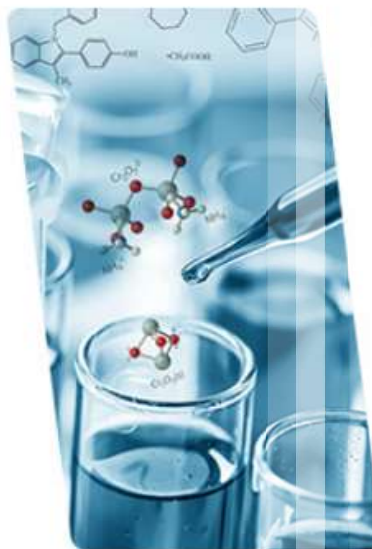


Standard Chem & Pharm Co., Ltd.
Stock Symbol : 1720

2023 Investor Conference

11/16/2023



生達化學製藥

Standard Chem & Pharm CO., LTD.

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Agenda

- Introduction of Standard Group
- 2023 Q1-Q3 Operating Results
- Future Operation Strategy
- Corporate Social Responsibility (CSR)

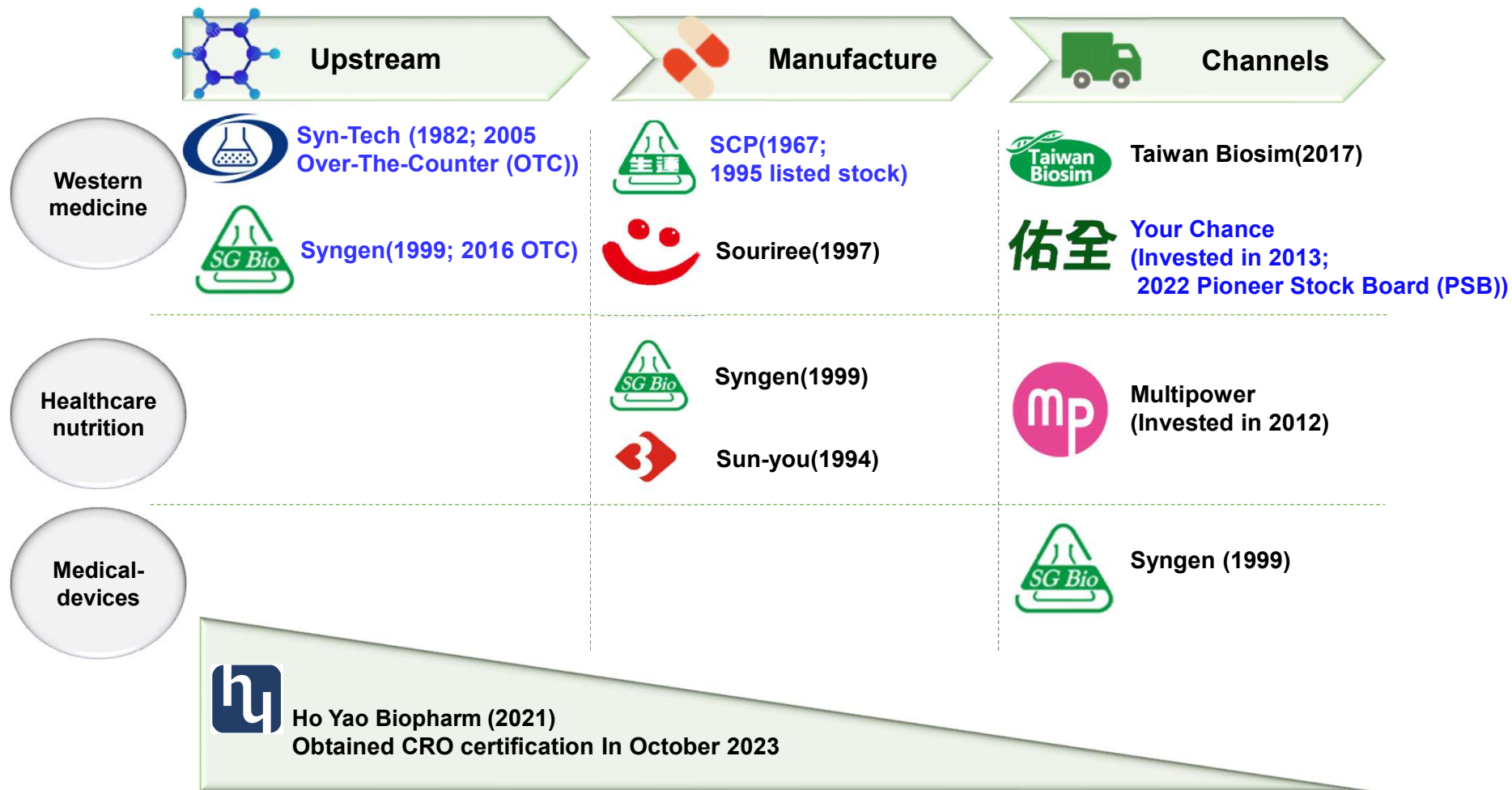


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- **Introduction of Standard Group**
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SCP and Related/Affiliated Companies



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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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Consolidated Income Statement

Items	2023 Q1-Q3	2022 Q1-Q3	Diff.	Annual changes (%)
<i>(Unless otherwise specified, expressed in thousands of New Taiwan Dollars)</i>				
Operating revenue	4,647,560	4,268,103	379,457	8.9%
Gross profit	2,035,285	1,805,887	229,398	12.7%
Gross profit margin	43.79%	42.31%		1.48pct
Operating expenses	1,082,817	991,207	91,610	9.2%
Operating profit	952,468	814,680	137,788	16.9%
Non-operating income and expenses	223,387	317,843	(94,456)	(29.7%)
Profit before income tax	1,175,855	1,132,523	43,332	3.8%
Profit for the year	947,469	927,154	20,315	2.2%
Profit attributable to Shareholders of the parent	673,176	640,506	32,670	5.1%
EPS(NTD)	3.77	3.58	0.19	5.3%



