

ASX : DNA

asx release



22 November 2024

Chairman's Statement: 2024 Annual General Meeting

Ladies and Gentlemen, thank you for joining us today. It's my pleasure to share our progress over the past year and the strategic steps we're taking to position Donaco for growth and resilience into the future. Following the formal proceedings of today's meeting, I will share a more detailed presentation on our operations and outlook.

The overall business performed extremely well in FY24, driven by the Company's strategic initiatives and a boost in visitor numbers, supported by local government tourism campaigns.

This showed in our financials, with Group revenue up 62%, reaching A\$39.5 million compared to A\$24.3 million in FY23. While the Company recorded exceptional group EBITDA growth of 131%, totalling A\$22.2 million, more than double the prior year's \$9.6 million.

Looking at our two operations – DNA Star Vegas in Cambodia and Aristo International Hotel in Vietnam – both experienced significant growth over the past twelve months. Star Vegas achieved a number of operational efficiencies and recorded a substantial uplift in non-gaming revenue. The launch of our membership loyalty program in January also drove growth in average daily visitation.

Meanwhile Aristo significantly outperformed the prior year's results following increased tourism in the region. The success of local government initiatives aimed at boosting international tourism greatly benefitted our performance, leading to notable increases in visitation and gaming turnover. Notably, Aristo's average room occupancy rate increased from 30% to 60% in the period.

We're also optimistic about the opportunity from the opening of Sapa airport next year, situated in Lao Cai, the regional area where Aristo is located. With an estimated annual capacity of 1.5 million passengers, the new airport is envisaged to boost tourism and offer substantial economic potential to Donaco.

While we are very pleased by the latest results, we are currently evaluating potential disruptors such as the proposed Integrated Entertainment Business Act by the Government of Thailand. The proposed bill could allow casinos to operate legally within entertainment complexes in the country. The potential legalisation of casinos in the region may affect DNA Star Vegas' operations and cross-border tourism. We will continue to monitor the situation closely and assess how this development might impact our business.

Moving to Aristo, the Company was granted leave of Court to initiate legal proceedings to challenge the basis and validity of Vietnam's General Department of Taxation following its decision to impose tax on unredeemed chips held by the Company. We will provide an update on the outcome of the legal proceedings in due course.

Overall, Donaco is supported by a strong balance sheet and healthy operations, and we are committed to assessing any potential challenges and opportunities to ensure the Company remains well positioned in the long term.

As we look ahead, we are focused on delivering growth and creating value for our shareholders. In closing, I would like to thank you, our shareholders, for your ongoing commitment and loyalty, and continued support of Donaco.

[ENDS]

Authorised for release by the Board.

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2024 AGM Presentation

22 November 2024

Porntat Amatavivadhana
Non-Executive Chairman

Lee Bug Huy
Chief Executive Officer

Gordon Lo
Chief Financial Officer



FY24 Delivers Strong Operational Growth

Owner and operator of leisure and entertainment businesses across Asia Pacific

- Donaco's operations, DNA Star Vegas (Star Vegas) in Cambodia and Aristo International Hotel (Aristo) in Vietnam, experienced significant growth over the past twelve months due to an influx in tourism to the region and prudent financial management.
- Group revenue reached A\$39.53 million (FY23: A\$24.33m) with Group EBITDA of A\$22.20 million (FY23: A\$9.61m).
- Star Vegas delivered a strong performance, resulting in net revenue of A\$25.67 million (FY23: A\$19.92m) and EBITDA of A\$16.67 million (FY23: A\$10.82m).
- Aristo outperformed following increased tourism to the region, facilitating FY24 revenue growth of A\$13.86 million (FY23 revenue: A\$4.40 million) and EBITDA of A\$8.44 million (FY23 EBITDA: A\$1.53 million).
- While Donaco is pleased to report a strong recovery in earnings, the Company is actively evaluating potential disruptors, such as the proposed Integrated Entertainment Business Act in Thailand and separate Aristo tax audit, as it navigates Southeast Asia's evolving gaming industry.

