



**MAGNUM
BERHAD**
197501002449 (24217-M)

APPENDIX 1

MAGNUM BERHAD

48th Annual General Meeting

29 May 2024

**DRIVING
INNOVATION
FOR A**

Brighter Future

**INTEGRATED
ANNUAL REPORT
2023**



**MAGNUM
BERHAD**
197501002449 (24217-M)

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48th Annual General Meeting

29 May 2024

- 1) REVIEW OF OPERATIONS**
 - 2) QUARTERLY DIVIDEND DECLARED**
 - 3) TRANSFORMATION PROGRAMME UPDATES**
 - 4) STRATEGIES GOING FORWARD**
 - 5) QUERIES FROM MINORITY SHAREHOLDERS**
- WATCH GROUP**

**DRIVING
INNOVATION
FOR A**

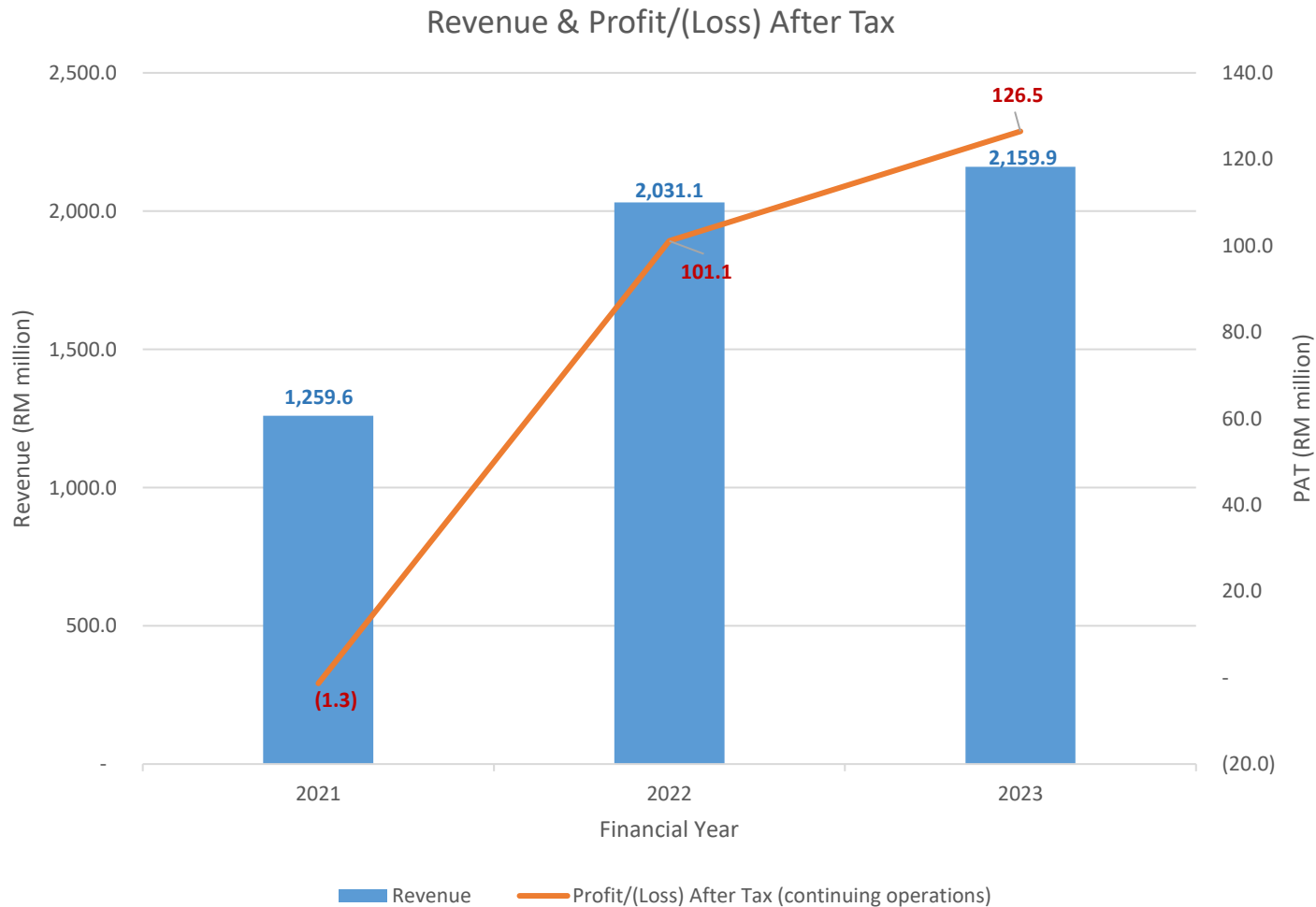
Brighter Future

**INTEGRATED
ANNUAL REPORT
2023**

MAGNUM BERHAD – 48th AGM on 29 May 2024



1) REVIEW OF OPERATIONS





1) REVIEW OF OPERATIONS

Despite significantly lower number of draws (2023: 165 draws; 2022: 179 draws), **Revenue** has increased by **RM128.83 million (6.3%)** from **RM2.03 billion** to **RM2.16 billion**, primarily due to:

1. **Continued recovery** of our gaming business in 2023.
2. Aided by a few successful **4D Jackpot runs** during the year, which helps to increase the footfall of both existing as well as new players.



1) REVIEW OF OPERATIONS

The Group's **Profit Before Tax** has increased by **17.9% or RM28.57** mil to RM188.43 mil from RM159.86 mil. The **Profit After Tax** improved to RM126.50 mil from RM101.08 mil, an increase of **25.1% or RM25.42 mil**, mainly due to:

1. **higher gaming revenue** as a result of continuous recovery of our gaming business in 2023, despite a lower number of draws conducted (2023: 165 draws ; 2022: 179 draws).
2. **Lower operating expenses** for FY 2023 predominantly due to more focused spending on promotional and marketing expenses together with cost optimisations in the procurement processes.

MAGNUM BERHAD – 48th AGM on 29 May 2024



2) QUARTERLY DIVIDEND DECLARED

