

COVER SHEET

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STI EDUCATION SERVICES
GROUP, INC.
[Empty Box]

(Company's Full Name)

STI ACADEMIC CENTER
ORTIGAS - CAINTA, ORTIGAS AVENUE
EXTENSION, CAINTA RIZAL 1900

(Business Address : No. Street City / Town / Province)

ARSENIO C. CABRERA, JR.

Contact Person

(6 3 2) 8 8 1 2 1 7 8 4

Company Telephone Number

0 6

Month

3 0

Day

Fiscal Year

Definitive Information Statement

FORM TYPE

1st Thursday of November

Month Day

Annual Meeting

[Empty Box]

Secondary License Type, If Applicable

[Empty Box]

Dept. Requiring this Doc.

[Empty Box]

Amended Articles Number/Section

[Empty Box]

Total No. of Stocholders

Total Amount of Borrowings

[Empty Box]

Domestic

[Empty Box]

Foreign

To be accomplished by SEC Personnel concerned

[Empty Box]

File Number

LCU

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Document I.D.

Cashier

STAMPS



NOTICE OF ANNUAL STOCKHOLDERS' MEETING

Please be informed that the Annual Stockholders' Meeting ("ASM") of **STI EDUCATION SERVICES GROUP, INC.** ("STI ESG") will be held and conducted virtually via remote communication through Zoom Meeting on **Friday, 12 December 2025, at 10:30 a.m.**, for the following purposes:

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the 18 December 2024 Annual Stockholders' Meeting
4. Management Report
5. Approval of Parent and Consolidated Audited Financial Statements of the Company as at and for the fiscal year ending 30 June 2025
6. Ratification of all legal acts, resolutions and proceedings of the Board of Directors and of Management, done in the ordinary course of business from 18 December 2024 up to 12 December 2025
7. Election of Directors
8. Appointment of External Auditors
9. Adjournment

The record date for stockholders entitled to notice and vote at the Annual Stockholders' Meeting is set on 14 November 2025 ("Stockholders of Record").

The 2025 Annual Stockholders' Meeting of STI ESG will be conducted virtually. Stockholders of Record may attend/participate via proxy, remote communication or vote in absentia. For the detailed registration and voting procedures, please visit <https://www.sti.edu/asm2025> and refer to the "**Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy**".

Stockholders who wish to participate in the meeting via remote communication and to vote in absentia should notify the Office of the Corporate Secretary through a Letter of Intent to be sent via e-mail to corsec@sti.edu OR by clicking the following link for the online registration at <https://forms.cloud.microsoft/r/VwPLYcFQhF> on or before 3 December 2025.

Validated stockholders will be provided access to the live streaming of the meeting through Zoom Meeting and can cast their votes in absentia on or before 9 December 2025 through the Company's secure online voting facility. All votes cast shall be subject to validation.

The Company is not soliciting for proxies. Stockholders who are unable to join the meeting but wish to vote on items in the agenda by proxy must submit their duly accomplished proxy forms via email to corsec@sti.edu, not later than on 9 December 2025.

Stockholders of record may send their queries and comments to the Management Report and other items in the Agenda to corsec@sti.edu on or before 9 December 2025.

The Definitive Information Statement containing the attendance/voting (via remote communication) and election procedures, along with the Notice, Agenda, Proxy/Ballot, Management Report, SEC Form 17-A, SEC Form 17-Q [30 September 2025], and other information related to the Annual Stockholders' Meeting can be accessed at <https://www.sti.edu/asm2025>.

Very truly yours,

ARSENIO C. CABRERA, JR.
Corporate Secretary



AGENDA OF 2025 ANNUAL STOCKHOLDERS' MEETING

1. Call to Order
2. Certification of Notice and Quorum
3. Approval of the Minutes of the 18 December 2024 Annual Stockholders' Meeting
4. Management Report
5. Approval of Parent and Consolidated Audited Financial Statements of the Company as at and for the fiscal year ending 30 June 2025
6. Ratification of all legal acts, resolutions and proceedings of the Board of Directors and of Management, done in the ordinary course of business from 18 December 2024 up to 12 December 2025
7. Election of Directors
8. Appointment of External Auditors
9. Adjournment

EXPLANATION AND RATIONALE OF EACH ITEM IN THE AGENDA

1. Call to order

The Chairman of the Board (the "Board"), Mr. Jesli A. Lapus, will call the meeting to order.

2. Certification of notice and quorum

The Corporate Secretary will certify that notices of the Annual Stockholders' Meeting ("ASM") were distributed to the stockholders of record at least fifteen (15) days before the date of the ASM. Atty. Carl Mark A. Ganhinhin of STI ESG shall issue a Certification attesting to the delivery of the ASM Notice. Copy of the ASM Notice was also posted at the Company's website.

The Corporate Secretary will further certify the presence of a quorum. The stockholders representing a majority of the outstanding voting capital stock of the Company, present in person or by proxy, shall constitute a quorum for the transaction of the business.

3. Approval of the Minutes of the Annual Stockholders Meeting held on 18 December 2024

The minutes are available at the Company website, <https://www.sti.edu/asm2025>

A motion for the approval of the following resolution will be presented:

"RESOLVED, That the Minutes of the Annual Stockholders' meeting held on 18 December 2024 as appearing in the Minutes Book of the Corporation be approved."

The affirmative vote of stockholders representing at least a majority of the outstanding voting capital stock of the Company present at the ASM is necessary to approve the resolution.

4. The Management Report

The President, Mr. Peter K. Fernandez, shall render the Management Report, which provides the highlights of the performance of the Company for FY 2024-2025 and the outlook of the Company for FY 2025-2026 and beyond.

The President shall also report on the significant operational and financial performance as well as the milestones and achievements of the Company for FY 2024-2025. The report will also include significant events affecting the Company's performance for FY 2024-2025.

The Annual Report is also posted on the Company's website, <https://www.sti.edu/asm2025>. A resolution noting the Management Report will be presented to the stockholders for adoption.

Below is the proposed resolution:

"RESOLVED, that that the Management Report for FY 2024-2025 be noted and approved."

The affirmative vote of stockholders constituting at least a majority of the outstanding voting capital stock of the Company present at the ASM is necessary to approve the resolution.

5. Approval of Parent and Consolidated Audited Financial Statements of the Company as at and for the fiscal year ending 30 June 2025

The approval of Parent and Consolidated Audited Financial Statements (FS) of the Company as at and for the fiscal year ending 30 June 2025 prepared by SyCip Gorres Velayo & Co., will be presented to the stockholders. The FS is attached in the Definitive Information Statement and Annual Report. The Audit and Risk Committee has recommended, and the Board has approved, the FS.

A resolution approving the FS will be presented to the stockholders, who will be given opportunity to ask questions on the Annual Report and the FS.

Below is the proposed resolution:

"RESOLVED, that the Parent and Consolidated Audited Financial Statements of the Company as at and for the fiscal year ending 30 June 2025 as discussed in the Annual Report be noted and approved."

The affirmative vote of stockholders constituting at least a majority of the outstanding voting capital stock of the Company present at the ASM is necessary to approve the resolution.

6. Ratification of all legal acts, resolutions and proceedings of the Board of Directors and of Management since the 18 December 2024 Annual Stockholders' Meeting up to 12 December 2025. A list of the corporate acts to be ratified are enumerated in Item 16, page 30 of the Definitive Information Statement.

A motion for the approval of the following resolution will be presented:

"RESOLVED, that all acts, resolutions and proceedings of the Board of Directors and of Management, done in ordinary course of business, since the 18 December 2024 Annual Stockholders' Meeting up to 12 December 2025 be approved, confirmed and ratified."

The affirmative vote of stockholders constituting at least a majority of the outstanding voting capital stock of the Company present at the ASM is necessary to approve the resolution.

7. Election of directors, including independent directors

In accordance with Section 2, Article IV of the Company's By-Laws and the 2020 Manual on Corporate Governance, the deadline for nominations to the Board was on

23 October 2025. After the deadline, the Corporate Governance Committee evaluated the nominees to the Board and determined that all the nominees, including the nominees for independent directors, have all the qualifications of a director pursuant to the By-Laws and applicable laws. Copies of the curriculum vitae and profiles of the candidates to the Board are provided in the Definitive Information Statement.

The election of the directors shall be by plurality of votes. Every stockholder may vote the number of shares owned by him for as many persons as there are directors to be elected, or cumulate his votes by giving one candidate as many votes as the number of such directors multiplied by the number of his shares shall equal, or distribute such votes on the same principle among as many candidates as he shall see fit. The eleven (11) directors receiving the highest number of votes will be declared elected as directors of the Company.

In evaluating the nominations to the Board, the Corporate Governance Committee was guided by its established nomination principles and procedures set forth hereafter.

8. Appointment of external auditor

A resolution for the approval of the appointment of the Company's external auditor will be presented to the stockholders. The Audit and Risk Committee has recommended, and the Board has approved the appointment of SyCip Gorres Velayo & Co. as the external auditor of the Company.

The profile of the proposed external auditors is provided in the Definitive Information Statement.

Below is the proposed resolution:

"RESOLVED, to approve the appointment of SyCip Gorres Velayo & Co. as external auditor of the Corporation for FY 2025-2026."

The affirmative vote of stockholders representing at least a majority of the outstanding voting capital stock of the stock of the Company present at the ASM is necessary to approve the resolution.

9. Consideration of such other business as may properly come before the meeting

Any relevant questions or comments received by the Office of the Corporate Secretary via email within the prescribed period given by registered stockholders shall be properly acknowledged, noted and addressed, accordingly.

10. Adjournment

Upon confirmation by the Corporate Secretary that there are no other matters to be considered, and on motion by a stockholder duly seconded, the Chairman will declare the meeting adjourned. The meeting proceedings shall be recorded in audio and video format to be safe kept by the Office of the Corporate Secretary and shall be made available in a secured manner to stockholders upon request by sending an email to corsec@sti.edu.

STI EDUCATION SERVICES GROUP, INC.
2025 ANNUAL STOCKHOLDERS' MEETING
Friday, 12 December 2025 at 10:30 a.m.
Via remote communication through Zoom Meeting

**Guidelines for Participating via Remote Communication through Zoom Meeting
and Voting in Absentia and through Proxy**

A. Attendance by Remote Communication through Zoom Meeting and Voting in Absentia

1. Stockholders intending to participate by remote communication through Zoom Meeting and/or voting in absentia should notify the Office of the Corporate Secretary through a Letter of Intent (LOI) to be sent via e-mail to corsec@sti.edu on or before 3 December 2025, complete with the following requirements for validation purposes:

1.1 Indicate the following required information:

- 1.1.1 Complete Registered Name
- 1.1.2 Complete Registered Residential/Mailing Address
- 1.1.3 Active e-Mail Address
- 1.1.4 Active Mobile No.
- 1.1.5 Active Landline No.

1.2 Attach the following documents (e-copy/scanned copy):

- 1.2.1 Valid government-issued ID with photo and signature (scanned front and back)
- 1.2.2 Proof of Ownership, such as, but not limited to, the following:
 - a) Stockholder's certificate (for certificated shares); or
 - b) Broker's certification (for scripless or uncertificated shares); or
 - c) Secretary's certificate for authorized representative (for corporate)
- 1.2.3 Other supporting document, as applicable

A template of the LOI may be downloaded at <https://www.sti.edu/asm2025>

2. The validation process will be completed by the Office of the Corporate Secretary no later than three (3) business days from its receipt of the LOI. The Office of the Corporate Secretary reserves the right to request for additional information and documents, as needed/necessary. Moreover, electronic signature for the required documents shall be allowed while notarization requirement shall not be considered for the meantime, as applicable, given the current situation.
3. Once validated/verified, a stockholder shall be provided a confirmation correspondence with secure links to the virtual meeting platform. For security purposes, the confirmation correspondence which includes access credentials,

links and instructions for participation through remote communication shall only be sent to the stockholder's email address, and if necessary, notification shall be sent to the stockholder's mobile number provided.

4. A stockholder may cast his vote on each of the agenda items as contained in the voting form which may be downloaded at <https://www.sti.edu/asm2025>. Accomplished voting forms may be submitted by email to corsec@sti.edu. Deadline to vote in absentia is on 9 December 2025. Beyond this date, stockholders may no longer avail of the option to vote in absentia. The Office of the Corporate Secretary shall then tabulate all votes, including those casts in absentia and by proxy, to be assisted by the Company. The Corporate Secretary shall report the results of voting during the meeting. For information on counting and tabulation of votes, please refer to "Item 19. Voting Procedures" of the Information Statement.

B. Attendance by Proxy

1. In case a stockholder cannot attend the virtual meeting and wishes to be represented, said stockholder shall designate an authorized representative ("Proxy") by submitting a duly-accomplished proxy instrument which may be downloaded at <https://www.sti.edu/asm2025> and submitted on or before 9 December 2025 via email to corsec@sti.edu, complete with the following requirements for validation purposes:

1.1 For the stockholder, attach the following documents (e-copy):

- 1.1.1 Valid government-issued ID (with photo)
- 1.1.2 Proof of Ownership, such as, but not limited to, the following:
 - a) Stockholder's certificate (for certificated shares); or
 - b) Broker's certification (for scripless or uncertificated shares); or
 - c) Secretary's certificate for authorized representative (for corporate)
- 1.1.3 Other supporting document, as applicable

1.2 For the Proxy, attach the following document (e-copy):

- 1.2.1 Valid government-issued ID (with photo)

1.3 A stockholder may designate the Chairman of the Meeting as Proxy. Likewise, if no name is indicated, the Chairman of the Meeting will act as the Proxy.

2. The validation process will be completed by the Office of the Corporate Secretary no later than three (3) business days from its receipt of the duly-accomplished proxy instrument. The Corporate Secretary reserves the right to request for additional information and documents, as needed/necessary. Moreover, electronic signature for the required documents shall be allowed while notarization requirement shall not be considered for the meantime, as applicable, given the current situation.

3. Once validated/verified, a stockholder shall be provided a confirmation correspondence with secure link to the virtual meeting platform. For security purposes, the confirmation correspondence which includes links and instructions for participation through remote communication shall only be sent to the stockholder's email address, and if necessary, notification shall be sent to the stockholder's mobile number provided. It is the duty of the stockholder to securely provide the information on access credentials and instructions to the Proxy.

C. Participation and Determination of Quorum and Votes

1. Only those shareholders who have notified the Company of their intention to participate in the Meeting by remote communication, together with the stockholders who voted in absentia and by proxy, will be included in the determination of quorum at the meeting. By participating remotely and by proxy, a stockholder shall be deemed present for purposes of quorum.
2. Due to logistical limitations of the meeting conducted virtually, voting and open forum/discussion will not be possible during the virtual meeting. However, a stockholder, once verified/ registered, will be given an opportunity to raise any relevant questions or express an appropriate comment limited to the agenda items by sending an email to corsec@sti.edu not later than 9 December 2025 to be properly noted and addressed accordingly. Any relevant questions or comments received by the Office of the Secretary via email within the prescribed period given by registered stockholders shall be properly acknowledged, noted and addressed accordingly. Questions and comments not taken up during the meeting shall be addressed directly via email by the Company.
3. The Office of the Corporate Secretary shall take down minutes of the meeting accordingly and shall note all comments and other relevant matters discussed covering the agenda of the meeting. The meeting proceedings shall be recorded in audio and video format to be safekept by the Office of the Corporate Secretary and shall be made available in a secured manner to stockholders upon request by sending an email to corsec@sti.edu.
4. The Office of the Corporate Secretary shall ensure confidentiality of all votes for tabulation, including those casts in absentia and by proxy. The Corporate Secretary shall report the results of voting during the meeting. For information on counting and tabulation of votes, please refer to "Item 19. Voting Procedures" of this Information Statement.

For ASM-related matters, please go to: <https://www.sti.edu/asm2025>. For ASM-related queries, please send an email to corsec@sti.edu. For account updating/validation concerns, please get in touch with the Company's Corporate Secretary, Atty. Arsenio C. Cabrera, Jr., via email to corsec@sti.edu.

Date :
From :
To : The Office of the Corporate Secretary
(corsec@sti.edu)
Subject: Letter of Intent (LOI) to Participate in STI EDUCATION SERVICES GROUP,
INC. ("STI ESG") 2025 Annual Stockholders' Meeting ("ASM")

This is to express my intent to participate in STI ESG's 2025 ASM to be held virtually on Friday,
12 December 2025 at 10:30 a.m..

Please see my contact information below:

(1) Complete Registered Name : _____
(2) Complete Registered Residential/Mailing Address: _____
(3) Active E-mail Address : _____
(4) Active Mobile No. : _____
(5) Active Landline No. : _____

Attached are the necessary documents (e-copy/scanned copy)¹ for validation purposes²:

(a) Valid government-issued ID³ with photo and signature (scanned front and back)

(b) Proof of Ownership (please put a check on the space provided):

_____ Stockholder's certificate (for certificated shares);
_____ Authorization letter signed by other stockholder(s) indicating the person among
them authorized to cast the votes (for joint accounts)
_____ Broker's certification (for scripless or uncertificated shares); or
_____ Secretary's certificate for authorized representative (for corporate)

(c) Other supporting documents (please specify): _____

¹ Please limit file size up to 2MB.

² The validation process shall be completed by the Corporation no later than two (2) days from its receipt of the LOI. The Office of the Corporate Secretary reserves the right to request for additional information and documents, as it deems necessary. Electronic signature for the required documents shall be allowed while notarization requirement shall not be considered for the meantime, as applicable, given the current situation. A confirmation/reply email shall be sent to the stockholder, once successfully verified/validated.

³ Acceptable valid IDs are the following: Driver's License, Passport, Unified Multi-Purpose ID (UMID), GSIS ID, company ID, PRC ID, IBP ID, DOLE Card, OWWA ID, COMELEC Voter's ID, Senior Citizen's ID, or Alien Certificate of Registration/Immigrant Certificate of Registration.

Looking forward to your favorable response.

Thank you.

(Signature over Printed Name)

PROXY

The undersigned stockholder of **STI EDUCATION SERVICES GROUP, INC.** (the “Company”) hereby appoints _____ or in his/her absence, the Chairman of the meeting, as attorney-in-fact or proxy, with power of substitution, to represent and vote all shares registered in his/her name as proxy of the undersigned stockholder, at the **Annual Stockholders’ Meeting** of the Company to be held via remote communication through Zoom Meeting on **Friday, 12 December 2025 at 10:30 a.m.**, and at any of the adjournments thereof for the purpose of acting on the following matters:

		Votes Taken		
		For	Against	Abstain
1.	Approval of Minutes of Annual Stockholders’ Meeting held on 18 December 2024			
2.	Approval of the Management Report for FY 2024-2025			
3.	Approval of Parent and Consolidated Audited Financial Statements of the Company as at and for the fiscal year ending 30 June 2025			
4.	Ratification of all acts, resolutions, proceedings of Management and the Board of Directors from 18 December 2024 to 12 December 2025			
5.	Election of Directors			
	Eusebio H. Tanco			
	Monico V. Jacob			
	Peter K. Fernandez			
	Maria Vanessa Rose L. Tanco			
	Joseph Augustin L. Tanco			
	Martin K. Tanco			
	Paolo Martin O. Bautista			
	Jesli A. Lapus			
	Robert G. Vergara (Independent Director)			
	Ma. Leonora Vasquez-De Jesus (Independent Director)			
6.	Appointment of SyCip Gorres Velayo & Co. as external auditor for FY 2025-2026			

At their discretion, the proxies named above are authorized to vote upon such other matters as may properly come before the meeting.

Date

Printed Name of Stockholder

*Signature of Stockholder/
Authorized Signatory*

This proxy should be received by the Corporate Secretary **on or before 9 December 2025**, the deadline for submission of proxies.

This proxy, when properly executed, will be voted in the manner as directed herein by the stockholder(s). If no direction is made, this proxy will be voted “for” the election of all nominees and for the approval of the matters stated above and for such other matters as may properly come before the meeting in the manner described in the information statement and/or as recommended by management or the board of directors.

A proxy submitted by a corporation should be accompanied by a Corporate Secretary’s Certificate quoting the board resolution designating a corporate officer to execute the proxy. Proxies executed by brokers must be accompanied by a certification under oath stating that the broker has obtained the written consent of the account holder.

A stockholder giving a proxy has the power to revoke it at any time before the right granted is exercised. A proxy is also considered revoked if the stockholder attends the meeting in person and expresses his intention to vote in person.

**SECURITIES AND EXCHANGE COMMISSION
SEC FORM 20-IS
INFORMATION STATEMENT PURSUANT TO SECTION 20
OF THE SECURITIES REGULATION CODE**

1. Check the appropriate box:

[] Preliminary Information Statement
[x] Definitive Information Statement

2. Name of Registrant as specified in its charter **STI Education Services Group, Inc.**

3. **Metro Manila, Philippines**

Province, country or other jurisdiction of incorporation or organization

4. SEC Identification Number **0000113156**

5. BIR Tax Identification Code **000-143-457**

6. **STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal 1990**

Address of principal office

Postal Code

7. Registrant's telephone number, including area code **(632) 812-1784**

8. **12 December 2025, 10:30 a.m. via Remote Communication through Zoom Meeting**

Date, time and place of the meeting of security holders

The Annual Stockholders' Meeting scheduled on the first Thursday of November of each calendar year as provided in the Company's By-Laws, was postponed due to (a) finalization of the Audited Financial Statements of the Company for the period ending 30 June 2025; and (b) lack of material time to complete reports and updates on the Company's operations and prepare the documents required to be filed with the regulatory agencies for the holding of stockholders' meeting.

9. Approximate date on which the Information Statement is first to be sent or given to security holders **19 November 2025**

10. Securities registered pursuant to Sections 8 and 12 of the Code or Sections 4 and 8 of the RSA (information on number of shares and amount of debt is applicable only to corporate registrants):

Title of Each Class

Number of Shares of Common Stock
Outstanding or Amount of Debt Outstanding

Fixed Rate Bonds

₱820,000,000.00

11. Are any or all of registrant's securities listed on a Stock Exchange?

Yes _____ No **X**

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Fixed Rate Bonds are listed in the Philippine Dealing & Exchange Corp. (PDEX).

PART I

INFORMATION REQUIRED IN INFORMATION STATEMENT

A. GENERAL INFORMATION

Item 1. Date, time and place of meeting of security holders

Date of Meeting	:	12 December 2025
Time of Meeting	:	10:30 a.m.
Place of Meeting	:	To be conducted via remote communication through Zoom Meeting
Registrant's Mailing Address	:	STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal
Approximate Date on Which the Information Statement is First Sent Or Given to Security Holders	:	19 November 2025

Item 2. Dissenters' Right of Appraisal

There are no corporate matters or action that will entitle a stockholder to exercise a Right of Appraisal as provided in Title X of the Revised Corporation Code of the Philippines (the "Revised Corporation Code").

However, any Stockholder of the Company shall have the right to dissent and demand payment of the fair value of his shares in the following instances, as provided by the Revised Corporation Code:

- (1) In case any amendment to the articles of incorporation has the effect of changing or restricting the rights of any stockholder or class of shares, or of authorizing preferences in any respect superior to those outstanding shares of any class, or of extending or shortening the term of corporate existence (Section 80);
- (2) In case of sale, lease, exchange, transfer, mortgage, pledge or other disposition of all or substantially all of the corporate property and assets (Section. 80)
- (3) In case of merger or consolidation (Section 80); and
- (4) In case of investments of corporate funds for any purpose other than the primary purpose of the corporation (Section 80).

The appraisal right may be exercised by a dissenting stockholder who shall have voted against the proposed corporate action in the manner provided below:

- (1) The dissenting stockholder shall make a written demand on the corporation for payment of the fair value of his shares within 30 days after the date on which the vote was taken. The failure of the stockholder to make the demand within the 30-day period shall be deemed a waiver of his appraisal right;
- (2) If the proposed corporate action is implemented or effected, the corporation shall pay to such stockholder, upon surrender of the corresponding certificate(s) of stock within 10 days

after demanding payment for his shares, the fair value thereof, provided the Company has unrestricted retained earnings; and

- (3) Upon payment of the agreed or awarded price, the stockholder shall transfer his shares to the corporation.

Item 3. Interest of Certain Persons in or Opposition to Matters to be Acted Upon

- (1) No director or officer of the Company since the beginning of the last fiscal year, nominee for election as director, or associate of the foregoing persons, have any substantial interest, direct or indirect, by security holdings or otherwise, in any matter to be acted upon, other than election to office.
- (2) No director of the Company has informed it in writing that he/she intends to oppose any action to be taken by the Company at the meeting.

Market Price and Dividends of Registrant's Common Equity and Related Stockholder Matters

- (1) Market Information

The Company has a total Authorized Capital Stock (ACS) of Five Billion Pesos (₱5,000,000,000.00) divided into five billion (5,000,000,000) shares with a par value of One Peso (₱1.00) each. Out of the ACS, three billion eighty-seven million eight hundred twenty-nine thousand and four hundred forty-three (3,087,829,443) shares have been subscribed and paid-up. Out of the total issued shares, five million nine hundred fifty-two thousand and two hundred seventy-three (5,952,273) shares pertain to treasury shares. The common shares of the Company are not traded in any market, nor are they subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

- (2) Holders

Foreign ownership limit for STI ESG is forty percent (40%) of the issued and outstanding common shares, equivalent to 1,232,750,868 common shares. Total shares owned by foreign shareholders as of 17 November 2025 was 7,841,118, equivalent to 0.25% of the outstanding common shares of the Company.

As of 17 November 2025, there were sixty-three (63) shareholders of the Company's outstanding capital stock. The Company has common shares only.

The following table sets forth the top twenty (20) shareholders of the Company's common stock, the number of shares held, and the percentage of total shares outstanding held by each as of 17 November 2025.

	Name	No of Shares Owned	% Ownership¹
1	STI EDUCATION SYSTEMS, HOLDINGS, INC.	3,040,623,037	98.66
2	PRUDENT RESOURCES, INC.	13,465,465	0.44
3	GONZALES, FRANCISCO B. JR.	8,873,692	0.29

¹ Percentage is net of treasury shares.

	Name	No of Shares Owned	% Ownership ¹
4	ROSSI, PURIFICACION G.	7,841,118	0.25
5	PRUDENCIO, TOMAS J.	3,732,400	0.12
6	SANTOS, MARIA LOURDES	1,725,000	0.06
7	YOUNG, CAROLINA	1,651,828	0.05
8	RAMOS, DULCE	1,155,447	0.04
9	BUSTOS, FELIXBERTO	792,283	0.03
10	DOMINGO, EMERITA R.	303,466	0.01
11	SPS. VALERIO, REUBEN M. & VALERIO, REMEDIOS	241,279	0.01
12	ZARASPE, ANACLETA C.	214,038	0.01
13	MONES, REYNALDO A.	201,901	0.01
14	HEIRS OF EDGAR SARTE	148,622	0.00
15	RELLEVE, ALVIN K.	137,338	0.00
16	PUBLICO, EDGARDO	122,080	0.00
17	DUJUA, JOCELYN	115,532	0.00
18	MADRIGAL, VICTORIA P.	63,384	0.00
18	LAO, ERIENE C.	63,384	0.00
20	PAULINO, MA. LUZ LOURDES M.	55,061	0.00

(3) Dividend History and Policy on Dividend Declaration

Policy on Dividend Declaration

On September 19, 2017, the Board of Directors (BOD) of STI ESG adopted a policy on the declaration of dividends starting with Fiscal Year 2017-2018.

The BOD approved a dividend declaration policy equivalent to 25% to 40% of the core income of the Group from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on the Group by lenders or other financial institutions, and the Group's investment plans and financial condition.

Core income is defined as consolidated net income after tax derived from the Group's main business- which is education and other recurring income.

The amount of dividends will be reviewed periodically by the BOD in light of the earnings, financial conditions, cash flows, capital requirements and other considerations, while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Group can operate on a standalone basis.

Dividends shall be declared and paid out of the Parent Company's unrestricted retained earnings which shall be payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, the BOD, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Group's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;

- restrictions on payment of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and such other factors as the Board may deem appropriate.

Dividend History

Declaration Date	Dividends per Share	Amount
December 18, 2024	Php0.15	Php462.3 million
December 16, 2023	Php0.20	Php616.4 million
December 16, 2022	Php0.07	Php215.7 million

On December 16, 2022, the Parent Company's Board of Directors approved the cash dividends declaration of ₱0.07 per share for a total amount of ₱215.7 million, in favor of the stockholders of record as at December 31, 2022. The dividends were paid on January 10, 2023.

On December 21, 2023, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱0.20 per share or an aggregate amount of ₱616.4 million in favor of all stockholders of record as at January 10, 2024. The dividends were paid on January 12, 2024.

On December 18, 2024, the Parent Company's BOD approved the declaration of cash dividends amounting to Php0.15 per share or an aggregate amount of Php462.3 million, in favor of the stockholders of record as at December 31, 2024. The dividends were paid on January 17, 2025.

The Board of Directors of the Parent Company approved the declaration and payment of cash dividends that exceeded the range indicated in the dividend policy after considering the earnings, financial condition, cash flows and capital requirements of the Group.

The subsidiaries of the Company do not have specific dividend payout policies.

The dividend history of STI College Novaliches, Inc., a subsidiary of the Company, is summarized below:

Declaration Date	Dividends per Share	Amount
March 19, 2024	Php12.00	Php60 million
November 17, 2023	Php3.00	Php15 million

On November 17, 2023, the Board of Directors of STI College Novaliches, Inc. approved cash dividends amounting to ₱3.00 per share or an aggregate amount of ₱15 million in favor of all stockholders of record as at November 30, 2023. The dividends were paid on February 15, 2024.

On March 19, 2024, the Board of Directors of STI College Novaliches, Inc. approved cash dividends amounting to ₱12.00 per share or an aggregate amount of ₱60 million in favor of all stockholders of record as at March 31, 2024. The dividends were paid on April 8, 2024.

(4) Recent Sales of Unregistered or Exempt Securities

There has been no sale of unregistered or exempt securities for the past three (3) years.

B. CONTROL AND COMPENSATION INFORMATION

Item 4. Voting Securities and Principal Holders Thereof

(1) Voting securities entitled to be voted at the meeting as of 17 November 2025:

Title of Each Class	No. of Shares Outstanding	No. of Votes
Common Stock	3,087,829,443	One (1) vote per share

(2) Record date

Only stockholders of record on the books of the Company at the close of business on 14 November 2025 will be entitled to vote at the Annual Meeting.

(3) Election of directors and voting rights (Cumulative Voting)

In the election of the directors, each stockholder may vote the shares registered in his name in person or by proxy for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

(4) Security Ownership of Certain Record/Beneficial Owners and Management

(a) Security Ownership of Certain Record/Beneficial Owners as of 17 November 2025

As of 17 November 2025, the following stockholder is the only owner of more than 5% of the Company's voting capital stock, whether directly or indirectly, as record owner or beneficial owner.

Class of Shares	Name, Address of Record Owner and Relationship with Issuer	Name of Beneficial Owner	Nationality	Shares Owned	% Ownership
Common	STI Education Systems Holdings, Inc.	Direct Owner	Filipino	3,040,623,037	98.66%

The beneficial owner of STI Education Systems Holdings, Inc. is Mr. Eusebio H. Tanco.

(b) Security Ownership of Management as of 17 November 2025

The following table sets forth, as of 17 November 2025 the beneficial ownership of each director and executive officer of the Company:

Name of Beneficial Owner	Title of Class	Number of shares	Nature of ownership	Citizenship	%
Jesli A. Lapus	Common	1	(D)	Filipino	0.00%
Monico V. Jacob	Common	2	(D)	Filipino	0.00%
Eusebio H. Tanco	Common	8*	(D)	Filipino	0.00%
Peter K. Fernandez	Common	1	(D)	Filipino	0.00%
Joseph Augustin L. Tanco	Common	2	(D)	Filipino	0.00%
Maria Vanessa Rose L. Tanco	Common	1	(D)	Filipino	0.00%
Paolo Martin O. Bautista	Common	1	(D)	Filipino	0.00%
Martin K. Tanco	Common	1	(D)	Filipino	0.00%
Robert G. Vergara	Common	1	(D)	Filipino	0.00%
Ma. Leonora Vasquez-De Jesus	Common	1	(D)	Filipino	0.00%

**Including four shares issued to individuals as trustee of Mr. Eusebio H. Tanco*

(c) Voting Trust Holders of 5% or More

As of 17 November 2025, no person holds at least 5% or more of a class under a voting trust or similar agreement.

(d) Changes in Control

There is no arrangement entered into by the Company or any of its stockholders which may result in change of control of the Company.

Legal Proceedings

The material pending legal proceedings to which STI ESG and its subsidiaries or affiliates is a party to are summarized below:

A. Labor Cases

- (1) A former employee filed a Petition with the Supreme Court after the Court of Appeals affirmed the dismissal by the National Labor Relations Commission (NLRC) of the former employee's claims of illegal dismissal against STI ESG (illegal Dismissal Case).

On August 13, 2014, STI ESG received the Supreme Court's Decision dated July 9, 2014 which (a) annulled the decision of the Court of Appeals and (b) ordered STI ESG to reinstate the former employee to her former position, and pay (i) the exact salary, benefits, privileges and emoluments which the current holder of the position was receiving, (ii) damages and (iii)

backwages from the date of the former employee's dismissal until fully paid, with legal interest (the SC Decision).

On November 17, 2014, the Supreme Court issued a resolution which denied with finality STI ESG's Motion for Reconsideration.

The parties participated in the pre-execution conference of the said SC Decision before a Labor Arbiter in order to determine the total monetary judgment award in favor of the former employee. During the same conference, both parties agreed that the former employee should receive separation pay in lieu of reinstatement. Consequently, the former employee would receive only a monetary award arising from the SC Decision.

Pursuant to STI ESG's computation of said award, STI ESG paid the former employee a total amount of ₱4.2 million, exclusive of withholding taxes. Based on said payment, STI ESG moved for the Labor Arbiter to issue a resolution that STI ESG has fully paid the judgment award of the former employee.

The former employee maintains that the computation of STI ESG is incorrect because the latter deemed that the former's alleged waiver of reinstatement pending appeal by STI ESG on the Illegal Dismissal Case in October 2006 interrupted the running of backwages until present day. The former employee refused to acknowledge that there was such valid waiver on reinstatement pending appeal. Consequently, the former employee averred that she should receive the amount of ₱11.0 million, less payments already made by STI ESG.

On September 9, 2020, the Labor Arbiter issued the Order, wherein he affirmed that the former employee's refusal to report to work in October 2006 interrupted the running of back wages. Consequently, the former employee was entitled to receive back wages from May 2004 until October 2006. The Labor Arbiter further determined that the attorney's fees of 10% should be computed from the total monetary award of the former employee, including the separation pay in lieu of reinstatement.

Based on said findings, the Labor Arbiter determined that the former employee's total monetary award amounted to around ₱4.4 million. Considering the prior payments made by STI ESG to the former employee, STI ESG is ordered to pay the former employee the balance of ₱0.2 million.

The former employee sought to appeal said findings by filing a Notice of Appeal with attached Memorandum instead of a Verified Petition under Rule XII of the NLRC Rules.

After STI ESG opposed said appeal on the grounds of improper remedy, the Labor Arbiter issued an Order dated November 5, 2020. In the Order, the Labor Arbiter "noted without action" said appeal considering that the same is a prohibited pleading. The Labor Arbiter further stated that no other pleading and/or motion in relation to said appeal shall be entertained by the NLRC.

The former employee filed a Petition seeking for the NLRC to consider/allow her erroneous appeal as a Petition filed under Rule XII of the NLRC Rules in resolving the correct computation on the monetary award of the former employee.

After STI ESG filed its Comment to the Petition, the NLRC denied the Petition filed by the former employee. The NLRC affirmed that the former employee failed to comply with the required mode of appeal on an order for execution issued by the Labor Arbiter.

On May 14, 2021, STI ESG received a Petition for Certiorari filed by the former employee with the Court of Appeals.

Upon order of the Court of Appeals, STI ESG filed its Comment to the Petition for Certiorari on December 31, 2021. In the said Comment, STI ESG emphasized that the former employee not only failed to comply with the procedural rules in the NLRC but also did not follow the rules in filing a Petition for Certiorari before the Court of Appeals.

On October 14, 2022, the Court of Appeals issued the Decision. In the Decision, the Court of Appeals reversed and set aside the NLRC's denial of the former employee's Petition. The Court of Appeals applied the rule of liberality to excuse the procedural defects of the former employee's appeal on the Labor Arbiter's computation of her judgment award.

Consequently, the Court of Appeals directed the NLRC to resolve the appeal on the computation of the judgment award of the former employee.

On October 15, 2024, the NLRC issued its Resolution, which affirmed the findings and computation of the Labor Arbiter in its Order dated September 9, 2020.

On November 9, 2024, the former employee filed her Motion for Reconsideration of the NLRC's Resolution dated October 15, 2024. In the said Motion, she sought to reverse the same and recall the Labor Arbiter's Order dated September 9, 2020.

On November 29, 2024, the NLRC denied the aforesaid Motion for Reconsideration filed by the former employee.

Under the relevant rules, the former employee may file a Petition for Certiorari with the Court of Appeals to question the NLRC's Resolution dated October 15, 2024 and November 29, 2024.

However, the former employee filed a Petition for Certiorari erroneously dated February 12, 2024 with the Supreme Court. Said Petition was received on February 17, 2025.

Pursuant to the Resolution dated July 9, 2025, STI ESG filed its Comment/Opposition to the former employee's Petition for Certiorari. In the said Comment, STI ESG raised the following grounds: (a) it was filed beyond the prescribed 60-day period to file a Petition for Certiorari; (b) it violated the doctrine of hierarchy of courts by bypassing the Court of Appeals; and (c) the findings of the Labor Arbiter and NLRC are duly supported by the records and law.

Unless the Supreme Court requires the former employee to file a Reply, the Petition for Certiorari is deemed submitted for resolution.

- (2) A former IT Instructor who eventually became the IT Program Head of STI College Cagayan de Oro, a school owned by STI ESG, filed an illegal dismissal case against STI College Cagayan de Oro on the ground that she was constructively dismissed upon returning from preventive suspension. She allegedly no longer had any work to go back to because the STI ESG-owned company purportedly removed her workplace from the school premises. STI ESG countered

the complainant's claim that she was dismissed by presenting the complainant's one-liner resignation letter.

The labor arbiter decided that there was neither an illegal dismissal nor resignation to speak of in this case, hence, the parties were ordered to return to status quo which meant reinstatement of the complainant to her former position but without backwages, separation pay, or similar benefits. Nevertheless, STI ESG was ordered to pay the complainant the amount of ₱7.4 thousand representing her unpaid salary for the period March 10-30, 2014. However, the NLRC overturned the labor arbiter's decision upon a dubious motion for partial reconsideration declaring the complainant to have been illegally dismissed and ordering STI ESG not only to reinstate her but also to pay her full backwages computed from the time compensation was withheld up to the date of actual reinstatement. STI ESG moved to reconsider the NLRC's decision but to no avail. STI ESG subsequently filed with the Court of Appeals a Petition for Certiorari questioning the decision of the NLRC.

On May 12, 2017, STI ESG received a copy of a Motion for Execution with Prayer for Payment of Separation Pay in Lieu of Reinstatement filed by Complainant-Appellant seeking the issuance of a writ of execution for the implementation of the Resolution dated June 30, 2016 issued by the Honorable Eight Division, National Labor Relations Commission, Cagayan de Oro City. On May 22, 2017, STI ESG filed its Opposition to the Motion for Execution.

In the June 5, 2017 hearing on the motion for execution, STI ESG reiterated that it is amenable to reinstating the complainant but as a Part-time Full Load faculty member. The complainant countered that she is not interested in reinstatement but would rather be paid her backwages and separation pay. STI ESG manifested that it already filed its opposition thereto and that there is still a need for the official computation of the backwages and separation pay. The complainant manifested that she will file her reply to STI ESG's opposition.

On June 2, 2017, STI ESG received a copy of the Minute Resolution of the Court of Appeals dated January 12, 2017 dismissing its Petition for Certiorari. STI ESG filed its Motion for Reconsideration on June 21, 2017.

Meanwhile, on July 12, 2017, STI ESG received an Order from the Office of the Labor Arbiter granting the Motion for Execution filed by the complainant. STI ESG also received on July 21, 2017 a copy of the Writ of Execution issued by the Office of the Labor Arbiter directing the payment of ₱0.5 million to the complainant and her immediate reinstatement. In compliance with the Writ of Execution, the complainant was paid the amount of ₱0.5 million and was reinstated to her former position.

On September 25, 2017, the Court of Appeals resolved to grant STI ESG's motion for reconsideration and reinstated STI ESG's petition for certiorari. The complainant was then directed to file her comment to the petition while STI ESG was directed to file its reply to the complainant's comment.

On January 15, 2018, the Court of Appeals resolved that the complainant is deemed to have waived her filing of a comment to the petition for certiorari and directed the parties to file their respective memorandum. Consequently, with the filing of the parties' respective memorandum, the Court declared the petition submitted for decision.

On July 11, 2018, STI ESG received a copy of the Decision of the 21st Division, Court of Appeals, CDO, setting aside the resolution of the NLRC declaring the complainant to have been illegally dismissed and awarding the payment of backwages. In the same decision, the Court of Appeals dismissed the charge of illegal dismissal for lack of merit. However, STI College CDO was directed to pay the complainant the sum of ₱7.4 thousand representing her unpaid salary for the period March 10-30, 2014.

On September 5, 2018, STI ESG received a copy of the Motion for Reconsideration filed by the complainant with the Court of Appeals. STI ESG filed its Comment to the Motion for Reconsideration of the complainant on November 12, 2018.

On January 24, 2019, STI ESG received a copy of the Resolution of the Court of Appeals (Special Former Twenty-First [21st] Division) denying the Motion for Reconsideration filed by the complainant. On April 22, 2019, STI ESG received a copy of the Entry of Judgment of the Decision dated June 29, 2018.

On July 2, 2019, STI ESG sent a demand letter to recover the amount previously awarded to the complainant.

As at report date, STI ESG is pursuing the necessary motion for the recovery of the P0.5 million.

- (3) This is a case for constructive illegal dismissal filed by a former probationary faculty member of STI College Legazpi. In a decision dated July 18, 2020, the Labor Arbiter dismissed the complaint for lack of merit. However, the Labor Arbiter directed the payment of holiday pay covering the complainant's period of employment, salary and other benefits covering the period of November 18, 2019 up to date of the decision as backwages during the period of preventive suspension beyond the 30-day period and 10.0% of the total monetary award as attorney's fees, amounting to a total of ₱0.2 million.

STI ESG filed a partial appeal of the decision of the Labor Arbiter with the NLRC and in the Decision dated 10 March 2021, the NLRC granted the partial appeal of STI ESG and modified the Decision of the Labor Arbiter by deleting the monetary award in the total amount of ₱0.2 million. Thereafter, the complainant filed a petition for certiorari with the Court of Appeals.

In a Resolution dated July 29, 2022 received on August 17, 2022, the Court of Appeals directed STI ESG to file its Comment to the Petition for Certiorari of the complainant within ten (10) days from notice without necessarily giving due course to the said petition. On August 30, 2022, STI ESG filed its Comment to the Petition for Certiorari of the complainant.

On September 23, 2022, STI ESG received a copy of a motion for extension of time to file comment on the petition for certiorari and compliance of the Public Attorney's Office, legal counsel for the complainant. However, such motion is erroneous as what is required of the complainant is the filing of a reply to STI ESG's comment to the petition for certiorari. On October 10, 2022, the complainant's legal counsel filed a manifestation (in lieu of reply) stating that the complainant does not intend to file a reply to STI ESG's comment anymore.

On April 18, 2023, STI ESG received a copy of the Decision of the Court of Appeals dismissing the petition for certiorari filed by the complainant for lack of evidence. On May 31, 2023, STI ESG received a copy of the motion for reconsideration filed by the complainant.

On November 22, 2023, STI ESG received a copy of the Resolution dated December 18, 2023 of the Court of Appeals denying the motion for reconsideration filed by Complainant.

On March 5, 2024, a Motion for Extension of Time to File Petition for Review on Certiorari with the Supreme Court was received by STI ESG.

On May 6, 2024, STI ESG received a copy of a Manifestation with Motion to Withdraw Motion for Extension of Time filed by the legal counsel of complainant with the Supreme Court. With this manifestation with motion to withdraw motion for extension of time, complainant has failed to timely file an appeal of the decision of the Court of Appeals. Once acknowledged and confirmed by the Supreme Court, the decision of the Court of Appeals denying the appeal of complainant and the resolution denying the complainant's motion for reconsideration will be affirmed and an entry of judgment will be issued, hence, the denial will become final and executory.

- B. *Specific Performance Case.* STI College Cebu, Inc. (STI Cebu) and STI ESG's Finance Officer were named defendants in a case filed by certain individuals for specific performance and damages. In their Complaint, the Plaintiffs sought the execution of a Deed of Absolute Sale over a parcel of land situated in Cebu City on the bases of an alleged perfected contract to sell.

The Defendants filed the Consolidated Answer to the Amended Complaint on August 30, 2017. In the Consolidated Answer, Defendants asserted that there is no perfected contract to sell or of sale between STI ESG and the Plaintiffs considering that (a) there is no Board approval on the sale of the Subject Property; (b) lack of definite terms and conditions thereof; and (c) STI ESG's Finance Officer has no authority to bind STI ESG on the alleged contract to sell or sale of the Subject Property.

After the parties completed the presentation of evidence and filed their respective Memoranda, the Defendants received the Decision of the Trial Court on June 22, 2020.

In the Decision dated June 18, 2020, the Trial Court determined that there was no perfected contract to sell over the Property. The Trial Court affirmed that the Plaintiffs failed to obtain the consent of STI ESG. There was no evidence showing that STI ESG, through its BOD, (a) gave its consent to the sale or (b) authorized Defendant Finance Officer to sell the Property in favor of the Plaintiffs.

The Trial Court, however, determined that Defendant Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages ("Damages"). The Trial Court determined that the actions of STI ESG's Finance Officer insofar as (a) receipt of the earnest money, (b) lack of written authority from STI ESG during the negotiation and (c) continued assurances to the Plaintiffs in relation to the BIR ruling on the tax-free exchange and then sudden withdrawal from the transaction constitute bad faith.

Lastly, the Trial Court ordered STI ESG to return the amount of ₱0.3 million it received from the Plaintiffs as "earnest money" with an interest rate of six percent (6.0%) per annum from receipt thereof on March 30, 2011 until the latter's tender of the same to the Plaintiffs on July 2, 2015.

Both parties filed their respective Partial Motion for Reconsideration insofar as the (a) dismissal of the Complaint and (b) award of Damages.

On August 25, 2020, the Trial Court issued its Order, which modified the Decision only insofar as requiring STI ESG's Finance Officer to pay an additional ₱50.0 thousand as attorney's fees in favor of the Plaintiffs. The rest of the findings in the Decision are affirmed.

Both the Plaintiffs and the Finance Officer filed their respective Notice of Appeal.

On December 1, 2020, STI ESG and the Defendant Finance Officer received the Notice, which requires the Appellants (Plaintiffs and the Defendant Finance Officer) to file their respective Appellant's Brief within forty-five (45) days from receipt of the Notice.

After the parties filed their respective brief(s), STI ESG received the Decision dated February 27, 2023 on March 20, 2023. Based on the Decision, the Court of Appeals affirmed *in toto* the Trial Court's Order(s).

On May 3, 2023, STI ESG received the Motion for Reconsideration filed by the Plaintiffs.

