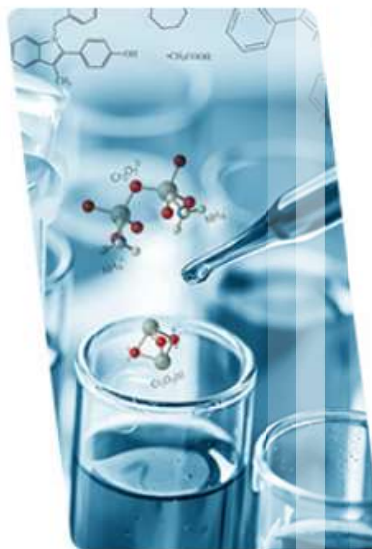


Standard Chem & Pharm Co., Ltd.  
Stock Symbol : 1720

# 2022 Investor Conference

11/17/2022



生達化學製藥

Standard Chem & Pharm CO., LTD.

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# Agenda

- Introduction of Standard Group
- 2022 Q1-Q3 Operating Results
- Future Operation Strategy
- Corporate Social Responsibility (CSR)

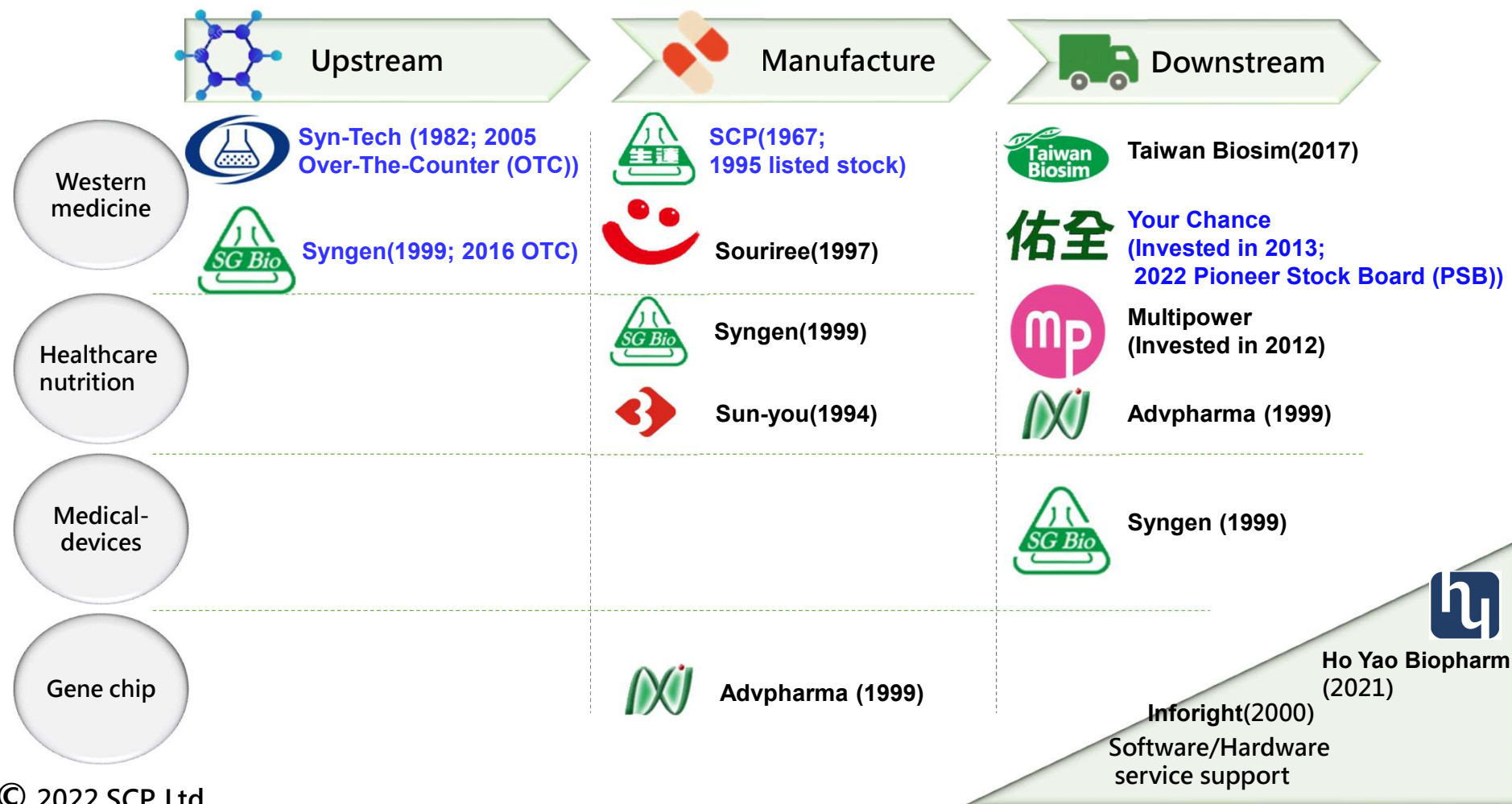


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- Introduction of Standard Group
