

Standard Chem & Pharm CO., LTD.  
Stock Symbol:1720

# 2021 Investor Conference

11/18/2021



生達化學製藥

Standard Chem & Pharm CO., LTD.



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# Agenda

- Introduction of Standard Group
- 2021 Q1-Q3 Operating Results
- Future Operation Strategy
- Corporate Social Responsibility (CSR)

# Reminder



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Please set your microphone to mute during the meeting, and only turn on the microphone when you speak.

- Procedure:


1. Opening

2. Report procedure(Please do not hesitate to ask questions when we finish our report )

- *Introduction of Standard Group & 2021 Quarterly Operating Results:* By CFO

- *Future Operation Strategy & Corporate Social Responsibility (CSR) :* By President

3. Q&A

- Please use the raise hand feature  when asking questions and wait to be called on. We welcome all opinions.

# 免責聲明 Safe Harbor Notice



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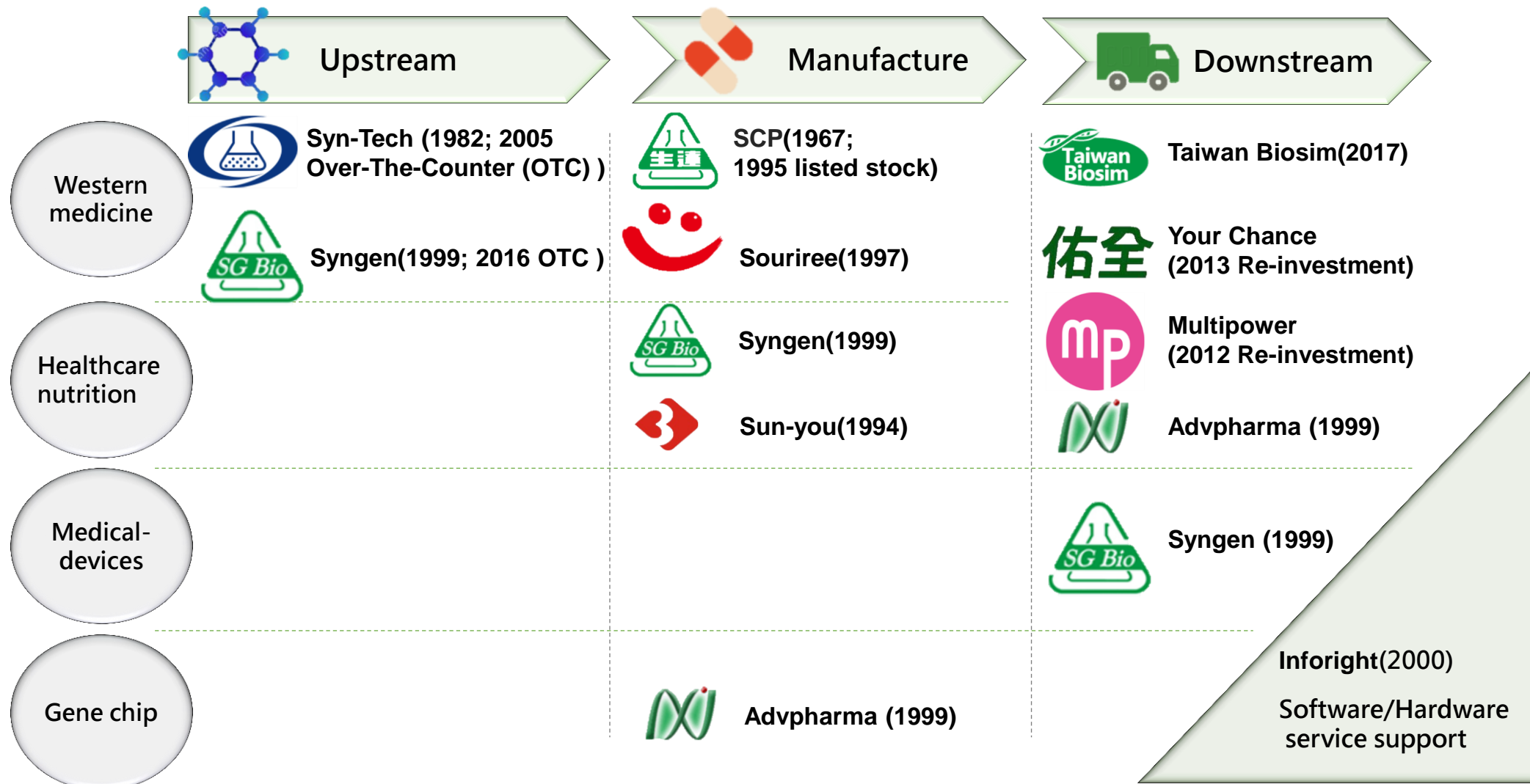
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# SCP and Related/Affiliated Companies



