

For Immediate Release



NagaCorp Announces 2023 Annual Results

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Gross Gaming Revenue (GGR) of US\$514.8 million

EBITDA of US\$295.3 million

Net Profit of US\$177.7 million

Hong Kong, 19 February 2024 – **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 financial year ended 31 December 2023 (the “**Year**”).

- 1) **Gross Gaming Revenue (“GGR”) increased by 15.5%** to US\$514.8 million
- 2) **Net Profit increased by 65.7%** to US\$177.7 million
- 3) **Earnings Before Interest, Tax, Depreciation and Amortization (“EBITDA”) increased by 20.3%** to US\$295.3 million
- 4) **Mass Market and Premium VIP Market segments** with a blended gross profit margin of 84% (net of gaming tax), accounted for 94% of total gross profit for the Year
- 5) **Premium VIP Market Rollings** increased by 46.5% to US\$4.3 billion
- 6) **Referral VIP Market GGR** grew by 67.6% to US\$44.2 million
- 7) **Basic earnings per share** of US cents 4.02

BUSINESS REVIEW

During the Year, the Group recorded a Net Profit of US\$177.7 million and EBITDA of US\$295.3 million. The relatively stable financial results are attributed to the following:

- 1. Continued Business Recovery and Growth Trajectory:** During the Year, the Group reported consistent Year-on-Year (“YoY”) growth across key financial metrics and saw a positive continuation of business recovery. The relatively stable performance reflected the gradual recovery of both leisure and business-related visitation to NagaWorld, along with the stable captive domestic market that has proven to be a self-sustaining business. The Group continued to record an impressive EBITDA margin of 55.4% during the Year.

Notable growth in business volumes was recorded across all segments. The average daily business volumes for the Mass Market continued to grow by 7.2% YoY from US\$9.3 million to US\$9.9 million, representing a recovery of 82.3% compared to FY2019 (peak pre-pandemic year). This is in spite of international arrivals to Cambodia by air (via Phnom Penh International Airport) in 2023 recovering to 65.9% compared to 2019. This explains the resilience of the captive domestic market with a growing expatriate community’s population.

For the Premium VIP Market, average daily rollings of US\$11.7 million during the Year saw a 46.5% YoY growth and a recovery of 97.7% compared to FY2019 (peak pre-pandemic year). This was largely driven by the growing expatriate community and recovery of business-related travel to Cambodia that has seen a 73.7% recovery in 2023. Business-related travels from China accounted for about 71.9% of total Chinese visitor arrivals to Cambodia in 2023. The Group observed that business-related travellers typically have greater spending power and frequent stays.

Collectively, the Mass Market and Premium VIP Market segments contributed about 91.4% and 93.9% of the Company’s total GGR and gross profit during the Year respectively.

Average daily rollings for the Referral VIP Market grew by 52.3% YoY to US\$5.2 million during the Year. This was mainly attributed to the gradual return of both leisure and business-related visitation from the region. The Group will continue to pursue and work with reputable referral VIP agents.

- 2. Continued Recovery of International Arrivals and Direct Flights Connecting to Cambodia:** The revival of the tourism sector played a significant role in Cambodia’s economic resurgence, with the continued return of international tourist arrivals bolstering economic recovery and spurring growth. The Cambodian government has been actively working to improve the flight capacity recovery, reviving the tourism sector and transforming Cambodia into a global tourist destination that is competitive, sustainable and inclusive. In 2023, total international tourist arrivals to Cambodia was 5.5 million. This was a result of the gradual return of leisure and business-related visitors, marking an encouraging recovery rate of 82.5% compared to 2019 (*Source: Ministry of Tourism of Cambodia*). Phnom Penh is being ranked

ninth place among top 25 most popular tourist destinations in the world for 2024, based on survey conducted by TripAdvisor (*Source: Khmer Times, 15 January 2024*).

