

Standard Chem & Pharm Co., Ltd.  
Stock Symbol : 1720

# 2022 Investor Conference

04/07/2022



生達化學製藥

Standard Chem & Pharm CO., LTD.

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# Agenda

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

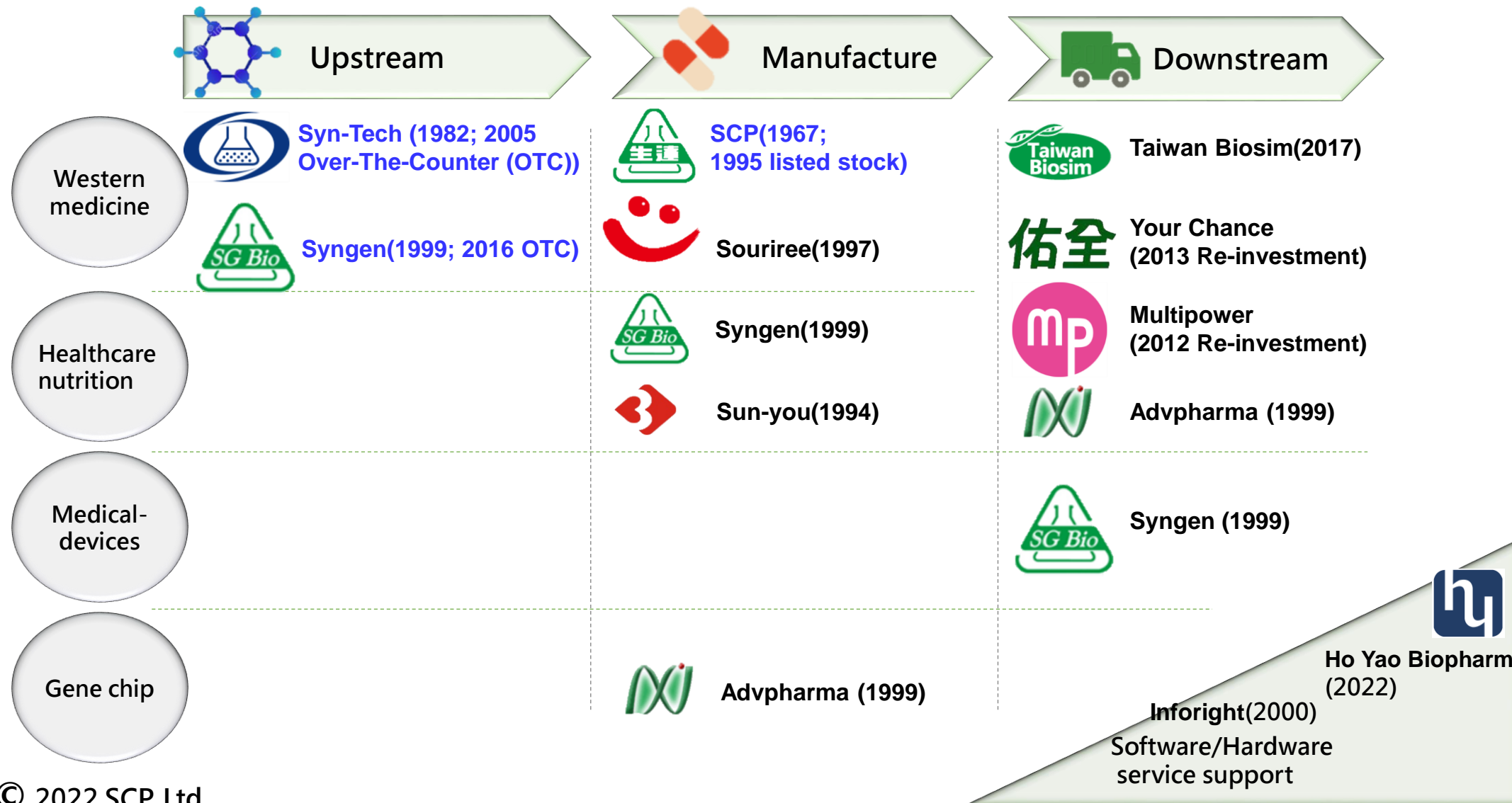


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# Agenda

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

# 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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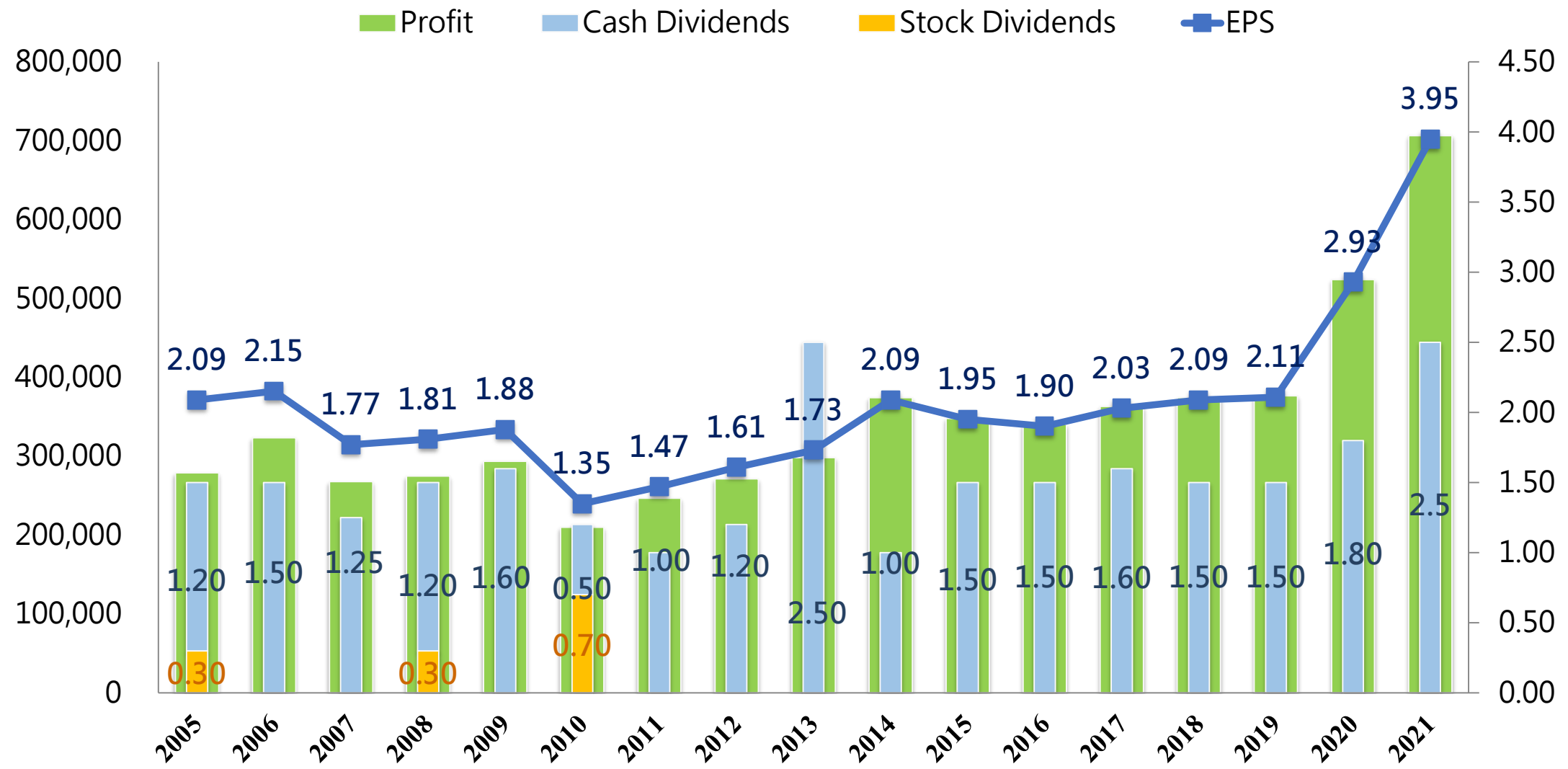


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- Introduction of Standard Group
- **2021 Operating Results**
- Future Operation Strategy
- Corporate Social Responsibility (CSR)

# 54 Years of Continuous Profit





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# Consolidated Income Statement

Items	2021	2020	Diff.	Annual changes(%)