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# International Accreditation



The first TW pharmaceutical company to be ISO9001 certified



The first TW company to pass **US** FDA inspection in 2000

SCP passed subsequent US FDA cGMP inspections without **483**



SCP received **JP** PMDA' s "Certificate of Foreign Drug Manufacturer" in 2008

FDF Plant and API Plant passed PMDA GMP Audit in 2018



2009

SCP' s API plant passed **AU** TGA inspection



2010 SCP passed TW PIC/S GMP inspection  
2012 SCP is certified GDP by the T-FDA



2012 SCP passed K-FDA inspection



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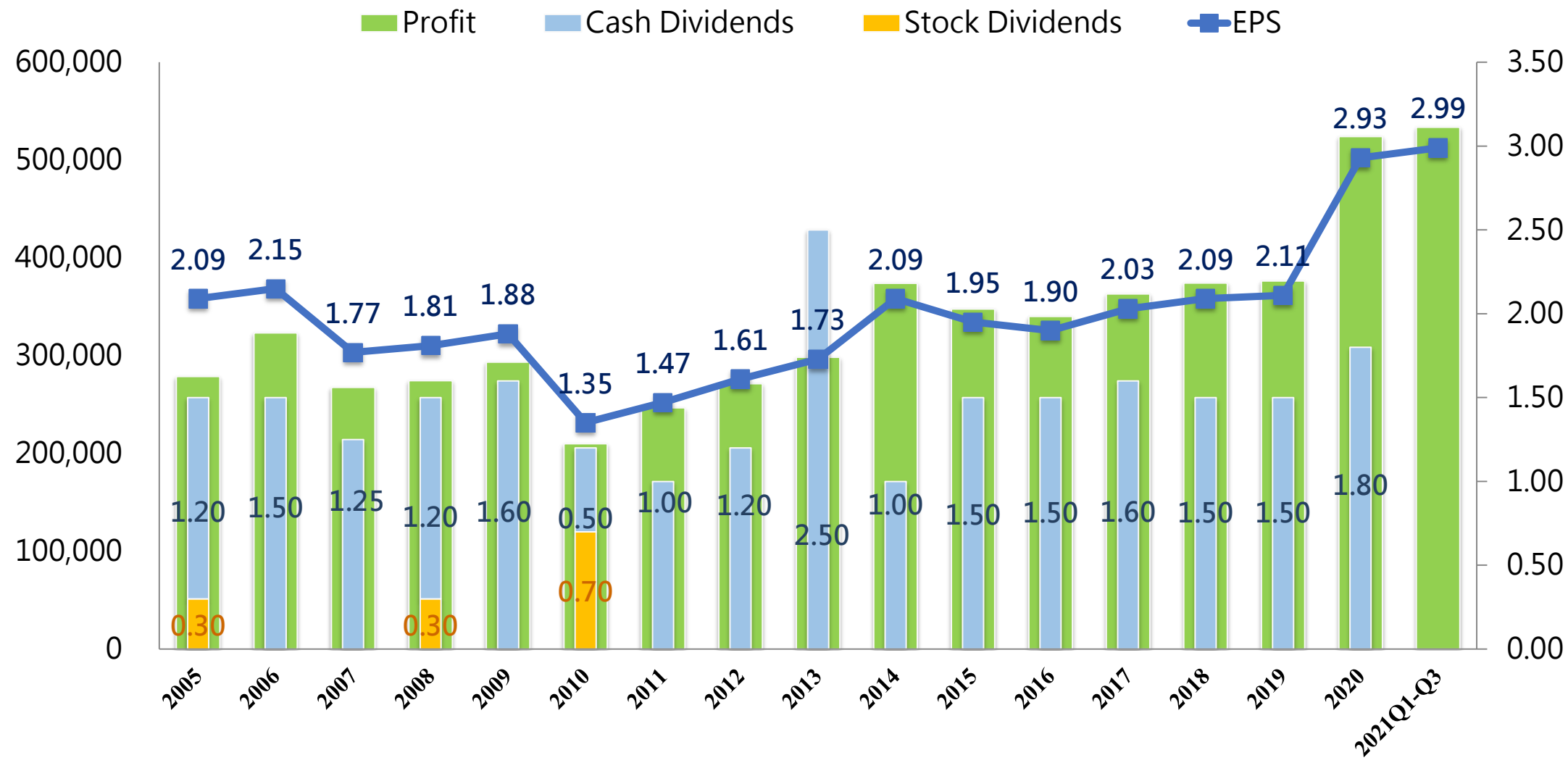
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# 54 Years of Continuous Profit



