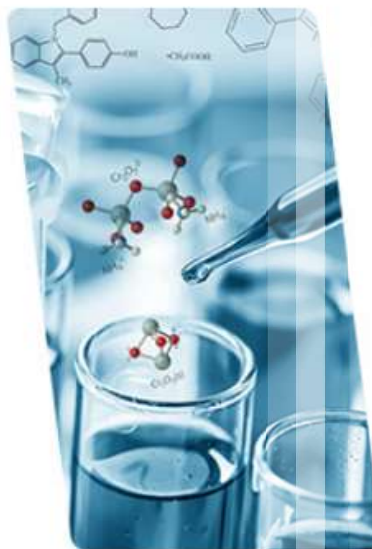


Standard Chem & Pharm Co., Ltd.
Stock Symbol : 1720

2024 Investor Conference

4/25/2024



生達化學製藥

Standard Chem & Pharm CO., LTD.

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

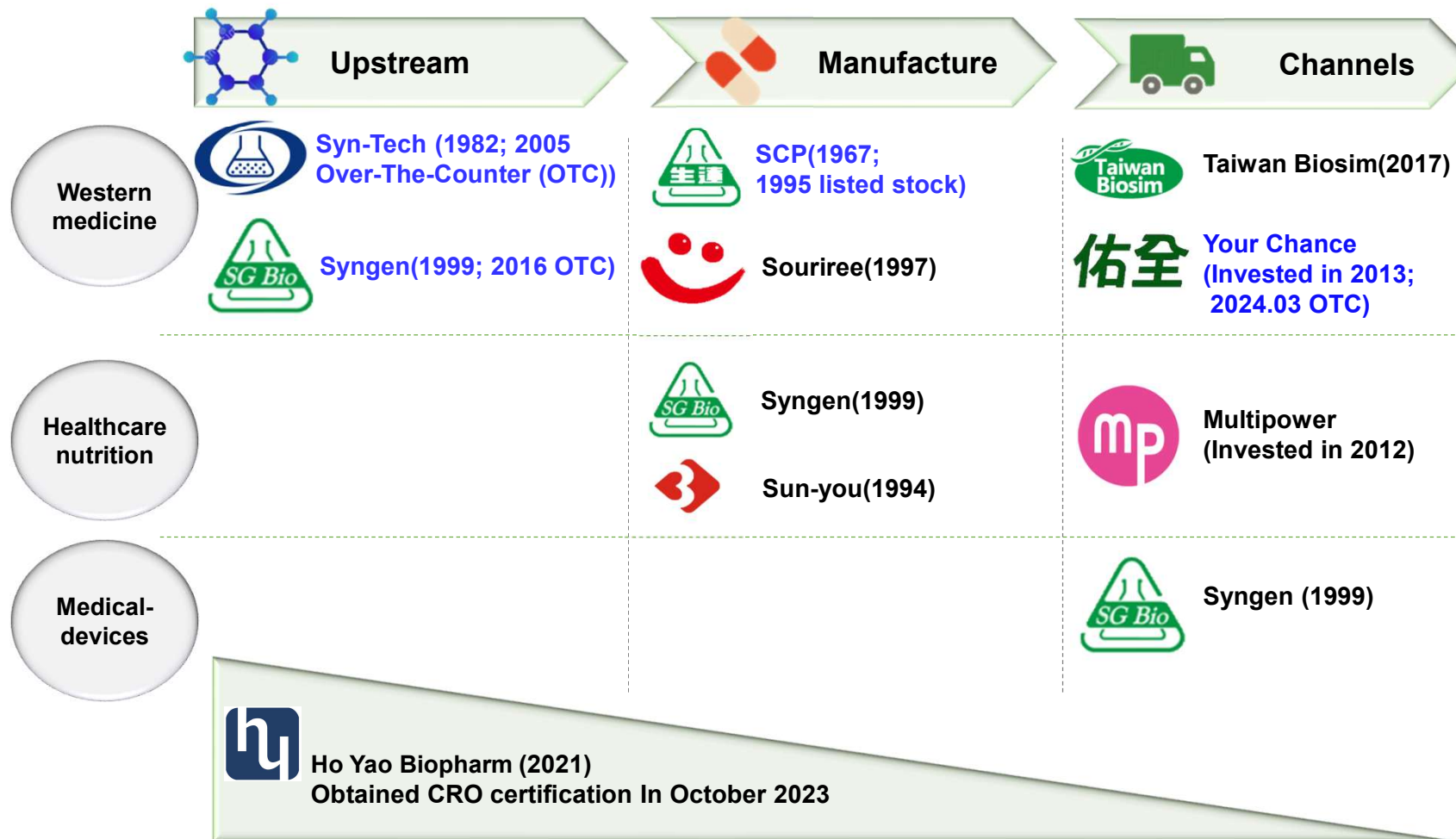


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- **Introduction of Standard Group**
- 2023 Operating Results
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SCP and Related/Affiliated Companies



