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6 November 2020

ASX Announcement

Star Combo Pharma Investor Webinar Presentation

Star Combo Pharma Limited (ASX: S66) ("**Star Combo Pharma**" or "**the Company**") announces it is participating in the Share Café 'Hidden Gems' webinar to be held this Friday (6 November) at 12:30pm AEDT.

Star Combo Pharma CEO Su Zhang will provide an overview of the Company's operations, strategy and recent quarterly business performance and upcoming milestones during the presentation.

The webinar is free to attend and can be viewed live via Zoom. To register for the event, visit the below link.

https://us02web.zoom.us/webinar/register/WN_oo4ctIueRPaNvN5ym_j0gw

A copy of the webinar recording will be available following the event.

-ENDS-

This ASX announcement has been approved by the Star Combo Pharma's Board of Directors.

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About Star Combo Pharma

Star Combo Pharma Ltd (ASX: S66) is a Sydney based contract manufacturer of vitamins, health and beauty products with a portfolio of own brands and distribution capabilities. Our products are made from natural ingredients with scientific R&D and adheres to the highest manufacturing practices governed by the Therapeutic Goods Administration. Star Combo has offices in China and currently supplies the Australian pharmacy network through 450 Terry White Chemmart stores as well as wholesale customers in Australia and China. Directed by pharmacist and experts in health supplement manufacturing, Star Combo's vision is to be the leading manufacturer of premium vitamins and dietary supplements in Australia. Since its establishment in 2004, Star Combo has demonstrated strong product and business development and continues to expand our current operations to serve our loyal business partners, customers and employees.



ASX: S66

SHARE CAFÉ WEBINAR INVESTOR PRESENTATION

6 November 2020



DISCLAIMER

STAR COMBO

The information in this presentation is not a prospectus or other form of disclosure document prepared in accordance with the requirements of the Corporations Act 2001 (Cth) (Corporations Act) and will not be lodged with the Australian Securities and Investments Commission (ASIC). This presentation provides information in summary form and general information regarding Star Combo Pharma Ltd ACN 615 728 375 (Star Combo or the Company) and the proposed placement to sophisticated and professional investors.

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The Company's statutory results are prepared in accordance with International Financial Reporting Standards ("IFRS"). This presentation also includes certain non-IFRS measures in presenting the Company's results. Any additional financial information in this presentation which is not included in the Company's 30 June 2018 Financial Statements was not subject to independent audit or review. Investors should be aware that certain financial data included in this presentation is "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" published by ASIC and may also be "non-GAAP financial information" within the meaning given under Regulation G of the U.S. Securities Exchange Act of 1934, as amended.

Non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards ("AAS"). Accordingly, the non-IFRS financial information in this presentation: (i) may not be comparable to similarly titled measures presented by other entities; (ii) should not be construed as an alternative to other financial measures determined in accordance with AAS; and (iii) is not a measure of performance, liquidity or value under the IFRS. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this presentation.

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COMPANY & FINANCIAL SNAPSHOT



REVENUE

\$38.8M

+81% on FY19

**EBITA (exc. significant
one-off costs)**

\$1.8M

\$0.3M in FY19

DIVERSIFIED BUSINESS

3 revenue streams

(OEM, retail, owned brand
products)

**CONTINUOUS
OPERATIONS**

16 years

**Founded in 2004,
IPO in 2018**

Star Combo Pharma (ASX:S66) is a Sydney-based contract manufacturer of vitamins and beauty products with a portfolio of owned brand products and distribution capabilities

- Established revenue-generating business
- Clear path to profitability with focus on contract manufacturing to deliver high gross margins
- Diversified business – multiple revenue streams
- Recent investment to increase production capacity and support contract manufacturing plans
- Continue to benefit from global demand for Australian made vitamins and dietary supplements