<i>(Unless otherwise specified, expressed in thousands of New Taiwan Dollars)</i>				
Operating revenue	4,604,082	4,305,400	298,682	7%
Gross profit	2,067,873	1,919,838	148,035	8%
<b>Gross profit margin</b>	<b>44.91%</b>	<b>44.59%</b>		<b>+0.3pct</b>
Operating expenses	1,191,191	1,213,251	(22,060)	(2%)
Operating profit	876,682	706,587	170,095	24%
Non-operating income and expenses	137,068	66,340	70,728	107%
Profit before income tax	1,013,750	772,927	240,823	31%
<b>Profit for the year</b>	<b>836,802</b>	<b>625,560</b>	<b>211,242</b>	<b>34%</b>
<b>Profit attributable to owners of the parent</b>	<b>706,734</b>	<b>524,172</b>	<b>182,562</b>	<b>35%</b>
EPS(NTD)	3.95	2.93	1.02	35%

Note: SYN-TECH CHEM. & PHARM. Co., Ltd. Is consolidated into the financial report since 2021.12.08



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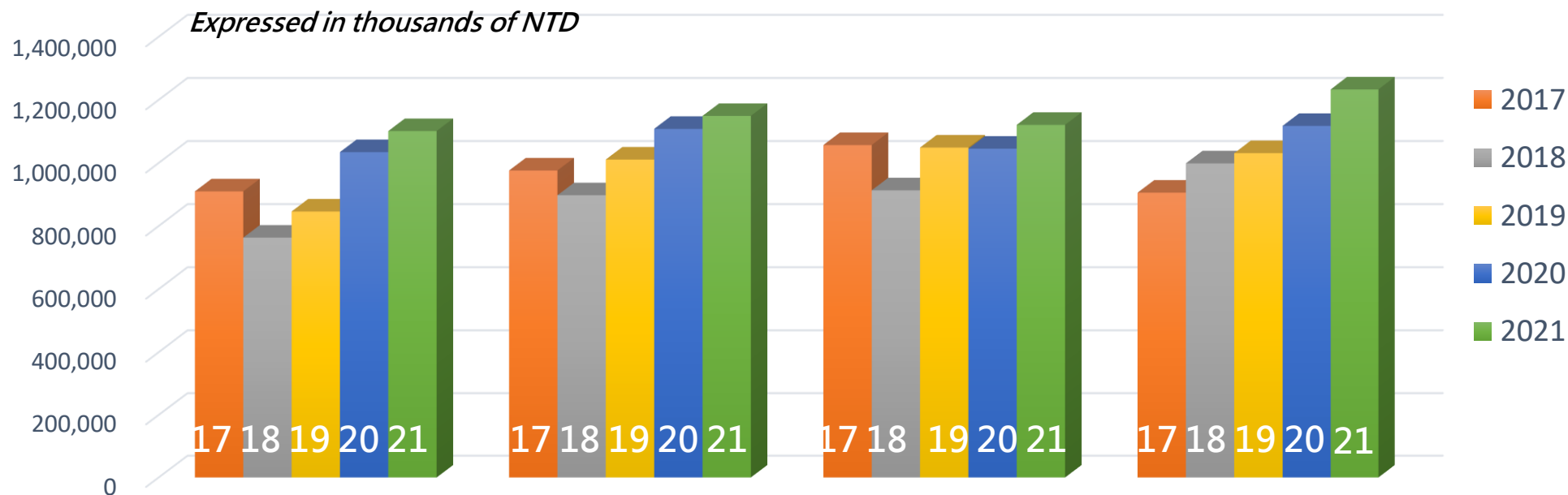