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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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- Introduction of Standard Group
- **2023 Operating Results**
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Consolidated Income Statement

| Items | 2023 | 2022 | Diff. | Annual changes (%) |
|---|------------------|------------------|---------------|--------------------|
| <i>(Unless otherwise specified, expressed in thousands of New Taiwan Dollars)</i> | | | | |
| Operating revenue | 6,239,768 | 5,851,368 | 388,400 | 6.6% |
| Gross profit | 2,725,378 | 2,487,613 | 237,765 | 9.6% |
| Gross profit margin | 43.68% | 42.51% | | 1.17% |
| Operating expenses | 1,465,826 | 1,369,192 | 96,634 | 7.1% |
| Operating profit | 1,259,552 | 1,118,421 | 141,131 | 12.6% |
| Non-operating income and expenses | 178,315 | 281,512 | (103,197) | -36.7% |
| Profit before income tax | 1,437,867 | 1,399,933 | 37,934 | 2.7% |
| Profit for the year | 1,157,929 | 1,153,620 | 4,309 | 0.4% |
| Profit attributable to Shareholders of the parent | 834,886 | 815,408 | 19,478 | 2.4% |
| EPS(NTD) | 4.67 | 4.56 | 0.11 | 2.4% |



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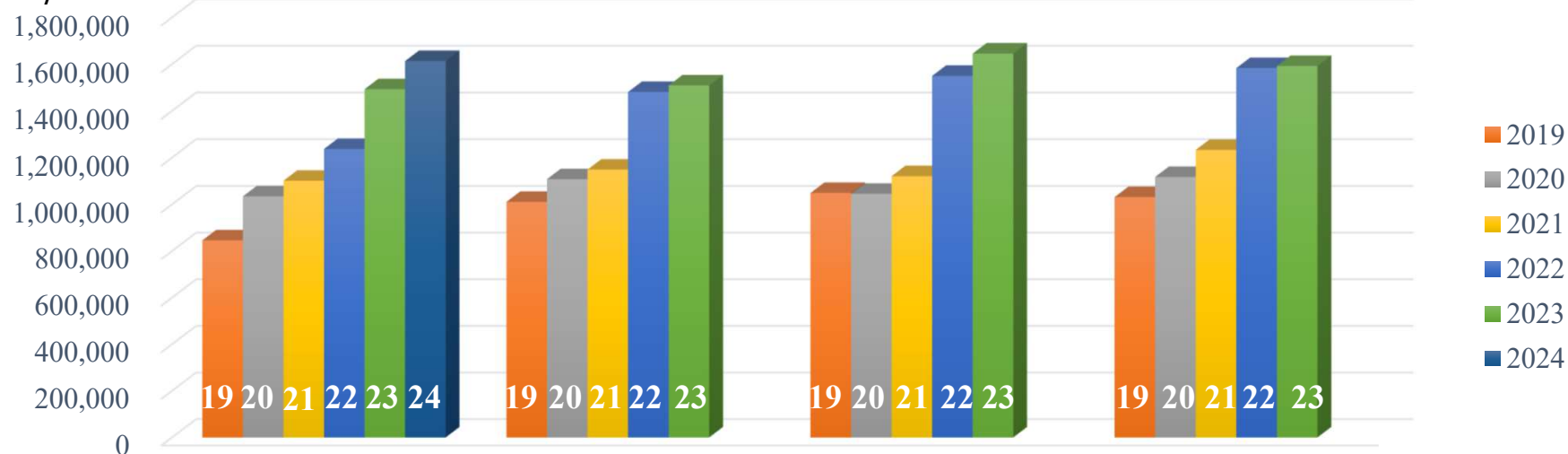
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Comparison of Quarterly Revenue of Past 5 Years (Consolidated)

Expressed in thousands of NTD



| | Q1 | Q2 | Q3 | Q4 | Total | Growth(%) |
|----------------|-----------|-----------|-----------|-----------|-----------|-----------|
| 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 | 1,592,208 | 6,239,768 | +6.6% |
| 2024(Per book) | 1,613,344 | | | | 1,613,344 | +8.06% |

© 2024 SCP, Ltd 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 | 2023 | | 2022 | | Diff. | Annual changes(%) |
|---------------------------------------|------------|--------------|------------|--------------|-----------|-------------------|
| (Expressed in thousands of NTD) | Amount | % | Amount | % | | |
| Cash and cash equivalents | 2,036,743 | 18.2% | 2,259,381 | 20.6% | (222,638) | (9.9%) |
| Accounts receivable | 1,418,423 | 12.7% | 1,479,581 | 13.5% | (61,158) | (4.1%) |
| Inventories | 1,614,976 | 14.4% | 1,386,483 | 12.6% | 228,493 | 16.5% |
| Investments | 1,206,522 | 10.8% | 1,184,109 | 10.8% | 22,413 | 1.9% |
| Property, plant and equipment | 4,021,526 | 35.9% | 3,658,581 | 33.4% | 362,945 | 9.9% |
| Others | 890,534 | 8.0% | 1,000,124 | 9.1% | (109,590) | (11.0%) |
| Total Assets | 11,188,724 | 100.0% | 10,968,259 | 100.0% | 220,465 | 2.0% |
| Current Liabilities | 2,370,880 | 21.2% | 2,879,832 | 26.3% | (508,952) | (17.7%) |
| Non-current Liabilities | 680,507 | 6.1% | 652,826 | 6.0% | 27,681 | 4.2% |
| Total liabilities | 3,051,387 | 27.3% | 3,532,658 | 32.2% | (481,271) | (13.6%) |
| Total shareholder's equity | 8,137,337 | 72.7% | 7,435,601 | 67.8% | 701,736 | 9.4% |
| Debt Ratio(Liabilities/Assets) | | 27.3% | | 32.2% | | |