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# Consolidated Income Statement

Items	2021 Q1-Q3	2020 Q1-Q3	Diff.	Annual changes(%)
<i>(Unless otherwise specified, expressed in thousands of New Taiwan Dollars)</i>				
Operating revenue	3,371,013	3,187,827	183,186	6%
Gross profit	1,526,457	1,413,946	70,675	8%
<b>Gross profit margin</b>	<b>45.28%</b>	<b>44.35%</b>		+0.9pct
Operating expenses	892,428	888,657	3,771	0%
Operating profit	634,029	525,289	108,740	21%
Non-operating income and expenses	113,148	33,916	79,232	234%
Profit before income tax	747,177	559,205	187,972	34%
<b>Profit for the year</b>	<b>625,114</b>	<b>445,656</b>	<b>179,458</b>	<b>40%</b>
<b>Profit attributable to owners of the parent</b>	<b>533,781</b>	<b>364,062</b>	<b>169,719</b>	<b>47%</b>
EPS(NTD)	2.99	2.04	0.95	47%



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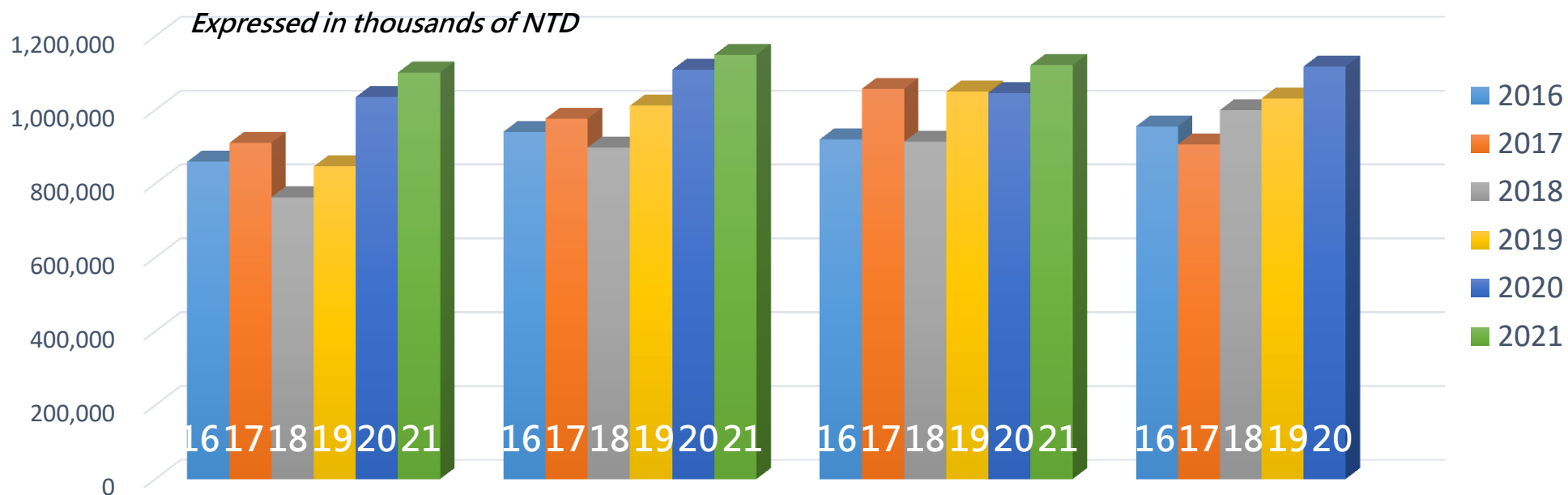


