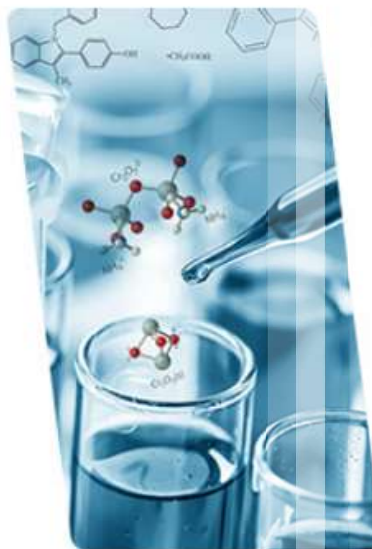


Standard Chem & Pharm Co., Ltd.
Stock Symbol : 1720

2023 Investor Conference

04/20/2023



生達化學製藥

Standard Chem & Pharm CO., LTD.

免責聲明 Safe Harbor Notice



本次簡報與討論包含特定預測性的說明，而其內容有關於營運結果、財務狀況，以及對未來事件的預期。因為此等前瞻性說明是有關於未來事件，而且取決於未來發生時的環境因素，所以必然含有風險與不確定性。

本公司將不負擔公開更新或修改這些預測性的說明之義務，無論是出現新資訊、未來發生任何事件，或其他情況。實際結果可能與此等預測性說明推測的內容有重大差異。

In these presentations and discussions, there are certain forward looking statements regarding the results of operation, financial condition and current expectation about future events. As forward-looking statements relate to events and depend on circumstances in the future, they involve risk and uncertainty.

We do not undertake any obligation to publicly revise or update any forward looking statements for availability of new information, future events or otherwise. Real result probably differ substantially from those expected in these forward-looking statements.