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Consolidated Cash Flows

| Items | 2023 | 2022 |
|--|------------------|------------------|
| <i>(Expressed in thousands of NTD)</i> | | |
| Cash at beginning of year | 2,259,381 | 2,564,395 |
| Cash flows from operating activities | 1,336,523 | 1,227,834 |
| Acquisition of property, plant and equipment | (625,696) | (1,196,056) |
| Cash dividends | (446,740) | (446,740) |
| Short & long-term borrowings | (450,003) | 124,014 |
| Investment and others | (36,722) | (14,066) |
| Cash at end of year | 2,036,743 | 2,259,381 |
| Free cash flow | | |
| <i>(Cash flows from operating activities-Acquisition of property, plant and equipment)</i> | 710,827 | 31,778 |



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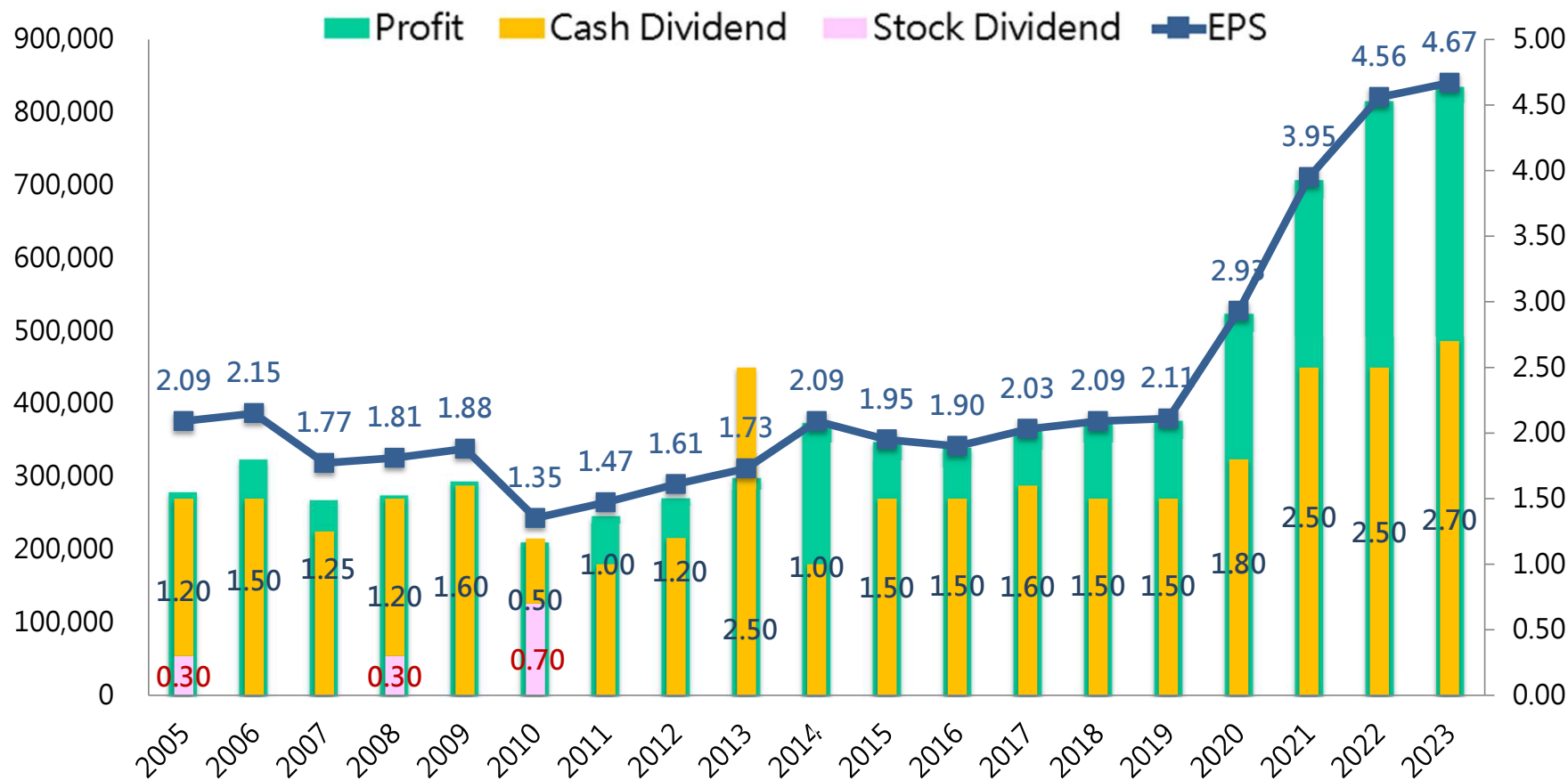


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SCP(Code:1720) achieved a record high net profit after tax, EPS and cash dividend in 2023