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# Comparison of Quarterly Revenue of Past 5 Years (Consolidated)



	Q1	Q2	Q3	Q4	Total	Growth (%)
2016	859,024	940,238	919,663	954,876	3,673,801	
2017	909,933	976,177	1,056,753	905,821	3,848,684	+5%
2018	763,261	897,693	913,353	998,786	3,573,093	-7%
2019	846,177	1,010,837	1,048,886	1,031,229	3,937,129	+10%
2020	1,034,417	1,108,059	1,045,351	1,117,573	4,305,400	+9%
2021	1,101,113	1,149,060	1,120,840		3,371,013	+6%



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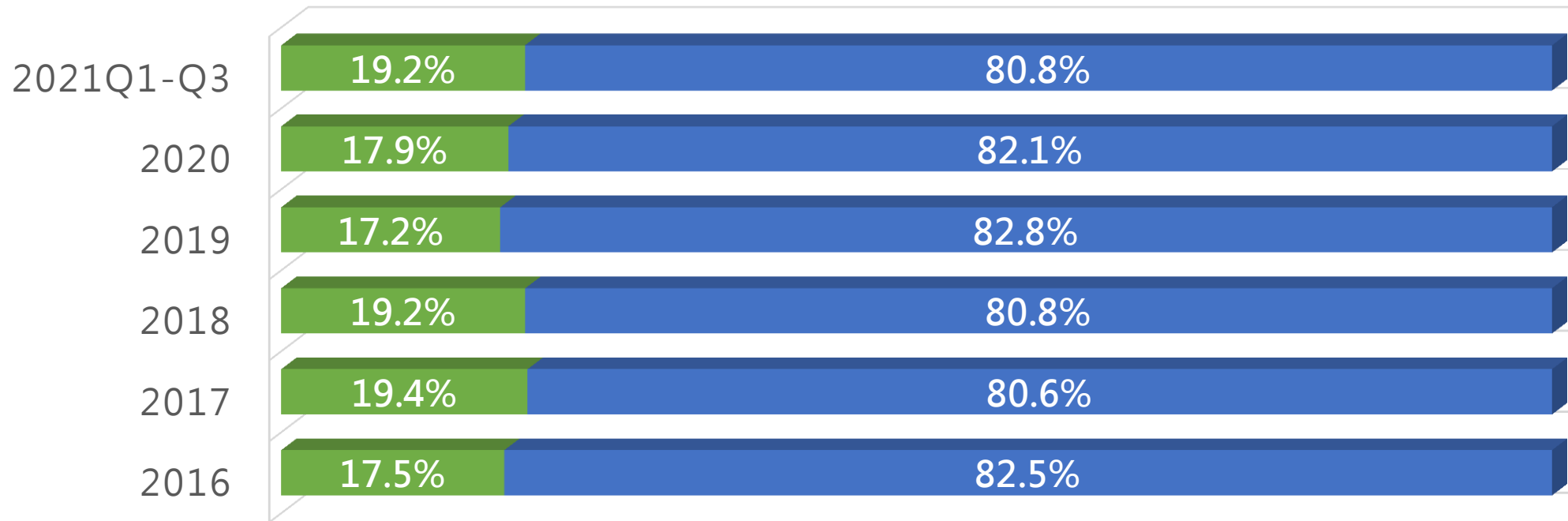
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# Global Revenue - Ratio of Past 5 Years International sales (Consolidated)

■ International ■ Domestic



<i>Expressed in thousands of NTD</i>	2021Q1-Q3	2020	2019	2018	2017	2016
Export revenue	646,019	768,863	678,464	686,077	745,705	644,528
Total operating revenue	3,371,013	4,305,400	3,937,129	3,573,093	3,848,684	3,673,801