After STI ESG filed its Opposition dated July 14, 2023 to the said Motion for Reconsideration, the Court of Appeals issued its Resolution dated November 6, 2023, which denied the Plaintiffs' Motion for Reconsideration.

On January 8, 2024, STI ESG received the Petition for Review filed by the Plaintiffs before the Supreme Court.

Unless the Supreme Court outright denies the Petition, STI ESG will be required by the Supreme Court to file its Comment to the Plaintiffs' Petition for Review.

As at November 19, 2025, STI has not received any resolution from the Supreme Court regarding the said Petition for Review filed by the Plaintiffs.

- C. *Complaint for Damages filed by GATE (formerly STI-College Santiago, Inc.).* Global Academy of Technology and Entrepreneurship, Inc. (GATE) filed a complaint for Damages against STI ESG for its non-renewal of the Licensing Agreement despite the former's alleged compliance of the latter's audit recommendations. On the basis of such alleged invalid non-renewal of the Licensing Agreement, GATE seeks for (a) moral damages in the amount of ₱0.5 million, (b) exemplary damages in the amount of ₱0.5 million and (c) attorney's fees in the amount of 15.0% of the amount to be awarded and ₱3.0 thousand per court appearance.

After due proceedings, the Trial Court issued its Decision dated January 16, 2020. In the Decision, the Trial Court dismissed the instant case because the Plaintiffs failed to establish that STI ESG acted in abuse of rights when it refused to renew the Licensing Agreement with the Plaintiffs. The Trial Court confirmed that said Agreement clearly provided that the same can only be renewed by mutual agreement of the parties.

The Trial Court also ordered the payment by the Plaintiffs of STI ESG's counterclaim in the amount of ₱0.3 million as attorney's fees plus the cost of suit.

Said Decision was the subject of an appeal by the Plaintiffs before the Court of Appeals, and subsequently with the Supreme Court. Both courts affirmed the said Decision. An Entry of Judgment was issued by the Supreme Court.

After the entire records of the case were transmitted to the Trial Court for execution of the monetary award in favor of STI ESG, the Plaintiffs paid the aforementioned attorney's fees to STI ESG. Upon manifestation by STI ESG that the monetary award was fully paid by the Plaintiffs, the case was declared "terminated" in the Order dated August 28, 2025 of the Trial Court.

D. Criminal Cases

- (1) A complaint for qualified theft was filed by STI ESG against its former school accounting supervisor and acting school accountant (former supervisor/accountant). In the complaint, STI ESG alleged that said former supervisor/accountant manipulated the payroll registers of STI College Global City by including the name of a former faculty member of STI College Global City in the payroll registers and placing a corresponding salary and 13th month pay beside said faculty member's name. The salary of said former faculty member was deposited in a bank account belonging to the former supervisor/accountant. The total amount deposited to the bank account of the former supervisor/accountant through this scheme amounted to ₱0.2 million.

The complaint for qualified theft was filed with the Office of the City Prosecutor of Taguig City. Summons to the former supervisor/accountant were returned undelivered despite STI ESG providing additional addresses of the former supervisor/accountant where the summons could be served.

After the former supervisor/accountant failed to appear on two preliminary investigations, the complaint was submitted for resolution.

On September 8, 2016, STI ESG filed an Ex-Parte Motion for Early Resolution to resolve the case pointing out that more than 16 months have elapsed since the matter was submitted for resolution.

On August 4, 2022, the City Prosecutor of Taguig City issued the Resolution, which recommended the filing of Information against the former supervisor/accountant for qualified theft.

Based on the records of the case, the Information for Qualified Theft was filed before Branch 153-RTC Pasig (Taguig Hall of Justice).

While a Warrant of Arrest was issued for the case, the former Supervising Accountant has not been apprehended.

Consequently, the Court, in its Order dated October 27, 2022, ordered the case to be archived without prejudice to prosecute the same as soon as the accused is apprehended.

Please find below a summary table for the amounts of the possible claims (payable) and awards (receivable) from the material legal proceedings:

Case	Payable	Receivable
A. Labor Cases		
1. First Case	Claimed: ₱11.0 million Admitted:	

	₱0.2 million	
2. Second Case		₱0.5 million
3. Third Case	₱0.2 million* *Per report, the NLRC and CA affirmed the deletion of said monetary award. The Complainant waived/withdrawn its appeal with the Supreme Court.	
B. Specific Performance Case* * not included is the potential loss to STI ESG if it is compelled to sell the subject property at a lower value.	Claimed: ₱0.25 million Admitted: ₱0.3 million	
C. Complaint for Damages		₱0.3 million* *Plaintiff paid the said amount to STI ESG.
D. Criminal Cases		₱0.2 million

Item 5. Directors and Executive Officers

(1) Directors and Executive Officers

The Company's Articles of Incorporation provides for eleven (11) members of the Board.

The term of office of the directors of the Company is one (1) year and they are to serve as such until the election and qualification of their successors.

The following are the incumbent members of the Board of Directors:

- (a) Monico V. Jacob
- (b) Eusebio H. Tanco
- (c) Peter K. Fernandez
- (d) Joseph Augustin L. Tanco
- (e) Ma. Vanessa Rose L. Tanco
- (f) Martin K. Tanco
- (g) Paolo Martin O. Bautista
- (h) Jesli A. Lapus
- (i) Robert G. Vergara
- (j) Ma. Leonora Vasquez-De Jesus

Mr. Robert G. Vergara and Ms. Leonora Vasquez-De Jesus have been nominated as independent directors by the Corporate Governance Committee. The Certifications of Mr. Vergara and Ms. De Jesus as independent directors are attached hereto as Annexes “A” and “B”.

In accordance with Section 11, Article II of the Company’s By-Laws and the 2020 Manual on Corporate Governance, the nomination of all of the members of the Company’s Board of Directors, including independent directors, shall be conducted by the Corporate Governance Committee prior to the annual stockholders’ meeting in accordance with the following procedure:

- (1) All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Corporate Governance Committee and the Corporate Secretary.
- (2) The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates.
- (3) After the nomination, the Corporate Governance Committee shall prepare a Final List of Candidates to be submitted to the Board of Directors, which shall contain all the information regarding the background and experience of the nominees required to be ascertained and made known under the Securities Regulation Code and relevant rules and regulations.
- (4) Said Final List of Candidates shall be disclosed in the reports required by law, rules and regulations to be submitted to the Securities Exchange Commission and all stockholders.
- (5) Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors. No other nomination shall be entertained after the Final List of Candidates shall have been prepared.

The Chairman of the Corporate Governance Committee is Ms. Ma. Leonora Vasquez-De Jesus. Messrs. Robert G. Vergara and Monico V. Jacob are the current members of the Corporate Governance Committee.

The following are the Final List of Candidates for directors as determined by the Company’s Corporate Governance Committee:

Candidate for Nomination as Director	Nominating Stockholder	Relationship	Citizenship
Monico V. Jacob	Prudent Resources, Inc.	None	Filipino
Eusebio H. Tanco	Prudent Resources, Inc.	Chairman and President	Filipino
Peter K. Fernandez	Prudent Resources, Inc.	None	Filipino
Maria Vanessa Rose L. Tanco	Prudent Resources, Inc.	None	Filipino
Joseph Augustin Eusebio L. Tanco	Prudent Resources, Inc.	None	Filipino
Martin K. Tanco	Prudent Resources, Inc.	None	Filipino
Paolo Martin O. Bautista	Prudent Resources, Inc.	Director	Filipino
Jesli A. Lapus	Prudent Resources, Inc.	None	Filipino
Robert G. Vergara	Prudent Resources, Inc.	None	Filipino
Ma. Leonora Vasquez-De Jesus	Prudent Resources, Inc.	None	Filipino

Prudent Resources, Inc. was represented by its Chairman, Mr. Eusebio H. Tanco, in nominating the nominees for election as directors.

The directors and officers of the Company are not connected with any government agency or instrumentality. A Certification to this effect is attached hereto as Annex “C”.

From the date of the last Annual Stockholders’ Meeting, none of the directors have resigned or declined to stand for re-election due to a disagreement with the Company on any matter relating to its operations, policies or practices.

The corresponding ages, citizenships, business experiences and directorships held for the past five (5) years of the incumbent directors who have been nominated to the Board for the ensuing year are set forth below:

Jesli A. Lapus, 76, Filipino, Chairman

Mr. Lapus is the Chairman of STI Education Services Group, Inc. (“STI ESG”). He is also a member of the Executive Committee of STI ESG. He was first elected as Chairman and Independent Director of STI ESG on September 25, 2013. He also served as a member of the Executive and Corporate Governance Committees as well as the Chairman of the Audit and Risk Committee of STI ESG.

Mr. Lapus was first elected as a Non-Executive Director of STI ESG on 16 December 2022.

Mr. Lapus is a Non-Executive Director of STI Education Systems Holdings, Inc. (“STI Holdings”). He was first elected as a Non-Executive Director of STI Holdings on 19 December 2022. He is a member of the Audit and Risk and Related Party Transactions Committees.

Mr. Lapus is a member of the Board of Governors/Independent Director of iACADEMY, Inc. He is a member of the Board of STI West Negros University. He is also an Independent Director of Philippine Life Financial Assurance Corporation, Alliance Global Group, Inc. and Emperador Inc.

Mr. Lapus is the Chairman of the Board of LSERV Corporation and the AIM-ALT Center for Tourism of the Asian Institute of Management where he previously sat as a Trustee.

A multi-awarded executive in the private sector, Mr. Lapus has successfully managed corporations and banks to industry leaderships. He served as President and CEO of the LandBank of the Philippines, Managing Director of Triumph International (Phils) Inc, and CFO of the Ramcar Group. A Certified Public Accountant, he started his professional career at the SyCip, Gorres, Velayo & Co.

With a solid track record as a professional executive, Mr. Lapus has the distinction of having served in the cabinets of three Philippine Presidents namely: Presidents Corazon Aquino, Ramos and Arroyo. He served as Secretary of Trade and Industry, Secretary of Education, President/CEO of Landbank of the Philippines and Undersecretary of Agrarian Reform.

Mr. Lapus earned his Doctor of Public Administration (honoris causa) from Polytechnic University of the Philippines; Master in Business Management at the Asian Institute of Management and did his Post-Graduate studies at Harvard University (Investment Appraisal and Management); INSEAD (Transfer of Technology; UCLA (Personal Financial Planning and BITS Sweden (Project Management).

Mr. Lapus is an accredited member of the Singapore Institute of Directors (SIDS), Singapore's national association of company directors.

Monico V. Jacob, 80 Filipino, Vice-Chairman and CEO, Executive Director

Mr. Jacob is the Vice Chairman and CEO of STI ESG and a member of the Executive Committee, Corporate Governance Committee, Compensation Committee, and Retirement Committee. He has served as an Executive Director of STI ESG since 2010.

Mr. Jacob is also the President and CEO of STI Holdings, and a member of its Executive Committee. He serves as the Chairman of STI West Negros University. He is also the President of Eximious Holdings, Inc., Tantivy Holdings, Inc. and Chantilly Nutriment Corporation.

Mr. Jacob is the Chairman of Maestro Holdings, Inc., Philippine Life Financial Assurance Corporation, Philhealthcare, Inc., Total Consolidated Asset Management, Inc., Global Resource for Outsourced Workers, Inc., Grow Vite and Rosehills Memorial Phils., Inc

Mr. Jacob is also a non-Executive Director in Asian Terminals, Inc. and Phoenix Petroleum Phils. Inc. and an Independent Director in Rockwell Land Corp. He also serves as a member of the Board of Governors of iACADEMY and is a member of the Board of PhilPlans.

Prior to his present positions, Mr. Jacob was the Chairman and CEO of Petron Corporation, and the Philippine National Oil Company (PNOC) and all of its subsidiaries. He also served as the General Manager of the National Housing Authority (NHA), and Chief Executive Officer of the Home Development Mutual Fund. He was also an Associate Commissioner for the Securities and Exchange Commission in 1986.

Prior to government, he was a Partner of the law firm Jacob Acaban Corvera Valdez and Del Castillo and was an active trial lawyer. Today, he is a partner in the law firm of Jacob & Jacob. His areas of specialization are energy, corporate law, corporate recovery and rehabilitation work, including receivership and restructuring advisory for companies.

Mr. Jacob is a member of the Management Association of the Philippines (MAP) of which he was President for 1998. He is also a member of the Integrated Bar of the Philippines.

Mr. Jacob finished his Bachelor of Arts degree with a Major in Liberal Arts from the Ateneo de Naga University in 1966 and his Bachelor of Laws degree from the Ateneo de Manila University in 1971.

Eusebio H. Tanco, 76, Filipino, Chairman Emeritus of the Executive Committee, Director

Mr. Tanco has served as a Director of STI ESG since 2010. He serves as the Chairman Emeritus of the Executive Committee and the Chairman of the Compensation Committee and Retirement Committee.

Mr. Tanco is also Chairman of STI Holdings and the Chairman of its Executive Committee.

Mr. Tanco is Chairman of the Board and President of Prudent Resources, Inc., First Optima Realty Corp, and Prime Power Holdings Corporation. He is the Chairman of the Board of Mactan Electric Company, Venture Securities Inc., GROW Vite Staffing Services, Inc., (Grow Vite), Eximious Holdings,

Inc., Philippines First Insurance Co., Inc. (PhilsFirst) and DigiPlus Interactive Corp. (formerly Leisure and Resorts World Corporation). He is the President of Asian Terminals. Inc.

Mr. Tanco is the President of Total Consolidated Asset Management, Inc., Eujo Phils, Inc., Cement Center Inc., Biolim Holdings and Management Corp (formerly Rescom Developers Inc.), Tantivy Holdings, Inc., Bloom with Looms Logistics, Inc. (formerly Southern Textiles Mills, Inc.), Marbay Homes Inc., Amina, Inc., International Hardwood & Veneer Corp. He is the CEO of Classic Finance Inc.

Mr. Tanco is also a director in iACADEMY, STI West Negros University, PhilPlans First, Inc., (PhilPlans), Maestro Holdings, Inc., Philippine Life Financial Assurance Corporation (PhilLife), Manila Bay Spinning Mills, Inc., United Coconut Chemicals, Inc., MB Paseo, PhilhealthCare, Inc., (PhilCare), Philippine Racing Club, Inc.

Mr. Tanco is the Chairman of the Philippine-Thailand Business Council and the Philippines-UAE Business Council. He likewise sits as a member of the Board of Trustees of Philippines, Inc. and member of the Philippine Chamber of Commerce and Industry.

Mr. Tanco earned his Master of Science in Economics degree from the London School of Economics and Political Science and his Bachelor of Science degree in Economics from the Ateneo de Manila University. The Palawan State University also conferred a Doctorate of Humanities degree, honoris causa to Mr. Tanco.

Peter K. Fernandez, 60, Filipino, President and Chief Operating Officer

Mr. Fernandez is the President and Chief Operating Officer of STI ESG. He has served as a Director of STI ESG since 2010.

Mr. Fernandez is also the President of STI West Negros University. Prior to this appointment, Mr. Fernandez served as Executive Vice President and Chief Operating Officer of STI ESG from 2004-2016. Prior to joining STI ESG, Mr. Fernandez was a member of the Asian Institute of Management faculty for four and a half years. Before joining AIM, Mr. Fernandez was a faculty member of the College of Computer Studies at the De La Salle University.

Mr. Fernandez earned his Bachelor of Science degree in Electronics and Communications Engineering and Master of Business Administration degree from the De La Salle University.

Joseph Augustin L. Tanco, 44, Filipino, Director

Mr. Tanco has served as a Director since 2010. He is a member of the Executive Committee of STI ESG.

Mr. Tanco is a Director and the Vice-President for Investor Relations of STI Holdings. He serves as a Director of iACADEMY, STI West Negros University and Philippines First Insurance Co., Inc.

Mr. Tanco is the Chairman of the Board of PhilPlans First, Inc.

Mr. Tanco is currently the President and Chief Executive Officer of Maestro Holdings, Inc., Philippine Life Financial Assurance Corporation, Philhealthcare, Inc. and Comm&Sense, Inc. He founded Comm&Sense, Inc., an award-winning public relations agency offering comprehensive services in the areas of creative design, event conceptualization and management, public relations and promotions and its affiliated companies, Roar Agile Communicators and Stitch Tech Solutions, Inc., where he is likewise the President and Chief Executive Officer.

Mr. Tanco is also a Director of Eximious Holdings, Inc., Biolim Holdings & Management Corporation, Prime Power Holdings Corporation, Venture Securities, Inc., and Bloom with Looms Logistics, Inc., and EujoPhils, Inc.

Mr. Tanco is an active member of the American Chamber of Commerce of the Philippines, Inc. (AMCHAM) where he is Co-Chairman of the Healthcare and Wellness Committee since 2019. He was Chapter President of (Junior Chamber International Philippines (JCI) in 2012, an Area Director for Metro Area 2 in 2013 and recently, JCI bestowed him a Senatorship role. He was National Chairman for Nothing but Nets in 2013 and National Chairman for The Outstanding Young Men (TOYM) in 2015. In 2012, he became a mentor for BS Entrepreneurship at the University of Asia and the Pacific (UA&P) and in 2022 was the first recipient of the UA&P Helm Awards, the top honor of the university's inaugural Alumni Achievement Awards, which recognizes the distinct accomplishments of School of Management Graduates. He is also an awardee of the Asia CEO Awards 2024.

Mr. Tanco is a graduate of the University of Asia and the Pacific with a Bachelor of Science degree in Entrepreneurial Management. He obtained his Master's in Business Administration from the Ateneo Graduate School of Business.

Maria Vanessa Rose L. Tanco, 46, Filipino, Chairperson of the Executive Committee, Director

Ms. Tanco has served as a Director since 2010. She is the Chairperson of the Executive Committee of STI ESG.

Ms. Tanco is also a Director of STI Holdings.

She also holds directorships at STI West Negros University, PhilPlans First, Inc., Philhealthcare, Inc., Chantilly Nutriment Corporation and Maestro Holdings, Inc.

Currently, she is the Chairperson and CEO of iACADEMY.

Ms. Tanco obtained her Doctor in Education Degree and her Master in Business Administration at the University of Southern California. She obtained her Bachelor of Science degree in Legal Management at Ateneo de Manila University.

Martin K. Tanco, 58, Filipino, Director

Mr. Tanco has served as a Director of STI ESG since 2012.

He is also a Director of STI Holdings and is likewise a member of its Executive Committee and Audit and Risk Committees.

Mr. Tanco is the Director for Investment of PhilPlans First, Inc. He is the President of the Philfirst Condominium Association and Vice-President of Manila Bay Thread Corporation (formerly, Coats Manila Bay).

Mr. Tanco previously worked with Coats LTD from 1991 to 1999 where he was assigned various operational responsibilities in Indonesia, China, South Africa, United States, Portugal and the United Kingdom.

Mr. Tanco earned his Bachelor of Science Degree in Electrical Engineering from the University of Southern California. He obtained his Master of Science degree in Electrical Engineering and Master in Business Administration from the University of Southern California.

Paolo Martin O. Bautista, 55, Filipino, Director

Mr. Bautista was elected as a Director of STI ESG on May 23, 2018.

He has likewise served as a Director of STI Holdings since December 2012. Mr. Bautista is also the Chief Investment Officer and Chief Risk Officer of STI Holdings.

Mr. Bautista is an advisor to the Investment Committee of PhilPlans First, Inc. and a member of the Board of Directors. He is also a member of the Board of Directors at Philhealthcare, Inc., Philippine Life Financial Assurance Corporation and Maestro Holdings, Inc.

Mr. Bautista has over 20 years of experience in the areas of corporate finance, mergers and acquisition, debt and equity capital markets, credit risk management and securities law. Prior to joining STI Holdings, he was a director at Citigroup Global Markets and a Vice President at the Investment Banking Division of Credit Suisse.

Mr. Bautista obtained his Bachelor of Arts degree, Bachelor of Laws degree and Juris Doctor from the Ateneo de Manila University and obtained his Master of Science degree in Management from the Arthur D. Little School of Management, Cambridge, MA.

Robert G. Vergara, 63, Filipino, Independent Director

Mr. Vergara has served as an Independent Director of STI ESG since July 27, 2017. He is the Chairman of the Audit and Risk Committee and a member of the Corporate Governance Committee of STI ESG.

Mr. Vergara has also served as an Independent Director of STI Holdings since July 27, 2017. He is the Chairman of the Audit and Risk Committee and a member of the Related Party Transactions Committee of STI Holdings.

Mr. Vergara is the President of Vergara Advisory Management, Inc. founded in June 2018. He currently sits as an Independent Director of SM Investments Corporation, Metro Pacific Health, AIG Philippines Insurance, Inc., and as Chairman and Member of the Board of Directors of Cabanatuan Electric Corporation.

Mr. Vergara served as the President and General Manager and Vice- Chairman of the Board of Trustees of the Government Service Insurance System (GSIS) from September 2010 to October 2016. As President and General Manager of GSIS, Mr. Vergara also served as Vice Chairman and Director of National Reinsurance Corporation of the Philippines, Manila Hotel Corporation, and Member of the Board of Directors of Philippine Stock Exchange, Philippine Health Insurance Corporation, Philippine National Construction Corporation and Housing and Urban Development Coordinating Council.

Mr. Vergara was the Managing Director and Founding Partner of Cannizaro (Hong Kong) Limited from October 2006 to September 2010. From 2002 to 2006, he was a Director of Lionhart (Hong Kong) Ltd. He was a Principal in Morgan Stanley Asia Ltd. from 1997-2001 and served as the Managing Director of IFM Asia Ltd. from 1990 to 1997.

Mr. Vergara obtained his Master in Business Administration from Harvard Graduate School of Business Administration. He graduated magna cum laude from Ateneo De Manila University with Bachelor of Science degrees in Management Engineering and Mathematics.

Ma. Leonora Vasquez- De Jesus, 75, Filipino, Independent Director

Ms. Vasquez-De Jesus has served as an Independent Director of STI ESG since 16 December 2022. She is the Chairperson of the Corporate Governance Committee and a member of the Audit and Risk Committee of STI ESG.

Ms. Vasquez-De Jesus is also an independent director of STI Holdings. She is the Chairperson of the Related Party Transactions Committee as well as a member of the Audit and Risk and Corporate Governance Committees.

Ms. Vasquez-De Jesus is currently an independent director of BDO-One Network Bank, Inc., a position which she has held since May 19, 2018.

Ms. Vasquez-De Jesus also serves as a director of Risks, Opportunities Assessment and Management Corporation, which is accredited by the Securities and Exchange Commission as a Corporate Governance Seminars provider.

In the past, Ms. De Jesus was an Independent Director of Dominion Holdings, Inc, BDO Leasing and Finance, Inc., Equitable Savings Bank, PCI Capital Corporation, and BDO Elite Savings Bank, Inc. (formerly GE Money Bank, Inc.), and a Director of SM Development Corporation.

Ms. Vasquez-De Jesus was formerly the University President of the Pamantasan ng Lungsod ng Maynila and was also professorial lecturer at the University of the Philippines, Diliman, Ateneo de Manila University and at the De La Salle Graduate School of Business and Governance.

Ms. Vasquez-De Jesus attended a course on Portfolio Management at the New York Institute of Finance; and a Housing Finance course at the Wharton School of Business.

Ms. Vasquez-De Jesus was also a member of the Board of Governors of the Philippine National Red Cross. Ms. De Jesus was a trustee of the Government Service Insurance System (GSIS) from 1998 until 2004 and also served as a director of the Development Bank of the Philippines.

Ms. Vasquez-De Jesus was a member of the cabinets of Presidents Corazon C. Aquino (as Undersecretary in the Office of the President); of Fidel V. Ramos (as Head of the Presidential Management Staff, and concurrently Secretary of the Cabinet; and of Joseph E. Estrada as Head, Presidential Management Staff and later as Chairman of the Housing and Urban Development Coordinating Council.

Ms. Vasquez-De Jesus holds Bachelor's (cum laude), Master's and Doctorate degrees in Psychology from the University of the Philippines-Diliman.

Yolanda M. Bautista, 72, Filipino, Treasurer

Ms. Bautista has served as the Chief Finance Officer and Treasurer of STI ESG since 2003. She is likewise a member of the Compensation and Retirement Committees of STI ESG.

Ms. Bautista is also the Treasurer of STI Holdings and a member of its Executive Committee.

Ms. Bautista also is a member of the Board of Governors of iACADEMY and its Executive Committee. Ms. Bautista is also a member of the Board of Directors of STI West Negros University.

Ms. Bautista is the Chairperson and President of Corporate Reference, Inc and Yellow Meadows Business Ventures, Inc.

Ms. Bautista serves as Director and Treasurer of Eximious Holdings, Inc., Banclife Insurance Co., Inc., Tantivy Holdings, Inc., DLS-STI College, Inc., and iACADEMY. She is also the Group Chief Finance Officer of PhilLife and PhilCare as well as the Chief Finance Officer and Treasurer of STI West Negros University. Ms. Bautista is a Director of First United Travel, Inc., Attenborough Holdings Corp., Philippine Healthcare Educators, Inc., GROW, Grow Vite and Bloom with Looms Logistics, Inc. She serves as Treasurer of Total Consolidated Asset Management, Inc., Aberlour Holding Company, Daven Holdings, Inc., Harbourside Holding Corporation, Maestro Holdings, Inc., Morray Holdings, Inc., Kusang Loob Foundation, Inc., SG Holdings, Inc., Philippines First Condominium Corporation, P & O Management Services Phils., Inc., TechGlobal Data Center, Inc., Techzone Condominium Corporation and Techzone Philippines, Inc.

Ms. Bautista is a Certified Public Accountant. She graduated Magna Cum Laude from the University of Sto. Tomas with a Bachelor of Science degree in Commerce, major in Accounting.

Arsenio C. Cabrera, Jr., 65, Filipino, Corporate Secretary, General Counsel, and Corporate Information Officer

Atty. Arsenio C. Cabrera, Jr. is the Corporate Secretary, General Counsel, and Corporate Information Officer of STI ESG.

He was also elected Corporate Secretary and Corporate Information Officer of STI Holdings.

Atty. Cabrera is a Managing Partner of Herrera Teehankee & Cabrera Law Offices. He also serves as Corporate Secretary of Agustin Tanco Foundation, Inc., Amina, Inc., Arani Realty Corporation, Asiateleservices, Inc., Attenborough Holdings Corporation, BOIE Drug, Inc., BOIE, Incorporated, BOIE Prime, Inc., Calatagan Bay Realty, Inc., Canlubang Golf and Country Club, Inc., Cement Center, Inc., Citicore Holdings Investment, Inc., Classic Finance, Inc., Comm & Sense, Inc., Digitalme Services, Inc., Drysor, Inc., ESA Group of Companies, Inc., Eximious Holdings, Inc., EUJO Phils. Incorporated, Fieldtech Asia, Inc., First Optima Realty Corporation, GEOGRACE Resources Philippines, Inc., Greener and Partner Properties, Inc., Heritage Park Management, Inc., iACADEMY, International Hardwood & Veneer Company of the Philippines, Juska, Inc., Lasik Surgery, Inc., Maestro Holdings, Manila Bay Hosiery Mills, Inc., Manila Bay Spinning Mills, Inc., Megacore Holdings, Inc., NiHAO Mineral Resources International, Inc., Palisades Condominium Corporation, Pay Philexchange, Inc., Philippine American Drug Company, Philippine First Condominium Corporation, PhilsFirst, PhilLife, PhilCare, Inc., Philplans., Renaissance Condominium Corporation, Rosehills Memorial Management Philippines, Inc., Sinoma Energy Conservation (Philippines) Waste Heat Recovery Co., Inc., Sinoma Energy Conservation (Cebu) Waste Heat Recovery Co., Inc., Sonak Holdings, Inc., STI WNU, Tantivy Holdings, Inc., Techglobal Data Center, Inc., TechZone Philippines, Inc., Total Consolidated Asset Management, Inc., Trend Developers, Inc., Venture Securities, Inc., Villa Development Corporation, Vital Ventures Management Corp. and WVC Development Corporation.

He was also elected as Chairman of Bauhinia 17 Equity Holdings, Inc., Excelsior Holdings, Inc., Excelsium, Inc., PlusHomes Communities, Inc. and Rue Bau 17 Holdings, Inc.

Atty. Cabrera holds degrees in Bachelor of Laws (Second Honors) and Bachelor of Science in Legal Management from the Ateneo De Manila University.

Anna Carmina S. Herrera, 50, Filipino, Assistant Corporate Secretary

Atty. Herrera is a Senior Associate of Herrera Teehankee and Cabrera Law Offices. She also performs the role of Corporate Secretary of STI College Batangas, Inc., STI College of Kalookan, Inc., STI Diamond College, Inc., STI College Novaliches, Inc. and STI Tuguegarao, Inc. She also serves as Assistant Corporate Secretary in a number of other corporations: Amica Corporation, Attenborough Holdings Corporation, Banclife Insurance Co., Inc., , Comm & Sense, Inc., JAE Finance Philippines Corp., iACADEMY, Maestro Holdings, Inc., Palisades Condominium Corporation, PhilCare, PhilLife , Renaissance Condominium Corporation, STI Holdings and Venture Securities, Inc.

Atty. Herrera received her Bachelor of Laws degree from the University of the Philippines in 2000.

(2) Significant Employees

In general, the Company values its human resources. It expects the employees to do their share in achieving the Company's set objectives. There is no person in the Company who is not an executive officer but is expected to make significant contribution in the business of the Company.

(3) Family Relationships

Ms. Maria Vanessa Rose L. Tanco is the daughter of Mr. Eusebio H. Tanco. Mr. Joseph Augustin L. Tanco is the son of Mr. Eusebio H. Tanco.

Mr. Martin K. Tanco and Mr. Eusebio H. Tanco are cousins.

There are no other family relationships up to the 4th civil degree, either by consanguinity or affinity among the current Directors other than those already disclosed in this report.

(4) Involvement in Certain Legal Proceedings

None of the above-named directors, nominees for directors, executive officers, underwriter and control person of the Company have been involved in any of the following events for the past five (5) years and up to the date of this SEC Form 20-IS:

- (a) any bankruptcy petition filed by or against any business of which such person was a general partner or executive officer either at the time of the bankruptcy or within two years prior to that time;
- (b) any conviction by final judgment;
- (c) being subject to any order, judgment, or decree not subsequently reversed, suspended or vacated, of any court of competent jurisdiction, domestic or foreign, permanently or temporarily enjoining, barring, suspending or otherwise limiting involvement in any type of business, securities, commodities or banking activities;
- (d) being found by a domestic or foreign court of competent jurisdiction (in a civil action), the Commission or comparable foreign body, or a domestic or foreign Exchange or other organized trading market or self regulatory organization, to have violated a securities or commodities law or regulation, and the judgment has not been reversed, suspended, or vacated.

(5) Certain Relationships and Related Transactions

As of 17 November 2025, the Company has the following major transactions with related parties:

Consultancy Agreement with STI Holdings

The Company entered into an agreement with STI Holdings on the rendering of advisory services starting January 1, 2013.

Contract of Lease

STI ESG entered into a Contract of Lease with First Optima Realty Corporation on January 7, 2014. The contract covers lease of three (3) parcels of land in Poblacion, Lucena City, Quezon for a period of 25 years commencing on January 1, 2014 and expiring on January 1, 2039 for ₱2.7 million per annum, exclusive of taxes.

Contract of Lease

STI ESG entered into a Contract of Lease with Cement Center Inc. on August 15, 2017. The lease contract covers the rental of the lessor's property in Sta. Mesa with an area of 3,690.5 sqms for a period of 25 years. The lease is renewable for another 25 years upon mutual agreement by the parties.

STI ESG shall pay a monthly rent of ₱50.0 per sqm or ₱184.5 thousand per month, exclusive of taxes. STI ESG shall also pay an additional variable rent equivalent to 3% of the Divisible Gross Revenue (DGR), exclusive of taxes. DGR refers to Tuition and Other School Fees received by STI ESG on the school that it intends to set up on the leased premises, excluding miscellaneous and other pass-on revenues that STI ESG may receive.

Educational services and other transactions

STI ESG provides education services and sells educational materials and supplies to its subsidiaries and other affiliates. STI ESG likewise leases its real properties to some of its subsidiaries where school buildings are situated. These transactions are essential in the operations of the Company and the provision of educational services.

HMO and other insurance costs

To safeguard the health and safety of students, faculty, and other personnel, the Company provides health, accident, death, and disability insurance to its employees and students through its affiliates.

In 2020, STI ESG has engaged SGV to evaluate and document the arm's length nature of the pricing policies of STI ESG regarding its intercompany transactions with affiliates.

Transactions with Promoters

There are no transactions with promoters in the past five (5) years.

Item 6. Compensation of Directors and Executive Officers

- (1) The directors receive per diems amounting to ₱25,000 beginning September 2021. The per diems are for their attendance at board and committee meetings and are gross of all taxes. There is no arrangement for compensation of directors. The directors and executive officers do not have a standard arrangement, employment contract, compensatory plan or arrangement or outstanding warrants or options with STI ESG.

The total per diems received by the Board of Directors for Fiscal Years 2023-2024 and FY 2024-2025 are as follows:

Fiscal Year	Total Per Diems
2023	Php2,731,545
2024	Php4,865,385
2025	Php4,751,833

- (2) The following table summarizes the aggregate compensation for the fiscal years ended June 30, 2025, 2024 and 2023. The amounts set forth in the table below have been prepared based on what the Company paid its directors and named executive officers for the fiscal years ended June 30, 2025, 2024 and 2023 and what the Company expects to pay for the fiscal year ending June 30, 2026.

(1) ANNUAL COMPENSATION

	Year Ended	Salaries and Bonus	Other Compensation
Chief Executive Officer and the Top Four Highly Compensated Officers ¹	2023	35,518,959	None
	2024	40,796,717	None
	2025	46,633,946	None
	2026 ²	48,965,643	None
Board of Directors	2023	2,731,545	None
	2024	4,865,385	None
	2025	4,751,833	None
	2026 ²	4,751,833	None

The compensation for board members comprises per diems.

Notes:

¹Executives namely: Monico V. Jacob (Vice-Chairman and CEO), Peter K. Fernandez (President and COO), Engelbert L. De Guzman (VP for Communications), Wilfred S. Racadio (VP for Legal Affairs) and Juan Luis Fausto B. Tubongbanua (VP for Corporate and Information Services).

²figure is an estimated amount.

The Company is compliant with the annual compensation threshold prescribed under Section 29 of the Revised Corporation Code.

- (3) There are no actions to be taken regarding any bonus, profit sharing, or other compensation plan, contract or arrangement in which any director, nominee for election as a director, or executive officer of the Company will participate.
- (4) There are no actions to be taken regarding any pension or retirement plan in which any such person will participate.
- (5) There are no actions to be taken regarding the granting or extension to any such person of any option, warrant or right to purchase any securities.

Item 7. Independent Public Accountants

1. The accounting firm of Sycip Gorres Velayo & Co. (SGV) has been the Company's External Auditors for the past years. They were reappointed in the Annual Stockholders' Meeting held on December 18, 2024 as external auditors for the ensuing fiscal year.

A representative of SGV is expected to be present at the Annual Meeting of the Stockholders and will have the opportunity to make a statement if he or she so desires. The representative will also be available to respond to appropriate questions from the stockholders.

Pursuant to SRC Rule Part 1 (3) (B) (ix) (Rotation of External Auditors), the Parent Company has engaged Ms. Loubelle V. Mendoza of SGV as the Partner-in-charge of the Parent Company. This is her fourth year of engagement for STI ESG.

2. There has not been any disagreement between the Company and said accounting firm with regard to any matter relating to accounting principles or practices, financial statement disclosures or auditing scope or procedure.

As stated in the June 30, 2025 "Statement of Management Responsibility for Financial Statements", SGV is the appointed independent auditor of STI ESG. They have examined the financial statements of the Company in accordance with Philippine Standards on Auditing and have expressed their opinion on the fairness of presentation upon completion of such examination, in its report to the Board of Directors and stockholders.

The Company's Audit and Risk Committee reviews and approves the scope of audit work of the external auditor and the amount of audit fees for a given year. With respect to services rendered by the external auditor other than the audit of financial statements, the scope of and payment for the same are subject to review and approval by the management.

Mr. Robert G. Vergara is currently the Chairman of the Audit and Risk Committee while Ms. Leonora Vasquez-De Jesus and Mr. Paolo Martin O. Bautista are its members.

The aggregate fees for the services rendered by SGV to the Company for the years ended June 30, 2025, 2024 and 2023 are shown below:

	June 2025	June 2024	June 2023
Total Audit Fees	19,454,000	17,883,000	16,514,500
Non-audit services fees:			
Tax services	–	66,000	324,826
All other services ¹	348,438	347,813	340,353
Total non-audit fees	348,438	413,813	665,179
Total audit and non-audit fees²	19,802,438	18,296,813	17,179,679

¹ billed fees for sustainability reporting advisory services

² fees are exclusive of VAT and out-of-pocket expenses

The amount of audit and other related fees attributed solely to the Company is shown below:

The Company has not paid any other fees to its external auditor aside from those disclosed in the table above.

The Company has no disagreements with its independent auditors on any matter relating to accounting principles or practices, financial statement disclosure, or auditing scope or procedure

Item 8. Compensation Plans

No action is to be taken with respect to any plan pursuant to which cash or non-cash compensation may be paid or distributed.

C. ISSUANCE AND EXCHANGE OF SECURITIES

Item 9. Authorization or Issuance of Securities Other Than For Exchange

No action will be taken with respect to the authorization or issuance of any securities otherwise for exchange for outstanding securities of the Company.

Item 10. Modification or Exchange of Securities

There is no action to be taken with respect to the modification of any class of securities of the Company, or the issuance or authorization for issuance of one class of securities of the Company in exchange for outstanding securities of another class.

Item 12. Mergers, Consolidation, Acquisition and Similar Matters

No action will be taken with respect to mergers, consolidation, acquisition and similar matters.

Item 13. Acquisition or Disposition of Property

No action will be taken with respect to the acquisition or disposition by the Company of any property.

Item 14. Restatement of Accounts

No action will be taken with respect to the restatement of any asset, capital or surplus account of the Company.

D. OTHER MATTERS

Item 15. Action with Respect to Reports

The Board of Directors of the Company recommends a vote for confirmation, ratification and approval of the minutes of the 18 December 2024 Annual Stockholders' Meeting. The Minutes of the 18 December 2024 Annual Stockholders' Meeting contained the following items:

1. Call to Order
2. Certificate of Notice and Quorum
3. Rules of Conduct and Voting Procedures
4. Declaration of Dividends
5. Approval of the Minutes of the 21 December 2023 Annual Shareholders' Meeting
6. Presentation of Management Report
7. Approval of Parent and Consolidated Audited Financial Statements as at and for the fiscal year ended 30 June 2024
8. Ratification of Legal Acts, Proceedings and Resolutions of the Board of Directors and of Management from 21 December 2023 to 18 December 2024
9. Election of Directors
10. Appointment of External Auditor
11. Adjournment

Based on the Minutes of the 18 December 2024 Annual Stockholders' Meeting, all of the nominee directors were present at the meeting. The shareholders present at the meeting were as follows: (a) STI Education Systems Holdings, Inc., represented by Mr. Monico V. Jacob as proxy; (b) Prudent Resources, Inc., with Mr. Eusebio H. Tanco as proxy; (c) Carolina Young, with Mr. Eusebio H. Tanco as proxy; (d) Monico V. Jacob; (e) Joseph Augustin Eusebio L. Tanco; (f) Eusebio H. Tanco; (g) Jesli A. Lapus; (h) Peter K. Fernandez; (i) Martin K. Tanco; (j) Ma. Vanessa Rose L. Tanco, (k) Paolo Martin O. Bautista; (l) Robert G. Vergara; and (m) Ma. Leonora Vasquez-De Jesus.

The Corporate Secretary certified that notices for the meeting were sent to all stockholders of record. The Corporate Secretary further certified that the attendance record and the proxies and powers of attorney showed that present in person and proxy were 3,054,088,502 shares out of the 3,081,877,170 [net of treasury shares] issued and outstanding capital stock of the Company or 99.09% of the issued and outstanding capital stock. Hence, the Corporate Secretary certified as to the existence of quorum for the valid transaction of business.

At the 18 December 2024 Annual Stockholders' Meeting, each common share entitled the holder to one vote. At said meeting, each stockholder entitled to vote on a particular question or matter was entitled to vote for each share of stock standing in his name in the books of the Company as of record date.

Pursuant to the By-Laws of the Company, stockholders owning a majority of all of the issued and outstanding stock of the Company present or represented by proxy and entitled to vote, shall form a quorum for the transaction of business and the vote of stockholders representing a majority of a quorum shall be required to approve any action submitted to the stockholders for approval.

The voting was conducted through the voting portal and no contest was raised by any of the stockholders present at the 18 December 2024 Annual Stockholders' Meeting.

Stockholders were likewise given the opportunity to ask questions. No questions or objections were raised by stockholders during the 18 December 2024 Annual Stockholders' Meeting.

The following items were unanimously approved by the stockholders present at the 18 December 2024 Annual Stockholders' Meeting: (a) the Minutes of the 21 December 2023 Annual Stockholders' Meeting; (b) the Management Report; (c) the Parent and Consolidated Audited Financial Statements of the Company as at and for the fiscal year ending 30 June 2024; (d) the ratification of legal acts, proceedings and resolutions of the Board of Directors and of management from 21 December 2023 to 18 December 2024; (e) the amendment of Article II of the Articles of Incorporation to include the offering of maritime courses as part of the primary purpose of the Corporation; (f) the election of directors; and (g) the appointment of SyCip Gorres Velayo & Co. as the external auditor of the Company for the fiscal year ending 30 June 2025.

Item 16. Matters Not Required to be Submitted

The Board of Directors and Management have the power to act as agents of the Company based on statute, charter, by-laws or in delegation of authority to an officer from the acts of the Board, formally expressed or implied from a habit or custom of doing business. In this regard, where an officer has been entrusted with the general management and control of the Company's business, that officer is considered to possess an implied authority to enter into any contract or do any other act which is necessary or appropriate for the conduct of the ordinary business of the Company.

The Board of Directors recommends a vote for approval, confirmation and ratification of all acts and resolutions of the Board of Directors and of Management since the Annual Stockholders' Meeting on 18 December 2024 to 12 December 2025. Said acts and resolutions of the Board of Directors and of Management since the Annual Stockholders' Meeting held on 18 December 2024 include, among others: (a) the appointment of officers; (b) approval of audited financial statements; (b) the opening, maintaining and updating of corporate bank accounts and the appointment of signatories; (c) application for credit line facilities and/or long term loans with various financial institutions, including renewal, extension, increase, or amendment thereof; (d) execution of contracts in the ordinary course of business ; (e) approval of budget; (f) application for permits to offer various CHED courses and SHS academic tracks; (g) acquisition of real properties to be used as school campus; (h) sale or acquisition of assets in the ordinary course of business; and (i) declaration of cash dividends.

Once the ratification has been given, all acts or transactions entered into by the Board of Directors and of Management since the Annual Stockholders' Meeting on 18 December 2024 up to the present become finally and absolutely binding and neither the Company nor individual stockholders nor strangers can afterwards sue to set them aside or otherwise attack their validity.

Item 17. Amendment of Charter, By-laws or Other Documents

There is no action that will be taken with respect to the amendment of the Articles of Incorporation and By-Laws of the Corporation.

Item 18. Other Proposed Action

There are no proposed actions that will be presented for the approval of the shareholders during the Annual Stockholders' Meeting.

Item 19. Voting Procedures

(1) Vote required

Each common share entitles the holder to one vote. At each meeting of the stockholders, each stockholder entitled to vote on a particular question or matter shall be entitled to vote for each share of stock standing in his name in the books of the Company as of record date. Only those shareholders who have notified the Company of their intention to participate in the meeting by remote communication, together with the stockholders who voted in absentia and by proxy, will be included in the determination of quorum at the meeting. By participating remotely and by proxy, a stockholder shall be deemed present for purposes of quorum.

The vote of stockholders representing a majority of a quorum shall be required to approve any action submitted to the stockholders for approval.

In the election of directors, the ten (10) nominees garnering the highest number of votes will be elected as members of the Board of Directors, provided that there shall always be at least two (2) independent directors. Each stockholder may vote the shares registered in his name in person or by proxy for as many persons as there are directors, or he may cumulate said shares and give one candidate as many votes as the number of directors to be elected multiplied by the number of his shares shall equal, or he may distribute them on the same principle among as many candidates as he shall see fit; provided that the total number of votes cast by him shall not exceed the number of shares owned by him multiplied by the whole number of directors to be elected.

(2) Method

Only those shareholders who have notified the Corporation of their intention to participate in the meeting by remote communication, together with the stockholders who voted in absentia and by proxy, will be included in the determination of quorum at the meeting. By participating remotely and by proxy, a stockholder shall be deemed present for purposes of quorum.

A verified stockholder may cast his vote on each of the agenda items as contained in the link included in the confirmation correspondence. Deadline to vote in absentia through its corresponding link is on 9 December 2025. Beyond this date, stockholders may no longer avail of the option to vote in absentia. The Office of the Corporate Secretary shall then tabulate all votes, including those casts in absentia and by proxy. The Corporate Secretary shall report the results of voting during the meeting.

Due to logistical limitations of the meeting conducted virtually, voting and open forum/discussion will not be possible during the virtual meeting. However, a stockholder, once verified/ registered, will be given an opportunity to raise any relevant questions or express an appropriate comment limited to the agenda items by sending an email to a

designated email address not later than 9 December 2025 to be properly noted and addressed accordingly. Any relevant questions or comments received by the Office of the Secretary via email within the prescribed period given by registered stockholders shall be properly acknowledged, noted and addressed accordingly. Questions and comments not taken up during the meeting shall be addressed directly via email by the Company.

The Office of the Corporate Secretary shall take down minutes of the meeting accordingly and shall note all comments and other relevant matters discussed covering the agenda of the meeting. The meeting proceedings shall be recorded in audio and video format to be safekept by the Office of the Corporate Secretary and shall be made available in a secured manner to stockholders upon request by sending an email to the designated email address.

The Office of the Corporate Secretary shall ensure confidentiality of all votes for tabulation, including those casts in absentia and by proxy. The Corporate Secretary shall report the results of voting during the meeting.

The Company will seek the approval of the following:

- (1) Approval of the Minutes of the Annual Stockholders' Meeting held on 18 December 2024

The affirmative vote of stockholders representing at least a majority of the outstanding voting capital stock of the Company present at the Annual Stockholders' Meeting is necessary to approve the resolution.

- (2) Approval of Parent and Consolidated Audited Financial Statements as at and for the fiscal year ending 30 June 2025

The affirmative vote of stockholders representing at least a majority of the outstanding voting capital stock of the Company present at the Annual Stockholders' Meeting is necessary to approve the resolution.

- (3) Ratification of all acts of the Board of Directors and of Management from 18 December 2024 to 12 December 2025

The affirmative vote of stockholders representing at least a majority of the outstanding voting capital stock of the Company present at the Annual Stockholders' Meeting is necessary to approve the resolution.

- (4) Election of Directors

The affirmative vote of stockholders representing at least a majority of the outstanding voting capital stock of the Company present at the Annual Stockholders' Meeting is necessary to approve the resolution.

- (5) Appointment of External Auditor

The affirmative vote of stockholders representing at least a majority of the outstanding voting capital stock of the Company present at the Annual Stockholders' Meeting is necessary to approve the resolution.