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# Comparison of Quarterly Revenue of Past 5 Years (Consolidated)



	Q1	Q2	Q3	Q4	Total	Growth (%)
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	1,233,069	4,604,082	+7%



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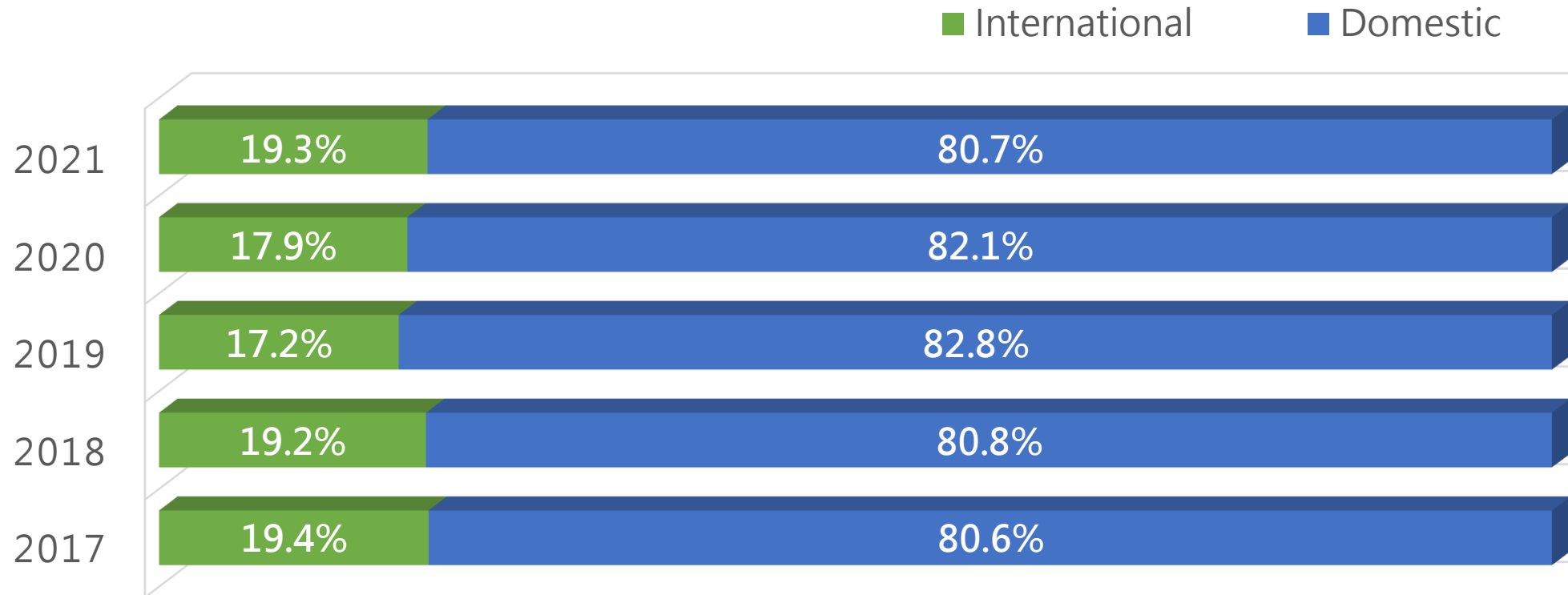


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# Global Revenue – Export Sales Ratio of Past 5 Years (Consolidated)



<i>Expressed in thousands of NTD</i>	2021	2020	2019	2018	2017
Export revenue	887,697	768,863	678,464	686,077	745,705
Total operating revenue	4,604,082	4,305,400	3,937,129	3,573,093	3,848,684