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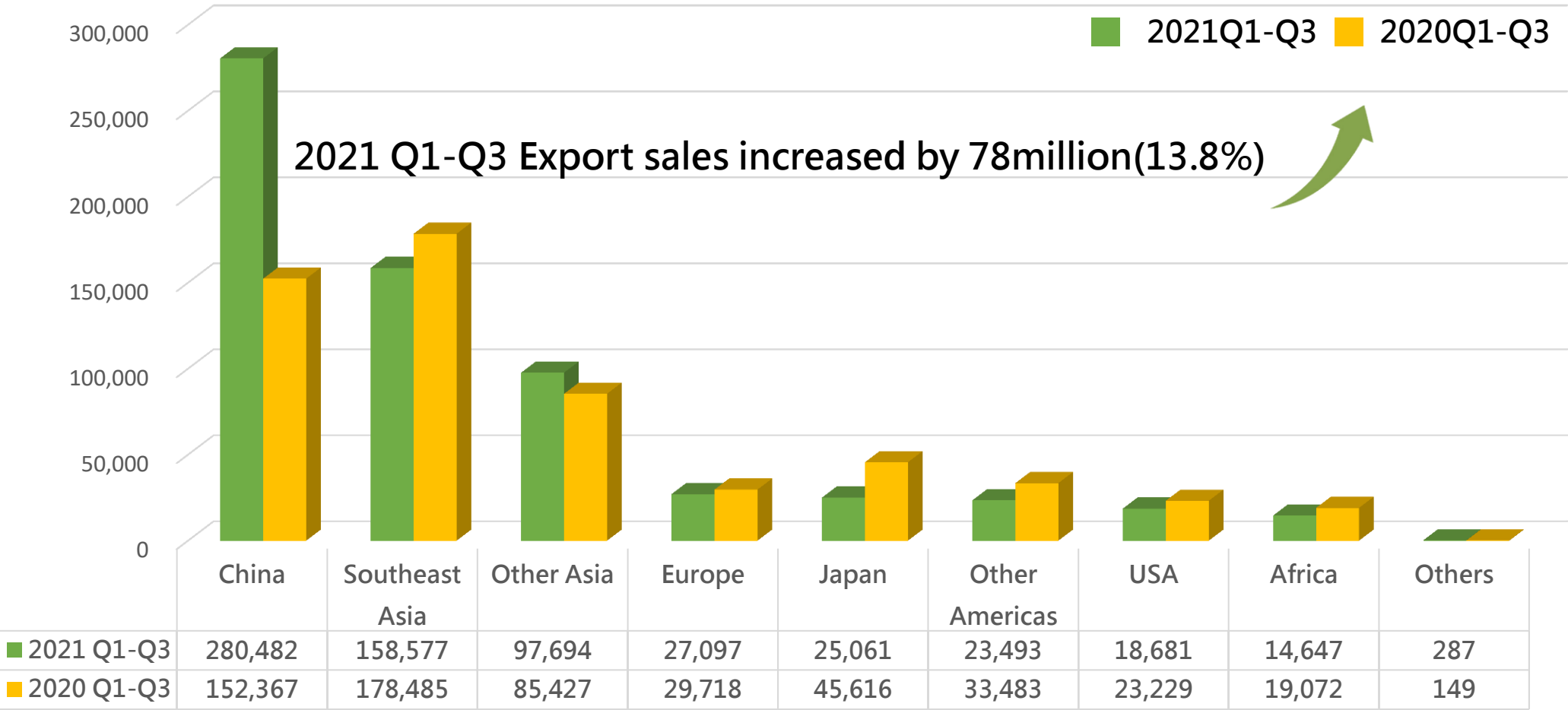


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# Global Revenue Ratio Comparison-Export distribution (Consolidated)



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# Consolidated Balance Sheet

Items <i>(Expressed in thousands of NTD)</i>	2021/9/30		2020/9/30		Diff.	Annual changes(%)
	Amount	%	Amount	%		
Cash and cash equivalents	1,325,452	18%	847,614	12%	477,838	56%
Accounts receivable	1,073,504	14%	960,603	14%	112,901	12%
Inventories	968,244	13%	909,504	13%	58,740	6%
Investments	1,173,117	16%	709,160	10%	463,957	65%
Property, plant and equipment	2,074,708	28%	2,294,229	34%	(219,521)	(10%)
Others	795,380	11%	1,113,357	16%	(317,977)	(29%)
<b>Total Assets</b>	<b>7,410,405</b>	<b>100%</b>	<b>6,834,467</b>	<b>100%</b>	<b>121,443</b>	<b>2%</b>
Current Liabilities	1,740,975	23%	1,615,269	24%	125,706	8%
Non-current Liabilities	526,817	7%	492,950	7%	33,867	7%
<b>Total liabilities</b>	<b>2,267,792</b>	<b>31%</b>	<b>2,108,219</b>	<b>31%</b>	<b>159,573</b>	<b>8%</b>
<b>Total shareholder' s equity</b>	<b>5,142,613</b>	<b>69%</b>	<b>4,726,248</b>	<b>69%</b>	<b>(38,130)</b>	<b>(1%)</b>
<b>Debt Ratio(Abilities/Assets)</b>		<b>31%</b>		<b>31%</b>		