STANDARD

Agenda

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

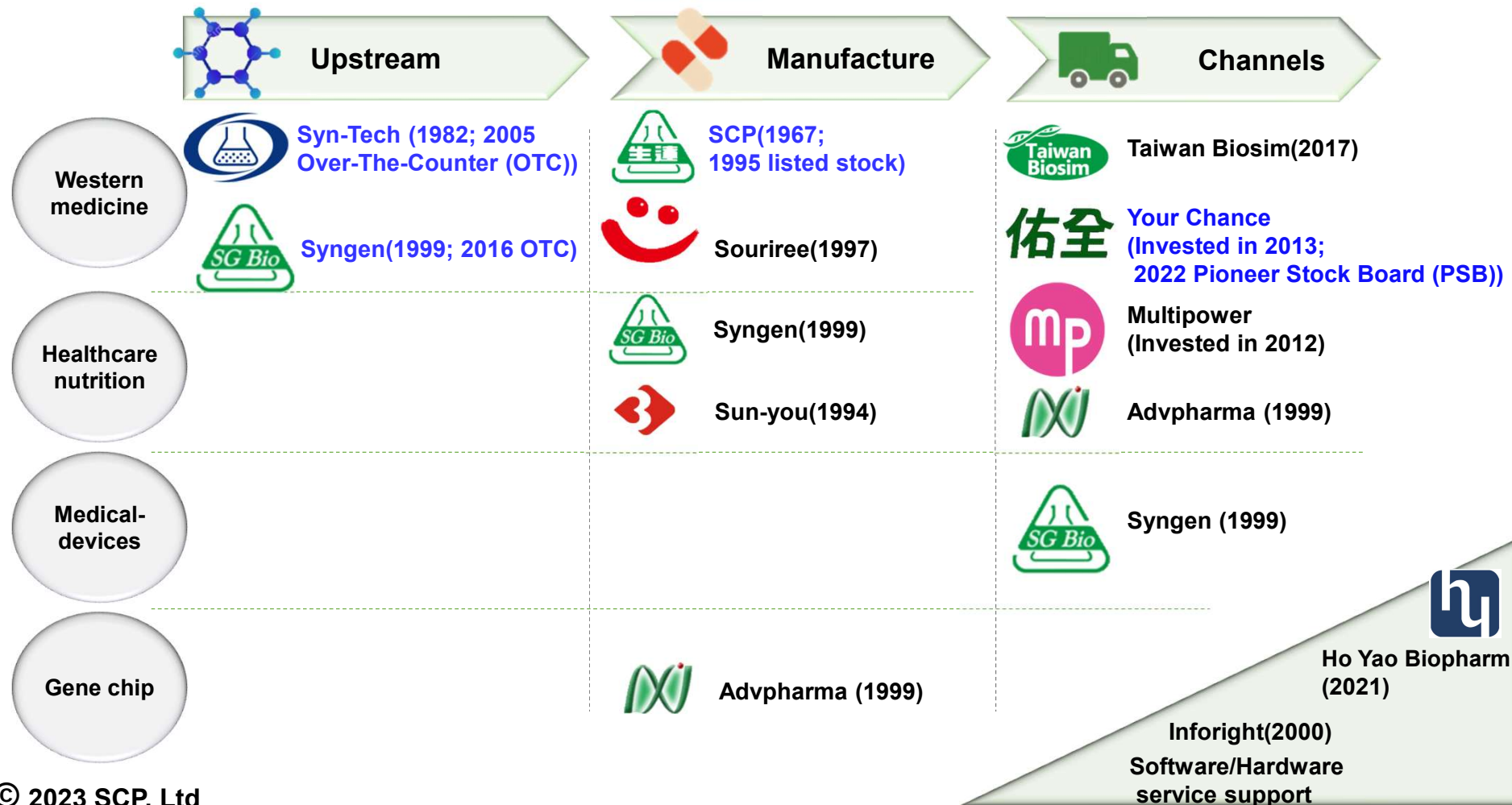


STANDARD

Agenda

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

SCP and Related/Affiliated Companies



STANDARD



Introduction



Achievement



Strategy



CSR

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



STANDARD



Introduction



Achievement



Strategy



CSR



STANDARD

Agenda

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

Consolidated Income Statement

Items	2022	2021	Diff.	Annual changes (%)
<i>(Unless otherwise specified, expressed in thousands of New Taiwan Dollars)</i>				
Operating revenue	5,851,368	4,604,082	1,247,286	27.1%
Gross profit	2,487,613	2,067,873	419,740	20.3%
Gross profit margin	42.3%	44.9%		-2.6pct
Operating expenses	1,369,192	1,191,191	178,001	14.9%
Operating profit	1,118,421	876,682	241,739	27.6%
Non-operating income and expenses	281,512	137,068	144,444	105.4%
Profit before income tax	1,399,933	1,013,750	386,183	38.1%
Profit for the year	1,153,620	836,802	316,818	37.9%
Profit attributable to Shareholders of the parent	815,408	706,734	108,674	15.4%
EPS(NTD)	4.56	3.95	0.61	15.4%

Note: SYN-TECH is consolidated into the financial report of the group in December, 2021. In 2022, the gross profit margin of SYN-TECH at 37.3% caused the overall gross profit margin of the Company to decrease compared to the same period in 2021.



STANDARD



Introduction



Achievement



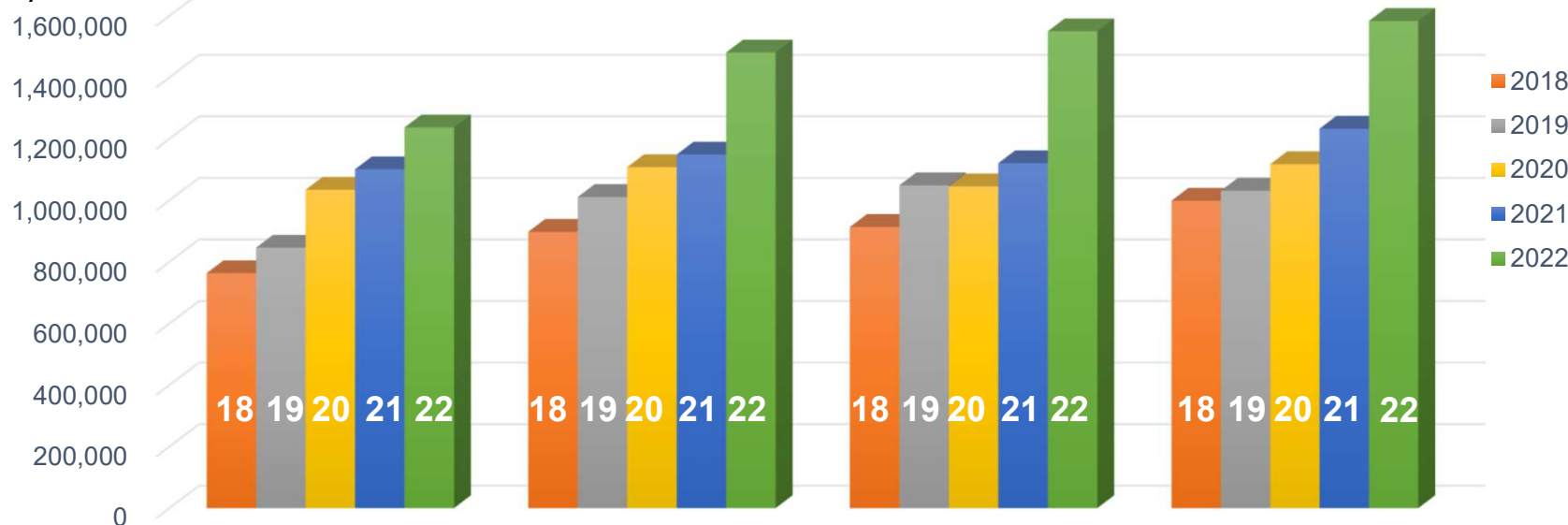
Strategy



CSR

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	1,583,265	5,851,368	+27.1%

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



STANDARD



Introduction



Achievement



Strategy



CSR

Consolidated Balance Sheet

Items <i>(Expressed in thousands of NTD)</i>	2022		2021		Diff.	Annual changes(%)
	Amount	%	Amount	%		
Cash and cash equivalents	2,259,381	20.6%	2,564,395	25.4%	(305,014)	(11.9%)
Accounts receivable	1,479,581	13.5%	1,490,058	14.8%	(10,477)	(0.7%)
Inventories	1,386,483	12.6%	1,217,528	12.1%	168,955	13.9%
Investments	1,020,599	9.3%	904,243	9.0%	116,356	12.9%
Property, plant and equipment	3,658,581	33.4%	2,658,198	26.3%	1,000,383	37.6%
Others	1,163,634	10.6%	1,260,617	12.5%	(96,983)	(7.7%)
Total Assets	10,968,259	100.0%	10,095,039	100.0%	873,220	8.6%
Current Liabilities	2,879,832	26.3%	2,716,097	26.9%	163,735	6.0%
Non-current Liabilities	652,826	6.0%	579,328	5.7%	73,498	12.7%
Total liabilities	3,532,658	32.2%	3,295,425	32.6%	237,233	7.2%
Total shareholder's equity	7,435,601	67.8%	6,799,614	67.4%	635,987	9.4%
Debt Ratio(Liabilities/Assets)		32.2%		32.6%		



STANDARD



Introduction



Achievement



Strategy



CSR

Consolidated Cash Flows

Items	2022	2021
<i>(Expressed in thousands of NTD)</i>		
Cash at beginning of year	2,564,395	1,036,183
Cash flows from operating activities	1,227,834	827,034
Acquisition of property, plant and equipment	(1,193,533)	(213,108)
Cash dividends	(446,740)	(321,653)
Short and loan-term borrowings	124,014	274,221
Investment and others (Note)	(16,589)	961,718
Cash at end of year	2,259,381	2,564,395
Free cash flow		
<i>(Cash flows from operating activities-Acquisition of property, plant and equipment)</i>	34,301	613,926



