

ASX : DNA

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24 November 2023

Chairman's Statement: 2023 Annual General Meeting

Ladies and Gentlemen, I would like to give you an overview of Donaco's performance and key developments over the past 12 months, along with a brief outline of our strategic direction going forward. After the conclusion of the formal business of today's meeting, I will provide a more comprehensive presentation on our operations and the strategic initiatives currently underway.

2023 was a turnaround year for Donaco, allowing us to navigate the challenges posed by the COVID-19 pandemic, and successfully emerging as a stronger business.

The team has proactively built resilient and sustainable operations. The resumption of China's international borders in January 2023 and the tourism influx that followed allowed our operations to gradually recover.

I am pleased to state that FY23 resulted in group revenue of A\$24.3 million compared to A\$2.4 million in FY22 and positive group EBITDA of A\$9.6 million, a significant increase from the FY22 negative EBITDA of A\$4.4 million. We also continued to take rigorous cost control measures and remained focused on driving a resilient business to meet commitments to our shareholders.

Looking at Star Vegas, the business progressively returned to steady operations aided by the reopening of Cambodia-Thai borders. Since then, several strategic initiatives have taken place. Gaming machine arrangements were restructured, retail outlets were introduced, and agreements were reorganised with junket operators. These operational efficiencies have benefitted Star Vegas, and the business is now looking for further junket operators to increase visitors to the casino.

Meanwhile our other asset, Aristo, received higher visitations from Chinese customers following the reopening of the Vietnam-China borders. To attract VIP visitors to Aristo, we reduced the minimum turnover requirement to qualify as an active junket operator. The move encouraged the return of junket operators, accelerating traction in VIP visitors, and contributing to the business' revenue.

Aristo was also acknowledged as the only 5-star hotel in the city of Lao Cai for 5 years, which presents a major opportunity to attract new customers. With an estimated annual capacity of 1.5 million passengers, the construction of Sapa airport in Lao Cai, the regional area where Aristo is located, is also envisaged to provide substantial economic potential for Donaco once the airport opens in 2025.

The outlook for the business is very promising. Our balance sheet remains robust, our operations are healthy, and we are targeting further earnings growth in the near and long term as travel and tourism activities increase.

Lastly, I would like to thank you, our shareholders, for your continued patience and loyalty throughout the year, as well as your ongoing support of Donaco.

[ENDS]

Authorised for release by the Board.

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