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# Consolidated Cash Flows

Items	2021 Q1-Q3	2020 Q1-Q3
<i>(Expressed in thousands of NTD)</i>		
<b>Cash at beginning of year</b>	<b>1,036,183</b>	<b>1,471,902</b>
Cash flows from operating activities	557,366	518,989
Acquisition of property, plant and equipment	(97,533)	(268,885)
Cash dividends	(321,653)	(268,044)
Short-term borrowings	(28,490)	(39,500)
Investment and others	179,579	(566,848)
<b>Cash at end of year</b>	<b>1,325,452</b>	<b>847,614</b>
<b>Free cash flow*</b>	<b>459,833</b>	<b>250,104</b>
<i>(Cash flows from operating activities-Acquisition of property, plant and equipment)</i>		



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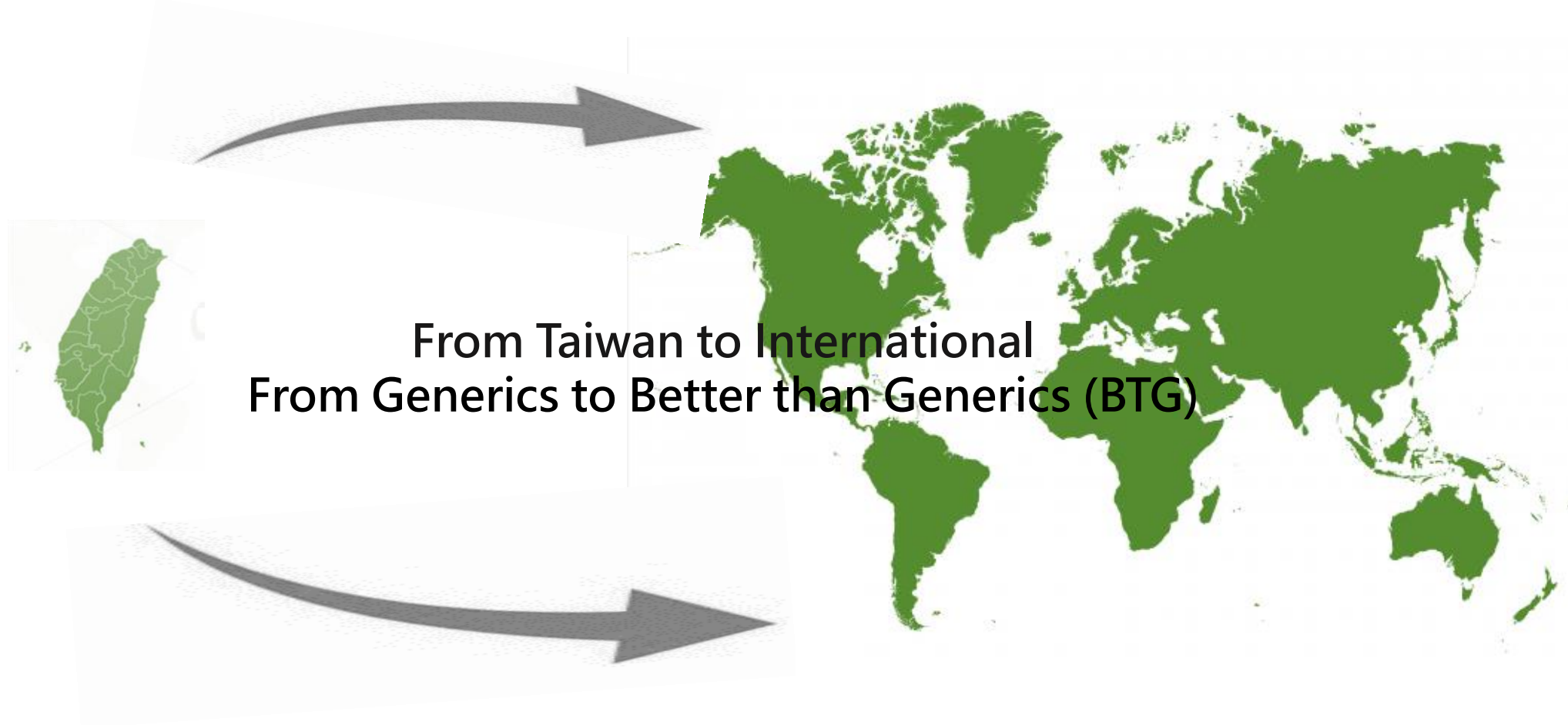