Discussion on Compliance with Leading Practices on Corporate Governance

The Company adheres to the principles and practices of good corporate governance, as embodied in its Manual of Corporate Governance and related SEC Circulars.

On March 9, 2011, the Company submitted to the SEC its Amended Manual on Corporate Governance dated February 22, 2011 incorporating the directory provisions of the Revised Code of Corporate Governance in order to comply with the adopted leading practices on good corporate governance.

On July 18, 2014, the Company submitted the Amended Manual on Corporate Governance dated July 15, 2014 in compliance with SEC Memorandum Circular No. 9.

On September 30, 2020, the Company submitted the 2020 Manual on Corporate Governance to the SEC.

There have been no deviations from the Company's Manual of Corporate Governance.

To ensure that the Company observes good corporate governance and management practices and assure shareholders that the Company conducts its business in accordance with the highest level of accountability, transparency and integrity, the Company has undertaken the continuous improvement and monitoring of its governance and management policies. The Company submits a Certificate of Compliance with the Manual on Corporate Governance on an annual basis to the SEC. The Company likewise ensures that its officers and members of the Board of Directors attend the mandatory Corporate Governance Seminar annually in compliance with the SEC Memorandum Circular No. 20, series of 2013.

Moreover, the Company complies with the requirement to submit an Annual Corporate Governance Report (ACGR) on an annual basis. The Company filed its 2024 ACGR with the SEC on 30 June 2025. The Board of Directors also completes annual Board performance self-assessments which are submitted to the Compliance Officer who prepares and files the ACGRs.

The Company ensures that it has at least two (2) independent directors, or such number of independent directors that constitutes twenty percent (20%) of the members of the Board, whichever is higher, but in no case less than two (2). Presently, there are two (2) incumbent independent directors on the Board.

The Company, through its Corporate Governance Committee, ensures that all the nominees to the Board possess all the qualifications and none of the disqualifications provided for in the Company By-Laws and Manual, the Corporation Code, Securities Regulation Code and other relevant laws, rules and regulations.

The Company also has an Audit and Risk Committee, which is tasked to review the Audited Financial Statements of the Company. The Chairman of the Audit and Risk Committee is an independent director, and each member thereof has at least an adequate understanding or competence of most of the Company's financial management systems and environment.

The Company consistently strives to raise its financial reporting standards by adopting and implementing prescribed Philippine Financial Reporting Standards.

Discussion on the Requirements of Section 49 of the Revised Corporation Code

In compliance with Section 49 of the Revised Corporation Code, a copy of the Minutes of the 18 December 2024 Annual Stockholders' Meeting with the directors, officers and stockholders who attended the meeting is attached hereto as Annex "D".

The attendance of the directors in the Board and stockholders' meetings held for the calendar year 2024 is as follows:

Board	Name	No. of Meetings held during the year	No. of Meetings Attended	%
Chairman/Independent Director	Jesli A. Lapus	9	9	100%
Director	Eusebio H. Tanco	9	9	100%
Director	Monico V. Jacob	9	9	100%
Director	Joseph Augustin L. Tanco	9	9	100%
Director	Ma. Vanessa Rose L. Tanco	9	9	100%
Director	Peter K. Fernandez	9	9	100%
Director	Martin K. Tanco	9	9	100%
Director	Paolo Martin O. Bautista	9	9	100%
Independent Director	Robert G. Vergara	9	9	100%
Independent Director	Ma. Leonora Vasquez-De Jesus	9	9	100%

The attendance of the directors in committee meetings held for the calendar year 2024 is as follows:

Audit and Risk Committee

Board	Name	No. of Meetings held during the year	No. of Meetings Attended	%
Independent Director	Robert G. Vergara	4	4	100%
Independent Director	Ma. Leonora Vasquez-De Jesus	4	3	75%

Executive Committee

Board	Name	No. of Meetings held during the year	No. of Meetings Attended	%
Chairman/Independent Director	Jesli A. Lapus	1	1	100%
Director	Eusebio H. Tanco	1	1	100%
Director	Monico V. Jacob	1	1	100%
Director	Joseph Augustin L. Tanco	1	1	100%
Director	Ma. Vanessa Rose L. Tanco	1	1	100%
Director	Peter K. Fernandez	1	1	100%

Retirement Committee

Board	Name	No. of Meetings held during the year	No. of Meetings Attended	%
Director	Eusebio H. Tanco	1	1	100%
Director	Monico V. Jacob	1	1	100%
Treasurer	Yolanda M. Bautista	1	1	100%

Corporate Governance Committee

Board	Name	No. of Meetings held during the year	No. of Meetings Attended	%
Independent Director	Ma. Leonora Vasquez-De Jesus	2	2	100%
Independent Director	Robert G. Vergara	2	2	100%
Director	Monico V. Jacob	2	2	100%

The 2024 Self-Evaluation Performance Report of the Board of Directors was presented during the 13 October 2025 meeting of the Board of Directors.

The Board noted that a rating of 4 indicated that the performance exceeds expectations or that performance is above standard and meets objectives.

The Company adopts a policy of full disclosure with regard to related party transactions. All terms and conditions of related party transactions are reported to the Board of Directors. The Company ensures that the transactions are entered on terms comparable to those available from unrelated third parties. Disclosure of relationship or association is required to be made before entering into related party transactions. None of the Corporation's directors and officers have entered into self-dealing and related party transactions with or involving the Company in 2025.

The directors attended various trainings and continuing education conducted by accredited providers such as SGV & Co. and Center for Global Best Practices or by publicly listed companies where they also hold directorships.

UNDERTAKING TO PROVIDE SEC FORM 17-A AND SEC FORM 17-Q

STI EDUCATION SERVICES GROUP, INC., AS REGISTRANT, WILL PROVIDE WITHOUT CHARGE, UPON WRITTEN REQUEST, A COPY OF THE REGISTRANT'S ANNUAL REPORT ON SEC FORM 17-A AS OF 30 JUNE 2025 AND INTERIM FINANCIAL STATEMENTS (SEC FORM 17-Q) AS OF 30 SEPTEMBER 2025. SUCH WRITTEN REQUESTS SHOULD BE ADDRESSED TO: ATTY. ARSENIO C. CABRERA, JR., CORPORATE SECRETARY, 5/F SGV II, BUILDING, 6758 AYALA AVENUE, MAKATI CITY 1226, METRO MANILA, PHILIPPINES.

SIGNATURE

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this report is true, complete and correct. This report is signed in the City of Makati on 19 November 2025.

STI EDUCATION SERVICES GROUP, INC.

Issuer

ARSENIO C. CABRERA, JR.
Corporate Secretary

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **ROBERT G. VERGARA**, Filipino, of legal age, with residence address at 1489 Carissa St. Dasmariñas Village, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of STI Education Services Group, Inc. and have been an independent director since 27 July 2017 to present.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<u>Company/Organizations</u>	<u>Position/Relationship</u>	<u>Period of Service</u>
AIG Philippines Insurance, Inc.	Independent Director	2 January 2024 to present
Cabanatuan Electric Corporation	Chairman/	August 2022 to present
	Director	26 June 2010 to present
Metro Pacific Health	Independent Director	9 December 2019 to present
SM Investments Corporation	Independent Director	24 April 2019 to present
Vergara Advisory Management, Inc.	President/Director	June 2018 to present
STI Education Systems Holdings, Inc.	Independent Director	27 July 2017 to present
SEA CREST Fund	Director	30 March 2009

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of STI Education Services Group, Inc. as provided for in Section 38 of the Securities and Exchange Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to the directors/officers/substantial shareholders of STI Education Services Group, Inc. other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or GOCC.
7. I shall inform the Corporate Secretary of STI Education Services Group, Inc. of any changes in the abovementioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have executed this Certificate of Independent Directors this **OCT 28 2025** day of October 2025 at Makati City.


ROBERT G. VERGARA

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

OCT 28 2025
SUBSCRIBED AND SWORN to before me this ____ day of October 2025 at Makati City, affiant personally appeared and exhibited to me his Republic of the Philippines Passport No. P5668049B issued on 12 October 2020 at DFA Manila.

Doc. No. 366;
Page No. 7;
Book No. V;
Series of 2025.




MIGUEL ANTONIO U. TENSUAN
Notary Public for Makati City
Appointment No. M-213
Until 31/December 2025
5/F SGV II Building,
6758 Ayala Avenue, Makati City
Roll of Attorneys No. 87628
PTR No. 10466066 / Makati / 02 January 2025
IBP No. 470792 / Makati / 08 October 2024
MCLE Compliance No. VIII-0013765/
Pasig City / 27 September 2024

CERTIFICATION OF INDEPENDENT DIRECTOR

I, **MA. LEONORA VASQUEZ-DE JESUS**, Filipino, of legal age, with residence address at Unit 2901-A, Ritz Towers, Ayala Avenue, Makati City, after having been duly sworn to in accordance with law do hereby declare that:

1. I am a nominee for independent director of STI Education Services Group, Inc. and have been an independent director since 16 December 2022 to present.
2. I am affiliated with the following companies or organizations (including Government-Owned and Controlled Corporations):

<u>Company/Organizations</u>	<u>Position/Relationship</u>	<u>Period of Service</u>
STI Education Systems Holdings, Inc.	Independent Director	20 September 2019 to present
BDO- One Network Bank, Inc.	Independent Director	Sept. 2018 to present
Risks, Opportunities Assessment and Management Corporation	Director	2011 to present
New Generation Organization of Women Corporate Directors	Member	September 2023 to present

3. I possess all the qualifications and none of the disqualifications to serve as an Independent Director of STI Education Services Group, Inc., as provided for in Section 38 of the Securities Regulation Code and its Implementing Rules and Regulations and other SEC issuances.
4. I am not related to the directors/officers/substantial shareholders of STI Education Services Group, Inc. other than the relationship provided under Rule 38.2.3 of the Securities Regulation Code.
5. To the best of my knowledge, I am not the subject of any pending criminal or administrative investigation or proceeding.

6. I am not in government service nor affiliated with a government agency or GOCC.
7. I shall inform the Corporate Secretary of STI Education Services Group, Inc. of any changes in the above-mentioned information within five (5) days from its occurrence.

IN WITNESS WHEREOF, I have executed this Certificate of Independent Directors this ____ day of October 2025 at Makati City.

OCT 28 2025

MA. LEONORA VASQUEZ-DE JESUS

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

OCT 28 2025

SUBSCRIBED AND SWORN to before me this ____ day of October 2024 at Makati City, affiant personally appeared to me and exhibited to me her Republic of the Philippines Passport No. P6145077A issued on 22 February 2018 at DFA Manila.

Doc. No. 343 ;
Page No. 34 ;
Book No. V ;
Series of 2025.




MIGUEL ANTONIO U. TENSUAN

Notary Public for Makati City

Appointment No. M-213

Until 31 December 2025

5/F SCV II Building,

6758 Ayala Avenue, Makati City

Roll of Attorneys No. 87628

PTR No. 10466066 / Makati / 02 January 2025

IBP No. 470792 / Makati / 08 October 2024

MCLE Compliance No. VIII-0013765 /

Pasig City / 27 September 2024

SECRETARY'S CERTIFICATE

I, **ARSENIO C. CABRERA, JR.**, Filipino, of legal age, with office address at 5/F SGV II Building, 6758 Ayala Avenue, Makati City, after having sworn in accordance with law, hereby depose and state that:

1. I am the Corporate Secretary of **STI EDUCATION SERVICES GROUP, INC.** (the "Corporation"), a corporation duly organized and existing, under and by virtue of Philippine laws with office address at the STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal.
2. I hereby certify that no director or officer of the Corporation is connected with any government agency or government instrumentalities.
3. The foregoing is in accordance with the records of the Corporation in my possession.

IN WITNESS WHEREOF, I have hereunto affixed my signature this 28th day of October 2025 at Makati City.

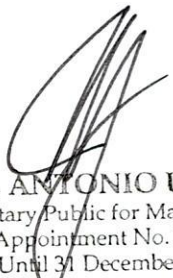

ARSENIO C. CABRERA, JR.
Corporate Secretary

REPUBLIC OF THE PHILIPPINES)
MAKATI CITY)S.S.

SUBSCRIBED AND SWORN to before me this 28th day of October 2025 in Makati City, affiant exhibiting to me his Driver's License No. N04-91-174941 valid until 25 June 2034 issued at Land Transportation Office.

Doc. No. 367;
Page No. 75;
Book No. V;
Series of 2025.




MIGUEL ANTONIO U. TENSUAN
Notary Public for Makati City
Appointment No. M-213
Until 31 December 2025
5/F SGV II Building,
6758 Ayala Avenue, Makati City
Roll of Attorneys No. 87628
PTR No. 10466066 / Makati / 02 January 2025
IBP No. 470792 / Makati / 08 October 2024
MCLE Compliance No. VIII-0013765/
Pasig City / 27 September 2024

MINUTES OF THE
ANNUAL STOCKHOLDERS' MEETING
OF
STI EDUCATION SERVICES GROUP, INC.
Held on 18 December 2024, 11:00 a.m.
Conducted virtually via remote communication

<u>PRESENT:</u>	<u>NO. OF SHARES</u>
Total Number of Shares Present by Proxy	3,054,088,502
Total Number of Shares Represented In Person and By Proxy	3,054,088,502
Total Outstanding Shares [Net of Treasury Shares]	3,081,877,170
Attendance Percentage to Total Outstanding Shares	99.09%

I. CALL TO ORDER

The Chairman, Mr. Jesli A. Lapus, called the meeting to order and presided over the same. The Corporate Secretary, Atty. Arsenio C. Cabrera, Jr., recorded the minutes of the meeting.

II. CERTIFICATION OF NOTICE AND QUORUM

The Corporate Secretary certified that:

- (a) In accordance with the requirements of the Securities Regulation Code, notices for the meeting were sent to all stockholders of record as of 25 November 2024 at least fifteen (15) business days prior to the date of this meeting. The Corporation’s Atty. Carl Mark A. Ganhinhin (“Atty. Ganhinhin”) has issued a Certification to that effect.
- (b) Accordingly, stockholders of record as of 25 November 2024 were notified of this meeting. The stockholders were also notified of the internal guidelines of the Corporation for participation in this meeting through remote communication in accordance with applicable rules; and
- (c) Present in person and represented in proxy are 3,054,088,502 shares or 99.09% of the total issued and outstanding capital stock of 3,081,877,170 [net of treasury shares] of the Corporation and that a quorum existed for the valid transaction of business.

The Certification issued by the Corporation’s Atty. Ganhinhin is attached hereto as Annex “A”.

III. RULES OF CONDUCT AND VOTING PROCEDURES

Since the Corporation is conducting the meeting through remote communication in a virtual format, the Chairman requested the Corporate Secretary to share the rules of conduct and voting procedure for this meeting.

Thereafter, the Corporate Secretary explained that "Guidelines for Participation via Remote Communication and Voting in Absentia and through Proxy" for this meeting were made available in the Corporation's website, the Definitive Information Statement and in the Explanation of Agenda items which forms part of the Notice of the Annual Stockholders' Meeting. He emphasized the following points:

1. Only stockholders whose Letter(s) of Intent or proxy forms have been validated or verified were allowed to cast their votes for this meeting through the voting portal.
2. Resolutions proposed to be approved by the stockholders under the Agenda will be shown on the screen as each resolution is being taken up.
3. Votes cast as of 13 December 2024 for each proposed resolution have been tabulated and results will be announced during the meeting.
4. A detailed result of the tabulation of the votes cast indicating the affirmative votes, negative votes and abstentions will be reflected in the Minutes of this meeting.
5. Relevant questions which have been submitted on or before 13 December 2024 will be addressed accordingly under the Other Matters item in the Agenda. Questions and comments not taken up during the meeting shall be addressed by the Corporation directly to the stockholder via email.

IV. DECLARATION OF DIVIDENDS

The Chairman stated that the Corporation had disclosed to the Securities and Exchange Commission and Philippine Dealing Exchange that it registered a net income of Php1.275 Billion for the fiscal year ended 30 June 2024, reflecting an 105% increase from the Php621.9 Million posted in the previous year.

The Chairman announced to the stockholders that, at the Meeting of the Board of Directors held earlier that morning, the Board approved the declaration of cash dividends pursuant to the Corporation's dividend declaration policy in the amount of Php0.15 per share or an aggregate amount of Php462,281,575.50 (the "Cash Dividends") from the

unrestricted retained earnings of the Company as of 30 June 2024 based on the Parent Company Audited Financial Statements as of 30 June 2024.

The Cash Dividends are payable to stockholders of record as of 31 December 2024 and shall be payable on 17 January 2025, upon compliance with all necessary regulations.

V. APPROVAL OF PREVIOUS MINUTES

The Corporate Secretary stated that electronic copies of the Minutes of the Annual Stockholders' Meeting held on 21 December 2023 were uploaded for inspection on the Corporation's website.

The Corporate Secretary presented the resolution proposed by Management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that the Minutes of the Annual Stockholders' Meeting held on 21 December 2023 as appearing in the Minutes Book of the Corporation be approved.”

As tabulated, the votes for the adoption of the foregoing resolution providing for the approval of the Minutes of the Annual Stockholders' Meeting held on 21 December 2023 are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	3,054,088,502	-	
% of Shares of Shareholders Present	100%	-	

VI. PRESENTATION OF MANAGEMENT REPORT

The President, Mr. Peter K. Fernandez, rendered the Management Report for Fiscal Year 2023-2024. The Management Report for Fiscal Year 2023-2024 is attached hereto as Annex “B”.

Thereafter, the Corporate Secretary presented the resolution proposed by Management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that the Management Report for Fiscal Year 2023-2024 be noted and approved.”

As tabulated, the votes for the adoption of the foregoing resolution providing for the approval of the Management Report for Fiscal Year 2023-2024 are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	3,054,088,502	-	
% of Shares of Shareholders Present	100%	-	

VII. APPROVAL OF PARENT AND CONSOLIDATED AUDITED FINANCIAL STATEMENTS AS AT AND FOR THE FISCAL YEAR ENDED 30 JUNE 2024

The Corporate Secretary stated that copies of the Corporation’s Parent and Consolidated Audited Financial Statements for the fiscal year ended 30 June 2024 were included in the Definitive Information Statement which were uploaded on the Corporation’s website.

Thereafter, the Corporate Secretary presented the resolution proposed by the Audit and Risk Committee and Management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that the Parent and Consolidated Audited Financial Statements of the Corporation as at and for the fiscal year ended 30 June 2024 as discussed in the Annual Report be noted and approved.”

As tabulated, the votes for the adoption of the foregoing resolution providing for the approval of the Parent and Consolidated Audited Financial Statements of the Corporation as at and for the fiscal year ended 30 June 2024 are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	3,054,088,502	-	
% of Shares of Shareholders Present	100%	-	

VIII. RATIFICATION OF LEGAL ACTS, PROCEEDINGS AND RESOLUTIONS OF THE BOARD OF DIRECTORS AND OF MANAGEMENT

The Corporate Secretary stated that a summary of the acts, proceedings, and resolutions to be ratified by the stockholders since the 21 December 2023 Annual Stockholders’ Meeting up to today’s meeting has been included in the Definitive Information Statement which was uploaded on the Corporation’s website.

Thereafter, the Corporate Secretary presented the resolution proposed by Management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that all legal acts, proceedings and resolutions of the Board of Directors and of Management, done in the ordinary course of business, since the 21 December 2023 Annual Stockholders’ Meeting up to 18 December 2024, be approved, confirmed and ratified.”

As tabulated, the votes for the adoption of the foregoing resolution providing for the approval of all legal acts, proceedings and resolutions of the Board of Directors and of Management, done in the ordinary course of business, since the Annual Stockholders’ Meeting held on 21 December 2023 up to 18 December 2024 are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	3,054,088,502	-	
% of Shares of Shareholders Present	100%	-	

IX. **AMENDMENT OFARTICLES OF INCORPORATION**

The Corporate Secretary stated that there was a need to amend Article II of the Articles of Incorporation to include the offering of maritime courses as part of the primary purpose of the Corporation.

Thereafter, the Corporate Secretary presented the resolution proposed by Management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that Article II of the Articles of Incorporation be amended to include the offering of maritime courses as part of the primary purpose of The Corporation.”

As tabulated, the votes for the adoption of the foregoing resolution providing for the amendment of Article II of the Articles of Incorporation to include the offering of maritime courses as part of the primary purpose of the Corporation are as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	3,054,088,502	-	
% of Shares of Shareholders Present	100%	-	

X. **ELECTION OF DIRECTORS**

The Corporate Secretary stated that the Articles of Incorporation of the Corporation provides for eleven (11) directors, two (2) of which are required to be independent directors.

Under the Corporation's By-Laws and 2020 Manual on Corporate Governance, the nomination of the Corporation's directors shall be conducted by the Corporate Governance Committee prior to the annual stockholders' meeting. All recommendations shall be signed by the nominating stockholders together with the acceptance and conformity of the would-be nominees and shall be submitted to the Corporate Governance Committee and the Corporate Secretary at least forty-five (45) days before the date of the actual meeting.

The Corporate Governance Committee shall pre-screen the qualifications and prepare a Final List of all Candidates for directors. Only nominees whose names appear on the Final List of Candidates shall be eligible for election as directors.

The Final List of Candidates for directors as determined by the Corporation's Corporate Governance Committee, and as disclosed in the Corporation's Definitive Information Statement, are:

- 1. Eusebio H. Tanco
- 2. Monico V. Jacob
- 3. Peter K. Fernandez
- 4. Ma. Vanessa Rose L. Tanco
- 5. Joseph Augustin L. Tanco
- 6. Martin K. Tanco
- 7. Raul B. De Mesa
- 8. Paolo Martin O. Bautista
- 9. Jesli A. Lapus

For Independent Directors:

- 10. Robert G. Vergara
- 11. Ma. Leonora Vasquez-De Jesus

The Corporate Secretary stated that Mr. De Mesa had recently passed away and that the votes cast for the election of directors had thus been tabulated for the remaining ten (10) nominees.

Thereafter, the Corporate Secretary reported the result of the tabulation of the votes cast as follows:

<i>Nominee</i>	<i>Votes</i>
<i>Eusebio H. Tanco</i>	33,594,973,522
<i>Monico V. Jacob</i>	33,594,973,522
<i>Peter K. Fernandez</i>	33,594,973,522
<i>Ma. Vanessa Rose L. Tanco</i>	33,594,973,522
<i>Joseph Augustin L. Tanco</i>	33,594,973,522
<i>Martin K. Tanco</i>	33,594,973,522
<i>Paolo Martin O. Bautista</i>	33,594,973,522
<i>Jesli A. Lapus</i>	33,594,973,522
<i>Robert G. Vergara (Independent Director)</i>	33,594,973,522
<i>Ma. Leonora Vasquez-De Jesus (Independent Director)</i>	33,594,973,522

The Corporate Secretary certified that the ten (10) nominees have received sufficient votes for election to the Board of Directors and they shall serve as such for the ensuing year until the election and qualification of their successors.

XI. APPOINTMENT OF EXTERNAL AUDITOR

The Corporate Secretary stated that the present external auditor of the Corporation is the auditing firm of SyCip Gorres Velayo & Co. (“SGV”). The handling partner of SGV is rotated at least once every 7 years, in compliance with the 7-year limit under the Securities Regulation Code.

Thereafter, the Corporate Secretary presented the resolution proposed by the Audit Committee and Management and, based on the votes received, reported the approval by the stockholders of the following resolution which was shown on the screen:

“RESOLVED, that the auditing firm of Sycip Gorres Velayo & Co. be, as it is hereby appointed as external auditor of the Corporation for the fiscal year ended 30 June 2025.”

As tabulated, the votes for the adoption of the foregoing resolution providing for the approval of the appointment of SyCip Gorres Velayo & Co. as the Corporation’s external auditor for the fiscal year ended 30 June 2025 as follows:

	<u>For</u>	<u>Against</u>	<u>Abstain</u>
Number of Voted Shares	3,054,088,502	-	
% of Shares of Shareholders Present	100%	-	

XII. OTHER MATTERS

The Corporate Secretary stated that, as of 13 December 2024, the cut-off date for submission of questions and/or queries on the Management report for Fiscal Year 2023-2024, no questions and/or queries were submitted to the Corporation.

XIII. ADJOURNMENT

There being no other business to transact, the meeting was adjourned upon motion duly made and seconded.



ARSENIO C. CABRERA, JR.
Corporate Secretary

ATTEST:



JESLI A. LAPUS
Chairman

Annex "A"



CERTIFICATION

This is to certify that **STI EDUCATION SERVICES GROUP, INC.** (the "Corporation"), has caused the distribution of its Definitive Information Statement ("SEC Form 20-IS") to stockholders of record as of 25 November 2024 in connection with the Corporation's Annual Stockholders' Meeting ("ASM") to be held on 18 December 2024.

The ASM Materials were sent through messengerial services, ordinary mail and e-mail.

This Certification was issued based on the request of the Corporation's Corporate Secretary.

A handwritten signature in black ink, appearing to read "CMG", is placed above the printed name of the School Legal Manager.

ATTY. CARL MARK A. GANHINHIN
School Legal Manager

MANAGEMENT REPORT

Business Development

Established on August 21, 1983, STI Education Services Group, Inc. (STI ESG) initially focused on training Filipinos in computer programming to address the growing demand for information technology (IT) education in the Philippines. Starting as a training center, STI ESG's early offerings included short-term computer programming courses. These courses were specifically designed to meet the educational needs of college graduates and working professionals seeking to acquire knowledge in emerging computer technology.

Subsequently, STI ESG rapidly expanded its campus network through franchising agreements in Metro Manila, later expanding its presence to key areas across Luzon, Visayas, and Mindanao, and even internationally. In 2003, Management strategically decided to concentrate on the domestic market while continuing to assess future international expansion opportunities.

Over time, STI ESG strategically transitioned its focus from short-term courses to college degree programs to align with the evolving business environment. In 1995, the Commission on Higher Education (CHED) granted STI ESG the necessary permit to operate colleges. The institution subsequently rolled out four-year college programs, beginning with Information & Communications Technology and gradually introducing new programs in the succeeding years. Currently, STI ESG offers four-year college programs across diverse fields, including Information Technology, Business and Management, Engineering, Hospitality Management, Tourism Management, Arts and Sciences, Education, Maritime, and Criminal Justice Education.

STI ESG has actively sought to strengthen its nationwide geographical presence by investing in the aggressive construction and improvement of facilities. A growing number of STI ESG schools are moving away from rented commercial complexes to larger, improved, stand-alone campuses in strategic locations. These enhanced campuses feature state-of-the-art facilities, spacious classrooms, top-of-the-line simulation laboratories, and recreational facilities, all designed to facilitate high-quality academic delivery. To date, 22 wholly-owned schools feature renovated or newly built facilities. Additionally, incentives were offered to franchisees to upgrade their facilities, resulting in nine schools responding thus far.

Concurrently, STI ESG centralized efforts on enhancing academic quality, investing in trainings related to awareness, documentation, and internal quality audits. This initiative successfully led to the achievement of ISO 9001:2008 certification on February 5, 2015 and the ISO 9001:2015 certification on February 5, 2018. Both certifications, awarded by the ISO certifying body TÜV Rheinland Philippines Inc., pertain to STI ESG's Learning Delivery System, encompassing courseware development and faculty training and certification for the tertiary level. The ISO 9001:2015 certification was subsequently extended to include senior high school and expanded to cover student development programs and job placement assistance for graduates.

When the Department of Education (DepEd) announced the K to 12 program in 2013, STI ESG leveraged its nationwide presence to implement the first-to-market approach for the senior high school (SHS) program, establishing itself as the largest pioneer to offer SHS. The program includes the Academic and Technical Vocational-Livelihood tracks. Under the Technical-Vocational-Livelihood track, STI ESG offers three strands with various specializations. The institution also offers the junior high school program in select schools.

STI ESG and other educational institutions navigated a significant shift in the education landscape with the implementation of the Republic Act (RA) 10931, the “Universal Access to Quality Tertiary Education Act” (UAQTEA), in 2018. The law established four key provisions: (1) free tuition and miscellaneous fees in state universities and colleges (SUCs) and local universities and colleges (LUCs); (2) free technical-vocational education and training in state-run technical-vocational institutes; (3) student loan programs for tertiary students; and (4) Tertiary Education Subsidy (TES) in private higher education institutions (HEIs).

STI ESG fully supports the government’s commitment to providing equal opportunities to Filipino youth by enhancing accessibility to tertiary education and encouraging the pursuit and completion of higher learning. Consequently, on December 17, 2018, STI ESG signed a Memorandum of Agreement with CHED and the implementing organization, the Unified Student Financial Assistance System for Tertiary Education (UniFAST), to enact the tertiary education subsidy and student loan program.

Through Management’s consistent and dedicated efforts, the STI brand remains true to its commitment: providing real-life education to Filipino youth and nurturing them to become competent and responsible members of the society.

STI ESG Network

The STI ESG network demonstrates its growing nationwide presence with 63 active schools spanning Luzon, Visayas, and Mindanao. This network comprises 60 STI-Branded Colleges and three STI-Branded Education Centers. Of these 63 schools, 36 college campuses and one education center are wholly-owned, and 24 college campuses and two education centers are operated by franchisees.

Capital Market Infrastructure

STI ESG listed its ₱3 Billion Series 7-year Bonds due 2024 and Series 10-year Bonds due 2027 on the Philippine Dealing and Exchange Corp. (PDEX) secondary market on March 23, 2017.

STI ESG’s ₱3.0 billion bond issue has been assigned by Philippine Rating Services Corporation (PhilRatings) an Issue Credit Rating of ‘PRS A plus’ with a Positive Outlook by PhilRatings in November 2024. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, this indicates that the obligor’s capacity to meet its financial commitments on the obligation is still strong. The “plus” further qualifies the assigned rating. A “Positive Outlook” indicates that there is a potential for the present credit rating to be upgraded in the next 12 months.

STI ESG’s ₱3.0 billion bond issue is the first tranche of its ₱5 billion fixed-rate bonds program under its 3-year shelf registration with the SEC, while the 3-year shelf registration ended on March 9, 2020. The Bonds carry 5.8085% and 6.3756% coupon rates for the 7-year and 10-year tenors, respectively. Interests are payable quarterly in arrears on June 23, September 23, December 23, and March 23, or the next business day if such dates fall on a non-banking day, of each year commencing on June 23, 2017 until and including the relevant maturity dates. The proceeds of the bonds have been fully utilized as at March 31, 2019.

On March 23, 2024, the 7-year fixed rate bonds with a principal amount of ₱2,180.0 million matured and was fully redeemed by STI ESG in accordance with terms of the Trust Agreement and the Supplemental Trust Agreement.

Enrollment and Graduates

In SY 2022-2023, STI ESG and its subsidiaries recorded an enrollment of 81,697 at the start of the school year. This figure subsequently demonstrated robust growth across succeeding school years: 103,982 registered students at the beginning of SY 2023-2024 and an impressive increase to 121,374 students at the start of SY 2024-2025.

The average retention rate for students per semester remained stable and strong at 99% from SY 2022-2023 through SY 2024-2025. Meanwhile, the average percentage of students who migrated to the succeeding semester was 93% in SY 2022-2023. Migration experienced a slight increase to 94% in SY 2022-2023 before returning to 93% in SY 2024-2025.

The composition of the total enrollment across program levels reflects consistent prioritization of degree programs. In SY 2022-2023 the enrollment mix was heavily concentrated in associate and baccalaureate degree programs at 70%. Senior high school accounted for 29%, while technical vocational programs represented the smallest segment at 1%. By SY 2023-2024, the share of associate and baccalaureate degree programs saw a slight reduction to 68%. Concurrently, the senior high school enrollment increased to 30% and the technical-vocational programs maintained a minimal presence at 2%. For SY 2024-2025, the focus on degree programs strengthened, with the associate and baccalaureate degree programs comprising 71% of the total enrollment. The high school segment slightly decreased to 27%, and the technical-vocational programs remained at 2%.

The Group sustained substantial graduate output across both tertiary and senior high school levels from SY 2022-2023 to SY 2024-2025. In SY 2022-2023, the institution produced 9,666 tertiary graduates across the first and second semesters, complemented by 9,996 senior high school graduates. For SY 2023-2024, the output trend demonstrated a shift in segment contribution as the tertiary graduates slightly dropped to 8,799, while the senior high school segment yielded 11,554 graduates. The number of graduates continued to show significant year-on-year growth in SY 2024-2025. The tertiary level recorded 12,615 graduates, and the senior high school output rose to 16,242 graduates. This consistent output demonstrates the institution's capacity to deliver graduates who are ready to enter the workforce or pursue higher education.

Tuition Fee Increases

The Group carefully managed its fee structure through measured adjustments. In SY 2022-2023, a 5% adjustment in tuition and other school fees was applied solely to incoming college students, while fees for senior high school students remained stable. This careful approach continued into SY 2023-2024, with an average adjustment of 5% applied to all college students, and senior high school fees again held constant. For SY 2024-2025, the tuition fee saw again an average of 5% adjustment for new students, while other school fees experienced a 5% adjustment for all new and old students, paired with a strategic recalibration to ensure that the financial framework remains optimized.

Financial Aid Programs

The Group continuously supports access to quality education for more Filipino youth by proactively partnering with banks and other financial institutions to offer various financial aid options to its students.

DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) STI ESG executed a memorandum of agreement (MOA) with the Development Bank of the Philippines (DBP) on March

17, 2021 for the implementation of the DBP RISE. The program offers financial assistance to deserving students from underprivileged Filipino families pursuing studies at DBP-accredited public and private tertiary schools. DBP RISE covers: (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program for SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. STI ESG and DBP executed similar MOAs in November 2021 and in May 2023 covering the implementation of DBP RISE for deserving students enrolled beginning SY 2021-2022, SY 2022-2023, and SY 2023-2024.

Pag-IBIG-STI Educational Assistance Program

STI ESG strengthened its partnership with Pag-IBIG Fund (Pag-IBIG) to ensure that students from economic backgrounds will receive quality education by granting a 10% partial scholarship on tuition fees (excluding miscellaneous and other school fees) in any STI campus nationwide starting SY 2024-2025. This benefit is extended to Pag-IBIG Loyalty and Loyalty Plus cardholders and their qualified dependents within the second degree of consanguinity and/or affinity.

Pag-IBIG Health and Education Loan Programs (Pag-IBIG HELPs)

The MOA for Pag-IBIG HELPs, a short-term educational loan program, was signed on December 13, 2023 with the implementation beginning in SY 2024-2025. As a partner school, STI ESG offers qualified Pag-IBIG members a 20% scholarship grant for their student beneficiaries. This grant is specifically based on the member's approved loanable amount.

New Programs/Majors and Revised Curricula

STI ESG consistently conducts market studies to identify and address the evolving requirements of the industry and the labor market for specific degree and technical-vocational programs. To maintain relevance, revisions to existing programs are implemented to meet identified needs and to comply with evolving government regulatory requirements. The streamlining of program curricula, driven by market demand and industry developments, dictates the rationalization of STI ESG's course offerings.

Consequently, in SY 2022-2023, one program was developed and select STI ESG campuses secured government permits for new offerings, including Junior High School, BS Psychology, and BS Criminology. This developmental process continued into SY 2023-2024, resulting in the creation of one additional program and the update of eight curricula. Furthermore, SY 2024-2025 saw the revision of the SHS curricula to ensure compliance with the latest DepEd memorandum.

Standardized Courseware

STI ESG develops comprehensive courseware to ensure the standardized delivery of academic content across the entire STI ESG network. This courseware comprises a complete set of teaching materials for instructors, including the syllabus which outlines the general course objectives, presentation slides, class handouts, and supplementary materials, along with accompanying instructors' guides. The guides specify objectives for each class session, define appropriate teaching methodologies, and detail how the materials provided should be utilized to achieve learning goals. These courseware materials are designed for use in both online and face-to-face learning modalities.

As of June 30, 2025, STI ESG has developed courseware for over 500 courses. New courseware materials are continually being developed as new courses and programs are introduced, while existing materials are regularly revised to keep pace with the latest developments in target industries.

In SY 2024-2025, the Group's output included the development of 53 new courseware materials and the revision of nine materials across key disciplines: Business and Management, Arts and Sciences, IT and Engineering, Tourism Management, Hospitality Management, and Criminology. Concurrently, one senior high school courseware material was updated and 22 new courseware materials were developed for junior high school.

These courseware materials integrate activities aimed at achieving the STI 4Cs (Character, Change adept, good Communicator, and Critical Thinker)—the essential skills and attitudes required by top global industries. Furthermore, STI ESG ensured that all updated courseware materials are suitable for the online modality and are Outcome-Based Education (OBE)-aligned, complete with necessary assessment tools, rubric, and performance tasks.

Learning Model

STI ESG implemented a transitional delivery modality in the first semester of SY 2022-2023. During this time, all professional and certain general education courses for tertiary students were delivered onsite, while remaining general education courses utilized a blended approach (50% onsite/face-to-face and 50% asynchronous). In compliance with CHED Memorandum Order No. 16 (November 11, 2022), which supports the progressive shift to full onsite learning, STI ESG successfully transitioned to full face-to-face classes for all tertiary enrollees starting in the second semester of SY 2022-2023. Similarly, all Senior High School (SHS) and Junior High School (JHS) classes have been conducted fully face-to-face since the commencement of SY 2022-2023. For SY 2023-2024 and SY 2024-2025, face-to-face instruction was carried out across all levels.

The Group supports its learning modalities through the proprietary electronic Learning Management System (eLMS), a world-class, cloud-based application utilized extensively since 2016. The eLMS is integral to managing and delivering educational courses, facilitating two-way interaction between teachers and students for collaboration, assignments, assessments, and progress tracking. It includes robust features such as wikis, forums, discussion groups, and a student portfolio system. Though the platform was essential during periods of remote learning, STI ESG continues to strategically leverage the eLMS following the return to full in-person instruction. It enhances the student experience by providing continuous digital access to courseware content, performance tasks, and digital resources, thereby reinforcing learning and ensuring educational continuity even during unforeseen physical classroom disruptions.

Learning Innovation

In its continuing pursuit of academic excellence, STI ESG has remained steadfast in enhancing its learning delivery through technological innovations and adaptive approaches. It recognizes that meaningful education requires the integration of tools and strategies that support both faculty and students, ensuring that learning is accessible, efficient, and relevant to present academic demands.

Building on the foundations of previous years, STI ESG expanded its suite of learning innovations in SY 2024-2025.

One of the key developments was the full deployment of the Standardized Periodical Examination (SPE) Checker, a system designed to ensure accuracy, efficiency, and consistency in the conduct of periodic examinations across campuses. The SPE Checker streamlined exam administration by automating the checking of test papers, standardizing results, and reducing manual errors. This innovation strengthened academic integrity while enabling faculty to provide prompt feedback to students.

Complementing this, STI ESG introduced specialized training initiatives in Ethical Hacking and Digital Forensics. These programs provided faculty and students with the competencies needed to address the increasing demand for cybersecurity expertise. Ethical Hacking training equipped participants with the skills to identify vulnerabilities in computer systems to strengthen defenses, while Digital Forensics focused on the collection, analysis, and preservation of digital evidence. Both areas are critical in today's digital economy, and their integration into the academic framework reflected STI's commitment to offering industry-relevant education.

In addition, Engineering Design and Computer-Aided Drafting (CAD) was introduced in the IT curriculum to enhance the technical competencies of students by introducing them to design principles and advanced drafting tools widely used in professional practice. By embedding Engineering Design and CAD into the curriculum, STI ESG provided students with hands-on experience in creating technical drawings and models, bridging theoretical knowledge with real world applications.

Through these measures, STI ESG reinforced its position as a forward-looking educational institution by fostering adaptability, technological competence, and academic excellence among its students and faculty. These innovations not only strengthened learning delivery but also laid a strong foundation for long-term improvement, ensuring that graduates are both academically prepared and professionally equipped to succeed in the modern workplace.

Standardized Periodical Examination

STI ESG's Academic Research Group (ARG) develops the Standardized Periodical Examinations (SPE), having introduced the STI Test Bank System in 2018. In SY 2022-2023, aligning with the ONE STI Learning Model, STI ESG administered practical SPEs, consisting of task performances and iLearn and Share (iLS) activities in place of the written exams. Following the full return to face-to-face instruction in SY 2023-2024, the Group developed and administered 834 and 828 exams for the first and second semesters, respectively. For the SY 2024-2025, the total output reached 946 exams, with 464 exams developed for the first semester and 482 exams for the second semester. This consistent output underscores ARG's role in ensuring standardized and updated assessment materials across the network.

Milestones

STI ESG remains steadfast in its commitment to strive for academic excellence that is directed towards the development of the institution and the improvement of the quality of its students and graduates.

Huawei 2024 Excellent Global Talent Alliance Partner

In Shanghai, China on September 18, 2024, STI College received the prestigious Huawei 2024 Excellent Global Talent Alliance Partner award during Huawei's Annual Global Partners' Night. This

recognition placed STI among only three institutions worldwide selected from over 2,000 partner schools, reflecting the institution's strong performance in ICT education. The award resulted from STI's extensive deployment of Huawei's learning platform across its network, along with the high engagement of both students and instructors, and the number of ICT certifications earned. Following the ceremony, STI participated in Huawei's ICT Academy Support Center (IASC) Roundtable where representative institutions and industry partners discussed enhancements to curriculum integration, instructor capacity development, and coordination of ICT competitions.

2025 Midterm Elections

STI College has reaffirmed its strong commitment to promoting a peaceful, clean, and orderly 2025 Midterm Elections through its enduring partnership with ABS-CBN. This commitment, which reflects STI's ardent efforts to nurture a better society, was formally solidified during a covenant signing event on January 14, 2025.

This latest collaboration continues a tradition that began with the 1998 national elections, driven by ABS-CBN's citizen journalism arm, Bayan Mo, iPatrol Mo (BMPM) and focused on promoting student civic involvement.

Together with BMPM, the Halalan Fact-Checking Workshop was held at STI College Ortigas-Cainta on March 11, 2025. The workshop addressed the pervasive issue of misinformation, equipping students with crucial skills to discern credible sources and identify manipulated content.

Following this foundational training, STI College Ortigas-Cainta hosted ABS-CBN News' Campus Patrol on April 25, 2025. The event featured seasoned Campus Patrollers Michael Delizo, Andrea Taguines, and Ganiel Krishnan, who co-hosted with STI's own students. Key insights were provided by ABS-CBN Head of Integrated News, Events, and Partnerships Irene Manotok, who spoke on the evolving nature of journalism, and senior ABS-CBN News reporter Victoria Tulad, who stressed the importance of accuracy over speed in multiplatform reporting. Manila Bulletin columnist Philip Cu Unjieng promoted informed voting, advocating for facts, peaceful elections, and respectful discourse, while meteorologist Ariel Rojas emphasized the critical evaluation of weather reports. The combination of the fact-checking workshop and the Campus Patrol event successfully empowered students with practical, hands-on experiences, fostering the development of informed, responsible, and engaged citizens.

Amadeus Travel Professional Developer Award

STI ESG was recognized as a Top Producer of Travel Pros by Amadeus, a leading global technology partner in the travel industry. The institution was bestowed the prestigious Travel Professional Developer Award on November 21, 2024, during a ceremony held at Okada Manila. The Travel Professional Developer Award is granted to a select group of educational institutions that demonstrate excellence in training future tourism industry leaders. STI College was one of only five institutions nationwide to receive this honor. This recognition affirms STI College's success as a consistent producer of Amadeus-certified students, effectively meeting the rising demand for highly skilled travel professionals. The commitment is rooted in a partnership established since 2010, ensuring students are equipped with the skills to utilize the Amadeus System for global travel services.

60th Anvil Awards

STI ESG secured recognition at the prestigious 60th Anvil Awards held at the Manila Hotel on January 28, 2025. The Anvil Awards, widely regarded as the "Oscars of PR" in the Philippines, are presented annually by the Public Relations Society of the Philippines (PRSP) to recognize exceptional public relations programs and tools.

STI ESG successfully brought home a Silver Anvil award for the entry, "STI Social Media Pages: Reaching and Guiding Students through Enriching and Innovative Content". This award, secured under the Public Relations (PR) Tools (Multimedia) category, underscores the crucial role STI's official social media platforms play in connecting with students. By consistently delivering innovative, engaging, and relevant content, these pages have become essential tools for fostering communication, sharing vital information, and building a supportive online community. This latest accolade adds to the institution's distinguished collection of Anvil trophies, which notably includes the coveted Grand Anvil Award—the country's highest recognition for a PR program—previously secured for the STI Mobile School initiative.

These achievements over the past year demonstrate STI ESG's unwavering dedication to institutional development and maintaining a high standard of educational quality. For further details on past awards or recognitions, previous 17A reports can be viewed on www.sti.edu.

Faculty Achievements

Academic Research

Faculty members actively engaged in scholarly research, presenting innovative studies across diverse disciplines.

April Ann B. Cayabyab from STI College Dagupan presented her research entitled "Milkfish Demand and Supply Imbalances in Magsaysay Fish Market, Dagupan City" on December 21, 2024. The study provided insights into the dynamics of consignment owners and vendors, highlighting the factors behind recurring supply and demand challenges in the local market.

From STI College San Jose, Steven S. Cristobal served as a resource speaker on March 12, 2025 at the Senior High School Career Festival of Doña Juana Chioco National High School. His presentation "Digital Literacy for the Workplace: Essential Skills for Career Success" emphasized online communication, cybersecurity basics, productivity tools, and collaboration platforms vital for professional readiness.

Dr. Donny C. Calaunan from STI College Baguio presented his study "Love and Enterprise: Navigating the Highs and Lows of Married Business Partnerships" at the 2025 International Multi-Disciplinary Research Conference in Baguio City. His study explored the dynamics of business ventures managed by married couples.

From STI College Meycauayan, Wilson Figueroa defended his dissertation, "Stakeholders' Satisfaction on the Services Offered by a Sampled Private School: Basis for a Proposed Training Plan," on July 6, 2024 at Pacific Intercontinental College. The study formed part of his Doctor of Philosophy in Leadership and Management, focusing on evidence-based strategies to improve school services.

At STI College Las Piñas, Richiel E. Cotejar's research on "Senior High School Learners' Difficulties in Statistics and Probability" was published in the International Multidisciplinary Journal of Research for Innovation, Sustainability and Excellence (IMJRISSE) on May 14, 2025. The study identified key academic challenges encountered by learners and proposed instructional interventions in areas like content knowledge, pedagogy, and teacher competence. Meanwhile, Norfaisah Didato authored "Development of Board Game 'S.F.Y: Spark, Forge, and Yield!' in Learning Work, Power, and Energy on Grade 8 Students." Published in the International Journal of Research and Innovation in Social Science (IJRISS), the study demonstrated how gamification significantly improved student performance in physics.

On April 15, 2025, John Ralph Reyes from STI College Sta. Mesa presented "Emergency Response and Preparedness on Risk, Disaster, and Humanitarian Communication" at Jose Rizal University. The lecture reinforced the role of preparedness and communication in ensuring safety and coordinated action during crises.

Faculty members from STI College Muñoz-EDSA, Eddie Wilson Broqueza, Devie Patricio, Anthony Molacruz, and Joshua Rhey Oliveros presented their research "Teachers' Readiness in Integrating AI into Classroom Instruction" at the International Congress of Innovation-Based Educators and Research on March 15–16, 2025. The study examines teachers' attitudes, concerns, and readiness to deploy AI in classroom teaching for teachers at STI College Muñoz-EDSA. The study likewise suggests that effective AI integration in education requires clear policies, ethical guidelines, and teacher training to enhance learning while preventing academic dishonesty. Additionally, Miguel Jerome N. Silverio presented his thesis "Web-based Payroll System with Fingerprint Authentication and Biometrics Integration for EN Barong Filipino" at the Philippine Christian University on May 4, 2025. The study introduced innovative methods for secure payroll management.