In response to the increasing travel demand, a majority of airlines have resumed direct flights to Cambodia. As of 15 February 2024, weekly international direct flights to Cambodia stood at 507, including 399 from Southeast Asia (including Korea and Japan) and 108 from Greater China cities such as Guangzhou, Shenzhen, Shanghai, Kunming, Xiamen, Beijing, Nanning, Chengdu, Changsha, Chongqing, Zhengzhou, Haikou, Jinan, Jieyang, Sanya, Macau, Taipei and Hong Kong (*Source: Cambodia airports, airlines websites, Company internal data*). In this regard, total direct weekly flights to Cambodia from Southeast Asia (including Korea and Japan) and Greater China have recovered to about 83.3% and 26.0% respectively, compared to pre-pandemic in 2019. The resumption of flights is a promising sign for the country's economy and tourism sector as Cambodia expects to attract 7 million international arrivals by 2025, surpassing the pre-pandemic level of 6.6 million arrivals in 2019 (*Source: Khmer Times, 22 January 2024*).

- 3. Foreign Direct Investments ("FDI") as a Key Driver of Continued Economic Recovery and Growth for Cambodia's Economy:** Cambodia continues to stand out as a highly favoured emerging investment destination for foreign investors and businesses, drawing considerable FDI as the catalyst for Cambodia's economic development over the years. According to the Council for Development of Cambodia, Cambodia garnered investment projects totalling US\$4.9 billion in 2023, up 22% YoY, with China remaining the largest trading partner in Cambodia, accounting for two-thirds of the total investments into the country (*Source: Khmer Times, 10 January 2024*). In the ASEAN region, Thailand is becoming a significant FDI contributor in Cambodia, following China's lead. This trend indicates a strong interest from Thai businesses in expanding their operations in Cambodia (*Source: Khmer Times, 13 December 2023*). The increase of FDI from Thailand was in line with a significant rise in tourists and business-related travellers from Thailand. FDI inflows into Cambodia grew rapidly over the past decade and remained relatively resilient even through the pandemic period. Cambodia is expected to carry the strongest investment momentum in 2024, ranking first for possessing the right parameters to attract FDI among six other Asian countries on the global list (*Source: Khmer Times, 14 December 2023*). Cambodia's appeal as a top FDI choice in the Asia-Pacific region can be attributed to its strategic geographic position, a skilled and continuously improving workforce, and a liberal investment climate.
- 4. Continued Political Stability of Operating Environment:** The conclusion of the Cambodian general election held on 23 July 2023 resulted in the ruling party, the Cambodian People's Party winning 120 of 125 seats in the National Assembly, on the back of winning 82.3% of all votes. This was followed by the official and smooth formation of the new Royal Government of Cambodia on 22 August 2023. Given the continued political and social stability, Cambodia is expected to continue its upward trajectory of recovery with an influx of tourist arrivals, business visitation and expected surge in FDI into the country, leading to a growing domestic expatriate population. The Group believes that NagaWorld, being the only integrated resort in

Phnom Penh will benefit from this ongoing recovery and growing wave of tourism with increasing customer footfall.

- 5. Sufficient Liquidity and Low Debt Equity Ratio:** As of 31 December 2023, the Group's cash and deposits were US\$367.6 million. This increase was mainly attributed to the continued recovery of business volumes and prudent cash management during the Year. The accumulated cash and cash equivalents demonstrate the continued ability of the Company to retain a stable cash position sufficient to fund cash expenditures during the Year. To further support its liquidity position, on 17 October 2023, the Company entered into a loan agreement with ChenLipKeong Capital Limited (which is directly and wholly-owned by The Sakai Trustee (in its capacity as the trustee of The Sakai Trust) which is in turn a controlling shareholder of the Company), to provide a loan of up to US\$80 million at an interest rate of 8% per annum to the Company for the purpose of refinancing and/or discharging part of the outstanding 2024 Senior Notes of about US\$472.2 million upon maturity in July 2024. The Company is of the view that such financial assistance, together with the cash resources of the Company, will be sufficient to discharge all of its financial obligations when the outstanding 2024 Senior Notes mature in July 2024.

The Group's gearing ratio, which is calculated as total debt less cash and bank balances, restricted bank balance and fixed deposits divided by equity, continued to improve and reached 5.1% (31 December 2022: 15.9%).

