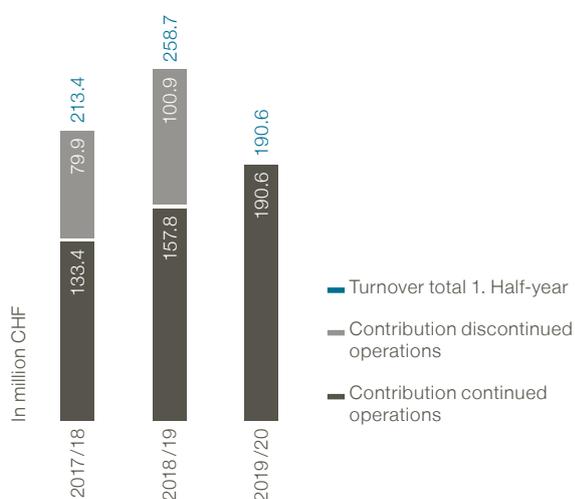
Ypsomed Delivery Systems grows by 55 % in the pen business

During the first half-year of 2019/20, the Ypsomed Delivery Systems (YDS) segment increased turnover by 33.8 % or CHF 23.9 million, respectively. The turnover for the reporting period amounts to CHF 91.1 million (previous year: CHF 68.1 million).

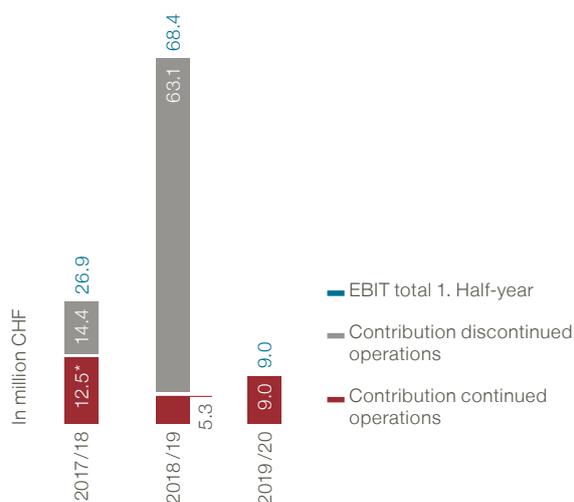
The development of pen and autoinjector systems with several market approvals and first deliveries in the first half of 2019/20 and a growth of 55 % is particularly gratifying. The pleasing result shows that the platform strategy is paying off and that more and more products have now reached market readiness after several years of project, study and approval phases. In the reporting period, a total of four autoinjectors and six pen systems have received marketing approval or have been launched.

Sales in the Contract Manufacturing segment were around 10 % below the previous year's level, partly due to currency effects.

Development of turnover at group level



Development of EBIT at group level



* In 2017/18, continuing operations had not yet been impacted by uncovered marketing and distribution structure costs due to the discontinuation of mylife™ OmniPod®.

Foreign currency effects impair Ypsomed Diabetes Care

In the Ypsomed Diabetes Care (YDC) segment, we achieved a turnover of CHF 92.1 million at mid-year of 2019/20 (previous year: CHF 181.7 million). The previous year's turnover included the expected expiration fee of Insulet Corp. to the amount of CHF 49.8 million as well as the contributions from the distribution of the mylife™ OmniPod® up to 30 June 2018. In continuing operations, including the retailer contract of DiaExpert, our diabetes specialist retailer, for the distribution of the Omnipod® in Germany, we generated a sales growth of CHF 11.3 million, which is equivalent to 13.9%. Growth was curbed by foreign currency effects of around CHF 3 million.

Sales of the mylife™ YpsoPump® increased by 18% in the reporting period. The French market grew strongly in the previous year and is slightly below the previous year's level in the current reporting period.

