

A PASSION FOR EXCELLENCE

DEAR VALUED SHAREHOLDERS,

ON BEHALF OF THE BOARD OF DIRECTORS, I HEREBY PRESENT THE ANNUAL REPORT AND AUDITED FINANCIAL STATEMENTS OF SEG INTERNATIONAL BHD (SEGi) AND THE GROUP FOR THE YEAR ENDED 31 DECEMBER 2021.

THE COVID-19 PANDEMIC HAS CONTINUED TO AFFECT BUSINESSES GLOBALLY IN 2021. THE MOVEMENT CONTROL ORDER (MCO), IMPLEMENTED IN VARIOUS PHASES, HAS RESULTED IN DISRUPTIONS TO MOST ONGOING PROJECTS. HOWEVER, THIS SITUATION HAS NOT DAMPENED THE SPIRIT OF OUR TEAMS. INSTEAD, THE TEAMS HAVE BEEN MORE PROACTIVE TO CONTINUE WORKING WITHIN THE RESTRICTIONS.



REVENUE (RM'000)

223,499

2020: 204,124



PROFIT BEFORE TAX (RM'000)

52,263

2020: 45,172



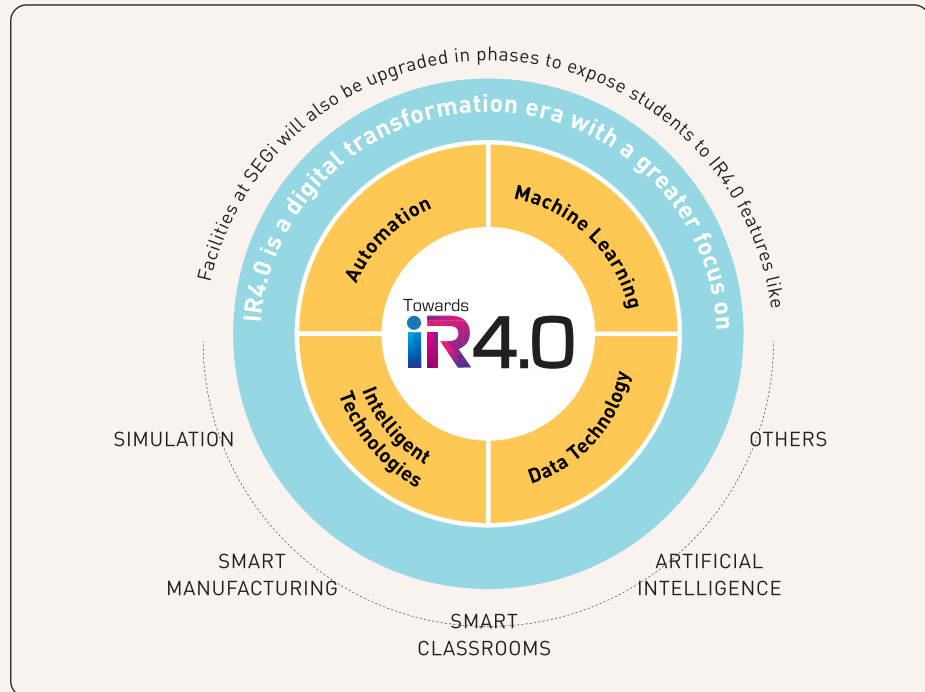
TOTAL ASSETS (RM'000)

409,338

2020: 338,370

Evolve Towards Achieving Industrial Revolution 4.0 (IR4.0)

At the beginning of 2020, SEGi launched a mega-brand campaign that saw the institution moving Towards Industrial Revolution 4.0 (IR4.0).



To capture the market as a university of choice, SEGi's brand includes a new 'Towards IR4.0' logo as an extension to its mother brand and a phase by phase enhancement of its curricula and campus facilities.