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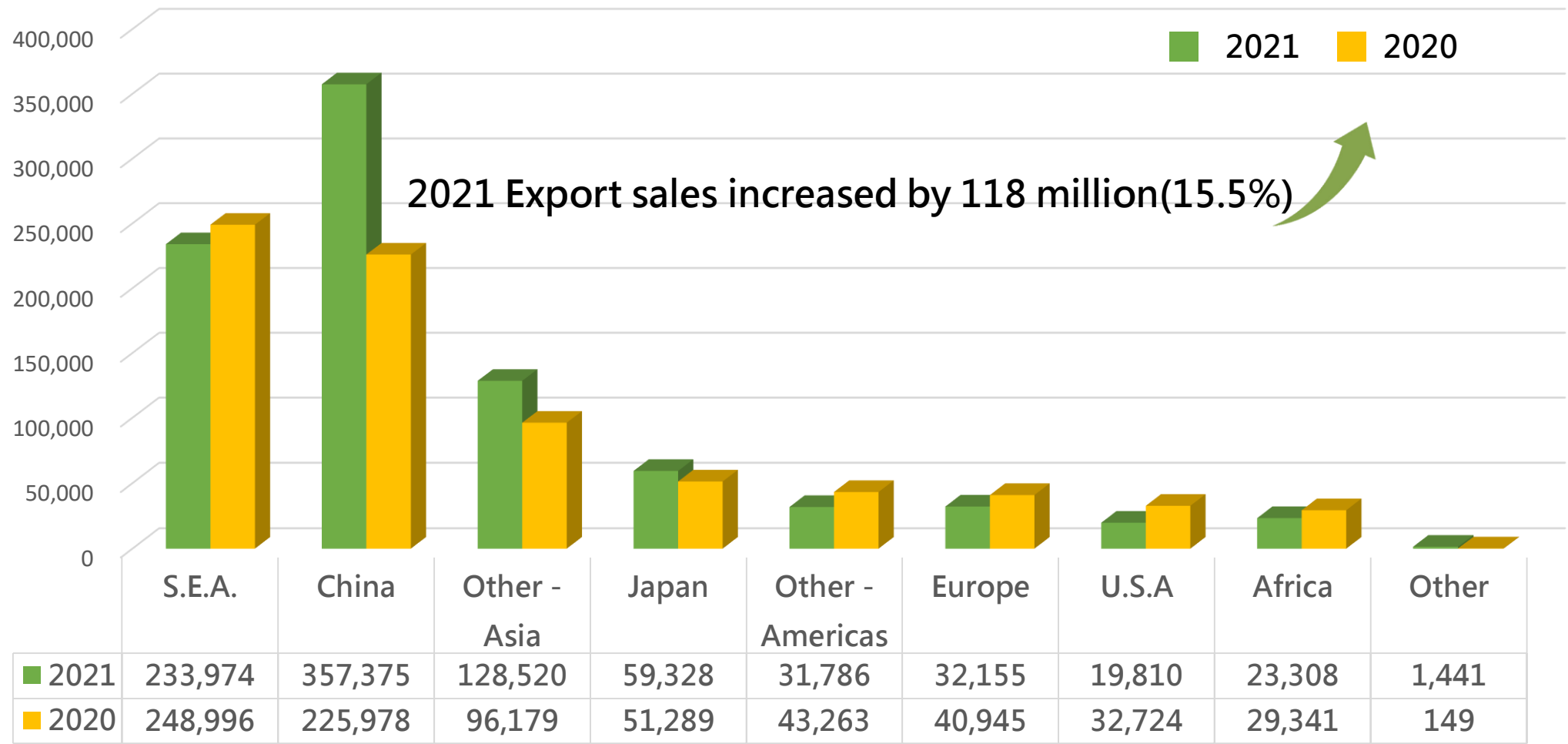
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# Global Revenue Ratio Comparison-Export distribution (Consolidated)



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# Consolidated Balance Sheet

Items	2021		2020		Diff.	Annual changes(%)
<i>(Expressed in thousands of NTD)</i>	Amount	%	Amount	%		
Cash and cash equivalents	2,564,395	25%	1,036,183	15%	1,528,212	147%
Accounts receivable	1,490,058	15%	967,254	14%	522,804	54%
Inventories	1,217,528	12%	893,512	13%	324,016	36%
Investments	904,243	9%	806,055	11%	98,188	12%
Property, plant and equipment	2,658,198	26%	2,125,207	30%	532,991	25%
Others	1,269,599	13%	1,221,236	17%	48,363	4%
<b>Total Assets</b>	<b>10,104,021</b>	<b>100%</b>	<b>7,049,447</b>	<b>100%</b>	<b>3,054,574</b>	<b>43%</b>
Current Liabilities	2,716,097	27%	1,650,616	23%	1,065,481	65%
Non-current Liabilities	588,310	6%	492,996	7%	95,314	19%
<b>Total liabilities</b>	<b>3,304,407</b>	<b>33%</b>	<b>2,143,612</b>	<b>30%</b>	<b>1,160,795</b>	<b>54%</b>
<b>Total shareholder's equity</b>	<b>6,799,614</b>	<b>67%</b>	<b>4,905,835</b>	<b>70%</b>	<b>1,893,779</b>	<b>39%</b>
<b>Debt Ratio(Abilities/Assets)</b>		<b>33%</b>		<b>30%</b>		

Note: SYN-TECH CHEM. & PHARM. Co., Ltd. Is consolidated into the financial report since 2021.12.08



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# Consolidated Cash Flows

Items	2021	2020
<i>(Expressed in thousands of NTD)</i>		
Cash at beginning of year	1,036,183	1,471,902
Cash flows from operating activities	827,034	922,580
Acquisition of property, plant and equipment	(126,817)	(307,126)
Cash dividends	(321,653)	(268,044)
Short-term borrowings	224,221	(299,000)
Investment and others(Note1)	925,427	(484,129)
Cash at end of year	2,564,395	1,036,183
Free cash flow(Note2)	700,217	615,454

\* Note1 Increased due to cash obtained from the consolidation of SYN-TECH CHEM. & PHARM. Co., Ltd. on 2021.12.08.

