

ASX : DNA

asx release



31 January 2025

Donaco records solid Q2 FY2025

Summary

- Donaco reported slightly improved Group net revenue of A\$10.30m (September Quarter: A\$10.25m), EBITDA of A\$5.77m (September Quarter: A\$5.55m), and consistent visitation numbers across both operations.
- Star Vegas reported increased net revenue of A\$6.57m (September Quarter: A\$6.30m) and property level EBITDA of A\$4.22m (September Quarter: A\$3.83m).
- Aristo delivered revenue of A\$3.73m (September Quarter: A\$3.95m) and property level EBITDA of A\$2.31m (September Quarter: A\$2.52m).
- Cash position increased to A\$36.26 million as of 31 December 2024.

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

The December Quarter represented stabilised growth, with financial and operational improvements at the Group level. The Company recorded slightly increased net revenue of A\$10.30 million (September Quarter: A\$10.25m) and EBITDA of A\$5.77 million (September Quarter: A\$5.55m). Donaco's performance has steadily improved over the past 12 months, resulting in a 14% EBITDA increase since the December Quarter 2023.

Donaco's Star Vegas operation (**DNA Star Vegas**), situated on the Cambodia-Thailand border, delivered moderately higher net revenue of A\$6.57 million (September Quarter: A\$6.30m) and property-level EBITDA of A\$4.22 million (September Quarter: A\$3.83m). Average daily visitation reached 957 players, with Star Vegas showing continued improvements following the launch of the Company's membership loyalty program in January 2024.

Aristo International Hotel (**Aristo**), located in Vietnam, performed steadily during the December Quarter, with net revenue of A\$3.73 million (September Quarter: A\$3.95m). Average daily visitation was in-line at 300 players (September Quarter: 306 players), and the Group recorded a slightly lower property-level EBITDA of A\$2.31 million (September Quarter: A\$2.52m).

Donaco ended the December Quarter with an increased cash position of A\$36.26 million (September Quarter: A\$33.02m).

Payments to related parties of the entity and their associates totalled A\$212K, 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 reported another consecutive quarter of stable earnings and performance across the Group, while continuing to implement operational synergies.

The December Quarter enabled Donaco to strengthen its cash position which now stands at A\$36.26 million, reflecting a 10% increase over the previous quarter. This increase is attributable to a steady performance across our operations, combined with the ongoing execution of stringent cost control measures.

Focusing on Aristo, the operation performed consistently with previous quarters and demonstrated improvement over the last year. There is no further update on the outcome of the legal proceedings to challenge the validity of Vietnam's General Department of Taxation following its decision to impose tax on unredeemed chips held at Aristo. We will continue to keep our shareholders informed as more information comes to light.

We are actively monitoring developments in Southeast Asia's evolving gaming industry landscape, including the Thailand Government's proposed Draft Entertainment Complex Business Act (**Draft Bill**), and will continue assessing its potential impact on our DNA Star Vegas operations.”

Outlook

Donaco has consistently demonstrated its ability to navigate challenges and enhance its financial stability, maintaining a strong balance sheet.

The Company continues to experience steady average visitation numbers following a series of successful local government campaigns to improve tourism efforts in the region. The implementation of Donaco's membership loyalty program in January 2024 has also positively contributed to driving visitation numbers over the past twelve months.

Donaco has been monitoring the development of the Draft Bill in Thailand, and on 13 January 2025, the Thai Cabinet approved the Draft bill in-principle, which will legalise casinos and regulate entertainment complex operations in the country¹. The proposed entertainment complexes are envisioned as integrated resorts that will include hotels, convention halls, shopping malls, theme parks, and venues for local sports, with casinos occupying only 10% of the area. The Draft Bill is now set to be submitted to Parliament for further deliberation. Donaco will continue to assess the implications of this on the DNA Star Vegas operation.

As disclosed in the FY24 Annual Report, Vietnam's General Department of Taxation (**GDT**) denied Aristo's appeal application regarding tax payable for unredeemed chips (chips customers deposit at Aristo). No further updates have been received regarding the legal proceedings to challenge the basis and validity of GDT's decision. The Company will provide an update on the outcome of the proceedings in due course. The potential liability of approximately AU\$8,857,906 (as of 30 June 2024 spot rate) could impact Donaco's financials if GDT's decision is not overturned.