STANDARD



Introduction



Achievement



Strategy



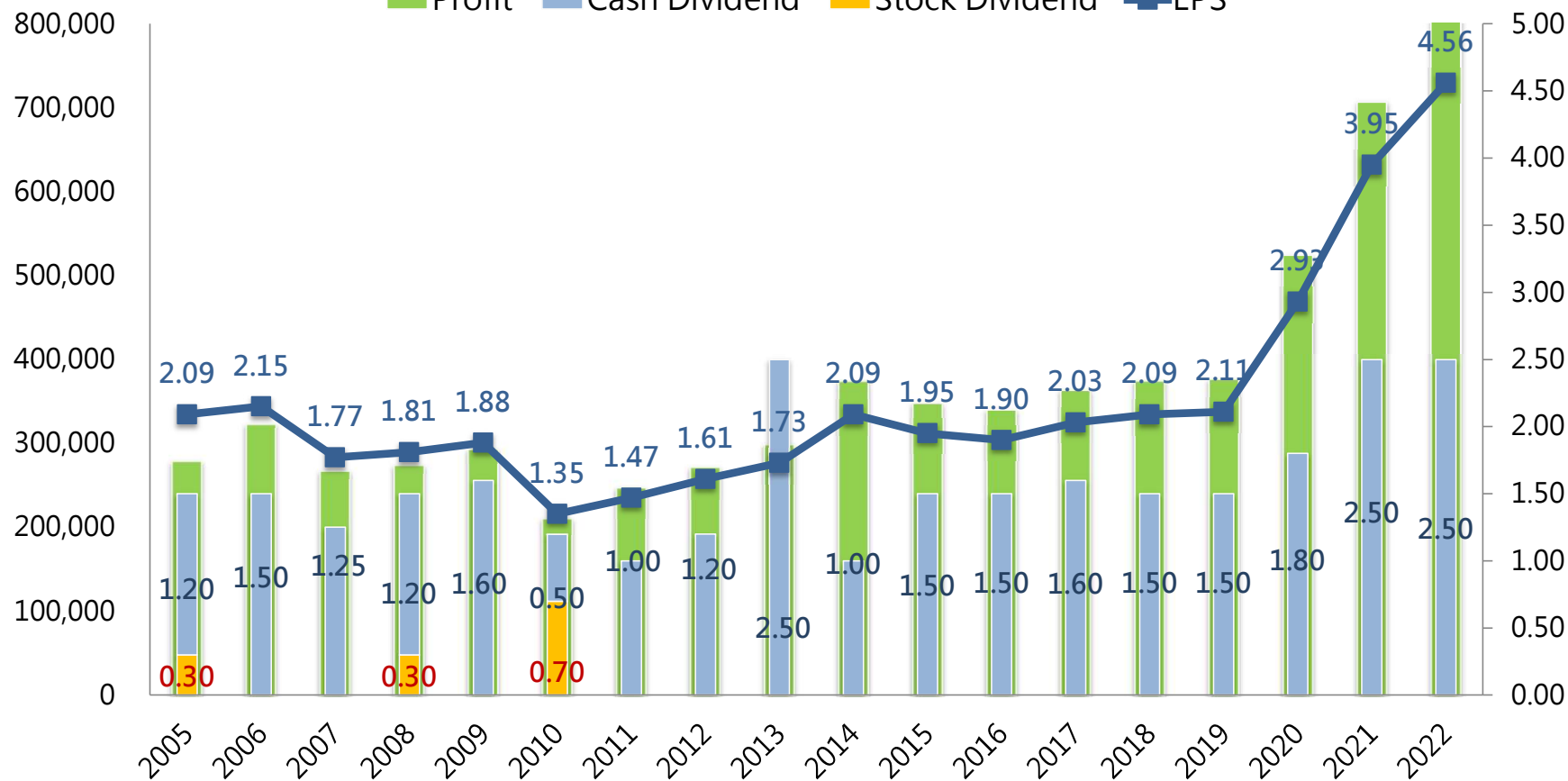
CSR

10

1720 SCP achieved a record high net profit after tax and EPS in 2022

NTD Thousand

Profit Cash Dividend Stock Dividend EPS



STANDARD



Introduction



Achievement



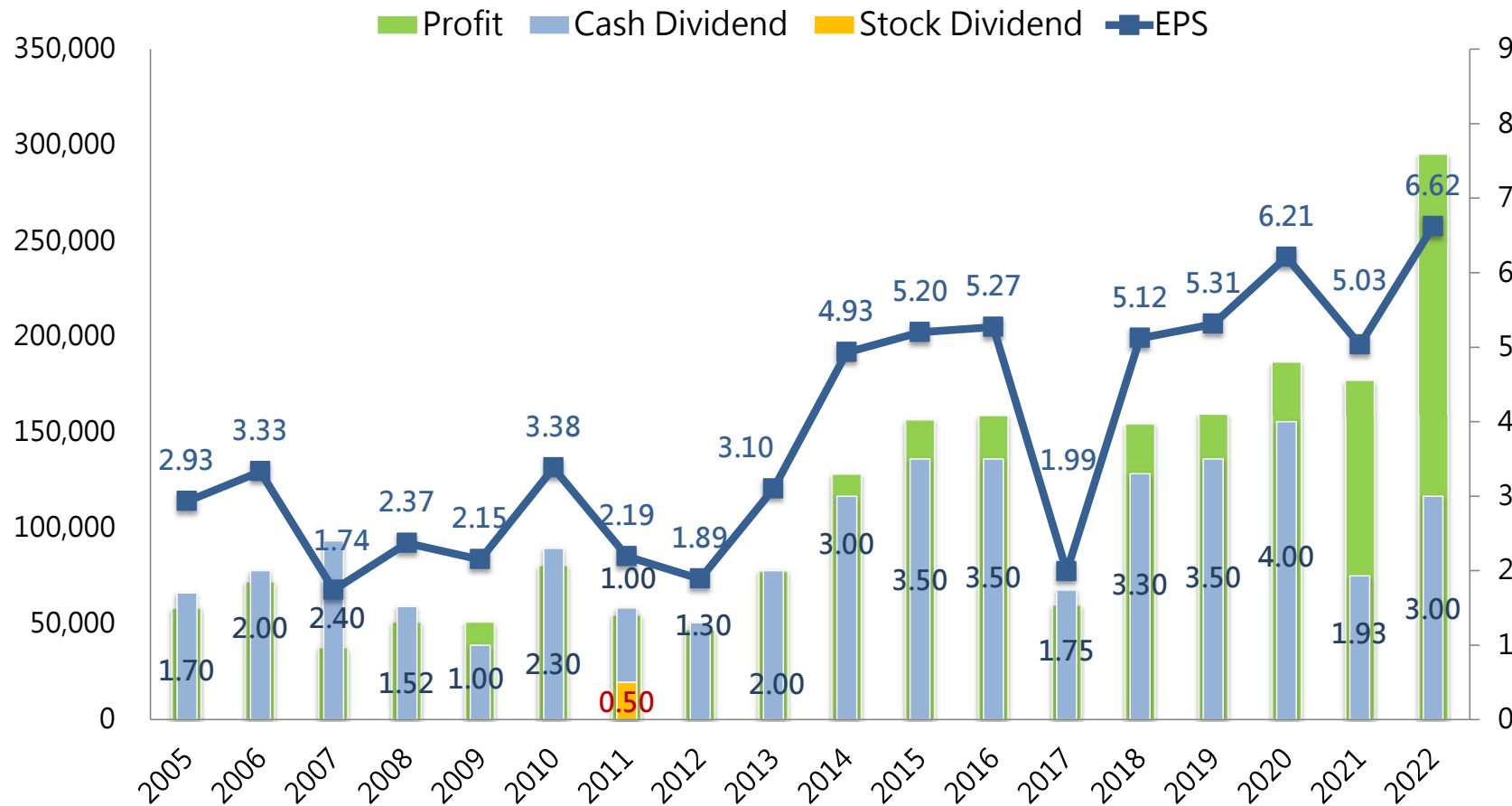
Strategy



CSR

1777 SYN-TECH achieved a record high net profit after tax and EPS in 2022

NTD Thousand



© 2023 SCP, Ltd



STANDARD



Introduction



Achievement



Strategy

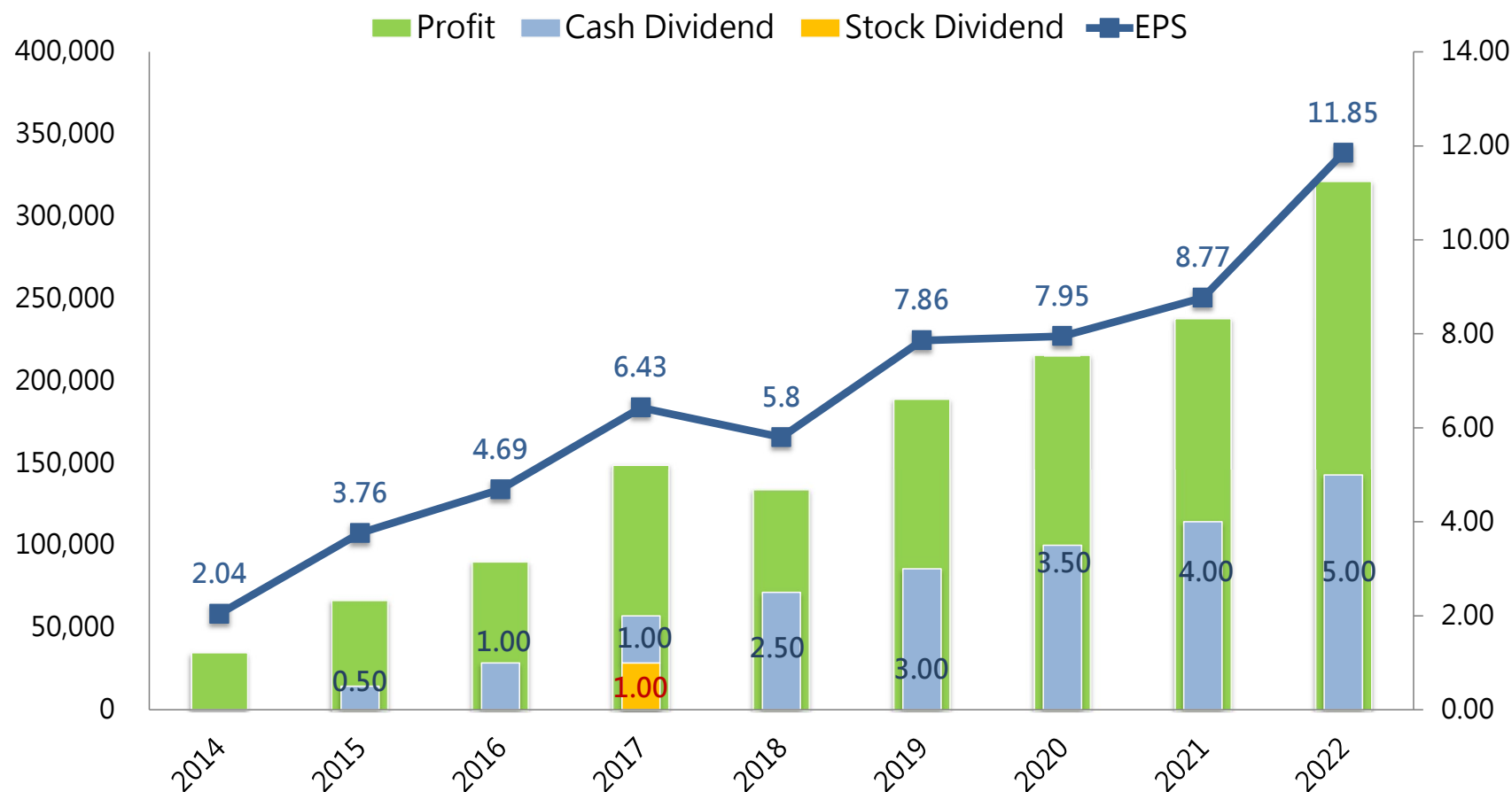


CSR

12

8279 Syngen achieved a record high net profit after tax and EPS in 2022

NTD Thousand



STANDARD



Introduction



Achievement



Strategy



CSR



STANDARD

Agenda

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

Future Milestone



STANDARD



Introduction



Achievement



Strategy



CSR

15

Significant Business Activities in the Past Two Years

Taiwan



- During the COVID-19 pandemic, effective production and sales control led to business growth.
- **SCP, SYN-TECH, and Syngen achieved record high EPS in 2022.**

China



- Continue to seek collaborations with pharmaceutical companies.
- Strategy: cooperation through technology transfer and import our own branded products.