		Dividends declared in year			
		2023		2022	
		%	RM'000	%	RM'000
Q1 2023	1 st interim for FYE 2023	1.0	14,372		
Q2 2023	2 nd interim for FYE 2023	2.0	28,743		
Q3 2023	3 rd interim for FYE 2023	1.0	14,372		
Q4 2023	4 th interim for FYE 2023	2.0	28,743		
Q1 2022	1 st interim for FYE 2022			1.0	14,372
Q2 2022	2 nd interim for FYE 2022			1.5	21,558
Q3 2022	3 rd interim for FYE 2022			1.0	14,372
Q4 2022	4 th interim for FYE 2022			1.5	21,558
		6.0	86,230	5.0	71,860

3) Transformation Programme Updates



Embraced managed **cloud** and **data centre** services



Enhanced MyMagnum App with **M Premium membership**



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



Piloting of **Self-Service Kiosks**

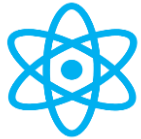


Launch **Frontliner App** that enhances productivity and greater operational efficiency

4) STRATEGIES GOING FORWARD



Upholding trust, integrity and excellence for better, greener and more sustainable practices



Ongoing efforts in pioneering digital innovations in all facets of our operations – to improve both effectiveness & efficiencies



Our commitment to enhance customer-centric experiences



Unlocking excellence within the Group's staff force



**5) Queries from
Minority Shareholders Watch Group
(MSWG's letter dated 23 May 2024)**



Q1

"As a result, I am proud of the significant strides we have achieved in driving down operating costs, and notably, elevating customer satisfaction to greater heights." (Page 8 of Annual Report 2023 "AR2023")

What are the specific measures implemented to drive down the operating costs?



A1

Other expenses in FY 2023 had decreased by RM17.06 million predominantly due to more focused spending on promotional and marketing expenses, and cost optimisations resulting from improvements to campaign management and data analytics built upon customer digitalisation.