From STI College Novaliches, Mark Andrew Almazar presented his study "Skincare Products of Gen Z Males: Basis for Development Plan" at the National College Business and Arts on October 26, 2024. His research, which aimed to develop a business plan, sought to defy the stigma that skincare is linked solely to femininity. Similarly, Rizalino Maganis presented "Improving Academic Performance of Third-Year College Students in Baking and Pastry Arts Through Hands-On Activities" at Universidad de Dagupan on May 8, 2025, highlighting the value of experiential learning.

At STI College Ortigas-Cainta, Ana Carmela Pakiding delivered two major research outputs: her dissertation, "Assessing the Effectiveness of Gamified Crime Scene Simulator for PCCR Students," and her study "Protective Measures in Violence Against Women and Children in Taytay, Rizal." The latter was presented at the 15th Asian Criminological Society Conference on August 8, 2024. The dissertation explores the use of a gamified crime scene simulator to enhance learning for criminology students, and measures the impact on student performance, engagement, and understanding of crime scene investigation. On the other hand, the study evaluated the protective measures for victims of violence against women and children. Furthermore, Noemi Umali presented her study "Assessment on the Operations Management of STI College Ortigas-Cainta" at the University of Rizal System on November 11, 2024. The study assessed internal and external institutional factors influencing operational management and aimed to identify areas for improvement. Meanwhile, Suzette Melu presented "Establishment of Stitches and Sew Tailoring and Dress Shop in Mahabang Parang, Angono, Rizal" at the University of Rizal System on May 8, 2025. The feasibility study proposed a sustainable tailoring business model.

In STI College Cotabato, Dr. Alfred Taboada and Dr. Harold Fernandez presented their research at the 2nd International Conference on Multicultural Education and Interdisciplinary Studies held on

April 23–25, 2025. Dr. Taboada’s work “Inter-Ethnic Dialogue and Peace Education: An Integrative Approach for Social Transformation” focused on intercultural understanding and conflict resolution, while Dr. Fernandez presented “Green Marketing Orientations Toward Sustainability of Marketing Firms in Region XII, Philippines,” highlighting green marketing practices that strengthen long-term business sustainability.

From STI College Baliuag, Melissa Lara Aquino presented “Mediation Analysis of Customers’ Amazement between Quality and Behavioral Intention: The Case of Coffee Shops in Bulacan” at Taylor’s University in Malaysia on November 22, 2024. The study explores how a coffee shop’s product quality, service, and physical environment influences customer behavioral intentions.

International and Local Conferences

Faculty members actively participated in local and international conferences gaining exposure to new knowledge, industry best practices, and emerging academic trends.

At STI College Tagum, Allimar M. Nuevo represented the campus in multiple key conferences. He attended the COHREP-XI 14th Faculty Conference on April 25, 2025 at Lyceum of the Philippines, Davao City, which carried the theme “Future-Ready Events: Advancing MICE Excellence Through Education and Innovation.” The event gathered faculty members from higher education institutions specializing in hospitality and events management, focusing on building globally competitive MICE (Meetings, Incentives, Conferences, and Exhibitions) professionals. He further participated in the CHED RO XI Program Monitoring Systems Workshop on April 29, 2025, hosted at Holy Cross of Davao College, which aimed to ensure compliance and quality assurance mechanisms among HEIs. In addition, he joined the Empowering HEIs through Quality Management Systems Program on July 30, 2024 at the Grand Regal Hotel, Davao City, which emphasized institutional accreditation and alignment with the Philippine Qualifications Framework.

Still from STI College Tagum, Paula Ellaine Reginio-Bercero attended seminar-workshops on August 9, 2024 focused on “From Overwhelmed to Empowered: Navigating the Stress Storm” and “The Power of Teamwork: Enhancing Collaboration for Success.” The sessions provided practical strategies for stress management, resilience-building, and collaborative teaching practices. Similarly, Jemuel D. Castroverde completed the Capacity Development Training in Events Management on November 15, 2024 at the DavNor Sports and Tourism Complex. This intensive program equipped faculty members with practical tools for designing and managing large-scale tourism and hospitality events.

Jamie Clark R. Sellado, also from STI College Tagum, demonstrated strong commitment to professional development by attending three major conferences. He participated in the 15th PAFTE Midyear Convention held on May 22-23, 2025, which focused on “Leveraging Artificial Intelligence for Enhanced Efficiency and Effectiveness in Curriculum, Instruction, Research, and School Management.” This convention, organized by the Philippine Association for Teachers and Educators, provided faculty members with AI integration strategies for teaching and learning. He also joined the International Webinar on Technical-Vocational Education 2.0 on October 3, 2024 at City College of Davao, which explored global perspectives on skills-based education. Furthermore, he participated in the 1st Teacher Education Students’ Summit 2025: Sustainability in Practice on April 24, 2025, held at the New City Hall Atrium, Tagum City. The summit emphasized experiential learning and sustainability in teacher training programs.

Lastly, Angelica Mae M. Baldo, from STI College Tagum, broadened her academic perspective by attending a Cultural Studies Training Course hosted by Hai English Training and Assessment Awards on September 23, 2024. The program enhanced her expertise in cultural awareness and global communication—critical competencies for hospitality and tourism professionals.

On the other hand, the annual SAP Academic Community Conference APJ (Asia Pacific Japan) was held from July 8 to 12, 2024, in Da Nang, Vietnam. This significant event was co-hosted by SAP University Alliances and brought together 150 participants from 15 countries, including STI ESG's Academic Content Developer, Lorennz Piñon. University lecturers and experts shared their knowledge to promote the integration of SAP technologies into educational settings, incorporate cutting-edge advancements into curricula, and leverage blended learning resources for enhanced classroom engagement. The central focus remains on SAP S/4HANA, an enterprise resource planning (ERP) system transforming business processes with intelligent automation. This system is integrated across several STI ESG courses, including Systems Integration (BSIT), Accounting Information System (BSA/BSMA/BSAIS), Inventory Management (BSBA), and Supply Chain Management (BSRTCS). Through consistent engagement, STI ESG and SAP continue to strengthen their partnership in fostering SAP-ready students.

Certifications

Faculty members across STI campuses earned professional certifications, enhancing academic credentials and industry relevance.

Faculty members of STI College Tagum demonstrated strong commitment to professional growth through multiple certifications. Jamie Clark R. Sellado earned two national certifications under TESDA, namely Food and Beverage Services NC II (issued on September 18, 2025) and Cookery NC II (issued on January 16, 2025), both under the Philippine TVET Competency Assessment and Certification System. His achievements highlight enhanced technical expertise in the hospitality and culinary fields. Meanwhile, Johnferl C. Doquilo was awarded the Certified Research Specialist (CRS™) credential on August 24, 2024 by the Visionary Research Association, Inc., recognizing his proficiency in research design, statistical analysis, and ethical practices. In addition, Academic Head Allimar M. Nuevo successfully completed TESDA certifications in Housekeeping NC III (issued on May 2, 2025) and Housekeeping NC II, where he also earned accreditation as a Competency Assessor on January 24, 2025. These certifications collectively affirm Tagum's faculty strength in research, hospitality, and vocational training.

At STI College Muñoz–EDSA, faculty members likewise expanded their qualifications through certifications. Devie Patricio successfully qualified as NCR Trainer for DESO-TSS after passing rigorous examinations and pre-qualification requirements. This enabled her to serve as a trainer for selected Quezon City and Manila districts in partnership with CHED-NCR and COMELEC. In addition, several faculty members—namely Maria Janine Macion, Maricel Timoteo, Bryce Layugan, Ricka Leonardo, Bianca Macase, and Jhemar Vistro—successfully passed the Licensure Examination for Teachers (LET) administered in September 2024 and March 2025, strengthening the teaching credentials of the institution.

The faculty of STI College Baguio distinguished themselves in both hospitality and technical certifications. Chef Ronald U. Ferman was conferred the professional designation of Certified Hospitality Professional on April 4, 2025 by the Institute of Tourism and Hospitality Professionals, recognizing his excellence in the culinary and hospitality industries. Similarly, Edrian S. Llauderer achieved distinction by obtaining both TESDA National Certificates in Food Production (Professional

Cookery) NC III and NC IV on October 14–18, 2024 in Baguio City. Notably, he became the first and only TVET Trainer in Region XII to hold both qualifications, establishing a strong leadership benchmark in technical-vocational education.

Faculty members of STI College General Santos attained certification milestones in the field of research. Dr. Ann Gilyn B. Premarion, Glenna N. Arias, Remuel T. Octavio, and Jona I. Claudio earned the Certified Research Specialist (CRS™) designation after passing the Visionary Research Association, Inc. Certification Exam on November 10, 2024. This recognition demonstrates the institution's growing expertise in research methodology, data analysis, and ethical academic practices.

In STI College Novaliches, faculty certifications reflected both technical and professional competencies. John Lerry Celestino, Janella Rodeneas, Girlyn Robediso, and Alyanna Viray successfully obtained NC III in Events Management Services, equipping them with specialized skills in planning, organizing, and executing professional events. Meanwhile, faculty members Karisse Condino, Jhun Rey Jotojot, and Emilie Carmona passed the Licensure Examination for Teachers (LET) conducted in September 2024 and March 2025, further enhancing the academic credentials of the institution.

STI College Ortigas–Cainta strengthened its teaching force through successful licensure outcomes. A group of faculty members—Julian Antonio Sison, Joseph Saba, Johanna Marie Gerada, Anjanneth Sibál, Osama Sembrano, Matthew Velasco, James Nicholas Mira, Stephany Muñoz, Marc JV Gamer, and Bryan Kio Fukuoka—passed the Licensure Examination for Teachers (LET) held in September 2024 and March 2025. This milestone reflects the school's commitment to ensuring faculty members possess the necessary qualifications to deliver high-quality education.

At STI College Baliuag, four faculty members successfully passed the Licensure Examination for Teachers (LET) conducted in March 2025. These faculty members—Cipriano Sagum, Jesica David, Gerita Balansag, and Regine Victoria—demonstrated academic competence and professional readiness in support of the school's educational standards.

Faculty members of STI College Puerto Princesa also achieved important professional credentials. Mea Ann Diaz, Jacqueline Sadang, and Angel Heart Villareal successfully passed the Licensure Examination for Teachers (LET) administered in September 2024 and March 2025. Their success further enhances the instructional capacity and credibility of the campus.

Student Achievements

STI students across various campuses continued to demonstrate excellence beyond the classroom, earning recognition in numerous external academic, cultural, and athletic competitions. Their achievements underscore the institution's commitment to nurturing talent, fostering innovation, and instilling confidence among learners to excel in diverse fields.

At STI College Meycauayan, students excelled in city- and division-wide competitions. Representing the campus in the Division Level Mathematics Competition 2025, Leo Antonio Policarpio showcased outstanding academic performance. Similarly, Grezel Joy Rizaldo and other representatives of the school made a mark at the Meycauayan City Private School Association (MEYCIPRISA) events, particularly in declamation and related contests. Students also participated with distinction in the Festival of Talents 2025, where they reinforced the campus' reputation for strong academic engagement at the division level.

From STI College Naga, student-athletes and participants actively joined regional and city-level tournaments. They competed in BUCAL Season 6 at both the senior and junior divisions, demonstrating the campus' strength in athletic competitions. Furthermore, they represented the institution in Lakaw Dalagan Para sa Atletang Nagauño 2024, a sports and fitness initiative organized by the Department of Education, which highlighted their involvement in community driven athletic programs.

At STI College Novaliches, students displayed strong academic and entrepreneurial aptitude. They competed in the ISAAL Philippines Spelling Challenge and the Science Quiz Bee, both interschool competitions under the Interschool Academic and Athletic League. In addition, several student groups participated in the Start-Up QC Student Competition organized by the Quezon City Government, where five groups from the campus advanced as finalists, reflecting the entrepreneurial mindset of STI students.

STI College Ormoc achieved massive success: the contingent won Grand Champion at the Kananga Kaanyag Festival 2025, where STEM student Ashley Marie L. Rojas was also crowned Festival Queen 2025 on June 15, 2025. Professionally, BS Tourism Management graduate Jefferson Roi M. Barabad ranked Top 6 nationwide in the Civil Service Examination (CSE-PPT) Subprofessional Level. Academically, the campus was a Top 10 Finalist in the BYTE FORWARD HACKATHON Visayas Leg 2025.

In STI College Ortigas-Cainta, students distinguished themselves in creative and culinary arts. Their entry to the Metro Manila Film Festival (MMFF) Student Short Film Competition was recognized among the Top 10 films, showcasing their storytelling and filmmaking skills. Culinary students also excelled in the Culinary Cup: Vegan Cuisine Competition organized by the LTB Chefs Association of the Philippines, where they emerged as champions. Additionally, at the National Food Showdown: Mocktail Mixing Competition in Batangas, STI students earned the silver award, further establishing their edge in the hospitality and culinary arts.

Representatives of STI College Pasay-EDSA triumphed in the Easy Signature Beverage Creativity Battle, a prestigious interschool competition. They secured the title of Grand Winner while another team achieved finalist status, proving the campus' expertise in beverage innovation and hospitality training.

At STI College Puerto Princesa, students brought pride to the campus through excellence in both technology and tourism competitions. They ranked among the Top 10 Outstanding Tourism Students of Puerto Princesa in recognition of their academic and leadership credentials. Their team also secured fourth place in the Regional HackforGov Competition organized by the DICT MIMAROPA, affirming their technical competence in information and communications technology. In addition, the campus team placed fourth in the Tourism Quiz Bee organized by the Department of Tourism, proving the versatility of their skills across different disciplines.

From STI College San Jose del Monte, students actively participated in sports and interschool competitions. They represented the institution at the Bulacan University and Colleges Athletic Association (BUCAA), the CSANPRISA sports meet, and the STI Sports Cup 2025, where they emerged as Cluster 2 champions. Their collective achievements demonstrated the athletic spirit and teamwork cultivated within the campus.

STI College San Jose students showcased strong competence in intellectual and creative pursuits, participating in the Nueva Ecija Collegiate Sports League and the CADAC Quiz Bee 2024.

At STI College San Pablo, students distinguished themselves in both academic and cultural events. They qualified for the regional round of the Statistics Quiz organized by the Philippine Statistics Authority, further enhancing the school's academic profile. On the cultural stage, their representatives earned accolades in local pageantry, with a student securing second runner-up in Lakan ng Alaminos 2024 and another student winning the title of Mutya ng Alaminos 2024.

From STI College Sta. Cruz, students exhibited talent in academics, the arts, and cultural representation. They joined Ingenium 2025: National Inter-SHS STEM Convention hosted by the UPLB Engineering Society, where they placed third in the CAD Clash competition and fourth in poster-making. On the cultural front, their representatives earned first runner-up at Bb. Sta. Cruz 2025 and secured the titleholder award in the Ginoo at Bb. Pagsanjan 2024, highlighting their versatility beyond academics.

The students of STI College Surigao made their marks in both academic and athletic arenas. They competed in the Mayor's Cup 2025 where their representative finished as second runner-up in the chess category, alongside active participation in the volleyball competition. Furthermore, at the ICpEP Regional Convention and Student Congress, their team finished as first runner-up in the Python Programming contest, showcasing their technical skills in computing.

At STI College Tanauan, culinary students achieved significant recognition at the 15th National Food Showdown held at the University of Batangas. They secured multiple awards, including silver, bronze, and diploma recognitions across various categories, demonstrating their advanced skills and creativity in culinary arts.

In STI College Tanay, student representatives participated in competitions that blended academic and cultural expression. They joined the 28th Philippine Statistics Quiz Rizal Provincial Elimination and performed strongly in local cultural pageants, where campus representatives earned winner and runner-up placements in Binibining Tanay 2024. Their entry in the 14th Hane Festival Cooking Contest also earned the Best Team Leader award, highlighting their skills in both culinary innovation and leadership.

From STI College Valencia, students showcased leadership and technical engagement in multiple events. They organized and participated in a large-scale MICE (Meetings, Incentives, Conferences, and Exhibitions) event as part of their academic discipline and further collaborated with Alpha Company and the 89th Infantry Battalion in a massive awareness campaign. Additionally, they took part in the Valencia ICT Fair 2025 hosted by the local government unit, contributing to discussions on technology and community engagement.

Finally, at STI College Vigan, students excelled in academic and innovation-focused competitions. They emerged as champions in the SILLAG Start-Up Summit and Hackathon organized by the University of Northern Philippines in partnership with DICT and DTI. Their victories extended to cultural contests during the Vigan City Tourism Week Celebration, where they secured first place in the quiz bee and third place in extemporaneous speaking. These achievements reflected their balanced excellence in both technology-driven and communication-based competitions. Across all these campuses, STI students demonstrated remarkable achievements in academic, cultural, and athletic engagements. Their consistent success reaffirms the institution's vision of developing globally competitive, well-rounded individuals who thrive in diverse fields beyond the classroom. For the list of achievements in previous years, please visit www.sti.edu for prior years' 17A reports.

Faculty Development and Certification

STI ESG provides its faculty members with development programs structured as a system of services, opportunities, and projects designed to help them acquire the competencies necessary to perform their respective functions effectively.

The primary initiative is the Courseware-based training (CBT) program, which aims to improve teaching methodologies and content knowledge for specific courses. These training programs are held during semester and summer breaks and are open to all faculty members from both wholly owned and franchised schools. The specific training courses offered each year are determined by the results of needs assessments conducted among faculty members across the entire STI ESG network.

Faculty Training

The Ready to Teach program for SY 2024-2025 served as a biannual faculty orientation designed to prepare Senior High School and Tertiary faculty members for the academic year. The first term session, held on August 8, 2024, has 1,269 participants and covered the SPE exam checker and grading system, classroom management tips, teacher ethics, and managing student behavior. The second term session, conducted on January 6, 2025, had 795 participants and focused on classroom management, understanding the SPE, and forming the formators. These sessions aimed to strengthen teaching practices and foster a culture of professionalism and mentorship among faculty.

STI ESG also executed several focused training sessions to enhance faculty proficiency in specialized subject areas and industry tools:

The training entitled *Unlocking the Potential of STEM Education* was designed to enhance the proficiency of senior high school science teachers in laboratory techniques, enabling them to confidently and effectively facilitate hands-on learning experiences in STEM subjects. It was conducted onsite on July 25-26, 2024, with 39 STEM faculty members in attendance. The training was organized in partnership with CISTEM and featured external speakers from UP NISMED.

The *Front Office Operations Faculty Training* aimed to equip participants with the necessary competencies to effectively handle the Hotel Front Office Operations Management and Front Office Principles and Procedures courses for the BSHM/HRA programs, while also integrating industry updates and trends. This was conducted onsite on July 29-30, 2024, with 36 Hotel Management faculty members. The sessions were facilitated with the expertise of external speakers from New Coast Hotel Manila.

The *Housekeeping Operations Faculty Training* provided participants with the necessary competencies to teach courses such as Fundamentals in Lodging Operations and Introduction to Hotel Operations for the BSCM, BSHM, and HRA programs, while incorporating current industry practices. The training took place onsite on July 31-August 1, 2024, with 39 Hospitality Management faculty members, and was enriched by the insights of external speakers from Coro Hotel Makati.

The *Amadeus Faculty Training* was conducted to develop faculty competence in the use of the Amadeus Basic Reservation software, which is integrated into the Applied Business Tools and Technologies in Tourism course. Held online on July 31, 2024, the training was attended by 26 Tourism faculty members, with an external expert from Amadeus serving as the resource speaker. The SAP S/4HANA (IT) Faculty Training supported the integration of SAP S/4HANA into IT courses and provided participants with the skills necessary to effectively manage the Advanced Systems Integration and

Architecture course for the BSIT program. Conducted online from July 31 to August 2, 2024, the program engaged 15 IT faculty members. It was organized in partnership with the SAP University Alliances Program and featured an internal certified trainer, Mr. Lorenz Piñon.

The *BSA Workshop* was designed to assist participants in aligning academic and professional requirements for accountancy education. Conducted onsite on August 1-2, 2024, the training was attended by 16 BSA faculty members, with resource persons invited from industry partners to provide specialized expertise.

The *Netsynch (eZee PMS and POS) Faculty Training* enabled participants to gain proficiency in using the eZee Property Management System and Point of Sale software, which are integrated into the Hotel and Restaurant Administration curriculum. This training was conducted online from August 5-9, 2024, and was attended by 17 Hospitality Management faculty members.

The *Culinary Arts Faculty Training* was organized to equip educators with the competencies necessary to teach advanced culinary courses. Conducted onsite in two batches on August 5-6 and August 7-8, 2024, the training was participated in by culinary faculty members, with insights shared by distinguished chefs and industry practitioners.

The *Robot Assembly and Programming Faculty Training* provided participants with hands-on experience in robotics, enhancing their ability to teach related courses in the Computer Engineering program. Conducted onsite on August 5-7, 2024, the program engaged nine Computer Engineering faculty members.

The *2D Animation Faculty Training* developed faculty competencies in animation by introducing techniques and tools aligned with industry practices. The training was held onsite on August 7-9, 2024, with 13 Multimedia Arts faculty members participating.

The *Tour Planning, Packaging, and Pricing Faculty Training* aimed to strengthen faculty capacity to teach tourism planning and business-related courses. Conducted online on January 8-9, 2025, the training gathered 55 Tourism faculty members.

The *Food and Beverage Services Faculty Training* enhanced the instructional skills of participants in teaching bar and restaurant management courses. This program was conducted onsite on January 13-15, 2025, with a total of 38 Hospitality Management faculty members participating.

The *SAP S/4HANA (Accountancy/Business Management) Faculty Training* supported the integration of enterprise resource planning systems in accountancy and business management courses. Conducted online on January 15-17, 2025, the training was attended by 22 faculty members from these disciplines.

The *3D Animation with Autodesk Maya Faculty Training* strengthened faculty competence in advanced 3D animation practices. Conducted onsite on January 16-17, 2025, the training was participated in by 11 Multimedia Arts faculty members.

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In alignment with the commitment to holistic student development, STI ESG also ensures that faculty and personnel are adequately trained to support the mental and emotional well-being of the student body. The following section details specialized training programs administered to guidance and academic personnel to enhance their capacity as mental health gatekeepers and resource providers. To enhance professional competency, STI ESG collaborated with PhilCare and Empath to conduct an onsite training program for its guidance personnel on July 12-13, 2023. This initiative equipped 54 participants with necessary skills for providing social emotional support to students, specifically focusing on gender sensitivity and suicide awareness and prevention. Trainees were also oriented on utilizing the Mindscapes platform, which allows identified students with mental health concerns to access licensed mental health professionals. For students requiring more intensive intervention, the institution maintains a referral system, resulting in 184 student referrals during SY 2024–2025.

Meanwhile, in partnership with the UNILAB Foundation, through its mental health and wellbeing pillar Heads Up PH, STI ESG successfully conducted the RACE Against Suicide Training of Trainers on December 19-20, 2023, at the STI Academic Center Ortigas-Cainta. The RACE Against Suicide Training, an evidence-based mental health intervention program, equips the educators and school personnel—who play a vital role in student holistic development—with the skills and knowledge necessary to identify and address warning signs of suicide among students. The program's structure maximizes its reach: first, registered guidance counselors and licensed psychometricians from various STI College campuses received expert instruction from Dr. Sophia Mendoza, RGC, Rpm in the Training of Trainers phase. Second, the most noteworthy aspect is its ripple effect, aiming to equip teaching and non-teaching staff with mental health first aid skills; this Gatekeeper Training Roll-out continues for new Guidance Personnel, facilitated by Ms. Michelle Christine Magsumbol, RGC and Ms. Ayda Angelica Alandy.

This initiative places a strong emphasis on empowering staff across the academe to contribute to student holistic well-being. As of June 26, 2024, the institution successfully rolled out the training to 12 campuses, training a total of 627 faculty and staff members. With training continued through SY 2024–2025, STI ESG completed the training roll-out to 51 local schools. To date, the network comprises 719 gatekeepers, bringing the total number of trained gatekeepers from the start of the partnership in November 2023 to 1,386. The collaboration between STI ESG and Unilab Foundation reflects a united, proactive approach to tackling mental health challenges in schools.

Details regarding faculty training initiatives conducted in prior school years can be accessed by reviewing the previous 17A reports available on www.sti.edu.

Faculty Certification

STI ESG administers the Faculty Competency Certification (FCC) program, a formalized process designed to evaluate a faculty member's knowledge of a particular course. The FCC specifically ascertains that the faculty member possesses the minimum level of competence required to teach the assigned course material. Certification requirements are comprehensive and include successfully passing a comprehensive certification exam specific to each course, along with garnering above average faculty evaluation ratings derived from superiors, peers, and students. Consequently, faculty members who successfully pass the certification exams are subsequently issued the corresponding course certificates.

In SY 2022-2023, a total of 3,896 FCCs were granted, with 11,637 certificates released overall. This commitment to certification expanded in SY 2023-2024, which registered 4,582 certified faculty

members and saw 12,842 certificates released. The growth continued into SY 2024-2025, achieving 4,742 certified faculty members and a total release of 15,290 certificates.

Student Development

STI ESG upholds the belief that education extends beyond the classroom. In pursuit of developing well-rounded graduates equipped to reach their full potential, the institution provides students with numerous academic, co-curricular, and extra-curricular opportunities. These activities enable learners to explore their interests, showcase their skills, and prepare for both professional and personal success.

iLearn and Share

The iLearn and Share (iLS) program is an exhibition of performance tasks where senior high school students are evaluated based on their projects and demonstrations. It allows students to apply classroom knowledge to practical scenarios, highlighting their ability to translate theory into practice.

In SY 2022–2023, SY 2023–2024, and SY 2024-2025, the SHS Expo was conducted as an in-campus activity. Open to both the local community and industry partners, the exhibitions featured booths where students showcased their final projects. Notable examples include students from STI College Carmona who developed a voice recognition device for operating indoor lighting and fixtures, and students from STI College Calamba who created a tourism application that functioned like Google Maps but with enhanced details on local attractions, earning recognition from the Department of Tourism.

College Fair and Symposium

The College Fair and Symposium serve as a platform for graduating college students to present their research outputs and projects to peers, faculty, and industry representatives. Conducted on-campus beginning SY 2022–2023, students from various programs have consistently presented their outputs to an audience that includes faculty mentors, fellow students, and professionals from partner industries, strengthening academic-industry linkages and promoting knowledge exchange.

Career Planning Program

The Career Planning Program (CPP) is a six-stage program that guides senior high school students in exploring career pathways and making informed academic and professional decisions. Following the resumption of in-person sessions, the program demonstrated strong student engagement. A total of 9,497 students participated in CPP during SY 2022-2023, followed by 6,662 students in SY 2023-2024. Participation significantly rebounded in SY 2024-2025, engaging 11,340 students. The program remains committed to providing personalized career guidance, ensuring all students are thoroughly equipped with the necessary tools to strategically plan their future.

Guidance Service

The Guidance Service was initially established as a standardized, online avenue accessible via the Campus Helpdesk site, allowing students to schedule appointments with their school's guidance personnel. Launched during SY 2022-2023, this digital service processed 890 campus helpdesk

tickets across 28 schools, underscoring the necessity of providing professional assistance to students coping with overwhelming situations.

The service subsequently transitioned in SY 2023-2024 to primarily utilize face-to-face sessions, reflecting student preference for in-person consultations. During this academic year, guidance offices across 63 STI campuses logged a total of 11,475 sessions with stakeholders. This engagement continued to expand significantly in SY 2024-2025, which registered 20,538 stakeholder concerns. In addition to one-on-one sessions, guidance offices logged 440 information services, which included campus-led activities, orientations, and webinars. At the network level, the Head Office organized five webinars to extend support and provide unified guidance across campuses. Topics covered career development and employment readiness, peer support and leadership training, mental health and well-being, safety and crisis preparedness, student competitions and talent development, and gender inclusion and social awareness.

Parallel to student-centered initiatives, STI ESG also prioritized capacity building for its guidance personnel. Training programs focused on developing comprehensive campus-based guidance frameworks, addressing both common and emerging student concerns, and establishing effective suicide prevention and postvention protocols. Additional sessions emphasized recognizing signs of trauma and providing appropriate interventions, as well as adopting coping strategies to manage stress and enhance the overall well-being of guidance practitioners themselves.

Talent Search

The Talent Search, one of STI's most anticipated competitions, returned in SY 2022–2023, showcasing the artistic abilities of students nationwide. From singers and musicians to dancers and models, students competed in regional eliminations before advancing to the national stage. Signature competitions such as STI Singing Idol, Battle of the Bands, Hataw Sayaw Dance Contest, and the search for Mr. and Ms. STI have consistently drawn thousands of participants. Since 2016, the event has been streamed live on STI's official Facebook page, widening its reach. In SY 2023-2024 and SY 2024-2025, the National Finals were held at Enchanted Kingdom in Sta. Rosa, Laguna, where 116 finalists and 117 finalists emerged, respectively.

Tagisan ng Talino (TNT)

Tagisan ng Talino is STI's annual academic competition that challenges students in areas such as impromptu speech, essay writing, mobile app development, culinary arts, flairtending, tour guiding, and general knowledge. Through its continuous evolution, the competition ensures alignment with academic standards and industry practices. A total of 120 contestants advanced to the national for both SY 2023-2024 and SY 2024-2025.

Tagisan ng Sining (TNS)

Tagisan ng Sining is an annual event celebrating student creativity and originality through competitions in photography and music video production. This event recognized emerging talents across the STI network. Student participation remains robust: in SY 2023–2024, 236 contestants advanced to the national screening phase, and the strong engagement continued in SY 2024-2025 with 228 contestants advancing to the national level.

Sports Cup

Introduced in SY 2024–2025, the STI Sports Cup is a network-wide competition designed to foster athleticism, teamwork, and resilience among students. It featured two major tournaments: the National Basketball Tournament (NBT) and the National Volleyball League (NVL). Both events were held at STI College Ortigas–Cainta. The NVL took place on June 18–20, 2025 with 57 participating students, followed by the NBT on June 25-27, 2025 with 68 students.

Esports Cup

Also launched in SY 2024–2025, the STI Esports Cup provided students with an opportunity to showcase their gaming skills and teamwork in a competitive but educational environment. Featuring tournaments in Mobile Legends: Bang Bang (MLBB) and Valorant, the competition was conducted virtually, with the national finals livestreamed on STI's official Facebook page. The nationals, held on July 9-10, 2025, witnessed 51 players competing in MLBB and 54 players in Valorant. The Esports Cup reinforced STI's commitment to providing platforms that reflect the evolving interests of its students.

Post-Graduation Report

The STI Alumni and Placement Services (STI APS) department, through the respective STI School's Alumni and Placement Office, surveys the graduates to track employment rate. Based on the most recent reports, around 67% of our surveyed graduates are employed within six months after they graduate.

Interactive Career Assistance and Recruitment System (I-CARES)

As part of the job placement assistance of STI, the STI APS institutionalizes local and international partnerships to effectively increase the employability of graduates through the Interactive Career Assistance and Recruitment System.

The I-CARES platform is an exclusive job search system designed for STI graduates that facilitates the efficient dissemination of placement opportunities from STI's partner companies. The system enables partners of STI ESG to post job openings and request lists of qualified STI graduates at no cost, primarily through the I-CARES website (www.i-cares.com). The network of partner companies actively utilizing I-CARES has demonstrated consistent growth: registered member partner companies totaled 447 in SY 2022-2023, increased to 512 in SY 2023-2024, and further expanded to 532 in SY 2024-2025.

STI APS strategically utilizes various initiatives and platforms to prepare students and link them with career opportunities. The initial program, the STI Virtual Career Fair 2021, was an industry academe collaboration held exclusively for STI. This event served as both a webinar and virtual recruitment activity, aiming to inform graduating students and alumni about new recruitment practices and link them to job opportunities amid changing employment landscapes.

For SY 2022-2023, the National Job Placement Month (NJPM) was relaunched as the National Career Fest. Schools nationwide conducted the program as an onsite career fair held from April to June. Concurrently, STI APS hosted eight virtual career fairs, drawing 2,763 student participants from various programs nationwide.

In the subsequent school year, SY 2023-2024, the National Career Fest saw 6,134 students participate. Complementing the onsite activities, five virtual career fairs were conducted from May to June 2024, with 1,097 student participants nationwide. The momentum continued into SY 2024-2025, which registered a significant increase in online engagement, with five virtual career fairs held from April to June 2025 and an attendance of 8,527 students.

STI Distinguished Alumni Awards

STI ESG launched the STI Distinguished Alumni Awards (STIDAA) in 2014 to honor, award, and recognize alumni of STI campuses who have achieved distinction and notable accomplishments in their chosen fields. Since its inception in 2014, 108 alumni have been recognized for their outstanding achievements.

The program continued its tradition in 2025, honoring 12 notable alumni at a gala event held at Okada Manila in Parañaque City on May 30, 2025. The 2025 STIDAA National Awardees were Charlie Ray Pascua, Kirk Hilario, Roman Sanchez, Richard Ace De Leon, Bon Bon Lachica, Katherine Menes, Ronald Aldrin Maningat, Marie Francesca Miranda, Jayvee Aquino, Geaneen Arquiza, Raquel Gamboa, and John Mark M. Villena.

Institutional Linkages

The Group continues to identify and strengthen institutional linkages, memberships, and cooperation agreements to establish meaningful collaborations that enhance the students' learning experiences and improve graduates' employability. These partnerships span areas such as on-the-job training (OJT), employment opportunities, courseware development, faculty training, employment preparation seminars, job fairs, and scholarship grants, all of which contribute to STI's mission of preparing students for future success.

Accenture

STI ESG maintained a strong collaboration with Accenture, cemented through a three-year partnership that spans internship program, curriculum integration, and career development programs. In SY 2022-2023, 68 students from STI Colleges Global City, Ortigas-Cainta, and Caloocan developed various IT applications for the company as part of their IT practicum. Students successfully completed their projects became candidates for Software Engineer Associates in Accenture and were exempted from the technical exam. In SY 2023-2024, a group of 65 BS Information Technology students participated in the Accenture Technology Academy program, receiving intensive training in SAP ABAP and Salesforce. Subsequently, 45 students who successfully completed the training were hired after job interviews, bypassing the initial assessment. For SY 2024-2025, the Accenture Academy program continued to offer specialized training and hands-on experience in current and emerging technologies. This collaboration focused on four specific tracks: SAP ABAP, Cloud Infrastructure, Frontend Development, and Salesforce. The program served as a direct pipeline to employment, with 71 of 110 participants accepting a job offer upon completion of training.

Amadeus Marketing Philippines, Inc.

STI ESG renewed its partnership with Amadeus, a provider of Global Distribution System (GDS) training and certification, on September 8, 2022. The Amadeus Reservation Essentials training is integrated into the Applied Business Tools and Technologies in Tourism courses. This GDS certification provides

STI students with a better standing for employment in the tourism industry, particularly with travel agencies and airline companies.

Carnival Cruise Line

The partnership with international cruise company Carnival Cruise Line was formalized with a signing event on September 30, 2022. This agreement strategically integrates CCL's recruitment and training needs with STI ESG's infrastructure. The partnership allows CCL to operate a 610-square meter recruitment center within the STI College Pasay-EDSA campus, in cooperation with its recruitment agency, United Philippine Lines. This facility is equipped with a mezzanine, a crew welfare and manning office, and pre-departure orientation seminar rooms. STI ESG further committed to providing facilities tailored to CCL's standards, including specialized kitchens and state-of-the-art lobby and lounge areas. The collaboration also includes the Carnival Apprenticeship Program (CAP), which provides qualified BSHM and BSCM students with a rigorous five-month onboard culinary experience, directly preparing them for successful careers in the global cruise line industry. Demonstrating the program's success, a total of 84 students have already onboarded since February 2024.

Center for Integrated STEM Education (CISTEM)

STI ESG forged a partnership with CISTEM, a Unilab Foundation program renowned for promoting quality STEM education. A Memorandum of Understanding (MOU) signing ceremony on April 4, 2024 affirmed a shared vision to elevate STEM education through faculty training and learner engagement programs.

Key initiatives include STEM TRIP (Theory to Real-world Industry Practices), which immerses STI teachers in real-world industry settings and the Teach SMART (or Supporting Mastery and Resource-Building Techniques of Teachers) program, which equips educators with specialized pedagogies. CISTEM also offers the Teach SMART STEM NEXUS programs, designed to enhance teaching standards across STEM subjects by providing educators with specialized training, industry immersions, and vital resources. Additionally, CISTEM is set to launch the STEMKonek Mentoring Platform website to provide students with easier access to mentors in science, engineering, and technology disciplines.

Citibank

Citibank, a global financial titan, is committed to imparting invaluable wisdom about future careers in Information Technology. A career talk was held at STI Academic Center Ortigas-Cainta on September 22, 2023, where Citibank discussed opportunities such as the Graduate Analyst program. By October 2023, STI students gained access to IBM Z concepts, a fundamental technology at the core of Citibank's operations, ensuring students receive unique hands-on experience that directly bridges the gap between education and professional life.

City of Dreams

STI collaborates with City of Dreams to provide essential on-the-job training (OJT) programs. These immersive OJT opportunities are critical for students enrolled in Tourism and Hospitality Management programs, offering them direct exposure to the high operational standards of a major integrated resort.

Department of Education (DepEd)

STI ESG partnered with DepEd in support of the National Learning Recovery Program through the latter's National Learning Camp (NLC). STI College contributes to this effort by offering its existing program, the STI Career Camp, a free workshop for Grade 10 and Grade 12 students. This program provides students with hands-on experience in their career path through modules on entrepreneurship, mobile photography, game development, and baking.

Department of Labor and Employment (DOLE)

STI ESG solidified its commitment to graduate employment by inking a Memorandum of Agreement with DOLE on July 11, 2023. This partnership is designed to strengthen the provision of employment opportunities for STI students after graduation. The collaboration includes seminars and workshops to effectively prepare students for the demands of the job market.

Fasttrack Solutions, Inc.

STI ESG and Fasttrack Solutions, Inc. signed a Memorandum of Agreement on November 15, 2022, authorizing STI ESG to integrate SAP Business One on Cloud into multiple programs: BS Accountancy, BS Management Accounting, BS Accounting Information System, BS Information Technology, BS Business Administration, and BS Retail Technology and Consumer Science. This platform is accessible to both students and teachers on varied devices within specified laboratory schedules.

Globe Telecom

In its effort to provide students with innovative opportunities, STI ESG signed a partnership with major telecommunications provider Globe Telecom, Inc on January 11, 2024. This collaboration primarily opens an array of internship opportunities for STI students to enjoy at the country's largest mobile network, bridging the gap between the academe and the corporate world.

Huawei

The partnership between STI ESG and Huawei was highlighted by the turnover of the Huawei Smart Classroom, a digital innovation designed to transform educational models. During this event, Huawei introduced the IdeaHub board, an interactive whiteboard that revolutionizes both online and face-to-face education with technological advancements. Furthermore, Huawei technologies have been integrated into specific courses, including Network Technology 1 and Network Technology 2. The collaboration also provides select students with free Huawei certification exam vouchers, resulting in 221 students from various campuses achieving certification during SY 2022-2023.

Manila Marriott Hotel and Sheraton Manila Hotel

The first-ever Marriott internship program was launched, selecting 11 top performing BS Hospitality Management students from various STI campuses across the country. From March 15 to June 14, 2022, these students were immersed in the hospitality management industry's best practices within both Manila Marriott Hotel and Sheraton Manila Hotel, providing an essential experiential journey.

SGV & Co.

Through the SGV Academy, STI ESG secures invaluable academic support by providing free seminars to both faculty members and students. For faculty and courseware developers, the collaboration offers advanced webinars on topics essential for financial and accounting education, such as: Practical Guide on Income Taxation, Corporate Taxation, Accountants as Transformation Leaders, and an Auditing in a CIS Environment Workshop. The partnership also benefits students directly with webinars on career development and emerging technologies for BS in Accounting Information System and BS in Management Accounting students.

The BLOKC (Blockchain Lead Organization & Knowledge Center)

STI ESG inked a partnership with The BLOKC on August 8, 2023, with the strategic goal of providing students with unique opportunities to acquire competitive technological skills that are in highly sought after in the job market. This collaboration bridges the gap between traditional education and the evolving tech industry by granting students access to The BLOKC's resources, including workshops, seminars, webinars, and hands-on training sessions conducted by industry experts.

Scholarships

STI ESG partnered with various companies to aid in scholarship programs and increase employment opportunities for STI ESG's graduates.

Gift of Knowledge

To provide educational opportunities to deserving individuals who have no means of pursuing post-secondary education, STI ESG, through the STI Foundation for Leadership in Information Technology and Education, Inc. (STI Foundation), strengthens its partnership with various TV programs from different TV networks. For SY 2022- 2023, three new scholars were registered through the partner TV programs.

Sponsored Scholarship Programs

STI ESG and STI Foundation continually strengthen partnerships with corporations and government organizations to be able to provide scholarship programs to support the tertiary education of deserving individuals.

The STI Foundation and its partners were able to support 654 scholars in SY 2022-2023, 370 scholars in SY 2023-2024, and 530 scholars in SY 2024-2025.

Community Extension and Outreach Programs

Bloodletting Drives

Across the STI ESG network, numerous campuses partnered with the Philippine Red Cross and local health units to host blood donation campaigns under the banner Be a Life Saver: Small Acts, Big Impact and Dugtong Buhay Movement.

At STI College Balayan, the Red Cross Youth Club led a successful bloodletting drive on March 15, 2025, mobilizing students and staff to donate blood in support of community health needs. Similarly, STI

College Batangas organized its Dugtong Buhay Movement bloodletting event on March 6, 2025, emphasizing the spirit of bayanihan through life-saving contributions.

STI College Caloocan extended the campaign with multiple sessions from February 3 to 5, 2025, reflecting strong turnout and sustained participation across its student body. Meanwhile, STI College Cubao ran a week-long bloodletting campaign from March 9 to 11, 2025, encouraging both students and faculty to participate actively in the cause.

The same civic commitment was evident in STI College General Santos, which held two separate drives on March 2 and March 18, 2025, both of which were well-received by students, alumni, and local partners. STI College Global City also held sessions on January 9 and February 6, 2025, aligning their efforts with the broader STI community network.

In Mindanao, STI College Koronadal conducted its events on March 7 and March 23, 2025, showing strong collaboration between students and community partners. STI College Las Piñas participated by hosting its activity on February 10, 2025, while STI College Lucena organized a series of bloodletting events between January 23 and 26, 2025, demonstrating remarkable commitment from its student volunteers. Finally, STI College Malaybalay conducted its session on February 18, 2025, contributing to the collective blood supply effort.

Together, these drives not only strengthened STI's partnership with health organizations but also instilled in students a lasting appreciation of how simple acts of volunteerism can save countless lives.

Outreach and Relief Programs

Several campuses amplified their role in community development through outreach, feeding programs, and relief drives.

At the start of the year, STI College Lipa showcased its Outreach Program Highlights on January 2, 2025, which involved students and faculty in extending aid to underserved communities. This initiative reinforced the institution's values of generosity and care.

Meanwhile, STI College Sta. Maria launched a similar civic project on January 7, 2025, which emphasized how acts of giving contribute to the holistic development of both the giver and the community.

STI College Cotabato followed with its own outreach initiatives, featuring inspiring accounts of students who combined academic pursuits with volunteer service. STI College Tanauan and STI College Fairview also actively conducted relief and outreach programs, further strengthening the network's civic commitment.

In Metro Manila, STI College Sta. Mesa carried out an outreach activity on January 15, 2025, bringing together students and faculty in a display of solidarity. STI College Carmona and STI College Lucena continued the momentum later in January with their own relief-centered efforts, affirming STI's role as a partner in nation-building.

These outreach efforts served not only as immediate aid to beneficiaries but also as formative experiences for students, shaping them into responsible and socially aware citizens.

Environmental Activities

STI campuses also contributed to sustainability goals by organizing environmental programs such as clean-up drives and tree-planting activities. STI College Balagtas took the lead in early 2025 with its environmental-themed engagement, emphasizing the importance of caring for the planet alongside academic pursuits. Other campuses, including STI College Bacoar and STI College Legazpi, likewise spearheaded their own environmental campaigns, ranging from school-based clean-ups to tree-planting partnerships with local government units. By undertaking these initiatives, the schools not only helped improve local environments but also instilled ecological responsibility among students. Such activities underscored the STI community's recognition of its role in achieving sustainable development goals while nurturing student leaders who value environmental stewardship.

Business of Issuer

STI ESG is the largest subsidiary of STI Education Systems Holdings, Inc. (STI Holdings) the ultimate parent company of the Group. The core business of STI ESG is establishing, maintaining, and operating educational institutions. Its primary revenue streams are derived from the tuition and other school fees generated by its own schools, supplemented by the royalties and fees earned from various educational services provided to its franchised schools.

STI ESG offers a comprehensive range of academic programs, including secondary (Senior High School) and tertiary (college and TESDA) programs, as well as post-graduate and associate programs. The STI ESG colleges provide associate and baccalaureate degrees, along with technical vocational programs, across key disciplines: Information Technology (IT), Business and Management, Hospitality Management, Tourism Management, Arts and Sciences, Engineering, Education, Maritime, and Criminal Justice Education. These programs adhere to accreditation standards set by CHED and/or TESDA, as applicable. Furthermore, STI ESG's education centers focus on offering technical-vocational courses accredited by TESDA, specializing in fields such as information technology, multimedia arts, hospitality and restaurant services, culinary arts, and tourism and events management, among others.

STI ESG School Programs

Tertiary Programs

BS in Information Systems
BS in Computer Science
BS in Information Technology
BS in Accountancy
BS in Management Accounting
BS in Accounting Information System
BS in Business Administration major in Operations Management
BS in Hospitality Management
BS in Retail Technology and Consumer Science
BS in Culinary Management
BS in Tourism Management
BS in Computer Engineering
BA in Communication
Bachelor of Multimedia Arts
BA in Psychology

BS in Marine Engineering*
BS in Marine Transportation*
BS in Naval Architecture and Marine Engineering*
BS in Criminology
3-year Hotel and Restaurant Administration
2-year Information Technology Program
2-year Associate in Computer Technology
2-year Hospitality and Restaurant Services
2-year Tourism and Events Management
2-year Associate in Retail Technology

Senior High School Programs

Academic Track

Accountancy, Business, and Management
Humanities and Social Sciences
Science Technology, Engineering, and Mathematics
General Academic Strand

Technical-Vocational-Livelihood Track

ICT Strand with specializations in:

- Computer Programming
- Animation
- Illustration
- Computer Systems Servicing

Home Economics Strand with specializations in:

- Commercial Cooking
- Cookery
- Bartending
- Food and Beverage Services
- Bread and Pastry Production
- Local Guiding Services
- Travel Services
- Tourism Promotions Services
- Front Office Services

Industrial Arts Strand with specialization in:

- Electronic Products Assembly and Servicing

Junior High School

Grades 7 to 10

**These maritime programs are offered only to students of NAMEI Polytechnic College, Inc.*

Professional Accreditations

STI ESG has strategically implemented and maintained quality management standards to ensure academic excellence and global compliance.

International Organization for Standardization 9001:2008 (ISO 9001:2008)

On February 5, 2015, STI ESG received the official ISO 9001:2008 Certification for its Learning Delivery System (LDS). The certification marked a significant institutional milestone, affirming the Group's commitment to academic excellence by meeting global standards in the delivery of its educational services.