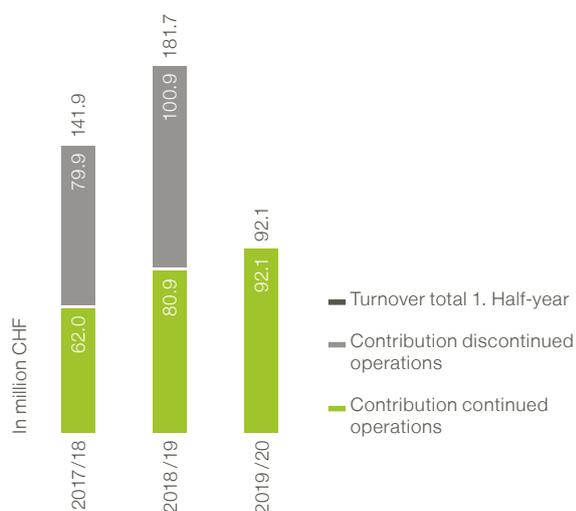
Despite obtaining market approval for the insulin pump in Canada in May 2019, no sales were generated in the reporting period as administrative approvals for reimbursement had not yet been obtained in several provinces.

Due to a slight decline in demand in the USA, business with pen needles was below year-on-year in the reporting period. Business with blood glucose monitoring systems remains stable.

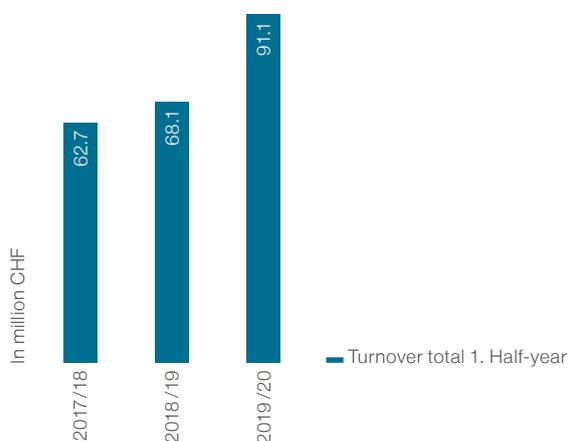
The Others segment is affected by a difficult market environment

The Others segment consists of our subsidiary Ypsotec and the properties not used for operational purposes. At CHF 7.4 million, turnover in this segment was some CHF 1.5 million below the previous year's result. Ypsotec is suffering from the current negative economic development in the industry.

Turnover Ypsomed Diabetes Care



Turnover Ypsomed Delivery Systems



Significant growth in EBIT of approximately 71 % in continuing operations

The operating result (EBIT) for the first half of 2019/20 was CHF 9.0 million (previous year: CHF 68.4 million). The previous year's result included an expiration fee and contributions from mylife™ OmniPod® totalling CHF 63.1 million. EBIT from continuing operations increased from CHF 5.3 million to CHF 9.0 million, representing a growth of 70.8 %.

The following factors have affected the operating result of the first half-year of 2019/20:

- The increase in turnover and higher utilisation of the production capacity for pen systems made an encouraging contribution to earnings. Added to this were increased contributions from the project business.
- Additional licence income of CHF 4.7 million for claimed and ongoing patents in the area of injection systems contributed positively to the result. These revenues are included under "Other operating income".
- The mylife™ YpsoPump® has curbed the result in the amount of CHF 20.8 million (previous year: CHF 10.8 million). Marketing and distribution structure costs of CHF 6 million, previously covered by the mylife™ OmniPod®, as well as the establishment of new national subsidiaries are having an impact on the result.
- Our new production plant in Schwerin was officially opened in August 2019. Ongoing commissioning costs have burdened the result.



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

Consistent investments in capacity expansion

In the first half of the financial year 2019/20, the cash flow from business operations amounted to CHF 33.1 million (previous year: CHF 54.2 million). Cash flow is burdened by CHF 10.5 million due to an increase in inventories and the expansion of capacity. This compares with the previous year where we mainly reduced inventories of trade goods to the amount of CHF 8.6 million as part of ending distribution of the mylife™ OmniPod®. Our investment operations during the reporting period at CHF 52.9 million were slightly below those of the previous year (previous year: CHF 66.9 million). Of these, CHF 42.3 million were invested in property, plant and equipment, which included CHF 11.6 million for the construction and commissioning of the new production plant in Schwerin, CHF 8.6 million for the capacity expansion of the YpsoMate® autoinjector as well as CHF 22.1 million for the expansion of the building and manufacturing infrastructures at our existing sites. We invested an additional CHF 13.3 million into intangible assets. The majority went into the further development of our infusion and injection systems.