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# SCP and Related/Affiliated Companies



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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

Subsequent US FDA GMP inspections : no 483  
Last Inspection : 2022/10/31



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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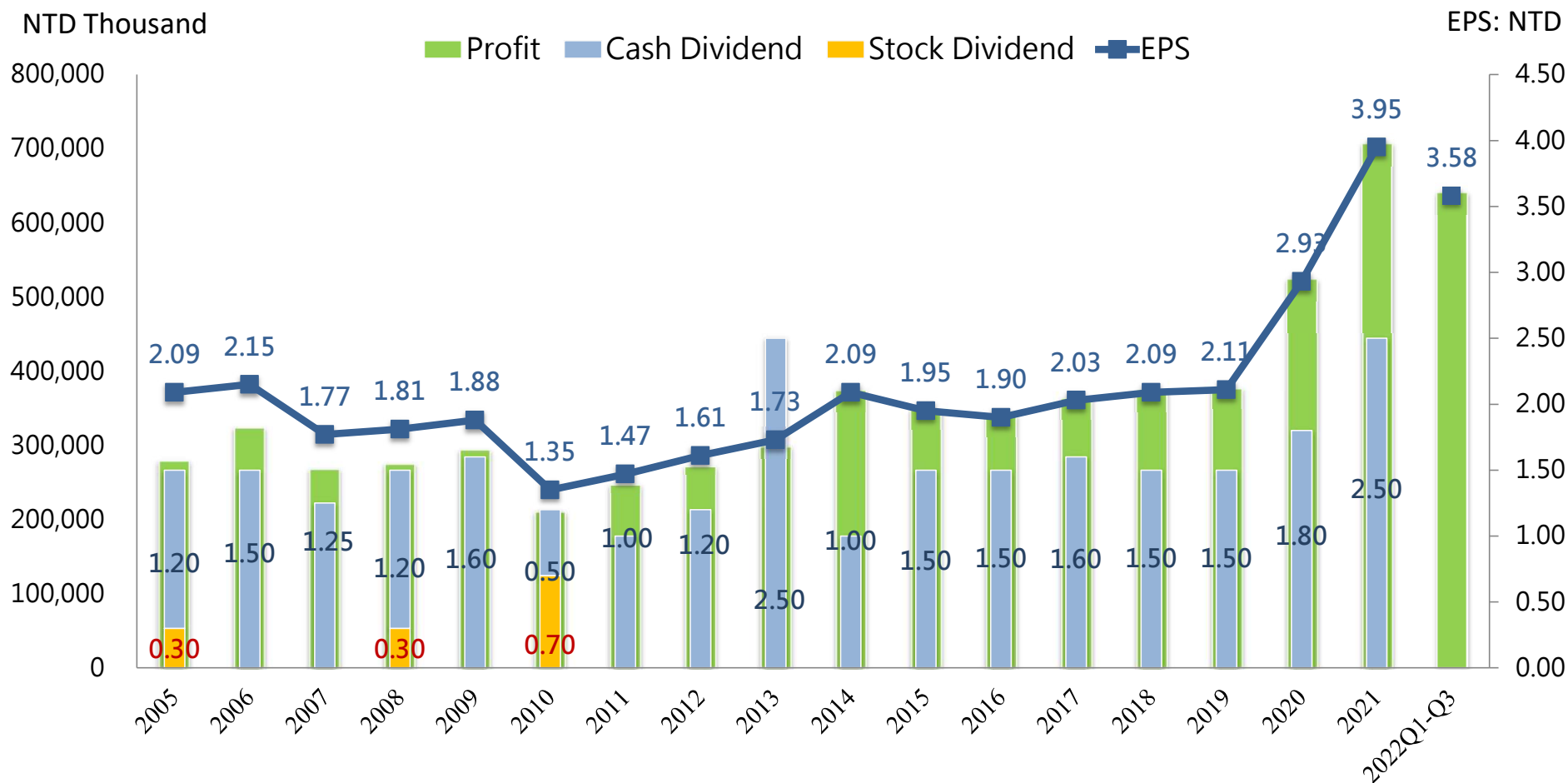