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# Agenda

- Introduction of Standard Group
- 2021 Q1-Q3 Operating Results
- **Future Operation Strategy**
- Corporate Social Responsibility (CSR)

# Future Milestone



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# SCP – Major International Businesses of the Past 2 Years

## Taiwan



- Prompt delivery of drugs during COVID-19 due to well-managed production and sales coordination.
- SCPs cumulated sales and profit have hit a historic high even after deducting one-time revenue.

## China



- Continues export of antibiotic injection.
- Generic Quality Consistency Evaluation(GQCE) : 3 cases were closed; 5 ongoing applications.
- Self-developed generic drug: in submission.

## Japan



- Bronchiolitis drug, non-steroid anti-inflammatory drugs are persistently delivery.



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# Revenue Growth Strategy - China



## Competitiveness

- SCP has successful experience with U.S. and Japan regulatory dossiers
- SCP to continue to specialize expertise in BE design and execution



## NMPA review of importation



## Medium-term targets

- Self-developed products submission
- Enhance profit sharing revenue



## NMPA Consistency Evaluation

- 8 contracts signed, 3 cases were closed, and 5 ongoing cases



## Cooperation

- Tech-transfer
- License cooperation
- Co-development
- Profit-sharing Partnerships



## Strategy

- Emphasize export and tech transfer simultaneously.
- Increase the number of cooperative projects and pharmaceutical companies



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# The Current Status of China- Market Trends

## Brand Drugs

Transfer from centralized procurement to external market

- Brand drug prices are high and so only minority brand drug can win the bid in centralized procurement.
- Brand drug will not decrease the prices overly even they don't win the bid, they still have high market share and profit.

## China Pharmaceutical Firms

Stay at market trends of API and focus on high techniques threshold

- As centralized procurement status, the majority firms tend to develop their own API to decrease the price. Lower gross margin, but compensated with high sale volume.
- Focus on high techniques threshold and products with fewer competitor

## National Healthcare Security Administration

Expend centralized procurement products

- Centralized procurement volume accounted for about 80% of total market volume.
- After 6 centralized procurements, 600 products were included.
- The products will expend to orphan drug, shortage drug, Bio-similar drugs, and Chinese medicine.



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# Revenue Growth Strategy - Japan



## Collaboration Model

- CDMO
- Japan marketing partner
- License Holder



## Raw Material Strategy

- Strategic alliance with API manufacturer.
- API Vertical Integration with Syn-Tech.



## Current State

- Obtained marketing licenses for Montelukast (Asthma) and Celecoxib (Anti-inflammatory)



## On Going

- New business is continuing development.



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# Revenue Growth Strategy – U.S.A.



## U.S.A. Market

- Largest Rx Market
- Characterized by lengthy review timelines and costly compilation and filing work
- SCP' s long term goals



## Strategy

- Strategic alliance with API manufacturer.
- API Vertical Integration with Syn-Tech.



## Current Status

- Export of diabetic and amyotrophic lateral sclerosis(ALS) drugs treatment
- P4 approved, pending for patent expiration



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# USA – 100 Day Supply Chain Report



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## 100 Day Adm. Order Review

### Industry

#### 4 Critical Supply Chain:

- Semiconductor
- Large Capacity Batteries
- Critical Minerals and Materials
- Pharmaceuticals & Active Pharmaceutical Ingredient

### Purpose

- Review the degree of dependence of critical products on foreign countries
- Improve supply chain diversification
- Avoid over-reliance of certain product on other countries (eg. China, India)
- Promoting international cooperation and partnering with allies



