

ASX : DNA

## asx release



24 April 2024

### Donaco delivers 66% EBITDA increase in Q3 FY2024

#### Summary

- **Strong financial improvements on the recent December Quarter, resulting in a substantial increase in Group net revenue of A\$12.66m (December Quarter: A\$9.73m) and EBITDA of A\$8.39m (December Quarter: A\$5.06m).**
- **Increase in quality player visitation, highlighting a consistent level of tourism in the region.**
- **Star Vegas reported impressive growth, with net revenue of A\$8.82m (December Quarter: A\$6.12m) and property level EBITDA of A\$6.63m (December Quarter: A\$3.61m).**
- **Ongoing growth expected in the region over the coming period as tourism rebounds.**
- **Strong cash position of A\$28.99 million as of 31 March 2024.**

Donaco International Limited (“**Donaco**” or the “**Company**”) provides the following trading update for the quarter ended 31 March 2024 (**March Quarter**).

Donaco recorded growth across its operations, with group earnings and EBITDA steadily increasing. The Company’s visitation numbers have now stabilised, reaching levels consistent with the previous quarter, with tourism in Cambodia and Vietnam returning to pre-COVID levels.

The Group recorded strong results with group net revenue of A\$12.66 million (December Quarter: A\$9.73m) and EBITDA of A\$8.39 million, a 66% increase over the December Quarter of A\$5.06 million.

Donaco’s DNA Star Vegas (**Star Vegas**) operation, situated on the Cambodia-Thailand border, recorded net revenue of A\$8.82 million (December Quarter: A\$6.12m), and property-level EBITDA of A\$6.63 million (September Quarter: A\$3.61m) which represents an 83.7% growth. Star Vegas benefitted from a membership loyalty program implemented in January 2024.

Donaco’s Vietnam operation, Aristo International Hotel (**Aristo**), saw an uptick in revenue and EBITDA flowing from stabilised tourism, primarily from China. Aristo recorded net revenue of A\$3.84 million, representing a 6.4% growth from the December Quarter of A\$3.61 million. Property level EBITDA moderately increased from the December Quarter, resulting in A\$2.53 million (December Quarter: A\$2.24m).

Donaco has maintained its focus on stringent financial management and ended the period with a robust cash position of \$28.99 million, a 15.4% increase from the December Quarter’s A\$25.12 million.

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’s operational execution and increase in quality player visitation fueled strong growth in our business in the March Quarter.

Star Vegas continued to outperform, delivering considerable growth across property-level EBITDA and net revenue. The operation also saw an improvement in daily visitation and a reduction in operating expenses, which is a testament to our turnaround strategy.

The Cambodian Government’s successful tourism campaign resulted in improved visitation numbers at Star Vegas. Similar positive results were seen in Vietnam, with our Aristo operation reporting consistent visitation in line with the December Quarter. Meanwhile, Aristo maintained stable financial metrics and moderate improvements across revenue, property level EBITDA and operating expenses, highlighting the asset’s operational efficiency.

Looking ahead, we are confident in Donaco’s ability to deliver continued solid results, based on our focus on operational efficiencies and the positive tourism trends in the region.”

**Outlook**

Donaco has experienced continued growth over the March Quarter, with the Company almost fully reaching pre-COVID operational levels. The strong performance is bolstered by a robust balance sheet and experienced management team, positioning Donaco for continued growth in the coming quarter.

Visitation numbers have stabilised across Donaco’s operations. However, the Company anticipates a further uptick as local governments ramp up their tourism efforts in the regions.

Adding to the positive outlook, the Vietnamese Government is making continued progress on the development of the new Sapa airport in Lao Cai, situated near Aristo. With the airport scheduled to open in 2025, it is estimated to bring over 1.5 million additional visitors annually. The airport’s opening is expected to drive a substantial uplift in visitation for Donaco post-2025.