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# Agenda

- Introduction of Standard Group
- **2022 Q1-Q3 Operating Results**
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# 55 Years of Continuous Profitability



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# Consolidated Income Statement

Items	2022 Q1-Q3	2021 Q1-Q3	Diff.	Annual changes (%)
<i>(Unless otherwise specified, expressed in thousands of New Taiwan Dollars)</i>				
Operating revenue	4,268,103	3,371,013	897,090	26.6%
Gross profit	1,805,887	1,526,457	279,430	18.3%
<b>Gross profit margin</b>	<b>42.31%</b>	<b>45.28%</b>		<b>-2.97pct</b>
Operating expenses	991,207	892,428	98,779	11.1%
Operating profit	814,680	634,029	180,651	28.5%
Non-operating income and expenses	317,843	113,148	204,695	180.9%
Profit before income tax	1,132,523	747,177	385,346	51.6%
<b>Profit for the year</b>	<b>927,154</b>	<b>625,114</b>	<b>302,040</b>	<b>48.3%</b>
<b>Profit attributable to Shareholders of the parent</b>	<b>640,506</b>	<b>533,781</b>	<b>106,725</b>	<b>20.0%</b>
EPS(NTD)	3.58	2.99	0.59	19.7%

Note 1: SYN-TECH CHEM. & PHARM. Co., Ltd. is consolidated into the financial report since 2021.12.08.

Note 2: Consolidated profit margin decreased in comparison with last year due to the consolidation of SYN-TECH's profit margin of 35.60%.



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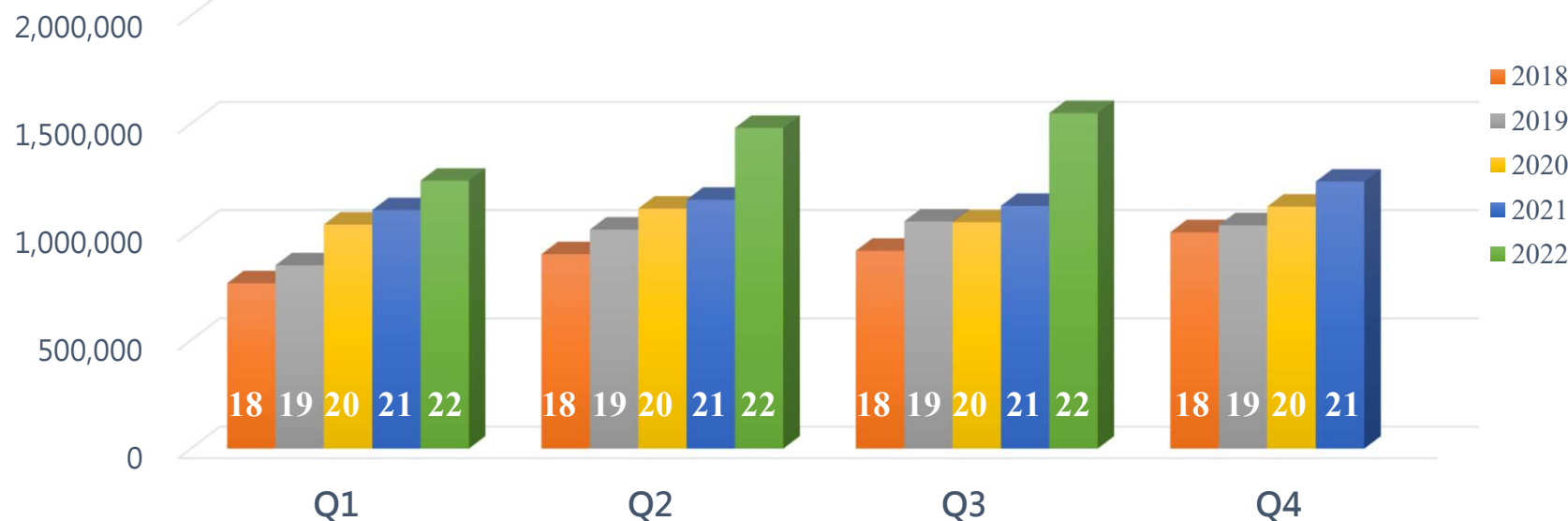
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# Comparison of Quarterly Revenue of Past 5 Years (Consolidated)

