

Ad hoc announcement pursuant to Art. 53 LR

Ypsomed doubles profits and confirms outlook

Burgdorf, 24.05.2023, 7:00 a.m. – Ypsomed (SIX: YPSN) continues its growth trend and achieved consolidated sales of CHF 497.5 million in the 2022/23 financial year (previous year: CHF 464.8 million). Adjusted for the effect of the divestment of DiaExpert, continuing business demonstrated growth of 16%, or approximately 19% currency adjusted. The reported growth in turnover corresponds to a growth of 7% compared to the previous year. At constant exchange rates compared to the previous year, this would have represented an increase of around 10%. With this growth, the company has significantly increased both its operating profit (EBIT) from CHF 28.6 million to CHF 60.6 million as well as more than doubled its net profits to CHF 51.3 million (previous year CHF 23.1 million). Ypsomed confirms the outlook for the 2023/24 financial year.

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

Other major events:

- Sales growth of 25% in the proprietary pen and autoinjector business;
- The conclusion of a further 35 project contracts (previous year 36) in promising indications such as obesity or non-alcoholic fatty liver disease;
- The doubling of commercial sales of the mylife YpsoPump system, as of the end of March, with over 30,000 active users;
- Focusing the portfolio on proprietary products through the successful divestment of DiaExpert;
- The groundbreaking ceremony for our new production site in Changzhou, China, and expansion of the existing plant in Schwerin in Germany;
- The submission of concrete emission reduction targets to the Science Based Targets initiative (SBTi) across the entire value chain.

“Our underlying growth drivers for easy selfcare and the growth of biopharmaceutical drugs and biosimilars offer enormous potential. Our fully automated and scalable processes allow us to benefit from this growth. To further accelerate our profitability, we will continue to review our portfolio,” CEO Simon Michel comments on the positive development.

Outlook

Ypsomed expects sales growth of the continuing business in the 2023/24 financial year of approximately 25%. At the EBIT level, Ypsomed confirms the outlook and expects an operating result of at least CHF 90 million.

Strong growth of Ypsomed Delivery Systems in own injection business by 22%

The Ypsomed Delivery Systems segment increased by 18.8% or CHF 48.8 million in the 2022/23 financial year. The turnover for the reporting period amounts to CHF 307.8 million (previous year: CHF 259.0 million).

- With a growth of 25.3%, the development of commercial deliveries in the business with proprietary injection systems was particularly pleasing;

- Main contributors were the YpsoMate 2.25 autoinjector for larger volumes, the YpsoMate 1.0 and the two reusable insulin pens;
- Project revenues increased by 14% at a high level;
- In the area of Contract Manufacturing, sales increased by 3.0%.

“For our injection systems, we foresee a clear and very promising development. To prepare for the expected growth, we are significantly accelerating our capacity expansion in Schwerin and in China,” states Ulrike Bauer, Chief Business Officer Delivery Systems, pleased with the positive development.

Growth of 120% for the mylife YpsoPump due to mylife Loop

In the Ypsomed Diabetes Care segment, a decline in sales of 7.4% to CHF 173.5 million (previous year: CHF 187.5 million) was recorded for the financial year 2022/23. The main reason for this decline was the divestment of DiaExpert. Growth of 13.3% was achieved in the continuing business areas.

- Commercial sales of the mylife YpsoPump increased by 120%, even by more than 130% year-on-year at constant exchange rates;
- The successful introduction of our solution for the automated insulin delivery mylife Loop with a self-learning algorithm on the smartphone is already generating considerable demand.
- Project revenues are lower compared to the previous year. In December 2022, our previous partner terminated the collaboration for the launch of the YpsoPump in the USA. The project revenues accrued as per 31 March 2022 pertaining to the progress of the project had to be reversed in the current financial year in the amount of approximately CHF 9 million, reducing revenues but not affecting the results. Ypsomed is keeping to its US strategy with a new partner and is proceeding with the approval process.

“We are proud to significantly improve the lives of people with diabetes with our mylife Loop solution. mylife Loop enables people with diabetes to benefit from a unique and adaptive algorithm which runs on their smartphone. We have exceeded our interim target of 30,000 active users at the end of the financial year and see a clear return to profitability in the insulin pump business within the next two years,” says Sébastien Delarive, Chief Business Officer Diabetes Care, on the successful launch of the mylife Loop offer.

Considerably higher gross margin

Due to higher sales, the gross margin increased significantly to 28.3% (previous year: 24.5%).

Increased earnings contribution from the pen and autoinjector business

The operating result (EBIT) increased significantly to CHF 60.6 million (previous year: CHF 28.6 million).

- The increase in turnover and good utilisation of the production capacity for pens and autoinjectors made an encouraging contribution to earnings. Add to this, there were increased contributions from the project business;
- The operational business with the mylife YpsoPump continues to burden the result with CHF -50.6 million (previous year: CHF -51.3 million). The better result from the additional turnover was negatively affected with approximately CHF 15 million in additional costs. They include strengthening the global marketing and sales organisation as well as the maintenance and support of the systems. In addition, higher depreciation and amortisation in connection with new product functions had a negative impact of around CHF 5 million;
- The Italian health authorities retroactively demanded a pro-rata repayment from each supplier due to budget overruns by the regions from 2015 - 2018. Approximately CHF 3 million were accrued with an impact on profit or loss;
- The divestment of DiaExpert resulted in a gain of divestment of approximately CHF 17 million;
- The decline in sales at Ypsotec reduced the result by around CHF 2 million.

In the 2022/23 financial year, Ypsomed generated a net profit of CHF 51.3 million (previous year: CHF 23.1 million). The net profit margin doubled to 10.3% (previous year: 5.0%). The earnings per share are CHF 3.82 (previous year: CHF 1.83).

Continued high investments for future growth

Cash flow from investing activities of CHF 122.0 million was at the previous year's level (previous year: CHF 125.7 million), with a net contribution of CHF 46.0 million from the sale of DiaExpert. Of this amount, CHF 98.9 million (previous year: CHF 51.6 million) were invested in fixed assets; in particular in the realised doubling of capacities for the YpsoMate 1.0 and the ongoing implementation of doubling the capacities for the UnoPen as well as in the expansion of other operating infrastructures. Investments in intangible assets of CHF 70.3 million (previous year: CHF 75.8 million) went into the further development of platforms for pen and autoinjector systems, smartphone apps, FDA approval for the US pump market and digital services in the Smart Solutions area.

Corporate Responsibility

In the current financial year, Ypsomed has continued to fulfil its social responsibility and has placed a strong focus on the intensified development of the ambitious climate programme. In a comprehensive Corporate Zero Programme, scientific and established guidelines are taken into account according to the Science Based Targets initiative (SBTi). To implement its goals, Ypsomed has defined concrete near- and long-term reduction targets across the entire value chain and submitted these to the SBTi in spring 2023.

The Board of Directors will propose to the Annual General Meeting that CHF 1.30 per share (previous year: CHF 0.60) be distributed in dividends for the financial year 2022/23, half of which from capital contribution reserves and the other half from retained earnings.

The Annual General Meeting of the Ypsomed Holding AG will be held in Burgdorf on 28 June 2023.

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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. www.ypsomed.com