




## Appendix 1

### **MAGNUM BERHAD**

**47<sup>th</sup> Annual General Meeting**

**19 May 2023**



A close-up photograph of a hand holding a lit sparkler, with bright sparks and light trails against a dark blue night sky. The sparkler is positioned vertically on the left side of the frame.

# **MAGNUM BERHAD**

## **47<sup>th</sup> Annual General Meeting**

### **19 May 2023**

- 1) REVIEW OF OPERATIONS
- 2) QUARTERLY DIVIDEND PAYOUT
- 3) TRANSFORMATION PROGRAMME ACHIEVEMENTS
- 4) STRATEGIES GOING FORWARD

# GROWTH BEYOND RECOVERY



## INTEGRATED ANNUAL REPORT 2022

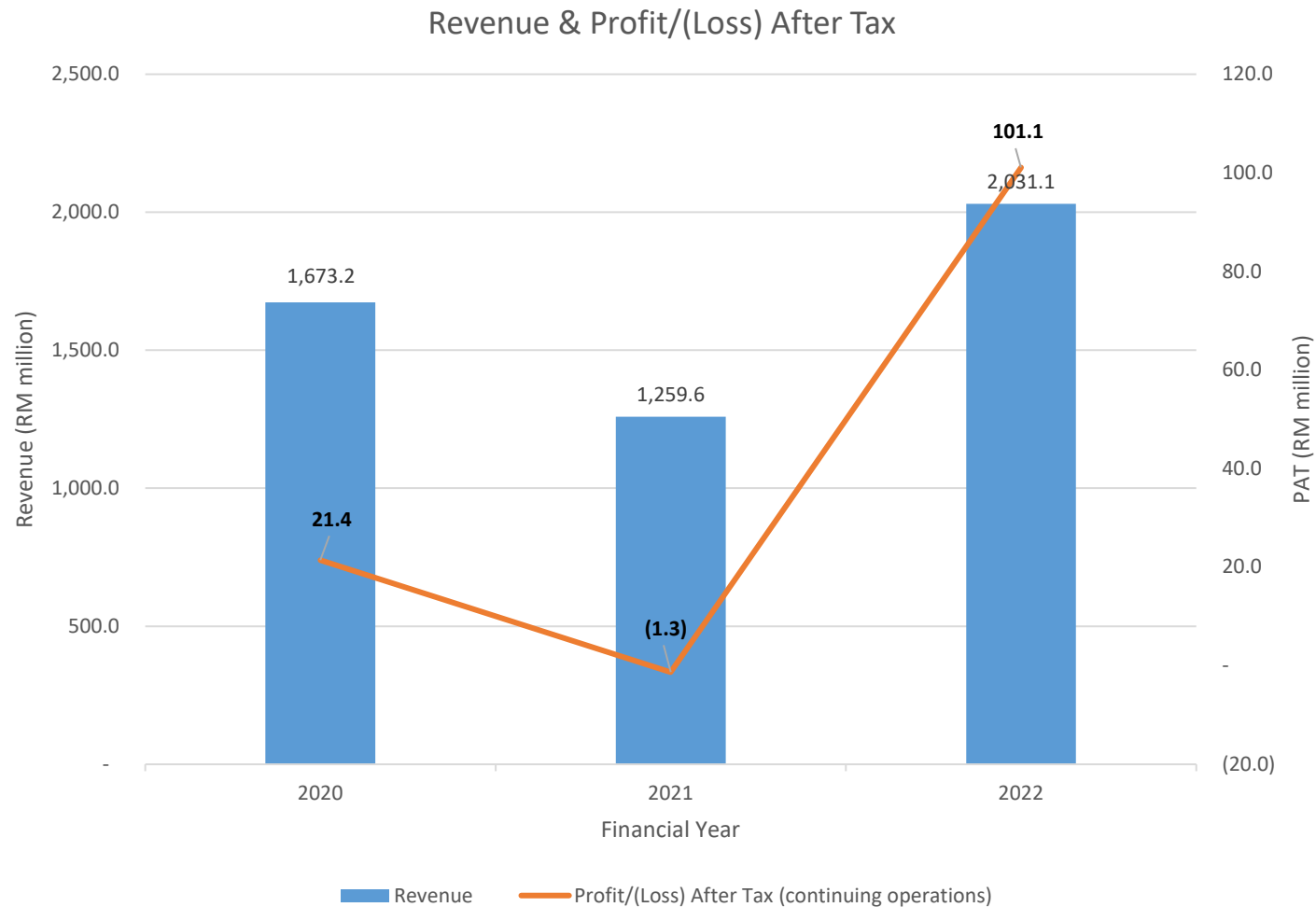
**MAGNUM BERHAD**

197501002449 (24217-M)

