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28 November 2023 **ASX Announcement**

Star Combo 2023 AGM – Chairman Update

Attached, please find the business update to be delivered by the Chairman at the Star Combo Pharma Limited 2023 Annual General Meeting held on 28 November 2023 at 11:00am.

Authorised for Release by the Directors

For more information please 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.



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STAR COMBO PHARMA LIMITED

Chairman's address

Annual General Meeting

28 November 2023

FY23 Key results

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- Group Revenue increased by 7.95% year on year and Group Profit Before Asset write down increased by 153% year on year
- Record OEM production
- Retail Division returns to profit
- Strong cash position at 30 June 2023 and continuing
- Oct 2022 fire impacts closely managed.

Group Financial Performance





	FY23	FY22
	$000's	$000's
• OEM Revenue	**$20,729**	**$16,177**
• Retail Revenue	**$3,947**	**$6,672**
➢ **Group Revenue**	**$24,700**	**$22,880**
➢ (Loss) Before Tax	(**$3,454**)	(**$1,081**)
➢ Profit before asset write down	**$957**	**$377**

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Record OEM Production

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	FY 2023	FY 2022	+/(-)% YOY
Capsules/Tablets Manufactured	520,767,220	507,742,420	3%
Batches Manufactured	306	255	20%
Actual Production Time – Hrs	63,342	57,753	10%
Potential Production Time - Hrs	84,456	77,504	9%
Production OEE	75.0%	74.5%	0.5%

Retail Division returns to Profit

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	FY 24 Q1 $000's	FY 23 H2 $000's	FY 23 H1 $000's	FY 23 Full Year $000's	FY 22 Full Year $000's
External Sales	758.7	1,615.7	2,331.4	3,947.2	6,672.8
Profit/(Loss) (before Asset Impairment	18.4	45.7	(266.5)	(220.7)	(659.1)
Asset Impairment					(1,459.4)
Profit /(Loss) after Asset Impairment	18.4	45.7	(266.5)	(220.7)	(2,118.4)

Cash Position

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- Strong cash position at 30 June 2023 and continuing
- Full year high level cash flow:
  - Cash and Cash Equivalents at June 2022 $10.4M
  - Less Capital Expenditure ($2.7M)
  - Changes in Working Capital $1.8M
  - Cash and Cash Equivalents at June 2023. $ 9.5M

Factory Fire Oct 2022

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- Oct 2022 fire impacts closely managed to minimise effect on financial and production resources.
- There were no injuries to any person
- Building 2 was significantly damaged.
- Damaged plant within Building 2 was newly installed and was not yet in production.
- Building, plant and contents damage in Building 2 was written off in FY23.
- Write off amount was $ 4.41M.
- The incident remains the subject of an unsettled insurance claim. Any settlement amount received by Star Combo will be taken as a revenue item of the group P&L when received.

Our people

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People

Our team have demonstrated agility and tenacity in guiding the business through the unfortunate fire at the company factory in October 2022 and have continued to execute on our strategy of becoming Australia's leading nutraceutical manufacturer.

Safety

As a manufacturing business, we are dedicated to ensuring we have a safe workplace.

The company has in place a comprehensive occupational health and safety program which all staff are required to follow.

No safety incident has been reported at Star Combo YTD 2023.

Well being

A comprehensive WHS plan has been implemented at Star Combo.

Significant precautions and protocols are in place to safeguard the health and wellbeing of our employees.

OEM Division Update

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Manufacturing Division (OEM and Branded)

- OEM division has again performed ahead of expectations with increasing volume of bulk orders manufactured for new customers
- 53 new customer accounts have been established in the last twelve months.
- At the date of this report the group order book for the remainder of FY 2024 is the strongest that it has ever been.
- The following new products have been developed and are available for further commercialisation going forward
  - Gummie line
  - Liquid products
- Continued expansion into new territories with $1.0M distribution agreement signed with Vietnam based distributer, for supply of Costar products throughout the country

Retail Division Update

- The retail division was significantly impacted by the COVID pandemic and has required some significant restructuring.
- Physical retail stores that the business operated in Carlingford and Ashfield in Sydney were closed in September 2022 with all sales transferred online.
- Newly formed customer service team was established in China to improve customer retention and sales.
- 49% of the business was sold to members of the customer service team in November 2022.
- Modest profits have been achieved every month since the beginning of calendar year 2024 thus providing a significant improvement in the operating profits of the group.

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Achievements & Outlook



FY23 Achievements	**Continued growth in contract manufacturing division**	**Operating cash flow positive with $10.39M in cash in bank**	**Retail Business restructured**
2024 Outlook	**Contract manufacturing sector remains main area of strategic focus**	**Contract manufacturing outlook remains resilient benefiting from strong macro trends**	**New market development opportunities providing potential for growth**
2024 Opportunities	**Initialise Gummy line manufacturing capabilities**	**Commence manufacture of pet supplements, utilising the recently acquired license granted by the Australian Pesticides and Veterinary Medicines Authority (APVMA)**	

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Investor relations

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THANK YOU



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