

MESSAGE FROM THE CHAIRMAN

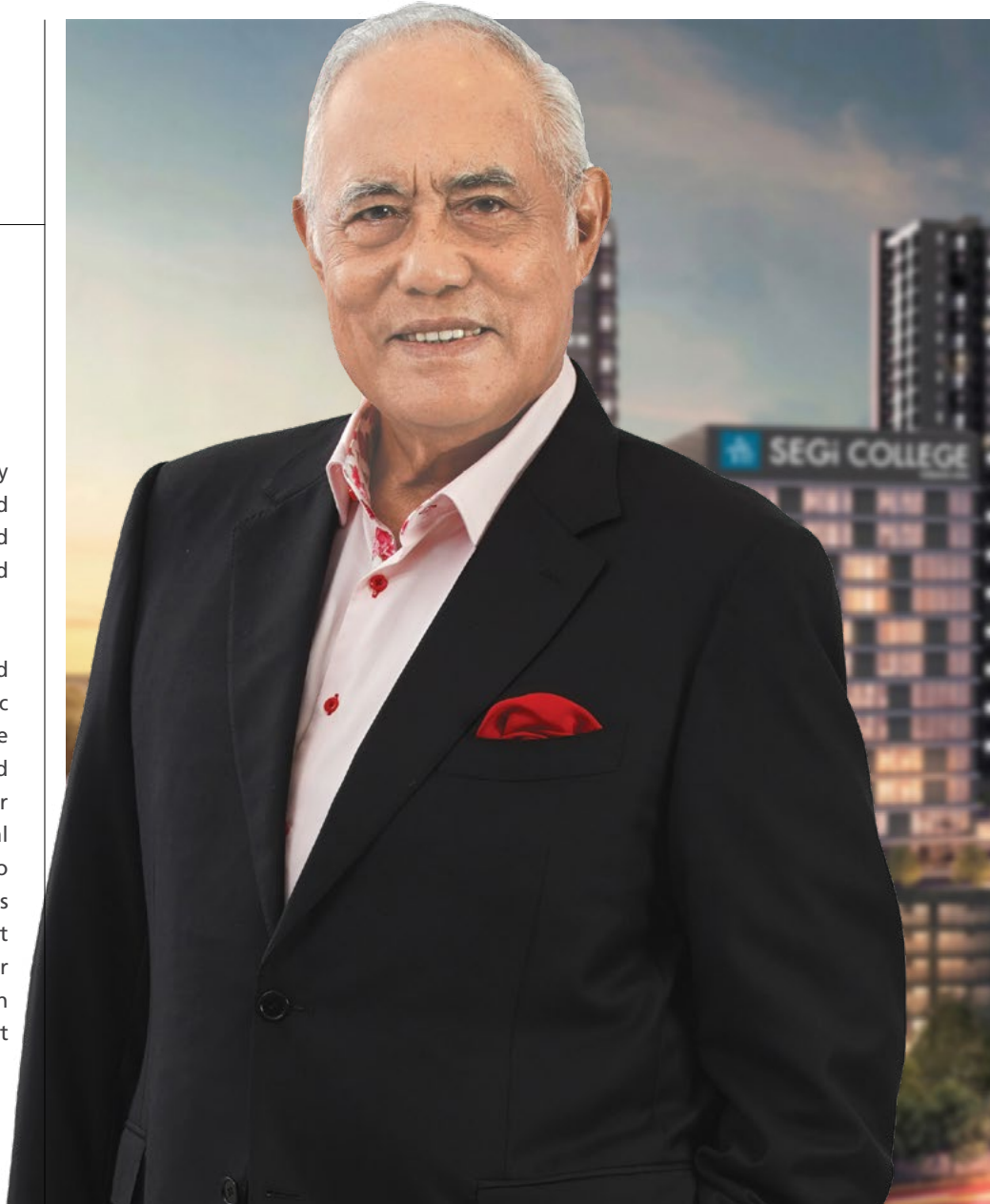
Tan Sri (Dr.) Megat Najmuddin Bin Dato' Seri
Dr. Haji Megat Khas
Independent Non-Executive
Chairman



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 2022.

The year 2022 marked the transition period towards normalcy after the COVID-19 pandemic triggered an unprecedented disruption to the economy and people's livelihood. We are proud that we have adapted to the uncertainties over the last two years where SEGi had minimal disruptions to our classes as we transitioned to online and hybrid classes. The disruption was also a golden opportunity for us to relook at the traditional way of class delivery and our internal processes, and transformed them with digitalisation initiatives to meet today's market demand.