TAN SRI MEGAT NAJMUDDIN BIN DATO' SERI
DR HAJI MEGAT KHAS

CHAIRMAN

I am proud to inform you that SEGi has transitioned to online classes to enable the students to access effective e-learning at the onset of the MCO. SEGi conducted interactive learning through various technology communication platforms during this challenging period. The teaching presentations are innovative with current updates. We are aware that the transition may cause additional stress to students, and to resolve that, we have organised several online peer discussions groups to address this. At SEGi, our priorities are to ensure that students' needs are met. In addition, we have implemented measures to protect our staff and students' health and safety.

Virtual Open Days and campus tours were also available to recruit new students locally and globally.

MARKET AND FUTURE OUTLOOK

The government introduced the National Recovery Plan (NRP) in June 2021 as an exit strategy to help Malaysia bounce back from the COVID-19 pandemic. The NRP is designed to enable us to return to everyday daily life or back to normalcy. It also helps the country to transit out from the MCO on reopening economic and social sectors.

In SEGi, we welcome students to return to all our campuses at the end of 2021. While we are committed to ensuring a safe learning environment, our academic teams will stay connected with students by providing positive support and encouragement to them.

The Group has maintained its strong profitability despite the pandemic in the last couple of years, mainly due to lower operating costs resulting from the transformation to digital processes to suit the challenging times. While the volatility of the pandemic continues to limit and restrict business activities, including Group marketing and foreign student recruitment, we have put in place mechanisms to overcome and sustain the overall revenue and profitability in the immediate future. The Group has identified key strategic areas to realign our entire learning ecosystem to ensure students' needs and experiences are continually enabled and enhanced. That includes creating more digitally related programmes and hybrid delivery of classes.

FINANCIAL PERFORMANCE

For the year ended 31 December 2021, the Group achieved a revenue of RM223.5 million and a profit before taxation of RM52.3 million. These figures show an increase of 9.5% and 15.7 %, respectively, compared to the corresponding period in 2020.

The Group achieved earnings before interest, tax, depreciation, and amortisation (EBITDA) of RM92.0 million compared to RM86.1 million in the corresponding period in 2020. This result reflects an increase of 6.9% in EBITDA. The improvement in EBITDA and profit before tax is mainly due to the revenue growth for the period under review, efficient utilisation of the assets and improvement in enrolment of new students.

Despite the overall challenges throughout 2021, the Group has maintained a strong financial position with shareholders' funds standing at RM160.9 million, deposits, cash & bank balances of RM118.5 million and a low gearing ratio. A strong balance sheet, built on the efficient management of capital and assets, allows the Group the financial flexibility to capitalise on growth opportunities and maximise shareholders' value.

MESSAGE FROM THE
CHAIRMAN

**SEGi University
achieved a rating of**

**5 STARS
for SETARA**
(Very Competitive)

and

**3 STARS
for MyRA for 2019 exercise**

The Colleges also achieved

6 STARS
in MyQuest 2018/2019

save for

**SEGi College Kuala Lumpur
which obtained**

5 STARS

**SEGi University
also emerged in the**

top 44% of the
**2021 of QS World University
Rankings:**

Asia
2022

The Group has also increased its efforts to reduce operational costs through various cost-saving initiatives as we strive for efficiency and enhance our stakeholders' value.

DIVIDENDS

The Board of Directors took great care in striking an optimum balance between maintaining a reasonable dividend payout that commensurates with the financial performance of the Group while conserving sufficient internal resources for investment purposes.

The Board is committed to rewarding our valued shareholders and potential investors with consistent returns. I would also like to take this opportunity to announce that the Board is now recommending a first and final single-tier dividend of RM0.01 per ordinary share for the financial year ended 31 December 2021, subject to shareholders' approval at the forthcoming Annual General Meeting.

Subsequent to the financial year under review, the Board of Directors further declared an interim single-tier dividend of RM0.03 per ordinary share, amounting to RM36,775,000, for the financial year ending 31 December 2022. This dividend was paid on 25 January 2022.

OPERATIONAL REVIEW AND DEVELOPMENTS

In light of the current economic climate during this challenging period, SEGi has stepped forward to enhance its students' employability. The Graduate Employment Readiness (GER) Programme was developed to improve their career prospects. Students will be briefed and coached on their career pathways during the final year of study. The GER Programme's communication and grooming skills are designed to enrich and

support the students to be career-ready. The Graduate Employment Availability & Readiness Portal is also set up to link the students with our value corporate partners and alumni to enhance graduates' employability.