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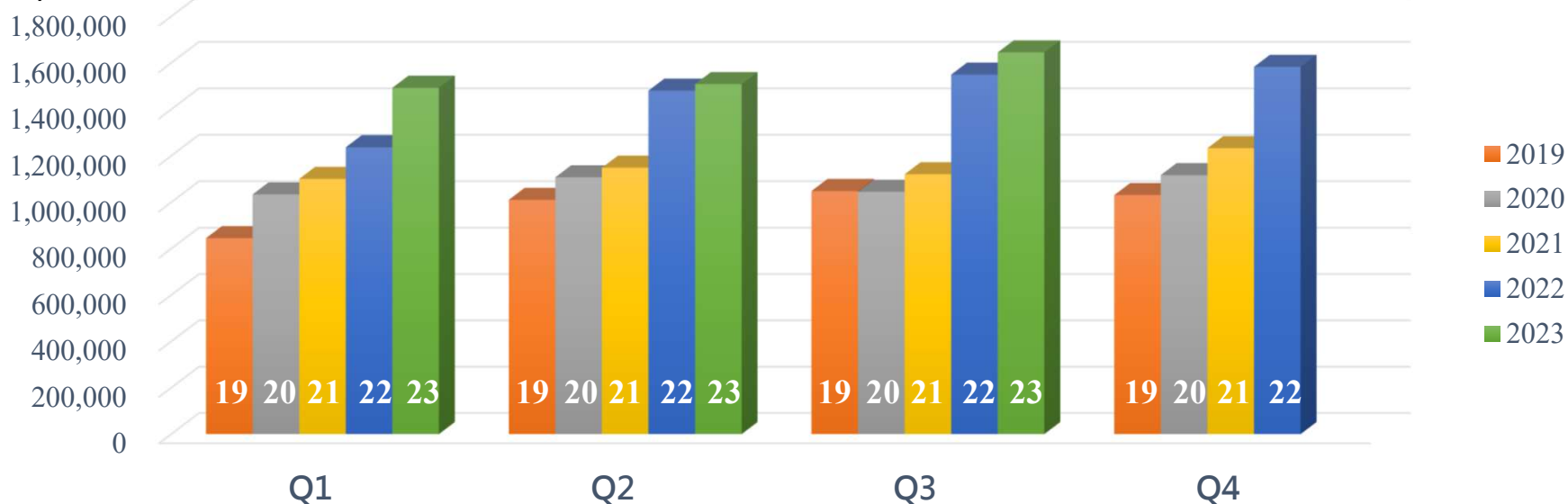
Strategy



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Comparison of Quarterly Revenue of Past 5 Years (Consolidated)

Expressed in thousands of NTD



	Q1	Q2	Q3	Q4	Total	Growth(%)
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%
2023	1,493,025	1,509,004	1,645,531		4,647,560	+8.9%

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>	2023/09/30		2022/09/30		Diff.	Annual changes(%)
	Amount	%	Amount	%		
Cash and cash equivalents	1,956,260	17.9%	2,454,867	22.0%	(498,607)	(20.3%)
Accounts receivable	1,445,772	13.2%	1,424,976	12.8%	20,796	1.5%
Inventories	1,520,828	13.9%	1,322,473	11.8%	198,355	15.0%
Investments	1,099,750	10.0%	1,464,606	13.1%	(364,856)	(24.9%)
Property, plant and equipment	4,004,833	36.6%	3,529,686	31.6%	475,147	13.5%
Others	926,081	8.5%	971,562	8.7%	(45,481)	(4.7%)
Total Assets	10,953,524	100.0%	11,168,170	100.0%	(214,646)	(1.9%)
Current Liabilities	2,535,532	23.1%	3,306,926	29.6%	(771,394)	(23.3%)
Non-current Liabilities	591,278	5.4%	700,316	6.3%	(109,038)	(15.6%)
Total liabilities	3,126,810	28.5%	4,007,242	35.9%	(880,432)	(22.0%)
Total shareholder' s equity	7,826,714	71.5%	7,160,928	64.1%	665,786	9.3%
Debt Ratio(Liabilities/Assets)		28.5%		35.9%		



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Consolidated Cash Flows

Items	2023 Q1-Q3	2022 Q1-Q3
<i>(Expressed in thousands of NTD)</i>		
Cash at beginning of year	2,259,381	2,564,395
Cash flows from operating activities	910,300	962,804
Acquisition of property, plant and equipment	(488,791)	(1,012,966)
Cash dividends	(446,740)	(446,740)
Short & long-term borrowings	(230,713)	699,183
Investment and others	(47,177)	(311,809)
Cash at end of year	1,956,260	2,454,867
Free cash flow		
(Cash flows from operating activities-Acquisition of property, plant and equipment)	421,509	(50,162)



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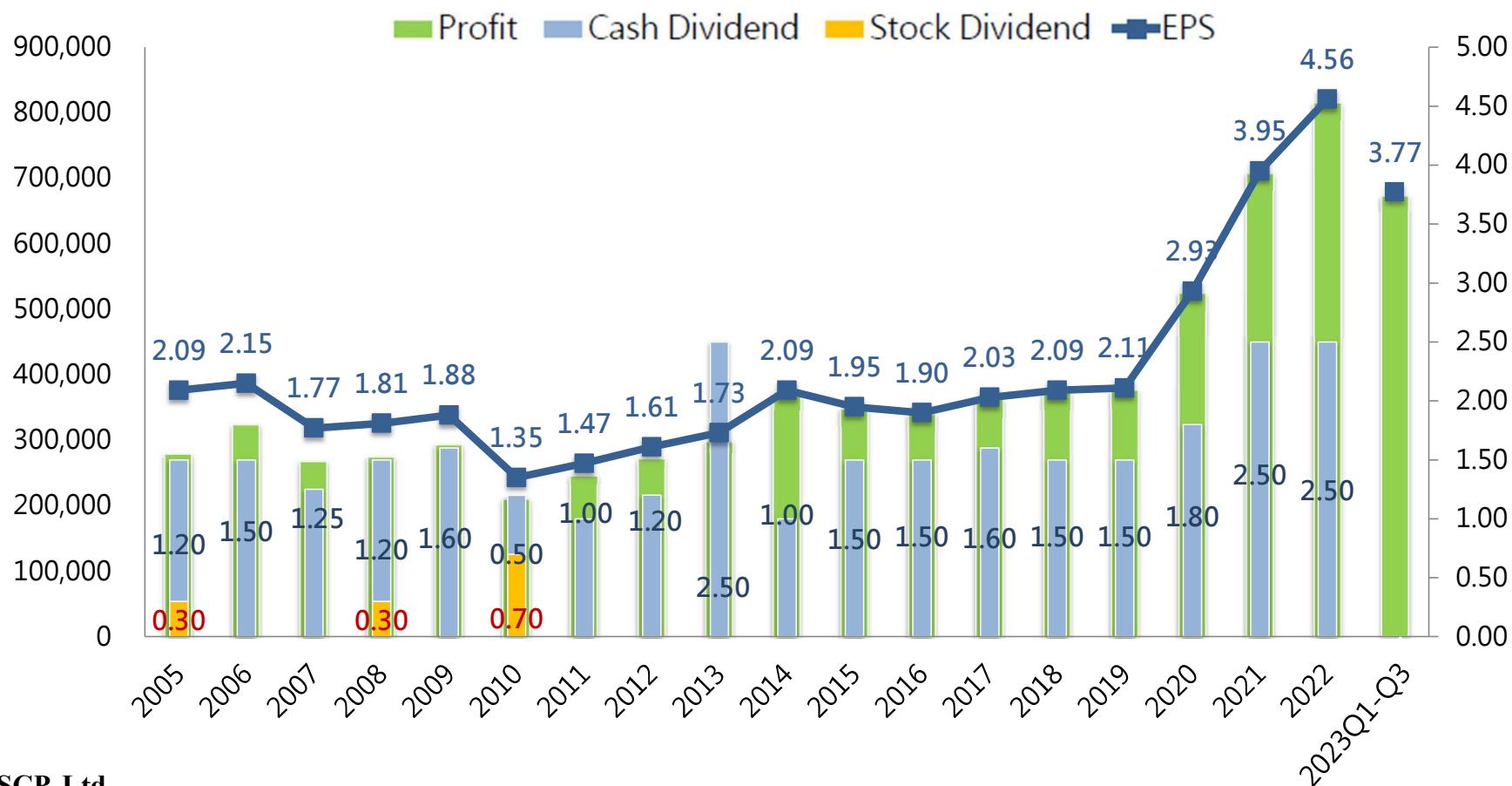