# SCP's Alliance with EASYWELL BIOMEDICALS



EASYWELL's US production base: Tulex Pharmaceuticals

- Located in New Jersey
- Obtained steady order from US department of Defense



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# Future Operation Strategy



Increasing overseas  
Marketing revenue

- Enhance overseas sales' resources
- Hire international talents

Core techniques and  
professional  
skills to expend  
global sales turnover

Mature R&D techniques  
to create turnover

Global marketing  
practices

- Foundation improvement
- Create turnover rapidly
- Pay attention to different countries marketing knowledge and business role
- Seeking medium and long-term stability partnership cooperation



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# Awarded as Outstanding Bio Company of the year 2021 by IBMI

- Since 2014, SCP is recognized again as an Outstanding Bio-Company for year 2021 by IBMI



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# The Greatest Honor with Drug Technology Development Award in 2021



- Antihypertensive drug- Co-Midis Tablet is honored with the only gold award as the greatest honor in manufacturing technology category.
- It is a compound long-acting medicine with minimum side effect. A steady control of blood pressure can be achieved by only taking one tablet a day.
- After 2 year of patent review, the patent of “immediate-release medicinal composition” was obtain on September 2021.
- After 2 years of Co-Midis Table’ s launch on May 2019, the sale is expected to exceed NT100 million per year.



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# Agenda

- Introduction of Standard Group
- 2021 Q1-Q3 Operating Results
- Further Operation Strategy
- **Corporate Social Responsibility (CSR)**



# Fan Dao Nan Foundation



## Fan Dao Nan Foundation

- Established in 1987
- Endowment Fund: NT\$196 Million
- Annual Budget: NT\$12 Million

## Principal Activities

- Cultural and educational development activities
- Scholarships and Talent Cultivation
- Non-profit education
- Sponsor R&D and Innovation



## Rewards and Honors Received

- 2011: Special Recognition Award – Dept. of Education
- 2012: Tainan City Govt. Grant for Scholarship Program
- 2013: National Special Selection Award for After-School Program – Dept. of Education



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# Corporate Social Responsibility in 2020



## Scholarships

- University (related fields)::3university/4 students
- High school :7schools/ totaled 113 students
- Middle school:61schools/totaled 807 students
- Elementary school :237schools/totaled 2,760 students

Total scholarship NTD 6.34 MM



## Hope After-school Class

- Weekday afternoons
- 22 schools · 1,780students

Total scholarship NTD 1.81MM



## Sunflower Wednesdays

- Every Wednesday afternoons
- 4 Schools · 243student

Total scholarship NTD 400KK



## Other Sponsorships

- Sponsorship to 11 non-for-profit organization for cultural and educational advancement

Grant Total- NTD 560KK



## Meal-Assistance

- In 2020, provided 4,553 meals to students during winter and summer vacation.

Assisted Total- NTD270KK



## Charity

- SCP Children' s Drawing Competition
- SCP National Table Tennis Competition\*

Prize Total – NT\$250KK



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# The First Senior Gym in Taiwan – Athletic Training and Health Center



From Jan. to Sep. of 2021,

- The number of users is accumulated 79,245 user time.
- 5 healthy lectures were conducted that provide disease and healthcare knowledge.



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# Free Bone Mass Measurement and Community Health Seminar



From Jan. to Sep. of 2021,

- 3 sessions of free bone mass measurement activity have been held and 230 people were measured.
- 2 sessions of community health lectures have been held, with a total of 70 participants.



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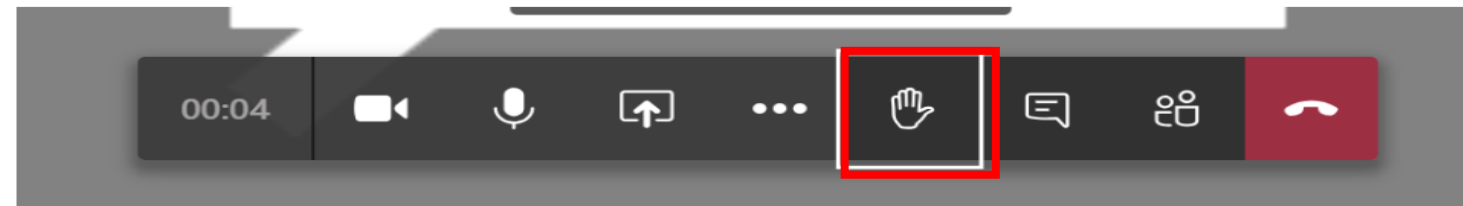


# Q & A



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