# MAGNUM BERHAD – 47<sup>th</sup> AGM on 19 May 2023



## 1) REVIEW OF OPERATIONS





## **1) REVIEW OF OPERATIONS**

**Revenue** has increased by RM771.5 million (**61.3%**) mainly due to:

- 1. A full year of uninterrupted business operations** for FY 2022. (2022: 179 draws ; 2021: 126 draws)
- 2. For FY 2021, 18 draws** from 13 January 2021 to 14 February 2021 are affected by **MCO 2.0** where only outlets in **Sarawak** are allowed to operate.
- 3. For FY 2021, cancellation of 52 draws** from 1 June 2021 to 13 September 2021 due to **FMCO 3.0**.





## **1) REVIEW OF OPERATIONS**

**Profit Before Tax** has increased by RM134.62 mil to RM159.86 mil from RM25.24 mil mainly due to:

1. higher gaming revenue mainly due to **a full year of uninterrupted business operations** for FY 2022.  
(2022: 179 draws ; 2021: 126 draws).
2. **Lower prizes payout** for FY 2022 despite Jackpot 1 being struck for 15 times.



## **1) REVIEW OF OPERATIONS**

The Group recorded a **Profit After Tax of RM101.1 million** from **RM1.35 mil Loss After Tax** mainly due to:

1. higher gaming revenue mainly due to **a full year of uninterrupted business operations** for FY 2022.  
(2022: 179 draws ; 2021: 126 draws).
2. **Lower prizes payout** for FY 2022 despite Jackpot 1 being struck for 15 times.

# MAGNUM BERHAD – 47<sup>th</sup> AGM on 19 May 2023



## 2) QUARTERLY DIVIDEND PAYOUT

		Dividends declared in year			
		2022		2021	
		%	RM'000	%	RM'000
Q4 2021	1 <sup>st</sup> interim for FYE 2021			1.5	21,558
Q1 2022	1 <sup>st</sup> interim for FYE 2022	1.0	14,372		
Q2 2022	2 <sup>nd</sup> interim for FYE 2022	1.5	21,558		
Q3 2022	3 <sup>rd</sup> interim for FYE 2022	1.0	14,372		
Q4 2022	4 <sup>th</sup> interim for FYE 2022	1.5	21,558		
		5.0	71,860	1.5	21,558



## 3) Transformation Programme Achievements



**Live Chat** on our website supported by enhanced customer service tools & training, thus improving two way communications with customers



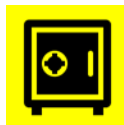
First NFO in Malaysia to have cashless ticket purchase at all outlets with **e-wallets**, TnGO, Shopee Pay & Sarawak Pay



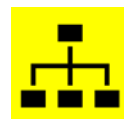
Streamlined business operations from start-to-end to be **digitally** enabled



Enhanced MyMagnum App with **M Premium membership**



Digitise our **technical support** to all outlets



Sales team leveraging on smart data platform to enable them to roll out targeted strategies based that are **data driven strategies**.



## **4) STRATEGIES GOING FORWARD**

- Continuous enhancement in **customer experience**
- Continuous **Transformation** for the Group to address any challenges
- **Game portfolio** to be reviewed to improve our products
- All operational processes to be **digitalised** to improve effectiveness & efficiencies
- For sustainability, **ESG** shall be part of our business consideration



**END**



## **Appendix 2**

# **Queries from Minority Shareholders Watch Group**



## Q1

While Magnum recovered notably in FY 2022, it nevertheless faced new challenges. A paradigm shift in consumer buying behaviour brought on by the pandemic has altered the Number Forecast Operator (“NFO”) industry significantly as online purchase remains a convenient option for consumers even post pandemic. This presented a major limitation for legal NFOs, allowing illegal operators to proliferate and unabashedly cash in by bringing online gaming convenience to consumers, right at their fingertips. (page 8 of AR 2022)

To what extent (%) has the online purchases and illegal operators encroached into the NFO industry in general and Magnum’s business in particular?