Our short-term financial debt to banks increased by CHF 39.0 million during the first half-year of 2019/20 to the new amount of CHF 151.0 million. On 05 July 2019, we distributed CHF 6.9 million as tax-free dividends from capital reserves.



Simon Michel
Chief Executive Officer

Solid balance sheet as basis for the growth strategy

Long-term receivables of CHF 44.9 million include the outstanding expiration fee due from Insulet Corp. In the first half of 2019/20, approximately CHF 2.5 million of the expiration fee were transferred by the Insulet Corp. (see Appendix 3, p. 17). Our total equity amounts to CHF 376.0 million (previous year: CHF 378.8 million). The equity ratio is 61.2 %.

Outlook

Due to currency effects, we are reducing our turnover projection for the 2019/20 financial year from CHF 415 million to around CHF 400 million.

The delayed launch of the YpsoPump® in Canada and Ypsotec's difficult market environment may be offset by contributions from the YDS segment. However, due to negative currency effects, we expect a result between CHF 21 million and CHF 25 million at the EBIT level for the 2019/20 financial year.



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Added value through new technologies

Extension of our digital portfolio

In future, not only insulin pump users but also insulin pen users will benefit from our therapy management solutions. This will be made possible by the intelligent mylife™ SmartPen, which is currently in the development phase. Digital innovations are also imminent in the field of pumps.

Our digital therapy management solution has established itself among insulin pump users. The majority of users of our mylife™ YpsoPump® use our mylife™ App and mylife™ Software to control their diabetes therapy and share therapy data conveniently with their attending physician.

Digital therapy management for pen users

The benefits of our intuitive and user-friendly therapy management solution, with which people with diabetes can increase their therapy success, will no longer only be available to pump users, but also to pen users. This opens up a large market for us. The reason being that more than 90% of the estimated 15 million people with type 1 diabetes worldwide administer insulin by multiple daily injections, most of which are administered using a pen.¹

The discrete mylife™ SmartPen, which we are currently developing, will enable connection to digital therapy management. The mylife™ SmartPen records therapy-relevant data and transmits it wirelessly to the mylife™ App. Pen users can use the bolus calculator fully integrated in the mylife™ App.

Trend towards reusable pens

Sustainability measures are demanded by every industry today. In the medical technology sector, substitution with environmentally friendly materials and the reduction of waste is a key issue. We assume that in future there will be an increasing demand for reusable as opposed to disposable pens. This trend is in line with the high-quality mylife™ SmartPen. The reusable mylife™ SmartPen is particularly robust and has a service life of at least two years. Accordingly, its life cycle assessment is significantly better than that of disposable pens.

Expanding digital therapy management

The therapy management software diasend® by Glooko as well as myDiabby can, as of now, also be used with our insulin pump mylife™ YpsoPump®. If the user has a mylife™ Cloud account and agrees to the data transfer, the therapy data from the mylife™ App or mylife™ Software can be sent to the partner software via a secure cloud-to-cloud connection. Data transfer to third-party software solutions offers users of the mylife™ YpsoPump® and, in future, our mylife™ SmartPen even more freedom in their choice of therapy and simplifies communication between user and physician.

The next generation of the mylife™ YpsoPump® will be controlled directly via the new mylife™ App while enabling the secure integration of smartphone apps and devices such as third party continuous glucose sensors. To establish such an open pump concept, we are now placing the insulin pump in an initial clinical study at the renowned Baker Institute in Melbourne, Australia.

We are convinced that these innovations and extensions in our digital product portfolio will make a contribution to increased therapeutic success for people with diabetes.



User-friendliness pays off

Differentiation from competitors

YpsoMate® convinces our customers. In recent months, a large number of drugs using our autoinjector have received marketing approval. Our YpsoDose® patch injector is also receiving positive feedback. A user study has confirmed its excellent user-friendliness compared to competitors' products. In addition to the ease of use of our platform products, we can also differentiate ourselves from our competitors with our YDS SmartServices™ digital services in the future.

