

For Immediate Release



NagaCorp Announces 2023 Interim Results

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Gross Gaming Revenue (GGR) of US\$252.3 million

EBITDA of US\$143.2 million

Net Profit of US\$83.0 million

Hong Kong, 19 July 2023 – **NagaCorp Ltd.** (“**NagaCorp**” or the “**Company**”, SEHK stock code: 3918), together with its subsidiaries (collectively referred to as the “**Group**”) which owns, manages and operates NagaWorld, the entertainment centre of the Mekong Region, today announced financial and operating results for the six months ended 30 June 2023 (the “**Period**”).

- 1) **Gross Gaming Revenue (“GGR”) increased by 7.9%** to US\$252.3 million
- 2) **Net Profit increased by 57.4%** to US\$83.0 million
- 3) **Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) increased by 10.1%** to US\$143.2 million
- 4) **Mass Market Public Floor Tables GGR** of US\$98.0 million
- 5) **Mass Market Electronic Gaming Machines (“EGM”) GGR** of US\$64.9 million
- 6) **Premium VIP Market GGR** of US\$62.9 million
- 7) **Referral VIP Market GGR** of US\$26.5 million
- 8) **Basic earnings per share** of US cents 1.88

BUSINESS REVIEW

During the Period, the Group recorded a Net Profit of US\$83.0 million and EBITDA of US\$143.2 million. The relatively stable financial results are attributed to the following:

- 1. Continuing Business Recovery and Growth Trajectory:** The Company continued to see a positive business recovery during the Period and reported steady YoY growth across key financial metrics. Net Profit increased by 57.4% to US\$83.0 million and EBITDA increased by 10.1% to US\$143.2 million for the Period compared to the corresponding period last year. Given the Group's relatively stable performance with gradual recovery of visitation from neighbouring countries and strong focus on the captive domestic market, the Company recorded an EBITDA margin of 54.4% during the Period. GGR also grew by 7.9% YoY. The Group continued stringent cost control measures and operational efficiency initiatives, resulting in a higher profit margin.

The positive results were mainly attributable to business volume growth across all business segments. The average daily business volume for Mass Market continued to improve from US\$9.8 million for the three months ended 31 March 2023 ("1Q2023") to US\$10.1 million for the three months ended 30 June 2023 ("2Q2023"), representing a sequential growth of 3.7%. For the Premium VIP Market, average daily rollings in 1Q2023 was US\$10.8 million, representing a 8.6% sequential growth to US\$11.8 million in 2Q2023. Average daily rollings for the Referral VIP Market in 2Q2023 was US\$6.1 million, representing a 40.9% sequential increase as compared to 1Q2023. In 2Q2023, the average daily business volume of both the Mass Market and Premium VIP Market have recovered to 83.9% and 97.9% respectively, compared to FY2019 (peak pre-pandemic year). Both the Mass Market and Premium VIP Market collectively contributed about 90% and 93% of the Company's total GGR and Gross Profit for the Period respectively.

This steady recovery in business volume was largely driven by continued tourism recovery in Cambodia from ASEAN and the gradual return of business travellers from China, driving increased footfall to NagaWorld. The Company continues to benefit from the growing domestic captive market in Cambodia which has proven to be a self-sustaining business, with recurring visitation to the property during the Period.

- 2. Continuing Influx of International Tourist Arrivals and Revival of Direct Flights Connectivity:** The revival of the global tourism industry appears promising, and Cambodia is showing a substantial recovery in its tourism sector. The continuous influx of international tourist arrivals has been contributing to the socio-economic activities in all sectors. For the period from January to May 2023, total international arrivals to Cambodia amounted to 2.2 million visitors compared to 2.9 million in the pre-pandemic period of January to May 2019. This represents an encouraging recovery rate of 75% (*Source: Ministry of Tourism of Cambodia ("MOT")*). Meanwhile, a majority of airlines have resumed direct flights to Cambodia. As of 17 July 2023, weekly international direct flights to Cambodia stood at 444, including 341 from Southeast Asia (including Korea and Japan) and 103 from Greater China

cities (Source: Cambodia airports, airlines websites, Company internal data). Based on this, total direct weekly flights from Southeast Asia (including Korea and Japan) and Greater China have recovered to about 71% and 25% respectively compared to pre-pandemic in 2019. According to the Minister of the Civil Aviation Secretariat of Cambodia, Cambodia-China civil aviation relations is planning to raise the number of direct flights between the two countries to at least 300 per week to promote the development of tourism (Source: Phnom Penh Post; Jian Hua Daily, 26 April 2023).

Additionally, the new Phnom Penh international airport will further enhance the aviation sector, which in turn promotes tourism and national economic growth. About 50% of the construction work has been completed and the airport is expected to commence operations by early 2025, as Cambodia prepares for a return of tourism in increasingly large numbers. The new airport will play a key role in boosting Cambodia's economic growth and tourism when it is put into operation with new routes and destinations (Source: Khmer Times, 12 July 2023).

3. Foreign Direct Investment Continues to Support the Cambodian Economy and Growth:

While global uncertainties remain in place, Cambodia continues to be one of the most favourable investment destinations for foreign investors and businesses, boosted by inflow of foreign direct investment ("FDI"). According to the Council for Development, Cambodia attracted investment projects worth US\$1.1 billion in the first half of 2023, with China being the top foreign investor, accounting for almost two-thirds of the total investment to the country (Source: Khmer Times, 12 July 2023). In addition, the Regional Comprehensive Economic Partnership ("RCEP") and the Cambodia-China Free Trade Agreement have significantly contributed to accelerating Cambodia's economic recovery from the impact of the pandemic. Both trade agreements have contributed significantly to trade facilitation, business and investment promotion, improvement of Cambodian's livelihood and economic development. Since the RCEP entered into force in early 2022, it has strongly promoted the integration of value and supply chains, strengthened confidence in regional economic recovery and created a new impetus for trade and investment growth in the region and the world (Source: Khmer Times, 1 July 2023).