- In 2022, two import applications were submitted.
- In 2023, one agreement was signed, one import application was submitted, and a total of five applications were under review.

Japan



- We continue to ship medications for bronchiolitis and oral anti-inflammatory and pain relief medications.
- CDMO/CMO items are in progress.
- Acting as agent to import new drugs, with an expected submission in 2023 and launch in 2025.



STANDARD



Introduction



Achievement



Strategy



CSR

Revenue Growth Strategy -Taiwan



The three companies in the group achieved record high EPS in 2022.

Company	EPS 2022
SCP (1720)	4.56
Syn-Tech (1777)	6.62
Syngen (8279)	11.85

● Outstanding Operation

- ✓ We focus on four main areas of business:
 - Western medicine formulations, APIs, health supplements, and pharmaceutical chain stores.
- ✓ SCP, Syn-Tech, Syngen, and Your Chance all have outstanding management teams
- ✓ Your Chance(6929) was listed on the Pioneer Stock board in October 2022 and is expected to transfer to the emerging stock market by the end of 2023.



STANDARD



Introduction



Achievement



Strategy



CSR

China Market Trends: Current Market Situation

Pharmaceutical companies: Returning to fundamentals

Pharmaceutical companies are refocusing on drugs with clinical value and being more conservative, after the capital market cooled off due to the failure to produce truly innovative drugs despite various bonuses and subsidies.

Certain mechanisms, such as PD-1 and CDE, have led to an excessive number of new drugs.

Impact of centralized procurement cost control

Investment in generic drugs is decreasing, with only well-funded large pharmaceutical companies actively developing them. Small and medium-sized enterprises and pure pharmaceutical sales companies are in a dilemma, fearing short-term difficulty in recovering their investment and long-term lack of products. Sales companies are beginning to focus on non-hospital and online sales platforms that are relatively unaffected by centralized procurement.



STANDARD



Introduction



Achievement



Strategy



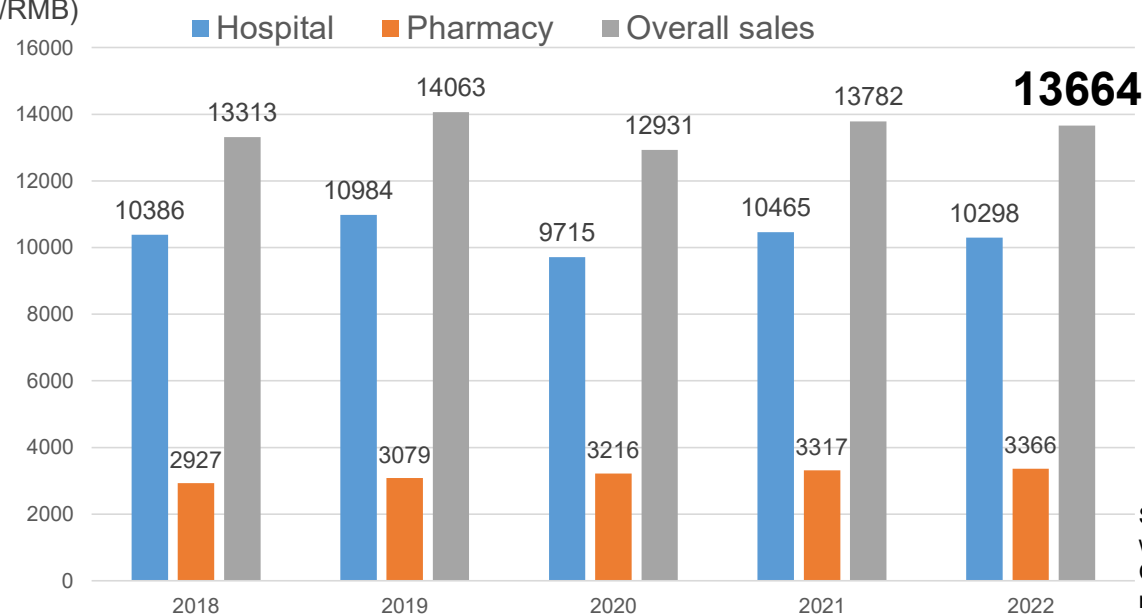
CSR

18

China Market Trends: Current Market Situation

- Sales were affected by the pandemic in 2020, but recovered in 2021. However, the second outbreak in 2022 caused another dip in sales.
- In mid-December 2022, China withdrew its "zero-COVID" policy, causing a rebound in sales in the pharmaceutical market and even shortages in some regions. It is estimated that pharmaceutical sales will fully recover in 2023.