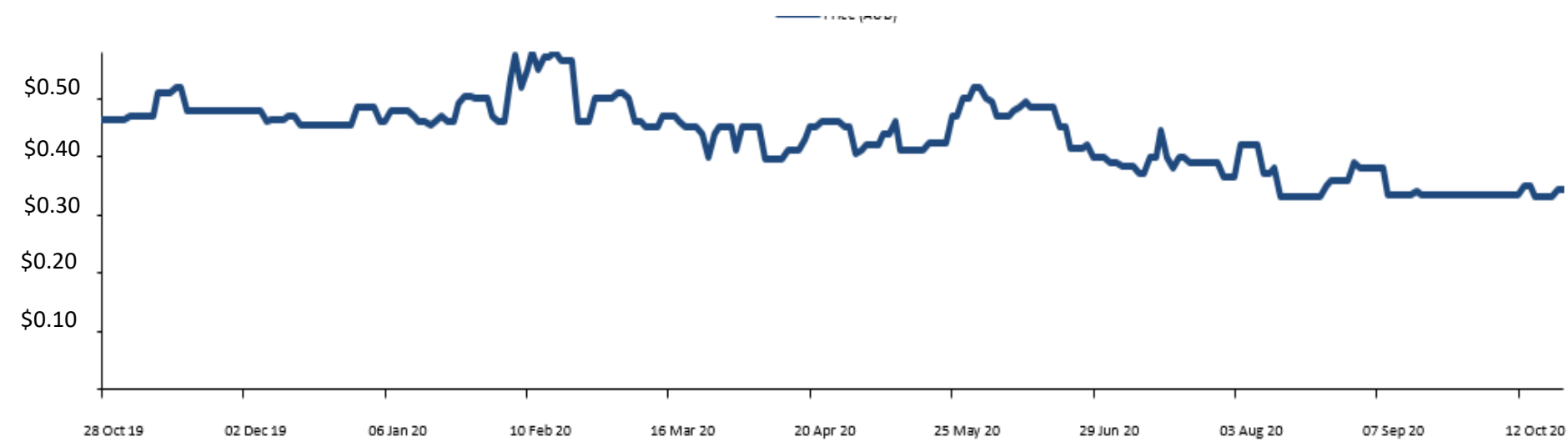
CORPORATE OVERVIEW



Star Combo Pharma (ASX:S66) is a contract manufacturer of vitamins and beauty products with a portfolio of owned brand products and distribution capabilities

- TGA licensed manufacturing facility in Sydney
- Contract manufacturer for a broad range of vitamin and wellness brands
- Recent investment to increase production capacity and support contract manufacturing plans
- In-house R&D capabilities to develop new products quickly and at low cost
- Multiple distribution channels – with a focus on Asian consumer demand for Australian Made products – especially China:
 - Wholesaler distributors – in China, Vietnam & Korea
 - Online – Austoyou.com.au (acquired Feb 2019), JDMall & Alibaba
 - China – in-country office, agents and access to over 3,000 pharmacies via Lepu Medical Technology (Lepu), a strategic investor
 - Retail touchpoints – 450 Terry White pharmacies nationwide and Koala Mall (acquired Feb 2019), plus tourist outlet
 - Daigou – through online and domestic offline channels