Improved macro and business conditions across both regions

Corporate Overview

Owner and operator of leisure and entertainment businesses across Asia Pacific region

Capital Structure

Shares on issue
1,234,700,000

Share Price (20.11.24)
\$0.027

Market Cap (20.11.24)
A\$33.35m

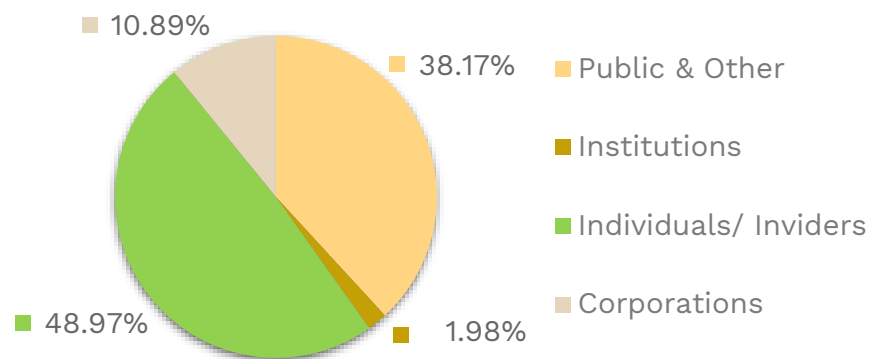
FY24 Revenue (30.06.24)
~A\$39.53m

Cash position (30.09.24)
A\$33.02m

Top Shareholders¹

Top Shareholders ¹	% Shares on Issue
Lee Bug Huy	21.10%
Bug Tong Lee	21.02%
Convent Fine Ltd.	4.89%
Teck Lee Tan	3.10%
Slim Twinkle Ltd.	3.08%

Ownership Structure



*As at November 2024, Capital IQ

FY24 Achievements

1. Strong balance sheet growth and turnaround strategy

- Donaco maintained stringent financial management, recording a strong balance sheet.
- Turnaround strategy minimised operating expenses through a period of higher visitations.
- Group net revenue increased by 62% and EBITDA by 131% over the period.

2. Enhanced tourism to both regions

- Improved visitation numbers following local governments' successful implementation of tourism efforts in Cambodia and Vietnam.
- As a result of these initiatives, the Company recorded increased visitations and gaming numbers over FY24.

3. Stable long-term outlook

- Strong performance, surpassing pre-COVID operational and financial levels, with the Group achieving continued growth.
- Commitment to high quality customer-centric approach.
- The construction of the new Sapa airport in Lao Cai, close to Aristo's operations, presents a significant opportunity to attract customers in the long term.
- Potential disruptors, including the possible legalisation of casinos in Thailand and the separate Aristo tax audit, may impact the Company. Donaco is committed to assessing any potential challenges to ensure the Company remains well positioned in the long term.



FY24 Group Results

FY24 Group Result Summary

- FY24 revenue of A\$39.5 million (FY23: A\$24.3m) and Group EBITDA of A\$22.2 million (FY23: A\$9.6m), reflected by solid tourism and visitation across operations.
- Disciplined cost control management led to Group corporate costs of A\$2.9m (FY23: A\$2.7m). Group operating expenses increased to A\$14.4m (FY23: A\$12.0m) as Star Vegas and Aristo received increased visitations, resulting in marginally higher overheads for more customers.
- Statutory net profit after tax of A\$37.1m (FY23: A\$36.7m statutory net loss after tax).

All figures in AUD (millions)	FY24	FY23
Group Revenue	39.5	24.3
<i>Star Vegas</i>	25.7	19.9
<i>Aristo International Hotel</i>	13.9	4.4
<i>Corporate Operations</i>	0.0	0.0
EBITDA	22.2	9.6
<i>Star Vegas</i>	16.7	10.8
<i>Aristo International Hotel</i>	8.4	1.5
<i>Corporate Operations</i>	(2.9)	(2.7)
Statutory NPAT	37.1	(36.7)
Underlying NPAT¹	13.3	(1.0)

1. Underlying NPAT excludes non-recurring items.

2. Currency conversions: FY24 1.5253 AUD/USD; FY23 1.4850 AUD/USD.

Non-Recurring Items

- FY24 Non-recurring items include:
 - A\$19.8m impairment reversal applied to Aristo’s property, plant and equipment, land right, and construction in progress assets, increasing their carrying value (with no impact on goodwill).
 - A\$4.1m Star Vegas one-off other income consists of A\$1.8m reversal of accrued penalty and interest on lump sum tax and indirect taxes, A\$1.3m lease waived, and A\$1.0m slot management system fee reduction.
 - A\$0.1m for Aristo late payment penalties.