## A1

Whilst some industries had recouped back most, if not all of its business, to the pre-pandemic level, the legal NFOs industry are lagging in its recovery.

Amongst the 3 main NFOs, despite multiple marketing campaigns to win back customers, the estimated loss in revenue as compared to pre pandemic period, ranges from 10% to 20%. While we cannot quantify the exact percentage, we are certain that illegal operators have gained market share at the expense of legal NFOs over the Covid-19 pandemic.





## Q2

The Company remains resilient in its efforts to level the playing field, calling for stricter laws to inhibit illicit gaming while also leading the charge for regulators to legalise mobile sales by legal operators. (page 8 of AR 2022)

Does the lobbying for mobile sales by legal operators also include online sales by other devices? What is the progress in these efforts and the probability of there being stricter laws?



## A2

The legal NFOs believe that in order to address illegal operators on a level playing field, all legal NFOs must be granted the same opportunity to offer their products online. Unlike illegal operators where KYC and access to online sites are unrestricted and unregulated, legal NFOs will obviously operate to a set of SOPs which comply fully with the laws.

As an industry, we are in constant communication with regulators on expanding the delivery channels available to legal NFOs and the issue of a constant threat from illegal operators on government's tax revenue. Hence, the consequent need for stricter laws for both sellers and buyers on the offering and purchase of gaming products by illegal operators.



## Q3

Digitalisation was imperative to increase efficiency and effectiveness as Magnum moved into successful and holistic digital transformation projects that will deliver improved customer experiences. (page 10 of AR 2022)

Please elaborate on how the Company's digitalisation has increased efficiency and effectiveness and delivered improved customer experiences.



## A3

The digitalisation initiatives that were impactful on customers' experience are as follows:

- 1) Implemented e-wallets at all our outlets to enable cashless ticket purchase.
- 2) To improve two-way communications with customers, we added Live Chat on our website supported by enhanced customer service tools and training.
- 3) Introduced M Premium membership to encourage customers' loyalty and engagement through the MyMagnum App.
- 4) To minimise our outlets' down time, we've modernise our field service for technical support to optimise our field-based workers by location, availability and skills.



## Q4

As the illegal online gaming landscape continues to expand, your Company is investing more efforts in differentiating itself through a digital-aided experience. (page 10 of AR 2022)

What are the major digital-aided projects introduced and how they have differentiated Magnum from its peers and increased revenue?



## A4

To differentiate Magnum with both our legal as well as illegal NFO operators, Magnum has introduced M Premium membership via its MyMagnum App where the registered premium members get to enjoy certain privileges for their loyalty.

With the adoption of e-wallet payments at Magnum outlets nationwide, we have met our customers' expectations on digital payments. With this, we are also poised to explore a self-service model in the future.





## Q5

One of the hallmarks of the Company is its ability to continuously evolve and transform the way it is doing its business through the implementation of employee growth and development programmes. FY 2022 saw the introduction of a new key initiative to instill a high-performance culture of innovation and embracing change. (page 10 of AR 2022)

What are the major employee growth and development programmes and the achievements which drive the Group's revenue growth? What are the relevant KPIs, if any, and achievements?



## A5

In order to embrace a high performance culture, each and every employee are given a set of KPI targets for them to work on. Their KPIs achievements over the year would have a direct bearing on their remuneration package.

On the sales front, we introduced an app-based Sales Academy programme for our frontliners to improve their product knowledge and sales techniques. Financial incentives are provided for frontliners who excel in using these knowledge to achieve their sales targets.

To-date, 95% of frontliners have successfully completed their basic training of 10 modules.



## Q6

Riding on this wave, the Group registered a total revenue of RM2.03 billion for the financial year ended 31 December 2022 (“FY 2022”), which is RM771.54 million higher than the previous year's revenue of RM1.26 billion, representing a commendable 61.3% increase. The higher gaming sales revenue was chiefly attributed to the increased number of draws conducted in FY 2022 (2022: 179 draws; 2021: 126 draws), as the Group enjoyed a full year of uninterrupted business operations entering the endemic phase. (page 17 of AR 2022)

How many draws is the Company expected to conduct in FY 2023? Is the Group's remarkable revenue growth expected to sustain or even be better in FY 2023?



## A6

For FY 2023, there will be 165 draws, consisting 157 normal draws and 8 special draws.