1 Year Share Price Chart

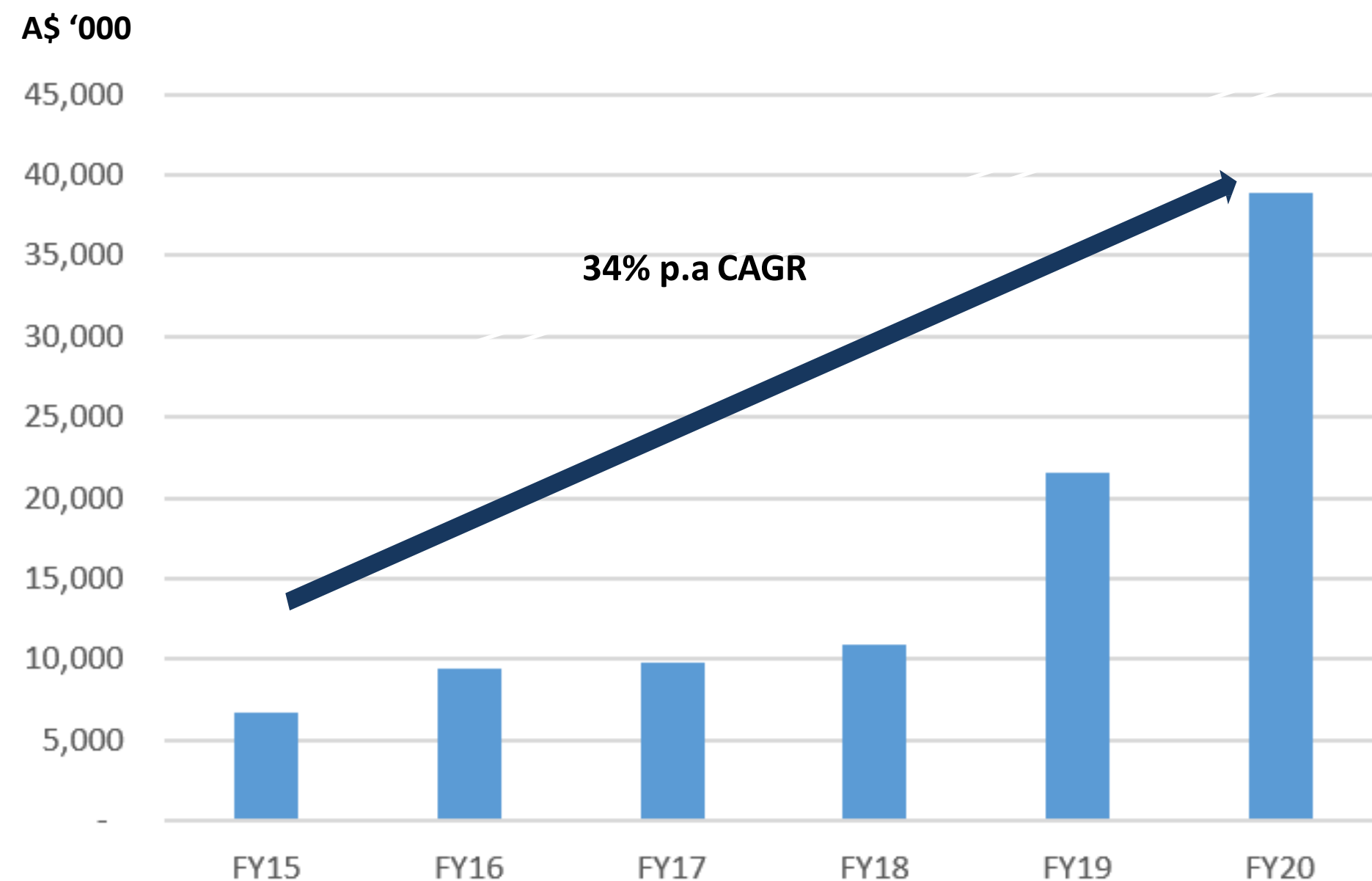


ASX Code	S66
Share on Issue (million)	135.6
Trading Range (Last 12 months)	\$0.31 - \$0.58
Market capitalization as of 3 Nov 2020	\$42m

FY20 RESULTS & HIGHLIGHTS

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Revenue FY15 – FY20



\$38.8M revenue (up 81% from FY19)


- 66% from online platform sales (e-commerce & retail)
- 19% contract manufacturing
- 15% from own brand sales

FY20 activities

- **\$33.32M private placement via Goldenmax**
 - Shenzhen-listed company; Market cap of CNY 6 billion
 - Pharma division in China – access to sales/marketing expertise and distribution network
- **Minimal COVID-19 impact on operations**
- **Growth in new contracts:**
 - 14 new OEM clients worth approx. \$1M+
 - Transition strategy to contract manufacturing
 - Higher gross margins

Q1 FY21 activities

- Contract manufacturing expansion strategy on-track
- OEM revenue contributed 23% of group revenue in Q1 FY21 (19% in FY20)
- Chemist Warehouse contract manufacturing order signed
- TGA licence extension to cover liquid products
- Investment to upgrade existing manufacturing capabilities at 171 Woodpark Road, Smithfield