SEGi also organised Career Talks, Workshops and Career Fairs in collaboration with Industry Partners virtually to provide continuous career-related services to the students and alumni even during the pandemic. All these have assisted the students in adjusting themselves to the new norm in finding jobs or their internship positions. It will also connect the students with Industry Partners throughout the pandemic for career preparation workshops and engagement sessions.

In line with our strategy to expand our range of programmes relevant to the recent market development, SEGi academic teams have reviewed the curriculum geared towards achieving IR4.0 goals. SEGi invested in research and development and has established a research centre for research works. With solid systems in place and an effective market research strategy, SEGi is confident that our programmes will help students acquire unique skills that enhance their employability.

The Higher Education Minister is concerned about student development during this pandemic. SEGi has integrated students' improvement skills and individual growth pathways into their academic learning to create a holistic student experience. Ideas for activities were initiated and implemented among the students.

In 2021, many activities were conducted under academic categories, such as the MPU 4 – Co-Curriculum, Social and Community, to enable students to improve their social skills.

With the new normal way of working from home during the pandemic and with the unique needs felt by working adults to



upgrade themselves, SEGi has introduced micro-credential flexible learning programmes to allow the working adults to upskill their knowledge. The working adult learners will have opportunities to pursue their study module by module while working via these micro-credential programmes, which are cost-effective and with credit transfer to the primary diploma or degree programmes of their choice.

I am proud to announce SEGi's achievements as follows:

- SEGi University has improved its performance and emerged in the top 44% in the QS World University Ranking: Asia 2022 ("QS Rating").
- SEGi University has been awarded a 5 Stars Plus rating by QS Rating (2022 – 2024), being one among 19 universities worldwide to be awarded this status.
- SEGi also received a 5 Stars rating for eight categories: academic development, internationalisation, employability, teaching, online delivery, Art & Culture, MBBS and inclusiveness.
- SEGi was ranked No. 4 or Top 4 for the International Students index in the QS Rating.
- SEGi University has also been ranked No. 9 in the AppliedHETM Private University Ranking: ASEAN 2022.

Education is a powerful tool as it is the key to a person's success. SEGi will continue innovating to enable all to gain the qualifications to excel in life and make dreams a reality.

CORPORATE SUSTAINABILITY

We must reinforce our commitment to environmental, social, and governance (ESG) investing for positive returns and long-term impact on society, the environment and business performance, especially after the COVID-19 crisis.

The 2021 Budget, which has a special focus on sustainability, is aligned with the United Nations' 17 Sustainable Development Goals and is designed to move Malaysia toward a more sustainable future. Bursa Malaysia Securities Berhad has also strengthened its efforts to bring public listed companies on the ESG journey.

I wish to inform you that in SEGi, the focus on ESG has always been part of our business practices. SEGi believes that the principles of and actions to promote sustainability should be embedded across the Group in all aspects of the Group's operations and other activities. The Group's objective is to create a culture of sustainability within the Group and the community, emphasising integrating the ESG considerations into its decision making and the delivery of outcomes arising from its decisions and action.

The details of our sustainability initiatives are set out in our Sustainability Statement in this report.

ACKNOWLEDGEMENTS

On behalf of the Board of Directors, I would like to convey my thanks and appreciation to SEGi Group's management and staff for their commitment and dedication to delivering the good results.

I also wish to acknowledge our valued shareholders, global partners, students, regulatory authorities, bankers and business associates for their unwavering support and confidence in the Group, especially during these challenging circumstances. With your gracious support, we will continue reaching even greater heights.

Last but not least, I would like to take this opportunity to thank my fellow board members for their stewardship and commitment to the Group. We look forward to fostering stronger links in the years to come.

**TAN SRI DATO' SERI MEGAT NAJMUDDIN
BIN DATO' SERI DR HAJI MEGAT KHAS**
Chairman

20 April 2022