(Unit: Hundred million/RMB)



Source :
www.menet.com.cn
China (public hospital and brick-and-mortar pharmacy)



STANDARD



Introduction



Achievement



Strategy



CSR

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
- Joint ownership of License
- Cooperative production and marketing
- Profit-sharing Partnerships



Bio- Equivalence Execution

- One completed



NMPA Consistency Evaluation

- 9 ongoing cases, 5 of which were submitted for evaluation



Strategy

- Emphasize export and tech transfer simultaneously
- Accelerate license acquisition to become MAH
- Self-owned drug licenses and establishment of distribution channel



STANDARD



Introduction



Achievement



Strategy

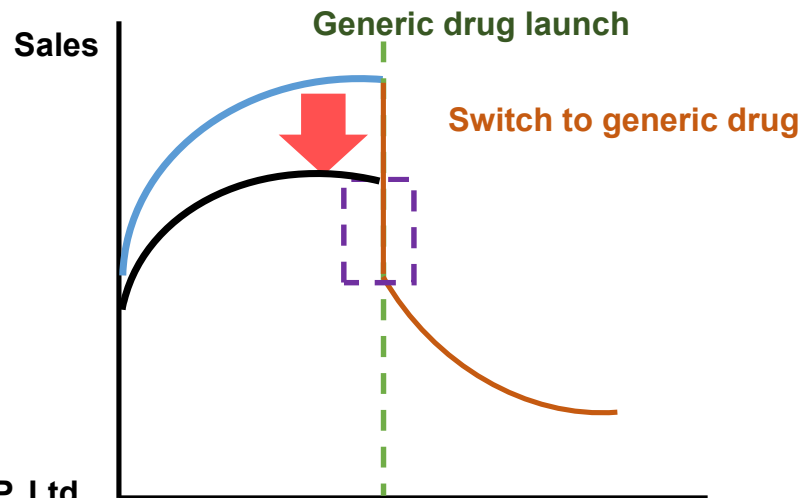


CSR

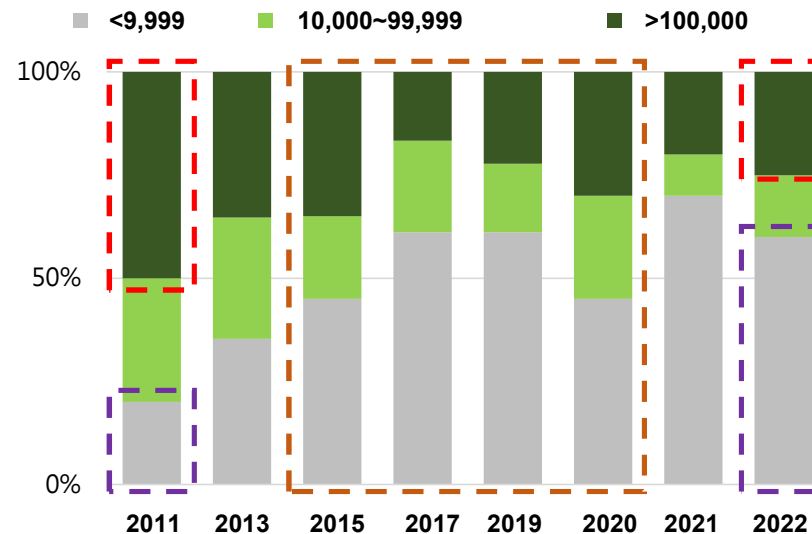
Japan Market Trend

- After 2018, new drugs were no longer eligible for price increases and their prices were adjusted downward each year. This made it difficult for R&D investments to be recovered. Of all the new drugs launched in the US and EU each year, 72% are not available in Japan.
- New drug launches are shifting towards rare diseases (those with a patient population of less than 9,999).

New Drugs sales changes



New Drugs development field changes



STANDARD



Introduction



Achievement



Strategy



CSR

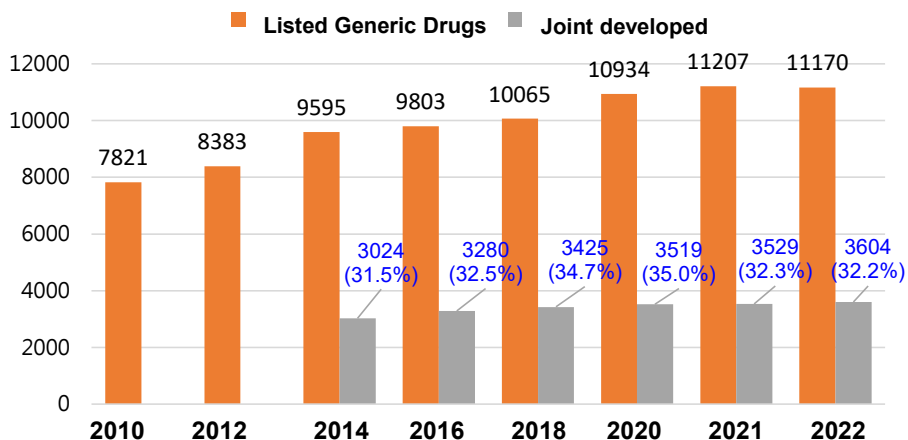
Japan Market Trend

The price of API for drugs has skyrocketed, accounting for approximately 60-80% of the production cost of drugs.

Pharmaceutical companies are actively involved in joint development. About 32% of the products that receive drug licenses each year are developed jointly.

