



28 April 2021

ASX Announcement

Star Combo Pharma Quarterly Business Update

- **Renewed supply agreement with Terry White Chemmart for supply of Star Combo owned and manufactured Living Healthy brand**
- **Relationship with Chemist Warehouse continues to strengthen.**
- **First New Zealand OEM contract won**
- **Strong commercialization of new products including completion of 19 new formulations. These new products are not limited to the block buster NMN**
- **Expansion and development of Smithfield manufacturing facilities are on track with 171 Woodpark Road passing an environmental audit in January, warehouse cleared, and purchase of production line equipment has commenced**
- **Q3 FY21 cash receipts of \$6.0M, down 13% on Q2 receipts which were \$6.9M**
- **Outlook for FY21 remains resilient with good medium-term industry outlook for dietary and vitamin supplements, strong and growing demand for Australian made products and continued transition to contract manufacturing**

Star Combo Pharma Limited (ASX: S66) (Star Combo) announced today a business update for the quarter ended 31 March 2021 (Q3 FY21).

Business and operational update

Star Combo continued to focus on business efficiencies during the quarter. The Company's transition to contract manufacturing is on track and the segment continues to benefit from growth and demand for Australian made health and beauty products.

Revenue was \$6.1M (Q2 FY2021 \$7.5M) in the quarter. The retail division was affected by international border closures and decreased tourism. The revenue totaled \$2.9M in Q3 FY21, compared to \$4.3M in Q2 FY21.

During the quarter Star Combo renewed its exclusive supply agreement with Terry White Chemmart for their 450 stores. It is through this distribution arrangement that Star Combo sells its wholly owned and manufactured, Living Healthy brand in Australia.

The Company's relationship with Chemist Warehouse continues to strengthen with the second round of orders received, exceeding \$1 million in revenue for the company. This relationship has the potential to provide additional opportunities for the company.

The Company has won the first New Zealand OEM contract with one of New Zealand's leading health supplements brand during the quarter.

This quarter, 19 new formulations have been finalised and are now advanced to final finished products. They include both Star Combo brand and OEM supplementary, milk powder and probiotic products.

Progress on the ongoing expansion of Star Combo's existing manufacturing facility at 171 Woodpark Road remains on track. The warehouse has been cleared out and the purchase of new production line equipment has commenced. This quarter saw the Company complete relevant obligations and successfully passed the council environment inspection. In addition, Star Combo submitted its DA application for the 165 Woodpark Road site and awaits confirmation to begin construction. The project remains on track to begin in late 2021.

Subsequent to the quarter end, Star Combo launched its products on Tmall.com (Tmall). Tmall is China's premier online shopping destination, enabling businesses world-wide to reach China's vast and growing consumer market. It is the most visited B2C online retail website in China. Star Combo is selling its wholly owned and manufactured brands Living Healthy, J&K and Costar on the site.

Cash

Cash receipts in Q3 FY21 were \$6.0M. The net cash flow for the quarter is negative at minus \$1.8M including \$1.2M paid for the capital development project.

Star Combo ended the quarter with a strong cash balance of \$18.3M, with funds allocated to the expansion of the existing facility and 165 Woodpark Road.

Outlook

Star Combo CEO, Ms Su Zhang said, "We remain focused on growing our contract manufacturing business and achieving ongoing operational efficiencies across our various divisions. The medium-term industry demand outlook for dietary and vitamin supplements remains strong and that coupled with the Australian made preference will provide strong growth opportunities for the company. Our expansion strategy remains on track and we are getting closer to having a comprehensive manufacturing capability in Australia".

-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.