\* Note2 Free cash flow = Cash flows from operating activities minus Acquisition of property, plant and equipment



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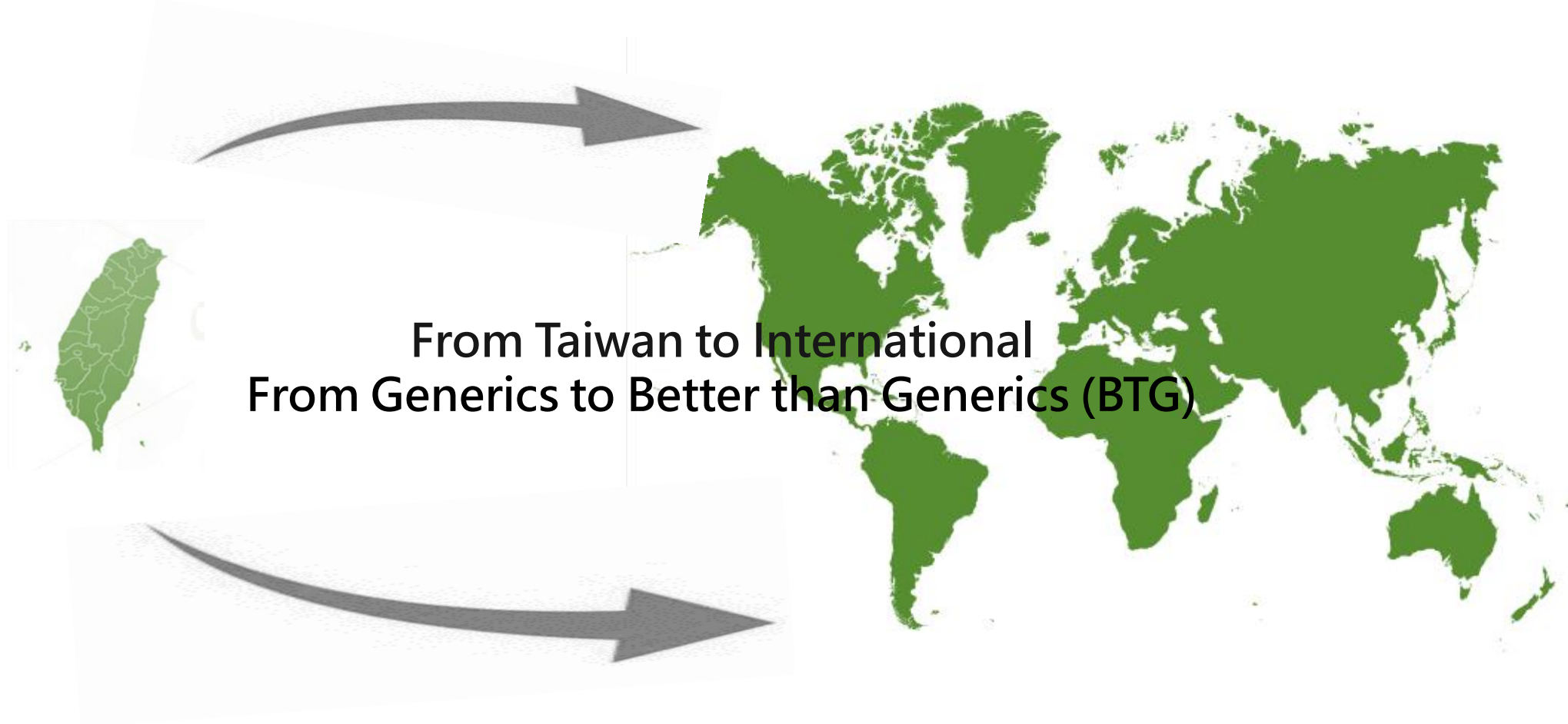


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# Agenda

- Introduction of Standard Group
- 2021 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: 2 NMPA items under review, 2 BE studies in process.

## Japan



- Bronchiolitis drug, non-steroid anti-inflammatory drugs are delivered persistently.
- CDMO/CMO items under discussion.



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# Taiwan investment to enhance R&D capacity- Investment to Ho Yao Biopharm Co., Ltd.



Ho Yao  
Biopharm

## Pro- file

- ✓ Investment time: Y2022
- ✓ Capital : NT43.33 million
- ✓ Stock owned by SCP : 85%
- ✓ Location : Hsinchu Science Park

## R&D Capa- -city

- ✓ R&D team : Jim Huang
- ✓ Specialty :
  - 505(b)2 New drugs
  - High threshold generic drugs
  - Orphan drugs



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# Revenue Growth Strategy - China



## Competitiveness

- SCP has successful experience with U.S. and Japan regulatory dossiers
- Expertise in Fasting & Fed BE design and execution



## Medium-term targets

- Self-developed products submission
- Enhance profit sharing revenue



## Cooperation

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



## NMPA review of importation



## NMPA Consistency Evaluation

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



## Strategy

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



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# China Market Trends: The 14<sup>th</sup> Five-year Plan for Pharmaceutical Industry development

## Steady Growth in Turnover Int'l Develop. Acceleration

- Revenue and gross profit growth by 8% and above.
- Increasing drugs export
- Improve the concentration of leading companies.
- To foster global pharmaceutical companies, and build world-renowned brands

## Enhance Manufacturing Standard Ensure Stable Supply

- Increase the number of generic drugs that pass the consistency evaluation.
- Strengthen quality supervision, Long-term and stable supply of essential drugs, urgently needed children's drugs, and orphan drugs.

## Industrialized Tech. Breakthrough Transformation driven by Innovation

- Strengthen key core technologies and enhance industrial chain advantages.
- Promote the integration of Chinese pharmaceutical companies into the international market.
- Promote the industrialization and application of new drugs and high-end medical devices.