Generic drugs commonly face shortages and controlled shipments, and are affected by factors such as low prices, logistics warehouse fires, and increased shipping costs due to epidemics. Once the supply is interrupted, it will be replaced easily

Proportion of joint developed drugs



© 2023 SCP, Ltd

2021 Drug shortage and controlled shipment

Category	Shortages		Controlled shipment	
	Num#	%	Num#	%
Brand	34	4.6%	170	7.1%
Generic	686	92.3%	2204	91.8%
Other	23	3.1%	26	1.1%
Total	743	100%	2400	100%



STANDARD



Introduction



Achievement



Strategy



CSR

22

Revenue Growth Strategy - Japan



Collaboration Model

- CDMO
- Japan marketing partner
- Self-owned license



Strategy

- Agent for brand new drugs.
- Collaborating with Japan pharmaceutical company to enter other markets.
- Strategic alliance with API manufacturer.
- API Vertical Integration with Syn-Tech.



Current State

- Ongoing export of Montelukast (Asthma) and Celecoxib (Anti-inflammatory)
- Obtaining the agency of a new drug for gout, currently in clinical trials, **expected to be submitted in 2023 and launched in 2025.**



On Going

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



STANDARD



Introduction



Achievement



Strategy

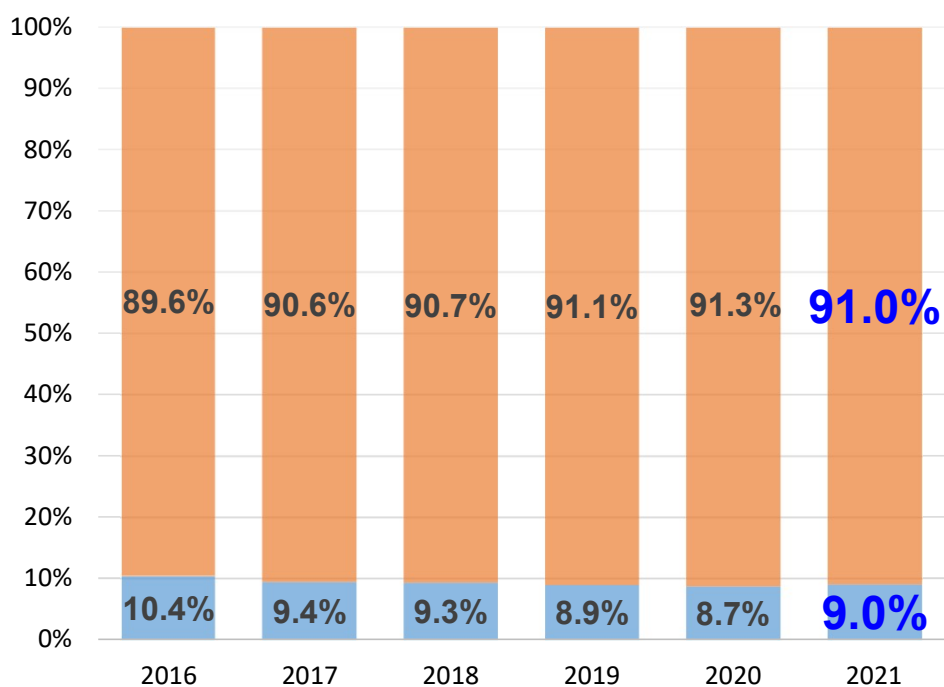


CSR

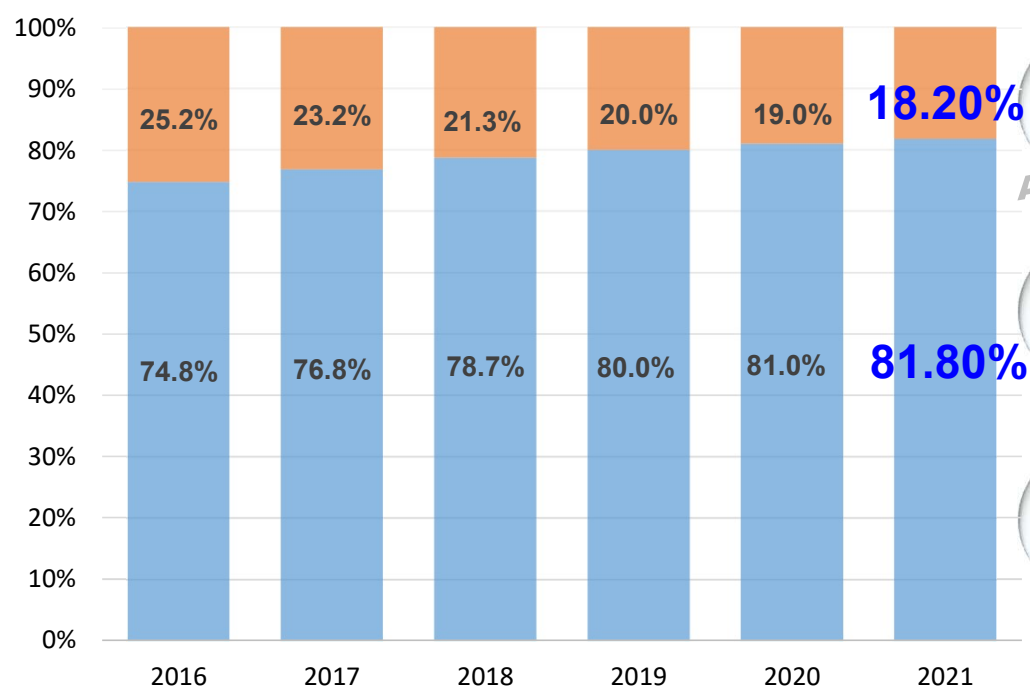
US Market Trend

- In 2021, US market generic drugs accounted for 91% of the total sales volume, but only 18.2% of the sales revenue.