MARKET AND FUTURE OUTLOOK

The closing of borders at the peak of the pandemic had somewhat affected the arrival of our international students, particularly students from China. With the full re-opening of the borders, we look forward to the arrival of international students this year. This will boost the new enrolments for the Group while we continue to extend our reach within Malaysia.

With the rise in the wave of digitalisation which was hastened by the pandemic, learning cannot be confined to brick-and-mortar classrooms, nor can it be restricted to only structured programmes. We believe that individualised learning is important and that some students prefer an unstructured programme where they can pick and choose the topics they need to learn according to their interest and passion. At SEGi, we have developed a suite of programmes offered globally where the students can choose the way they want to study, where they study and what they wish to learn. We see this as the way forward as we enter the new era.

The Group's proactive measures, coupled with digitalisation initiatives, have sustained the Group through the pandemic years and will hopefully help propel it to be a stronger organisation in the coming years. The Group is also expanding the breadth of its offerings beyond tertiary education to now include K-12 education, skill-based and other certification programmes. With adaptability and agility learnt from recent years, we should expect better resilience and better results in the immediate future.

FINANCIAL PERFORMANCE

The Group recorded a revenue of RM213.9 million and a profit before taxation of RM45.3 million, for the financial year ended 31 December 2022 as compared to revenue of RM223.5 million and profit before taxation of RM52.3 million in the previous financial year, representing a decrease of 4% and 13% respectively.

The slight decline was mainly due to the graduating batches of postgraduate foreign students enrolled with the Group's institutions intakes in the previous financial years, whereas new enrolments are only expected to pick up in 2023 coinciding with the borders reopening, particularly China's.

MESSAGE FROM THE CHAIRMAN

We welcome students to return to all our campuses. 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's balance sheet continues to be healthy, closing the year with shareholders' funds standing at RM127.9 million, deposits, cash and bank balances of RM92.9 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.

The Group will continue its efforts to seek opportunities for growth while striving to establish a sustainable business to maximise long-term return on shareholders' funds.

DIVIDENDS

The Board maintains a balanced approach to dividend payments, ensuring that sufficient funds are maintained for future growth, whilst recognising the need to provide a reasonable return to shareholders. With this in mind, the Board declared two interim dividends in respect of the financial year ended 31 December 2022. The first interim dividend of 3.0 sen per ordinary share was paid on 25 January 2022 while the second interim dividend of 2.0 sen per ordinary share was paid on 20 January 2023. This brings the total dividend paid for the year under review to RM61.26 million.

OPERATIONAL REVIEW

In ensuring students are well-equipped with the relevant skills and knowledge needed to succeed in today's challenging economic climate, SEGi has introduced various initiatives to enhance their employability and career prospects.

FINANCIAL PERFORMANCE

REVENUE

RM213.9
million

(FY2021: RM223.5 million)

PROFIT BEFORE TAXATION

RM45.3
million

(FY2021: RM52.3 million)

SHAREHOLDERS' FUNDS

RM127.9
million

(FY2021: RM160.9 million)

MESSAGE FROM THE CHAIRMAN

One of these initiatives is the Graduate Employment Readiness (GER) Programme, designed to provide students with career coaching, communication skills, and grooming skills to prepare them for the job market. In addition, the Graduate Employment Availability & Readiness Portal has been set up to connect students with our corporate partners and alumni, providing them with more opportunities to improve their employability.

Despite the pandemic's challenges, we have collaborated with industry partners to organise virtual career talks, workshops, and fairs to provide our students and alumni with continuous career-related services. These initiatives have been instrumental in helping students adjust to the new normal and find jobs or internship positions.

Furthermore, in line with SEGi's strategy to expand the range of programmes offered across campuses and to cater to the evolving market demands, our academic teams have reviewed and revised the curriculum to achieve IR4.0 goals. We have also invested in research and development, establishing a research centre to conduct studies and improve our programmes' quality.

SEGi also recognises the unique needs of working adults to upgrade their qualifications and improve their career prospects, which led to the introduction of micro-credential flexible learning programmes. Through these new programmes, adult learners can upskill their knowledge through cost-effective and module-by-module learning. These programmes offer credit transfer options to our primary diploma or degree programmes.

SEGi is committed to creating a holistic student experience beyond academic learning. We have integrated students' improvement skills and individual growth pathways into our academic programmes to stimulate their social skills development and participate in various co-curricular activities, such as the MPU 4 – Co-Curriculum, Social, and Community initiatives.