YpsoMate®, our autoinjector with a filling volume of 0.2 to 1.0 ml, has enjoyed great success in recent months. Several market-leading biotechnology companies have launched their products on the basis of our user-friendly platform technology once marketing authorisations have been granted. The autoinjectors contain active substances for the treatment of chronic autoimmune diseases such as rheumatoid arthritis, relapsing-remitting multiple sclerosis, severe asthma or sexual dysfunction in premenopausal women.

In particular, the YpsoMate® platform has been able to succeed with customers due to its two-step concept. Our customers recognise that a user-friendly and intuitive injection system increases the success of the therapy. The simple and intuitive operation of the injection system is especially important for drugs that do not have to be injected frequently by the patient.

Flexible and intuitive

The development of the YpsoDose® patch injector, the industrialisation of which will start shortly, also focuses on simple application. With the YpsoDose® larger volumes of up to 10 ml can be injected. To this purpose the injector is stuck to the skin and remains there for up to 30 minutes, depending on the medication. The user-friendly concept also pays off here, as a user study conducted with the first prototype in the USA shows. The study mainly involved patients with autoimmune diseases (rheumatoid arthritis, multiple sclerosis, psoriasis, etc.) or cancer. The drugs used to treat these diseases are particularly suitable for injection with the YpsoDose® because their volume does not fit into a pre-filled syringe or autoinjector. When selecting the study subjects, attention was paid to a good mix of age, sex, skin elasticity and stature. In addition to the patients, nursing staff from oncology also took part in the study.

The study participants appreciated that the device allowed them to take self-medication at home. Freedom of movement during the injection was also rated positively. In addition, the simple operation and the supporting visual and acoustic feedback of the YpsoDose® met with approval.

Innovation leadership with YDS SmartServices™

In terms of the user-friendliness of our products, we are also focussing on connectivity. Our partnership with Philips allows us to offer networked and intelligent injection systems as an industry leader in digitisation. These make it possible to significantly increase the success of the therapy. The therapy can be monitored and the patient supported in the application. This is also important with regard to future performance-related remuneration by the health insurance funds.

YpsoDose® user study

Time period: July 2019

Location: Chicago, USA

Objective: To identify the strengths and weaknesses as well as potential application errors of the current YpsoDose® concept when used by the intended user group.

Question: How highly are the user-friendliness (especially safe and effective use) and wearing comfort (acceptance of size and weight) of the current YpsoDose® concept rated?

Participants: 17 patients (with illnesses such as rheumatoid arthritis, multiple sclerosis or psoriasis, that require a longer injection period, which can be performed at home), 6 nurses (from the field of oncology)

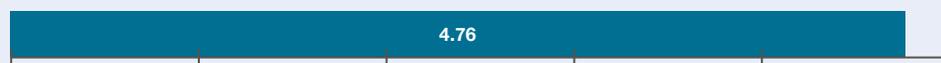
Task: Application of the YpsoDose® on the patient's own body (patients), application using an injection pad (nurses)



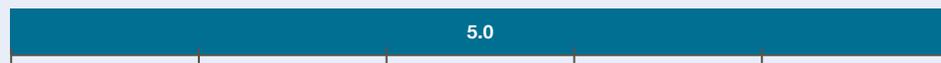
Average results of the patient interviews



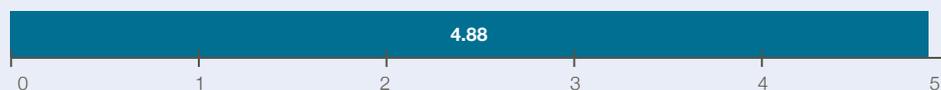
I would imagine that most people would learn to use this device quickly.



I felt confident using this device.



It was easy to place the device on my body.



I felt comfortable when moving around while the device was on my body.

1 = not at all
5 = completely true

Average of the
17 patients surveyed

Reducing our impact

Orientation toward a circular economy

The ecological footprint of the entire health sector accounts for 4.4 % of all greenhouse gas emissions worldwide.¹ Corporate responsibility for the environment is correspondingly high. As a responsible and innovative company, we have therefore committed ourselves to a circular economy.