NTD Thousand



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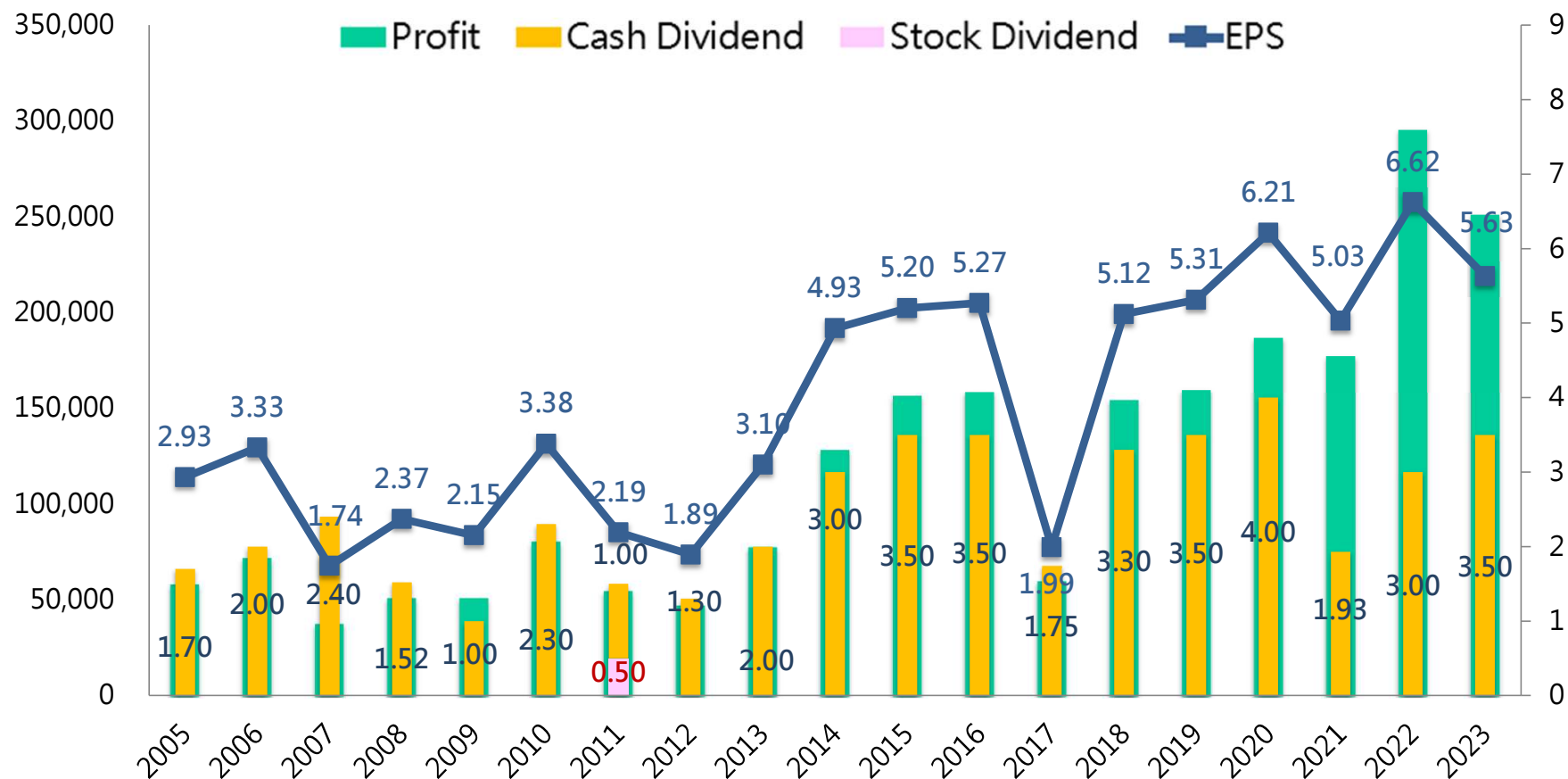


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SYN-TECH's(Code:1777) net profit after tax and EPS in 2023

NTD Thousand



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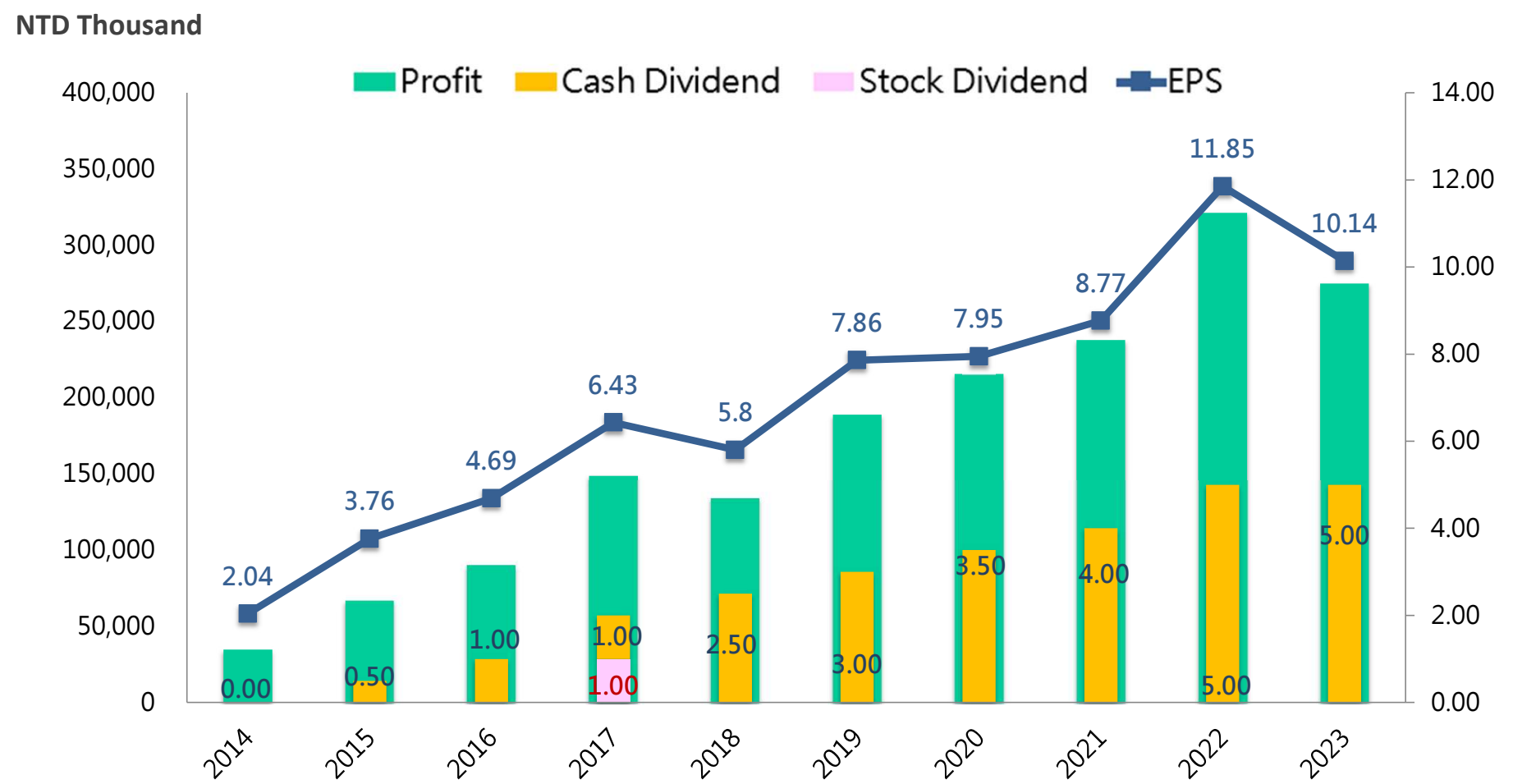
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Syngen's(Code:8279) net profit after tax and EPS in 2023