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1720 SCP achieved a record high net profit after tax and EPS in 2023 Q1-Q3

NTD Thousand



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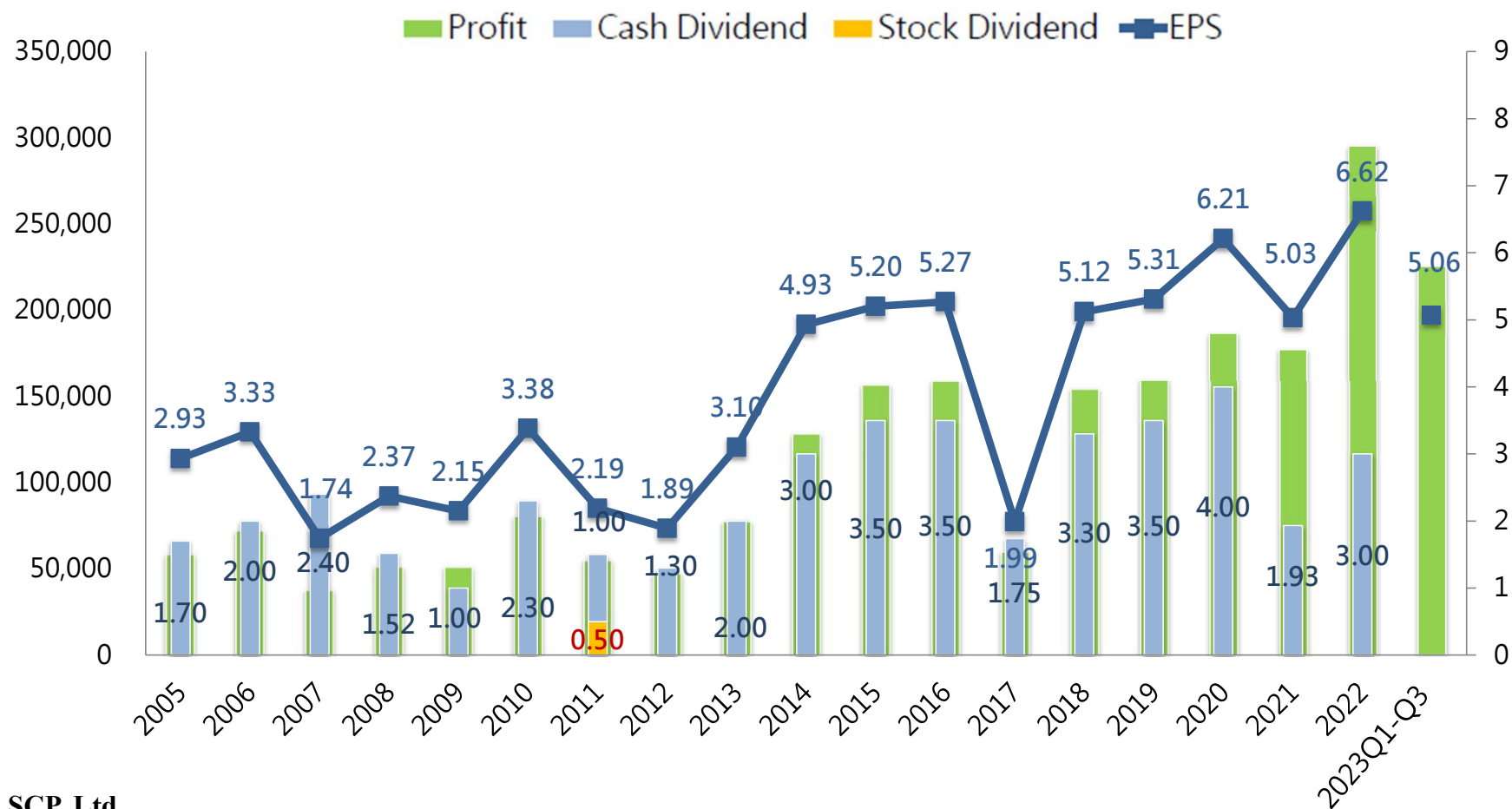


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1777 SYN-TECH's net profit after tax and EPS in 2023 Q1-Q3