International Organization for Standardization 9001:2015 (ISO 9001:2015)

STI ESG achieved distinction by becoming one of the pioneer institutions to be awarded the ISO 9001:2015 Quality Management System (QMS) Certification. This certification represented a crucial upgrade for the LDS, placing heightened focus on risk-based thinking, improving applicability to educational services, and establishing increased leadership requirements. Significantly, the scope of the LDS was concurrently broadened to include the Senior High School level and expanded to cover student program development and job placement assistance.

The institution successfully maintained its certification during the surveillance audit conducted by the ISO certifying body TÜV Rheinland Philippines, Inc. on November 15, 2024. STI ESG was specifically lauded for several key system developments that enhanced operational efficiency and student support. These advancements included the implementation of the HCM (or Human Capital Management) System to streamline Human Resource processes, the SPE Checker tool to reduce the time faculty members spend on student exam evaluations, and the modification of the SPE Test Bank to accommodate the new exam format for BS Accountancy and BS Criminology. Further, STI ESG invested in physical infrastructure by upgrading the PABX (or Private Automatic Branch Exchange) to enhance overall functionality and accommodate future communication needs and improving the CCTV camera system for enhanced image and night vision quality.

External recognition was also highlighted during the audit, citing numerous awards. These included the Filipino Brand of Service Excellence (FBSE) from the Department of Tourism, multiple distinctions from the Public Relations Society of the Philippines (PRSP) Quill Awards for both the STI Official Facebook Page and Student's Career Opportunity and Personality Evaluator (SCOPE), and an Awardee for Partners Appreciation and Recognition by the Department of Education. The institution was also recognized as the Huawei 2024 Excellent Global Talent Alliance Partner and the second authorized Huawei ICT Academy Support Center by Huawei Philippines.

Employees

STI ESG had 1,756 employees—1,063 of whom were faculty members, 489 were non-teaching personnel, and 204 employees were from the main office as of June 30, 2025. STI ESG provides employees with development programs that assist them in effectively carrying out their jobs and prepare them for career advancement.

FUNCTION	NUMBER OF EMPLOYEES
Main Office	
Senior Management	9
Manager	56
Staff	139
Subtotal	204
STI Schools	
Teaching Personnel (wholly-owned schools)	1,063
Non-teaching Personnel (wholly-owned schools)	489
Subtotal	1,552
TOTAL	1,756

Market for Company's Common Equity and Related Stockholder Matters

(1) Market Information

The Company has a total Authorized Capital Stock (ACS) of Five Billion Pesos (₱5,000,000,000.00) divided into five billion (5,000,000,000) shares with a par value of One Peso (₱1.00) each. Out of the ACS, three billion eighty-seven million eight hundred twenty-nine thousand and four hundred forty-three (3,087,829,443) shares have been subscribed and paid-up. Out of the total issued shares, five million nine hundred fifty-two thousand and two hundred seventy-three (5,952,273) shares pertain to treasury shares. The common shares of the Company are not traded in any market, nor are they subject to outstanding warrants to purchase, or securities convertible into common shares of the Company.

(2) Holders

Foreign ownership limit for STI ESG is forty percent (40%) of the issued and outstanding common shares, equivalent to 1,232,750,868 common shares. Total shares owned by foreign shareholders as of 15 October 2025 was 7,841,118, equivalent to 0.25% of the outstanding common shares of the Company.

As of 14 November 2025, there were sixty-three (63) shareholders of the Company's outstanding capital stock. The Company has common shares only.

The following table sets forth the top twenty (20) shareholders of the Company's common stock, the number of shares held, and the percentage of total shares outstanding held by each as of 14 November 2025.

	Name	No of Shares Owned	% Ownership
1	STI HOLDINGS	3,040,623,037	98.66
2	PRUDENT RESOURCES, INC.	13,465,465	0.44
3	GONZALES, FRANCISCO B. JR.	8,873,692	0.29
4	ROSSI, PURIFICACION G.	7,841,118	0.25
5	PRUDENCIO, TOMAS J.	3,732,400	0.12
6	SANTOS, MARIA LOURDES	1,725,000	0.06

	Name	No of Shares Owned	% Ownership
7	YOUNG, CAROLINA	1,651,828	0.05
8	RAMOS, DULCE	1,155,447	0.04
9	BUSTOS, FELIXBERTO	792,283	0.03
10	DOMINGO, EMERITA R.	303,466	0.01
11	SPS. VALERIO, REUBEN M. & VALERIO, REMEDIOS	241,279	0.01
12	ZARASPE, ANACLETA C.	214,038	0.01
13	MONES, REYNALDO A.	201,901	0.01
14	HEIRS OF EDGAR SARTE	148,622	0.00
15	RELLEVE, ALVIN K.	137,338	0.00
16	PUBLICO, EDGARDO	122,080	0.00
17	DUJUA, JOCELYN	115,532	0.00
18	MADRIGAL, VICTORIA P.	63,384	0.00
18	LAO, ERIENE C.	63,384	0.00
20	PAULINO, MA. LUZ LOURDES M.	55,061	0.00

(3) Dividend History and Policy on Declaration of Dividends

Dividend History

Declaration Date	Dividends per Share	Amount
December 18, 2024	Php0.15	Php462.3 million
December 16, 2023	Php0.20	Php616.4 million
December 16, 2022	Php0.07	Php215.7 million

On December 16, 2022, the Parent Company's BOD approved the cash dividends amounting to Php0.07 per share or an aggregate amount of Php215.7 million in favor of all stockholders of record as at December 31, 2022. The dividends were paid on January 10, 2023.

On December 21, 2023, the Parent Company's BOD approved the cash dividends amounting to Php0.20 per share or an aggregate amount of Php616.4 million in favor of all stockholders of record as at January 10, 2024. The dividends were paid on January 12, 2024.

On December 18, 2024, the Parent Company's BOD approved the cash dividends amounting to Php0.15 per share or an aggregate amount of Php462.3 million in favor of all stockholders of record as at December 31, 2024. The dividends were paid on January 17, 2025.

Policy on Dividends

On September 19, 2017, the Board of Directors of STI ESG adopted a policy on the declaration of dividends starting with Fiscal Year 2017-2018.

The Board approved a dividend declaration policy equivalent to 25% to 40% of the core income of the Group from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on the Group by lenders and other financial institutions and the Group's investment plans and financial condition.

Core income is defined as consolidated net income after tax derived from the Group's main business which is education and other recurring income.

The amount of dividends will be reviewed periodically by the Board in light of the earnings, financial conditions, cash flows, capital requirements and other considerations, while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Group can operate on a standalone basis.

Dividends shall be declared and paid out of the Parent Company's unrestricted retained earnings which shall be payable in cash, property or stock to all stockholders of record on the basis of outstanding stock held by them. Unless otherwise required by law, the Board, at its sole discretion, shall determine the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Group's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payment of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and
- such other factors as the Board may deem appropriate.

The Board of Directors of the Parent Company approved the declaration and payment of cash dividends that exceeded the range indicated in the dividend policy after considering the earnings, financial condition, cash flows and capital requirements of the Group.

The subsidiaries of the Company do not have specific dividend payout policies.

The dividend history of STI College Novaliches, Inc., a subsidiary of the Company, is summarized below:

Declaration Date	Dividends per Share	Amount
March 19, 2024	Php12.00	Php60 million
November 17, 2023	Php3.00	Php15 million

On November 17, 2023, the Board of Directors of STI College Novaliches, Inc. approved cash dividends amounting to ₱3.00 per share or an aggregate amount of ₱15 million in favor of all stockholders of record as at November 30, 2023. The dividends were paid on February 15, 2024.

On March 19, 2024, the Board of Directors of STI College Novaliches, Inc. approved cash dividends amounting to ₱12.00 per share or an aggregate amount of ₱60 million in favor of all stockholders of record as at March 31, 2024. The dividends were paid on April 8, 2024.

(4) Recent Sales of Unregistered or Exempt Securities

There has been no sale of unregistered or exempt securities for the past three (3) years.

Management's Discussion and Analysis of Financial Conditions and Results of Operations

This discussion summarizes the significant factors affecting the financial condition of STI Education Services Group, Inc. ("STI ESG" or the "Parent Company") and its subsidiaries (collectively referred to as the "Group") as at June 30, 2025 and 2024 and operating results for the fiscal years ended June 30, 2025, 2024, and 2023 as well as for the three-months periods ended September 30, 2025 and 2024 and financial condition as at September 30, 2025 and June 30, 2025.

The following discussions should be read in conjunction with the attached audited consolidated financial statements of the Group as at and for the years ended June 30, 2025 and 2024, and for all the other periods presented.

Financial Condition

The Group's consolidated total assets stood at ₱13,705.8 million as at September 30, 2025, up from ₱12,270.6 million as at June 30, 2025. The increase was primarily driven by higher levels of cash and cash equivalents and receivables for tuition and other school fees.

Condensed Consolidated Statements of Financial Position

<i>(Amounts in Peso millions)</i>	September 30, 2025	June 30, 2025	Increase (Decrease)	
			Amount	%
Total Current Assets	₱3,664.1	₱2,297.1	₱1,367.0	60%
Total Noncurrent Assets	10,041.7	9,973.5	68.3	1%
Total Assets	₱13,705.8	₱12,270.6	₱1,435.3	12%
Total Current Liabilities	₱2,772.3	₱1,612.0	₱1,160.3	72%
Total Noncurrent Liabilities	1,984.0	2,267.8	(283.8)	13%
Total Liabilities	4,756.3	3,879.8	876.5	23%
Total Equity	8,949.5	8,390.8	558.7	7%
Total liabilities and equity	₱13,705.8	₱12,270.6	₱1,435.2	12%

Cash and cash equivalents increased by ₱299.2 million or 19% from ₱1,594.6 million to ₱1,893.8 million as at June 30, 2025 and September 30, 2025, respectively, attributed largely to the Group's profitable operations and improved collection efficiency.

Total receivables increased by ₱1,082.2 million, from ₱433.1 million as at June 30, 2025 to ₱1,515.3 million as at September 30, 2025. This balance consists primarily of amounts expected to be collected from students as payment for tuition and other school fees, as well as from DepEd for SHS vouchers that are expected to be received during the related term(s) of the school year.

Property and equipment increased by ₱119.6 million, net of accumulated depreciation, from ₱8,050.3 million as at June 30, 2025 to ₱8,169.9 million as at September 30, 2025, largely representing progress completion of ongoing projects during the three-months ended September 30, 2025.

STI ESG partially disposed its interest in STI Holdings aggregating 185.0 million shares during the three months ended September 30, 2025, for a total consideration of ₱277.5 million. Consequently, “Investments and advances to associates and joint ventures” decreased by ₱170.8 million, from ₱433.3 million as at June 30, 2025 to ₱262.5 million as at September 30, 2025 —primarily reflecting the carrying amount of the disposed interest in STI Holdings as at September 30, 2025 amounting to ₱174.8 million (refer to succeeding paragraphs for further details). STI ESG likewise recognized STI ESG’s share in the associates’ net earnings recognized for the three months ended September 30, 2025.

Deferred tax assets (DTA) increased by ₱18.1 million, from ₱40.1 million as at June 30, 2025 to ₱58.2 million as at September 30, 2025, largely representing taxes due on tuition and other school fees collected in advance. In accordance with statutory regulations, tuition and other school fees collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets increased by ₱108.3 million from ₱697.3 million as at June 30, 2025 to ₱805.6 million as at September 30, 2025 mainly driven by STI ESG’s downpayment for the construction of STI Academic Center Meycauayan, net of advances applied or reclassified to property and equipment.

Total current liabilities increased by ₱1,160.3 million, from ₱1,612.0 million to ₱2,772.3 as at June 30, 2025 and September 30, 2025, respectively, mainly due to recognition of unearned tuition and other school fees of ₱1,303.4 million as at September 30, 2025, or an increase of ₱1,140.4 million, from ₱163.0 million as at June 30, 2025. These unearned revenues will be recognized as income over the remaining months of the related school term(s).

Total noncurrent liabilities decreased by ₱283.7 million to ₱1,984.1 million as at September 30, 2025, from ₱2,267.8 million as at June 30, 2025, attributed to the reclassification of a portion of noncurrent interest-bearing loans and borrowings to current liabilities, representing the principal amounts due within the next twelve months.

Total equity increased from ₱8,390.9 million as at June 30, 2025 to ₱8,949.5 million as at September 30, 2025, reflecting the Group’s net income for the three months ended September 30, 2025.

June 30, 2025 vs. June 30, 2024

LIQUIDITY AND CAPITAL RESOURCES

(in ₱ millions except financial ratios)	Amount		Increase (Decrease)	
	June 30, 2025	June 30, 2024	Amount	%

Consolidated financial position

Cash and cash equivalents	1,594.6	1,191.7	402.9	34%
Current assets	2,297.1	1,793.3	503.8	28%
Total assets	12,270.6	11,221.0	1,048.9	9%
Current liabilities	1,612.0	1,428.5	183.5	13%
Total liabilities	3,879.8	4,224.3	(344/5)	(8%)
Equity attributable to equity holders of the parent	8,385.6	6,999.7	1,385.2	20%
Total equity	8,390.9	6,996.7	1,393.4	20%
Financial ratios				
Current ratio	1.43	1.26	0.16	13%
Asset-to-equity ratio	1.46	1.60	(0.14)	(9%)
Debt-to-equity ratio (D/E)*	0.44	0.59	(0.15)	(25%)
Debt service cover ratio (DSCR)**	3.40	2.39	1.01	42%
Interest Cover Ratio (ICR)**	14.95	9.37	5.58	59%

**The Group monitors its D/E ratio in accordance with the financial covenants prescribed in the loan and trust agreements (see Notes 18 and 19 of the Audited Consolidated Financial Statements). As at June 30, 2024 and 2023, STI ESG is compliant with the D/E ratio requirement of all its loan and trust agreements.*

*** DSCR for bank loans purposes is measured as earnings before interest, taxes, depreciation, and amortization (EBITDA) for the last twelve months divided by the total interest-bearing debts and interest due in the next twelve months. The Term Loan Agreement with China Banking Corporation (Chinabank) prescribes that the financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. STI ESG is compliant with the required covenant under the Chinabank Term Loan agreement as at June 30, 2025 and 2024 (see Note 17 of the Audited Consolidated Financial Statements).*

The term loan agreements with Bank of the Philippine Islands (BPI) and Metropolitan Bank & Trust Company (Metrobank) prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. STI ESG is compliant with the DSCR requirement as at June 30, 2025 and 2024, as defined in the term loan agreements, (see Note 17 of the Audited Consolidated Financial Statements).

In April 2024, Chinabank-Trust and STI ESG executed a second supplemental agreement to (i) replace the financial covenant on DSCR of not less than 1.05:1.00 with an ICR of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA (see Note 18 of the Audited Consolidated Financial Statements). STI ESG is compliant with the ICR requirement as at June 30, 2025 and 2024 at 14.95:1.00 and 9.37:1.00, respectively.

The Group continues to exhibit a strong financial position, with cash resources generated mostly by operating activities. The Group's financial ratios are sound and well within bank covenants.

The Group's consolidated total assets stood at ₱12,270.6 million as at June 30, 2025, compared to ₱11,221.0 million as at June 30, 2024. Current assets amounted to ₱2,297.1 million from ₱1,793.3 million, an increase of ₱503.8 million, while non-current assets grew by ₱545.8 million, from ₱9,427.7 million to ₱9,973.5 million. The increase was mainly contributed by the strong operating cash flow driven by the Group's profitability, partially offset by its investing and financing cash outflows. The net income of the Group, which increased by 42% compared with the previous year, and more efficient collection of receivables from students, were the key contributors to the increase in the net cash generated from operating activities.

Cash and cash equivalents increased by ₱402.9 million or 34% from ₱1,191.7 million to ₱1,594.6 million as at June 30, 2024 and 2025, respectively. The Group generated ₱2,522.5 million in net cash from operating activities during the fiscal year ended June 30, 2025, primarily attributed to collection of tuition and other school fees. These funds were primarily utilized to fund major capital expenditures, including the second installment for the acquisition of a parcel of land located at South Park District, Alabang, Muntinlupa City, the construction of a new school building at STI Ortigas-Cainta campus, and down payment related to the construction of STI Academic Center Tanauan. Net cash used in investing activities at ₱993.4 million likewise include expenditures related to solar panel installations, classroom expansion projects, and acquisition of various equipment and furniture for the schools owned and operated by STI ESG. The Group's net cash used in financing activities amounting to ₱1,126.2 million during the fiscal year ended June 30, 2025 is primarily attributed to (1) principal repayments aggregating to ₱562.2 million for STI ESG's term loans with Chinabank, BPI, and Metrobank, alongside interest and bond coupon payments totaling ₱215.6 million, and (2) cash dividends paid by STI ESG in January 2025. These outflows were partially offset by the ₱200.0 million loan drawn from STI ESG's Term Loan Facility with BPI in December 2024.

Receivables increased to ₱433.0 million as at June 30, 2025, representing an increase of ₱85.8 million when compared to the ₱347.2 million balance as at June 30, 2024. These receivables primarily consist of amounts expected to be collected from students for tuition and other school fees and from DepEd, CHED and Development Bank of the Philippines (DBP) for SHS vouchers, Tertiary Education Subsidy (TES), and financial assistance to students, respectively. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED and DBP are expected to be collected in full within the next fiscal year.

The receivables from students, specifically for tuition and other school fees, increased by ₱32.0 million from ₱279.0 million to ₱311.0 million. Outstanding receivables from DepEd for the SHS qualified vouchers, substantially pertaining to the current school year, amounted to ₱19.8 million as at June 30, 2025, posting an increase of ₱3.2 million from ₱16.6 million as at June 30, 2024. The SHS Voucher Program is a financial assistance program wherein subsidies in the form of vouchers are provided to qualified SHS students in participating private institutions. A Qualified Voucher Recipient (QVR) is entitled to a subsidy ranging from ₱14,000 to ₱22,500 annually. DepEd, through the Private Education Assistance Committee, facilitates the transfer of funds to the participating schools. Accounts receivable from CHED amounted to ₱1.4 million as at June 30, 2025 and 2024.

The DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that

are determined and set by DBP. Receivables related to DBP RISE amounted to ₱1.9 million and ₱2.2 million as at June 30, 2025 and 2024, respectively.

Receivables related to educational services and sale of educational materials and supplies increased to ₱135.3 million as at June 30, 2025, up by ₱74.0 million from ₱61.3 million as at June 30, 2024. The increase was primarily driven by the amounts due from the franchised schools and affiliates for the cost of educational services provided by STI ESG, as well as the educational materials and supplies, and network charges. Network charges mainly consist of fees for the use of eLearning Management System (eLMS), Microsoft and Adobe license subscriptions, and other related services. Receivables for educational services are recognized based on the percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Rent, utilities and other related receivables declined by ₱16.7 million to ₱32.1 million as at June 30, 2025, from ₱48.8 million as at June 30, 2024 representing collection of rental payments from various lessees and reimbursements of fit-out costs from STI ESG's lessee during the year ended June 30, 2025.

STI ESG's allowance for expected credit losses (ECL) recognized in compliance with the adoption of Philippine Financial Reporting Standards (PFRS) 9, *Financial Instruments*, increased from ₱155.6 million as at June 30, 2024 to ₱156.7 million as at June 30, 2025. Provision for ECL for the fiscal year ended June 30, 2025 amounted to ₱56.0 million. The respective Boards of Directors (BODs) of STI ESG and its subsidiaries approved the write-off of receivables aggregating to ₱54.9 million for the fiscal year ended June 30, 2025. The receivables which were written off were largely associated with tuition and other school fees for SY2022-2023.

Inventories rose by ₱16.4 million or 11% from ₱147.4 million to ₱163.8 million as at June 30, 2025. The increase is substantially attributed to the acquisition of student uniforms during the last quarter of the fiscal year ended June 30, 2025, in preparation for the SY 2025-2026.

Prepaid expenses and other current assets decreased by ₱4.6 million, or 5%, from ₱98.8 million to ₱94.2 million as at June 30, 2025. Advances to suppliers registered a decline of ₱5.6 million or 42%, reflecting completion of delivery of goods and/or services acquired. Input VAT likewise decreased by ₱4.6 million, or 9%, from ₱49.1 million to ₱44.5 million as at June 30, 2025 reflecting application of input VAT against output VAT payable. These decreases were partially offset by the increase in prepaid subscriptions and licenses by ₱5.6 million or 38%, substantially attributed to eLMS and Adobe license subscriptions covering the remaining contract periods, which is within the next fiscal year. These subscriptions are normally renewed annually and recognized as expense in accordance with the terms of the agreements.

The carrying value of the equity instruments designated at FVPL amounted to ₱7.42 per share or an aggregate of ₱11.5 million as at June 30, 2025 compared to ₱5.25 or an aggregate value of ₱8.1 million as at June 30, 2024. These equity instruments pertain to STI ESG's investment in quoted equity shares of RL Commercial REIT, Inc. (RCR), a real estate investment trust (REIT) company listed on the Philippine Stock Exchange. STI ESG recognized dividend income from RCR amounting to ₱0.6 million in 2025 and the same amount in 2024.

Property and equipment increased by ₱501.7 million, net of depreciation expenses aggregating to ₱491.8 million from ₱7,548.6 million as at June 30, 2024 to ₱8,050.3 million as at June 30, 2025. The increase is substantially attributed to STI ESG's acquisition of a parcel of land in Alabang, Muntinlupa City, the construction of a new school building at STI Ortigas-Cainta, solar panel installation projects,

acquisition of various equipment and furniture, and renovation and expansion of the facilities in schools owned and operated by STI ESG.

As at June 30, 2025, construction-in-progress is primarily related to the costs incurred for the construction of STI Academic Center Tanauan and the new school buildings at STI Fairview and STI Batangas. The construction project at STI Academic Center Tanauan is expected to be completed in time for SY 2026-2027 while the new school buildings at STI Fairview and STI Batangas are scheduled for completion within SY 2025-2026.

These additions to the “Property and equipment” account were offset by the depreciation expense recognized by the Group for the year ended June 30, 2025, reflecting the allocation of costs of these assets over their respective useful lives.

Investment properties decreased by ₱162.4 million, net of depreciation expense, from ₱836.8 million as at June 30, 2024 to ₱674.4 million as at June 30, 2025. The decrease primarily relates to the reclassification of the Meycauayan property from “Investment Properties” to “Property and Equipment” following the preparation for the construction of a new school building for STI Meycauayan. The decline also accounts for the depreciation expense recognized on investment properties during the fiscal year ended June 30, 2025.

Investments in and Advances to Associates and Joint Venture decreased by ₱63.0 million from ₱496.3 million as at June 30, 2024 to ₱433.3 million as at June 30, 2025. In August and September 2024, STI ESG partially disposed of its interest in STI Holdings for a total consideration of ₱25.0 million, reducing its shareholding by 23.0 million shares, from 500.4 million shares to 477.4 million shares. In January 2025, STI ESG sold an aggregate of 45.0 million shares of its interest in STI Holdings for a total consideration of ₱63.0 million. This further reduced STI ESG’s shareholding to 432.4 million shares. These partial disposals of STI ESG’s shares in STI Holdings have resulted in gain aggregating to ₱24.6 million and was recognized as “Gain on partial disposal of interest in an associate” in the consolidated statement of comprehensive income for the year ended June 30, 2025. As a result, STI ESG’s ownership interest in STI Holdings decreased from 5.05% to 4.37% as at June 30, 2025.

The carrying value of the equity instruments at Fair Value through Other Comprehensive Income (FVOCI) amounted to ₱78.1 million as at June 30, 2025 compared to ₱76.0 million as at June 30, 2024. STI ESG’s ownership interest in STI College Novaliches, Inc. was reduced from 100% to 6.25% and STI College Novaliches, Inc. became a direct subsidiary of STI Holdings effective January 2025 pursuant to the subscription agreement between STI Holdings and STI College Novaliches, Inc. which was executed in June 2024, and upon SEC’s approval of the authorized capital stock increase of STI College Novaliches, Inc. in January 2025. Consequently, STI ESG deconsolidated STI College Novaliches, Inc. and recognized its remaining equity interest amounting to ₱5.0 million, representing 6.25% ownership of the latter, under “Equity instruments at FVOCI” as at June 30, 2025. Similarly, STI ESG recognized unrealized fair value adjustments of negative ₱2.9 million for the year ended June 30, 2025 on its equity instruments measured at FVOCI, representing net decrease in the market values of the equity instruments held by STI ESG.

Deferred tax assets (DTA) increased by ₱6.1 million from ₱34.0 million as at June 30, 2024 to ₱40.1 million as at June 30, 2025, largely representing taxes due on tuition and other school fees collected in advance. In accordance with statutory regulations, tuition and other school fees which are collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets increased by ₱261.4 million from ₱435.9 million to ₱697.3 million as at June 30, 2025. This increase mainly pertains to advances to suppliers, recognized under “Other noncurrent assets”, representing downpayments for the construction of STI Academic Center Alabang and STI Academic Center Tanauan.

Accounts payable and other current liabilities increased by ₱55.4 million from ₱714.9 million as at June 30, 2024 to ₱770.3 million as at June 30, 2025. Accounts payable rose by ₱112.5 million from ₱288.7 million to ₱401.2 million as at June 30, 2025. This largely represents the last installment due to Avida Land Corp. amounting to ₱102.1 million for the parcel of land in South Park District, Alabang acquired by STI ESG which is due in February 2026. Meanwhile, the ₱59.5 million due to an affiliate was fully settled by STI ESG as at June 30, 2025.

Accrued expenses rose by ₱9.5 million from ₱209.4 million as at June 30, 2024 to ₱218.9 million as at June 30, 2025 primarily due to expenses incurred but not yet paid for the fiscal year ended June 30, 2025. This increase was partly offset by lower interest payables, resulting from principal repayments on STI ESG’s Term Loan Facilities with various local banks.

Excess payments for refund amounted to ₱39.8 million as at June 30, 2024 and ₱41.4 million as at June 30, 2025. These represent excess payments made by students, arising from overpayments, sponsorship adjustments, or approved scholarships. These amounts are recognized as a liability and will remain as such until the necessary documentation to initiate the refund process is received. The refund is expected to be settled within the next fiscal year.

Advance rent decreased from ₱11.2 million as at June 30, 2024 to ₱2.7 million as at June 30, 2025 reflecting the expiration of certain lease agreements. The remaining balance represents amounts received by STI ESG which will be earned and applied within the next fiscal year.

Unearned tuition and other school fees increased by ₱70.0 million from ₱93.0 million as at June 30, 2024 to ₱163.0 million as at June 30, 2025. This account represents advance payments for tuition and other school fees for the school year commencing after the financial reporting date and will be subsequently recognized as revenues in the related school terms within the next fiscal year.

Current portion of interest-bearing loans and borrowings amounted to ₱580.3 million as at June 30, 2025, net of deferred finance charges amounting to ₱4.1 million. The balance as at June 30, 2025 represents the current portion of the Term Loans of STI ESG with BPI, Chinabank and Metrobank amounting to ₱144.4 million, ₱240.0 million, and ₱200.0 million, respectively. On the other hand, the non-current portion of interest-bearing loans and borrowings, decreased by ₱403.8 million from ₱1,549.8 million to ₱1,146.1 million, net of deferred finance cost, as at June 30, 2024 and June 30, 2025, respectively, due to the reclassification from non-current portion to current portion of interest-bearing loans and borrowings that are due in the next twelve months. This decrease is net of the long-term portion of the loan drawn from STI ESG’s Term Loan Facility with BPI in December 2024 amounting to ₱200.0 million of which ₱44.4 million is classified under the current portion as at June 30, 2025.

Current portion of lease obligations amounted to ₱64.3 million and ₱62.8 million as at June 30, 2025 and June 30, 2024, respectively, representing lease obligations which are due within the next twelve months. Noncurrent lease liabilities declined by ₱7.6 million from ₱252.2 million to ₱244.6 million. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments

made. The measurement and presentation of lease liabilities were recognized in the audited consolidated financial statements of the Group following the adoption of PFRS 16, *Leases*.

Income tax payable amounted to ₱34.1 million and ₱21.5 million as at June 30, 2025 and 2024, respectively. These represent the income tax obligation of STI ESG and several of its subsidiaries for the related fiscal years.

STI ESG's bonds payable, classified as noncurrent liabilities, amounted to ₱816.7 million and ₱815.0 million as at June 30, 2025 and 2024, respectively. These balances are net of deferred finance charges, representing bond issue costs, with carrying values of ₱3.3 million and ₱5.0 million, as at June 30, 2025 and 2024, respectively. These relate to STI ESG's ₱3.0 billion bond issuance listed on the Philippine Dealing and Exchange Corporation (PDEX), consisting of 7-year bonds due in 2024 and 10-year bonds due in 2027. The Series 7-Year Bonds amounting to ₱2,180.0 million with fixed annual coupon rate of 5.8085% matured and were fully paid in March 2024 while the 10-year Bonds continue to carry a coupon rate of 6.3756% per annum.

Pension liabilities decreased by ₱35.8 million from ₱66.6 million to ₱30.8 million as at June 30, 2024 and June 30, 2025, respectively. This is mainly due to the recognition of the past service cost amounting to ₱21.9 million in 2024 associated with the adoption of STI Education Services Group, Inc. Multi-Employer Retirement Plan (STI ESG Multi-employer Retirement Plan), which was approved by the BOD of STI ESG in June 2024. The revised plan was established to streamline STI ESG's existing retirement programs. Likewise, the Group recognized remeasurement adjustments attributed to the equity shares forming part of STI ESG's pension assets for the same fiscal year amounting to ₱38.5 million, net of tax. The Group contributed an aggregate of ₱7.0 million to the pension fund on June 20, 2025.

Other noncurrent liabilities decreased by ₱82.5 million from ₱112.1 million to ₱29.6 million. The deposit for future stock subscription for STI Training Academy was reclassified by STI ESG from liability to equity section, as part of the "Equity Attributable to Non-controlling Interests", having met the required conditions for classification under the equity section. As at October 13, 2025, the application for increase in STI Training Academy's authorized capital stock is pending approval by the SEC. Meanwhile, the deposit for stock subscription amounting to ₱75.0 million received by STI College Novaliches, Inc. from STI Holdings pursuant to the Subscription Agreement executed in June 2024 was reclassified to capital stock upon SEC's approval of the increase in the authorized capital stock of STI College Novaliches, Inc. in January 2025. As a result, STI ESG's ownership interest in STI College Novaliches, Inc. was reduced from 100% to 6.25% and STI College Novaliches, Inc. became a direct subsidiary of STI Holdings with ownership interest of 93.75% effective January 2025. Consequently, STI ESG deconsolidated STI College Novaliches, Inc. and recognized its reduced equity interest, representing 6.25% ownership in STI College Novaliches, Inc. as "Equity instruments at FVOCI".

Cumulative actuarial gain increased to ₱75.2 million as at June 30, 2025 from ₱36.7 million as at June 30, 2024. The increase reflects the changes in the market value of the equity investments held within the pension plan assets of the Group for the fiscal year ended June 30, 2025.

The Group's fair value adjustment on equity instruments at FVOCI decreased by ₱2.9 million from ₱20.2 million to ₱17.3 million as at June 30, 2025. This net decrease was primarily driven by the fair value adjustments attributed to the changes in the market value of both quoted and unquoted equity instruments held by STI ESG.

STI ESG's share in associate's unrealized fair value loss on equity instruments designated at FVOCI amounted to ₱34.6 thousand and ₱38.0 thousand, as at June 30, 2024 and 2025, respectively, representing unrealized fair value adjustment resulting from the movements in the market value of the quoted equity shares held by STI ESG's associate.

Retained earnings stood at ₱4,875.3 million as at June 30, 2025 from ₱3,524.7 million or an increase of ₱1,350.6 million. The Group registered a net income attributable to equity holders of the Parent Company amounting to ₱1,812.9 million for the fiscal year ended June 30, 2025. STI ESG declared cash dividends on December 18, 2024 amounting to ₱462.3 million which were subsequently settled in January 2025.

June 30, 2024 vs. June 30, 2023

The key balances for the balance sheet line items and financial ratios are set out in table format below:

LIQUIDITY AND CAPITAL RESOURCES

(in ₱ millions except financial ratios)	Amount		Increase (Decrease)	
	June 30, 2024	June 30, 2023	Amount	%
Consolidated financial position				
Cash and cash equivalents	1,191.7	1,571.7	(380.0)	(24%)
Current assets	1,793.3	2,162.8	(369.5)	(17%)
Total assets	11,221.0	11,282.3	(61.3)	(1%)
Current liabilities	1,428.5	3,016.7	(1,588.2)	(53%)
Total liabilities	4,224.3	4,987.1	(762.8)	(15%)
Equity attributable to equity holders of the parent	6,999.7	6,298.3	701.4	11%
Total equity	6,996.7	6,295.2	701.5	11%
Financial ratios				
Current ratio	1.26	0.72	0.54	75%
Asset-to-equity ratio	1.60	1.79	0.19	(11%)
Debt-to-equity ratio (D/E)*	0.59	0.79	(0.20)	(25%)
Debt service cover ratio (DSCR)**	2.39	0.47	1.92	409%
Interest Cover Ratio (ICR)**	9.37	5.82	3.55	61%

Group monitors its D/E ratio in accordance with the financial covenants prescribed in the loan and trust agreements (see Notes 18 and 19 of the Audited Consolidated Financial Statements). As at June 30, 2024 and 2023, STI ESG is compliant with the D/E ratio requirement of all its loan and trust agreements.

**DSCR for bank loans purposes is measured as earnings before interest, taxes, depreciation, and amortization (EBITDA) for the last twelve months divided by the total interest-bearing debts and interest due in the next twelve months. In August 2022, China Banking Corporation (Chinabank) granted STI ESG's request to waive the DSCR requirement for the year ended June 30, 2023 and the period ended December 31, 2023. The Term Loan Agreement with Chinabank prescribes that

the financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year. With the waiver, STI ESG is compliant with the required covenant under the Chinabank Term Loan agreement as at June 30, 2023.

DSCR under STI ESG's bond trust agreement is defined as EBITDA for the last twelve months divided by total interest-bearing debts and interest due in the past twelve months. DSCR under both the Term Loan and Bond Trust Agreements is pegged at 1.05:1.00. STI ESG's DSCR as at June 30, 2023, as defined in the bond trust agreement, is 2.36:1.00. STI ESG is compliant with the required covenants as at June 30, 2023.

The term loan agreements with BPI and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year. STI ESG is compliant with the DSCR requirement as at June 30, 2024, as defined in the term loan agreements, (see Note 18 of the Audited Consolidated Financial Statements).

In April 2024, Chinabank-Trust and STI ESG executed a second supplemental agreement to (i) replace the financial covenant on DSCR of not less than 1.05:1.00 with an Interest Coverage Ratio (ICR) of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA (see Note 19 of the Audited Consolidated Financial Statements). STI ESG is compliant with the ICR requirement, as at June 30, 2024 at 9.37:1.00.

The Group continues to exhibit a strong financial position, with cash and cash equivalents primarily generated from its operational activities. The Group's financial ratios are sound and well within bank covenants.

The Group's consolidated total assets stood at ₱11,221.0 million as at June 30, 2024, compared to ₱11,282.3 million as at June 30, 2023. Current assets amounted to 1,793.3 million from ₱2,162.8 million, a decline by 369.5 million, while non-current assets grew by ₱308.2 million, from ₱9,119.5 million to ₱9,427.7 million. The net decrease in cash and cash equivalents amounting to ₱380.0 million was primarily attributed to STI ESG's investing and financing activities aggregating to ₱2,661.2 million following the net cash generated from its operational activities amounting to ₱2,273.5 million. The net income of the Group, which is more than double that of the previous year, and the more efficient collection of receivables from students, were the key contributors to the increase in net cash generated from operating activities.

Cash and cash equivalents decreased by ₱380.0 million from last year's ₱1,571.7 million to ₱1,191.7 million as at June 30, 2024. The Group generated net cash from operating activities aggregating to ₱2,273.5 million, mostly arising from the collection of tuition and other school fees from students and from the Department of Education (DepEd) for the Senior High School (SHS) vouchers and the Commission on Higher Education (CHED) for the Tertiary Education Subsidy (TES).

The Group's net cash used for the investing activities during the year ended June 30, 2024 aggregated to ₱727.8 million substantially composed of STI ESG's acquisition of 100% of the total issued and outstanding capital stock of Clinquant Holdings, Inc. (CHI), a company that owns a real estate in Tanauan, Batangas in the amount of ₱180.0 million in June 2024, and the amount of ₱60.5 million representing a 15% deposit to acquire 100% ownership of another company, Phosphene Holdings, Inc. (PHI), which owns the property adjacent to the CHI's property described earlier, and ₱45.1 million

downpayment made on June 10, 2024 for the acquisition of a parcel of land with a total area of 3,266 square meters, located at South Park District, Alabang, Muntinlupa City. These properties are intended to be sites of STI schools. Cash outflow for investing activities likewise include disbursements related to solar panel installation, classroom expansion projects, and recent construction, renovation and rehabilitation projects in the schools.

The Group likewise registered ₱1,933.4 million net cash outflow in financing activities for the year ended June 30, 2024. STI ESG received in March 2024 the loan proceeds from its drawdowns from Metropolitan Bank & Trust Company (Metrobank) and Bank of the Philippine Islands (BPI) credit facilities. These loan proceeds were utilized to partially finance the full redemption of STI ESG's series 7-year bonds aggregating to ₱2,180.0 million. In addition, STI ESG reported principal payments of interest-bearing loans and borrowings substantially with Chinabank aggregating to ₱333.0 million, and interests on loans and bond issue aggregating to ₱212.2 million. STI ESG likewise distributed cash dividends amounting to ₱0.20 per share or an aggregate amount of ₱613.5 million to stockholders of record as of January 10, 2024, paid on January 12, 2024.

Receivables increased to ₱347.2 million as at June 30, 2024, representing an increase of ₱5.2 million when compared to the ₱342.0 million balance as at June 30, 2023. These receivables primarily consist of amounts expected to be collected from various sources, including receivables from students for tuition and other school fees, DepEd, CHED and Development Bank of the Philippines (DBP) for SHS vouchers, TES, and financial assistance to students, respectively. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED and DBP are expected to be collected in full within the next fiscal year.

The receivables from students, specifically for tuition and other school fees, decreased by ₱139.9 million from ₱275.0 million to ₱414.9 million. Outstanding receivables from DepEd for the SHS qualified vouchers, substantially pertaining to the current school year, amounted to ₱16.6 million as at June 30, 2024, posting an increase of ₱6.6 million from ₱10.0 million as at June 30, 2023. The SHS Voucher Program is a financial assistance program wherein subsidies in the form of vouchers are provided to qualified SHS students in participating private institutions. A Qualified Voucher Recipient (QVR) is entitled to a subsidy ranging from ₱14,000 to ₱22,500 annually. DepEd, through the Private Education Assistance Committee, facilitates the transfer of funds to the participating schools.

The DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. Receivables related to DBP RISE amounted to ₱2.2 million and ₱1.6 million as at June 30, 2024 and 2023, respectively.

Rent, utilities and other related receivables decreased from ₱56.5 million as at June 30, 2023 to ₱48.8 million as at June 30, 2024 reflecting improved collection efficiency during the year ended June 30, 2024.

STI ESG's allowance for ECL recognized in compliance with the adoption of Philippine Financial Reporting Standards (PFRS) 9, *Financial Instruments*, declined from ₱290.3 million as at June 30, 2023 to ₱155.6 million as at June 30, 2024 reflecting write-off of receivables during the year ended June 30, 2024 totaling ₱156.3 million. Provision for ECL, net of reversals, for the year ended June 30, 2024

amounted to ₱24.6 million. The receivables which were written-off were associated with tuition and other school fees from students for SYs 2019-2020 to 2021-2022. The Boards of Directors (BODs) of STI Caloocan, STI Batangas, and STI Tanauan approved the write-off of receivables from students aggregating to ₱17.4 million for the year ended June 30, 2023. On the other hand, STI ESG adopted an interim policy to defer the write-off of receivables for the fiscal years ended June 30, 2023, and 2022.

Inventories rose by ₱22.2 million or 18% from ₱125.2 million to ₱147.4 million as at June 30, 2024. The increase is attributed to the receipt of student uniforms during the last quarter of the fiscal year ended June 30, 2024, in preparation for the SY 2024-2025.

Prepaid expenses and other current assets decreased by ₱16.1 million, or 14%, from ₱114.9 million to ₱98.8 million as at June 30, 2024, substantially attributed to utilization of excess prior year's credits and creditable withholding taxes, partially offset by the increase in input VAT. The increase in the Input VAT arose mainly from the acquisition of a parcel of land in South Park District, Alabang, Muntinlupa City, from which STI ESG recognized input VAT amounting to ₱24.7 million. This account also includes input VAT recognized on the purchase of goods and services. STI ESG applied its prior years' excess tax credits and creditable withholding taxes against its income tax due for the year ended June 30, 2024. The current portion of STI ESG's advances to suppliers as at June 30, 2023, were applied against full payment when the orders for uniforms were completed delivered in 2024.

The carrying value of the equity instruments designated at FVPL amounted to ₱5.25 per share or an aggregate of ₱8.1 million as at June 30, 2024 compared to ₱5.80 or an aggregate value of ₱9.0 million as at June 30, 2023. These equity instruments pertain to STI ESG's investment in quoted equity shares of RL Commercial REIT, Inc. (RCR), a real estate investment trust (REIT) company listed on the Philippine Stock Exchange. STI ESG recognized dividend income from RCR amounting to ₱0.6 million in 2024 and 2023.

Property and equipment increased by ₱42.9 million, net of depreciation expenses aggregating to ₱485.3 million, from ₱7,505.7 million as at June 30, 2023 to ₱7,548.6 million as at June 30, 2024. The increase primarily reflects ongoing capital expenditures, including the construction of a new building in STI Ortigas-Cainta campus, a new three-storey building in STI Lipa, installation of solar panels, classroom expansions, and various renovation and rehabilitation projects in certain wholly-owned schools. Also, STI ESG and Total Consolidated Asset Management Company, Inc. (TCAMI) executed a Deed of Absolute Sale (DOAS) in June 2024, to acquire 76.0 million common shares, with a par value of ₱1.0, representing 100% of the total issued and outstanding capital stock of CHI for ₱180.0 million. The land was valued of ₱182.9 million, following the allocation of the acquisition cost to other identifiable assets and liabilities of CHI which had a net liability carrying amount of ₱2.9 million. CHI is the registered and beneficial owner of a 10,000-square-meter parcel of land located on President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. This property will be the future site of STI Academic Center Tanauan. The Group likewise invested in new computers, school equipment and furniture. The recognition of the right-of-use (ROU) assets on new and renewed lease agreements following PFRS 16, *Leases* also contributed to the increase in property and equipment. These additions to the "Property and equipment" account were offset by the depreciation expense recognized by the Group for the year ended June 30, 2024, reflecting the allocation of costs of these assets over their respective useful lives.

Investment properties increased by ₱161.7 million, net of depreciation expense, from ₱675.1 million as at June 30, 2023 to ₱836.8 million as at June 30, 2024. This increase reflects the carrying value of

the land situated on Diversion Road, Brgy. San Rafael, Mandurriao, Iloilo City which was reclassified from “Property and equipment” to “Investment properties” account as at June 30, 2024.

Deferred tax assets (DTA) decreased by ₱8.0 million from ₱42.0 million as at June 30, 2023 to ₱34.0 million as at June 30, 2024, primarily attributed to changes on the temporary differences related to allowance for expected credit losses (ECL) and application of NOLCO against income tax due recognized during the fiscal year ended June 30, 2024. In accordance with PFRS, these temporary differences are accounted for in the calculation of deferred tax assets and liabilities.

Goodwill, intangible, and other noncurrent assets increased by ₱104.7 million from ₱331.2 million to ₱435.9 million as at June 30, 2024 substantially attributed to deposit made by STI ESG for the purchase of the total issued and outstanding capital stock PHI and advances to contractors and/or suppliers for the ongoing construction projects. Goodwill decreased by ₱14.3 million from ₱266.6 million to ₱252.3 million as at June 30, 2023 and 2024, respectively, due to the impairment of goodwill related to NAMEI Polytechnic Institute of Mandaluyong, Inc. (NPIM), which had ceased operations effective June 30, 2022.

On June 10, 2024, STI ESG and Avida Land Corp. executed a contract to sell for the acquisition of a parcel of land with a total area of 3,266 square meters, located at South Park District, Alabang, Muntinlupa City, for a total purchase price of ₱228.8 million. The purchase price is payable in three installments: (i) the amount of ₱45.1 million, inclusive of ₱24.7 million VAT, was settled on June 10, 2024 (ii) the amount of ₱81.6 million was paid by STI ESG on September 30, 2024, upon execution of the Deed of Sale on Installments (the “Deed”); and (iii) the amount of ₱102.1 million shall be paid by STI ESG on the 16th month after the execution of the Deed. STI ESG likewise paid ₱9.2 million for taxes and other charges related to the sale on September 30, 2024. STI ESG shall be entitled to the physical possession and control over the lot upon execution of the Deed. Similarly, the Deed provides that STI ESG shall start the construction within two years from the execution of the Deed. This lot will be the future site of the new STI Academic Center Alabang.

Also, on June 20, 2024, STI ESG and TCAMI executed a Share Purchase Agreement to acquire 190.0 million common shares with par value of ₱1.0 per share or 100% of the total issued and outstanding capital stock PHI for ₱403.2 million. On the same date, STI ESG paid a 15% deposit or ₱60.5 million. The remaining balance of ₱342.7 million is due on the third anniversary of the Share Purchase Agreement. The agreement grants STI ESG the right to cancel the purchase of the Subject Shares at any time within the three-year period. If STI ESG opts to cancel, TCAMI shall refund the deposit within thirty (30) days from receipt of the written notice of cancellation. The transfer of the shares shall take place on the third anniversary of the Share Purchase Agreement’s effectivity date or at an earlier date as mutually agreed upon by STI ESG and TCAMI. PHI owns a 25,202-square-meter parcel of land, adjacent to the CHI property, located on President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. This lot is likewise planned to be the future site of STI Academic Center Tanauan.

“Goodwill, intangible, and other noncurrent assets” account likewise includes advances to contractors and/or suppliers for the ongoing construction of the new school building at STI Ortigas-Cainta, classroom expansion projects of certain schools, and acquisition of various school equipment and furniture. The related costs of these projects will be recognized to “Property and equipment” upon receipt of goods and/or as services are rendered.

Current portion of interest-bearing loans and borrowings increased by ₱353.3 million from ₱183.0 million as at June 30, 2023 to ₱536.3 million as at June 30, 2024. The balance as at June 30, 2024 represents the current portion of the term loans of STI ESG with Chinabank, BPI, and Metrobank.

Accounts payable and other current liabilities increased by ₱154.0 million from ₱560.9 million as at June 30, 2023 to ₱714.9 million as at June 30, 2024. The increase in accounts payable and other current liabilities is attributed largely to outstanding obligations as at June 30, 2024 related to the on-going construction of STI Ortigas-Cainta new building, recently completed construction projects, and various renovation and rehabilitation projects in several wholly owned schools of STI ESG, and student related activities and programs.

Unearned tuition and other school fees increased by ₱49.1 million from ₱43.9 million as at June 30, 2023 to ₱93.0 million as at June 30, 2024. This account represents advance payments for tuition and other school fees for the school year commencing after the financial reporting date, and will be subsequently recognized as revenues in the related school terms within the next fiscal year.

