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ASX Announcement

Star Combo Pharma Quarterly Business Update

Highlights

- **40% record increase in core OEM/Own Brands division revenue to \$4.9M for the quarter as Star Combo executes on strong order book**
- **Vietnam based distributor exceeded \$1.0M sales target**
- **\$10.7M manufacturing upgrade at 171-177 Woodpark Road completed in June, awaiting TGA approval with facilities expected to commence operations Q1 FY23**
- **Positive outlook for 1H23 as upgraded manufacturing facilities commence operations and manufacturing output increases significantly**

Star Combo Pharma Limited (ASX: S66) (Star Combo) announced today a business update for the quarter ended 30 June 2022 (Q4 FY22) and for the full year ended 30 June 2022.¹

Business and operational update for Q4 FY22

Star Combo's core OEM business continued to grow during the quarter, with record manufacturing output as the Company executed its order book, benefiting from intermittent 24 hour manufacturing capabilities to increase production and improved supply chain dynamics.

OEM and Own Brands revenue totaled a record of \$4.9M for the quarter (Q4 FY21 \$3.3M) representing growth of 40%. OEM and Own Brands revenue grew 30% to \$16.3M for FY22 from \$12.5M in FY21.

The Company's non-core Retail revenue in the AustoYou and Koala Mall sector was \$1.2M for the quarter (Q4 FY21 \$2.7M) representing a decline of 55%. Retail Revenue for the full year FY22 was \$6.7M which is down by 53% from the FY21 total revenue of \$14.2M. The business continued to be impacted by the COVID pandemic as decreased tourism continued.

Star Combo group revenue was \$6.2M for the quarter (Q4 FY21 \$6.0M) representing a small growth of 2% year on year. Group revenue for the full year FY22 was \$22.9M representing a decline of 14% from FY21 group revenue of \$26.7M as the Company's non-core Retail division continued to decline, offset by the strong performance in the core OEM and Own Brands division.

Improved Relations with OEM clients

Throughout the year and the quarter Star Combo has extended the number of clients on whose behalf it manufactures. This has been the result of a focused effort to work with established brands who previously have secured their product from alternative manufacturers.

¹ All amounts quoted are from the unaudited group management accounts

New and Improved Distribution arrangements

Star Combo has distribution arrangements in place in Australia and overseas for its proprietary health supplement product lines including Living Healthy, Costar, Amax, and J&K. Domestic distribution has continued to strengthen during the quarter with improved performances from Terry White Chemmart and other customers.

Star Combo's 12-month distribution agreement with leading Vietnamese distributor Happy Services Co Ltd for the sale and distribution of Costar across Vietnam, commenced in August 2021 and concluded on 30 June 2022. The arrangement operated successfully, with the distributor exceeding its \$1.0M sales target and has provided an appropriate prototype for renewed arrangements in Vietnam and other Asian countries. The distribution arrangements seek to capture an increasing middle class and an aging population in Asia. The Company expects to secure longer term arrangements in the near future

Upgraded Manufacturing Facilities

The much anticipated \$10.7M manufacturing upgrade at 171-177 Woodpark Road in Smithfield was completed in June 2022, and now awaits TGA approval to commence manufacturing in Q1 FY23. The new production lines will be commissioned and configured to be ready for operation with the facility running 24 hours a day, significantly increasing output as Star Combo continues to build its OEM and Own Bands order book. The facilities will enable Star Combo to better address the growing demand in both local and overseas markets and move closer to becoming Australia's leading nutraceutical manufacturer.

-ENDS-

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

Investor and Media relations contact

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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.