NTD Thousand



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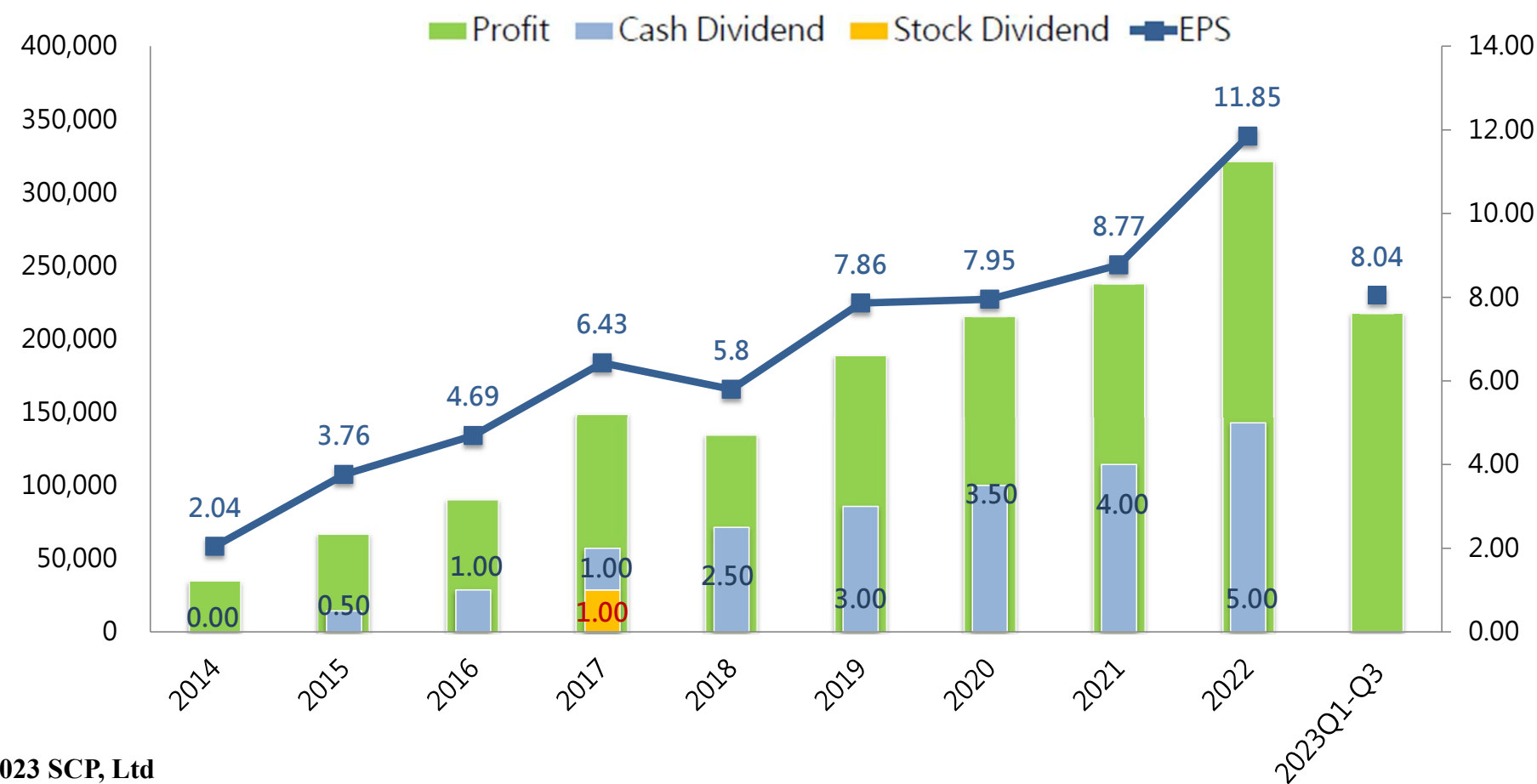
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8279 Syngen's net profit after tax and EPS in 2023 Q1-Q3

NTD Thousand



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- **Future Operation Strategy**
- Corporate Social Responsibility (CSR)

Future Milestone



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Significant Business Activities in the Past Two Years

Taiwan



- Double-digit growth in clinic and hospital.
- Southeast Asia region's sales growth.
- Establishment of marketing team for Philippines subsidiary.
- **Record-high revenue and profits in the first three quarters by 2023.**

China



- Strategy: cooperation through technology transfer and import our own branded products.
- Consistency Evaluation(GQCE):**3** reviews in progress.
- Under R&D: **5** cases.

Japan



- Continues shipments of medications for bronchiolitis and oral anti-inflammatory and pain relief medications.
- **CDMO contract signed for development of medication for pulmonary arterial hypertension.**
- Acting as importer for new medicines, with a submission scheduled for 2023 and expected market launch in 2025.



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Revenue Growth Strategy -Taiwan



Company	EPS 2023 Q1~Q3
SCP (1720)	3.77
Syn-Tech (1777)	5.06
Syngen (8279)	8.04

- Outstanding performance

- ✓ Specializing in four key areas:
 - Western medicines, APIs, health supplements, and pharmaceutical chain stores.
- ✓ SCP, Syn-Tech, Syngen, and Your Chance boast exceptional management teams
- ✓ Your Chance's application for OTC listing was submitted in Sep. 2023.



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China Market Trends: Current

National industry Government policy support

The release of policies such as the '14th Five-Year Plan for the Development of the Pharmaceutical Industry' and the '14th Five-Year Plan for National Drug Safety and the Promotion of High-Quality Development' signifies the coexistence of opportunities and challenges in the pharmaceutical industry. It aims to advance towards international high-end standards while ensuring drug safety, promoting the high-quality development of the pharmaceutical industry, and safeguarding and enhancing public health.

Aging population Income growth

In 2010, 8.87% of the population was aged 65 or older. By 2022, this had risen to 14.9%, indicating an aging society with growing healthcare needs. In the first half of 2023, the average resident income increased by 6.5% to RMB19,672, contributing to the continuous growth of the healthcare industry due to higher income and healthcare expenditure.



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China Market Trends: Current

New Regulations for Healthcare Negotiations Reduced Uncertainty and Risks

In 2018, the Health Insurance Bureau was established, introducing changes in drug procurement, healthcare negotiations, and the essential drug list. Concerns about drug price stability arose in the capital market.

The release of the "2022 National Drug List Adjustment Program" and related regulations reduced the risk of renegotiating contracts for drugs on the list every two years. It also expanded coverage to include pediatric and rare disease medications, incorporating more drugs into the national health insurance system.

Pandemic Impact Gradual Recovery

In 2022, large pharmaceutical firms had revenue growth but declining profits. Small companies like Jingxin Pharmaceutical, Salubris, and Haisco Pharmaceutical overcame procurement challenges. Early-stage biotech companies outpaced mature pharmaceutical firms in revenue growth.