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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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Significant Business Activities in Recent 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 2023.**

China



- Antibiotic injections continue to be sold
- Technology transfer certificate: **2 cases.**
- Consistency Evaluation(GQCE) reviews in progress :**3 cases.**
- Under R&D: **4 cases.**

Japan



- Continues to be sold of 2 medications: bronchiolitis and oral anti-inflammatory and pain relief medications.
- **The new contracted CDMO: 1 case.**
- Acting as importer for gout new medicines, nasal spray generic medicines, with a submission scheduled for 2023 and expected to get the license in 2025.



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Revenue Growth Strategy -Taiwan



| Company | 2023 EPS |
|-----------------|----------|
| SCP (1720) | 4.67 |
| Syn-Tech (1777) | 5.63 |
| Syngen (8279) | 10.14 |
| We Can (6929) | 0.37 |

- **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.
- ✓ We Can has been **listed on the OTC since March 28, 2024.**



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China Market Trends: Current

Medical reform in 2024

- Continuously improve the national centralized drug procurement system.
- Strengthen regular supervision of the use of medical insurance funds.
- Increase the per capita fiscal subsidy standard for resident medical insurance.
- Deepen reforms in public hospitals.

Challenges in the pharmaceutical field

- **Profit Margin Compression:** The expansion and acceleration of centralized procurement, along with negotiations on medical insurance and rising raw material prices, are squeezing profit margins.
- **Expansion of the CDMO (Contract Development and Manufacturing Organization) Market:** The global market share of the CDMO market increased from 5% in 2017 to 13% in 2021, with an estimated increase to 20% by 2025.



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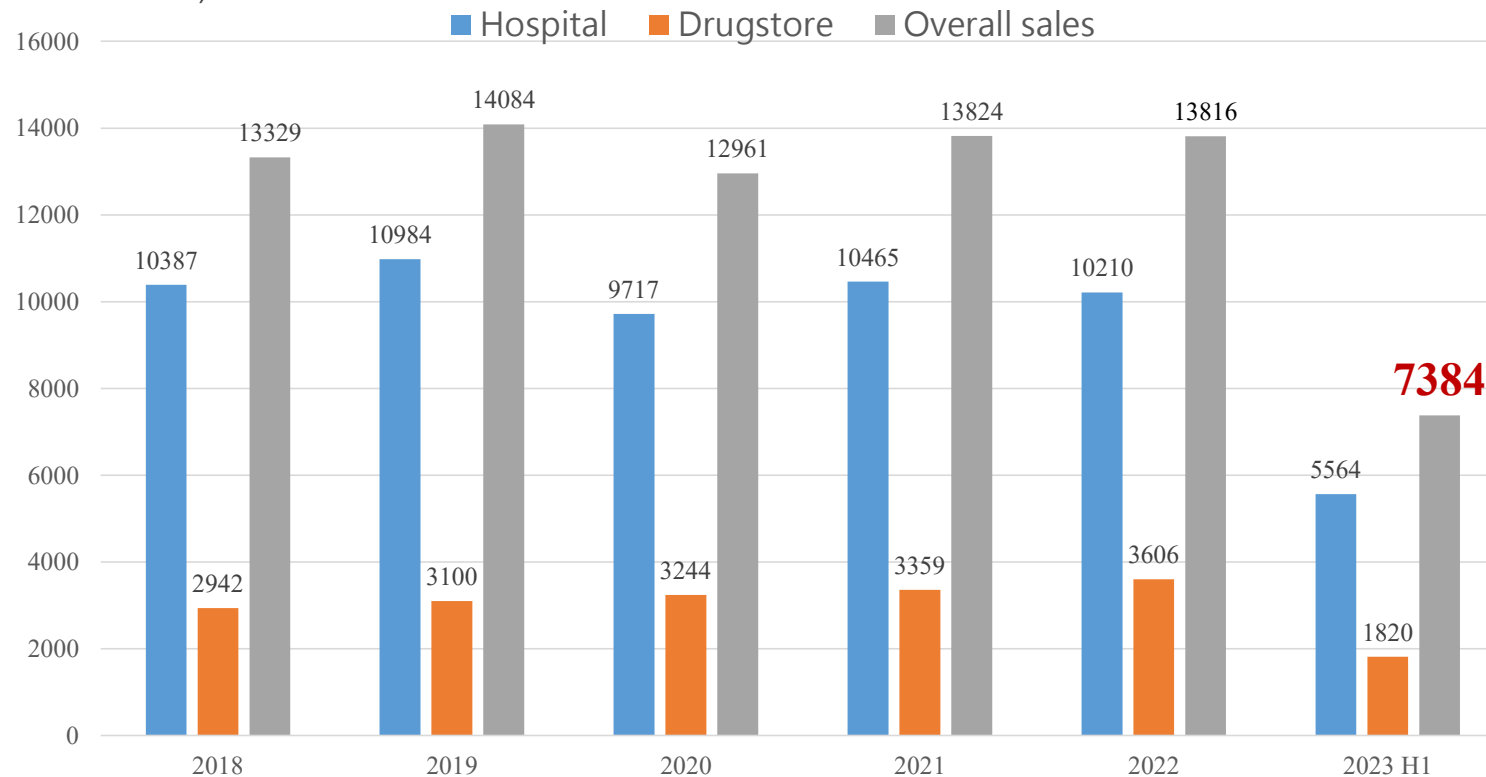