Sales Volume ratio



Sales Amount ratio



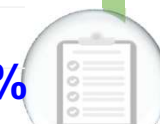
■ Brand drug ■ Generic drug



STANDARD



Introduction



Achievement



Strategy



CSR

US-FDA Drug Competition Action Plan

The bill upgraded by Dec. 2022

- Promote the development of generic drugs, improve the efficiency of review and approval, and make the review process more transparent.
- Streamline regulatory requirements for the development of difficult-to-develop generic drugs to help reduce the time, uncertainty, and cost of drug development.
- Strengthen regulatory review and gap filling to avoid delaying the launch of generic drugs due to the brand drug.

“Actively encourage the launch of generic drugs”



STANDARD



Introduction



Achievement



Strategy



CSR

Revenue Growth Strategy – U.S.A.



U.S.A. Market

- Largest Rx Market, with large proportion of generic drugs.
- The arduous and costly process of applying license is a remote objective for planning purposes.



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.
- Two items have been approved by P4 (One item will be launched in 2023).



STANDARD



Introduction



Achievement

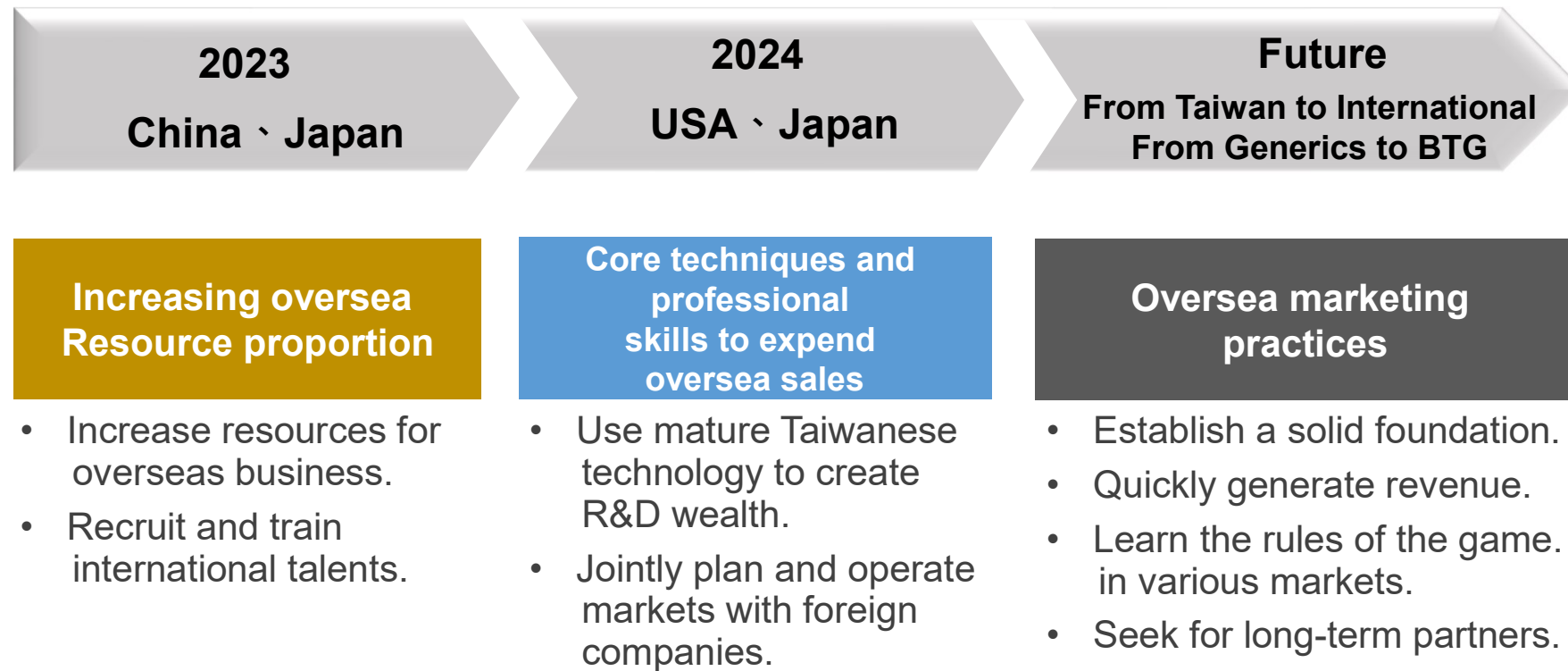


Strategy



CSR

Future Operation Strategy



STANDARD



Introduction



Achievement



Strategy



CSR



STANDARD

Agenda

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

Fan Dao Nan Foundation



Introduction to the 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
- Public education affairs
- 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



STANDARD



Introduction



Achievement



Strategy



CSR

2022 Corporate Social Responsibility



Scholarships

- Pharmaceutical or related major: 4 universities/ 9 students
- High school :8 schools, totaled 146 students
- Middle school:60 schools, totaled 752 students
- Elementary school: 234 schools, totaled 2,732 students

NTD 6.58 million



Hope After-school Class

- Weekday afternoons
- 38 schools · 2,635 students

NTD 2.04 million



Sunflower Wednesdays

- Every Wednesday afternoons
- 13 Schools · 726 students

NTD 0.65 million



Other Sponsorships

- Sponsor 13 public welfare organizations.

NTD 0.65 million



Meal-Assistance

- Provided 6,775 meals



NTD 0.54 million



Charity

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

2022 Suspended due to Covid-19



STANDARD



Introduction



Achievement



Strategy



CSR

30

Senior Gym in Taiwan – Athletic Training and Health Center



In 2022

- The cumulative number of users is 76,826.
- Hosted 20 health and wellness seminars about nutrition and fitness topics.



STANDARD



Introduction



Achievement



Strategy



CSR

CSR



Q & A