Current portion of lease liabilities amounted to ₱62.8 million as at June 30, 2024 and ₱53.4 million as at June 30, 2023. Noncurrent lease liabilities decreased by ₱30.1 million from ₱282.4 million as at June 30, 2023 to ₱252.2 million as at June 30, 2024. The decrease, net of new lease obligations, represents payments made during the year ended June 30, 2024. Lease liabilities are recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

Income tax payable of ₱21.5 million reflects the income tax obligation of STI ESG and several of its subsidiaries pertaining to their respective taxable income during the fiscal year ended June 30, 2024. The notable increase in income tax payable is attributed to the change in preferential income tax rate for proprietary educational institutions which was reduced from 10% to 1.0% effective July 1, 2020, up to June 30, 2023. After the expiration of the temporary tax relief provided by the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Law for proprietary educational institutions, the income tax rate reverted to its previous rate of 10%. STI ESG's income tax obligations for the fiscal year ended June 30, 2023, were fully offset by its tax credits.

Current portion of interest-bearing loans and borrowings increased by ₱353.2 million from ₱183.0 million as at June 30, 2023 to ₱536.3 million as at June 30, 2024. The balance as at June 30, 2024 represents the current portion of STI ESG's term loans with Chinabank, BPI and Metrobank. The balance as at June 30, 2023 represents the current portions of the Corporate Notes and Term Loan Facility Agreements of STI ESG with Chinabank amounting to ₱60.0 million and ₱120.0 million, respectively, and the LandBank of the Philippines (LandBank) ACcess to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Lending Program loan amounting to ₱3.0 million. On March 19, 2024, STI ESG settled the amortization due on its Term Loan Facility amounting to ₱120.0 million.

On March 7, 2024, STI ESG and BPI entered into a five-year term loan agreement up to the amount of ₱1,000.0 million. Of this amount, ₱500.0 million was drawn on March 18, 2024, subject to an interest rate of 8.4211% per annum. On March 8, 2024, STI ESG and Metrobank entered into a five-year term loan agreement of up to the amount of ₱2,000.0 million, of which ₱1,000.0 million was drawn on March 18, 2024, subject to an interest rate of 7.8503% per annum. STI ESG has elected to fix the principal repayments in ten (10) equal installments based on a semi-annual amortization schedule which will commence six (6) months from the date of initial borrowing until the maturity date. The proceeds from these loans were used to partially finance the full redemption of STI ESG's series 7-year bonds amounting to ₱2,180.0 million which matured on March 23, 2024. Non-current portion of interest-bearing loans and borrowings, increased by ₱801.0 million from ₱748.8 million to ₱1,549.8 million, net of deferred finance cost, as at June 30, 2023 and June 30, 2024, respectively. These

interest-bearing loans and borrowings is composed of the outstanding loan balances, net of the current portions, related to STI ESG's Term Loan Agreements with BPI, Chinabank, and Metrobank.

On March 23, 2017, STI ESG successfully listed its ₱3.0 billion Series 7-Year Bonds, due in 2024, and Series 10-Year Bonds, due in 2027, on the Philippine Dealing and Exchange Corporation (PDEx) secondary market. The Bonds carry coupon rates of 5.8085% and 6.3756% per annum for the 7-year and 10-year tenors, respectively. Interests are payable quarterly in arrears on June 23, September 23, December 23, and March 23 or the next business day if such dates fall on a non-banking day of each year commencing on June 23, 2017, until and including the relevant maturity date. Total bonds payable carried in the books is ₱815.0 million and ₱2,988.4 million as at June 30, 2024 and 2023, respectively, net of deferred finance charges, representing bond issue costs with carrying values of ₱5.0 million and ₱11.6 million, as at June 30, 2024 and 2023, respectively. The Series 7-Year Bonds amounting to ₱2,180.0 million matured in March 2024. On the other hand, the Series 10-Year Bonds maturing in March 2027 with a carrying value of ₱815.0 million as at June 30, 2024 is reported as "Bonds payable, noncurrent portion" under the "Noncurrent Liabilities" category.

As at June 30, 2023, STI ESG is compliant with the covenants under the bond trust agreement, with its debt-to-equity ratio at 0.79:1.00 and DSCR at 2.36:1.00. DSCR as defined in the bond trust agreement is computed as EBITDA for the last twelve (12) months over total principal and interest due in the last 12 months. In April 2024, Chinabank-Trust and STI ESG signed a second supplemental agreement that changed some financial covenants. The previous DSCR requirement of at least 1.05:1.00 has been replaced with an Interest Coverage Ratio (ICR) requirement of at least 3.00:1.00. Henceforth, STI ESG is required to maintain a debt-to-equity ratio of not more than 1.50:1.00 and an Interest Coverage Ratio (ICR) of not less than 3.00:1.00 computed based on its consolidated financial statements. As at June 30, 2024, STI ESG is compliant with the covenants under the bond trust agreement, with its debt-to-equity ratio at 0.59:1.00 and ICR at 9.37:1.00.

Pension liabilities decreased by ₱12.7 million from ₱79.4 million to ₱66.7 million as at June 30, 2023 and June 30, 2024, respectively. The Board of STI ESG approved the adoption of a Multi-Employer Retirement Plan for STI ESG and its subsidiaries resulting to recognition of pension expense aggregating to ₱34.7 million for the year ended June 30, 2024. STI ESG recognized remeasurement adjustments attributed to the equity shares forming part of STI ESG's pension assets for the same fiscal year amounting to ₱36.7 million. STI ESG likewise contributed ₱6.7 million to the pension fund on June 20, 2024.

Other noncurrent liabilities increased by ₱65.8 million from ₱46.3 million to ₱112.1 million as at June 30, 2023 and June 30, 2024 attributed to deposits for future stock subscription recognized by STI Novaliches and STI Training Academy. On January 26, 2024, the BOD of STI Training Academy approved a cash call totaling ₱20.0 million to fund the company's capital expenditures and operating expenses. Of this amount, ₱12.0 million was contributed by STI ESG, while an additional ₱8.0 million was provided by another interested party. The latter's contribution was recognized as a "Deposit for future stock subscription" under "Noncurrent Liabilities" as at June 30, 2024. As at October 11, 2024, STI Training Academy is in the process of preparing the necessary documentation for its application to increase its authorized capital stock. On March 19, 2024, the BOD of STI Novaliches approved a resolution to increase STI Novaliches' authorized capital stock from 5 million shares, with a par value of ₱1.0, totaling ₱5.0 million, to 300 million shares or a total of ₱300.0 million. The BOD likewise authorized the subscription of 75 million shares at a subscription price of ₱1.0 per share, equating to ₱75.0 million. On June 4, 2024, STI Novaliches received the full amount of ₱75.0 million from STI Holdings as payment for the subscription to these 75 million shares. Subsequently, on July 15, 2024, STI Novaliches filed an application with the SEC relative to the increase in its authorized capital stock.

As at October 11, 2024, STI Novaliches' application for the increase in authorized capital stock remains in process with the SEC.

Cumulative actuarial gain amounted to ₱36.7 million as at June 30, 2024 from ₱2.6 thousand as at June 30, 2023. The increase reflects the changes in the market value of the equity investments held within the pension plan assets of the Group for the year ended June 30, 2024.

The Group's fair value adjustment on equity instruments designated at FVOCI increased by ₱5.2 million from ₱15.0 million to ₱20.2 million as at June 30, 2024. This increase was driven by the fair value adjustments attributed to appreciation in the market value of quoted investment shares held by STI ESG.

STI ESG's share in associate's unrealized fair value loss on equity instruments designated at FVOCI amounted to ₱34.6 thousand and ₱38.8 thousand, as at June 30, 2023 and 2024, respectively, representing unrealized fair value adjustment resulting from the increase in the market value of the quoted equity shares held by STI ESG's associate.

Retained earnings stood at ₱3,524.7 million from ₱2,865.3 million or an increase of ₱659.4 million. The Group registered net income amounting to ₱1,275.8 million for the year ended June 30, 2024. STI ESG declared cash dividends on December 21, 2023 amounting to ₱616.4 million which were settled in January 2024.

Results of Operations

The Consolidated Statements of Comprehensive Income provide insights on the financial performance of the Group for the fiscal years ended June 30, 2025, 2024, and 2023. The operating results shown in the Group's consolidated statements of comprehensive income reflect sustained and substantial growth, both in terms of revenue and profitability, over the past three fiscal years.

The discussion below summarizes the significant factors affecting the results of operations for the fiscal years ended June 30, 2025, June 30, 2024, and June 30, 2023 and the three-month period ended 30 September 2025 versus the three-month period ended 30 September 2025.

Three-month period ended September 30, 2025 vs. three-month period ended September 30, 2024

Years ended June 30, 2025, vs June 30, 2024

Enrollment figures of the Group for SY 2024-2025 grew by 17.0% with enrollment of 121,374 for SY 2024-2025 compared to 103,982 enrollees in SY 2023-2024. In SY 2024-2025, the total count of new students reached nearly 49,000, almost at par with the number of new student enrollees reported for SY 2023-2024. Enrollment in programs regulated by CHED registered a remarkable 21% increase, climbing to over 86,000 students from more than 71,000 in SY 2023-2024. In addition, the retention rate¹ remained steady at 99%, while the migration rate² registered at 93% in SY 2024-2025 from 94% in SY 2023-2024.

The student enrollment across the schools in the STI ESG network at the start of the SY are as follows:

	SY 2024-2025	SY 2023-2024	Increase	
			Enrollees	Percentage
STI Network				
Owned schools	84,122	71,782	12,340	17%
Franchised schools	37,252	32,200	5,052	16%
Total Enrollees	121,374	103,982	17,392	17%

The grouping of students according to the government regulatory agencies overseeing the programs is outlined as follows:

- CHED — students under this group are enrolled in tertiary and post-graduate programs;
- Technical Education and Skills Development Authority (TESDA) — students under this group are enrolled in technical-vocational programs; and
- DepEd — students under this group are those enrolled in secondary education — Junior High School (JHS) and SHS.

	SY 2024-2025	%	SY 2023-2024	%
CHED	86,447	71%	71,159	68%
TESDA	1,760	2%	1,682	2%
DEPED³	33,167	27%	31,141	30%
TOTAL	121,374	100%	103,982	100%

¹ Retention rate refers to the percentage of the students retained at the end of the term compared to the number of students at the beginning of the term.

² Migration rate refers to the percentage of students, excluding graduates, who enrolled from the previous term to the next term.

³ DepEd count represents 32,501 SHS students and 666 JHS students for SY 2024-2025, while for SY 2023-2024, count represents 30,674 SHS students and 467 JHS students.

In SY 2024-2025, classes across all levels started on August 12, 2024 while for SY 2023-2024, classes started on August 29, 2024. Classes are held onsite across all levels for both school years.

The Group remains committed to ensuring adherence to the guidelines set by Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), CHED, DepEd, local government units (LGUs), and all pertinent agencies that have released information and guidance on the conduct of face-to-face classes.

<i>(Amounts in Peso millions)</i>	Years Ended June 30			
	2025	2024	Increase (Decrease)	
Revenues	4,449.5	3,696.4	753.1	20%
Costs and expenses	2,412.4	2,221.2	191.2	9%
Operating income	2,037.1	1,475.2	561.9	38%
Other income (expenses)	(37.0)	(72.0)	35.0	-49%
Income before income tax	2,000.1	1,403.2	597.0	43%
Provision for income tax	187.0	127.4	59.7	47%
Net income	1,813.1	1,275.8	537.3	42%
Other comprehensive income	35.4	42.1	(6.7)	-16%
Total comprehensive income	1,848.5	1,317.9	530.6	40%

The consolidated gross revenues of the Group reached ₱4,449.5 million for the fiscal year ended June 30, 2025, reflecting a 20% increase from ₱3,696.4 million revenues recognized for the fiscal year ended June 30, 2024. Net income after income tax rose by 42% to ₱1,813.1 million from ₱ 1,275.8 million for the fiscal years 2025 and 2024, respectively.

Tuition and other school fees reached ₱3,987.8 million for the fiscal year ended June 30, 2025, marking a substantial increase of ₱685.4 million or 21% compared to the same period of the previous year. The growth was primarily driven by 17% increase in student enrollment for SY 2024-2025 reaching over 121,000 students compared to nearly 104,000 in SY 2023-2024. New students enrolled in CHED programs rose by 9% from over 29,000 in SY 2023-2024 to approximately 32,000 in SY 2024-2025. Overall enrollment in programs regulated by CHED registered an impressive 21% increase to more than 86,000 in SY 2024-2025 up from over 71,000 students in the prior year. As CHED programs generate higher revenues per student, this increase further bolstered the Group's financial performance for the fiscal year ended June 30, 2025. In addition, STI ESG implemented an average of 5% tuition fee increase for incoming tertiary students for SY2024-2025.

Revenues from educational services and royalty fees largely attributed to STI ESG's franchised schools aggregated to ₱250.3 million for the fiscal year ended June 30, 2025, posting a growth of 31%, and 23%, respectively, primarily due to increase in student enrollment and improved collection efficiency for SY 2024-2025. Revenues from educational services to STI ESG's franchised schools are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Revenues from educational services likewise include management fees amounting to ₱14.1 million arising from the management agreement executed in May 2024 among STI ESG, Philippine School of Business Administration (PSBA Manila), and Philippine School of Business Administration, Inc.–Quezon City (PSBA Quezon City). The agreement became effective on July 1, 2024 for PSBA Quezon City and on August 1, 2024 for PSBA Manila. The agreement has a term of three (3) years counting from the respective management commencement dates. PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of their respective gross revenues.

Other revenues rose to ₱92.7 million for the fiscal year ended June 30, 2025, up by ₱17.5 million or 23% from ₱75.2 million for the fiscal year ended June 30, 2024. The increase is largely attributed to the growth in student population, which also drove other revenue streams related to school-related services and activities. The related charges for the franchised schools are taken up as part of "Other Revenues" while the related costs are reported as part of "Cost of Educational Service - Other service costs".

The revenues generated from the sale of educational materials and supplies amounted to ₱118.7 million for the fiscal year ended June 30, 2025, compared to ₱126.3 million in prior year, mainly reflecting timing differences in uniform sales. Sales for both periods were primarily driven by uniform and proware items. The cost of educational materials and supplies sold likewise decreased concomitant with the decrease in the sale of educational materials and supplies.

The cost of educational services is higher by ₱79.4 million, from ₱973.6 million to ₱1,053.0 million for the fiscal years ended June 30, 2024 and 2025, respectively. This increase is primarily attributed to higher instructors' salaries and benefits. Higher depreciation expense is also recognized reflecting the related charges for the fiscal year ended June 30, 2025 attributed to several capital projects which were completed during the fiscal year.

Instructors' salaries and benefits are up by ₱71.8 million from ₱407.3 million to ₱479.1 million, reflecting the cost of a larger faculty roster concomitant with the increase in student population.

The completion of the new school building at STI Ortigas-Cainta, major renovation and rehabilitation projects in certain schools, along with the increase in the number of classrooms across several STI ESG-owned and operated schools, contributed to the significant increase in the Group's depreciation expense. The Group likewise recognized the depreciation expense for solar projects across several other schools owned and operated by STI ESG which were completed on various dates in 2024. These projects, along with the acquisition of new equipment and furniture, led to higher depreciation charges of the Group, and reflect the increase reported both under the cost of educational services and the general and administrative expense sections of the consolidated statements of comprehensive income for the fiscal year ended June 30, 2025.

Expenses attributed to student activities, programs and other related expenses decreased by ₱12.3 million from ₱216.6 million for the fiscal year ended June 30, 2024 to ₱204.3 million during the fiscal year ended June 30, 2025. The decrease was primarily due to costs incurred from the national youth convention held in 2024. The Group has since redirected this activity and bolstered its e-sports and sports activities. The Group likewise has strengthened the implementation of both local activities and national level competitions. These initiatives have proven to be more engaging for students — nurturing talent, leadership, and collaboration across campuses that enhance the overall student experience.

STI ESG transitioned from annual support and maintenance contracts to on-demand engagements with the respective third-party providers for its computerized accounting and enrollment systems during the fiscal year 2025. This shift in contracting approach resulted in lower expenses related to infrastructure and software maintenance, reflected under both cost of educational services and general and administrative expenses, relative to fiscal year 2024. Concurrently, STI ESG is in the process of implementing new financial and enrollment systems to streamline the Group's financial and enrollment processes and students' information and records management so as to enhance operational efficiency over the long term.

Gross profit improved from ₱2,626.8 million to ₱3,303.0 million for the fiscal years ended June 30, 2024 and 2025, respectively, primarily due to higher enrollment, with a notable 21% increase in students enrolled in CHED-regulated programs. Similarly, gross profit margins improved from 71% to 74% year-on-year attributed to higher operating leverage.

General and administrative expenses increased by 10% or ₱114.2 million, from ₱1,151.6 million to ₱1,265.8 million for the fiscal years ended June 30, 2024 and 2025, respectively.

Salaries and benefits rose to ₱346.3 million for the fiscal year ended June 30, 2025 compared to the same period last year of ₱327.5 million. The increase was primarily driven by merit-based salary adjustments and bonuses granted during the second quarter of the fiscal year ended June 30, 2025, as well as the onboarding of personnel to fill previously vacant plantilla positions throughout the fiscal year. This account also includes pension expenses aggregating to ₱13.9 million and ₱34.7 million for the years ended June 30, 2025 and 2024, respectively. The Group's pension expense for 2024 includes the past service cost amounting to ₱21.9 million associated with the adoption of the STI ESG Multi-employer Retirement Plan in the same year.

Light and water expenses increased by ₱16.5 million from ₱143.7 million to ₱160.2 million for the fiscal years ended June 30, 2024 and 2025, respectively, driven by the higher kilowatt-hour consumption associated with the capacity expansion projects and higher student population, and an increase in the average kilowatt rate during the fiscal year ended June 30, 2025 compared with the same period last year. This consumption is net of cost savings from the solar power system installed at STI Ortigas-Cainta in 2023, which has a total capacity of 212 kilowatts, and solar panels installed in several other schools owned and operated by STI ESG namely: STI Batangas, STI Pasay-EDSA, STI Novaliches, STI Las Piñas, and STI Sta. Mesa on various dates in 2024 with a combined capacity of 674 kilowatts of electricity.

Outside services including security and janitorial services are higher by ₱13.1 million from ₱107.0 million to ₱120.1 million for the fiscal years ended June 30, 2024 and 2025, respectively. Some schools reported an uptick in security and janitorial personnel to address the heightened operational requirements associated with the capacity expansion projects and growing student population. In addition, the higher minimum wage rates imposed by security and utility service providers contributed to the higher security and janitorial expenses.

Professional fees are higher by ₱13.7 million amounting to ₱111.0 million for the fiscal year ended June 30, 2025 compared to ₱97.3 million for the fiscal year ended June 30, 2024 primarily due to higher costs associated with corporate and general counsel services.

The Group recognized a provision for ECL, net of reversals, amounting to ₱56.0 million, largely representing ECLs on outstanding receivables from students' tuition and other school fees for the fiscal year ended June 30, 2025. This provision for ECL is higher by ₱31.4 million compared to ₱24.6 million for the fiscal year ended June 30, 2024. The provisions for ECL are net of reversals, representing the recovery of prior expected credit losses recognized in previous fiscal years. The receivables collected by the schools during the year and as at report date improved significantly compared to the previous year. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from the students for prior years.

The Group recognized a provision for impairment loss on goodwill amounting to nil and ₱14.3 million for the fiscal years ended June 30, 2025 and 2024, respectively. The provision for impairment in 2024 is attributed to the impairment of goodwill recognized for NPIM. For SY 2021-2022, NPIM exclusively enrolled students for JHS and SHS. Its former grade school students were advised earlier to transfer to another school or were refunded the fees paid, if any. For SY 2022-2023, the JHS and SHS students of NPIM were given the option to transfer to STI Sta Mesa, another school owned and operated by STI

ESG. NPIM ceased operations effective June 30, 2022. The cessation of operations of NPIM did not have a material financial impact on the Group.

STI ESG recognized a provision for impairment of investment and advances to associates and joint venture amounting to nil and ₱1.7 million for the fiscal years ended June 30, 2025 and 2024, respectively. The provision in fiscal year 2024 amounting to ₱1.7 million relates to STI ESG's 40% interest in Philippine Health Educators, Inc. (PHEI) reflecting the net impact after accounting for the estimated book value of the investment. The BOD, and the stockholders of PHEI on March 3, 2025, agreed to shorten its corporate life to June 30, 2026. On June 30, 2025, the SEC approved the amendment of the Articles of Incorporation of PHEI stating that the term of existence of PHEI is until June 30, 2026.

The Group likewise recognized provision for inventory obsolescence amounting to ₱0.3 million and ₱1.0 million for the fiscal years ended June 30, 2024 and 2025, respectively, representing outdated school materials & supplies and proware items which are deemed obsolete.

Taxes and licenses expense is higher by ₱11.0 million from ₱37.1 million to ₱48.1 million for the fiscal years ended June 30, 2024 and 2025, respectively, primarily driven by higher local business taxes, which grew concomitant with the increase in the Group's revenues.

Advertising and promotions expense is lower by ₱2.6 million from ₱39.7 million to ₱37.1 million for the fiscal years ended June 30, 2024 and 2025, respectively, reflecting reduced promotion costs for SY 2024-2025.

Repairs and maintenance expenses increased by ₱1.9 million from ₱30.0 million to ₱31.9 million for the fiscal years ended June 30, 2024 and 2025, respectively. The increase was primarily due to facility refurbishments and corrective maintenance activities carried out during the SY 2024–2025 across various campuses.

Insurance expense is higher by ₱2.3 million from ₱17.0 million to ₱19.3 million for the fiscal years ended June 30, 2024 and 2025, respectively, reflecting higher premiums arising from the increase in value of insured STI ESG properties following recently completed projects and acquisitions. Similarly, office and housekeeping supplies increased by ₱4.1 million, from ₱6.3 million to ₱10.4 million. The increase was mainly driven by higher housekeeping costs arising from the completion of the new school building at STI Ortigas-Cainta and classroom expansion projects in several STI ESG–owned and operated schools. The additional spaces necessitated higher spending on cleaning and maintenance supplies to ensure operational efficiency.

Association dues increased by ₱4.2 million from ₱4.7 million to ₱8.9 million for the fiscal years ended June 30, 2024 and 2025, respectively, substantially representing dues paid by STI ESG for its investment properties.

The other general and administrative expenses such as transportation, communication, and convenience fees for the use of Group's payment channels also increased. The increase was primarily driven by the Group's growing business activities, and the increase in student population requiring greater operational resources and services across various expense categories.

The Group posted an operating income of ₱2,037.1 million for the fiscal year ended June 30, 2025, a 38% increase from the ₱1,475.2 million operating income recorded during the same period in the previous year. The improvement was mainly driven by higher revenues, attributed to a larger student

population, and significant rise in the number of students enrolled in CHED programs offered by the Group. The operating margin reached 46% for the fiscal year ended June 30, 2025, compared to 40% for the fiscal year ended June 30, 2024. This improvement likewise reflects the Group's effective management of the costs of educational services, and general and administrative expenses, alongside the benefits of increased operating leverage.

Interest expenses decreased by ₱36.2 million, from ₱269.9 million to ₱233.7 million for the fiscal year ended June 30, 2025. This reduction is primarily attributed to principal payments made by STI ESG on its Term Loan Facility with Chinabank in March 2024 and September 2024, and the full settlement of STI ESG's loans from its Corporate Notes Facility with Chinabank in September 2023. STI ESG likewise redeemed in full its series 7-year bonds aggregating to ₱2,180.0 million in March 2024. Interest rates on STI ESG's outstanding interest-bearing loans under the Term Loan Facility with Chinabank was adjusted from 6.5789% to 8.0472% per annum effective September 19, 2023. The Term Loan facility of STI ESG with Chinabank is subject to annual interest rate resetting and the loan was repriced at 7.8749% per annum effective September 19, 2024. Starting from September 19, 2025, the interest rate on the outstanding loan of STI ESG under its Term Loan facility with Chinabank was adjusted to 7.1577% per annum. Interest expense also reflects interest charges on new drawdowns made in March 2024 amounting to ₱500.0 million from STI ESG's Term Loan Facility with BPI, and ₱1,000.0 million from STI ESG's Term Loan Facility with Metrobank, bearing interest rates of 8.4211% and 7.8503% per annum, respectively. The interest rates for these loans of STI ESG with BPI and Metrobank were repriced effective September 18, 2024 at 7.8735% and 7.8135% per annum, respectively. In addition, the account includes interest incurred on the ₱200.0 million loan drawn by STI ESG from its Term Loan Facility with BPI in December 2024 subject to interest rate of 7.8201% per annum and maturing on March 18, 2029. These loans from BPI and Metrobank are subject to semi-annual interest rate resetting. On the subsequent repricing date, the interest rates for these loans of STI ESG with BPI and Metrobank were repriced at per annum rates of 7.4395% and 7.4213%, respectively, effective March 18, 2025. Interest rates for the outstanding loans under these Term Loan Facilities with BPI and Metrobank were repriced effective September 18, 2025 at the rates of 7.0588% per annum and 7.0517% per annum, respectively.

Rental income decreased by ₱3.3 million year-on-year from ₱111.3 million to ₱108.0 million for the fiscal years ended June 30, 2024 and 2025, respectively, reflecting the expiration or the scheduled maturity dates of some of the lease agreements in one of STI ESG's investment properties.

Interest income decreased from ₱41.2 million for the fiscal year ended June 30, 2024 to ₱30.1 million for the fiscal year ended June 30, 2025 as STI ESG and its subsidiaries utilized available funds to support the ongoing capital projects and meet financing obligations.

STI ESG sold 68 million of its shares in STI Holdings across various dates during the fiscal year ended June 30, 2025, for an aggregate consideration of ₱88.0 million. Consequently, STI ESG's equity interest in STI Holdings decreased from 5.05% to 4.37% as at June 30, 2025. This resulted in "Gain on partial disposal of interest in an associate" amounting to ₱24.6 million for the fiscal year ended June 30, 2025. Equity in net earnings of associates and joint venture amounted to ₱22.0 million for the fiscal year ended June 30, 2025, compared to ₱18.8 million for the fiscal year ended June 30, 2024 reflecting improved results of operations of certain associates of STI ESG.

Gain on disposal of property and equipment amounted to ₱485.3 thousand for the fiscal year ended June 30, 2024 (nil in 2025). This represents gain on the disposal of property and equipment that are no longer in use.

The Group recognized as income the recovery of accounts written-off amounting to ₱8.8 million for the fiscal year ended June 30, 2025 compared to ₱5.8 million for the fiscal year ended June 30, 2024.

Dividend income amounted to ₱2.9 million for the fiscal year ended June 30, 2024 compared to ₱4.3 million for the fiscal year ended June 30, 2025. This represents dividend income of ₱0.6 million from RCR, ₱2.2 million from DLSMC and ₱1.5 million from STI Marikina, an associate of STI ESG, for the fiscal year ended June 30, 2025. Dividends from RCR, DLSMC, and STI Marikina amounting to ₱0.6 million, ₱1.1 million and ₱1.2 million, respectively, were recognized for the fiscal year ended June 30, 2024.

The Group recognized a realized foreign exchange adjustment amounting to negative ₱5.7 million for the fiscal year June 30, 2025 as STI ESG converted substantially all its US dollar money market placements to local currency and redeemed its US dollar time deposit placements in August 2024. For the same period last year, the Group recognized unrealized foreign exchange gain of ₱7.7 million. The Group also recognized realized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱9.6 million for the fiscal year ended June 30, 2024.

Fair value gain on equity instruments at FVPL amounting to ₱3.4 million was recognized for the fiscal year ended June 30, 2025, compared to fair value loss amounting to ₱0.9 million for the fiscal year ended June 30, 2024, representing adjustments in the market value of STI ESG's quoted equity shares.

The Group also recognized other income aggregating to ₱1.1 million, net of other expenses, for the fiscal year ended June 30, 2025, substantially attributed to gain recognized on the termination of a lease agreement which was previously accounted for under the PFRS 16 and unrealized gain on STI ESG's short term investments as at June 30, 2025. The "Gain on the termination of lease" amounting to ₱1.6 million is recognized as part of "Other income (expense)" in the Group's audited consolidated statement of income for the fiscal year ended June 30, 2025. In comparison, the Group reported other expenses-net of ₱2.1 million for the year ended June 30, 2024. Other income is presented net of bond maintenance fees amounting to ₱0.6 million and ₱2.5 million for the fiscal years ended June 30, 2025 and 2024, respectively.

In September 2023, STI ESG fully paid the outstanding balance of its Corporate Notes Facility with Chinabank aggregating to ₱210.0 million. The loan had a carrying value of ₱213.1 million as at September 19, 2023, inclusive of the unamortized premium amounting to ₱3.1 million. In view of this loan being fully paid, the unamortized premium associated with the Corporate Notes Facility was derecognized in September 2023 and was taken up as "Gain on early extinguishment of loan" in the audited consolidated statement of comprehensive income for the fiscal year ended June 30, 2024.

The Group recognized "Provision for income tax" amounting to ₱187.0 million and ₱127.4 million for the fiscal years ended June 30, 2025 and 2024, respectively.

STI ESG reported a net income of ₱1,813.1 million for the fiscal year ended June 30, 2025, a remarkable increase from same period last year's net income of ₱1,275.8 million. This improvement was driven by the revenue growth — primarily attributed to a larger student population, with strong growth in enrollment under CHED programs. In addition, the Group operates on a higher operating leverage which contributed to the overall performance. Net income margin likewise improved from 35% to 41% year-on-year.

STI ESG recognized remeasurement gains, net of taxes, amounting to ₱38.5 million and ₱36.7 million for the fiscal years ended June 30, 2025, and 2024, respectively, attributed to increase in the market value of equity shares forming part of pension assets.

The unrealized fair value gain on equity instruments designated at FVOCI amounted to ₱5.2 million for the fiscal year ended June 30, 2024, compared to negative ₱2.9 million for the fiscal year ended June 30, 2025. The movement represents fair value adjustments in the market value of quoted and unquoted equity shares held by STI ESG.

Total comprehensive income for the fiscal year ended June 30, 2024 amounted to ₱1,317.9 million compared to ₱1,848.5 million for the fiscal year ended June 30, 2025.

EBITDA defined as earnings before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net earnings of associates and joint venture, gain (loss) on foreign exchange differences, fair value gain (loss) on equity instruments at FVPL, and nonrecurring gains such as gain on partial disposal of interest in an associate, gain on termination of lease, and gain on early extinguishment of loan, increased from ₱1,992.1 million for the fiscal year ended June 30, 2024 to ₱2,589.1 million for the fiscal year ended June 30, 2025. Depreciation and interest expenses for purposes of this computation exclude those related to Right-of-Use (ROU) assets and lease liabilities, respectively. EBITDA margin likewise improved, reaching 58% for the fiscal year ended June 30, 2025 compared to 54% for the same period last year, driven primarily by the increase in the number of enrollees for SY 2024-2025 compared to that of SY 2023-2024, and improved operational efficiencies brought about by the economies of scale.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱1,766.7 million for the fiscal year ended June 30, 2025 compared to core income for the same period last year of ₱1,238.1 million. Core income margin strengthened to 40% in fiscal year 2025 from 33% in 2024, driven by the higher enrollment and improved operating leverage.

Years ended June 30, 2024, vs June 30, 2023

Enrollment figures of the Group for SY 2023-2024 grew by 27.0% with enrollment of 103,982 for SY 2023-2024 compared to 81,697 enrollees in SY 2022-2023. In SY 2023-2024, the total count of new students reached over 49,000, marking a 37.0% growth from around 36,000 new students in SY 2022-2023. Enrollment in programs regulated by CHED registered an impressive 25.3% increase to more than 71,000 students compared to enrollees in SY 2022-2023 of over 56,000 students. In addition, the retention rate¹ for both years stands at 99%, while the migration rate² improved to 94% in SY 2023-2024 from 93% in SY 2022-2023.

The student enrollment across the schools in the STI ESG network at the start of the SY are as follows:

	SY 2023-2024	SY 2022-2023	Increase	
			Enrollees	Percentage
STI Network				
Owned schools	71,782	54,158	17,624	33%
Franchised schools	32,200	27,539	4,661	17%
Total Enrollees	103,982	81,697	22,285	27%

The classification of students according to the supervising government regulatory agencies is as follows:

- CHED – students under this group are enrolled in tertiary and post-graduate programs;

- Technical Education and Skills Development Authority (TESDA) – students under this group are enrolled in technical-vocational programs; and
- DepEd – students under this group are those enrolled in secondary education - Junior High School (JHS) and SHS.

	SY 2023-2024	%	SY 2022-2023	%
CHED	71,159	68%	56,876	70%
TESDA	1,682	2%	1,447	2%
DEPED³	31,141	30%	23,374	28%
TOTAL	103,982	100%	81,697	100%

¹ Retention rate refers to the percentage of the students retained at the end of the term compared to the number of students at the beginning of the term.

² Migration rate refers to the percentage of students, excluding graduates, who enrolled from the previous term to the next term.

³ DepEd count includes 30,674 SHS students and 467 JHS students for SY 2023-2024, while for SY 2022-2023, count includes 23,077 SHS students and 297 JHS students.

During SY 2022-2023, the Group gradually transitioned from remote learning to full resumption of face-to-face classes, while classes throughout SY 2023-2024 were all conducted face-to-face. For SY 2023-2024, classes across all levels started on August 29, 2023. For SY 2022-2023, classes for SHS and JHS students started on August 30, 2022, while classes for the tertiary programs began on September 5, 2022. STI implemented a flexible learning delivery modality for tertiary programs in the first semester of SY 2022-2023. All CHED professional and identified general education courses were delivered onsite, while other general education courses followed a blended modality, with 50% delivered onsite/face-to-face and 50% delivered through asynchronous instruction. With the passage of CHED Memorandum Order No. 16 dated November 11, 2022, providing clarity and support to Higher Education Institutions (HEIs) towards progressive transitioning to full onsite learning, STI ESG opted to conduct full face-to-face classes starting in the second semester of SY 2022-2023. As for JHS and SHS, classes have all been conducted face-to-face since the opening of SY 2022-2023.

The Group is continuously ensuring adherence to the guidelines set by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), CHED, DepEd, local government units (LGUs), and all pertinent agencies that have released information and guidance on the conduct of face-to-face classes.

The table below contains the horizontal and vertical analyses of income statement line items. The causes for material changes in these income statement line items are also discussed below.

	2024	2023	Increase (Decrease)	YoY Change (%)
Revenues	3,696.4	2,583.2	1,113.2	43%
Costs and expenses	2,221.2	1,874.8	346.4	18%
Income before other income (expenses) and income	1,475.2	708.4	766.9	108%
Other income (expenses)	(72.0)	(101.8)	29.8	-29%
Income before income tax	1,403.2	606.5	796.7	131%
Provision for (benefit from) income tax	127.4	(15.4)	142.8	-927%
Net income	1,275.8	621.9	653.9	105%
Other comprehensive income (loss)	42.1	(3.2)	45.3	-1415%
Total comprehensive income	1,317.9	618.7	699.2	113%

The Group recognized consolidated gross revenues amounting to ₱3,696.4 million for the year ended June 30, 2024. This represents a 43% increase from ₱2,583.2 million revenues recognized for the year ended June 30, 2023.

Tuition and other school fees reached ₱3,302.4 million for the year ended June 30, 2024, marking a substantial increase of ₱1,053.7 million or 47% compared to same period of the previous year. This growth is largely driven by the significant increase in the student population for SY 2023-2024. Enrollment for SY 2023-2024 increased by 27%, reaching close to 104,000 students, up from over 81,000 enrollees in SY 2022-2023. New students enrolled in CHED-regulated programs increased by 33% from approximately 22,000 in SY 2022-2023 to over 29,000 students in SY 2023-2024. Furthermore, total enrollment in programs regulated by CHED registered an impressive 25% increase to over 71,000 in SY 2023-2024 compared to over 56,000 students in the previous year. CHED-regulated programs generate higher revenues per student. The Group likewise implemented an average of 5% tuition fee increase across all tertiary programs.

Revenues from educational services and royalty fees both increased by 17% driven by the growth in student population and improved collection efficiency of the franchised schools for SY 2023-2024. These revenues from educational services are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

The revenues generated from the sale of educational materials and supplies increased by ₱19.5 million, reflecting a remarkable 18% increase compared to the same period in the previous year of ₱106.9 million to ₱126.3 million for the year ended June 30, 2024. This significant growth was primarily driven by increase in sale of uniforms. The cost of educational materials and supplies sold for the year ended June 30, 2024 increased concomitant with the higher sales volume.

Other revenues increased by ₱11.4 million or 18% compared to same period last year from ₱63.8 million to ₱75.2 million for the year ended June 30, 2024 attributed to the higher number of students enrolled in SY 2023-2024.

The cost of educational services increased by ₱202.6 million compared to same period last year, from ₱771.0 million to ₱973.6 million for the years ended June 30, 2023 and 2024, respectively. This increase is primarily attributed to higher instructors' salaries and benefits, an uptick on school materials and supplies expense, as well as the higher expenditures related to student activities and programs. The substantial increase in these costs is primarily attributed to the growing student population.

Instructors' salaries and benefits are up by ₱103.1 million from ₱304.2 million to ₱407.3 million, reflecting the cost of a larger faculty roster concomitant with the increase in student population. Also, merit increases and bonuses were distributed to deserving and qualified faculty members, as recognition of their contributions to the positive enrollment outcome for SY 2023-2024, highlighting the Group's appreciation for everyone's dedication and hard work.

Expenses attributed to student activities and programs climbed by ₱87.6 million from ₱129.0 million for the year ended June 30, 2023 to ₱216.6 million during the year ended June 30, 2024. These expenses substantially include the costs of activities and programs to further the development and test the competencies of the students, which include among others, "Local and National Talent Search", "Tagisan ng Talino at Sining" competitions, educational tours, hotel immersion activities, and the National Youth Convention. The related costs were driven by the increase in the number of graduates/participants, as applicable, concomitant with the increase in the student population. The related revenues for these costs of student activities and programs are reported as part of tuition and other school fees. Similarly, this account includes subscription costs for the use of eLearning Management System, MS License, Amadeus, which likewise went up due to the increase in the student population.

Rent expense recognized under the cost of educational services increased by ₱4.4 million from ₱24.2 million to ₱28.6 million for the years ended June 30, 2023 and 2024, respectively, representing rent expense recognized during the fiscal year for the building occupied by STI Alabang, which became a wholly-owned subsidiary of STI ESG on March 31, 2023. Similarly, the rent expenses attributed to the general and administrative section also increased due to the same reason.

School materials and supplies increased by ₱14.1 million from ₱9.8 million to ₱23.9 million for the years ended June 30, 2023 and 2024, respectively, attributed to expenses associated with conducting students' assessments and examinations and acquisition of other school learning materials and supplies.

The cost of developing courseware during the fiscal year ended June 30, 2024 decreased by ₱2.0 million from ₱3.7 million for the year ended June 30, 2023 to ₱1.7 million for the year ended June 30, 2024. In 2023, courseware materials for SHS and JHS were developed. STI ESG continuously reviews and updates its courseware materials. The Group closely monitors industry trends and regulatory requirements to align all program curricula and materials with current standards and emerging needs.

Gross profit improved from ₱1,729.1 million to ₱2,626.8 million for the years ended June 30, 2023 and 2024, respectively, primarily due to higher enrollment. Similarly, gross profit margins improved from 67% to 71% year-on-year.

General and administrative expenses increased by 13% or ₱130.9 million, from ₱1,020.7 million to ₱1,151.6 million for the years ended June 30, 2023 and 2024, respectively.

Salaries and benefits are higher by ₱61.9 million, from ₱265.6 million to ₱327.5 million for the years ended June 30, 2023 and 2024, respectively. This increase primarily reflects merit increases and bonuses given to deserving and qualified nonteaching and administrative personnel, underscoring the Group's recognition of their dedication and hard work resulting in the positive enrollment outcome for SY 2023-2024. Also, certain plantilla positions were filled up during the year ended June 30, 2024. This account also includes pension expenses totaling ₱34.7 million for the year ended June 30, 2024, reflecting the cost impact of the adoption of the Multi-Employer Retirement Plan for STI ESG and its

subsidiaries. The Multi-Employer Retirement Plan was implemented to ensure consistency and unified management of retirement benefits across the Group. Additionally, the plan offers more comprehensive and wider benefits for all eligible members, resulting in an increase in the Group's pension expense by ₱23.5 million, from ₱11.2 million to ₱34.7 million for the year ended June 30, 2024.

During the first term of SY 2022-2023, tertiary classes were conducted using a flexible learning modality, whereas all classes for SY 2023-2024 were held onsite, alongside an increase in student population. Consequently, consumption for SY 2023-2024 increased leading to higher light and water expenses by ₱15.6 million, from ₱128.1 million for the year ended June 30, 2023, compared to ₱143.7 million for the year ended June 30, 2024. Similarly, costs associated with external services, particularly security and janitorial services, increased by ₱19.1 million from ₱87.9 million to ₱107.0 million for the years ended June 30, 2023 and 2024, respectively. The increase in minimum wage rates and higher premiums charged by government agencies contributed to the higher security and janitorial expenses.

Professional fees are higher by ₱16.0 million amounting to ₱97.3 million for the year ended June 30, 2024 compared to ₱81.3 million for the year ended June 30, 2023 largely attributed to professional fees for external panelists and consultants' fees.

Advertising and promotions expense is higher by ₱10.6 million from ₱29.1 million to ₱39.7 million for the years ended June 30, 2023 and 2024, respectively, as STI ESG's marketing campaign was intensified in time for the opening of classes for SY 2024-2025.

Taxes and licenses expense is higher by ₱5.3 million from ₱31.8 million to ₱37.1 million for the years ended June 30, 2023 and 2024, respectively, reflecting the increase in local taxes concomitant with the increase in revenues.

Other expenses including transportation, meetings and conferences and entertainment, amusement and recreation expenses increased as well for the year ended June 30, 2024. These expenditures are part of the ordinary course of business, and rose attributed to increased mobility and connectivity, to maintain operational efficiency and ensure effective engagement across the various business units while also enhancing engagement with customers, government agencies, and industry partners to foster stronger partnerships.

The Group recognized a provision for ECL, net of reversals, amounting to ₱24.6 million, representing ECLs on outstanding receivables from students' tuition and other school fees for the year ended June 30, 2024. This provision for ECL is lower by ₱36.2 million compared to ₱60.8 million for the year ended June 30, 2023, indicating improved collection efficiencies during the fiscal year ended June 30, 2024. The receivables collected by the schools during the year and as at report date improved significantly compared to the previous year. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from the students for prior years.

The Group recognized a provision for impairment loss on goodwill amounting to ₱14.3 million representing the impairment of goodwill recognized for NPIM. For SY 2021-2022, NPIM exclusively enrolled students for JHS and SHS. Its former grade school students were advised earlier to transfer to another school or were refunded the fees paid, if any. For SY 2022-2023, the JHS and SHS students of NPIM were given the option to transfer to STI Sta Mesa, another school owned and operated by STI

ESG. NPIM ceased operations effective June 30, 2022. The cessation of operations of NPIM did not have a material financial impact on the Group.

On October 2, 2023, the BOD of PHEI, a joint venture entity in which STI ESG holds 40% interest, approved the cessation of PHEI's school operations, effective December 31, 2023. The BOD of STI ESG, in its February 27, 2024 meeting, approved the termination of the Joint Venture Agreement (JVA) between STI ESG and another stockholder. This JVA, executed in March 2004, led to the establishment of PHEI. In the same meeting, the BOD authorized an amendment to PHEI's Articles of Incorporation to shorten its corporate life. Consequently, STI ESG recognized a provision for impairment on its investment in PHEI amounting to ₱1.7 million for the fiscal year ended June 30, 2024, reflecting the net impact after accounting for the estimated book value of the investment.

The Group likewise recognized provision for inventory obsolescence amounting to ₱5.6 million and ₱1.0 million for the years ended June 30, 2023 and 2024, respectively, representing outdated School Materials & Supplies (SMS) and proware items which are deemed obsolete.

Insurance expense increased by ₱2.6 million from ₱14.4 million to ₱17.0 million for the years ended June 30, 2023 and 2024, respectively, reflecting higher premiums paid concomitant with the increase in market values of STI ESG properties.

Association dues increased by ₱3.7 million from ₱1.0 million to ₱4.7 million for the years ended June 30, 2023 and 2024, respectively, representing dues paid by STI ESG for one of its investment properties, previously covered by its former lessee, whose lease contract ended in May 2023.

Expenses related to payment channels and bank charges increased from ₱2.1 million to ₱4.5 million for the years ended June 30, 2023 and 2024, respectively, attributed to service charges on the use of STI ESG's alternative payment channels. This increase is primarily due to service charges incurred from the use of STI ESG's other online and offsite payment channels. This reflects greater awareness and preference on the use of STI ESG's payment gateways by students.

The Group posted an operating income of ₱1,475.2 million for the year ended June 30, 2024, more than double the operating income reported for the year ended June 30, 2023 amounting to ₱708.4 million. The substantial improvement is primarily driven by higher revenues resulting from a larger student population. The operating income margin reached 40% for the year ended June 30, 2024, up from 27% reported for the year ended June 30, 2023. This improvement likewise reflects the Group's optimized operational efficiency, through effective management of the costs of educational services, and administrative expenses, alongside the benefits of increased operating leverage.

Interest expenses decreased by ₱6.0 million, from ₱275.9 million to ₱269.9 million for the year ended June 30, 2024. This reduction is primarily attributed to principal payments made by STI ESG on its Term Loan Facility with Chinabank amounting to ₱240.0 million in September 2022. The prepayment was applied in the direct order of maturity and as such, applied on scheduled amortizations due on March 19, 2023 and September 19, 2023. STI ESG likewise settled the principal payment on its Term Loan Facility with Chinabank in the amount of ₱120 million in March 2024. Additionally, STI ESG fully settled its Corporate Notes Facility with Chinabank amounting to ₱210.0 million in September 2023 and redeemed its series 7-year bonds in March 2024 aggregating to ₱2,180.0 million. The resulting decrease in interest expenses related to these principal payments and bond redemption was partially offset by the increase in the interest rate on STI ESG's outstanding interest-bearing loans under the Term Loan Facility with Chinabank which was adjusted from 6.5789% to 8.0472% per annum effective September 19, 2023. This account also includes interest expenses associated with drawdowns made

in March 2024 amounting to ₱500.0 million from STI ESG's Term Loan Facility with BPI, and ₱1,000.0 million from STI ESG's Term Loan Facility with Metrobank, bearing interest rates of 8.4211% and 7.8503% per annum, respectively.

Rental income decreased by ₱11.0 million year-on-year from ₱122.3 million to ₱111.3 million representing termination of the lease contracts in one of STI ESG's investment properties.

The Group recorded consolidated interest income of ₱41.2 million for the year ended June 30, 2024 from ₱18.3 million for the year ended June 30, 2023, representing an increase of ₱22.9 million attributed to the investments of STI ESG and certain subsidiaries in short-term instruments and money market placements.

Equity in net earnings of associates and joint venture amounted to ₱18.8 million for the year ended June 30, 2024, compared to ₱15.2 million for the year ended June 30, 2023.

Gain on disposal of property and equipment amounted to ₱485.3 thousand for the year ended June 30, 2024 compared to ₱134.7 thousand for the year ended June 30, 2023. This represents gain on the disposal of property and equipment that are no longer in use.