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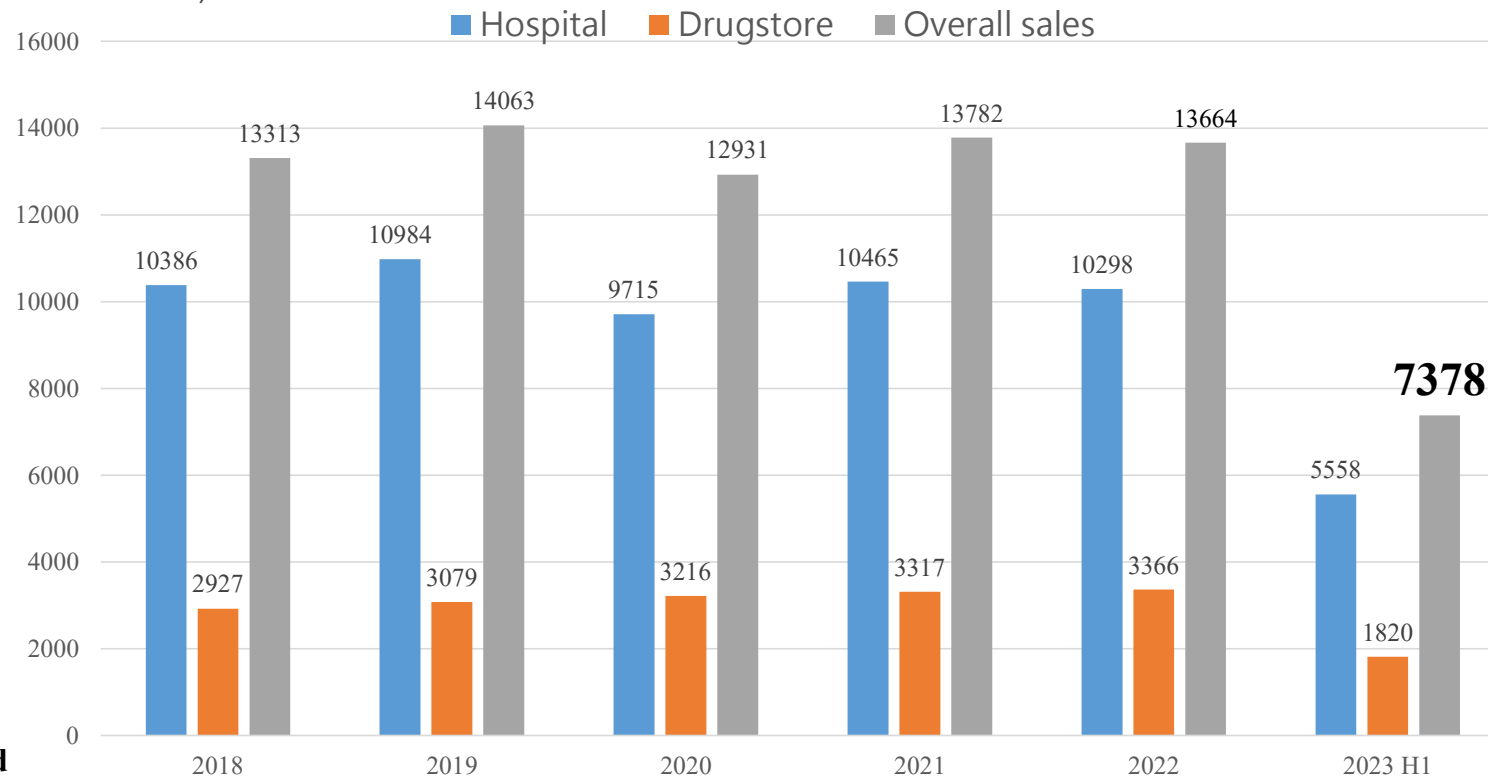
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China Market Trends: Current

- In mid-December 2022, China ended its "zero-COVID" policy, causing a rebound in pharmaceutical sales. By 2023, overall sales for hospitals and pharmacies were gradually stabilizing.

(Unit: Hundred million/RMB)



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



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



Project initiation/Research Achievements

- 5 ongoing cases



NMPA Consistency Evaluation

- 3 cases submitted for evaluation
- 2 cases obtained the consistency evaluation



Strategy

- Emphasize export and tech transfer simultaneously
- Accelerate license acquisition to become MAH
- Expand the number of collaborative projects and pharmaceutical companies



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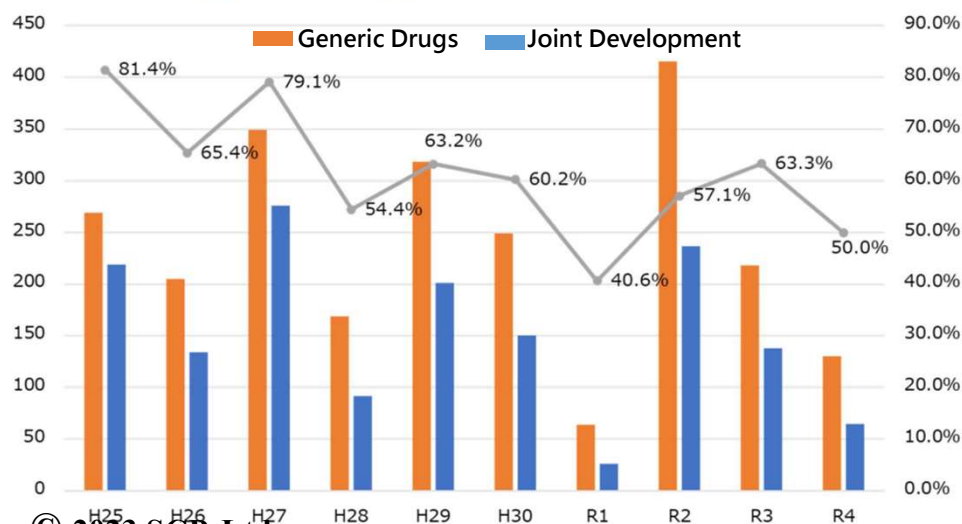
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Japan Market Trend

Inadequate supply of generic drugs has been a persistent problem. Some pharmaceutical companies stopped shipments due to quality issues, causing shortages. Increasing production is difficult, and it may take time to resume normal supply.

Joint development trend is slowing, with around 50% of newly licensed items in 2022 being joint ventures

Proportion of joint developed drugs



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2022 Drug shortage and controlled shipment

Category	Shortages		Controlled shipment	
	Num#	%	Num#	%
Brand	52	4.6%	248	7.9%
Generic	997	90.7%	2811	89.7%
Other	50	4.6%	76	2.4%
Total	1099	100%	3135	100%



