

ASX : DNA

asx release

18 December 2020



Donaco returns to positive EBITDA as COVID-19 impacts subside

Highlights

- Donaco delivers two months of positive EBITDA for October and November 2020, with the trend continuing into December
- Driven by business initiatives implemented by the new Board and Executive team including a shift in customer targeting, alongside continued cost control strategy
- Donaco remains confident in securing Mega Bank approval for a waiver on the settlement of all legal cases with Thai Vendor
- Continued paying down of debt with Mega Bank resulting in bank loan decreased by USD\$5 million with the Company currently on track to pay down all remaining debt in FY21

Donaco International Limited ("**Donaco**" or "**the Company**") is pleased to provide the following update on trading conditions, as COVID-19 impacts to the business subside.

Since the reopening of the Star Vegas Resort and Club ('Star Vegas') in Cambodia in late September, and the Aristo International Hotel ('Aristo') in Vietnam, Donaco is pleased to report two months of positive EBITDA (unaudited) for October and November, of USD\$0.54 million and USD\$0.8 million respectively for the overall Group. The growing trend has continued into December and the Company is extremely encouraged that since its limited reopening Star Vegas is no longer making a loss.

The main drivers of this growth are the strategic initiatives executed by the new Board and Executive team to weather the impacts from the COVID-19 pandemic, alongside the continued cost control strategy in place. Strategic initiatives include a shift in customer targeting, with a renewed focus on attracting clientele from the local region to Star Vegas, to in turn reduce the Company's international staff expenses and provide a solid platform for growth.

In tandem with these initiatives, the gradual easing of COVID-19 restrictions in the areas the Company operates in has improved the position of the business. The casinos, which are still running on a limited basis, are ready to resume to full operations as the situation ameliorates. Donaco's strategy for CY21 will build on these pragmatic initiatives, underpinned by a strengthened balance sheet and cost control strategy.

Donaco is also in discussions with Mega Bank to secure the waiver for the successful settlement of all legal cases with the Thai Vendor as part of the provisions of a Facility Agreement with the lender. The Company remains confident in securing this approval.

Donaco continues to pay down its debt with Mega Bank which as at 11 December 2020 decreased by USD\$5 million. The outstanding debt of USD\$7.8 million is a notable reduction from the initially borrowed amount of USD\$100 million, and the Company anticipates repaying the remaining debt in FY21.

The Company is also proactively exploring alternative options to access the gaming sector and will update the market on developments in due course.

Donaco will keep shareholders abreast of any material impacts to the business and looks forward to providing a Company update at its FY20 AGM on 21 December 2021.

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Authorised for release by the Board.

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