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China Market Trends: Current

- In mid-December 2022, China ended its "zero-COVID" policy, causing a rebound in pharmaceutical sales. In the first half of 2023, pharmaceutical sales gradually stabilized.

(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



Strategy

- Own brand and tech transfer simultaneously
- CDMO
- Expand the number of collaborative projects and pharmaceutical companies



Medium-term targets

- Self-developed products submission
- Tech transfer profit sharing revenue



Cooperation

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



Achievements in getting licenses

- 2 cases for tech transfer



NMPA Consistency Evaluation

- 3 cases submitted for evaluation



Project initiation/Research in progress

- 4 cases in progress



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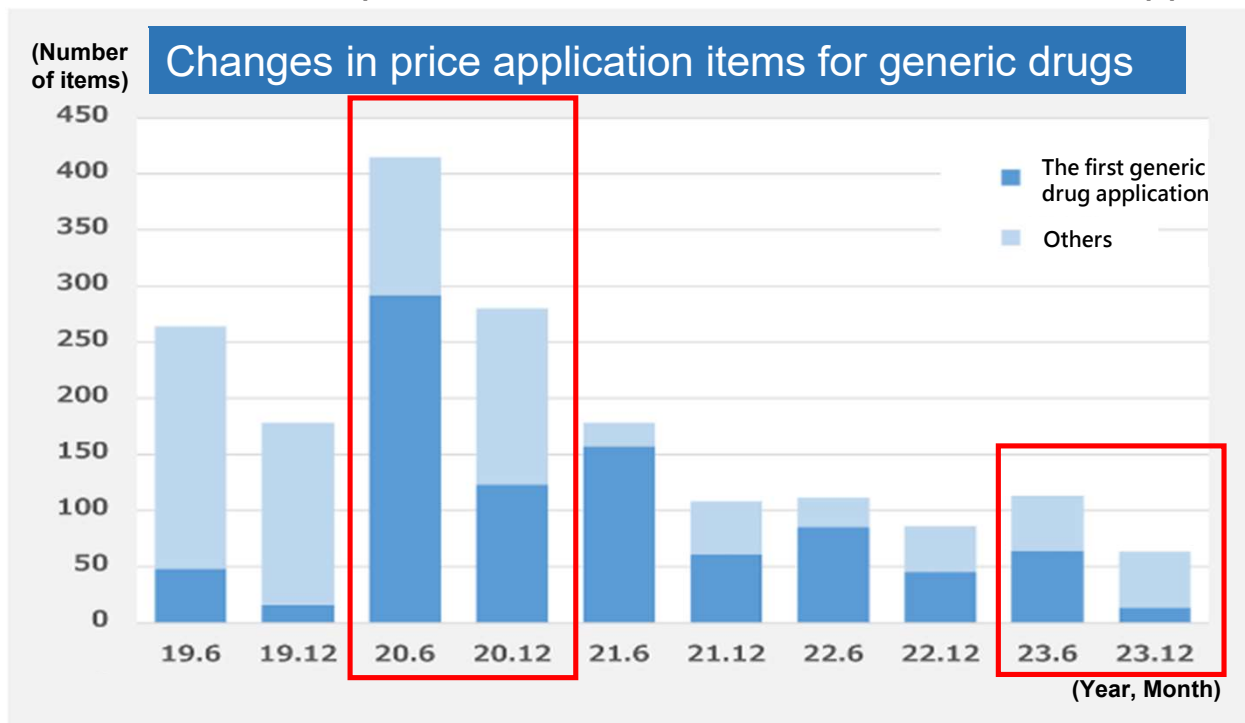


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Japan Market Trend-Generic Drugs Market in 2023

There are only 176 generic drugs applying for drug prices in 2023, which is 18% of that in 2020 and a record low. It is speculated that generic pharmaceutical companies will gradually reduce the launch of new products to ensure stable supply.

Only 16 ingredients are the first generic drug. The launch of the first generic drug is the main source of revenue for pharmaceutical companies, and the decline in the number of applications is not conducive to future operations.



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Japan Market Trend-Drug price system reform in 2024

The PMDA is undergoing institutional reforms to address two major issues: drug shortages and supply instability.

Encouraging new drugs and similar pharmaceuticals to enter the market more readily.