The Group recognized as income the recovery of previously written-off accounts amounting to ₱5.8 million for the year ended June 30, 2024 compared to ₱10.1 million for the year ended June 30, 2023.

Dividend income amounted to ₱2.9 million for the year ended June 30, 2024 compared to ₱2.5 million for the year ended June 30, 2023. This represents dividend income of ₱0.6 million from RCR, ₱1.1 million from DLS Medical Center (DLSMC) and ₱1.2 from STI Marikina, an associate, for the year ended June 30, 2024, and dividends from RCR and DLSMC amounting to ₱0.6 million and ₱1.9 million, respectively, for the year ended June 30, 2023.

The Group recognized unrealized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱7.7 million and ₱2.3 million for the years ended June 30, 2024 and 2023, respectively. The Group also recognized realized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱9.6 million and nil for the years ended June 30, 2024 and 2023, respectively.

In September 2023, STI ESG fully paid the outstanding balance of its Corporate Notes Facility with Chinabank aggregating to ₱210.0 million. The loan had a carrying value of ₱213.1 million as at September 19, 2023, inclusive of the unamortized premium amounting to ₱3.1 million. In view of this loan being fully paid, the unamortized premium associated with the Corporate Notes Facility was derecognized in September 2023 and was taken up as "Gain on early extinguishment of loan" in the audited consolidated statement of comprehensive income for the year ended June 30, 2024.

Fair value losses on equity instruments at FVPL amounting to ₱0.9 million and ₱0.6 million were recognized for the years ended June 30, 2024 and 2023, respectively, representing adjustments in the market value of STI ESG's quoted equity shares.

The Group reported other expenses – net, amounting to ₱2.1 million for the year ended June 30, 2024 and other income – net, amounting ₱3.8 million for the year ended June 30, 2023. STI ESG recognized other income amounting to ₱4.7 million for the year ended June 30, 2023, representing donation from a third-party institution as part of STI ESG and the third-party institution's partnership program in delivering certification courses, simulation tools, and training materials to eligible students. STI ESG, on the other hand, recognized other expenses amounting to ₱2.5 million and ₱1.0 million for the years

ended June 30, 2024 and 2023, respectively, representing maintenance costs associated with STI ESG's bonds issuance.

The Group reported a provision for income tax amounting to ₱127.4 million for the year ended June 30, 2024 compared to benefit from income tax amounting to ₱15.4 million for the year ended June 30, 2023. Pursuant to the provisions of the CREATE Act, the Group adopted the 1.0% income tax rate effective July 1, 2020 up to June 30, 2023. The special tax rate for proprietary educational institutions reverted to 10.0% starting July 1, 2023.

STI ESG reported a net income after income tax of ₱1,275.8 million for the year ended June 30, 2024 compared to ₱621.9 million net income after income tax for the same period last year. Net income margin likewise improved from 24% to 35% year-on-year. The improvement is attributed to the upswing in the Group's enrollment this SY 2023-2024.

STI ESG recognized remeasurement gains, net of taxes, amounting to ₱36.7 million for the year ended June 30, 2024 and remeasurement loss, net of taxes, amounting to ₱4.4 million for the year ended June 30, 2023, due to the adjustments in the market value of equity shares forming part of pension assets.

The unrealized fair value adjustments on equity instruments designated at FVOCI amounted to ₱5.2 million for the year ended June 30, 2024, compared to ₱1.7 million for the year ended June 30, 2023. The increase represents fair value adjustments in the market price of quoted equity shares held by STI ESG.

Total comprehensive income for the year ended June 30, 2024 amounted to ₱1,317.9 million compared to ₱618.7 million for the year ended June 30, 2023 attributed to the higher number of enrollees for SY 2023-2024 compared to that of SY 2022-2023.

Earnings before interest, taxes, depreciation and amortization (EBITDA) defined as earnings before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net losses (earnings) of associates and joint venture, gain on foreign exchange differences, fair value loss on equity instruments at FVPL, and nonrecurring loss (gain) such as gain on early extinguishment of loan, increased from ₱1,248.7 million for the year ended June 30, 2023 to ₱1,992.1 million for the year ended June 30, 2024. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively. EBITDA margin likewise improved, reaching 54% for the year ended June 30, 2024 compared to 48% for the same period last year due to the reasons cited above.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱1,238.1 million for the year ended June 30, 2024 compared to core income for the same period last year of ₱600.1 million.

Years ended June 30, 2023, vs June 30, 2022

Enrollment figures of the Group for SY 2022-2023 grew by 12.0% with enrollment of 81,697 for SY 2022- 2023 compared to 72,750 enrollees in SY 2021-2022. In SY 2022-2023, the total count of new students reached close to 36,000, marking a 14% growth from over 31,000 new students in SY 2021-2022. Enrollment in programs regulated by CHED registered an impressive 16.1% increase compared to 49,005 students in SY 2021-2022. In addition, the retention rate¹ in SY 2022-2023 improved to

99.3% surpassing the 98.6% recorded in the previous year, while the migration rate² settled at 93.9% in SY 2022-2023 compared to 95.5% in SY 2021-2022.

The student enrollment of the schools under STI ESG at the start of the SY are as follows:

	SY 2022-2023	SY 2021-2020	Increase	
			Enrollees	Percentage
STI Network				
Owned schools	54,158	47,230	6,928	15%
Franchised schools	27,539	25,520	2,019	8%
Total Enrollees	81,697	72,750	8,947	12%

Grouping of the students in terms of government regulatory agencies supervising the programs is as follows:

- CHED – students under this group are enrolled in tertiary and post-graduate programs;
- TESDA – students under this group are enrolled in technical-vocational programs; and
- DepEd – pertains to primary and secondary education, including SHS.

	SY 2022-2023	%	SY 2021-2022	%
CHED	56,876	70%	49,005	67%
TESDA	1,447	2%	1,040	2%
DEPED*	23,374	28%	22,705	31%
TOTAL	81,697	100%	72,750	100%

¹ Retention rate refers to the percentage of the students retained at the end of the term compared to the number of students at the beginning of the term.

² Migration rate refers to the percentage of students, excluding graduates, who enrolled from the previous term to the next term.

³ DepEd count includes SHS students, and 208 and 241 students of NAMEI who are enrolled in basic education in SY 2021-2022 and SY 2020-2021, respectively.

STI ESG introduced the ONline and ONsite Education at STI (ONE STI) Learning Model in SY 2020-2021. This model was in response to stringent social distancing measures including, but not limited to, class suspensions, prohibition of mass gatherings, and imposition of community quarantine, among others, which were implemented to contain the outbreak of the COVID-19. The ONE STI Learning Model is an innovative approach to student development that uses digital tools and online technology combined with invaluable hands-on practice and onsite engagements to achieve the students' academic objectives through a responsive learning experience.

The Group utilizes the electronic Learning Management System (eLMS), a software application running on Amazon cloud, to better manage the delivery of educational courses and/or training programs to its students. It features built-in support for collaboration through various tools such as wikis, forums, and discussion groups; an internal messaging system with bidirectional support for emails and text messaging; and a built-in portfolio system that students can use to collect works to support learning and/or achievements. eLMS is a world-class and award-winning learning management system that schools and universities across the globe are using. This cloud-based

eLearning tool gives teachers and students a twoway platform where they can collaborate, assign, and submit homework, take assessments, and track learning progress, among others. The concept of online learning is not new to the Group, as the schools in the network have already implemented a blended learning model for the past eight years in order that the students may continue their studies at home uninterrupted even during physical classroom disruptions.

The faculty members of the Group regularly undergo competency-based certifications and training programs to ensure that they are proficient in the subject matter to be able to deliver the required day- today lessons. During the SYs 2020-2021 and 2021-2022, the training programs were conducted online while the Group has been holding a combination of inSY 2022-2023. These training programs are conducted to ensure that the faculty members of the Group possess an acceptable level of competencies, have industry-based experience and credentials necessary to teach the courses assigned to them.

Classes of SHS and JHS students started on August 30, 2022 and September 5, 2022 for tertiary students while classes for all levels for SY 2021-2022 started on September 13, 2021. From last year's gradual transition to face-to-face classes for high-stake courses, STI implemented a flexible learning delivery modality in the first semester of SY 2022-2023. For tertiary courses, all professional and identified general education courses are now delivered onsite while other general education courses are delivered using a blended modality, with a ratio of 50% onsite/face-to-face to 50% asynchronous. With the passage of CHED Memorandum Order No. 16 dated November 11, 2022 providing clarity and support to Higher Education Institutions (HEIs) towards progressive transitioning to full onsite learning, STI ESG opted to conduct full face-to-face classes starting on its second semester of SY 2022-2023. As for JHS and SHS, classes are all conducted face-to-face since the opening of SY 2022-2023.

The Group is continuously ensuring adherence to the guidelines set by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), CHED, DepEd, local government units (LGUs), and all pertinent agencies that have released information and guidance on the conduct of face-to-face classes.

The table below contains the horizontal and vertical analyses of income statement line items. The causes for material changes in these income statement line items are also discussed below.

	2023	2022	Increase (Decrease)	YoY Change (%)
Revenues	2,583.2	2,080.0	503.2	24%
Costs and expenses	1,874.8	1,663.2	211.6	13%
Income before other income (expenses) and income	708.4	416.8	291.6	70%
Other income (expenses)	(101.8)	(151.5)	49.7	-33%
Income before income tax	606.5	265.3	341.2	129%
Provision for (benefit from) income tax	(15.4)	12.1	(27.5)	-227%
Net income	621.9	253.2	368.7	146%
Other comprehensive income (loss)	(3.2)	6.6	(9.8)	-148%
Total comprehensive income	618.7	259.8	358.9	138%

The consolidated gross revenues of the Group for the year ended June 30, 2023 amounted to ₱2,583.2 million marking a significant increase from ₱2,080.0 million for the year ended June 30, 2022.

Tuition and other school fees reached ₱2,248.7 million for the year ended June 30, 2023, reflecting a substantial increase of ₱424.7 million or 23% compared to same period of the previous year. The Group achieved a remarkable 12% growth - with enrollment of over 81,000 students for SY2022-2023 compared to approximately 72,000 enrollees in SY 2021-2022. Notably, enrollment in programs regulated by CHED registered an impressive 16% increase to close to 57,000 students compared to enrollment in SY 2021-2022 at over 49,000 students in CHED-regulated programs constituting 70% of the total student population in SY 2022-2023 compared to 67% for SY 2021- 2022. CHED programs bring in higher revenues per student.

Revenues from educational services and royalty fees both increased by 19% driven by the rise in the student population and improved collection efficiency of the franchised schools for SY 2022-2023. These revenues from educational services are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

The revenues generated from the sale of educational materials and supplies increased by ₱77.7 million, reflecting an impressive 266% increase when compared to the same period last year from ₱29.2 million to ₱106.9 million for the year ended June 30, 2023. This increase in sale of educational materials and supplies was driven by the sale of uniforms which relates to the transition to face-to-face classes for SY 2022-2023. Consequently, the cost of educational materials and supplies sold increased concomitant with the increase in the sale of educational materials and supplies.

Other revenues decreased by ₱25.2 million or 28% compared to same period last year from ₱89.0 million to ₱63.8 million for the year ended June 30, 2023. During the SY 2021-2022, the Group extended internet connectivity assistance to its students. The share of data connectivity costs charged to the franchised schools was recognized as part of other revenues for the year ended June 30, 2022.

The cost of educational services is higher by ₱45.4 million compared to last year, from ₱725.6 million to ₱771.0 million for the years ended June 30, 2022 and 2023, respectively, driven by higher instructors' salaries and benefits expense, as well as the increase in student activities, programs, and related expenses. The impact of this increase was partially offset by the internet connectivity expenses incurred during SY 2021-2022. Instructors' salaries and benefits are up by ₱57.0 million from ₱ 247.0 million to ₱304.0 million as a result of a higher number of faculty members concomitant with the increase in number of students. In addition, the salaries of SHS teachers who passed the Licensure Examination for Teachers (LET) and tertiary instructors who have earned master's degrees as part of the faculty members' continuing education have been favorably adjusted.

Expenses related to student activities and programs rose by ₱45.8 million attributed to the expenses incurred for the resumption of in-person activities and programs for the students, higher subscription costs for Microsoft, eLMS and Amadeus software primarily driven by higher enrollment for SY 2022-2023, and distribution of laptops to ninety (90) students across the network. Huawei Philippines (Huawei), donated cash which was partly allocated to the provision of laptops distributed to select students who were awarded multiple certificates at the Huawei ICT Academy. STI ESG, in partnership with Huawei, integrated in-demand ICT technologies into some of its programs tackling five technology domains namely, (1) cloud computing (2) big data (3) artificial intelligence (4) routing and switching, and (5) storage. The savings generated from the shift to a more efficient cloud subscription plan partially offset these increases in costs. Also, during SY 2021-2022, STI ESG extended internet connectivity assistance to students in order that they may access their online learning platforms and tools. This internet connectivity assistance was no longer provided to students during SY 2022-2023 as all schools conduct in-person classes already.

Similarly, other expenses categorized under the cost of educational services cost have registered an increase. The cost of developing courseware during the fiscal year ended June 30, 2023 increased by ₱2.7 million driven by STI ESG's streamlining of program curricula in response to the market needs and industry developments. Courseware materials for SHS and JHS, likewise, were developed. Expenses related to school materials and supplies grew by ₱4.8 million as in-person classes were conducted this SY 2022-2023 compared to on-line classes administered in SY 2021-2022. Further, rent expenses have increased by ₱3.3 million, from ₱20.9 million to ₱24.2 million for the years ended June 30, 2022 and 2023, respectively, driven by the increase in the monthly rental for lease agreements which were renewed during the year ended June 30, 2023.

Gross profit improved from ₱1,330.6 million to ₱1,729.1 million for the years ended June 30, 2022 and 2023, respectively, largely due to the increased enrollment. Gross profit margins likewise improved from 64% to 67% for the years ended June 30, 2022 and 2023, respectively.

General and administrative expenses registered a 12% increase, equivalent to ₱106.9 million, from ₱913.8 million to ₱1,020.7 million for the years ended June 30, 2022 and 2023, respectively, driven by the increase in enrollment and the resumption of face-to-face classes.

Salaries and benefits are higher by ₱44.9 million for the year end June 30, 2023 compared to same period last year. This increase is primarily due to salary adjustments that were implemented during the fiscal year ended June 30, 2023. Also, certain plantilla positions were filled up in preparation for the resumption of face-to-face classes during SY 2022-2023. The Group conducted more in-person classes for SY 2022-2023 while classes for SY 2021-2022 were mostly held online as such, light and water expenses rose by ₱64.7 million, from ₱63.4 million for the year ended June 30, 2022, compared to ₱128.1 million for the year ended June 30, 2023 as a result of the increased use of schools facilities. Similarly, the costs associated with external services, particularly janitorial services, increased by ₱29.0 million from ₱59.0 million to ₱88.0 million for the year ended June 30, 2023.

The Group recognized a provision for ECL amounting to ₱60.8 million, representing ECLs on outstanding receivables from students' tuition and other school fees as at June 30, 2023. This provision for ECL is lower by ₱53.6 million compared to ₱114.4 million for the year ended June 30, 2022. The receivables collected by the schools during the year and as at report date improved significantly compared to the previous year. The Group recognized ECL based on the historical credit loss experience adjusted with forwardlooking information. The most recent receivables are assigned lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from the students for prior years.

The provision for impairment of goodwill amounting to ₱3.8 million which was recognized during the year ended June 30, 2022, was recognized upon the cessation of operations of STI Iloilo. The Group likewise recognized provision for inventory obsolescence amounting to ₱5.6 million and ₱2.0 million for the years ended June 30, 2023 and 2022, respectively. For SY 2022-2023, the Group implemented a more strategic online advertising campaign, leveraging various social media platforms that directly targeted the students and their influencers. The Group also focused on creating a variety of short-form videos with bite-sized content that are visually appealing and captured the attention of the students. These short-form videos have lower production and advertisement costs. Thus, the Group recognized advertising and promotions expense amounting to ~~₱29.1~~ ₱4.7 million for the year period ended June 30, 2023, lower by ₱4.7 million compared to ₱33.8 million for the year period ended June 30, 2022. Moreover, in preparation for the resumption of in-person classes for the SY 2023-2024, expenses related to repairs and maintenance increased by ₱10.0 million from ₱19.3 million to ₱29.3

million for the year ended June 30, 2023. Other expenses such as those related to transportation, training, meetings and conferences, and supplies likewise increased compared to same period in the previous year driven by the resumption of in-person activities and programs.

The Group posted an operating income of ₱708.4 million, marking a significant 70% increase for the year ended June 30, 2023, compared to same period last year amounting to ₱416.8 million. The improvement is attributed to higher revenues driven by the increase in the student population and improvement in the enrollment mix, with more students enrolled in CHED-regulated programs for SY 2022-2023. Operating margins likewise improved from 20% to 27% for the years ended June 30, 2022 and 2023, respectively.

Interest expense amounted to ₱275.9 million for the year ended June 30, 2023, compared with the same period last year of ₱289.3 million. The reduction is attributed to the principal payments made by STI ESG on its Corporate Notes Facility amounting to ₱30.0 million and the partial principal prepayment on STI amounting to ₱240.0 million in September 2022. The savings on the interest expense related to the principal payments made were partially offset by the prepayment fee equivalent to 1.5% of the amount prepaid or ₱3.9 million, inclusive of gross receipts tax. Likewise, the interest rate of the outstanding balance of the Term Loan and Corporate Notes Facilities of STI ESG was repriced at 6.5789% per annum effective September 20, 2022 compared to 5.7895% per annum in the previous year.

Rental income increased by ₱67.3 million year-on-year from ₱55.0 million to ₱122.3 million. This increase is attributed to a higher occupancy rate, primarily driven by new lease agreements entered into by STI ESG in some of its investment properties during the fiscal year ended June 30, 2023.

Interest income decreased from ₱37.5 million to ₱18.3 million for the year ended June 30, 2023. The interest income recorded for the year ended June 30, 2022 is substantially attributed to the accrued interests and default charges related to the loans of STI Tanay. This covers interests and penalty charges from the execution of the deed of assignment by and between DBP and STI ESG in 2019 up to the date of the extrajudicial foreclosure sale of the real estate mortgaged as collateral for the loans of STI Tanay. These properties, situated in Tanay, Rizal and Pasig City were foreclosed on March 15, 2021 and March 16, 2022, respectively (see discussion in the preceding paragraphs). This account also includes interest income generated from STI ESG short-term placements.

STI ESG recognized equity in net earnings of associates and joint venture amounting to ₱15.2 million for the year ended June 30, 2023, a turn-around from the reported equity in net losses of associates and joint venture aggregating to ₱12.0 million for the year ended June 30, 2022.

The Group disposed some of its obsolete and fully depreciated equipment and furniture resulting in ₱0.1 million gain for the year ended June 30, 2023. STI ESG also recognized a gain on sale amounting to ₱1.5 million from the disposal of its transportation equipment for the year ended June 30, 2022.

Collection efficiencies led to an increase in the recovery of receivables previously written-off from ₱9.2 million to ₱10.1 million for the years ended June 30, 2022 and 2023, respectively.

STI ESG recognized dividend income from RCR and DLSMC amounting to ₱0.6 million and ₱1.9 million, respectively, for the year ended June 30, 2023 and from RCR and DLSMC amounting to ₱0.4 million and ₱0.8 million, respectively, for the year ended June 30, 2022.

The Group recognized unrealized gain on foreign exchange differences amounting to ₱2.3 million and ₱44.5 million for the fiscal years ended June 30, 2023 and 2022, respectively. The Group also recognized realized gain on foreign exchange differences amounting to ₱0.1 million and ₱1.3 million for the years ended June 30, 2023 and 2022, respectively. These forex gains recognized are -denominated cash and cash equivalents, largely related to the proceeds of the disposal of STI ESG 20% stake in Maestro Holdings.

STI ESG recognized a gain on settlement of receivables, net of provision for impairment of noncurrent asset held for sale amounting to ₱10.8 million for the year ended June 30, 2022. The gain on settlement of receivables from STI Tanay amounted to ₱45.1 million, while the provision for impairment of noncurrent asset held for sale amounted to ₱34.3 million, net of depreciation expense, which was recognized on the Pasig property from the date of annotation on the property's title up to June 30, 2022 (see preceding discussions).

The Group applied the practical expedient approach for some rent concessions granted to the Group, following the amendments to PFRS 16, COVID-19-related Rent Concessions. This resulted in the recognition of other income aggregating to ₱P6.1 million which were presented as part of "other income (expense) – net" in the statement of comprehensive income for the year ended June 30, 2022. The account "other (expense) -net" also includes a reversal of interest income from past due accounts of consolidated subsidiaries in the amount of ₱15.9 million for the year ended June 30, 2022.

The Group also recognized other income amounting to ₱4.7 million, presented as part of :Other income (expenses)-net" for the year ended June 30, 2023. This represents a donation from Huawei as part of the partnership program between STI ESG and Huawei. The proceeds from this donation were used to purchase Ideahub equipment which was eventually used to put up a Huawei Smart Classroom in STI Academic Center Ortigas-Cainta. The smart classroom is equipped with Huawei Smart TVs together with an intelligent board, digital blackboard and all the related software and cameras. The Ideahub board combines smart writing, wireless projection, and open applications into a single board. The board is also equipped with premium anti-blue light protection. This project is part of STI ESG and Huawei's partnership program in delivering certification courses, simulation tools, and training materials to eligible students.

Benefit from income tax amounted to ₱15.4 million for the fiscal year ended June 30, 2023, compared to ₱12.1 million provision for income tax which was recognized for the same period last year. The significant difference is attributed to the change in preferential income tax rate for proprietary educational institutions which was reduced from 10.0% to 1.0% effective July 1, 2020, up to June 30, 2023. After the expiration of the temporary tax relief provided by the CREATE Law for proprietary educational institutions, the income tax rate reverted to its previous income tax rate of 10%. Consequently, the Group remeasured its deferred tax assets and liabilities which resulted in an increase in DTA as at June 30, 2023.

STI ESG reported a net income of ₱621.9 million for the year ended June 30, 2023, more than double the ₱253.3 million net income for the same period last year.

Remeasurement loss on pension liability amounted to ₱4.4 million for the year ended June 30, 2023, while a ₱5.2 million remeasurement gain, net of income tax effect, for the year ended June 30, 2022 was recognized by the Group. These fluctuations reflect the movements in the value of equity shares forming part of pension assets.

Total comprehensive income for the year ended June 30, 2023 amounted to ₱618.6 million compared to ₱259.8 million for the year ended June 30, 2022. This improvement is attributed to the higher number of enrollees and an improved enrollment mix in favor of CHED-regulated programs for SY 2022-2023 compared to that of SY 2021-2022.

Earnings before interest, taxes, depreciation and amortization (EBITDA) defined as earnings before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net losses (earnings) of associates and joint venture, and nonrecurring losses (gains) such as gain on foreign exchange differences, gain on settlement of receivables (net of provision for impairment of noncurrent asset held for sale), income on rent concessions and fair value loss on equity instruments at FVPL increased from ₱868.4 million for the year ended June 30, 2022 to ₱1,248.7 million for the year ended June 30, 2023. Depreciation and interest expenses for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively. EBITDA margin likewise improved from 42% to 48% for the year ended June 30, 2023 due to the reasons cited above.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱600.1 million for the year ended June 30, 2023 compared to core income for the same period last year of ₱168.9 million.

Key Performance Indicators

The key performance indicators (KPIs) of the Group cover tests of profitability, liquidity, and solvency. Profitability refers to the Group's earning capacity and ability to earn income for its stockholders. This is measured by profitability ratios analyzing margins and returns. Liquidity refers to the Group's ability to pay its short-term liabilities as and when they fall due. Solvency refers to the Group's ability to pay all its debts when they fall due, whether such liabilities are current or noncurrent. The top five (5) KPIs of the Group include:

As at/Three months ended September 30				
		2025	2024	Remarks
EBITDA margin	EBITDA divided by total revenues.	60%	43%	EBITDA margin increased in 2025 compared to the same period in 2024, mainly due to the increase in revenues recognized during the three months ended September 30, 2025.
Gross profit margin	Gross profit divided by total revenues	77%	68%	Gross profit margin went up as higher revenues were recognized this first quarter.
Return on equity (ROE)	Net income attributable to equity holders of the Parent Company divided by average equity attributable to equity holders of	23%	10%	ROE is higher as a result of the bigger revenues recognized for the quarter even as direct costs and operating expenses increased at a lower rate.

As at/Three months ended September 30				
		2025	2024	Remarks
	the Parent Company			
Debt-to-equity ratio (D/E ratio) ¹	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.39	0.53	D/E ratio improved due to principal payments made by STI ESG on its Term Loans.
Current ratio	Current assets divided by current liabilities	1.32	1.02	Current ratio improved due to the Group's profitable operations and improved collection efficiency.

The Group likewise monitors its financial covenants in accordance with the provisions under its loans and trust Agreements.

		June 2025	Remarks
D/E ratio ¹	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.44	D/E ratio improved from 0.59 in June 2024 due to principal payments made by STI ESG on its Term Loans.
DSCR ²	EBITDA for the last twelve months divided by total principal and interest due in the next twelve months.	3.40	The minimum DSCR set by management, and the lender banks is 1.05 of cash income (EBITDA) for every peso of loans and interest due within the next 12 months (see note below).
ICR ³	EBITDA for the immediately preceding twelve months divided by interest due in the next twelve months	14.95	ICR is well within the threshold set under the Second Supplemental Trust Agreement.

¹D/E ratio under the Term Loan Agreements with Chinabank must not exceed 1.5:1, while D/E ratio under the Term Loan Agreements with BPI and Metrobank must not be more than 2.5:1.00.

²DSCR under the Term Loan Agreements with Chinabank, BPI and Metrobank must not be lower than 1.05:1.00. For Chinabank, DSCR is tested every December 31 and June 30 of each year while for BPI and Metrobank, this is tested on June 30 of each year

³ICR under the Trust Agreement must not be lower than 3.00:1.00

The Term Loan Agreement with Chinabank prescribes that the financial covenants shall be observed and computed based on STI ESG's unaudited consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year. The term loan agreements with BPI

and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year.

As at September 30, 2025 and June 30, 2025, STI ESG is compliant with the aforementioned financial covenants, following the respective agreements, (see Notes 16 and 17) of the unaudited interim condensed consolidated financial statements).

Material Changes in Balance Sheet Accounts

Cash and cash equivalents increased by ₱299.2 million from ₱1,594.6 million to ₱1,893.8 million as at June 30, 2025 and September 30, 2025, respectively, primarily attributable to the Group's profitable operations and improved collection efficiency. The Group generated cash from operating activities aggregating to ₱721.3 million during the three months ended September 30, 2025. The collection of tuition and other school fees during the three months ended September 30, 2025 was the primary contributor to the increase in net cash generated from operating activities. These funds were utilized mainly to pay the contractors for the construction of new buildings for STI Tanauan, STI Meycauayan, STI Fairview and STI Batangas. Cash outflows for investing activities likewise include expenditures related to building rehabilitation works and acquisition of various equipment and furniture for the schools owned and operated by STI ESG. Net cash outflows for investing activities amounted to ₱16.1 million. The cash outflows for investing activities were partially offset by the proceeds received by STI ESG from the partial disposal of its interest in STI Holdings. The Group registered ₱406.0 million cash used in financing activities, substantially representing scheduled principal payments of STI ESG Term Loans with Chinabank, BPI and Metrobank aggregating to ₱292.2 million. This includes interest payments largely for STI ESG's Term Loans and coupon payments for STI ESG's bond issue aggregating to ₱81.1 million during the three months ended September 30, 2025.

Receivables increased to ₱1,515.3 million as at September 30, 2025, up by ₱1,082.2 million from ₱433.1 million as at June 30, 2025 — more than threefold increase from the prior period balance.

Receivables from students rose by ₱729.2 million from ₱311.0 million to ₱1,040.2 million, reflecting tuition and other school fees that are expected to be collected from the students over the related term(s) of the school year.

Receivables from DepEd likewise increased to ₱327.5 million as at September 30, 2025 from ₱19.8 million as at June 30, 2025. The SHS Voucher Program is a financial assistance program wherein subsidies in the form of vouchers are provided to qualified SHS students who are enrolled in a "non-DepEd SHS". A non-DepEd SHS refers to an educational provider not directly operated by DepEd but granted by DepEd with a permit or government recognition to operate SHS. This includes private schools, private colleges and universities; state universities and colleges (SUCs), local universities and colleges (LUCs); and technical and vocational institutions offering SHS. A Qualified Voucher Recipient (QVR) in participating private institutions is entitled to a subsidy ranging from ₱14,000 to ₱22,500 annually. DepEd, through the Private Education Assistance Committee, facilitates the transfer of funds to the participating schools.

Receivables related to DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) amounted to ₱0.8 million and ₱1.9 million as at September 30, 2025 and June 30, 2025, respectively. DBP RISE covers: (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first

term of the course or program, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP.

Receivables from CHED for the Tertiary Education Subsidy (TES) amounted to ₱3.8 million as at September 30, 2025 from ₱1.4 million as at June 30, 2025. Under the Universal Access to Quality Tertiary Education Act (UAQTEA) or RA No. 10931, and its Implementing Rules and Regulations (IRR), students enrolled in select private HEIs and are qualified to receive the TES are entitled to ₱60.0 thousand per year. The TES sharing agreement states that ₱40.0 thousand goes to the TES student grantee and ₱20.0 thousand to the private HEI. The subsidy is for tuition and other related school fees and should cover the living allowance, books, supplies, transportation, and miscellaneous expenses. Additional benefits are likewise given to persons with disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand per annum and ₱10.0 thousand, respectively. Under the TES Program, CHED directly pays the schools where these students enrolled. In July 2023, UniFAST issued Memorandum Circular No. 5 for the allocation of funds for new TES grants. The circular provides, among others, that the new TES grantees for the first semester of SY 2023–2024 shall receive ₱20.0 thousand per school year or ₱10.0 thousand per semester to cover the full or partial cost of tuition and other school fees. New TES grantees who are PWDs shall receive an additional subsidy of ₱10.0 thousand per school year or ₱5.0 thousand per semester.

Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED, and DBP are expected to be collected in full within the school year.

Receivables related to educational services and sale of educational materials and supplies amounted to ₱188.8 million as at September 30, 2025, higher by ₱53.5 million from ₱135.3 million as at June 30, 2025. This balance is composed of receivables from franchised schools for the educational services rendered by STI ESG and receivables from franchised schools and an affiliate for educational materials and supplies sold. These receivables from franchised schools and an affiliate are expected to be settled within 30 days from invoice date.

Rent and other receivables decreased by ₱5.4 million to ₱26.7 million as at September 30, 2025 from ₱32.1 million as at June 30, 2025, representing collection of rentals from various lessees and reimbursements of fit-out costs from a lessee during the three months ended September 30, 2025.

STI ESG's allowance for estimated credit losses (ECL) recognized in relation to the adoption of Philippine Financial Reporting Standards (PFRS) 9, Financial Instruments, increased from ₱156.7 million as at June 30, 2025 to ₱201.3 million as at September 30, 2025. The increase reflects the additional provisions for ECL amounting to ₱44.6 million for the three months ended September 30, 2025.

Inventories decreased by ₱15.5 million or 16%, from ₱163.8 million as at June 30, 2025 to ₱148.3 million as at September 30, 2025, substantially attributed to the sale of uniforms and prowares during the three-month period ended September 30, 2025, partially offset by purchases made during the quarter.

Property and equipment increased by ₱119.6 million, net of accumulated depreciation, from ₱8,050.3 million as at June 30, 2025 to ₱8,169.9 million as at September 30, 2025 representing percentage of construction completed for ongoing projects particularly the construction of new school buildings for STI Batangas, STI Fairview, STI Meycauyan, and STI Tanauan, as well as the installation of solar panels and various renovation and rehabilitation works in schools owned and operated by STI ESG.

Investments and advances to associates and joint ventures decreased by ₱170.8 million, from ₱433.3 million as at June 30, 2025 to ₱262.5 million as at September 30, 2025. In August 2025, STI ESG partially disposed of its interest in STI Holdings amounting to 185.0 million shares for a total consideration of ₱277.5 million. This reduced STI ESG's ownership interest in STI Holdings from 4.37% as at June 30, 2025 to 2.50% as at September 30, 2025 resulting in gain amounting to ₱102.7 million which was recognized as "Gain on partial disposal of interest in an associate" in the unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2025.

Deferred tax assets (DTA) increased by ₱18.1 million, from ₱40.1 million as at June 30, 2025 to ₱58.2 million as at September 30, 2025, representing taxes due on tuition and other school fees collected in advance. Following statutory regulations, tuition and other school fees which are collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets rose by ₱108.3 million from ₱697.3 million as June 30, 2025 to ₱805.6 million as at September 30, 2025, primarily reflecting 30% downpayment of ₱147.7 million in August 2025 for the construction of the STI Academic Center Meycauayan. The reported increase is net of the reclassification of certain advances to suppliers to "Property and equipment" corresponding to the progress completion of ongoing construction projects, full delivery and/or installation of other capital assets.

Accounts payable and other current liabilities decreased by ₱35.0 million from ₱770.4 million as at June 30, 2025 to ₱735.3 million as at September 30, 2025 representing semi-annual payment of interests on loans in September 2025 and settlement of commencement-related expenses for SY 2024-2025 during the three months ended September 30, 2025.

Unearned tuition and other school fees increased by ₱1,140.4 million, from ₱163.0 million to ₱1,303.4 million as at September 30, 2025. This unearned tuition and other school fees will be recognized as income over the remaining months of the related school term(s) within SY 2025-2026.

Current portion of interest-bearing loans and borrowings amounted to ₱580.4 million as at September 30, 2025 net of deferred finance charges amounting to ₱4.0 million. The balance as at September 30, 2025 represents the current portion of the Term Loan Facility of STI ESG with Chinabank, BPI and Metrobank amounting to ₱240.0 million, ₱144.4 million, and ₱200.0 million, respectively. On the other hand, the non-current portion of interest-bearing loans and borrowings, decreased by ₱291.4 million from ₱1,146.1 million to ₱854.7 million, net of deferred finance cost, as at June 30, 2025 and September 30, 2025, respectively, due to the reclassification from non-current portion to current portion of interest-bearing loans and borrowings that are due in the next twelve months.

Current portion of lease obligations amounted to ₱63.5 million and ₱64.3 million as at September 30, 2025 and June 30, 2025, respectively. Noncurrent lease liabilities declined by ₱13.4 million from ₱244.5 million to ₱231.1 million representing lease obligations which are due within the next twelve months. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities were recognized in the unaudited interim condensed consolidated financial statements of the Group following the adoption of PFRS 16 Leases.

Income tax payable amounted to ₱89.7 million and ₱34.1 million as at September 30, 2025 and June 30, 2025, respectively. The balance as at September 30, 2025 represents income tax due on the taxable income for the three months ended September 30, 2025, as well as the income tax payable as at June 30, 2025, which was duly settled in October 2025.

Pension liabilities increased by ₱20.1 million, from ₱30.8 million as at June 30, 2025 to ₱50.9 million as at September 30, 2025. The increase is mainly attributable to the recognition of pension expense amounting to ₱2.6 million and remeasurement adjustments of ₱17.1 million, gross of tax, for the three-months ended September 30, 2025.

Cumulative actuarial gain amounted to ₱59.5 million as at September 30, 2025 from ₱75.2 million as at June 30, 2025. The increase reflects changes in the market value of the equity investments held within the pension plan assets of the Group for the three months ended September 30, 2025.

Retained earnings increased by ₱574.6 million from ₱4,875.3 million to ₱5,449.9 million representing net income recognized for the three months ended September 30, 2025.

Material Changes in Income Statement Accounts

Total revenues reached ₱1,134.4 million during the three months ended September 30, 2025, an increase of ₱361.8 million from ₱772.6 million of the same period last year.

Condensed Consolidated Statements of Comprehensive Income

(Amounts in Peso millions)	Three Months Ended September 30			
	2025	2024	Increase (Decrease)	
Revenues	₱1,134.4	₱772.6	₱361.8	47%
Costs and expenses	598.9	574.4	24.5	4%
Net income (brought forward)	₱574.5	₱164.7	₱409.8	249%
Operating income	535.5	198.2	337.3	170%
Other comprehensive income (loss)	(15.9)	21.5	(37.4)	-174%
Other income (expenses)	589.8	186.2	403.6	217%
Total comprehensive income	1,134.4	772.6	361.8	47%
Income before income tax	625.3	181.9	443.4	244%
Provision for income tax	50.8	17.2	33.6	195%
Net income (carried forward)	₱574.5	₱164.7	₱409.8	249%

Tuition and other school fees amounted to ₱975.6 million for the three months ended September 30, 2025, up by ₱357.3 million from ₱618.3 million of the same period last year. Revenues from tuition and other school fees are recognized proportionately throughout the related school term(s) to which they pertain, consistent with the time frame in which educational services are delivered. As such, revenue distribution across quarters may vary depending on the timing of the school calendar. The wide variance reflects the earlier commencement of SY 2025–2026 on July 28, 2025, compared to August 12, 2024, for the prior year. Since tuition and related fees are recognized as revenue over the duration of the related school term(s), the earlier start of classes led to a greater share of revenues earned for the three months ended September 30, 2025, compared to same period of the previous year. Starting this fiscal year, the Group has recognized the revenues based on the actual number of days within the school calendar in contrast with the monthly recognition done previously. This approach affects the timing of revenue recognition across quarters but does not affect total revenues for the full fiscal year. Adjustments in tuition and other fees for both new and continuing tertiary students, ranging from 2.1% to 6.7%, also contributed to the increase in revenues for the three months ended September 30, 2025.

Revenues from educational services and royalty fees largely from STI ESG's franchised schools aggregated to ₱72.9 million for the three months ended September 30, 2025, posting an increase of 26%, and 19%, respectively, primarily due to improved collection efficiency for SY 2025-2026.

Revenues from educational services and royalty fees are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Revenues from educational services likewise include management fees from Philippine School of Business Administration (PSBA Manila), and Philippine School of Business Administration, Inc.–Quezon City (PSBA Quezon City) amounting to ₱4.3 million and ₱1.6 million for the three months ended September 30, 2025 and 2024, respectively. The management agreement, executed in May 2024, became effective on July 1, 2024 for PSBA Quezon City and on August 1, 2024 for PSBA Manila. The agreement has a term of three (3) years counting from the respective management commencement dates. PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of their respective gross revenues.

The revenues generated from the sale of educational materials and supplies amounted to ₱44.8 million for the three months ended September 30, 2025, compared to ₱57.4 million for the same period last year consistent with the enrollment levels for SY 2025-2026. Sales for both periods were mainly attributable to uniforms. The cost of educational materials and supplies sold amounted to ₱34.9 million for the three months ended September 30, 2025, compared to ₱46.4 million for the same period last year aligned with the movement in sales.

The cost of educational services amounted to ₱222.9 million, compared to ₱199.5 million for the three months ended September 30, 2025 and 2024, respectively. This increase is primarily attributed to higher instructors' salaries and benefits, as well as higher depreciation expense for the three months ended September 30, 2025.

Faculty salaries and benefits amounted to ₱101.9 million, compared to ₱90.2 million for the three months ended September 30, 2025 and 2024, respectively, driven by the earlier start of classes for SY2025–2026 compared to the previous year.

The completion of the new school buildings at STI Ortigas-Cainta and STI Lipa, renovation and rehabilitation works in schools owned and operated by STI ESG, along with the acquisition of new equipment and furniture, led to higher depreciation charges of the Group. The increase is reflected both under the cost of educational services and the general and administrative expense sections of the unaudited interim condensed consolidated statement of comprehensive income. Depreciation expense, under cost of educational services, amounted to ₱78.4 million, compared to ₱67.6 million for the three months ended September 30, 2025 and 2024, respectively, while depreciation expense, under general and administrative expenses section, amounted to ₱62.7 million, compared to ₱54.8 million for the three months ended September 30, 2025 and 2024, respectively.

Expenses attributed to student activities and programs amounted to ₱26.1 million for the quarter ended September 30, 2025 compared to ₱23.6 million for the three months ended September 30, 2024. This account includes subscription costs for the use of eLearning Management System, MS License, and eBooks, among others. These subscriptions are renewed annually, and the related costs are spread over the contract periods which are usually aligned with the school calendar.

Rent expense amounted to ₱7.2 million, compared to ₱7.9 million for the three months ended September 30, 2025 and 2024, respectively. The reduction is mainly due to a lease agreement for one STI ESG branch that ceased to qualify for the short-term lease accounting under Philippine Financial Reporting Standards (PFRS) Accounting Standards 16 - *Leases*, resulting in the recognition of a right-of-use asset and corresponding lease liability beginning fiscal year ending June 30, 2026.

STI ESG transitioned from annual support and maintenance contract to on-demand engagements with the third-party providers for its computerized accounting and enrollment systems during SY 2024-2025. This resulted in lower expenses related to infrastructure and software maintenance, from ₱2.6 million to ₱1.2 million for the three months ended September 30, 2024 and 2025, respectively. Concurrently, STI ESG is in the process of implementing new financial and enrollment systems to streamline the Group's financial and enrollment processes and students' information and records management to enhance operational efficiency over the long term.

Gross profit increased from ₱526.7 million to ₱876.6 million for the three months ended September 30, 2024 and 2025, respectively, primarily due to increase in revenues driven by the earlier start of classes. Similarly, gross profit margin is at 77% compared to 68% for the same period of the previous year.

General and administrative expenses amounted to ₱341.1 million, compared to ₱328.5 million for the three months ended September 30, 2025 and 2024, respectively, largely attributed to expenses related to salaries and benefits, depreciation, light and water, and janitorial and security services, and taxes and licenses. This increase was partially offset by lower provisions for ECL and reduced advertising and promotional spending during the three months ended September 30, 2025.

Salaries and benefits amounted to ₱83.3 million for the three months ended September 30, 2025, compared to ₱77.8 million for the same period last year. The increase was primarily driven by merit-based salary adjustments and bonuses given in the second quarter of the fiscal year ended June 30, 2025, as well as the onboarding of personnel for previously vacant positions during the three months ended September 30, 2025.

Light and water expenses are higher by ₱6.4 million from ₱34.8 million to ₱41.2 million for the three months ended September 30, 2024 and 2025, respectively. The increase was primarily driven by higher power consumption due to earlier start of classes for SY 2025-2026 compared to same period of the previous year. The increased power consumption was mitigated by the cost savings from the solar power systems installed at several wholly-owned schools of STI ESG.

The Group recognized a provision for ECL amounting to ₱44.6 million for the three months ended September 30, 2025, largely representing ECLs on outstanding receivables from students' tuition and other school fees as at September 30, 2025 associated with SY 2025-2026. This provision for ECL is lower by ₱7.7 million compared to ₱52.3 million for the three months ended September 30, 2024 reflecting improved collection efficiency. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned with lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from students pertaining to prior years.

Outside services, including security and janitorial services are higher by ₱2.4 million from ₱28.5 million to ₱30.9 million for the three months ended September 30, 2024 and 2025, respectively, mainly attributed to increase in minimum wage rates charged by security and utility service providers.

Professional fees are higher by ₱1.6 million from ₱21.4 million to ₱23.0 million for the three months ended September 30, 2024 and 2025, respectively. The increase was mainly due to professional fees incurred in connection with the partial disposal of STI ESG's interest in STI Holdings, as well as the appraisal of STI ESG's real properties. The appraisal was undertaken in compliance with the requirements of PFRS Accounting Standards, which mandate that assets be assessed for potential

impairment at regular intervals to ensure that their carrying amounts reflect current market conditions.

Taxes and licenses expense rose by ₱2.7 million from ₱9.8 million for the three months ended September 30, 2024 to ₱12.5 million for the three months ended September 30, 2025, largely due to higher local business taxes for calendar year 2025.

Advertising and promotions expenses amounted to ₱7.8 million for the three months ended September 30, 2025, compared to ₱14.3 million for the three months ended September 30, 2024. The decline was primarily due to timing differences in the implementation of advertisements and marketing campaigns. For SY 2025–2026, classes commenced earlier, resulting in a shift of a significant portion of marketing activities to the last quarter of fiscal year ended June 30, 2025, whereas for SY 2024–2025, the marketing campaigns through social media channels were largely executed during the three months ended September 30, 2024.

Repairs and maintenance expenses amounted to ₱7.9 million from ₱8.6 million to for the three months ended September 30, 2025 and 2024, respectively, mainly due to higher corrective maintenance activities made for certain equipment and school facilities for the three months ended September 30, 2024.

Association dues amounted to ₱1.9 million from ₱1.4 million for the three months ended September 30, 2025 and 2024, respectively, representing office condominium dues paid by STI ESG for its investment properties.

The other general and administrative expenses like transportation and travel, meetings and conferences, communication, payment channels also increased driven by the Group's growing business activities.

The Group posted an operating income of ₱535.5 million for the three months ended September 30, 2025, from ₱198.2 million for the three months ended September 30, 2024. The increase was mainly driven by higher revenues attributed to reasons cited in the preceding paragraphs.

STI ESG sold STI Holdings shares aggregating to 185.0 million shares for a total consideration of ₱277.5 million in August 2025. This reduced STI ESG's shareholding to 247.4 million shares, decreasing STI ESG's ownership interest in STI Holdings from 4.37% to 2.50%. These partial disposal of STI ESG's interest in STI Holdings have resulted in gain amounting to ₱102.7 million which was recognized as "Gain on partial disposal of interest in an associate" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2025.

Interest expenses decreased by ₱8.8 million, from ₱62.9 million to ₱54.1 million for the three months ended September 30, 2025. This reduction is primarily attributed to principal payments made by STI ESG on its Term Loan Facility with BPI, Chinabank, and Metrobank. Similarly, interest rates per annum improved effective September 2025 for BPI, Chinabank, and Metrobank at 7.0588%, 7.1577%, and 7.0517%, respectively, compared to 7.8735%, 7.8749%, and 7.8135% for the same period of the previous year.

Rental income decreased by ₱5.0 million, from ₱27.3 million to ₱22.3 million for the three months ended September 30, 2024 and 2025, respectively, reflecting the expiration of lease agreements in some of STI ESG's investment properties.

Interest income rose from ₱8.3 million for the three months ended September 30, 2024 to ₱12.2 million for the three months ended September 30, 2025, substantially attributed to short term investments of STI ESG and some of its subsidiaries.

Equity in net earnings of associates and joint venture amounted to ₱4.1 million for the three months ended September 30, 2025, compared to ₱6.4 million for the same period in 2024, reflecting the reduced STI ESG's ownership interest in STI Holdings from 4.82% as at September 30, 2024, to 4.37% as at June 30, 2025, and further to 2.50% as at September 30, 2025.

The Group recognized recovery of accounts written-off amounting to ₱2.8 million for the three months ended September 30, 2025, compared to ₱4.0 million for the same period last year.

Fair value loss on equity instruments at FVPL amounting to ₱0.2 million was recognized for the three months ended September 30, 2025, compared to fair value gain amounting to ₱1.0 million for the three months ended September 30, 2024, respectively, representing adjustments in the market value of STI ESG's quoted equity shares.

STI ESG redeemed and converted substantially all its dollar money market and time deposit placements in 2024, resulting in a realized foreign exchange loss amounting to ₱5.8 million for the three months ended September 30, 2024. STI ESG recognized an unrealized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱0.03 million for the three months ended September 30, 2025.