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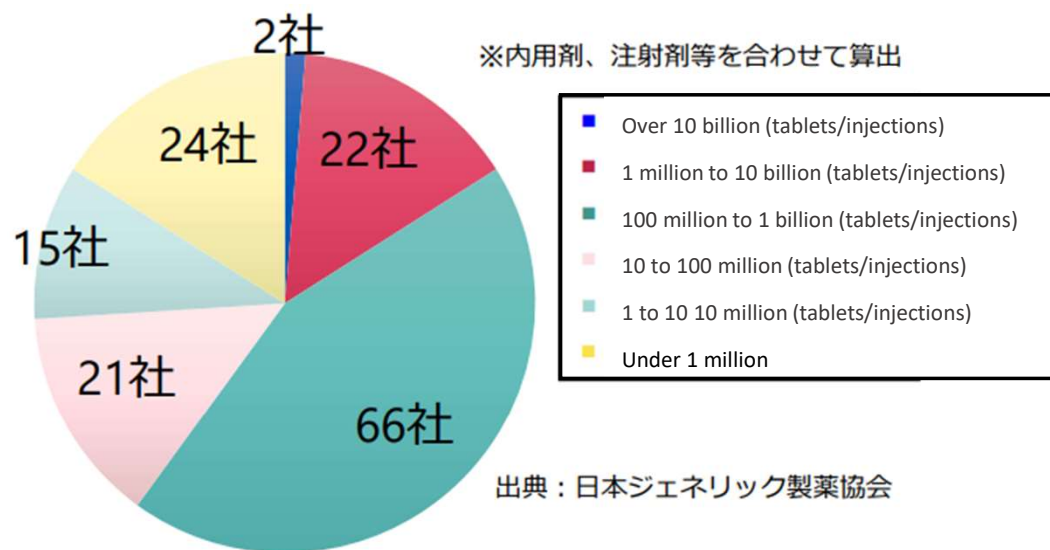
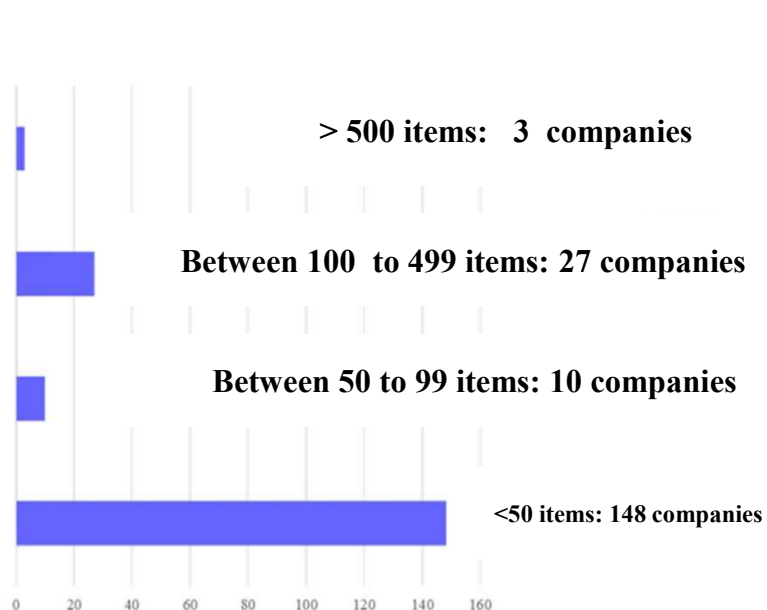
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Current Japan Market - Analysis of Generic Drug Manufacturers' Production Capacity

Roughly 30 generic drug manufacturers produce over 100 items annually, making up 16% of all generic drug makers. About 24 of them have an annual production capacity exceeding 1 billion (tablets/injections combined).



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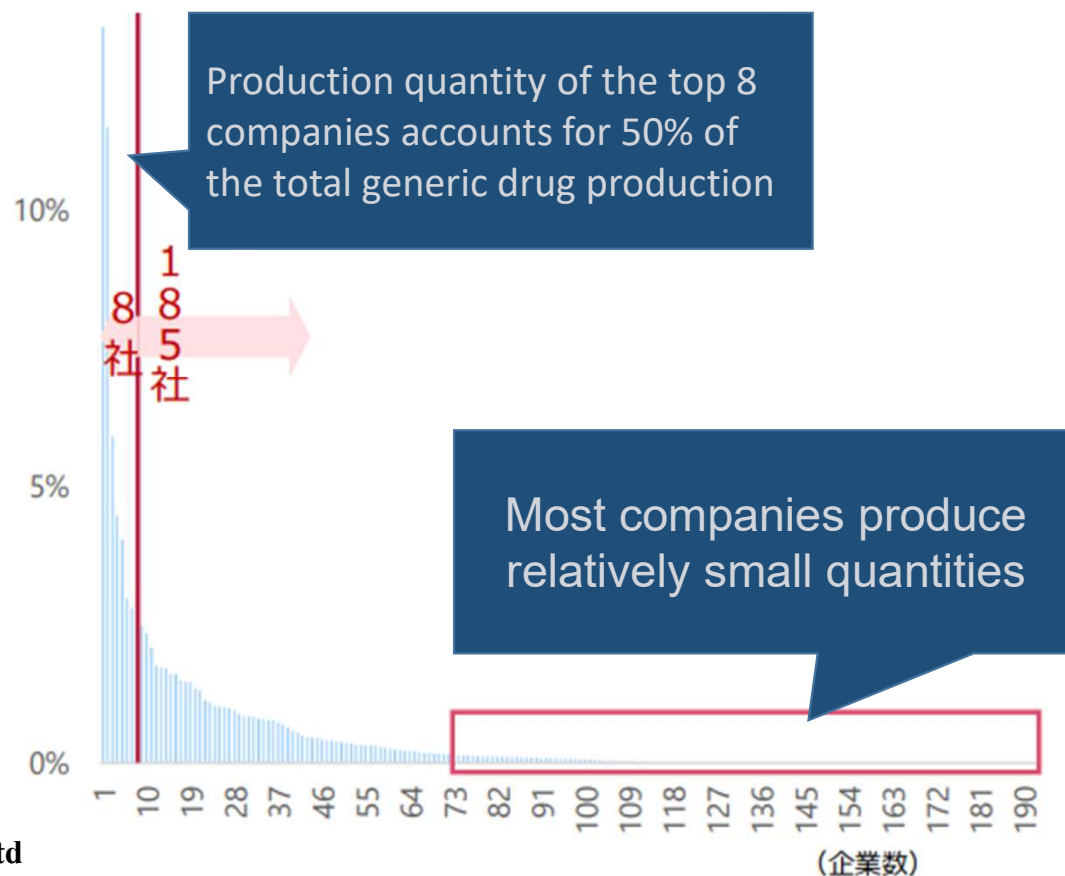
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Current Japan Market -

Production is concentrated in a few large-scale manufacturers

(シェア)
15%

Out of 193 generic drug manufacturers, the top 8 companies account for 50% of the total production quantity



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Revenue Growth Strategy - Japan



Collaboration Model

- CDMO
- Japan marketing partner
- Self-owned license



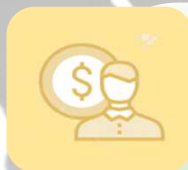
Strategy

- 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

- Obtained two CDMO/CMO collaborations for generic drug products.
- Acting as an agent for a new gout medication, registration is in progress.
- Signed a CDMO development collaboration contract for pulmonary arterial hypertension products.



