



ASX : DNA

asx release

25 October 2024

Donaco reports stable Q1 FY2025

Summary

- Donaco reported Group net revenue of A\$10.25m (June Quarter: A\$10.81m) and EBITDA of A\$5.55m (June Quarter: A\$6.34m), with in-line daily visitation numbers across both operations.
- Star Vegas reported net revenue of A\$6.30m (June Quarter: A\$6.84m) and property level EBITDA of A\$3.83m (June Quarter: A\$4.65m).
- Aristo delivered stable revenue of A\$3.95m (June Quarter: A\$3.97m) and property level EBITDA of A\$2.52m (June Quarter: A\$2.47m).
- Cash position increased to A\$33.02 million as at 30 September 2024.

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

The September Quarter represented stable earnings and continued financial management across Donaco's operations. The Group recorded net revenue of A\$10.25 million (June Quarter: A\$10.81m) and EBITDA of A\$5.55 million (June Quarter: A\$6.34m). This was slightly lower compared to the June Quarter as a result of DNA Star Vegas' (Star Vegas) lower than expected performance, mainly due to the registration fees of new slot machines in September 2024 of approximately A\$0.37 million.

Donaco's Star Vegas operation (**DNA Star Vegas**), situated on the Cambodia-Thailand border, delivered net revenue of A\$6.30 million (June Quarter: A\$6.84m) and property-level EBITDA of A\$3.83 million (June Quarter: A\$4.65m). Star Vegas' average daily visitation remained stable at 941 players, driven by the Company's membership loyalty program launched in January 2024.

Aristo International Hotel (**Aristo**), located in Vietnam, maintained stable revenue in the September Quarter, with net revenue of A\$3.95 million, in-line with the June Quarter's A\$3.97 million. Average daily visitation slightly increased to 306 players (June Quarter: 291 players), and the Group recorded a slightly higher property-level EBITDA of A\$2.52 million (June Quarter: A\$2.47m).

Donaco ended the September Quarter with an increased cash position of A\$33.02 million (June Quarter: A\$29.30m).

Payments to related parties of the entity and their associates totalled A\$195K, in the form of payments to Directors and their associates for salaries and contracted services.

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

“In the September Quarter, our two operations, DNA Star Vegas and Aristo, performed in line with the prior quarter, including steady daily visitation numbers. Looking specifically at Star Vegas, we were expecting a higher September Quarter for the asset, which was impacted by the registration fees from new slot machines, equivalent to A\$0.37 million.

Our cash position remains strong and increased to A\$33.02 million. We remain committed to executing our strategy as we navigate Southeast Asia's evolving gaming industry. As part of this, we are evaluating potential disruptors, such as the proposed Integrated Entertainment Business Act in Thailand, a bill to allow casinos to operate legally within entertainment complexes in the country¹, and the separate Aristo tax matter.”

Outlook

As previously reported, the Thailand Government recently proposed the Integrated Entertainment Business Act, aiming to legalise gambling in large “entertainment complexes” like hotels, restaurants, convention centres, music venues, sports arenas and amusement parks. The potential legalisation of casinos in the region may affect DNA Star Vegas’ operations and cross-border tourism in the region. Donaco is currently assessing how this development might impact its business. While there is no immediate effect on Donaco’s financials, should the bill pass, future implications may require re-evaluation, particularly as the majority of DNA Star Vegas’ patrons come from Thailand. Donaco will continue to closely monitor the situation and assess any potential impacts on its operations.

Additionally, as disclosed in the FY24 Annual Report, Vietnam’s General Department of Taxation (**GDT**) denied Aristo’s appeal application regarding the tax payable for floating chips. Aristo thereafter lodged a complaint with the local court and, in October 2024, was granted leave to initiate legal proceedings to challenge the basis and validity of GDT’s decision. The Company will provide an update on the outcome of the legal proceedings in due course. The potential liability of approximately AU\$8,857,906 (as at 30 June 2024 spot rate) could potentially impact Donaco’s financials if GDT’s decision is not overturned.

Donaco expects the construction of Sapa Airport in Lao Cai, the regional area where Aristo is located, to lead to increased tourism as the airport becomes operational in 2025 with a projected capacity of 1.5 million annual passengers.