Expressed in thousands of NTD



	Q1	Q2	Q3	Q4	Total	Growth(%)
2018	763,261	897,693	913,353	998,786	3,573,093	-7.2%
2019	846,177	1,010,837	1,048,886	1,031,229	3,937,129	+10.2%
2020	1,034,417	1,108,059	1,045,351	1,117,573	4,305,400	+9.4%
2021	1,101,113	1,149,060	1,120,840	1,233,069	4,604,082	+6.9%
2022	1,237,170	1,481,061	1,549,872		4,268,103	+26.6%

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



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# Consolidated Balance Sheet

Items <i>(Expressed in thousands of NTD)</i>	2022/9/30		2021/9/30		Diff.	Annual changes(%)
	Amount	%	Amount	%		
Cash and cash equivalents	2,454,867	22.0%	1,325,452	17.9%	1,129,415	85.2%
Accounts receivable	1,424,976	12.8%	1,073,774	14.5%	351,202	32.7%
Inventories	1,322,473	11.8%	968,244	13.1%	354,229	36.6%
Investments	999,506	8.9%	1,173,217	15.8%	(173,711)	(14.8%)
Property, plant and equipment	3,529,686	31.6%	2,074,708	28.0%	1,454,978	70.1%
Others	1,436,662	12.9%	795,380	10.7%	641,282	80.6%
<b>Total Assets</b>	<b>11,168,170</b>	<b>100.0%</b>	<b>7,410,775</b>	<b>100.0%</b>	<b>3,757,395</b>	<b>50.7%</b>
Current Liabilities	3,306,926	29.6%	1,740,975	23.5%	1,565,951	89.9%
Non-current Liabilities	700,316	6.3%	526,817	7.1%	173,499	32.9%
<b>Total liabilities</b>	<b>4,007,242</b>	<b>35.9%</b>	<b>2,267,792</b>	<b>30.6%</b>	<b>1,739,450</b>	<b>76.7%</b>
<b>Total shareholder' s equity</b>	<b>7,160,928</b>	<b>64.1%</b>	<b>5,142,983</b>	<b>69.4%</b>	<b>2,017,945</b>	<b>39.2%</b>
<b>Debt Ratio(Liabilities/Assets)</b>		<b>35.9%</b>		<b>30.6%</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	2022 Q1-Q3	2021 Q1-Q3
<i>(Expressed in thousands of NTD)</i>		
<b>Cash at beginning of year</b>	2,564,395	1,036,183
Cash flows from operating activities	962,804	557,366
Acquisition of property, plant and equipment	(1,010,569)	(165,908)
Cash dividends	(446,740)	(321,653)
Short-term borrowings	567,183	151,496
Investment and others	(182,206)	67,968
<b>Cash at end of year</b>	2,454,867	1,325,452
<b>Free cash flow</b>	(47,765)	391,458
<i>(Cash flows from operating activities-Acquisition of property, plant and equipment)</i>		

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



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

# Future Milestone



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# SCP – Major International Businesses of the Past 2 Years

## Taiwan



- Sales performance growth during COVID-19 due to well-managed production and sales coordination.
- The cumulative profit of SCP, Syn-Tech, and Syngen 2022 hit a new high record in the first three quarters of 2022.

## China



- Continues export of antibiotic injection.
- Application for Generic Quality Consistency Evaluation(GQCE) and drugs BE studies in process.

## Japan



- Bronchiolitis drug, non-steroid anti-inflammatory drugs are delivered persistently.
- CDMO/CMO products in process.



