



ASX : DNA

## asx release

26 July 2024

### Donaco Delivers Robust Q4 FY2024

#### Summary

- Donaco reported robust financial results, recording Group net revenue of A\$10.81m (March Quarter: A\$12.66m) and EBITDA of A\$6.34m (March Quarter: A\$8.39m).
- Increased average daily visitation across both operations, following visitor retention and government tourism campaigns.
- Aristo reported stable revenue growth of A\$3.97m (March Quarter: A\$3.84m) and property level EBITDA of A\$2.47m (December Quarter: A\$2.53m).
- Cash position increased to A\$29.30 million as of 30 June 2024.

Donaco International Limited (**Donaco** or **Company**) provides the following trading update for the quarter ended 30 June 2024 (**June Quarter**).

The June Quarter represented stabilised earnings and robust financial management across Donaco's operations. Group earnings and EBITDA decreased compared to the March Quarter due to a higher-than-expected VIP win rate at the DNA Star Vegas (**Star Vegas**) operation.

The Group recorded net revenue of A\$10.81 million (March Quarter: A\$12.66m) and EBITDA of A\$6.34 million (March Quarter: A\$8.39m). The overall Group performance has grown steadily over the past 12 months, recording a 164% increase in EBITDA compared to the June Quarter 2023.

Donaco's Star Vegas operation, situated on the Cambodia-Thailand border, recorded net revenue of A\$6.84 million (March Quarter: A\$8.82m) and property-level EBITDA of A\$4.65 million (March Quarter: A\$6.63m). Star Vegas has seen growth in average daily visitation, with 1,019 players visiting the resort, compared to the March Quarter average visitation of 872. This is a result of Donaco's membership loyalty program, which began in January 2024.

Aristo International Hotel (**Aristo**), located in Vietnam, recorded improved revenue and visitation during the June Quarter, with net revenue of A\$3.97 million, a 3.4% increase over the March Quarter's A\$3.84 million. Average daily visitation increased to 291 players (March Quarter: 246 players), and the Group recorded property-level EBITDA of A\$2.47 million (March Quarter: A\$2.53m).

Donaco ended the period with an increased cash position of A\$29.30 million (March Quarter: A\$28.99m).

Payments to related parties of the entity and their associates totalled A\$202K, in the form of payments to Directors and their associates for salaries and contracted services.

**Donaco’s Non-Executive Chairman, Mr Porntat Amatavivadhana, commented:**

“Donaco has consistently reported robust financial and visitation numbers following stable quarters across our operations. In the period we’ve stabilised our operations and focus on providing a high-quality experience to our customers. This is evidenced by the improving average daily visitation across both Star Vegas and Aristo.

Star Vegas recorded stabilised property-level EBITDA and net revenue figures. A higher-than-usual VIP Win Rate impacted Star Vegas; however, our turnaround strategy minimised operating expenses through a period of stronger visitation.

Meanwhile, Aristo reported high visitation levels in line with the March Quarter and an increase in net revenue over the period. A minor surge in operating expenses impacted Aristo and, unfortunately, affected the operation's property-level EBITDA. However, we are confident in Aristo’s long-term potential, in light of the opening of the new Sapa airport in 2025.”

## **Outlook**

Donaco has demonstrated a steady performance, surpassing pre-COVID operational levels and achieving quarters of improved and stabilised financial results. The Company's resilient balance sheet and growing cash balance reinforce Donaco’s position ahead of FY2025.

The Company has seen improvements in visitation numbers following local governments' successful implementation of tourism efforts in both regions.

Looking ahead, on 28 March 2024, the Thailand government voted in favour of a study by a panel of lawmakers to allow casinos to operate within large entertainment complexes in the country.<sup>1</sup> This study will be submitted to the Cabinet for a decision on the suitability of legalising casinos in Thailand. The legalisation of casinos in the country may impact Donaco’s Star Vegas operations and cross-border tourism in the region. Donaco is assessing the possible effects this development could have on the business.

Additionally, Aristo is undergoing a tax audit of unredeemed chips (chips customers deposit at Aristo) and the Vietnam General Department Of Taxation has deemed the chips as Donaco’s revenue. This could amount to a potential tax payment of approx USD 5.9 million. Donaco has engaged a consultant in Vietnam to lodge the appeal, and the result is uncertain at the moment.

While Donaco is pleased to report a strong recovery in earnings following the COVID-19 pandemic, these potential disruptors will be considered as the Company navigates the evolving landscape of the gaming industry in Southeast Asia.

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<sup>1</sup> <https://www.bloomberg.com/news/articles/2024-03-28/thailand-takes-first-step-to-legalize-casinos-to-aid-economy>

## **Financial Performance**

The following update compares the June Quarter to the March Quarter and the Quarter ended June 2023. It is based on unaudited management accounts and quoted in Australian dollars.

### DNA Star Vegas

DNA Star Vegas, situated on the Cambodia-Thailand border, has stabilised following the March Quarter's strong performance.

DNA Star Vegas	June Quarter 2024	March Quarter 2024	June Quarter 2023
Rolling Chip VIP Turnover	AUD 7.66m	AUD 12.01m	AUD 19.46m
Net Revenue	AUD 6.84m	AUD 8.82m	AUD 4.37m
Operating expenses	AUD 2.18m	AUD 2.19m	AUD 2.56m
Property level EBITDA	AUD 4.65m	AUD 6.63m	AUD 1.81m
Average daily visitation	1,019 players	872 players	1,065 players
VIP win rate	10.82%	4.27%	-1.06%

Currency Conversions: June Quarter 2024 1.5253AUD/USD; March Quarter 2024 1.5381AUD/USD; June Quarter 2023 1.4850AUD/USD.