The aim of the circular economy is to maximise the added value of resources while minimising environmental pollution. Hereby the focus is always on the entire value chain, i.e. from procurement, through production, to distribution and recycling at the end of the product life cycle. The ReSOLVE² concept divides the circular economy into six areas of action: REgenerate, Share, Optimise, Loop, Virtualise and Exchange. We orientate ourselves according to these areas. Measures relating to a circular economy are integrated into our sustainability pro-

gramme. They are part of the ecological spectrum, which completes the concept of sustainability in addition to the social and economic fields. We have already implemented or initiated environmental improvements in a number of action areas, while we are still in the planning stage in others.

Our visualisation of the circular economy on the basis of the ReSOLVE² concept



¹ Health Care Without Harm & Arup: Health care's climate footprint. How the health sector contributes to the global climate crisis and opportunities for action. 2019.

² McKinsey Center for Business and Environment: The circular economy: Moving from theory to practice. Special edition. 2016.

Renewable instead of fossil (REgenerate)

Our Solothurn site almost completely does without fossil fuels for heating buildings and hot water processing. Instead, we use heat pumps to generate renewable heat. Our heat pump does not use ambient heat as is customary, but the waste heat from the compressors. This enables us to achieve an excellent degree of efficiency.

Reuse instead of disposal (Loop)

We will supply the assemblies of our injection devices in trays to our customers for final assembly. We will reuse these trays in a pilot project with selected partners. They will be circulated between our customers and us and be reused several times.

Biopolymers instead of conventional plastic (Exchange)

Today, the housings of our injection devices are made of conventional plastics. In future, we would like to manufacture the housings and other parts from biological or

recycled plastics. We are currently conducting life cycle assessment calculations and comparing different options to identify the most environment-friendly option.

Sensitisation of the industry

As a forward-thinking company, responsible treatment of the environment is a given for us. We see it as our duty to sensitise the healthcare industry regarding this issue.

We are in regular exchange with the partners and customers of our industry. Reducing the impact on the environment is one of the industry-relevant challenges that we discuss together in seminars. We invited Gregor Anderson as a guest speaker to one of the workshops organised by Ypsomed. He is Managing Director of Pharmacentric Solutions, an expert in device and packaging design in medical technology as well as a proponent of the circular economy. In his presentation, he pointed out where the rules of the circular economy need to be observed when developing injection systems for drugs.

Guest comment by Gregor Anderson: Circular economy in the MedTech industry

“There is a growing threat to society driven from the impact that the world’s population is having on the planet. Climate change is something that we all play a part in and we are all accountable in everything we do, and that includes and extends to the companies we work for and the medicines and devices and packaging we manufacture and distribute. Parenteral platforms including inhalers and injectors are under the spotlight more and more as they are used across so many markets and are often single use and as such are designed to be disposable. These products and principles now need a deeper challenge to retain existing attributes but also minimise environmental impact and align with the intent of the ‘circular economy’. The circular economy concept is being increasingly adopted by governments, industries, economies and societies. It is a tool that sets out a range of opportunities for all stakeholders. Ypsomed is setting out its own plans to play its part in ‘circularity’ through a series of initiatives. There is no single solution that mitigates the impact that parenteral platforms have on the environment but with the planned initiatives that Ypsomed are undertaking these will ensure ongoing credibility with stakeholders, customers and ultimately patients. This has to be done as a wider industry drive, it will take time and it will take a concentrated and aligned effort.

About Gregor Anderson

Gregor Anderson founded Pharmacentric Solutions Ltd. in 2017 to deliver consultancy services for the Pharma Industry specialising in device and packaging development and strategies from early concept through to commercial supply. Prior to this Gregor was Senior Design Director at GSK working as a Device and Packaging Specialist and has over 30 years’ experience in pharma and medical device design and is a named inventor on over 40 patents. He has a B.Sc. in Industrial Design and a M.Sc. in Polymer Science and Engineering.