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# Revenue Growth Strategy -Taiwan



- The EPS of 3 companies of SCP group hit record high in the first three quarters of 2022

Company	EPS 2022 Q1~Q3
SCP (1720)	3.58
Syn-Tech (1777)	6.10
Syngen (8279)	9.31

- Outstanding Operation

- ✓ 4 major business field
  - Western medicine, APIs, health food, and drugstore chain channels
- ✓ Excellent operation team: SCP, Syn-Tech, Syngen, and Your Chance
- ✓ July 2022, API department was split-off from SCP and transferred to Syn-Tech
- ✓ October 2022, Your Chance registered for Pioneer Stock Board (6929)



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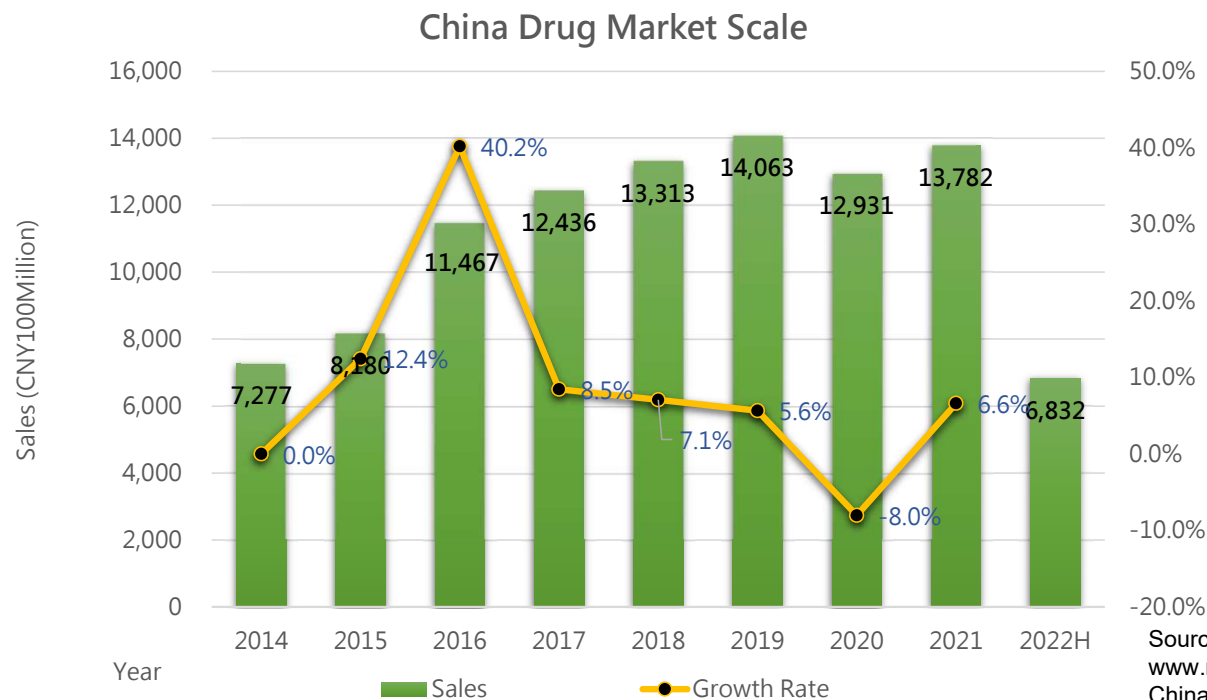


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# China Market Trends: Current

- China's Drug Market continues to grow due to strengthening its medical and health system.
- Market declined in 2020 due to epidemic, but the sales growth rate picked up in 2021, and it is expected to grow in the future.



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# China Market Trends: Report to the 20th National Congress—Advancing the Healthy China Initiatives

## 3 Healthcare systems at once

- Actively develop medical insurance
- Improve insurance and medical assistance system
- Implement the settlement of medical treatment in different places and establish a long-term care insurance system

## Proactive response to population aging

- The proportion of chronic medical diseases in the country will increase to 68%
- Strengthen the comprehensive prevention and control of chronic diseases by promoting the use of medicines

## Population development strategy

- China's children's drug market has tripled in 13 years since 2007
- Future focus on children's medicines (e.g. dosage forms, rare disease treatments, etc.)