On Going

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



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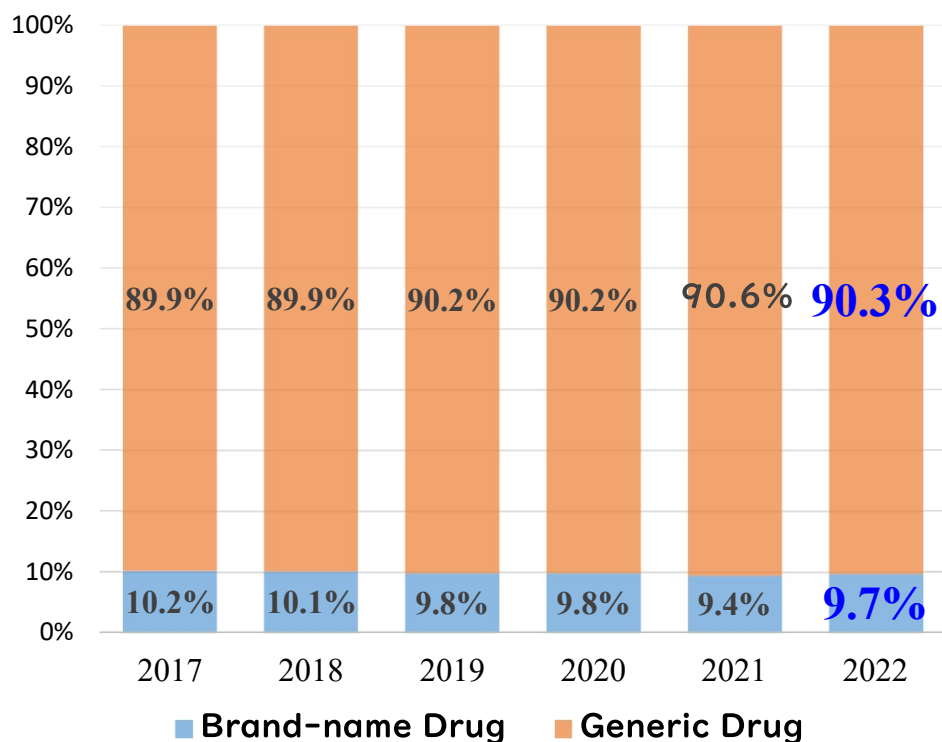
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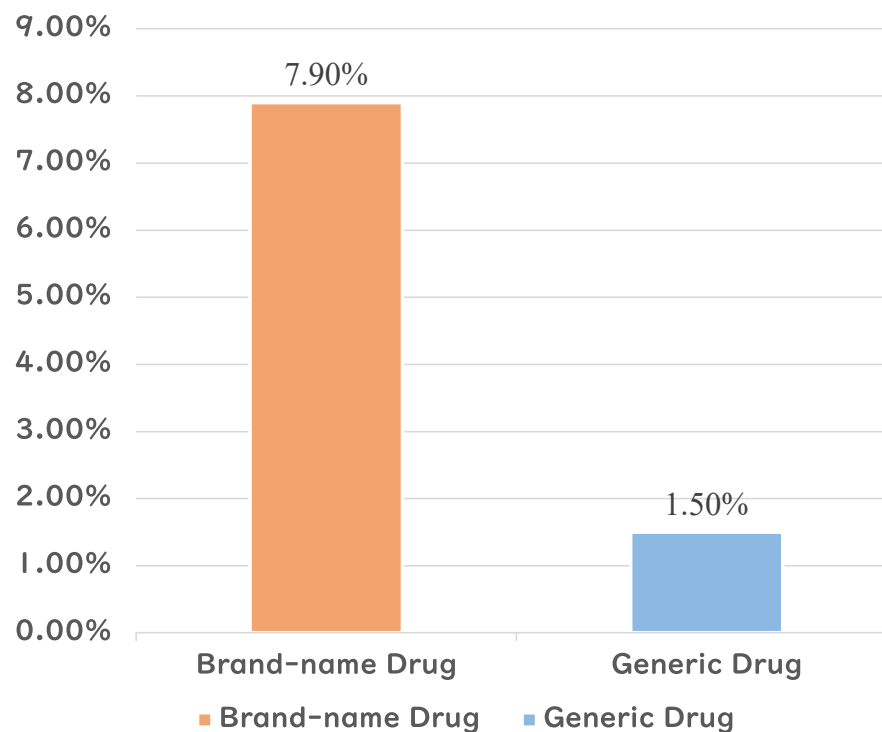
US Market Trend

- In the 2022 U.S. market, generic drugs constituted 90% of sales volume but only 17.5% of sales value.
- They represent less than one-fifth of pharmaceutical spending in the U.S.

Sales Volume ratio



US Healthcare Expenditure



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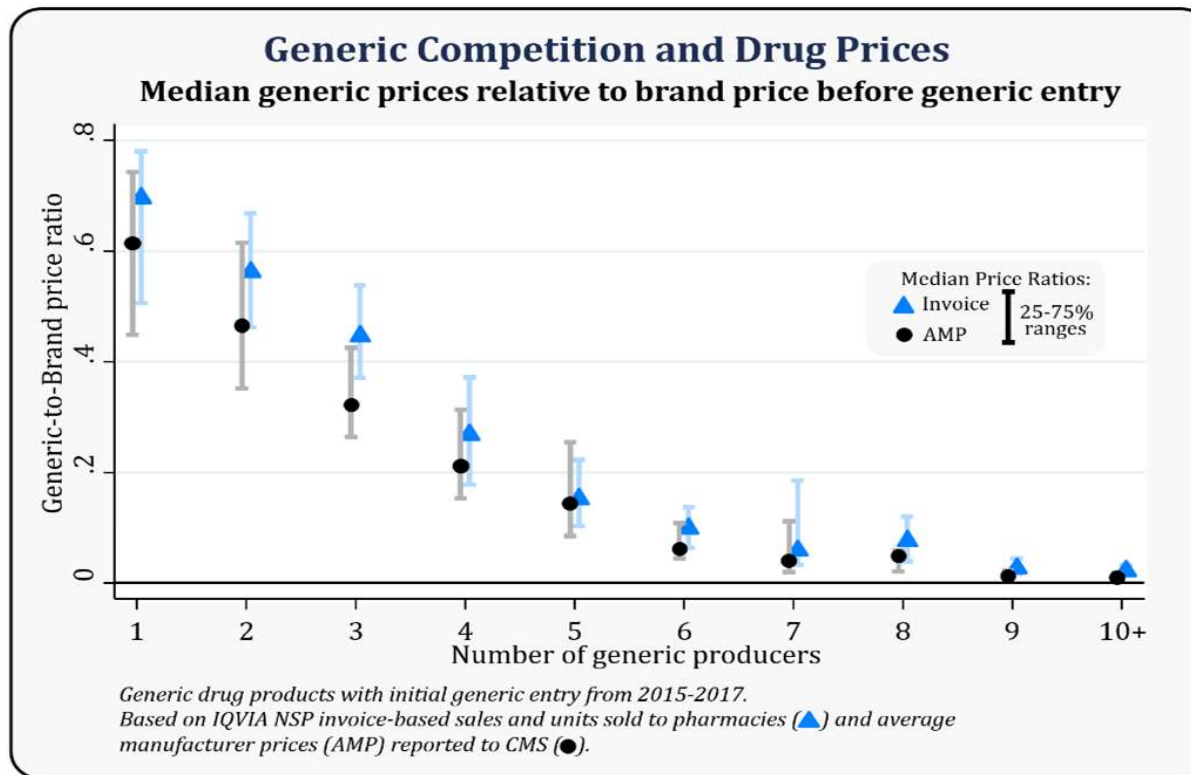