Consolidated income statement

(Unaudited Swiss GAAP FER figures) in thousand CHF

	Annex	01 April 2019– 30 Sept. 2019	in %	01 April 2018– 30 Sept. 2018	in %
Sales of goods and services	2	190 622	100.0 %	258 701	100.0 %
Cost of goods and services sold		-144 674	-75.9 %	-148 589	-57.4 %
Gross profit		45 948	24.1 %	110 112	42.6 %
Marketing and sales expenses		-32 860	-17.2 %	-32 594	-12.6 %
Administration expenses		-10 540	-5.5 %	-10 881	-4.2 %
Other operating income		7 049	3.7 %	2 636	1.0 %
Other operating expenses		-562	-0.3 %	-912	-0.4 %
Operating profit	2	9 035	4.7 %	68 362	26.4 %
Financial income	4	3 789	2.0 %	2 354	0.9 %
Financial expenses	4	-3 805	-2.0 %	-6 232	-2.4 %
Profit before income taxes		9 019	4.7 %	64 484	24.9 %
Income taxes		-1 416	-0.7 %	-8 395	-3.2 %
Net profit		7 603	4.0 %	56 088	21.7 %
Earnings per share (diluted and undiluted) in CHF	5	0.60		4.45	
Operating profit		9 035		68 362	
Depreciation and impairment of fixed assets		13 413		11 169	
Amortisation and impairment of intangible assets		9 301		8 836	
EBITDA (operating profit before depreciation and amortisation)		31 749	16.7 %	88 367	34.2 %



Consolidated balance sheet

(Unaudited Swiss GAAP FER figures) in thousand CHF

Assets	Annex	30 Sept. 2019	in %	31 March 2019	in %
Cash and cash equivalents		23991	3.9%	12083	2.1%
Trade receivables		63891	10.4%	89695	15.3%
Other current assets		9141	1.5%	11348	1.9%
Prepayments and accrued income		14247	2.3%	11308	1.9%
Current income tax assets		125	0.0%	153	0.0%
Inventories		62364	10.2%	52412	8.9%
Customer machinery		3005	0.5%	1791	0.3%
Total current assets		176763	28.8%	178789	30.4%
Long term receivables	3	44949	7.3%	47361	8.1%
Financial assets		9111	1.5%	8723	1.5%
Deferred income tax assets		4049	0.7%	2813	0.5%
Fixed assets		292148	47.6%	268644	45.7%
Intangible assets		86842	14.1%	81419	13.9%
Total non-current assets		437099	71.2%	408959	69.6%
Total assets		613862	100.0%	587748	100.0%
Liabilities and equity					
Financial liabilities		150980	24.6%	112000	19.1%
Trade payables		17349	2.8%	19348	3.3%
Prepayments from customers		11659	1.9%	12729	2.2%
Current income tax payable		5324	0.9%	6663	1.1%
Other payables		3446	0.6%	3867	0.7%
Accrued liabilities and deferred income		27280	4.4%	31757	5.4%
Provisions		1827	0.3%	1518	0.3%
Total current liabilities		217865	35.5%	187883	32.0%
Non-current liabilities to major shareholder		10000	1.6%	10000	1.7%
Other non-current financial liabilities				18	0.0%
State-subsidised payments		3541	0.6%	3644	0.6%
Provisions		4241	0.7%	4500	0.8%
Deferred income tax liabilities		2261	0.4%	2900	0.5%
Total non-current liabilities		20043	3.3%	21061	3.6%
Share capital		178994	29.2%	178994	30.5%
Capital reserves		112196	18.3%	119128	20.3%
Own shares/Translation exchange differences		-20690	-3.4%	-17169	-2.9%
Goodwill acquired offset		-322892	-52.6%	-322892	-54.9%
Retained earnings		428346	69.8%	420743	71.6%
Total equity	6	375954	61.2%	378804	64.5%
Total liabilities and equity		613862	100.0%	587748	100.0%