**Financial Performance**

The following update compares the March Quarter to the December Quarter, as well as the quarter ended March 2023, and is based on unaudited management accounts and quoted in Australian dollars.

DNA Star Vegas

DNA Star Vegas, situated on the Cambodia-Thailand border, has strongly outperformed the December Quarter.

DNA Star Vegas	March Quarter 2024	December Quarter 2023	March Quarter 2023
Rolling Chip VIP Turnover	AUD 12.01m	AUD 17.49m	AUD 10.02m
Net Revenue	AUD 8.82m	AUD 6.12m	AUD 6.29m
Operating expenses	AUD 2.19m	AUD 2.51m	AUD 2.11m
Property level EBITDA	AUD 6.63m	AUD 3.61m	AUD 4.17m
Average daily visitation	872 players	861 players	1,066 players
VIP win rate	4.27%	2.36%	4.09%

Currency Conversions: March Quarter 2024 1.5281AUD/USD; December Quarter 2023 1.5323AUD/USD; March Quarter 2023 1.4814AUD/USD.

Aristo International Hotel

Aristo, based in Vietnam, benefitted from international tourism in the period and performed in line with the December Quarter.

Aristo International Hotel	March Quarter 2024	December Quarter 2023	March Quarter 2023
Rolling Chip VIP Turnover	AUD 249.20m	AUD 307.66m	AUD 88.23m
Net Revenue	AUD 3.84m	AUD 3.61m	AUD 1.26m
Operating expenses	AUD 1.31m	AUD 1.37m	AUD 0.68m
Property level EBITDA	AUD 2.53m	AUD 2.24m	AUD 0.58m
Average daily visitation	246 players	258 players	119 players
VIP win rate	2.60%	2.23%	2.99%

Currency Conversions: March Quarter 2024 1.5281AUD/USD; December Quarter 2023 1.5323AUD/USD; March Quarter 2023 1.4814AUD/USD.

Group Summary

DNA Group	March Quarter 2024	December Quarter 2023	March Quarter 2023
Rolling Chip VIP Turnover	AUD 261.21m	AUD 325.15m	AUD 98.25m
Net Revenue	AUD 12.66m	AUD 9.73m	AUD 7.55m
Operating expenses	AUD 3.50m	AUD 3.88m	AUD 2.79m
Property level EBITDA	AUD 9.16m	AUD 5.85m	AUD 4.75m
Corporate Costs	AUD 0.77m	AUD 0.79m	AUD 0.68m
Group EBITDA	AUD 8.39m	AUD 5.06m	AUD 4.07m

Currency Conversions: March Quarter 2024 1.5281AUD/USD; December Quarter 2023 1.5323AUD/USD; March Quarter 2023 1.4814AUD/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")**

31 March 2024

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	13,284	35,442
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(4,507)	(8,114)
(c) advertising and marketing	(152)	(480)
(d) leased assets	(94)	(98)
(e) staff costs	(2,165)	(6,710)
(f) administration and corporate costs	(1,230)	(5,655)
1.3 Dividends received (see note 3)		
1.4 Interest received		
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(498)	(1,025)
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>4,638</b>	<b>13,360</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	(124)	(209)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
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>(124)</b>	<b>(209)</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		1,031
3.6	Repayment of borrowings		(1,031)
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>-</b>	<b>-</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	25,122	16,724
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,638	13,360
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(124)	(208)

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (9 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)		
4.5	Effect of movement in exchange rates on cash held	(643)	(883)
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>28,993</b>	<b>28,933</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	28,993	25,122
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>28,993</b>	<b>25,122</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	19,596	18,601
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 <b>Total financing facilities</b>		
7.5 <b>Unused financing facilities available at quarter end</b>		995
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)	4,638
8.2 Cash and cash equivalents at quarter end (item 4.6)	28,993
8.3 Unused finance facilities available at quarter end (item 7.5)	995
8.4 Total available funding (item 8.2 + item 8.3)	29,988
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: 24 April 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.