

29 April 2025

Donaco reports Q3 FY2025 results

Summary

- Donaco reported Group net revenue of A\$10.03m (December quarter: A\$10.90m), EBITDA of A\$4.10m (December quarter: A\$5.77m), and steady visitation across its operations.
- Star Vegas reported reduced net revenue of A\$6.28m (December quarter: A\$7.17m) and property-level EBITDA of A\$3.48m (December quarter: A\$4.22m).
- Aristo delivered stable revenue of A\$3.75m (December quarter: A\$3.73m) and property-level EBITDA of A\$2.31m (December quarter: A\$2.31m).
- Cash position increased to A\$39.98m as at 31 March 2025.
- Donaco entered into a Scheme Implementation Deed (SID) with On Nut Road Limited (ONR) to acquire all the shares in Donaco it does not already own by the way of a Scheme of Arrangement for a cash consideration of A\$0.045 per Donaco share.
 - The Donaco Board unanimously recommends shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a superior proposal and subject to the independent expert concluding and continuing to conclude the Scheme is in the best interests of Donaco shareholders.
 - Donaco shareholders do not need to take action at this time.

Donaco International Limited (**Donaco** or the **Company**) provides the following trading update for the quarter ended 31 March 2025 (**March quarter**).

The Company reported decreased revenue of A\$10.03m, down from A\$10.90m in the prior quarter. EBITDA for the March quarter also declined to A\$4.10m (December quarter: A\$5.77m). However, visitation numbers remained stable across the Group's operations, following reduced border restrictions, government tourism campaigns, and a continued increase in regional tourism.

Donaco's Star Vegas operation (**Star Vegas**), situated in Cambodia near the Thai border, delivered a net revenue of A\$6.28m, down on the prior quarter (December quarter: A\$7.17m) and property-level EBITDA of A\$3.48m (December quarter: A\$4.22m). Average daily visitation reached 928 players, marginally lower than the previous quarter (December quarter: 957 players).

Aristo International Hotel (**Aristo**), located in Vietnam near the Chinese border, performed steadily during the December quarter. It delivered a net revenue of A\$3.75m, a slight increase on the prior quarter (December quarter: A\$3.73m). Average daily visitation rose by 12% to 336 players (December quarter: 300 players). Aristo also recorded an in-line property-level EBITDA of A\$2.31m (December quarter: A\$2.31m).

Donaco ended the quarter with a strengthened cash position of A\$39.98m (December quarter: A\$36.26m).

Payments to related parties of the entity and their associates totalled A\$202k, in the form of payments to Directors and their associates for salaries and contracted services.

On the result, Donaco's Non-Executive Chairman, Mr Porntat Amatavivadhana, commented:

"Despite continuing to report robust visitation numbers and applying stringent financial management, the operating environment proved challenging in the March quarter.

Aristo continued to perform steadily during the quarter, reporting revenue growth and stable EBITDA. We also continued to see visitation numbers grow with higher levels of tourism in the region following reduced border restrictions and government tourism campaigns.

However, we continue to diligently monitor the Thai government's proposed Draft Entertainment Complex Business Act and evaluate its potential implications for our Star Vegas operations.

During the quarter, Donaco entered into a Scheme Implementation Deed with On Nut Road Limited for On Nut Road Limited's proposed acquisition of the shares in Donaco that it does not already own. The Board has carefully considered the merits of the Scheme, and we believe On Nut Road Limited's offer provides compelling value to Donaco shareholders, representing a 54.10% premium to the 90-day volume-weighted average share price.

The Board continues to unanimously recommend that Donaco shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the Scheme is in the best interests of Donaco shareholders"

Corporate

On 17 March 2025, Donaco announced it had entered into a binding Scheme Implementation Deed (**SID**) with On Nut Road Limited (**ONR**) for ONR's proposed acquisition of 100% of the shares in Donaco that it does not already own via a Scheme of Arrangement (**Scheme**) for A\$0.045 cash per Donaco share (**Scheme Consideration**)¹.

The Directors of Donaco unanimously recommend Donaco shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a superior proposal and subject to an independent expert concluding (and continuing to conclude) that the scheme is in the best interests of Donaco Shareholders.

The reasons for the Directors' recommendation include:

- The Scheme Consideration of A\$0.045 per Donaco share represents a premium to the recent trading price of Donaco Shares and provides an implied value for Donaco on a fully diluted basis at approximately A\$55.59 million, and represents a premium of:
 - 50.00% to the closing price of A\$0.0300 per Donaco share on 14 March 2025;
 - 54.10% to the 90-day VWAP of A\$0.0292 per Donaco share ending 14 March 2025; and
 - 50.20% to the 120-day VWAP of A0.0300 per Donaco share ending 14 March 2025.
- If the scheme is implemented, Donaco shareholders will receive a certain cash price for their investment in Donaco, while removing the risks associated with operating in a cyclical industry.
- The fundraising challenges Donaco currently faces are impacting the ability to pursue growth opportunities.
- The impact of Thai gaming laws and Thailand-Cambodia border control initiatives on revenue growth.
- The impact on costs due to actions to cut power along certain border towns between Thailand and Cambodia.

Indicative timetable and next steps

Donaco shareholders do not need to take any action at this time. Donaco shareholders will have an opportunity to vote on the Scheme at the Scheme Meeting, which is anticipated to be held in June 2025.

¹ ASX Announcement dated 17 March 2025 'DNA enters Scheme Implementation Deed'

A Scheme Booklet containing important information concerning the Scheme and Scheme Meeting, including the reasons for the unanimous recommendation of Donaco Directors, and the Independent Expert's Report, is expected to be sent to Donaco shareholders in May 2025.