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US – Generic Drug Competition and Price Relationship Chart

Data from the FDA indicates that as more competitors enter the market, the price difference between pharmacy invoices and average manufacturer prices decreases, and generic drug prices become more affordable compared to brand-name drugs.



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Revenue Growth Strategy – U.S.A.



U.S.A. Market

- Largest Rx Market, with large proportion of generic drugs.
- Application process for drug licenses is complex, costly, and requires long-term planning



Strategy

- Co-develop new products with pharmaceutical companies and dealers.
- API Vertical Integration with Syn-Tech.
- Seeking Early Market Entry for First to File.



Current Status

- Uninterrupted factory inspections success since 2000.
- Products for diabetes and ALS have been shipped.
- P4 product set to launch in 2023."



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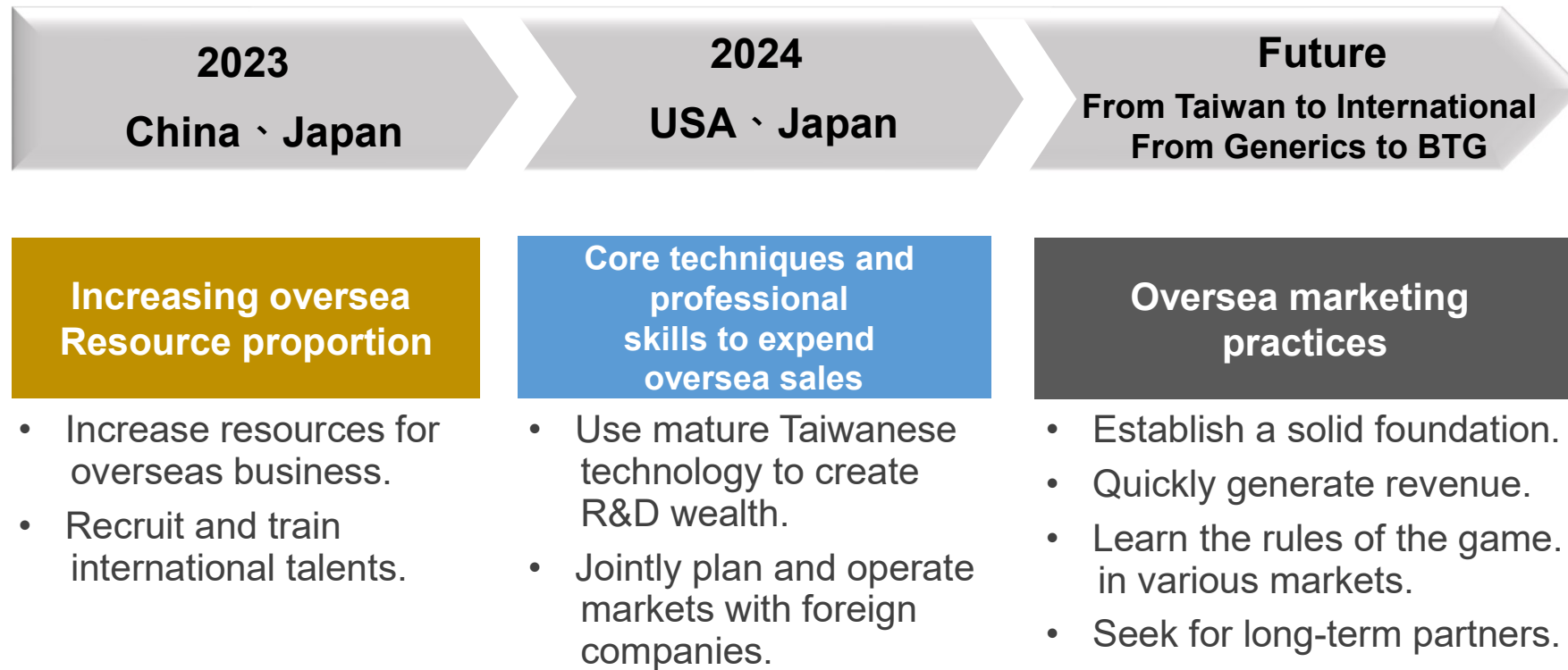


Strategy



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Future Operation Strategy



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- Introduction of Standard Group
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- **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



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2023 Corporate Social Responsibility



Scholarships

- Pharmaceutical or related major: 1 universities/ 2 students
- High school :5 schools, totaled 91 students
- Middle school:53 schools, totaled 687 students
- Elementary school: 219 schools, totaled 2,602 students

NTD 5.50 million



Hope After-school Class

- Weekday afternoons
- 33 schools · 2,315 students

NTD 1.00 million



Sunflower Wednesdays

- Every Wednesday afternoons
- 9 Schools · 550 students

NTD 0.20 million



Other Sponsorships

- Sponsor 12 public welfare organizations.

NTD 0.60 million



Meal-Assistance

- Provided 8,280 meals



NTD 0.61 million



Charity

- SCP Children's Drawing Competition NTD0.60 million
- SCP National Table Tennis Competition NTD1.80 million

NTD 2.40 million



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Donation of disaster assessment vehicles in 2023



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Senior Gym in Taiwan – Athletic Training and Health Center



Jan. to Oct. 2023,

- Accumulated a total of **125,773** user times.
- Held **17** health and wellness seminars and fitness courses



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Q & A