- 6. Expansion of Stock Connect to 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 allows Chinese Mainland investors to trade the Company's stock on 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 its international presence.
- 7. Sustainability and Environmental, Social and Governance ("ESG") Performance:** NagaWorld's commitment to making a positive impact in the community is unwavering. NagaWorld Kind Hearts (the Company's corporate social responsibility ("CSR") arm) is a grassroots initiative with long-term contribution towards the betterment of communities in Cambodia. Since 2014, NagaWorld has organized more than 660 activities to date, with the invaluable participation of about 6,700 of dedicated employees focusing on education enhancement, community engagement, sports development and care of the environment.

NagaWorld recognises that responsibility extends beyond its immediate communities, and is actively working towards achieving the United Nations' Sustainable Development Goals in Cambodia. Through robust ESG initiatives, the Company has aligned its efforts with the

government's vision for sustainable development. NagaWorld remains steadfast in its commitment to creating a better future for all, and looks forward to continued progress towards this important goal.

NagaWorld maintains its longstanding commitment as a dedicated corporate supporter of Cambodian athletes. NagaWorld was the first company to forge a sponsorship agreement with the National Olympic Committee of Cambodia to provide unwavering backing to the Cambodian contingent since 2011. This agreement encompasses a wide range of major sporting events, including the Southeast Asian Games ("**SEA Games**"), Asia Games and the Olympics. In conjunction with Cambodia hosting its first ever SEA Games and Para Games in 2023, NagaWorld was one of the National Partners and the Official Hotel Resort, as well as an apparel sponsor for athletes and coaches. NagaWorld was also the venue sponsor for Esports, in a show of solidarity with the nation's aspiration for sporting excellence. Spreading the spirit of the SEA Games and Para Games, NagaWorld Kind Hearts continued its unwavering commitment to community engagement by hosting children from seven non-governmental organisations ("**NGOs**") for a memorable and educational visit to the vibrantly decorated Samdech Techo Hun Sen Park. NagaWorld Kind Hearts hosted more than 270 teens and children (including children with physical disabilities) from respected NGOs.

This year, NagaWorld Kind Hearts took great pride in distinguished success, having earned multiple international awards. NagaWorld was honoured to be the sole recipient in Cambodia to win a second Gold Stevie[®] Award at the prestigious International Business Awards - The Stevie[®] Awards (under the "Corporate Social Responsibility Programme of the Year - in Asia, Australia, and New Zealand" category) which is considered the Oscars of the business world. Additionally, the "Children@Risk" program won a Bronze Stevie[®] Award in the same category. This recognition is a testament to the Company's continuous efforts in fostering development in Cambodia through comprehensive and impactful CSR initiatives covering Education Enhancement, Community Engagement, Sports Development, and Environmental Care. Furthermore, NagaWorld was named by Global CSR & ESG as Platinum Award winner for Best Country Award for Overall CSR Excellence for 3 consecutive years. These outstanding accomplishments not only underline the Company's unwavering dedication but also underscore NagaWorld's commitment to fostering the economic and social development of Cambodia throughout the Year. They serve as a powerful testament to the ongoing pursuit of excellence in the global business landscape. The Company's dedication to sports and youth initiatives in Cambodia have also been acknowledged with Honorable Mentions in the "Campaign of the Year - Sports" category at the PRNEWS Platinum Awards for three consecutive years. This award acknowledges the Company's excellence in public relations, marketing, and communications, especially in corporate social responsibility, social media, and fostering top workplace environments. In addition, NagaWorld received the esteemed ESG Icon Recognition Award from the Malaysian Business Chamber of Cambodia, which underscored NagaWorld's dedication to sustainable business practices and the promotion of responsible corporate citizenship.

At the corporate level, the Company was recognised 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” in the Gaming & Lodging sector. 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.

The Company is committed to creating long-term value for all stakeholders and continuously strives for excellence by ensuring the sustainable growth of business.