So far, the revenue growth trend has remained intact and barring unforeseen circumstances, the revenue for FY 2023 is expected to surpass that for FY 2022.



## Q7

On 11 October 2022, the Attorney General's Chambers ("AGC") rejected Magnum's settlement proposal on the Custom Appeal Tribunal case for the dispute in relation to the determination of the value of Gaming Supply in computation of GST. In light that the AGC has rejected its settlement proposal, its lawyer's view is not to pursue the matter any further as the Court of Appeal sided with the interpretation adopted by the Royal Malaysian Customs Department, citing variable B of the GST Formula in para 8(1) in a similar case presented by STM Lottery Sdn. Bhd. (page 17 of AR 2022)

What is the settlement amount and when is the Company expected to make the payment?



## A7

Arising from the conclusive judgment in STM Lottery Sdn Bhd's case on the same interpretation on variable B of the GST Formula [Para 8(1)], we made the decision upon our lawyer's advice not to pursue further on our legal dispute due to the similarities between the two cases. The Company would, therefore, be foregoing the claim "refund", the amount of which was paid to Custom earlier.





**END**

**MAGNUM BERHAD**  
(197501002449)(24217-M)  
(Incorporated in Malaysia)

**Question 1:**

ANY E-VOUCHER GIVEN?

**Answer 1:**

We have adopted a 'No Door Gift' policy since many years ago as we would rather utilise the amount saved to pay more dividend.

**Question 2:**

HOW MUCH IMPACT DOES THE CLOSURE OF OUTLET IN KEDAH AND PERLIS IN RESPECT OF THE PROFITS GENERATED YEARLY?

**Answer 2:**

We have 13 sales outlets in Kedah which were not allowed to operate beginning 1 January 2023. 1 outlet in Perlis had received notice from the Perlis State Government that the local trading license for Kangar agency will not be renewed with effect from 4 October 2023.

We expect that with this closure, unless it is reversed, of the affected outlets which represent not more than 3% of the total outlets, the net impact will be less than 2% for both revenue and profits.

**Question 3:**

WHAT IS THE COMPANY'S STRATEGY TO INCREASE ITS REVENUE OR SALES OF LOTTERY TICKETS TO FIGHT THE BLACK MARKETS ON ILLEGAL GAMBLING?

**Answer 3:**

Our approach is actually to focus on increasing the revenue per customer as well as on growing footfall.

Strategically, we will increase our revenue per customer by using digitisation, to continue upskilling our workforce, will give our regional management teams the empowerment and the tools to motivate the frontliners or sales operators to perform even better. This in turn will improve our customers' experience so that we can have a greater share of their wallets.

On growing footfall, we will achieve this by targeting new customers who increasingly expect to see app-based digital experiences to make their in-store experiences better. This is a youthful market segment that tends to prefer large prize-winning game such as 4D Jackpot which is a more resilient market segment and more difficult for the black market to break into.

**Question 4:**

WHAT ARE THE IMPACT ON THE COMPANY WHEN NEW GOVERNMENT REDUCED THE NUMBER OF SPECIAL DRAWS SIGNIFICANTLY? ANY REMEDY TO THIS?

**Answer 4:**

In compliance with the directive from Ministry Of Finance, the Special Draws were reduced for financial year 2023. As the Company needs to pay additional contribution in addition to all the normal taxes that we paid for normal draws, the net effect would be very minimal on our earnings.

**Question 5:**

WITH THE COMPANY'S SHARE PRICE AT THE DOWNTREND, ANY PLAN FOR THE COMPANY TO DO SHARES BUYBACK?

**Answer 5:**

There is a motion at this AGM to seek shareholders' approval to renew the share buyback mandate.

**Question 6:**

FIVE MALAYSIAN STATES EXPECTED TO HOLD STATE ELECTION IN TWO TO THREE MONTHS TIME, AND THERE ARE FEARS THERE COULD BE CHANGES IN GOVERNMENT. COULD YOU PLEASE GUIDE US ON POTENTIAL IMPACT SHOULD GOVERNMENTS OF SELANGOR, PENANG AND NEGERI SEMBILAN CHANGE AFTER THE ELECTION?

**Answer 6:**

Obviously, if there is a change of government in the 6 states elections, there could potentially be an impact. The main states that could be impacted from the election results are Negeri Sembilan, Selangor and Penang. The greatest fear, of course, will be those states falling into PN (Perikatan Nasional) coalition. The most impacted state would be Selangor but, we are not here today to conjecture on what the election results could be. We are, of course, mindful of what is happening in Kedah and Perlis, and if the results turn out to be a victory for the PN coalition, especially for those 3 main states, the impact would obviously be potentially negative.