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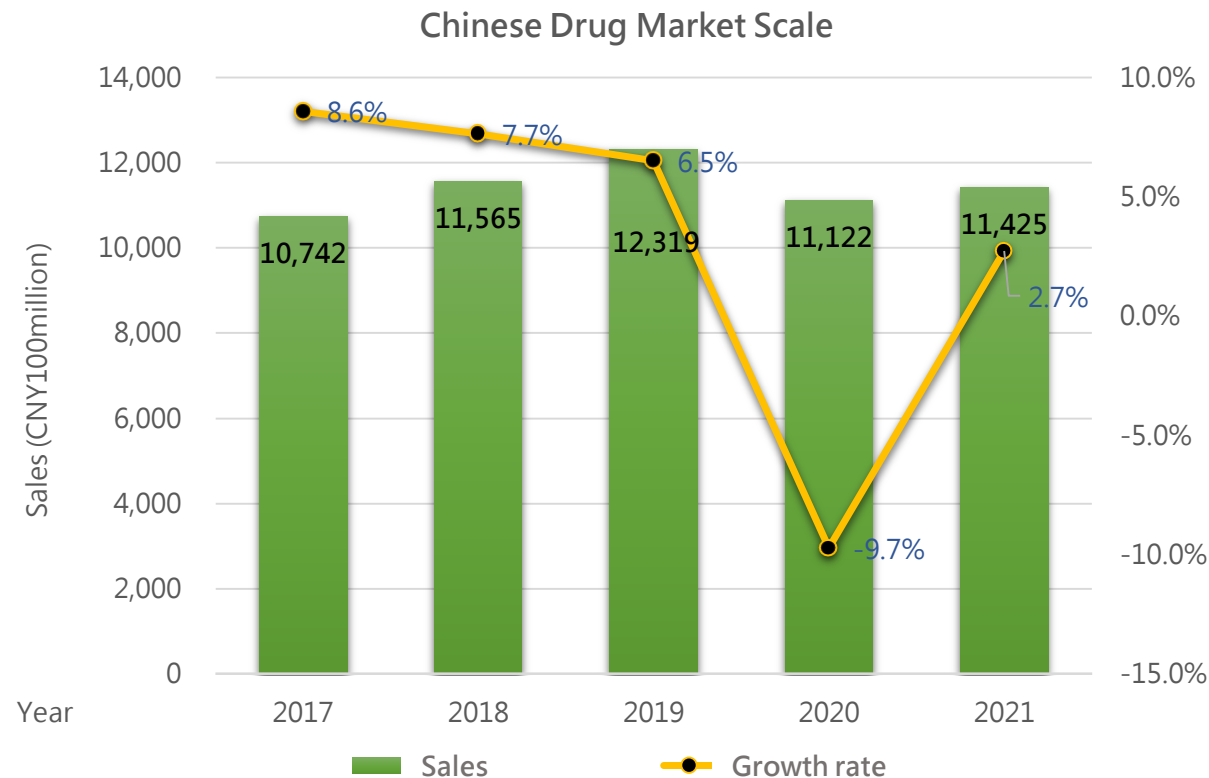
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# China Market Trends: Market situation

- The scale of Chinese drug market has continued to grow in recent years. Although it has declined slightly in 2020 due to the impact of COVID-19, it will rebound after the epidemic has stabilized in 2021. It is estimated that there is still room for growth in the future.



Source :  
www.menet.com.cn  
China CMH (second-level and public hospital)



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# Revenue Growth Strategy - Japan



## Collaboration Model

- CDMO
- Japan marketing partner
- License Holder



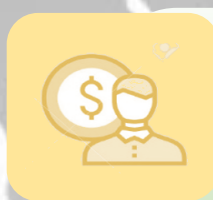
## Strategy

- Agent for brand drugs.
- Collaboration with local company in different market.
- Strategic alliance with API manufacturer.
- API Vertical Integration with Syn-Tech.



## Current State

- Obtained marketing licenses for Montelukast (Asthma) and Celecoxib (Anti-inflammatory)
- Obtained agency for gout new drug.



## On Going

- CDMO/CMO
- Common items for China/ Southeast Asia/ Japan are under discussion



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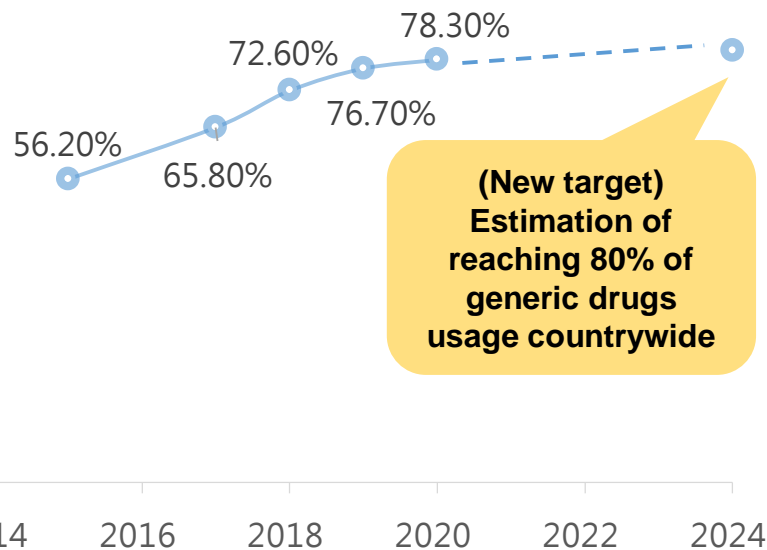