Financial Performance

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

DNA Star Vegas²

DNA Star Vegas	September Quarter 2024	June Quarter 2024	September Quarter 2023
Rolling Chip VIP Turnover	AUD 9.83m	AUD 7.66m	AUD 41.78m
Net Revenue	AUD 6.30m	AUD 6.84m	AUD 6.66m
Operating expenses	AUD 2.47m	AUD 2.18m	AUD 2.13m
Property level EBITDA	AUD 3.83m	AUD 4.65m	AUD 4.53m
Average daily visitation	941 players	1,019 players	920 players
VIP win rate	4.05%	10.82%	3.87%

¹ <https://agbrief.com/news/thailand/12/08/2024/thai-govt-determined-to-push-forward-with-ir-legislation-report/>

² Currency Conversions: September Quarter 2024 1.4925AUD/USD; June Quarter 2024 1.5253AUD/USD; September Quarter 2023 1.5279AUD/USD.

Aristo International Hotel³

Aristo International Hotel	September Quarter 2024	June Quarter 2024	September Quarter 2023
Rolling Chip VIP Turnover	AUD 257.06m	AUD 339.31m	AUD 287.74m
Net Revenue	AUD 3.95m	AUD 3.97m	AUD 2.48m
Operating expenses	AUD 1.44m	AUD 1.50m	AUD 1.25m
Property level EBITDA	AUD 2.52m	AUD 2.47m	AUD 1.22m
Average daily visitation	306 players	291 players	242 players
VIP win rate	2.40%	2.24%	1.73%

Group Summary⁴

DNA Group	September Quarter 2024	June Quarter 2024	September Quarter 2023
Rolling Chip VIP Turnover	AUD 266.89m	AUD 346.97m	AUD 329.52m
Net Revenue	AUD 10.25m	AUD 10.81m	AUD 9.14m ⁵
Operating expenses	AUD 3.91m	AUD 3.68m	AUD 3.38m
Property level EBITDA	AUD 6.34m	AUD 7.12m	AUD 5.76m ⁶
Corporate Costs	AUD 0.80m	AUD 0.78m	AUD 0.60m
Group EBITDA	AUD 5.55m	AUD 6.34m	AUD 5.16m

[ENDS]

Authorised for release by the Board.

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³ Same currency conversions as note 2.

⁴ Same currency conversions as note 2.

⁵ and ⁶ The gaming tax has been included in the revenue instead of in the tax expense. This affects the September Quarter 2023 result for Star Vegas' net revenue and property level EBITDA. The group figures are adjusted accordingly.

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 September 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (3 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	10,351	10,351
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(1,388)	(1,388)
(c) advertising and marketing	(191)	(191)
(d) leased assets	(84)	(84)
(e) staff costs	(1,852)	(1,852)
(f) administration and corporate costs	(1,491)	(1,491)
1.3 Dividends received (see note 3)		
1.4 Interest received	4	4
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(6)	(6)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	5,343	5,343
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(525)	(525)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 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)		
2.6	Net cash from / (used in) investing activities	(525)	(525)

3.	Cash flows from financing activities		
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		
3.6	Repayment of borrowings	(2,537)	(2,537)
3.7	Transaction costs related to loans and borrowings		
3.8	Dividends paid		
3.9	Other (provide details if material)		
3.10	Net cash from / (used in) financing activities	(2,537)	(2,537)

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	29,300	29,300
4.2	Net cash from / (used in) operating activities (item 1.9 above)	5,343	5,343
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(525)	(525)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (3 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(2,537)	(2,537)
4.5	Effect of movement in exchange rates on cash held	1,447	1,447
4.6	Cash and cash equivalents at end of period	33,028	33,028

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$A'000	Previous quarter \$A'000
5.1	Bank balances	33,028	29,300
5.2	Call deposits		
5.3	Bank overdrafts		
5.4	Other (provide details)		
5.5	Cash and cash equivalents at end of quarter (should equal item 4.6 above)	33,028	29,300

6.	Payments to related parties of the entity and their associates	Current quarter \$A'000
6.1	Aggregate amount of payments to related parties and their associates included in item 1	195
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. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	18,465	12,758
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	18,465	12,758
7.5 Unused financing facilities available at quarter end		5,707
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. Estimated cash available for future operating activities	\$A'000
8.1 Net cash from / (used in) operating activities (item 1.9)	5,343
8.2 Cash and cash equivalents at quarter end (item 4.6)	33,028
8.3 Unused finance facilities available at quarter end (item 7.5)	5,707
8.4 Total available funding (item 8.2 + item 8.3)	38,735
8.5 Estimated quarters of funding available (item 8.4 divided by item 8.1)	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: 25 October 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.