\*\*\* END \*\*\*

MAGNUM BERHAD (1975011002449 (24217-M))

## FORTY-SEVENTH ANNUAL GENERAL MEETING

BROADCAST VENUE AT THE MEETING ROOM, 35TH FLOOR, MENARA MULTI-PURPOSE, CAPITAL SQUARE, NO. 8, JALAN MUNSHI ABDULLAH, 50100 KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR, MALAYSIA.

Friday, 19 May 2023 at 09:30 AM



MAGNUM BERHAD 04327-M

## RESULT ON VOTING BY HEAD COUNT

RESOLUTION	VOTED	SHAREHOLDERS / UNITHOLDERS	NO. OF SHARES / UNITS	% OF SHARES / UNITS	NO. OF SHARES / UNITS	ABSTAIN *
<b>ORDINARY RESOLUTION 1</b> THE APPROVAL FOR PAYMENT OF DIRECTORS' FEES	FOR	109	601,890,601	99.900713	10,229,355	
	AGAINST	66	598,194	0.099287		
<b>ORDINARY RESOLUTION 2</b> THE APPROVAL FOR THE PAYMENT OF DIRECTORS' REMUNERATION (EXCLUDING DIRECTORS' FEES) TO THE NON-EXECUTIVE DIRECTORS	FOR	111	601,897,809	99.900712	10,222,135	
	AGAINST	66	598,206	0.099288		
<b>ORDINARY RESOLUTION 3</b> THE RE-ELECTION OF DATUK VIJAYARATNAM A/L THAMOTHARAM PILLAY AS A DIRECTOR OF THE COMPANY	FOR	135	581,758,088	94.951463	28,180	
	AGAINST	45	30,931,882	5.048537		
<b>ORDINARY RESOLUTION 4</b> THE RE-ELECTION OF JEAN FRANCINE GOONTING AS A DIRECTOR OF THE COMPANY	FOR	135	611,729,032	99.843161	28,180	
	AGAINST	45	960,938	0.156839		
<b>ORDINARY RESOLUTION 5</b> THE RE-ELECTION OF NG SIEW HONG AS A DIRECTOR OF THE COMPANY	FOR	137	612,234,240	99.921517	3,030	
	AGAINST	43	480,880	0.078483		
<b>ORDINARY RESOLUTION 6</b> THE RE-APPOINTMENT OF ERNST & YOUNG PLT AS AUDITORS OF THE COMPANY	FOR	154	612,318,128	99.934714	0	
	AGAINST	27	400,022	0.065286		
<b>ORDINARY RESOLUTION 7</b> THE RENEWAL OF THE AUTHORITY FOR THE DIRECTORS TO ALLOT SHARES PURSUANT TO SECTIONS 75 & 76 OF THE COMPANIES ACT 2016	FOR	131	612,203,832	99.916224	1,010	
	AGAINST	49	513,308	0.083776		





MAGNUM BERHAD (24217-M)

**MAGNUM BERHAD (1975011002449 (24217-M))**

**FORTY-SEVENTH ANNUAL GENERAL MEETING**

BROADCAST VENUE AT THE MEETING ROOM, 35TH FLOOR, MENARA MULTI-PURPOSE, CAPITAL SQUARE, NO. 8, JALAN MUNSHI ABDULLAH, 50100 KUALA LUMPUR, WILAYAH PERSEKUTUAN KUALA LUMPUR, MALAYSIA.

Friday, 19 May 2023 at 09:30 AM

### RESULT ON VOTING BY HEAD COUNT

RESOLUTION	VOTED	SHAREHOLDERS / UNITHOLDERS	NO. OF SHARES / UNITS	% OF SHARES / UNITS	ABSTAIN * NO. OF SHARES / UNITS
ORDINARY RESOLUTION 8 THE RENEWAL OF THE AUTHORITY FOR THE COMPANY TO PURCHASE ITS OWN SHARES	FOR	148	612,526,028	99.968650	36
	AGAINST	32	192,086	0.031350	

Note: \* These votes refer to holders who have pre-determined abstain from voting in the Proxy Form or holders refrained from voting due to conflict of interest.