## Preservation & innovation of traditional Chinese medicine

- Establish a traditional Chinese medicine evaluation system suitable for its unique laws, and optimize traditional Chinese medicine with ancient classic prescriptions



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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



## Bio- Equivalence Execution

- One completed



## NMPA Consistency Evaluation

- 6 ongoing cases, 4 of which were submitted for evaluation



## Strategy

- Emphasize export and tech transfer simultaneously
- Accelerate license acquisition, import MAH
- Self-owned medicine certificate and establishment of channel



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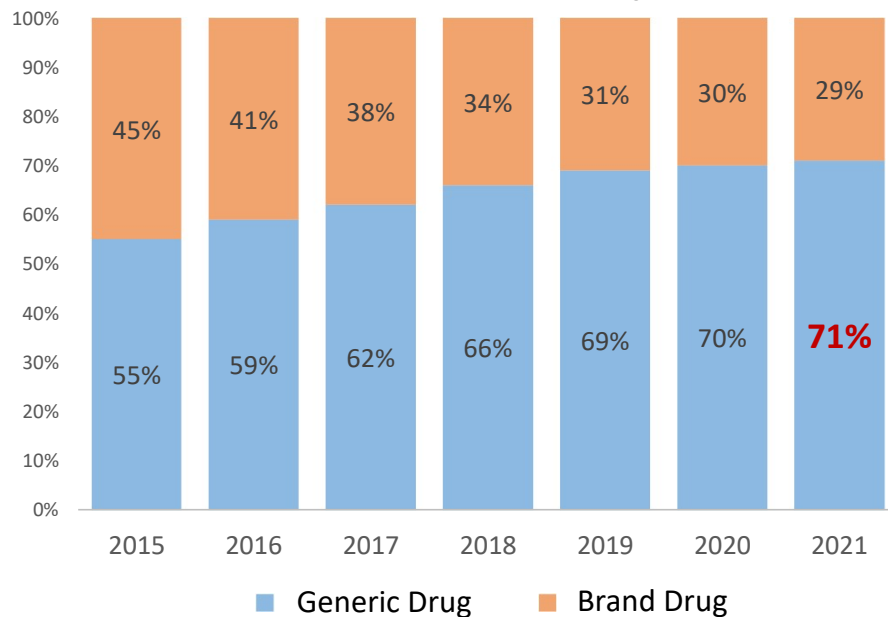


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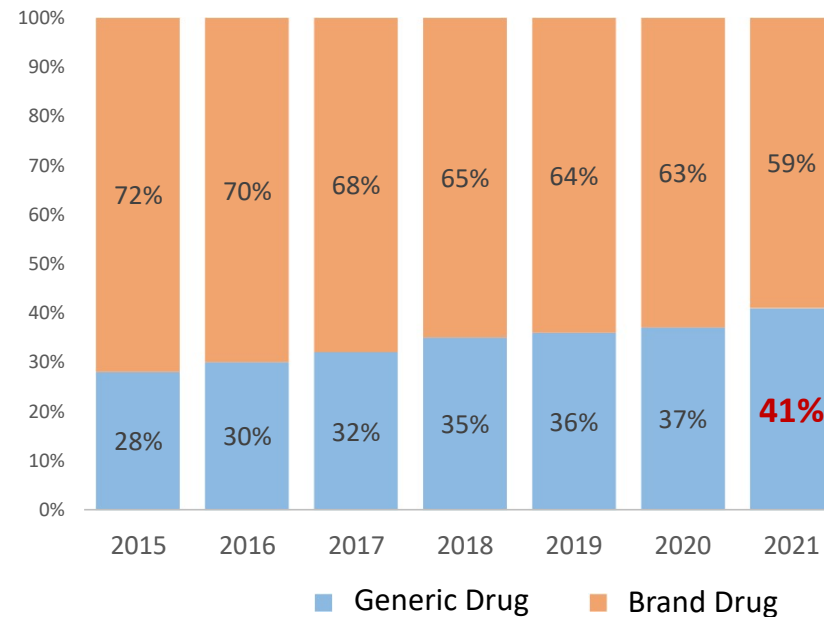
# Japan Market Trend