Over and above, the Group has also implemented improvements to procurement & IT systems during the financial year under review that have also contributed to the overall savings in expenses.



Q2

"Of these 485 outlets, 13 outlets in Kedah and 1 outlet in Perlis have suspended operations for the time being as the local councils in these respective states did not renew their local trading licenses in 2023." (Page 18 of AR2023)

Please quantify the financial impact of the non-renewal of local trading licenses for 13 outlets in Kedah and 1 outlet in Perlis.



A2

The 13 outlets in Kedah and 1 outlet in Perlis that have suspended their operations for the time being due to the local councils in their respective states not renewing their local trading licenses in 2023, make up less than three percent of our total outlets and is not expected to significantly reduce our Group's revenue.

However, with our total physical absence from the state of Kedah/Perlis, it presents a unique opportunity for the illegal operators to fully monopolise the marketplace for NFO products in these 2 states.



Q3

The Company continues to depart from Practice 5.2 of the Malaysian Code on Corporate Governance (“MCCG”), which states that at least half of the board should comprise independent directors. For large companies, the board comprises a majority of independent directors.



Q3(Cont'd)

Magnum's response (Page 26 Corporate Governance Report 2023):

The Board had in March 2023 appointed an additional independent Director, bringing the total number of Independent Director to three. This is equivalent to a 10% increase from 33.3% (2 Independent Directors out of 6 Board members in 2022) to the current 42.9% (3 Independent Directors out of 7 Board members) of the total number of Board members in the Company.

The Board had in March 2023 approved the extension of the timeframe for application of Practice 5.2 of the Malaysian Code on Corporate Governance by the year end of 2025.



Q3(Cont'd)

Magnum's response (Page 26 Corporate Governance Report 2021):

The Board had in August 2019 appointed one independent female Director. However, due to the Covid-19 pandemic with subsequent economy lockdown and periodically imposed various movement control orders since March 2020, the Nomination Committee has put on hold the recruitment process of other suitable independent female candidates until after the pandemic. Accordingly, the Board had in March 2021 approved the extension of the timeframe for application of Practice 5.2 of the Malaysian Code on Corporate Governance, which expired in year-end 2021, for another 3 years i.e. by year 2024.



Q3(Cont'd)

The Board has been extending the timeframe to comply with Practice 5.2 of MCCG.

- (a) What are the reasons for extending the timeframe to comply with Practice 5.2 of the MCCG until the end of 2025?
- (b) What are the challenges facing the Company in appointing an independent director?



A3

The current composition of the Board with a large majority of Non-Executive Directors (i.e. 5 Non-Executive Directors out of 7 Board members) remains adequate to provide for a diversity of views and facilitate effective decision making. The Non-Executive Directors are not employees of the Company and remain objective and independent minded when they participated in the deliberations and decision making of the Board. The roles of the Non-Executive Chairman, Executive Directors and Non-Executive Directors are clearly set out, separated, and established and any decision-making process is based on collective decisions, supported by the presence of strong elements of independence with a large majority of Non-Executive Directors on the Board. This ensures effective check and balance in the functioning of the Board.



A3(Cont'd)

On the challenges facing the Company in appointing an independent Director, at present, the avenues for identifying and inducting Independent Directors into the Board are rather limited due to the specific nature of the industry and the highly regulated environment in which the Group operates.



Q4

Practice 5.9 of the MCCG stipulates that the Board should comprise at least 30% women directors. As of FY 2023, there are two female directors on the Board out of a total of seven directors. The percentage of female directors on the Board was $2/7 \times 100\% = 28.57\%$. Therefore, the Company has not complied with Practice 5.9 of MCCG.

However, the status was marked as “Applied” (Page 34 of Corporate Governance Report 2023).

(a) When does the Company intend to comply with Practice 5.9 of MCCG?

(b) What are the challenges facing the Company in identifying a female candidate for the role independent director?



A4

The Board is of the view that the current female representation on the Board is adequate (1/3 of 7 board members) for the business model of the Group and has considered that the Company has applied Practice 5.9 of the MCCG since March 2023.