PROSPECTS

Cambodia’s economy is steadily recovering on the back of a strong rebound in the service sectors, despite facing various external challenges arising from heightened geopolitical tensions and inflationary pressures. What is relevant to Cambodia is how well the economy adapts as the world recovers from the effects of the COVID-19 pandemic. According to the World Bank, Cambodia’s economic growth will continue to accelerate in the medium to long-term driven by stronger exports and FDI inflows on anticipated increases in infrastructure investment and benefits from regional trade agreements (*Source: World Bank – Cambodia Economic Update, November 2023*).

Amidst a rapid economic transformation in Cambodia, the tourism sector is viewed as one of the major factors that will add further growth to the GDP. Cambodia, with its growing middle class and youth demographics, along with increasing urbanisation, is positioned for sustainable growth in the future. Ongoing recovery of tourism in Asia Pacific and revival of Chinese outbound tourism are key catalysts to boost tourism and economic growth. Some airline operators plan to increase weekly direct flights and launch new routes between Cambodia and China in near term such as Guangzhou, Shenzhen, Chongqing, Haikou, Jinan, Jieyang, Hainan and Sanya (*Source: Khmer Times, 22 November 2023, 11 January 2024 & 22 January 2024; Phnom Penh Post, 20 November 2023 & 12 December 2023*). The new inauguration of the Siem Reap Angkor International Airport, and the under-construction Phnom Penh Techo Takhmao International Airport, expected to be fully operational by 2025, will contribute to an increase in arrivals. These new airports will play significant roles in attracting international arrivals and benefitting the future of tourism in Cambodia as well as the catalyst for Cambodia’s economic growth with new routes and destinations (*Source: Khmer Times, 4 September 2023*).

Cambodia has been following the World Tourism Organization’s guidance and developed action plans and implemented several strategies to attract tourists from China. This includes the “China Ready” strategy, which consists of developing and setting up a China Ready Centre, providing language and culture training for officials and staff, preparing Chinese-speaking tour guides, and making available better infrastructure support and improved tourism services. Moreover, in order to make travel to Cambodia easier and attractive for Chinese travellers, Cambodia will allow the use of the Chinese Renminbi at all hotels and restaurants, as well as for all tourism services,

which are among a number of measures to welcome Chinese tourists. In addition, the launch of the “Year of People-to-People Exchanges” in 2024 between China and Cambodia aims to promote tourism and connectivity between the two countries, which will ultimately attract more Chinese tourists and investors to Cambodia (*Source: Khmer Times, 16 January 2024*). Furthermore, in the ASEAN region, Cambodia and Thailand are committed to enhance the trade and tourism sectors with a target of achieving bilateral trade of US\$15 billion by 2025 (*Source: Khmer Times, 6 February 2024*). The strong partnership between Cambodia and Thailand will encourage more businesses to expand in Cambodia, leading to an increase in the number of business visits. The Group believes that NagaWorld will benefit from this with increasing footfall from customers patronising the property.

The Group believes that the tourism sector will maintain its recovery momentum and is expected to see a surge in demand driven by the return of international travel. Moreover, increasing flight frequency and new routes boost access for foreign customers, which is beneficial for NagaWorld’s property footfall. As Cambodia’s economy expands and global travel rebounds, the Group is well-positioned as the sole integrated resort offering both gaming and non-gaming lifestyle facilities to capitalise on the influx of leisure and business-related travellers returning to Cambodia. Furthermore, the development of Naga 3 as a leading tourism asset for Cambodia, indicates the Company’s alignment with the Cambodian government’s vision and commitment to bolstering the Cambodian tourism sector. This initiative positions Naga 3 as a key contributor in the regional tourism landscape, showcasing a shared dedication to elevating Cambodian tourism.

The ongoing economic recovery and political stability of Cambodia have led to an increase in business migration as well as expanding business and investment opportunities. This will have a positive effect towards the continued building up of the captive domestic expatriate population living in Cambodia. The Group will continue to benefit from the resilience and growth of this captive domestic expatriate market.

Looking ahead, the Group is optimistic about the long-term prospects and believes that the outlook remains stable and promising. NagaWorld, being the only integrated resort in Phnom Penh, will continue to benefit from the overall growth of Cambodia by attracting more visitors who are looking for entertainment and luxurious lifestyle offerings at a competitive price and value.

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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.

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