On 25 February 2023, Cambodia was removed from the "Money Laundering Grey List" of the Financial Action Task Force, providing a positive sign for attracting investors and foreign capital inflows (Source: Khmer Times: 8 March 2023). The move reflects the Cambodian government's efforts in combating money laundering crimes, terrorist financing and the proliferation of illegal financing in Cambodia. Cambodia's removal from the grey list will make it more attractive to foreign investors, attracting more foreign investment and facilitating the trade of local and international investors in all business sectors.

4. Sustainability and Environmental, Social and Governance ("ESG") Performance:

The Company's commitment to making a positive impact in its communities is unwavering. NagaWorld Kind Hearts, NagaWorld's corporate social responsibility arm, is a grassroots initiative with long term contribution towards the betterment of communities in Cambodia. Since 2014, NagaWorld has organized more than 630 activities to date, with the invaluable

participation of about 5,600 of its dedicated employees focusing on education enhancement, community engagement, sports development and care of the environment.

At the corporate level, the Company has been recognized as a Most Honored Company in the Small & Mid-Cap category and Honored Company in the Asia (ex-Japan) and Asia (ex-Mainland China) categories by the renowned financial publication Institutional Investor for outstanding leadership and investor relations, including “Best CEO”, “Best CFO”, “Best IR Professional”, “Best IR Team”, “Best IR Program”, “Best ESG” and “Best Board of Directors”. This recognition is part of Institutional Investor’s 2023 Asia (ex-Japan) Executive Team rankings which are regarded globally as the financial industry’s benchmark for excellence.

- 5. Expansion of Stock Connect Improve Stock Liquidity:** On 3 March 2023, Hong Kong Exchanges and Clearing Limited announced the expansion of eligible stocks under the Stock Connect programme effective 13 March 2023, enabling eligible shares of international companies that are primary-listed in Hong Kong to be included in Southbound trading. The Company is delighted to be included in the Stock Connect programme and the inclusion will allow Chinese mainland investors to trade the Company’s stock in both the Shanghai Stock Exchange and the Shenzhen Stock Exchange. Being the only foreign gaming operator eligible for the Southbound trading, the Company believes its stock liquidity will further improve by gaining access to the enormous pool of domestic investors on the mainland and grow international presence.

PROSPECTS

Despite weaker global demand, Cambodia’s economy continued to perform well, led by ongoing tourism recovery. According to the World Bank, Cambodia’s economy is firmly on a path to recovery and has now returned to a pre-pandemic growth trajectory, underpinned by a strong rebound in the services sector, especially the trade, travel and hospitality industries, driven by pent-up consumer demand and the return of foreign tourists (*Source: World Bank – Cambodia Economic Update, May 2023*).

Business activity in tourism destinations such as Phnom Penh has gained remarkable growth, attributable to the sharp increase in domestic tours, business establishment and overall investment (*Source: Khmer Times, 1 February 2023*). The ongoing recovery of tourism in Asia Pacific alongside China’s reopening is a key catalyst to reviving global tourism and boosting economic outlook. The Company believes that the impact from tourism recovery from China remains in the early stages. International tourist arrivals and business-related travels into Cambodia have recovered to about 75% and 76% of the 2019 (pre-pandemic) figures respectively for the first five months of 2023. Out of these, international tourist arrivals and business-related travels from Southeast Asia have recovered to 159% and 280% of pre-pandemic period. Total direct weekly flights to Cambodia also recovered to around 49% compared to 2019 (*Source: MOT; Cambodia Airports; respective airlines website; Company internal data*). Improving tourism activities and investments will also support Cambodia’s GDP growth in 2023 and beyond. The tourism sector contributed about 3.6% to the GDP in 2022 of the country (*Source: Khmer Times,*

5 July 2023). The Company believes it is well-positioned to tap this wave of returning tourists and business-related travellers visiting Cambodia.

As Cambodia shows continued economic recovery and political stability, the effect could result in increasing business migration to Cambodia with growing business and investment opportunities. This would contribute positively towards the continued building up of the captive domestic expatriate community living in Cambodia. The depth and resilience of such a captive expatriate market would continue to be one of the Company's growth drivers going forward.

Looking ahead, Cambodia is expected to continue its upward trajectory of recovery with the influx of tourist arrivals, business visitation and expected surge in FDI into the country resulting in an increased number of investors and a growing domestic expat population. The Group believes that NagaWorld – the only integrated resort in Phnom Penh will benefit from this with increasing footfall from customers seeking entertainment and luxurious lifestyle offerings at competitive price and value. As such, the Group remains optimistic on the long term prospects and believes the outlook will remain stable.

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ABOUT NAGACORP LTD.

NagaCorp Ltd. has been listed on The Hong Kong Stock Exchange since October 2006 (SEHK stock code: 3918). Established in 1995, NagaCorp's wholly owned subsidiary NagaWorld Ltd. owns, manages and operates the only world-class integrated entertainment and leisure complex in Phnom Penh, the capital of the Kingdom of Cambodia. It owns a casino license valid for 70 years, and exclusive gaming rights for a period of around 51 years (1995-2045). NagaCorp was selected for inclusion in the Hang Seng Foreign Companies Composite Index launched on 5 September 2011. On 10 September 2018, the Group was included as a constituent of the Hang Seng Composite Large Cap & Mid Cap Index.

For further information, please contact Hill+Knowlton Strategies Asia

Ada Leung

+852 2894 6225

ada.leung@hkstrategies.com