- Sales quantity of generic drugs accounted for 71% of the total market, and sales amount accounted for 41% of the market.
- The generic drug market is affected by rising prices and the depreciation of the yen. The cost accounts for 60 to 80% of the drug price. Total of 696 items (94 companies) in deficit according to MOHW's survey. Scholars called on the Japanese government to implement short-term countermeasures

## Sales Quantity



## Sales Amount



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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

- Ongoing export of Montelukast (Asthma) and Celecoxib (Anti-inflammatory)
- Obtained agency for gout new drug. Clinical trials in process, and **it is expected to be launched in 2025**



## On Going

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



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# US Market Trend

- Executive order was signed on Sep.12, 2022 to invest more than \$2 billion to support the domestic biotechnology industry.
- More than 80% of the APIs in the US are imported, and more than half of the APIs come from China and India.
- Ensuring the localized supply of APIs.
- Outsourced production needs have become an important business source for Taiwan biotechnology industry.

Item	Content	Investment
Strengthen supply chains	Investment in APIs, antibiotics, and infectious disease drugs	\$310 million in 5 years
Expand US production	investment in biotechnology industry infrastructure	\$1.7 billion in 5 years
Expend domestic market	Investment in biofuels and chemicals	\$170 million
Innovation support	Provide innovation funds	over \$200 million



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# Revenue Growth Strategy – U.S.A.



## U.S.A. Market

- Largest Rx Market, with large proportion of generic drugs.
- Drug certificate application is characterized by its complexity, lengthy review process, and its cost



## Strategy

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



## Current Status

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



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# SCP's Alliance with EASYWELL BIOMEDICALS



EASYWELL's US production base: Tulex Pharmaceuticals

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



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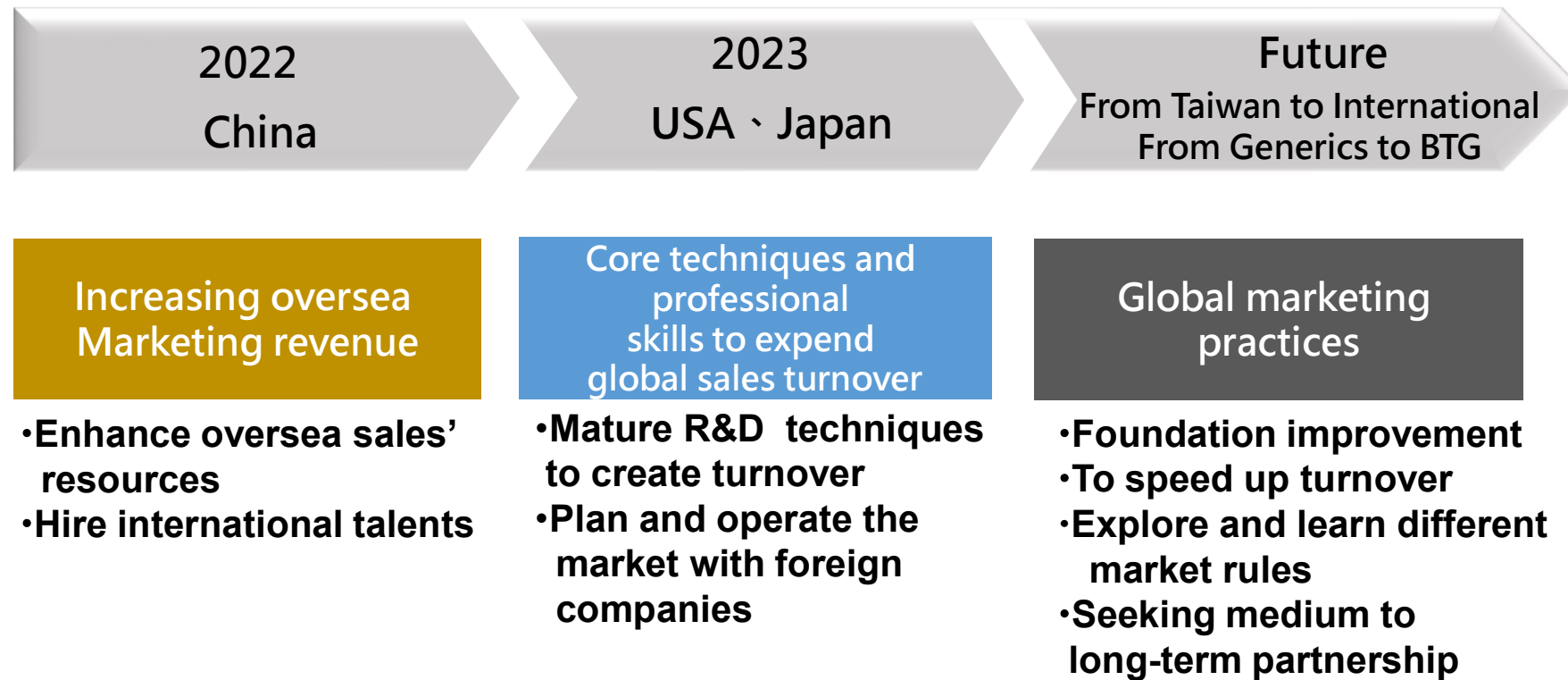
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# Future Operation Strategy