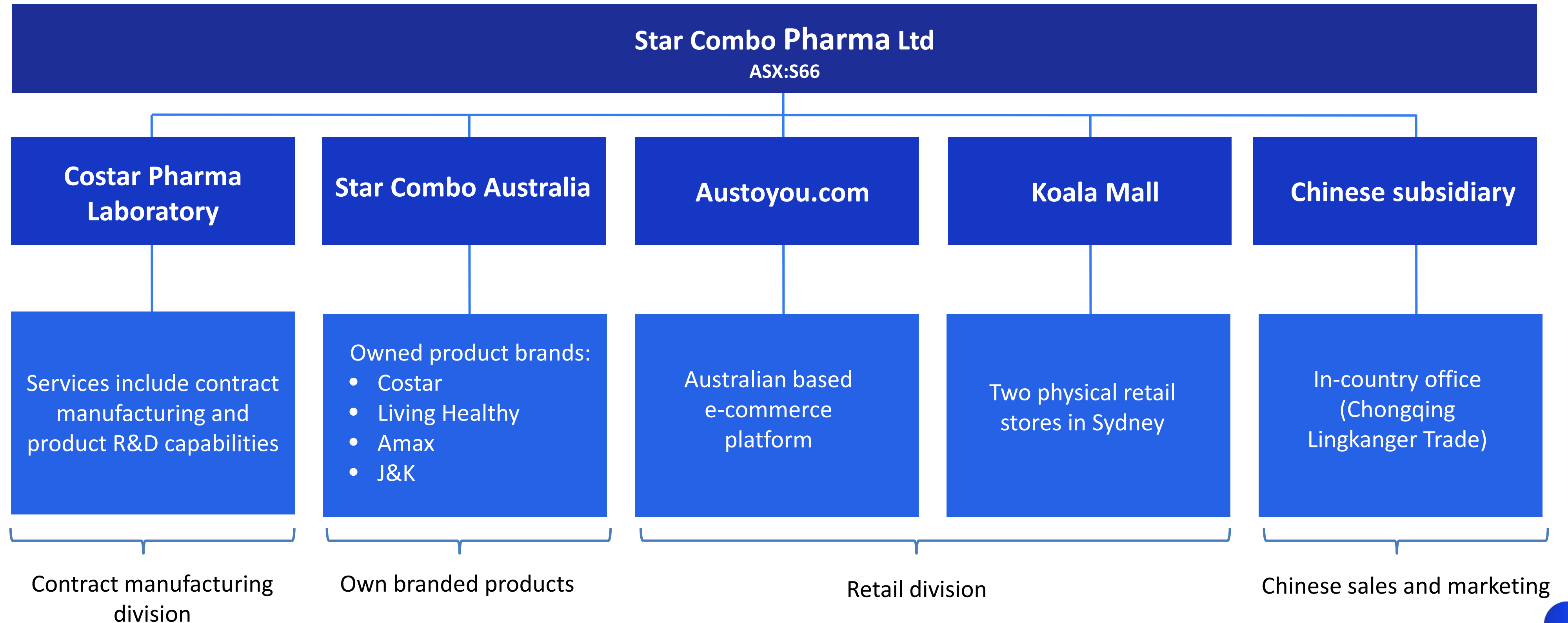


CURRENT OPERATIONS

INTEGRATED BUSINESS MODEL

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There are currently six companies in the Star Combo Pharma Limited group



CURRENT MANUFACTURING FACILITY

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Current manufacturing facility at Smithfield, Sydney

Key facility facts:

- A 15,000m² purpose-built facility - established in 2004 with the capacity to expand production significantly
- Commercialisation of 26 new formulations in 2020, with more in the pipeline
- Expansion of milk powder 'blend and pack' facility (Aug 2020)

Licensed and certified facility:

- TGA licence for non-sterile medicine manufacturing of Liquids, Tablets, Hard Shell Capsules, Soft Gel Capsules, Powders and Granules
- GMP Certificate for Compliance
- NSW Food Authority for FSANZ Food Standards Code for the manufacture of Process Pasteurised Dairy Products
- Dairy export permit from Department of Agriculture secured for overseas market







OWNED BRANDS & PRODUCT PORTFOLIO

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Star Combo owns four branded vitamin and health supplement brands: Living Healthy, Costar, Amax and J&K. All manufactured at Smithfield facility.