At present, the avenues for identifying and inducting Directors into the Board are rather limited due to the specific nature of the industry and the highly regulated environment in which the Group operates. Notwithstanding these constraints, the Group will recalibrate its approach in regard to drive a more holistic sourcing approach. The Group always practises equal opportunity, and all appointment and employment opportunities are based on objective criteria and merit.



Q5

"Additionally, we introduced a conscious energy consumption programme to proactively reduce energy usage across all our offices nationwide. Furthermore, we initiated the installation of solar panels, marking a significant step towards sustainable energy practices."
(Page 10 of AR2023)

What are the total annual savings on electricity bills resulting from the conscious energy consumption programme and the installation of solar panels?



A5

In terms of kwh, since we introduced a conscious energy consumption programme to proactively reduce energy usage across all our offices nationwide, we have saved at least 15.6% as compared to FY 2022.

In addition, the solar panels have been progressively installed since late last year and we expect to quantify the savings in the next financial year.



Q6

"Since 2022, we've been analysing climate-related risks and opportunities within high-ESG risk sectors that are significant to the Group. Through analysis of the value chain, we identified the impact that climate change would have on specific risk drivers and consequently, the impact that these climate-related risks and opportunities will have on Magnum and our customers." (Page 51 of AR 2023)

What climate-related risks have been identified by the Group? What are the mitigating measures to be undertaken?



A6

Magnum's business is heavily dependent on consistent customer footfall at our physical retail outlets. As the incidents of adverse weather events, including thunderstorms and floods, increase due to climate change, the average footfall at our outlets are expected to be negatively impacted. We have mitigated some of the effects by encouraging customers to purchase advance tickets for upcoming draws. An opportunity exists for Magnum to continue our pursuit for alternative sales channels.



END

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

Question 1: By Tee Yee Kai

ANY UPDATE/PLAN REGARDING UMOBILE HOLDING?

Answer 1:

If UMobile goes for IPO (Initial Public Offer) by the second half of 2024, subject to attractive share market price, the Company may consider monetizing its investment progressively.

Question 2: By Tee Yee Kai

WILL GOVERNMENT ALLOW MOBILE APP BETTING IN THE NEAR FUTURE SINCE THE MAGNUM APP IS READY AND VERY GOOD TO USE?

Answer 2:

As one of our competitors, Da Ma Cai, has successfully launched its mobile betting, we have continuously engaged with the authority and remain hopeful that MOF would consider our submission favorably.

Question 3: By Kow Lih Shi

THE GOVERNMENT KEEP ON REDUCING GAMBLING IN SOME STATES. HOW DOES THE COMPANY OVERCOME THIS AND WILL LESSER OUTLETS OPERATING HAPPEN?

Answer 3:

Magnum has successfully renewed the agency licences which are under the jurisdiction of the Federal Government. However, the outlet's trading licences under the jurisdiction of the State Government of Kedah and Perlis were not renewed. To overcome this, your Company will continue to explore alternative sales channel to regain the lost revenue.

Question 4: By Teo Cher Ming

NOTICED THAT SOME MAGNUM OUTLETS HAVE SELF SERVICE KIOSK THAT ALLOWS CUSTOMERS TO BUY 4D TICKETS. WILL MORE OF THESE BE INTRODUCED NATIONWIDE?

Answer 4:

Self-Service Kiosk is one of our initiatives in our customers' digitalization journey. Right now, it is under a pilot project and it had gotten good responses and have a very encouraging feedbacks from our customers at this stage. We plan to roll out nationwide in the near future.

Question 5: By Teo Cher Ming

IMPACT OF 2% SST INCREASE TO TICKET SALES

Answer 5:

The additional 2% SST (Sales & Service Tax) is based on additional 2% on gaming supply, which is gross revenue minus all gaming taxes and minus prizes payment. As these additional 2% SST is absorbed by the Company, we have estimated that the financial impact would be in the region of 0.8 sen per annum, in terms of EPS (Earnings Per Share).