For the Scheme to proceed, in addition to satisfying the other conditions precedent (or them being waived, to the extent permitted by the SID) the Scheme must be approved at the Scheme Meeting by at least 75% of all votes cast by Donaco shareholders and (unless waived by the Court) a majority by number of all Donaco shareholders present and voting (in person or by proxy) at the Scheme Meeting.

Outlook

Despite improved visitation numbers following the successful implementation of government-led tourism efforts in both regions, the Company continues to face regulatory headwinds that may affect its operations.

Donaco continues to closely monitor the Thai Government's Entertainment Complex Business Act, which aims to legalise gambling in large entertainment complexes in Thailand. Most recently, the Thai Cabinet approved the draft bill in principle on 13 January 2025.

While there is no immediate effect on Donaco's financials, the potential legalisation of casinos in Thailand could have implications on Star Vegas' operations and cross-border tourism in the region, which is a critical revenue stream. The legalisation of gambling in Thailand could also increase direct competition in the market, given the Star Vegas's close proximity to Thailand.

Financial Performance

The following update compares the March quarter to the December quarter and the quarter ended March 2024. It is based on unaudited management accounts and quoted in Australian dollars.

The results for the December 2023 quarter and the March 2024 quarter were revised as comparative figures following the audit for the financial year 2024 (FY24) and the review for the first half of 2025 (H1 FY25).

DNA Star Vegas²

DNA Star Vegas	March Quarter 2025	December Quarter 2024	March Quarter 2024
Rolling Chip VIP Turnover	AUD 7.88m	AUD 12.09m	AUD 12.01m
Net Revenue	AUD 6.28m	AUD 7.17m	AUD 8.81m
Operating expenses	AUD 2.80m	AUD 2.95m	AUD 2.69m
Property level EBITDA	AUD 3.48m	AUD 4.22m	AUD 6.12m
Average daily visitation	928 players	957 players	872 players
VIP win rate	-1.50%	2.70%	4.27%

² Currency Conversions: March Quarter 2025 1.5370AUD/USD; December Quarter 2024 1.5108AUD/USD; March Quarter 2024 1.5281AUD/USD.

Aristo International Hotel³

Aristo International Hotel	March Quarter 2025	December Quarter 2024	March Quarter 2024
Rolling Chip VIP Turnover	AUD 264.13m	AUD 256.63m	AUD 249.20m
Net Revenue	AUD 3.75m	AUD 3.73m	AUD 3.84m
Operating expenses	AUD 1.43m	AUD 1.42m	AUD 1.31m
Property level EBITDA	AUD 2.31m	AUD 2.31m	AUD 2.53m
Average daily visitation	336 players	300 players	246 players
VIP win rate	2.30%	2.45%	2.60%

Group Summary⁴

DNA Group	March Quarter 2025	December Quarter 2024	March Quarter 2024
Rolling Chip VIP Turnover	AUD 272.01m	AUD 268.72m	AUD 261.21m
Net Revenue	AUD 10.03m	AUD 10.90m	AUD 12.65m
Operating expenses	AUD 4.23m	AUD 4.37m	AUD 4.00m
Property level EBITDA	AUD 5.80m	AUD 6.53m	AUD 8.65m
Corporate Costs	AUD 1.70m	AUD 0.76m	AUD 0.77m
Group EBITDA	AUD 4.10m	AUD 5.77m	AUD 7.88m

[ENDS]

Authorised for release by the Board.

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³ Same currency conversions as note 2.

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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 March 2025

Consolidated statement of cash flows	Current quarter \$A'000	Year to date (9 months) \$A'000
1. Cash flows from operating activities		
1.1 Receipts from customers	11,484	37,223
1.2 Payments for		
(a) research and development		
(b) product manufacturing and operating costs	(2,577)	(10,088)
(c) advertising and marketing	(165)	(474)
(d) leased assets	(86)	(259)
(e) staff costs	(2,397)	(6,902)
(f) administration and corporate costs	(2,210)	(3,729)
1.3 Dividends received (see note 3)		
1.4 Interest received	20	49
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid	(5)	(18)
1.7 Government grants and tax incentives		
1.8 Other (provide details if material)		
1.9 Net cash from / (used in) operating activities	4,064	15,802
2. Cash flows from investing activities		
2.1 Payments to acquire or for:		
(a) entities		
(b) businesses		
(c) property, plant and equipment	(143)	(895)
(d) investments		
(e) intellectual property		
(f) other non-current assets		

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 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	(143)	(895)
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		(5,687)
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		(5,687)
4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	36,260	29,300
4.2	Net cash from / (used in) operating activities (item 1.9 above)	4,064	15,802
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(143)	(895)

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (9 months) \$A'000
4.4	Net cash from / (used in) financing activities (item 3.10 above)		(5,687)
4.5	Effect of movement in exchange rates on cash held	(199)	1,462
4.6	Cash and cash equivalents at end of period	39,982	39,982

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	39,982	36,260
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)	39,982	36,260

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	202
6.2	Aggregate amount of payments to related parties and their associates included in item 2	

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.

7. Financing facilities	Total facility amount at quarter end \$A'000	Amount drawn at quarter end \$A'000
<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>		
7.1 Loan facilities	20,382	10,898
7.2 Credit standby arrangements		
7.3 Other (please specify)		
7.4 Total financing facilities	20,382	10,898
7.5 Unused financing facilities available at quarter end		9,485
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)	4,064
8.2 Cash and cash equivalents at quarter end (item 4.6)	39,982
8.3 Unused finance facilities available at quarter end (item 7.5)	9,485
8.4 Total available funding (item 8.2 + item 8.3)	49,467
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: 29 April 2025

Authorised by: The Board of DNA
(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.