- Adjust the method of drug price weighting.
- Increase weighted assessment criteria.
- Expand assessment for pediatric medication.
- Recalculate drug prices to attract similar products into the market.

Ensure stable supply of generic drugs.

- **Ensuring stable supply system** for enterprises is one of the factors considered in drug price adjustments.
- When there are 10 or more generic drug pricing applications, the price of generic drugs is set at 0.4 of the original drug price, **reduced to 7 or more applications**.
- Essential drugs with a market presence of 25 years and high medical necessity may not undergo price reduction adjustments. **This period is shortened to 15 years.**



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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

- 2 items continue sales
- 1 new signed CDMO collaboration
- Acting as an agent for a new gout medication and nasal spray generic drug, registration is in progress.



On Going

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



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US Market Trend-The shortage of medicines is becoming increasingly serious

- The US market is facing a severe shortage of approximately **132 small molecule drugs**, including those for pain/anesthesia, oncology, central nervous system, and infectious diseases. **Generic drugs (84%)** and injectable medications (67%) are among those affected.
- Factors contributing to the shortages include natural disasters and interruptions in the supply of raw materials.
- Shortages of GLP-1 medications for diabetes and weight loss are on the rise, primarily due to increased demand. Since the launch of Wegovy (Semaglutide) in 2021, **new prescriptions for diabetes GLP-1 have increased by 181%, and new prescriptions for obesity GLP-1 have increased by 257%**. New data shows that **GLP-1 therapy can prevent cardiovascular events**, which may further increase demand.
- According to the ASHP Drug Shortage Database, shortages have been reported for Semaglutide, Tirzepatide, Liraglutide, and Dulaglutide.



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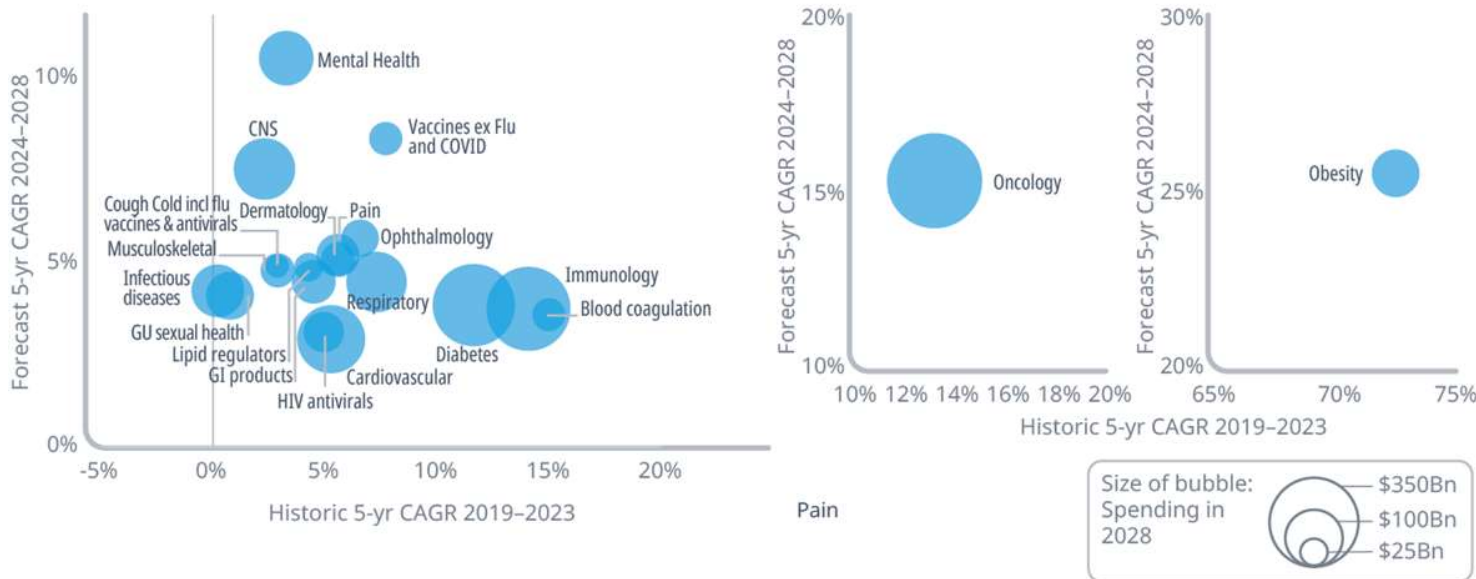


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US Market Trend-Development in Future

The greatest contributors to growth in the next five years will be oncology, immunology, diabetes, and obesity drugs. This growth is a result of continuous influx of innovative medications.

Global historic and forecast growth for top 20 therapy areas



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Revenue Growth Strategy – U.S.A.



Strategy

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



U.S.A. Market

- Application process for drug licenses is costly, time-consuming, and requires long-term planning
- Target products with patents expiring in 5 years or more.
- Increase the number of sales items and cooperating manufacturers.