### Aristo International Hotel

Aristo, based in Vietnam, benefitted from stable visitation during the period and performed in line with the March Quarter.

Aristo International Hotel	June Quarter 2024	March Quarter 2024	June Quarter 2023
Rolling Chip VIP Turnover	AUD 339.31m	AUD 249.20m	AUD 322.96m
Net Revenue	AUD 3.97m	AUD 3.84m	AUD 2.51m
Operating expenses	AUD 1.50m	AUD 1.31m	AUD 1.20m
Property level EBITDA	AUD 2.47m	AUD 2.53m	AUD 1.31m
Average daily visitation	291 players	246 players	247 players
VIP win rate	2.24%	2.60%	1.66%

Currency Conversions: June Quarter 2024 1.5253AUD/USD; March Quarter 2024 1.5381AUD/USD; June Quarter 2023 1.4850AUD/USD.

Group Summary

DNA Group	June Quarter 2024	March Quarter 2024	June Quarter 2023
Rolling Chip VIP Turnover	AUD 346.97m	AUD 261.21m	AUD 342.42m
Net Revenue	AUD 10.81m	AUD 12.66m	AUD 6.88m
Operating expenses	AUD 3.68m	AUD 3.50m	AUD 3.76m
Property level EBITDA	AUD 7.12m	AUD 9.16m	AUD 3.12m
Corporate Costs	AUD 0.78m	AUD 0.77m	AUD 0.72m
Group EBITDA	AUD 6.34m	AUD 8.39m	AUD 2.40m

Currency Conversions: June Quarter 2024 1.5253AUD/USD; March Quarter 2024 1.5381AUD/USD; June Quarter 2023 1.4850AUD/USD.

**[ENDS]**

*Authorised for release by the Board.*

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## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

Donaco International Limited

**ABN**

28 007 424 777

**Quarter ended ("current quarter")**

30 June 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	11,396	46,838
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,068)	(10,180)
(c) advertising and marketing	(170)	(650)
(d) leased assets	(94)	(191)
(e) staff costs	(1,950)	(7,970)
(f) administration and corporate costs	(3,761)	(13,111)
1.3 Dividends received (see note 3)		
1.4 Interest received	1	1
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(6)	(28)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>1,348</b>	<b>14,709</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(123)	(332)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities		
	(b) businesses		
	(c) property, plant and equipment		
	(d) investments		
	(e) intellectual property		
	(f) other non-current assets		
2.3	Cash flows from loans to other entities		
2.4	Dividends received (see note 3)		
2.5	Other (provide details if material)		
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(123)</b>	<b>(332)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)		
3.2	Proceeds from issue of convertible debt securities		
3.3	Proceeds from exercise of options		
3.4	Transaction costs related to issues of equity securities or convertible debt securities		
3.5	Proceeds from borrowings		1,030
3.6	Repayment of borrowings	(2,450)	(3,480)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>(2,450)</b>	<b>(2,450)</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	28,993	16,724
4.2	Net cash from / (used in) operating activities (item 1.9 above)	1,348	14,709
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(123)	(331)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,450)	(2,450)
4.5	Effect of movement in exchange rates on cash held	1,532	648
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>29,300</b>	<b>29,300</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	29,300	29,300
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>29,300</b>	<b>29,300</b>

<b>6.</b>	<b>Payments to related parties of the entity and their associates</b>	<b>Current quarter \$A'000</b>
6.1	Aggregate amount of payments to related parties and their associates included in item 1	202
6.2	Aggregate amount of payments to related parties and their associates included in item 2	
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>		

7. <b>Financing facilities</b> <i>Note: the term "facility" includes all forms of financing arrangements available to the entity. Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	19,324	15,918
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>	19,324	15,918
7.5 <b>Unused financing facilities available at quarter end</b>		3,406
7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		
<p>Lender 1 (unsecured loan) Name: Lee Bug Huy Interest rate: 6.00% Maturity term: 22 July 2027</p> <p>Lender 2 (unsecured loan) Name: Lee Bug Huy Interest rate: 6.00% Maturity term: 13 May 2026</p>		

8. <b>Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (item 1.9)	1,348
8.2 Cash and cash equivalents at quarter end (item 4.6)	29,300
8.3 Unused finance facilities available at quarter end (item 7.5)	3,406
8.4 Total available funding (item 8.2 + item 8.3)	32,706
8.5 <b>Estimated quarters of funding available (item 8.4 divided by item 8.1)</b>	N/A
<i>Note: if the entity has reported positive net operating cash flows in item 1.9, answer item 8.5 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.5.</i>	
8.6 If item 8.5 is less than 2 quarters, please provide answers to the following questions:	
8.6.1 Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
Answer: N/A	
8.6.2 Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
Answer: N/A	



8.6.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer: N/A

*Note: where item 8.5 is less than 2 quarters, all of questions 8.6.1, 8.6.2 and 8.6.3 above must be answered.*

## Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 26 July 2024

Authorised by: Board of Directors  
(Name of body or officer authorising release – see note 4)

## Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.