Consolidated statement of cash flows

(Unaudited Swiss GAAP FER figures) in thousand CHF

	Annex	01 April 2019– 30 Sept. 2019	01 April 2018– 30 Sept. 2018
Net profit		7 603	56 088
Depreciation and amortisation of fixed and intangible assets		22 714	20 005
Loss from impairment (+)/Reversal of impairment (-)	4	-413	1 431
Change in provisions (incl. deferred income taxes)		-1 874	-227
Other expenses/income that do not affect the fund		81	872
Increase in long term receivables (not affecting cash and cash equivalents)	3	-120	
Gain (-)/loss (+) of fixed and financial assets		-89	-77
Increase (-)/decrease (+) in trade receivables		25 103	33 602
Increase (-)/decrease (+) in other receivables and prepayments and accr. income	3	-977	-49 167
Increase (-)/decrease (+) in inventories		-10 481	8 596
Increase (-)/decrease (+) in customer machinery		-1 214	3 661
Increase (+)/decrease (-) in trade payables		-214	-13 093
Increase (+)/decrease (-) in prepayments from customers		-1 070	-4 958
Increase (+)/decrease (-) in other payables and accr. liabilities and deferred income		-5 966	-2 529
Cash flow from operating activities		33 083	54 203
Decrease in long term receivables	3	2 531	
Disposal of financial assets			252
Purchase of fixed assets		-42 290	-59 041
Disposal of fixed assets		135	260
Purchase of intangible assets		-13 324	-8 411
Cash flow from investing activities		-52 949	-66 940
Proceeds (+)/repayment (-) from borrowings		39 000	34 000
Purchase (-)/disposal (+) of own shares			-5
Distribution of capital reserves	6	-6 932	-17 644
Cash flow from financing activities		32 068	16 351
Effect of foreign currency translation		-294	-707
Total cash flow		11 908	2 907
Cash and cash equivalents as of 01 April		12 083	32 111
Cash and cash equivalents as of 30 September		23 991	35 018
Net increase (+)/decrease (-) in cash and cash equivalents		11 908	2 907



Consolidated statement of changes in equity

(Unaudited Swiss GAAP FER figures)
in thousand CHF

	Share capital	Group reserves and share premium	Treasury shares	Cumulative translation reserve	Goodwill offset	Retained earnings	Total
Balance as of 01 April 2018	178 994	136 777	-6 595	-5 349	-322 892	360 607	341 542
Net profit						56 088	56 088
Distribution of dividends from capital contribution reserves		-17 644					-17 644
Disposal of own shares		-5					-5
Translation exchange differences				-3 705			-3 705
Balance as of 30 September 2018	178 994	119 128	-6 595	-9 054	-322 892	416 695	376 276

	Share capital	Group reserves and share premium	Treasury shares	Cumulative translation reserve	Goodwill offset	Retained earnings	Total
Balance as of 01 April 2019	178 994	119 128	-6 595	-10 574	-322 892	420 743	378 804
Net profit						7 603	7 603
Distribution of dividends from capital contribution reserves		-6 932					-6 932
Translation exchange differences				-3 521			-3 521
Balance as of 30 September 2019	178 994	112 196	-6 595	-14 095	-322 892	428 346	375 954



Notes to the consolidated interim financial statements

Figures in thousand CHF unless otherwise stated.

1. Accounting policies

Basics

This consolidated semiannual balance includes the non-audited consolidated half-year financial statement of the Ypsomed Holding AG and its subsidiaries for the reporting period ending 30 September 2019. The consolidated semiannual balance was prepared in compliance with Swiss GAAP FER 31 interim reporting. The accounting principles applied to the preparation of the semiannual balance comply with the accounting principles on which the consolidated balance per 31 March 2019 was based. The consolidated semiannual balance was released for publication by the Board of Directors on 31 October 2019.

The business operations of Ypsomed are not subject to major seasonal or cyclic fluctuations within the financial year. Preparation of the semiannual balance necessitates that Management make certain estimates and assumptions which may affect the assets and liabilities balanced on the effective reporting date and the revenues and expenditures given for the reporting period. These estimates and assumptions are based on future expectations and are deemed as being appropriate at the point in time of preparing the semiannual balance. The actual figures may differ from these estimates.

2. 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.