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# Japan Market Trend

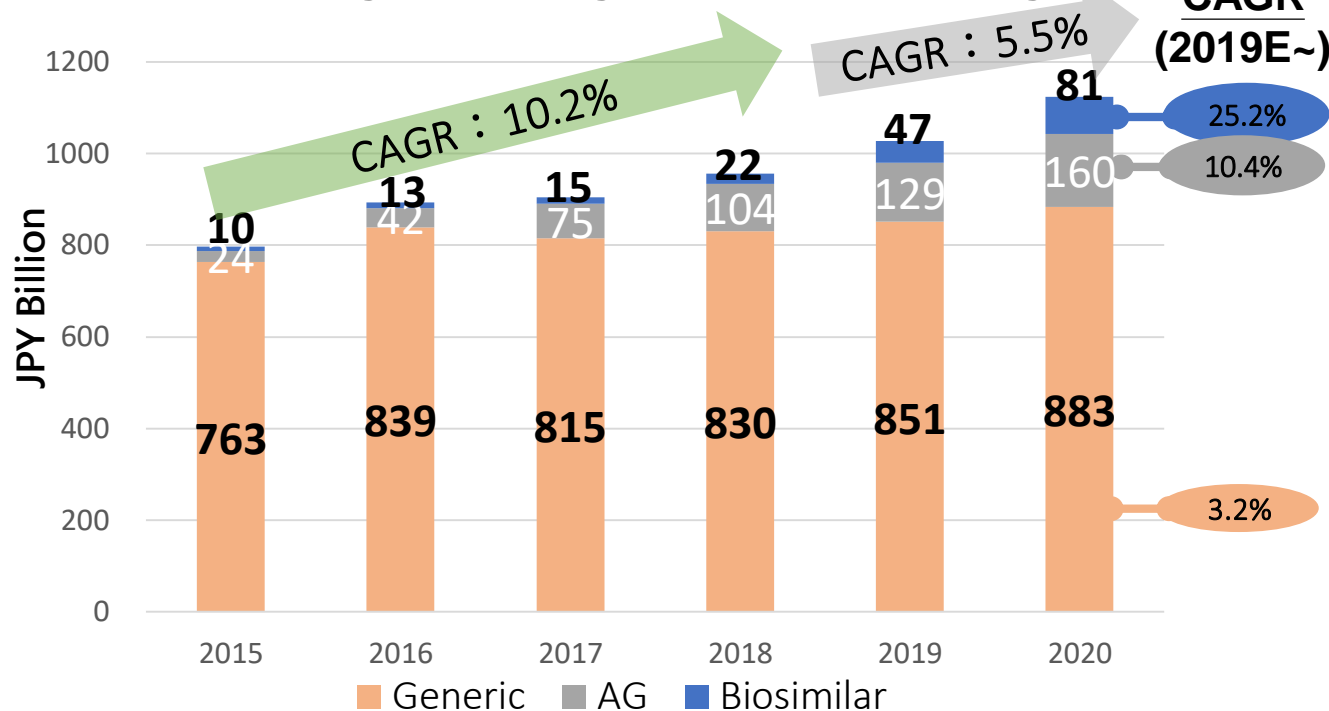
- New target of Japanese Ministry of Health and Welfare(MHLW): The usage of generic drugs must reach 80% by 2023.
- MHLW encourages the use of generic drugs, which mainly focus AG and biosimilar drugs, but with limited growth.

Changes for  
Japan generic drugs market volume



(New target)  
Estimation of  
reaching 80% of  
generic drugs  
usage countrywide

Japan generic drugs market scale changes



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# Revenue Growth Strategy – U.S.A.



## U.S.A. Market

- Largest Rx Market, with large proportion of generic drugs.
- Characterized by lengthy review timelines and costly compilation and filing work
- SCP's long term goals.



## Strategy

- Co-develop new products with pharmaceutical companies and dealers.
- API Vertical Integration with Syn-Tech.



## Current Status

- Export of diabetic and myotrophic lateral sclerosis(ALS) drugs.
- 2 drugs was P4 approved (drugs will be launched during 2023 and 2024)