Brand portfolio leverages macro trends:

- **Strong demand for Australian made products** – premium health supplements and beauty products
- **Export to China** – via in-country distribution (e-commerce platforms (Tmall, Suning.com) and daigous). Chinese middle-class population expected to >550M by 2022
- **Export to growing international markets** – Vietnam, Thailand, Korea
- **Holistic wellness** – Vitamins and supplements seen as ‘fourth meal’ in Asian markets

	Living Healthy 			
	Living Healthy	Costar	Amax	J&K
Overview of products	Health supplements	Health supplements –	Supplements for beauty and pregnancy	Skincare and hand sanitizers
Sold at Australian pharmacies	✓	X	X	X
Distributed in China	✓	X	X	✓
Distributed in other overseas market	X	✓	✓	X
Available on Austoyou.com and Koala Mall	✓	X	✓	X
Examples of products	Vitamin D, Calcium tablets, Vitamin C, IDF, 5LX, etc	Fish oil, Propolis, Royal Jelly, Squalene, etc	DHA oil, cod liver oil, zinc, serums etc	Face masks, eye creams and hand sanitizers

B2C TOUCHPOINTS: E-COMMERCE & RETAIL STORES

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Austoyou.com e-commerce platform (acquired Feb 2019)

- E-commerce platform provides direct access to Chinese consumers, with over 5,000 product lines (includes non-S66 products)
- Star Combo products available on AustoYou.com since May 2019
- Supports B2C opportunities and compliments B2B product offering
- Uploading additional SKU and selling existing product range through Austoyou.com

Koala Mall (acquired Feb 2019)

- Retail presence in Sydney
- New customer acquisition rate at 14%
- Supports sales growth of Star Combo own branded products



尊贵客户经理-兜兜（正常上班啦）

【🔥3折抢购】原价30\$，限时三宝3折抢...



3 mins ago



GROWTH STRATEGY – 6 PILLARS

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Strengthen focus on R&D

- Commercialise new products for clients, via contract manufacturing and OEM service
- Establish in-house testing laboratory function

Invest in production capacity to achieve Economies of Scale

- 13 new production lines to be set up to improve production turn around times
- Higher volumes of production to achieve economies of scale

Broaden service offering

- Focus on strong customer service and support to improve customer satisfaction
- Maintain high quality standards of manufacturing and production

Sustain price competitiveness

- Deliver competitive pricing on products with economies of scale
- Increase value proposition to deliver 'value for money' for clients

Addition to sales team

- Provide more targeted client segmentation and management
- Deliver on validated customer needs

Expansion of current site

- Expansion of current facility to significantly increase production capacity by 2022 (100+%)
- Acquisition and development of new building facility to further increase production capacity



OEM EXPANSION STRATEGY

Aim: To become Australia's market leader in the health supplement manufacturing sector



Contract manufacturing competency with focus on OEM

- Operational since 2004, long history of revenue-generation
- OEM revenue as percentage of group revenue up to 23% in Q1 FY21 (19% FY20)
- Contract manufacturing agreement signed with Chemist Warehouse (Q1 FY21)



Licenses & approvals

- TGA, GMP and dairy export permit



Investment capital strategy executed

- \$33.32M private placement via Goldenmax - budgeted ~\$22M to invest in manufacturing, laboratory and R&D facilities
- ~\$11M investment in transformational investment to enhance existing manufacturing site



Experienced management team

- Strong management team to execute the growth strategy

CAPITAL INVESTMENT FROM GOLDENMAX

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Significant investment expedites Star Combo Pharma's growth strategy to become Australia's market leader in the health supplement manufacturing sector