All figures in AUD (millions)	FY24	FY23
Aristo tax fine and penalty	-	(9.0)
Star Vegas license impairment	-	(4.5)
Aristo impairment reversal / (expense)	19.8	(22.2)
Star Vegas one-off other income	4.1	
Aristo tax and penalties	(0.1)	-
Total	23.8	(35.7)



Star Vegas Venue Performance

- Over the period, Star Vegas recorded net revenue of A\$25.7 million (FY23: \$19.9m) and EBITDA A\$16.7 million (FY23: A\$10.8m).
- Donaco’s membership loyalty program, commenced in January 2024, resulted in average daily visitation growth.

Numbers may not add up due to rounding.

All figures in AUD (millions)	FY24	FY23	% Change
Total Revenue	25.7	19.9	29%
- Net Gaming Revenue	23.6	18.2	29%
- Non-Gaming Revenue	2.1	1.7	24%
Operating Expenses (excl. non-recurring items)	(9.0)	(9.1)	-1%
EBITDA (excl. non-recurring items)	16.7	10.8	54%
Normalised EBITDA (excl. non-recurring items)	19.2	16.8	14%
Property Level NPAT	18.8	5.1	271%
VIP Gross Win Rate	4.30%	0.39%	

All figures in AUD (millions)	FY24	FY23
VIP Table Game Turnover	78.8	224.9
Gross Gaming Revenue – Table Games	9.0	7.7
Gross Gaming Revenue – Slot Machines	22.1	15.7
Net Gaming Revenue	23.6	18.2
Non-Gaming Revenue	2.1	1.7
VIP Gross Win Rate	4.30%	0.39%
Casino Visitors	335,070	367,190
Average Visitors/ Day	918	1,006

Aristo Venue Performance

- Aristo recorded net revenue of A\$13.9 million (FY23: \$4.4m) and EBITDA of A\$8.4 million (FY23: A\$1.5m). This significant growth demonstrates the operation's continued ability to attract visitors.
- Encouragingly, FY24 VIP turnover increased 182% from the prior financial year, reflecting the continued rebound in gaming operations. This rapid growth in casino visitors allowed Aristo to grow its room occupancy from 30% to 60%.

Numbers may not add up due to rounding.

All figures in AUD (millions)	FY24	FY23	%Change
Total Revenue	13.9	4.4	215%
- Net Gaming Revenue	9.6	2.8	240%
- Non-Gaming Revenue	4.2	1.6	169%
Operating Expenses (excl. non-recurring items)	(5.4)	(2.9)	88%
EBITDA (excl. non-recurring items)	8.4	1.5	453%
Normalised EBITDA (excl. non-recurring items)	13.7	4.1	233%
Property Level NPAT	4.8	(1.5)	413%
VIP Gross Win Rate	2.19%	1.92%	

All figures in AUD (millions)	FY24	FY23
VIP Table Game Turnover	1181.6	419.3
Main Hall Turnover	10.5	15.6
Gross Gaming Revenue – Table Games	30.5	9.8
Gross Gaming Revenue – Slot Machines	1.6	0.8
Net Gaming Revenue	9.6	2.8
Non-Gaming Revenue	4.2	1.6
VIP Gross Win Rate	2.19%	1.92%
Casino Visitors	94,963	35,028
Average Visitors/ Day	259	96



Outlook

Outlook

- Donaco experienced a surge in visitation numbers following local governments' successful implementation of tourism efforts in both regions.
- The Government of Thailand recently proposed the Integrated Entertainment Business Act to legalise gambling in large “entertainment complexes”. The legalisation of casinos in the area may impact Donaco's Star Vegas operations and cross-border tourism in the region.
- Additionally, Aristo has undergone a tax audit of unredeemed chips (chips deposited by customers at Aristo) with the Vietnam General Department of Taxation (GDT) considering these chips as Donaco’s revenue. This may result in a potential tax payment of approx. USD\$5.9 million. Aristo thereafter lodged a complaint with the local court and, in October 2024, was granted leave to initiate legal proceedings to challenge the decision's basis and validity.
- While Donaco is pleased to report a strong recovery in FY24, the Company remains vigilant. Potential disruptors will be considered as the Company executes its strategy while navigating Southeast Asia’s evolving gaming landscape.



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Normalised results adjust the revenue received from the VIP table games business, by applying a theoretical win rate of 2.85% to VIP rolling chip turnover. This provides a more accurate guide to the underlying operating performance of the VIP table games business, which can experience significant volatility over shorter periods. This is consistent with the practice of Asian listed gaming operators.