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UPDATE ON SCHEME TIMETABLE AND CAMBODIAN GAMING TAX POSITION

Donaco International Limited (**Donaco** or the **Company**) wishes to advise of an update to the previously announced timetable in relation to the binding Scheme Implementation Deed (**SID**) with On Nut Road Limited (**ONR**) for ONR's proposed acquisition of 100% of the shares in Donaco via a Scheme of Arrangement (**Scheme**) for A\$0.045 cash per Donaco share (**Scheme Consideration**), as announced on 17 March 2025. In addition, the Company is also providing an update on the current state of Cambodian gaming revenue tax position, following legal advice received.

Update on Scheme Timetable

Donaco previously advised that the Scheme booklet in relation to the Scheme would be dispatched on approximately 6 May 2025, with the Scheme meeting to be held on 3 June 2025.

The delay in meeting the original timeline has arisen as third parties have taken longer than initially forecast to return valuation inputs to the Independent Expert, lengthier than expected analysis of change of control provisions under Cambodian and Vietnamese law, and numerous recent holiday periods across Australia, Vietnam and Cambodia. As a result, the Independent Expert has been unable to complete its report (through no fault of the Independent Expert) which has caused follow-on delays to lodgement of the Scheme booklet with the Australian Securities and Investments Commission for their review.

Donaco will advise on an updated Scheme timetable once the Independent Expert has completed its report, the Scheme booklet is finalised and updated court hearing dates have been confirmed.

Current Status of Cambodian Gaming Revenue Tax Position

Donaco pays a mandatory contribution of 7% of gross gaming revenue at Donaco Star Vegas to the Cambodian Commercial Gambling Management Commission, in accordance with its gaming licence. Since 30 December 2022, upon a pronouncement by the Cambodian Ministry of Economy and Finance of Prakas No. 1080 (defined below), there has existed the potential for a further 10% Value Added Tax (**VAT**), among other taxes, to also apply to gross gaming revenue of all commercial gambling companies in Cambodia. However, the prior administration of the Cambodian Government had deferred commencement of these tax requirements until at least the end of 2024. Industry participants (including Donaco) generally expected that the deferment would continue indefinitely thereafter.

Significant engagement with the Cambodian Government on the issue has been ongoing throughout 2025, and consistent with the practice of other gaming companies within Cambodia, and local market regulatory approaches, Donaco has continued to operate on the understanding that the new tax obligations (particularly in respect of the 10% VAT requirements) would continue to be deferred indefinitely.

Legal advice which was recently obtained by the Donaco Group to clarify its ongoing tax liabilities has made it clear that a liability to pay the new tax on gross gaming revenue does exist in respect of gaming revenue earned since 1 January 2025, notwithstanding that no tax assessment has yet been rendered on Donaco (including in respect of the 10% VAT). Should that liability actually crystallise, Donaco would estimate additional tax payable in the form of 10% VAT for Q3 FY2025 (i.e. 1 January to 31 March 2025) would be in the order of A\$666,000 (at current exchange rates).

Further Background to Cambodian Gaming Revenue Tax Position

On 30 December 2022, the Cambodian Ministry of Economy and Finance issued Prakas¹ No.1080 MEF.PRK, titled *Rules and Procedures for the Implementation of Tax Obligations for Commercial Gambling Companies* (**Prakas No. 1080**). This regulatory instrument marked a significant policy shift by placing all commercial gambling operators under Cambodia's 'real regime self-declaration' tax system. Previously, this tax regime was interpreted to apply solely to non-gaming business activities of such companies.

Prakas No. 1080 expressly subjects gaming revenue—defined as gross gaming revenue (**GGR**)—to the following tax obligations:

- (i) value-added tax (**VAT**) at the rate of 10%;
- (ii) a 1% monthly prepayment of tax on income (**TOI**); and
- (iii) annual TOI.

In addition to these obligations, a separate mandatory contribution of 7% on GGR remains payable to the Commercial Gambling Management Commission (**CGMC**). Notably, the 10% VAT imposed on GGR is not creditable against the CGMC payment, raising concerns of potential double taxation.

In response, industry stakeholders submitted formal petitions to the Royal Government of Cambodia, citing both the economic hardships endured by the casino sector during the COVID-19 pandemic and the overlapping tax burden. Acknowledging these concerns, the prior administration resolved to defer the implementation of GDT-administered taxes on GGR until the end of 2024.

In January 2025, the General Department of Taxation (**GDT**) convened a seminar addressing the tax obligations of commercial gambling operators. During this forum, GDT officials confirmed—albeit orally—that, effective January 2025, all casino operators are required to begin complying with the tax measures stipulated under Prakas No. 1080. This includes the 10% VAT on GGR, the 1% prepayment tax, and the applicable TOI.

A joint meeting was later held by the CGMC and GDT on the 10 March 2025. This meeting served as a forum for casino operators to express their concerns on the matter of tax obligations. The concerns raised by the operators during the meeting were to be escalated to the Ministry of Economy and Finance. The meeting reiterated the obligation of casinos to comply with Prakas No. 1080 starting from 1 January 2025.

Donaco Star Vegas also sent a letter to the GDT on 26 February 2025, requesting an extension of time for Donaco to declare VAT on the GGR in the meantime. The GDT responded in writing on 2 April 2025, rejecting the request. Additionally, the GDT asserts that the company comply with the Prakas No. 1080, and all other related laws and regulations on taxation under the Kingdom of Cambodia.

Donaco has continued to engage with the GDT and the wider Cambodian Government on the applicability of Prakas No. 1080 and the issue of double taxation between Prakas No. 1080 and the 7% gross gaming revenue tax payable to the CGMC, and at this stage no tax assessment has been received by Donaco Star Vegas in respect of Prakas No.1080. Ultimately, any tax payable would be subject to final Cambodian Government determination.

-ENDS-

Authorised for release by the Board.

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¹ *Prakas* is a Cambodian term which is similar to a Ministerial Declaration or official proclamation. It is a ministerial or inter-ministerial decision signed by the relevant Minister(s). A proclamation must conform to the Constitution and to the law or sub-decree to which it refers.

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