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- Introduction of Standard Group
- 2022 Q1-Q3 Operating Results
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- **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
- Children's education and happiness



## Rewards and Honors Received

- 2011: Special Recognition Award – Ministry of Education
- 2012: Tainan City Govt. Grant for Scholarship Program
- 2013: National Special Selection Award for After-School Program – Dept. of Education
- 2022: Group Award on Social Education Contribution by Ministry Of Education



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# List of Group Award-MOE Social Education Contribution

Y2021	Y2022
<p>Taoyuan City LOHAS Pilot Education Society</p> <p>ROC Foundation for Autistic Children and Adults in Taiwan</p> <p>Yuanta Cultural and Educational Foundation</p> <p>Sin-Guang Visually Impaired Education Foundation</p> <p>TSMC Education &amp; Culture Foundation</p> <p>ESUN Education &amp; Culture Foundation</p> <p>Maconix Education Foundation</p> <p>Chun Yi Foundation</p> <p>AAEON Foundation</p> <p>First Commercial Bank Edu. &amp; Cul. Foundation</p> <p>ASUS Foundation</p> <p>Doandelin Hope Foundation</p> <p>Buddha's Light International Association ROC</p> <p>Feng-Nian Elementary School, Xinzhuang Dist., New Taipei City</p> <p>Juhu Elementary School</p>	<p>Mei Nong Ph.D. Scholar Association</p> <p>Soil and Water Conservation Bureau Council of Agriculture, Hualien Branch</p> <p>Chang Gung Health and Culture Village</p> <p>Water Source Education &amp; Culture Foundation</p> <p>Taiwan Reading Culture Foundation</p> <p>Huiguang Yuan-ton Puxian Culture and Education Foundation</p> <p><b>Fan Dao Nan Foundation</b></p> <p>Taisun Cultural Foundation</p> <p>Chang Yung-Fa Foundation</p> <p>Chen Qingbo Culture and Education Foundation</p> <p>UMC Education &amp; Culture Foundation</p> <p>NOVATEK Education Foundation</p> <p>National Library of Public Information</p> <p>New Taipei City Banqiao Community University</p> <p>Family Education Center of Tainan City</p>



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# Corporate Social Responsibility: Jan~ Oct 2022



## Scholarships

- University (related fields): 4 universities/5 students
- High school :5 schools, totaled 93 students
- Middle school: 57 schools, totaled 726 students
- Elementary school :208 schools, totaled 2,465 students

Total scholarship NTD 5.79 MM



## Hope After-school Class

- Weekday afternoons
- 31 schools · 2,545 students

Total scholarship NTD 1.71MM



## Sunflower Wednesdays

- Every Wednesday afternoons
- 8 Schools · 460 students

Total scholarship NTD 400 KK



## Other Sponsorships

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

Grant Total- NTD 530 KK



## Meal-Assistance

- Provided 6,775 meals to students during winter and summer vacation.

Assisted Total- NTD 540KK



## Charity

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

Suspended due to Covid-19



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# Senior Gym in Taiwan – Athletic Training and Health Center



Jan. to Oct. 2022,

- The number of users is accumulated 54,998 user times.
- 16 health lectures were conducted regarding body healthcare and fitness



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# Community Landscaping Adoption



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# Corporate Volunteer Fireman



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# Q & A