In addition to our academic programmes, we are dedicated to preparing future leaders, innovators, and thinkers with a comprehensive understanding of global challenges. As an educational signatory to the United Nations' 2030 Agenda for Sustainable Development, SEGi is committed to supporting and promoting SDG principles through academic research, providing students with the skills and knowledge needed

to promote sustainability, ensuring environmentally sustainable and socially inclusive campuses and programmes, and reporting on SDG-related activities.

SEGi has divided its SDG Implementation into three (3) Phases. In Phase 1, we are focusing on the following:



Lastly, we are pleased to announce that our library is now open to the public, where everyone can access our extensive academic resources and literature collection. Additionally, SEGi has introduced initiatives to give students financial peace of mind, such as offering scholarships, bursaries, and study loans, ensuring that financial constraints do not hinder their academic progress.

I am proud to share SEGi's notable achievements, among them are:

- 1 SEGi University is now **ranked 57 in South-East Asia** and amongst the **top 261-270 universities in Asia** according to the QS Asia University Rankings 2023
- 2 SEGi University has improved its performance and **emerged in the top 44%** in the **QS World University Ranking: Asia 2022** ("QS Rating").
- 3 SEGi University has been awarded a **5 Stars Plus** rating by QS Rating (2022 – 2024), being **one among 20 universities worldwide** to be awarded this status.
- 4 SEGi also received a **5 Stars rating for eight categories:** academic development, internationalisation, employability, teaching, online delivery, Art & Culture, MBBS and inclusiveness.
- 5 SEGi was ranked **No. 4 or Top 4** for the **International Students Index in the QS Rating**.
- 6 SEGi University has also been ranked **No. 9** in the **AppliedHE™ Private University Ranking: ASEAN 2022**.

MESSAGE FROM THE CHAIRMAN

Education is the key to success in life, and teachers make a lasting impact on the lives of their students. SEGi will continue its efforts and stay committed to being at the forefront of innovation, empowering students to gain the qualifications they need to excel in life and turn their dreams into reality.

CORPORATE DEVELOPMENTS

The Board is pleased to announce that the Group acquired three K-12 Schools during the financial year under review by taking over Peninsula Education Sdn Bhd, Imperial Education (Ipoh) Sdn Bhd and Peninsula Private Education Sdn Bhd. This is in line with SEGi's intention to expand its business into K-12 education. The acquisition was completed on 1 February 2023.

The acquisition enables the Group to operate 2 international schools and 1 private school under the brand names of:

- Peninsula International School Australia, Setia Alam;
- Imperial International School, Ipoh; and
- Peninsula Private School, Setia Alam.

CORPORATE SUSTAINABILITY

Good governance plays a critical role in ensuring that SEGi sustains its position as a successful company. The Board recognises the importance of sustainability and its increasing impact on the business. The Board places great emphasis on ensuring and maintaining the highest standards of corporate governance throughout the Group and managing the environmental impact including climate-related risks and opportunities, providing a safe and caring workplace as well as meeting the social needs of our community.

The Board believes that the initiatives to promote sustainability should be embedded across the Group in all aspects of the Group's operations and other activities. It is the Group's objective to create a culture of sustainability within the Group, and the community, with an emphasis on integrating environmental, social and governance considerations into its decision-making and the delivery of outcomes arising from its decisions and action. The Board strongly believes that, in the course of doing so, it will enhance value to its stakeholders.

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



ACKNOWLEDGEMENTS

SEGi is a remarkable organisation built on years of hard work, innovation and above all, the endeavours and commitment of its people. It has been my utmost privilege to serve as the Company's Chairman and be part of its continued success.

In closing, I would like to express my deepest gratitude to my fellow Board members who have contributed greatly to the Group with their invaluable insight, expertise and support.

My heartfelt appreciation goes to the management and staff for their commitment, dedication, and perseverance in managing the challenges during the year under review. I would also like to extend my sincere appreciation to all our valued shareholders, global partners, students, regulatory authorities, bankers and business associates for their unwavering trust and continuous support throughout the years. As we forge ahead, we will continue to strive and intensify our efforts to enhance the performance and strengthen the position of the Group and propel the Group to greater heights in the coming years.

TAN SRI (DR.) MEGAT NAJMUDDIN BIN DATO' SERI DR. HAJI MEGAT KHAS
Chairman

12 April 2023