Donaco anticipates further growth opportunities from the completion of Sapa Airport in Lao Cai scheduled for 2025. This development is anticipated to attract 1.5 million annual visitors to the region and is expected to have a positive impact on Aristo.

Financial Performance

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

¹ <https://www.lexology.com/library/detail.aspx?g=4f812ea4-929c-43b7-bdc3-f3aaf2c43cf8>

DNA Star Vegas²

DNA Star Vegas	December Quarter 2024	September Quarter 2024	December Quarter 2023
Rolling Chip VIP Turnover	AUD 12.09m	AUD 9.83m	AUD 17.49m
Net Revenue	AUD 6.57m	AUD 6.30m	AUD 6.12m
Operating expenses	AUD 2.35m	AUD 2.47m	AUD 2.51m
Property level EBITDA	AUD 4.22m	AUD 3.83m	AUD 3.61m
Average daily visitation	957 players	941 players	861 players
VIP win rate	2.70%	4.05%	2.36%

Aristo International Hotel³

Aristo International Hotel	December Quarter 2024	September Quarter 2024	December Quarter 2023
Rolling Chip VIP Turnover	AUD 256.63m	AUD 257.06m	AUD 307.66m
Net Revenue	AUD 3.73m	AUD 3.95m	AUD 3.61m
Operating expenses	AUD 1.42m	AUD 1.44m	AUD 1.37m
Property level EBITDA	AUD 2.31m	AUD 2.52m	AUD 2.24m
Average daily visitation	300 players	306 players	258 players
VIP win rate	2.45%	2.40%	2.23%

Group Summary⁴

DNA Group	December Quarter 2024	September Quarter 2024	December Quarter 2023
Rolling Chip VIP Turnover	AUD 268.72m	AUD 266.89m	AUD 325.15m
Net Revenue	AUD 10.30m	AUD 10.25m	AUD 9.73m
Operating expenses	AUD 3.77m	AUD 3.91m	AUD 3.88m
Property level EBITDA	AUD 6.53m	AUD 6.34m	AUD 5.85m
Corporate Costs	AUD 0.76m	AUD 0.80m	AUD 0.79m
Group EBITDA	AUD 5.77m	AUD 5.55m	AUD 5.06m

[ENDS]*Authorised for release by the Board.*

² Currency Conversions: December Quarter 2024 1.5108AUD/USD; September Quarter 2024 1.4925AUD/USD; December Quarter 2023 1.5323AUD/USD.

³ Same currency conversions as note 2.

⁴ Same currency conversions as note 2.

For further information contact:

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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 December 2024

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	12,735	25,563
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(3,053)	(7,008)
(c) advertising and marketing	(117)	(308)
(d) leased assets	(85)	(169)
(e) staff costs	(2,386)	(3,938)
(f) administration and corporate costs	(739)	(2,707)
1.3 Dividends received (see note 3)		
1.4 Interest received	25	29
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(7)	(13)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	6,373	11,449
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(227)	(752)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (6 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	(227)	(752)

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	(3,022)	(5,590)
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	(3,022)	(5,590)

4. Net increase / (decrease) in cash and cash equivalents for the period		
4.1 Cash and cash equivalents at beginning of period	33,028	29,299
4.2 Net cash from / (used in) operating activities (item 1.9 above)	6,373	11,449
4.3 Net cash from / (used in) investing activities (item 2.6 above)	(227)	(752)

Appendix 4C
Quarterly cash flow report for entities subject to Listing Rule 4.7B

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (6 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)	(3,022)	(5,590)
4.5	Effect of movement in exchange rates on cash held	108	1,854
4.6	Cash and cash equivalents at end of period	36,260	36,260

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	36,260	33,028
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)	36,260	33,028

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	212
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 <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>	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
7.1 Loan facilities	20,589	11,008
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	20,589	11,008
7.5 Unused financing facilities available at quarter end		9,580
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)	6,373
8.2 Cash and cash equivalents at quarter end (item 4.6)	36,260
8.3 Unused finance facilities available at quarter end (item 7.5)	9,581
8.4 Total available funding (item 8.2 + item 8.3)	45,841
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: 31 January 2025

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.