	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Others	Eliminations	Group
Half-year 2018/19					
Sales of goods and services to third-party customers	181 705	68 119	8 877		258 701
Intersegmental sales			1 085	-1 085	0
Total sales of goods and services	181 705	68 119	9 962	-1 085	258 701
Operating profit					68 362
EBIT margin					26.4 %
Investments in fixed and intangible assets					66 988
Depreciation/Amortisation/Impairment					20 005

	Ypsomed Diabetes Care	Ypsomed Delivery Systems	Others	Eliminations	Group
Half-year 2019/20					
Sales of goods and services to third-party customers	92 105	91 115	7 402		190 622
Intersegmental sales			524	-524	0
Total sales of goods and services	92 105	91 115	7 926	-524	190 622
Operating profit					9 035
EBIT margin					4.7 %
Investments in fixed and intangible assets					54 170
Depreciation/Amortisation/Impairment					22 714

3. Discontinued operations

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

Insulet Corp. ended on 30 June 2018. The Ypsomed Diabetes Care segment in den regions Switzerland and Europe is affected as follows:

	Half-year 2019/20	Half-year 2018/19	Total year 2018/19
Net revenues from third-party customers – mylife™ OmniPod® until 30 June 2018		51 007	51 098
Revenue from expiration fee for market establishment		49 846	49 846
Total net revenue	0	100 853	100 944
Operating profit	0	63 070	61 896

As contractually agreed compensation for the establishment of the European distribution structures for Omnipod®, Ypsomed booked an income of CHF 49.8 million (USD 50.2 million) as a compensation fee from Insulet Corp. as on 30 June 2018. The calculation depends on the number of Omnipod® deliveries to existing customers within the twelve months after expiration of the distribution agreement. According to the contract the real payment shall be quarterly computed by Insulet Corp. on the basis of the number of real deliveries. The contract foresees the first quarterly due payment as per end of November 2018 encompassing the months July to September 2018, and again a due payment as per end of February 2019 encompassing the months October to December 2018, end of May 2019 encompassing the months January to March 2019 and again as per end of August 2019 encompassing the months April to June 2019. Instead of the expected approximately USD 50 million Insulet Corp. has paid USD 5.1 million to Ypsomed without disclosing any computation. Due to the lack of a mutual under-

standing Ypsomed has initiated arbitration proceedings against Insulet Corp. as of 21 December 2018, which is in adherence to respective stipulations in the distribution agreement. Both Ypsomed's management and their legal advisors assume that Ypsomed will prevail these arbitration proceedings with a predominant likelihood. In the course of the arbitration proceedings Insulet Corp. has asserted a counterclaim of USD 19.7 million, i.a. due to allegedly insufficient sales efforts. This claim has not been substantiated and it is inconsistent with the effectively realised sales increase of 44 % in the course of the last contractual year. Today's estimation may foresee a verdict on the applicable method of computation in 2021. The outstanding receivables for the Expiration Fee amounts to CHF 44.9 million. Since 31 March 2019, the amount is disclosed in reporting line long term receivables. The amount of USD 19.7 million of the counterclaim is disregarded in the financial statements.

4. Financial income

	Half-year 2019/20	Half-year 2018/19
Dividend income	316	696
Reversal impairment financial asset Bionime Corp.	413	
Foreign exchange gains	3048	1 638
Other financial income	12	20
Total financial income	3789	2354
Interest expense	351	248
Impairment of financial asset Bionime Corp.		1 431
Foreign exchange losses	3352	4 432
Other financial expense	101	122
Total financial expense	3805	6232

5. 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.

	Half-year 2019/20	Half-year 2018/19
Net profit in thousand CHF	7 603	56 088
Number of outstanding shares weighted on a monthly basis	12 602 953	12 602 953
Earnings per share in CHF (diluted and undiluted)	0.60	4.45

6. Payment to shareholders

As per 05 July 2019, CHF 0.55 per share were paid to the shareholders free of withholding tax from capital contribution reserves. The total payment amounted to CHF 6.9 million (previous year: CHF 17.6 million).



Information policy

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

The following research banks monitor the development of the Ypsomed Group:

Credit Suisse, Zurich: Christoph Gretler
Zürcher Kantonalbank, Zurich: Sibylle Bischofberger Frick
Vontobel AG, Zurich: Daniel Buchta
MIRABAUD Securities LLP: Daniel Jelovcan
Octavian AG, Zurich: Tanya Hansalik

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

Equity trading

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

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

Important dates and contact

27 May 2020: Media conference and analysts' presentation of the annual figures 2019/20, Burgdorf

01 July 2020: General Assembly of Shareholders, Burgdorf

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