Question 6: By Yap Bok Chuan

WHAT'S THE EXPANSION PLAN FOR THE GROUP IN THE NEAR FUTURE, I.E. 2-3 YEARS?

Answer 6:

We are looking at the Self-Service Kiosks as an expansion of our delivery service to customers. The process of renovating the outlets is now at the tail end of that exercise and so, we are constantly looking to improve the service level to our customer and at the same time, we are constantly on the lookout for the possibility or exploring the possibility of introducing new products or new games that may be of interest to our customers.

Question 7: By Jaswant Singh

WHAT IS THE ACTION BEING TAKEN TO IDENTIFY ILLEGAL NFO OPERATORS, IS THE COMPANY WORKING WITH THE AUTHORITIES AND ALSO OUR COMPETITORS IN DOING SO?

Answer 7:

The illegal NFOs have become very prevalent in our industry especially during the lockdown period as a result of the pandemic. Now, their presence on the ground as well as online platform have gained further traction. Yes, the Company is working with the relevant authorities to try to contain the explosion of illegal gaming sites and we are also working with our fellow legal NFOs to address this common problem of illegal NFOs.

Question 8: By Stephen Lye Tuck Meng

WHY YOUR SHARE PRICE LOWER THAN SPORTS TOTO? WHAT IS THE MANAGEMENT DOING ABOUT INCREASING REVENUE?

Answer 8:

We shall attempt to answer the second portion of this question as in terms of the share price, that is determined by the market so we shall not endeavor to second guess what the market's valuation is based on.

With regard to what Management is doing to increase revenue, we have mentioned earlier about the renovation of our outlets and so now our outlets are more inviting. The idea is to increase footfall. As was mentioned in the presentation that our Mr Lum gave earlier addressing MSWG about what challenges we faced from climate-change, we mentioned about how the increasing of footfall may face challenges resulting from climate-change. We therefore would want, firstly, to increase footfall. Secondly, when customer comes in, we are obviously giving training to our frontliners to increase upselling and cross-selling so that each session that any customer has will result in higher sales.

Question 9: By TT

WHEN WILL THE MAJOR SHAREHOLDERS PRIVATIZE MAGNUM, MAGNUM IS SIMILAR TO MPHBCAP, LISTING STATUS NOT BENEFITING THE SHAREHOLDERS ANYMORE.

Answer 9:

We confirm that to-date, the Board has not received notice of take over from anyone and therefore, we are in no position to comment further as to the intent of or the intention of the major shareholders.

*** END ***



MAGNUM BERHAD (24217-M)

MAGNUM BERHAD (197501002449(24217-M))

48TH ANNUAL GENERAL MEETING ("AGM") OF MAGNUM BERHAD

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

Wednesday, 29 May 2024 at 09:30 AM

RESULT ON VOTING BY POLL

RESOLUTION	VOTED	SHAREHOLDERS / UNITHOLDERS	NO. OF SHARES / UNITS	NO. OF SHARES / UNITS	% OF SHARES / UNITS	NO. OF SHARES / UNITS	ABSTAIN *
ORDINARY RESOLUTION 1	FOR		133	647,330,453	99.939629		12,262,599
	AGAINST		49	391,033	0.060371		
ORDINARY RESOLUTION 2	FOR		128	647,292,453	99.933141		12,258,569
	AGAINST		56	433,063	0.066859		
ORDINARY RESOLUTION 3	FOR		153	579,305,443	88.045992		2,026,316
	AGAINST		36	78,652,326	11.954008		
ORDINARY RESOLUTION 4	FOR		152	606,702,190	92.209898		2,026,316
	AGAINST		37	51,255,579	7.790102		
ORDINARY RESOLUTION 5	FOR		162	657,608,382	99.946883		2,026,216
	AGAINST		27	349,487	0.053117		
ORDINARY RESOLUTION 6	FOR		146	657,606,536	99.946618		2,026,316
	AGAINST		42	351,233	0.053382		
ORDINARY RESOLUTION 7	FOR		151	657,625,142	99.949446		2,026,316
	AGAINST		37	332,627	0.050554		

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.