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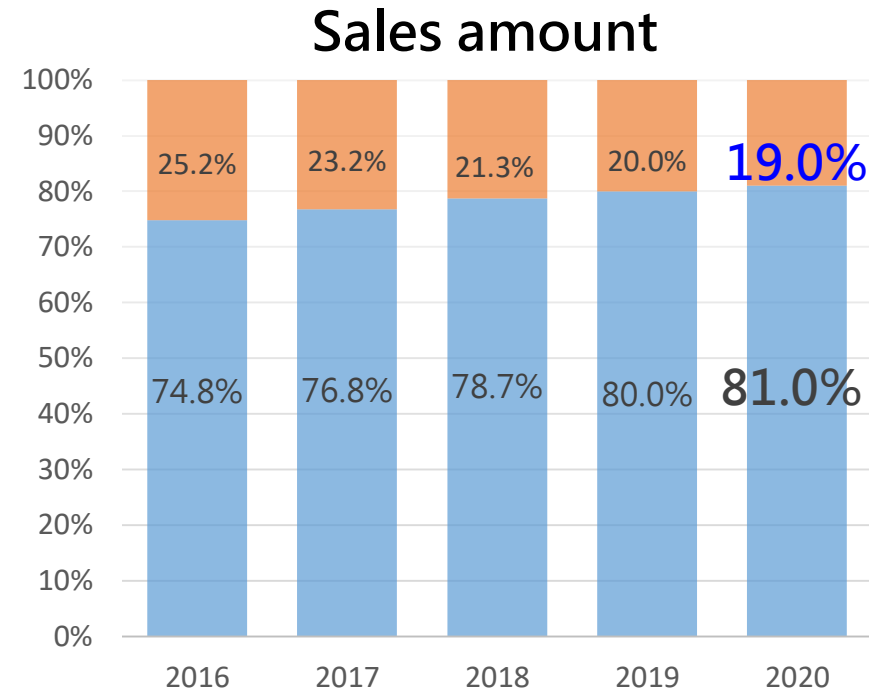
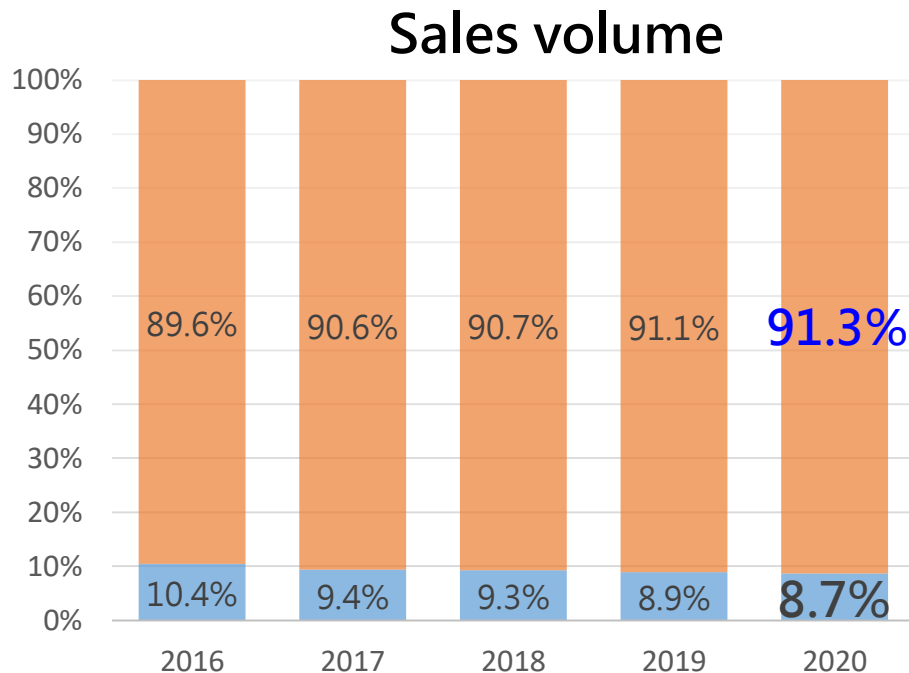
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# US Market Trend

- The US House of Representatives passed nearly 2 trillion social spending bill. The government will intervene in negotiations to lower the prices of old and high-priced drugs.
- In 2020, the sales volume of generic drugs reached 91.3%, but only accounted for 19% of sales amount.



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# US FDA overseas surprise inspection

Due to the increasing demand for inspection and to avoid prior notification given to manufacturers sufficient time to prepare, FDA announced this year that it will develop a plan to conduct unannounced inspection of overseas pharmaceutical facilities, with purpose to enhance foreign manufacturers to comply with the quality and safety standards accordingly, and without concealment acts.

- Surprise inspection started from India and China.
- Other countries inspection will resume from February.
- Manufacturers should be ready any time from inspection.



Source: GAO analysis of Food and Drug Administration data



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# Future Operation Strategy



Increasing overseas  
Marketing revenue

- Enhance overseas sales' resources
- Hire international talents

Core techniques and  
professional  
skills to expand  
global sales turnover

Mature R&D techniques  
to create turnover

Global marketing  
practices

- Foundation improvement
- To speed up turnover
- Explore and learn different market rules
- Seeking medium to long-term partnership



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# President Tsai Ing-Wen meet with winner of 2021 Outstanding Biotechnology Industry on Feb. 2022

- Mr. Tzu-Ting Fan, general manager of the company received souvenirs on behalf of the winning units



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# Agenda

- Introduction of Standard Group
- 2021 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
- Non-profit education
- Scholarships and Talent Cultivation
- 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 2021



## Scholarships

- University (related fields): 4 universities/5 students
- High school : 8 schools, totaled 143 students
- Middle school: 57 schools, totaled 734 students
- Elementary school : 236 schools, totaled 2,782 students

Total scholarship NTD 6.37 MM



## Hope After-school Class

- Weekday afternoons
- 19 schools · 1,235 students

Total scholarship NTD 1.13MM



## Sunflower Wednesdays

- Every Wednesday afternoons
- 4 Schools · 232 student

Total scholarship NTD 350KK



## Other Sponsorships

- Sponsorship to 12 non-for-profit organization for cultural and educational advancement

Grant Total- NTD 330KK



## Meal-Assistance

- In 2021, provided 6,896 meals to students during winter and summer vacation.

Assisted Total- NTD 470KK



## Charity

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

Suspended due to Covid-19 in 2021



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



Year 2021,

- The number of users is accumulated 152,279 user time.
- 24 healthy lectures were conducted that provide disease and healthcare knowledge.



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# Free Bone Mass Measurement and Community Health Seminar



Year 2021,

- 8 sessions of free bone mass measurement activity have been held and 920 people participated the activity.
- 8 sessions of community health lectures have been held, with a total of 500 participants.



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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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