Current Status

- **Passed the fifth FDA inspection in 2022.**
- **Shipped three drugs: for diabetes, spinal muscular atrophy, and lipid-lowering.**
- **Actively participated in exhibitions to expand business.**



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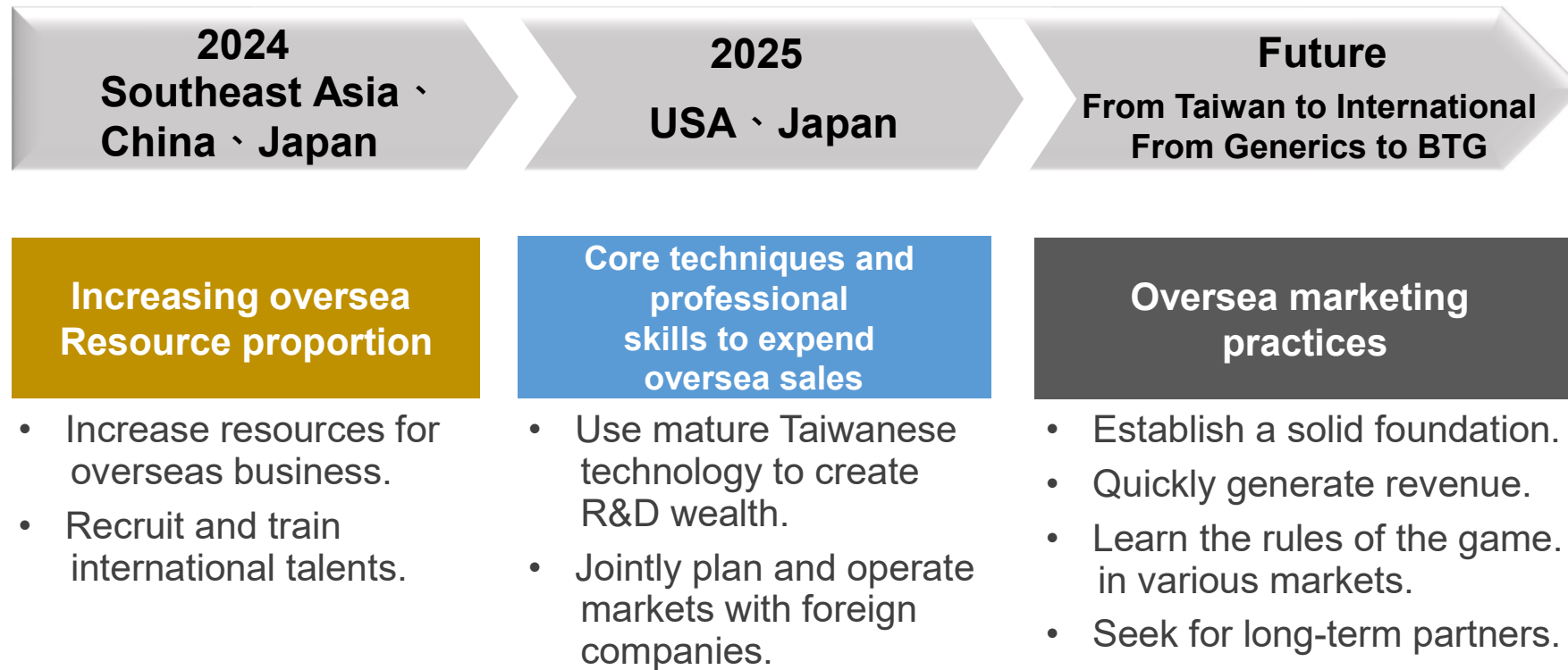


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Future Operation Strategy



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

Net Zero Emissions and Sustainable Development

Energy Management

- Replacing T5 fluorescent lights with LED lights, resulting in an annual electricity savings of approximately 24,960 kWh.
- Upgraded our ventilation system, replacing with variable frequency blowers, saving 295,650 kWh of electricity per year.
- Inventory classification management reduces waste, saving 91,980 kWh per year.
- Implementing maintenance, recycling hot water, adjusting system parameters, optimizing water production conditions, etc., effectively reduce carbon emissions, improve cost-effectiveness, and save energy.

Water Resource Management

- Prioritizing the use of water-saving equipment to reduce water wastage.

Waste Management

- Engage qualified environmental service providers and recycling businesses certified by the Environmental Protection Agency to carry out cleaning and treatment or resource reuse.
- Submit a waste cleanup plan in accordance with the law, implement it after review and approval. Select waste transporters and treatment facilities with legal registration and Class A licenses.
- Conducting periodic maintenance of pipelines to reduce unnecessary water loss due to leaks.
- Regularly disclosing Company's water usage to remind employees to conserve water resources.
- Optimizing the production process and product design to reduce unnecessary water usage while improving production efficiency.



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Social Care and Engagement- 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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Social Care and Engagement-2023 Corporate Social Responsibility



Scholarships

- Pharmaceutical or related major: 3 universities/ 7 students
- High school :8 schools, totaled 133 students
- Middle school:56 schools, totaled 719 students
- Elementary school: 239 schools, totaled 2,800 students

NTD 6.61 million



Hope After-school Class

- Weekday afternoons
- 16 schools · 1,050 students

NTD 1.16 million



Sunflower Wednesdays

- Every Wednesday afternoons
- 4 Schools · 230 students

NTD 0.15 million



Other Sponsorships

- Sponsor 12 public welfare organizations.

NTD 0.68 million



Meal-Assistance

- Provided 8,280 meals



NTD 0.74 million



Charity

- SCP Children's Drawing Competition
NTD0.39 million
- SCP National Table Tennis
Competition NTD1.88 million

NTD 2.27 million



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Social Care and Engagement-The 38th SCP National Table Tennis Competition

- From December 1st, 2023, the tournament was held for three consecutive days at the Tainan Municipal Xinying Stadium.
- A record high of 344 teams and 2,172 participants competed.



Social Care and Engagement-Senior Gym-Athletic Training and Health Center



2023

- Accumulated a total of **127,098** user times.
- Held **19** health and wellness seminars and fitness courses, providing knowledge on nutritional care, muscle strengthening exercises, and senior fitness courses.



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Q & A