Investment plan	A\$M
Expand manufacturing facility at current location	~11
New site development of new facilities	5-7
New R&D centre	3-5

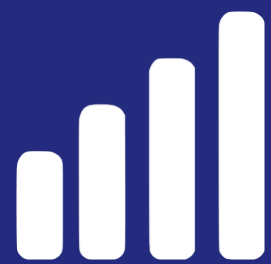
Investment outcome:

- Acquisition of 13 new production lines for existing site – expect ROI within three years of production
- Upgrading of current site
- Production capacity expected to increase 100+% by 2022
- Improve margins with economies of scale
- Secure new contract manufacturing order with existing and new clients



EXPANSION OF MANUFACTURING CAPABILITIES

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Pathway to return to profitability



Higher gross margins
(7% vs 5% for retail division)



Capture growth in Vitamins & Dietary Supplements market

~\$11M transformational investment into Smithfield manufacturing facility

- Substantial investment to enhance production to facilitate contract manufacturing plans
 - \$5M to upgrade existing facility
 - \$6M to increase production with 13 new production lines
- Completion within two years (Sep 2022)
- Expected to deliver substantial ROI with full return on investment within three years of production
- Set to capture growth for Australian-made vitamins and dietary supplements (VDS) within Australia and overseas:
 - Chinese VDS market expected to generate \$30B in revenue by 2021
 - China imported \$1B worth of VDS products from Australia in 2018

EXPANSION OF MANUFACTURING CAPABILITIES - DETAILS

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Expansion of production capacity set to increase volume and range of products for OEM clients

- **13 new production lines set to increase manufacturing capabilities**
 - Expected 100+% increase in production capacity
 - Approx. 200% greater floor space than current production floor space
- **New product lines to be introduced**
 - New gummies and liquid lines set to offer new products and services to clients
 - Majority of new production lines will focus on core products that contribute to majority of consumer market demand
- **Path to Return on Investment**
 - Expected to deliver a substantial ROI with a full return on investment within 3 years of the lines being in production
- **Strategy in place to grow customers**
 - Contract discussions with current/new customers with OEM production, proactive approach to target large brand customers with competitive rates
 - Leverage existing relationships and distribution networks

EXPANSION OF MANUFACTURING CAPABILITIES - TIMELINE

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Expected timeline

Activity	Date	Progress
Commencement of acquiring 13 new production lines	Sep 2020	✓
Commencement of upgrading existing manufacturing site	Sep 2020	✓
Clean Room installed	Dec 2021	
Installation of new production lines	Jan 2022	
Completion of existing site upgrade and 13 production lines in production	Sep 2022	

Key features of completed upgraded site

- TGA-licensed
- GMP compliant
- NSW Food Authority compliant
- DAWR export license for dairy product
- Full designed production daily capacity of 46 million capsules/tablets
 - Expected to allow 100+% increase in production capacity compared to current facility

WHY INVEST IN STAR COMBO PHARMA?

STARCOMBO



Established revenue-generating business

- 16 years of operations
- Revenue-generating business with vertical business model; control over supply chain



Clear growth strategy

- Expedited growth strategy from capital investment from strategic investor
- FY21 outlook remains resilient with continued transition on contract manufacturing



Multiple revenue sources

- Three business units: Contract manufacturing, Retail touchpoints (Austoyou.com and Koala Mall) and Own branded products



Benefit from macro trends

- Growing Chinese market – Chinese middle-class population >550M by 2022
- Ongoing demand for Australian made health and beauty products



Move to improve margins

- Focus on contract manufacturing expected to improve margins
- Existing infrastructure supports contract manufacturing. New site to support growth in this business unit

A woman with short brown hair and glasses, wearing a white tank top and grey shorts, is sitting on a dark rock. She has a large orange backpack on her back and is looking out over a mountain landscape at sunset. The sun is low on the horizon, creating a warm, golden glow. The sky is filled with soft, white clouds. The woman's legs are crossed, and her hands are resting on her knees. The overall mood is peaceful and contemplative.

Investor relations

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THANK YOU