The Group also recognized other income aggregating to ₱2.0 million, net of other expenses, for the three months ended September 30, 2024, substantially attributed to gain recognized on the termination of a lease agreement which was previously accounted for under the PFRS 16. The "Gain on the termination of lease" amounting to ₱1.6 million was recognized as part of "Other income" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2024. Other income for the three months ended September 30, 2025 and 2024 is presented net of bond maintenance fees amounting to ₱0.1 million in each period.

The Group recognized "Provision for income tax" amounting to ₱50.8 million and ₱17.2 million for the three months ended September 30, 2025 and 2024, respectively.

STI ESG reported a net income of ₱574.5 million for the three months ended September 30, 2025, compared to ₱164.7 million for the three months ended September 30, 2024. Net income margin stood at 51%, compared to 21% for the same period of the previous year, resulting from the higher revenues recognized this quarter due to the early start of classes and the change in the revenue recognition discussed in earlier paragraphs.

STI ESG recognized remeasurement loss, net of tax effect, in pension liability of ₱15.7 million for the three months ended September 30, 2025 compared to remeasurement gain, net of tax, of ₱21.4 million for the three months ended September 30, 2024, reflecting the adjustments in the market value of equity shares forming part of pension assets.

The unrealized fair value adjustments on equity instruments designated at FVOCI amounted to negative ₱0.2 million for the three months ended September 30, 2025, compared to ₱0.1 million for the three months ended September 30, 2024. The movement represents fair value adjustments in the market price of quoted equity shares held by STI ESG.

Total comprehensive income for the three months ended September 30, 2025 amounted to ₱ 558.6 million compared to ₱186.2 million for the three months ended September 30, 2024.

EBITDA is up from ₱330.0 million for the three months ended September 30, 2024 to ₱678.9 million for the three months ended September 30, 2025. EBITDA margin is 60% for the three months ended September 30, 2025, compared to 43% for the same period of the previous year.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱468.0 million for the three months ended September 30, 2025 compared to core income for the same period last year of ₱158.5 million.

Financial Risk Disclosure

The Group's present activities expose it to liquidity, credit, interest rate, and capital risks.

Liquidity risk – Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet its currently maturing commitments. The Group's liquidity profile is managed to be able to finance its operations and capital expenditures, and other financial obligations. To cover its financing requirements, the Group uses internally generated funds and interest-bearing loans and borrowings. As part of its liquidity risk management program, the Group regularly evaluates the projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund- raising initiatives.

Any excess funds are primarily invested in short-dated and principal-protected bank products that provide flexibility of withdrawing the funds anytime. The Group regularly evaluates available financial products and monitors market conditions for opportunities to enhance yields at acceptable risk levels.

The Group's current liabilities are mostly made up of trade liabilities with a 30 to 60-day payment terms, and current portion of interest-bearing loans and borrowings that are expected to mature within one year after the reporting date. On the other hand, the biggest components of the Group's current assets are cash and cash equivalents, and receivables from students and franchisees with credit terms of up to ten (10) months for installment payments, and thirty (30) days, respectively.

As at September 30, 2025 and June 30, 2025, the Group's current assets amounted to ₱3,664.1 million and ₱2,297.1 million, respectively, while current liabilities amounted to ₱2,772.3 million and ₱1,612.0 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱1,303.4 million and ₱163.0 million as at September 30, 2025 and June 30, 2025, respectively. Unearned tuition and other school fees represent performance obligations related to revenues from tuition and other school fees, which will be satisfied over time as the students receive the services provided by the Group.

As part of the Group's liquidity risk management program, the management regularly evaluates the projected and actual cash flow information.

The Group regularly monitors both the DSCR for STI ESG's interest-bearing loans from local banks and the ICR for its series 10-year bonds. The ratios are based on the audited consolidated financial statements of the Group. The DSCR is equivalent to the EBITDA divided by the total principal and interests due for the next twelve months while the ICR is computed as EBITDA divided by the total interests due for the next twelve months. The Group manages its DSCR to keep it at a level acceptable

to the Group and the lender banks. Similarly, the Group monitors its ICR to keep it at a level acceptable to the Group and the bondholders.

The Term Loan Agreement with Chinabank prescribes that the financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. The term loan agreements with BPI and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. STI ESG is compliant with the DSCR requirement as at June 30, 2025 and 2024, as defined in the term loan agreements, (see Note 17 of the Audited Consolidated Financial Statements).

The Second Supplemental Trust Agreement replaced the DSCR measure with ICR, as discussed in Note 18 of the Audited Consolidated Financial Statements.

The Group's policy is to keep the DSCR not lower than 1.05:1.00 and the ICR not lower than 3.00:1.00. DSCRs, as defined in the loan agreements, as at June 30, 2025 is 3.40:1.00. ICR, as defined in the bond trust agreement, as at June 30, 2025 is 14.95:1.00. STI ESG has been compliant with the financial covenants imposed under the loan and bond trust agreements.

Credit risk — Credit risk is the risk that the Group will incur a loss arising from students, franchisees, or counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for each counterparty and by monitoring expenses in relation to such limits.

It is the Group's policy to require the students to pay all their tuition and other school fees before they can get their report cards and other credentials. In addition, receivable balances are monitored continuously such that exposure to bad debts is not significant.

Interest rate risk - Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate financial instruments are subject to fair value interest rate risk while floating-rate financial instruments are subject to cash flow interest rate risk. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's long-term loans and bonds. While the Group's long-term debt has a floating interest rate, the Group elected to have the interest rate repriced every six months on its new loans and every year on the old loans, thus minimizing the exposure to market changes in interest rates. STI ESG's 7-year bonds, which had a fixed interest rate, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate.

The Group's exposure to interest rate risk also includes its cash and cash equivalents balance. Interest rates for the Group's cash deposits are at prevailing interest rates. Due to the magnitude of the deposits, significant changes in interest rates may also affect the statements of comprehensive income of the Group.

Capital Risk- The Group's objectives when managing capital is to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. The Group is not subject to externally imposed capital requirements.

The Group monitors capital using the D/E ratio, which is computed as the total of current and noncurrent liabilities, net of unearned tuition, and other school fees, divided by total equity. The Group monitors its D/E ratio to keep it at a level acceptable to the Group, the lender banks, and the STI ESG bondholders. The Group's policy is to keep the D/E ratio at a level not exceeding 1.50:1.00. STI ESG is compliant with the D/E ratio requirement as at June 30, 2025, as defined in the term loan and trust agreements, (see Notes 16 and 17 of the unaudited interim condensed consolidated financial statements).

Agreements/Commitments and Contingencies/Other Matters

- a. There are no changes in accounting estimates used in the preparation of the audited consolidated financial statements for the current and prior financial periods.
- b. Except as provided in Note 33 of the Notes to Audited Consolidated Financial Statements attached as part of "Exhibits and schedules," and Note 26 to the Unaudited Interim Condensed Consolidated Financial Statements attached as Annex "A" to the Quarterly Report for the Period Ended 30 September 2025, the Group has no other financial and capital commitments.
- c. There are no material events and uncertainties known to management that would address the past and would have an impact on the future operations of the Group.
- d. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations) and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- e. The various loan agreements entered into and the issuance of fixed-rate bonds by STI ESG provide certain restrictions and conditions with respect to, among others, change in majority ownership and management and maintenance of financial ratios. STI ESG is fully compliant with all the covenants in the loan agreements. See Notes 17, 18, and 33 of the Notes to the Audited Consolidated Financial Statements of the Company and Notes 16 and 17 to the Unaudited Interim Condensed Consolidated Financial Statements attached as Annex "A" to the Quarterly Report for the Period Ended 30 September 2025 for a more detailed discussion. There are no other events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation.
- f. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/ income from continuing operations except for the contingencies and commitments enumerated in Note 33 of the Notes to Audited Consolidated Financial Statements attached as Annex "A".
- g. There are no significant elements of income or loss that did not arise from the Group's continuing operations.
- h. The Group's business is linked to the academic cycle. The academic cycle is one academic year that starts in late August and ends in June of the following year. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain. Accordingly, the revenues of the Group are

expected to be lower during the first quarter of the fiscal year compared to the other quarters if the number of enrollees remains constant. This information is provided to allow for a proper appreciation of the results of the operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

- i. On March 23, 2017, STI ESG listed its ₱3.0 billion Series 7-year Bonds due 2024 and Series 10-year Bonds due 2027 on the PDEX secondary market. The ₱3.0 billion bond issue is the first tranche of STI ESG's ₱5.0 billion fixed-rate bonds program under its 3-year shelf registration with the SEC. The 3-year shelf registration ended on March 9, 2020. Interests are payable quarterly in arrears on June 23, September 23, December 23, and March 23 or the next business day if such dates fall on non-banking days, of each year commencing on June 23, 2017, until and including the relevant maturity dates (see Note 18 of Notes to Audited Consolidated Financial Statements). STI ESG redeemed in full its series 7-year bonds in March 2024. The Series 10-year Bonds continue to carry a 6.3756% coupon rate as at June 30, 2025.
- j. On February 27, 2024, the BOD of STI Holdings ratified the execution of a term sheet between STI Holdings and Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration, Inc. - Quezon City (PSBA Quezon City) or collectively referred to as "PSBA". The term sheet covers the takeover by STI Holdings of the operations of PSBA as well as the acquisition of licenses, trademarks, trade names, and school-related assets owned by PSBA (the "transaction").

The term sheet and the implementation of the transaction are subject to several conditions including, among others, the execution of mutually acceptable definitive agreements, fulfillment of the conditions precedent, approval of the stockholders of PSBA, and regulatory approvals.

On May 2, 2024, STI ESG entered into a Contract to Sell with PSBA Manila for the sale and purchase of a 3,000 square meter parcel of land located at Aurora Boulevard, Quezon City (referred to as the "Subject Property"). The sale and purchase of the Subject Property is subject to regulatory approvals and the fulfillment of certain conditions precedent. Subject to regulatory approvals and upon fulfillment of such conditions precedent, STI ESG and PSBA Manila shall execute a Deed of Absolute Sale over the Subject Property.

On May 2, 2024, STI Holdings and PSBA also executed the Right of First Refusal Agreement as STI Holdings has the right of first refusal in the event that PSBA intends to sell the PSBA properties. PSBA Manila is the registered and beneficial owner of a parcel of land, together with the improvement thereon, located at R. Papa St., Manila (the "PSBA Manila Property"). PSBA Manila is also the registered and beneficial owner of two parcels of land, together with improvements thereon, located at Aurora Boulevard, Quezon City.

On the same date, STI College Novaliches, Inc. entered into an Asset Purchase Agreement with PSBA for the acquisition by STI College Novaliches, Inc. of the tangible and intangible assets of PSBA (collectively, the "School Related Assets") used or relating to the operation by PSBA of its schools located in Manila and Quezon City. The sale and purchase of School Related Assets is subject to regulatory approvals and the fulfillment of certain conditions. Subject to regulatory approvals and the fulfillment of certain conditions, STI College Novaliches, Inc. and PSBA shall execute Deeds of Assignment for the sale and purchase of the School Related Assets. In January 2025, STI Novaliches became a direct subsidiary of STI Holdings.

As at October 13, 2025, the conditions precedent and regulatory approvals for the aforementioned agreements have not been fulfilled.

On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG shall provide the management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services will be for a period of three years counting from the management commencement date.

The agreement provides that STI ESG shall perform the following obligations, among others, (1) provide management services including, but not limited to, marketing and advertising efforts, administering teaching and nonteaching staff deployed in each of the PSBA schools, maintaining school records and providing such other administrative and support services required for the effective operations of PSBA schools; (2) enter into contracts for and on behalf of PSBA with third parties without need of consent of PSBA; (3) liaise with local government units and government agencies in relation to the management and operations of PSBA schools; (4) apply for and obtain permits and licenses for PSBA schools.

PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of the gross revenues of PSBA Manila and PSBA Quezon City, respectively.

The management agreement may be extended provided that (i) such extension shall be subject to mutual agreement of the Parties; (ii) STI ESG shall be entitled to use the PSBA Manila and Quezon City properties rent-free during the extended management period, and (iii) the same terms and conditions shall apply during the extended management period unless otherwise agreed upon by the Parties in writing.

On September 23, 2024, PSBA informed STI Holdings that a third party had offered to purchase the PSBA Manila Property. On October 2, 2024, STI Holdings informed PSBA that it intended to exercise its right of first refusal over the PSBA Manila Property under the same terms and conditions offered by the third party. As at October 13, 2025, STI Holdings has yet to receive the reply of PSBA. On July 31, 2025, the SEC approved the amendments to the Articles of Incorporation of STI College Novaliches, Inc., which include, among others, the following:

- Change in corporate name to “Philippine School of Business Administration - Manila, Inc.”;
- Revision of the primary purpose to include the offering of primary and post-graduate education;
- Modification of the secondary purpose to allow the purchase, acquisition, ownership, lease, sale, and conveyance of intangible assets as may be necessary or incidental to its operations; and
- Extension of the corporate term to perpetual existence.

On August 29, 2025, the SEC approved the amended By-Laws of Philippine School of Business Administration-Manila, Inc. (formerly “STI College Novaliches, Inc.”) which include, among others, the change in its fiscal year from April 1 of each year to March 31 of the following year to July 1 of each year to June 30 of the following year.

SEC FORM 17-A

A COPY OF THE COMPANY'S ANNUAL REPORT ON SEC FORM 17-A WILL BE PROVIDED, WITHOUT ANY CHARGE, TO ANY STOCKHOLDER OF THE COMPANY UPON WRITTEN REQUEST ADDRESSED TO: ATTY. ARSENIO C. CABRERA, JR., CORPORATE SECRETARY AND CORPORATE INFORMATION OFFICER, 5th FLOOR SGV II BUILDING, 6758 AYALA AVENUE, MAKATI CITY, METRO MANILA, PHILIPPINES 1229.

SIGNATURE

Pursuant to the requirements of the Securities Regulation Code, the Company has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STI EDUCATION SERVICES GROUP, INC.

Issuer

Date: 19 November 2025

ARSENIO C. CABRERA, JR.

Corporate Secretary



STATEMENT OF MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The management of **STI Education Services Group, Inc. and Subsidiaries** (collectively referred to as "the Group") is responsible for the preparation and fair presentation of the consolidated financial statements including the schedules attached therein, as at and for the fiscal years ended June 30, 2025, 2024 and 2023 in accordance with the prescribed financial reporting framework indicated therein, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

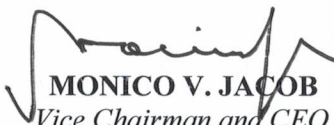
In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable matters related to going concern and using going concern basis of accounting unless management either intends to liquidate the Group, or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Group's financial reporting process.

The Board of Directors reviews and approves the consolidated financial statements including the schedules attached therein and submits the same to the stockholders.

SyCip Gorres Velayo & Co., the independent auditor appointed by the stockholders, has audited the consolidated financial statements of the Group in accordance with Philippine Standards on Auditing, and in its report to the stockholders, has expressed its opinion on the fairness of presentation upon completion of such audit.


JESLI A. LAPUS
Chairman of the Board


MONICO V. JACOB
Vice Chairman and CEO


YOLANDA M. BAUTISTA
Chief Finance Officer

Subscribed and sworn to before me this

OCT 13 2025

ANTIPOLLO CITY

, affiant(s) exhibiting to me their

SSS ID/Passport, as follows:

Names
Mr. Jesli A. Lapus
Mr. Monico V. Jacob
Ms. Yolanda M. Bautista

CTC/Passport/SSS Number
Passport No. P6589685A
Passport No. P6179864B
SSS No. 03-2678038-9

Date and Place of Issuance
28 March 2018, DFA Manila
26 January 2021, DFA Manila

DOC. NO. 100
PAGE NO. 21
BOOK NO. CV
SERIES OF 2025


ATTY. MARCELINO U. ARELLANO
NOTARY PUBLIC
ANTIPOLLO, CAINTA & TAYTAY
UNTIL DEC. 31, 2026, ATTY'S ROLL NO. 34595
PTR NO. 9596809/1-2-2025
APPOINTMENT NO. 25-18/RTC OF ANTIPOLLO CITY
IBP NO. 00828 (LIFETIME)-RIZAL/ISSUED ON 7-5-1996
MCLE COMPLIANCE NO. VM-0035512/VALID UNTIL 4-14-2028
UNIT 1 2ND FLOOR STA. RITA BLDG., MEDLINE NO. 3 P. BURGOS ST.,
BRGY. SAN JOSE, ANTIPOLLO CITY. TEL. NO. 02-8630-3969

COVER SHEET

for

AUDITED FINANCIAL STATEMENTS

SEC Registration Number

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COMPANY NAME

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s	t	i	t	u	t	i	o	n	)		A	N	D		S	U	B	S	I	D	I	A	R	I	E	S			

PRINCIPAL OFFICE (No. / Street / Barangay / City / Town / Province)

S	T	I		A	c	a	d	e	m	i	c		C	e	n	t	e	r		O	r	t	i	g	a	s	-	C	a
i	n	t	a	,		O	r	t	i	g	a	s		A	v	e	n	u	e		E	x	t	e	n	s	i	o	n
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Form Type

A	A	F	S
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Department requiring the report

C	R	M	D
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Secondary License Type, If Applicable

N	A
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COMPANY INFORMATION

Company's Email Address

sti-esg@sti.edu

Company's Telephone Number

(632) 8812-1784

Mobile Number

—

No. of Stockholders

63

Annual Meeting (Month / Day)

1st Thursday of November

Fiscal Year (Month / Day)

June 30

CONTACT PERSON INFORMATION

The designated contact person **MUST** be an Officer of the Corporation

Name of Contact Person

Arsenio C. Cabrera Jr.

Email Address

accabrera@htc-law.com.ph

Telephone Number/s

(632) 8813-7111

Mobile Number

(+63) 917-5213820

CONTACT PERSON'S ADDRESS

5/F, SGV II Building, 6758 Ayala Avenue, Makati City

NOTE 1 In case of death, resignation or cessation of office of the officer designated as contact person, such incident shall be reported to the Commission within thirty (30) calendar days from the occurrence thereof with information and complete contact details of the new contact person designated.

2 All Boxes must be properly and completely filled-up. Failure to do so shall cause the delay in updating the corporation's records with the Commission and/or non-receipt of Notice of Deficiencies. Further, non-receipt of Notice of Deficiencies shall not excuse the corporation from liability for its deficiencies.



INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
STI Education Services Group, Inc.
STI Academic Center Ortigas - Cainta
Ortigas Avenue Extension
Cainta, Rizal

Opinion

We have audited the consolidated financial statements of STI Education Services Group, Inc. and its subsidiaries (the Group), which comprise the consolidated statements of financial position as at June 30, 2025 and 2024, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended June 30, 2025, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at June 30, 2025 and 2024, and its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended June 30, 2025, in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards.

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the consolidated financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying consolidated financial statements.



Adequacy of Allowance for Expected Credit Losses on Receivables

The Group's application of the expected credit loss (ECL) model in calculating the allowance for doubtful accounts is significant to our audit as it involves the exercise of significant management judgment. Key areas of judgment include: segmenting the Group's credit risk exposures, defining default, determining assumptions to be used in the ECL model such as timing and amounts of expected net recoveries from defaulted accounts and incorporating forward-looking information (called overlays) in calculating ECL. The Group's allowance for ECL and provision for ECL on receivables as of and for the year ended June 30, 2025 amounted to ₱156.7 million and ₱56.0 million, respectively.

The disclosures on the allowance for expected credit losses are included in Notes 4 and 6 to the consolidated financial statements.

Audit response

We obtained an understanding of the methodologies and models used for the Group's different credit exposures and assessed whether these considered the requirements of PFRS 9, *Financial Instruments*, to reflect an unbiased and probability-weighted outcome, the time value of money, and the best available forward-looking information.

We (a) assessed the Group's segmentation of its credit risk exposures based on homogeneity of credit risk characteristics; (b) tested the definition of default against historical analysis of accounts and credit risk management policies and practices in place, (c) tested historical loss rates by inspecting historical recoveries and write-offs; (d) checked the classification of outstanding exposures to their corresponding aging buckets; and (e) evaluated the forward-looking information used for overlay through statistical test and corroboration using publicly available information and our understanding of the Group's receivable portfolios.

Further, we checked the data used in the ECL models, such as the historical aging analysis and default and recovery data, by reconciling data from source system reports to the loss allowance analysis/models and financial reporting systems. To the extent that the loss allowance analysis is based on credit exposures that have been disaggregated into subsets with similar risk characteristics, we traced or re-performed the disaggregation from source systems to the loss allowance analysis.

We recalculated impairment provisions on a sample basis. We reviewed the disclosures made in the consolidated financial statements based on the requirements of PFRS 9.

Recoverability of Goodwill

Under PFRS, the Group is required to annually test the amount of goodwill for impairment. As at June 30, 2025, the Group's goodwill attributable to each of the Group's cash-generating units (CGUs) that are expected to benefit from the business combination (i.e., each school operation) amounted to ₱236.6 million, which is considered significant to the consolidated financial statements. In addition, management's assessment process requires significant judgments and is based on assumptions, specifically forecasted revenue growth, long-term growth rate and discount rate.

The Group's disclosures about goodwill are included in Notes 4 and 15 to the consolidated financial statements.



Audit response

We involved our internal specialist in evaluating the methodology and assumptions used. These assumptions include forecasted revenue growth, long-term growth rate and discount rate. We compared the key assumptions used, such as forecasted revenue growth and long-term growth rate against the historical performance of the CGUs and other relevant external data. We tested the parameters used in the determination of the discount rate against market data. We also reviewed the Group's disclosures about those assumptions to which the outcome of the impairment test is most sensitive, specifically those that have the most significant effect on the determination of the recoverable amount of the goodwill.

Other Information

Management is responsible for the other information. The other information comprises the SEC Form 17-A for the year ended June 30, 2025 but does not include the consolidated financial statements and our auditor's report thereon, which we obtained prior to the date of this auditor's report, and the SEC Form 20-IS (Definitive Information Statement) and Annual Report for the year ended June 30, 2025, which are expected to be made available to us after that date.

Our opinion on the consolidated financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audits of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audits, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with PFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with PSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.



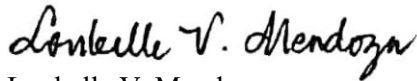
We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is
Loubelle V. Mendoza.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

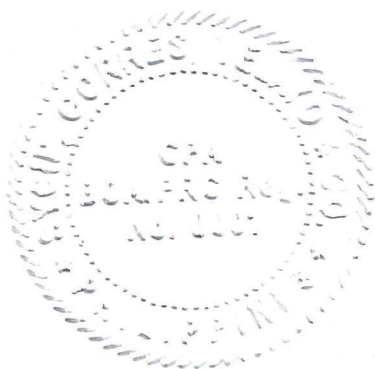
Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10465344, January 2, 2025, Makati City

October 13, 2025



STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	June 30	
	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱1,594,569,687	₱1,191,716,845
Receivables (Note 6)	433,059,389	347,232,034
Inventories (Note 7)	163,797,810	147,421,269
Prepaid expenses and other current assets (Note 8)	94,209,952	98,790,986
Equity instruments at fair value through profit or loss (FVPL) [Note 9]	11,501,000	8,137,500
Total Current Assets	2,297,137,838	1,793,298,634
Noncurrent Assets		
Property and equipment (Note 10)	8,050,298,699	7,548,645,572
Investment properties (Note 11)	674,448,089	836,772,871
Investments in and advances to associates and joint venture (Notes 12 and 13)	433,257,841	496,276,072
Equity instruments at fair value through other comprehensive income (FVOCI) [Note 14]	78,079,631	76,027,229
Deferred tax assets - net (Notes 29 and 38)	40,102,095	33,985,006
Goodwill, intangible and other noncurrent assets (Note 15)	697,297,605	435,946,908
Total Noncurrent Asset	9,973,483,960	9,427,653,658
TOTAL ASSETS	₱12,270,621,798	₱11,220,952,292
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 16)	770,354,255	714,923,355
Current portion of interest-bearing loans and borrowings (Note 17)	580,267,162	536,274,021
Unearned tuition and other school fees (Note 21)	162,975,778	93,026,256
Current portion of lease liabilities (Note 28)	64,327,479	62,786,000
Income tax payable	34,074,415	21,473,093
Total Current Liabilities	1,611,999,089	1,428,482,725
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Note 17)	1,146,065,668	1,549,840,391
Bonds payable - net of current portion (Note 18)	816,706,013	814,967,275
Lease liabilities - net of current portion (Note 28)	244,554,579	252,248,072
Pension liabilities - net (Note 27)	30,839,983	66,659,244
Other noncurrent liabilities (Note 19)	29,596,669	112,067,244
Total Noncurrent Liabilities	2,267,762,912	2,795,782,226
Total Liabilities (Carried Forward)	3,879,762,001	4,224,264,951



	June 30	
	2025	2024
Total Liabilities (<i>Brought Forward</i>)	₱3,879,762,001	₱4,224,264,951
Equity Attributable to Equity Holders of the Parent Company		
Capital stock (Note 20)	3,087,829,443	3,087,829,443
Additional paid-in capital	386,916,479	386,916,479
Treasury stock (Note 20)	(10,833,137)	(10,833,137)
Cumulative actuarial gain (Note 27)	75,196,684	36,707,023
Unrealized fair value adjustment on equity instruments at FVOCI (Note 14)	17,293,321	20,240,919
Other equity reserve (Note 20)	(46,104,556)	(46,104,556)
Share in associates':		
Cumulative actuarial gain (Note 12)	130,673	298,698
Unrealized fair value loss on equity instruments at FVOCI (Note 12)	(37,993)	(34,579)
Retained earnings (Note 20)	4,875,254,140	3,524,679,379
Total Equity Attributable to Equity Holders of the Parent Company	8,385,645,054	6,999,699,669
Equity Attributable to Non-controlling Interests	5,214,743	(3,012,328)
Total Equity	8,390,859,797	6,996,687,341
TOTAL LIABILITIES AND EQUITY	₱12,270,621,798	₱11,220,952,292

See accompanying Notes to the Consolidated Financial Statements.



STI EDUCATION SERVICES GROUP, INC.**(A Private Educational Institution)****AND SUBSIDIARIES****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Years Ended June 30		
	2025	2024	2023
REVENUES (Note 21)			
Sale of services:			
Tuition and other school fees	₱3,987,803,012	₱3,302,420,800	₱2,248,671,271
Educational services	228,996,954	175,161,712	149,075,493
Royalty fees	21,297,396	17,314,956	14,736,299
Others	92,698,473	75,158,046	63,805,952
Sale of goods -			
Sale of educational materials and supplies	118,731,751	126,343,019	106,863,072
	4,449,527,586	3,696,398,533	2,583,152,087
COSTS AND EXPENSES			
Cost of educational services (Note 23)	1,053,039,924	973,552,749	771,040,217
Cost of educational materials and supplies sold (Note 24)	93,485,108	96,016,572	83,060,489
General and administrative expenses (Note 25)	1,265,853,232	1,151,612,241	1,020,698,068
	2,412,378,264	2,221,181,562	1,874,798,774
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	2,037,149,322	1,475,216,971	708,353,313
OTHER INCOME (EXPENSES)			
Interest expense (Notes 17, 18, 22 and 28)	(233,656,640)	(269,911,588)	(275,919,172)
Rental income (Note 11, 28, and 30)	108,057,759	111,343,563	122,265,868
Interest income (Notes 5, 6 and 22)	30,139,284	41,198,965	18,288,499
Gain on:			
Partial disposal of interest in an associate (Note 12)	24,592,792	—	—
Early extinguishment of loan (Note 17)	—	3,076,465	—
Sale of property and equipment	—	485,335	134,743
Equity in net earnings of associates and joint venture (Note 12)	22,044,896	18,810,890	15,161,635
Recovery of accounts written off (Note 6)	8,842,203	5,802,251	10,133,135
Foreign exchange (loss) gain - net	(5,769,285)	17,258,550	2,455,546
Dividend income (Notes 9, 12 and 14)	4,288,749	2,890,090	2,488,404
Fair value gain (loss) on equity instruments at FVPL (Note 9)	3,363,500	(852,500)	(620,000)
Other income (expenses) - net (Note 28)	1,079,544	(2,142,695)	3,762,071
	(37,017,198)	(72,040,674)	(101,849,271)
INCOME BEFORE INCOME TAX <i>(Carried Forward)</i>	2,000,132,124	1,403,176,297	606,504,042



Years Ended June 30			
	2025	2024	2023
INCOME BEFORE INCOME TAX (Brought Forward)	₱2,000,132,124	₱1,403,176,297	₱606,504,042
PROVISION FOR (BENEFIT FROM) INCOME TAX (Note 29)			
Current	197,428,834	123,421,414	6,798,832
Deferred	(10,380,118)	3,962,104	(22,229,902)
	187,048,716	127,383,518	(15,431,070)
NET INCOME	1,813,083,408	1,275,792,779	621,935,112
OTHER COMPREHENSIVE INCOME (LOSS) Items not to be reclassified to profit or loss in subsequent years:			
Remeasurement gain (loss) on pension liabilities (Note 27)	42,752,690	40,752,216	(4,859,506)
Tax effect on remeasurement loss (gain) on pension liabilities (Note 29)	(4,263,029)	(4,047,782)	492,178
Unrealized fair value adjustment on equity instruments at FVOCI (Note 14)	(2,947,598)	5,232,161	1,731,752
Share in associate's remeasurement gain (loss) on pension liability (Note 12)	(168,025)	135,616	(633,603)
Share in associate's unrealized fair value adjustment on equity instruments at FVOCI (Note 14)	(3,414)	4,195	7,129
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	35,370,624	42,076,406	(3,262,050)
TOTAL COMPREHENSIVE INCOME	₱1,848,454,032	₱1,317,869,185	₱618,673,062
Net Income (Loss) Attributable To			
Equity holders of the Parent Company	₱1,812,856,337	₱1,275,727,684	₱623,308,931
Non-controlling interests	227,071	65,095	(1,373,819)
	₱1,813,083,408	₱1,275,792,779	₱621,935,112
Total Comprehensive Income (Loss) Attributable To			
Equity holders of the Parent Company	₱1,848,226,961	₱1,317,804,090	₱620,046,881
Non-controlling interests	227,071	65,095	(1,373,819)
	₱1,848,454,032	₱1,317,869,185	₱618,673,062
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Note 31)	₱0.59	₱0.41	₱0.20

See accompanying Notes to the Consolidated Financial Statements.



STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED JUNE 30, 2025, 2024 AND 2023

	Capital Stock (Note 20)	Additional Paid-in Capital	Treasury Stock (Note 20)	Cumulative Actuarial Gain (Loss) (Note 27)	Unrealized Fair Value Adjustment on Equity Instruments at FVOCI (Note 14)	Other Equity Reserve (Note 20)	Share in Associates' Cumulative Actuarial Gain (Note 12)	Share in Associates' Unrealized Fair Value Loss on Equity Instruments at FVOCI (Note 12)	Retained Earnings (Note 20)	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at July 1, 2024	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱36,707,023	₱20,240,919	(₱46,104,556)	₱298,698	(₱34,579)	₱3,524,679,379	₱6,999,699,669	(₱3,012,328)	₱6,996,687,341
Net income	—	—	—	—	—	—	—	—	1,812,856,337	1,812,856,337	227,071	1,813,083,408
Other comprehensive income (loss)	—	—	—	38,489,661	(2,947,598)	—	(168,025)	(3,414)	—	35,370,624	—	35,370,624
Total comprehensive income (loss)	—	—	—	38,489,661	(2,947,598)	—	(168,025)	(3,414)	1,812,856,337	1,848,226,961	227,071	1,848,454,032
Dividend declaration (Note 20)	—	—	—	—	—	—	—	—	(462,281,576)	(462,281,576)	—	(462,281,576)
Deposit for future stock subscription from non-controlling interest holder (Notes 19 and 20)	—	—	—	—	—	—	—	—	—	—	8,000,000	8,000,000
Balance at June 30, 2025	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱75,196,684	₱17,293,321	(₱46,104,556)	₱130,673	(₱37,993)	₱4,875,254,140	₱8,385,645,054	₱5,214,743	₱8,390,859,797
Balance at July 1, 2023	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱2,589	₱15,008,758	(₱46,104,556)	₱163,082	(₱38,774)	₱2,865,327,141	₱6,298,271,025	(₱3,077,423)	₱6,295,193,602
Net income	—	—	—	—	—	—	—	—	1,275,727,684	1,275,727,684	65,095	1,275,792,779
Other comprehensive income	—	—	—	36,704,434	5,232,161	—	135,616	4,195	—	42,076,406	—	42,076,406
Total comprehensive income	—	—	—	36,704,434	5,232,161	—	135,616	4,195	1,275,727,684	1,317,804,090	65,095	1,317,869,185
Dividend declaration (Note 20)	—	—	—	—	—	—	—	—	(616,375,446)	(616,375,446)	—	(616,375,446)
Balance at June 30, 2024	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱36,707,023	₱20,240,919	(₱46,104,556)	₱298,698	(₱34,579)	₱3,524,679,379	₱6,999,699,669	(₱3,012,328)	₱6,996,687,341
Balance at July 1, 2022	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱9,775,594	₱13,277,006	(₱46,104,556)	₱796,685	(₱45,903)	₱2,452,343,935	₱5,893,955,546	(₱1,703,604)	₱5,892,251,942
Net income	—	—	—	—	—	—	—	—	623,308,931	623,308,931	(1,373,819)	621,935,112
Other comprehensive income (loss)	—	—	—	(4,367,328)	1,731,752	—	(633,603)	7,129	—	(3,262,050)	—	(3,262,050)
Total comprehensive income (loss)	—	—	—	(4,367,328)	1,731,752	—	(633,603)	7,129	623,308,931	620,046,881	(1,373,819)	618,673,062
Transfer of remeasurement gain on pension liabilities to retained earnings	—	—	—	(5,405,677)	—	—	—	—	5,405,677	—	—	—
Dividend declaration (Note 20)	—	—	—	—	—	—	—	—	(215,731,402)	(215,731,402)	—	(215,731,402)
Balance at June 30, 2023	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱2,589	₱15,008,758	(₱46,104,556)	₱163,082	(₱38,774)	₱2,865,327,141	₱6,298,271,025	(₱3,077,423)	₱6,295,193,602

See accompanying Notes to the Consolidated Financial Statements.



STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended June 30		
	2025	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Income before income tax	₱2,000,132,124	₱1,403,176,297	₱606,504,042
Adjustments to reconcile income before income tax to net cash flows:			
Depreciation and amortization (Notes 10, 11, 15, 23 and 25)	520,374,471	485,259,907	483,023,801
Interest expense (Notes 17, 18, 22 and 28)	233,656,640	269,911,588	275,919,172
Interest income (Notes 5, 6, and 22)	(30,139,284)	(41,198,965)	(18,288,499)
Gain on:			
Partial disposal of interest in an associate (Note 12)	(24,592,792)	—	—
Early extinguishment of loan (Note 17)	—	(3,076,465)	—
Sale of property and equipment	—	(485,335)	(134,743)
Equity in net earnings of associates and joint venture (Note 12)	(22,044,896)	(18,810,890)	(15,161,635)
Movements in pension (Note 27)	6,933,429	27,981,855	11,188,067
Dividend income (Notes 9, 12 and 14)	(4,288,749)	(2,890,090)	(2,488,404)
Fair value loss (gain) on equity instruments at FVPL (Note 9)	(3,363,500)	852,500	620,000
Unrealized foreign exchange loss (gain) - net	97,392	(7,655,086)	(2,338,828)
Provision for impairment of:			
Goodwill (Notes 15 and 25)	—	14,268,891	—
Investment in and advances to an associate (Note 12)	—	1,650,340	—
Operating income before working capital changes	2,676,764,835	2,128,984,547	1,338,842,973
Decrease (increase) in:			
Receivables	(161,305,551)	(51,279,640)	66,374,758
Inventories	(17,626,785)	(22,194,021)	29,446,474
Prepaid expenses and other current assets	(17,666,193)	(45,872,748)	(54,108,408)
Increase (decrease) in:			
Accounts payable and other current liabilities	22,804,964	104,705,299	(49,206,389)
Unearned tuition and other school fees	154,051,375	93,026,256	43,940,924
Other noncurrent liabilities	529,425	65,729,151	26,780,547
Net cash generated from operations	2,657,552,070	2,273,098,844	1,402,070,879
Interest received	26,255,572	40,744,916	18,288,499
Income tax paid	(161,269,279)	(40,328,986)	(202,296)
Net cash provided by operating activities	2,522,538,363	2,273,514,774	1,420,157,082
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of:			
Property and equipment (Notes 10 and 37)	(612,064,077)	(611,570,173)	(149,870,730)
Investment properties (Notes 11 and 37)	(4,510,732)	(742,694)	(147,999,761)
Subsidiary, net of cash received (Note 38)	—	27,652	9,232,049

(Forward)



	June 30		
	2025	2024	2023
Proceeds from:			
Partial disposal of interest in an associate (Note 12)	₱88,000,000	₱–	₱–
Sale of noncurrent asset held for sale (Note 11)	–	–	19,000,000
Sale of property and equipment (Note 10)	–	508,916	135,000
Dividend received (Notes 9, 12 and 14)	25,773,229	17,903,077	9,994,897
Acquisition of/payments for intangible assets and other noncurrent assets (Notes 15 and 37)	(304,711,011)	(133,908,257)	(6,774,372)
Cash taken out upon deconsolidation of a subsidiary (Notes 14 and 19)	(185,837,630)	–	–
Net cash used in investing activities	(993,350,221)	(727,781,479)	(266,282,917)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net proceeds from long-term loans (Note 17)	198,500,000	1,488,750,000	–
Payments of:			
Interests (Notes 17, 18 and 22)	(215,551,280)	(212,247,813)	(251,924,511)
Long-term loans (Note 17)	(562,222,222)	(333,050,203)	(279,544,753)
Dividends (Note 20)	(460,305,384)	(613,536,656)	(214,756,479)
Lease liabilities (Note 28)	(86,659,022)	(83,324,497)	(80,779,082)
Bonds payable (Note 18)	–	(2,180,000,000)	–
Net cash used in financing activities	(1,126,237,908)	(1,933,409,169)	(827,004,825)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(97,392)	7,655,086	2,338,828
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	402,852,842	(380,020,788)	329,208,168
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,191,716,845	1,571,737,633	1,242,529,465
CASH AND CASH EQUIVALENTS AT END OF YEAR (Note 5)	₱1,594,569,687	₱1,191,716,845	₱1,571,737,633

See accompanying Notes to the Consolidated Financial Statements.



STI EDUCATION SERVICES GROUP, INC.

(A Private Educational Institution)

AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. Corporate Information

a. General

STI Education Services Group, Inc. (STI ESG or the Parent Company) and its subsidiaries (hereafter collectively referred to as the “Group”) are all incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated on June 2, 1983 and is involved in establishing, maintaining, and operating educational institutions to provide pre-elementary, elementary, secondary, including Senior High School (SHS), and tertiary as well as post-graduate courses, post-secondary and lower tertiary non-degree programs. The Group also develops, adopts and/or acquires, entirely or in part, such curricula or academic services as may be necessary in the pursuance of its main activities, relating but not limited to information technology services, information technology-enabled services, education, hotel and restaurant management, engineering, business studies, psychology and criminology.

The registered office address of the Parent Company is STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal.

STI ESG is 98.66%-owned by STI Education Systems Holdings, Inc. (STI Holdings) which is the ultimate parent company of the Group. STI Holdings is a company incorporated in the Philippines and is listed in the Philippine Stock Exchange (PSE).

The Parent Company has investments in several entities which own and operate STI schools. STI schools may be operated either by: (a) the Parent Company; (b) its subsidiaries; or (c) independent entrepreneurs (referred to as “franchisees”) under the terms of licensing agreements with the Parent Company. Other features of the licensing agreements are as follows:

- Exclusive right to use proprietary marks and information including but not limited to courseware programs, operational manuals, methods, standards, systems, that are used exclusively in the STI network of schools;
- Continuing programs for faculty and personnel development, including evaluation and audit of pertinent staff;
- Development and adoption of the enrollment and registration system;
- Assistance on matters pertaining to financial and accounting procedures, faculty recruitment and selection, marketing and promotion, record keeping and others.

b. Merger with several majority and wholly-owned subsidiaries

On December 9, 2010, STI ESG’s stockholders approved the following mergers:

- Phase 1: The merger of three (3) majority owned schools and fourteen (14) wholly-owned schools with STI ESG, with STI ESG as the surviving entity. The Phase 1 merger was approved by the Commission on Higher Education (CHED) and the SEC on March 15, 2011 and May 6, 2011, respectively.



- Phase 2: The merger of one (1) majority owned school and eight (8) wholly-owned pre-operating schools with STI ESG, with STI ESG as the surviving entity. The Phase 2 merger was approved by the CHED and the SEC on July 18, 2011 and August 31, 2011, respectively.
- Phase 3: On August 30, 2017, the SEC approved the application for merger of STI College Taft, Inc. (STI Taft) and STI College Dagupan, Inc. (STI Dagupan) with STI ESG as the surviving entity.

On September 25, 2013, STI ESG's Board of Directors (BOD) approved an amendment to the Phases 1 and 2 mergers whereby STI ESG would issue shares at par value, to the stockholders of the non-controlling interests. In 2014, STI ESG issued 1.9 million additional shares at par value to the stockholders of one of the merged schools. As at October 13, 2025, the amendment is still pending approval by the SEC.

Also, STI ESG requested for confirmatory ruling on the tax-free mergers covered by Phases 1 and 3, from the Bureau of Internal Revenue (BIR). As a response to the request made for the Phases 1 and 3 mergers, the BIR informed STI ESG through letters dated November 25, 2022 and September 28, 2022, respectively, that Section 40 C.2 of the Tax Code, as amended by Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, now mandates that for purposes of availing the tax exemption, prior BIR confirmatory ruling is no longer required. In this regard, the Parent Company applied for the issuance of the Certificates Authorizing Registration (CAR) for the tax-free transfers of real estate in exchange for shares pursuant to the provisions of Section 40. C.2 of the Tax Code. As at October 13, 2025, the Parent Company has not received the CARs from the BIR.

On August 5, 2022, CHED approved the transfer of school operations of STI College Quezon Avenue, Inc. (STI Quezon Avenue) to Tanay, Rizal subject to compliance with certain requirements. In September 2022, CHED granted STI Quezon Avenue government recognitions to offer Bachelor of Science (BS) in Business Administration, BS in Tourism Management and BS in Hospitality Management. The government recognition to offer BS in Information Technology was issued in October 2022. The government recognitions received in 2022 replaced the government recognitions issued by CHED in 2009 due to the transfer of location of STI Quezon Avenue from Quezon City to Tanay, Rizal. STI Quezon Avenue has resumed operations on its new site in Tanay, Rizal beginning SY 2022-2023.

In separate meetings held on November 29, 2022, the BOD and stockholders of STI Quezon Avenue approved the amendments in its Articles of Incorporation and By-Laws as follows: (1) change of corporate name from "STI College Quezon Avenue, Inc." to "STI Colleges of Rizal, Inc.", (2) have perpetual existence, (3) change of fiscal year beginning July 1 of each year and ending on June 30 of the following year, among others. On November 12, 2024, the SEC approved the change of corporate name from "STI College Quezon Avenue, Inc." to "STI Colleges of Rizal, Inc. (STI Tanay)," along with the other aforementioned amendments in its Articles of Incorporation and By-Laws. On September 10, 2025, the BIR approved the change in its fiscal year.

On March 16, 2023, STI ESG and the majority owners of STI College Alabang, Inc. (STI Alabang) entered into a deed of absolute sale wherein STI ESG acquired 60% of the issued and outstanding capital stock of STI Alabang from the former franchisee for ₱1.00. Prior to this, STI ESG owned 40% of STI Alabang's issued and outstanding capital stock. With the acquisition of 60% ownership, STI Alabang became a wholly owned subsidiary of STI ESG (see Note 38).



As at June 30, 2025, STI ESG's network of operating schools totals 63 schools with 37 owned schools and 26 franchised schools comprising 60 colleges and 3 education centers.

The establishment, operation, administration and management of schools are subject to the existing laws, rules and regulations, policies, and standards of DepEd, TESDA and CHED pursuant to Batas Pambansa Bilang 232, otherwise known as the "Education Act of 1982," RA No. 7796, otherwise known as the "TESDA Act of 1994," and RA No. 7722, otherwise known as the "Higher Education Act of 1994," respectively.

The accompanying consolidated financial statements were approved and authorized for issue by the BOD on October 13, 2025.

2. Basis of Preparation and Material Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for equity instruments at FVOCI and equity instruments at FVPL which have been measured at fair value. The consolidated financial statements are presented in Philippine Peso (₱), which is the Parent Company's functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Seasonality of Operations

The Group's business is linked to the academic cycle which spans one academic year. The academic cycle for both SHS and Tertiary programs for SY 2024-2025 began in August 2024 and ended in June 2025. SY 2023-2024 started in August 2023 and ended in June 2024. Classes for SHS and JHS students for SY 2022-2023 started on August 30, 2022 while classes of tertiary students started on September 5, 2022.

STI ESG implemented a flexible learning delivery modality in the first semester of SY 2022-2023. For tertiary courses, all professional and identified general education courses were delivered onsite while other general education courses were delivered using blended modality, with a distribution of 50% onsite/face-to-face to 50% asynchronous. With the passage of CHED Memorandum Order No. 16 dated November 11, 2022 providing clarity and support to higher education institutions (HEIs) towards progressive transitioning to full onsite learning, STI ESG opted to conduct full face-to-face classes for tertiary enrollees starting on its second semester of SY 2022-2023. As for SHS and JHS, classes were all conducted face-to-face since the opening of SY 2022-2023. Classes across all levels for SY 2023-2024 and SY 2024-2025 were all conducted face-to-face.

The Group utilizes the electronic Learning Management System (eLMS), a cloud-based software application, to manage the delivery of educational courses and/or training programs for its students. eLMS supports collaboration through integrated tools such as wikis, forums, and discussion groups. It also includes an internal messaging system with bidirectional support for emails and text messaging, as well as a portfolio system that enables students to compile work that supports their learning and achievements. eLMS is a world-class and award-winning learning management system that schools and universities across the globe are using. This platform facilitates two-way interaction between teachers and students where they can collaborate, assign, and submit homework, take assessments, and track learning progress, among others. The Group has extensive experience with online learning, having utilized eLMS since 2016. This platform was crucial during the pandemic when online learning became the predominant modality. The Group continues to leverage the use of eLMS to enhance students' learning experiences through courseware content, performance tasks, and digital resources, among others, thereby ensuring continuity of education even amidst potential physical classroom disruptions.



The faculty members of the Group regularly undertake competency-based certifications and training programs. The Group adopts a hybrid approach, combining in-person and online training sessions. These training programs are essential to maintaining an acceptable level of competency among faculty members, ensuring they possess the industry-based experience and credentials necessary to effectively teach their assigned courses.

The Group remains committed to ensuring adherence to the guidelines set by the Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), CHED, DepEd, local government units (LGUs), and all pertinent agencies that have released information on the conduct of the limited face-to-face classes.

The revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding academic year to which they pertain. Accordingly, the revenue of the Group is expected to be lower during the first quarter of the fiscal year compared to the other quarters if the number of enrollees remains constant. This information is provided to allow for a proper appreciation of the results of operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

Statement of Compliance

The accompanying consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from the International Financial Reporting Interpretations Committee (IFRIC) adopted by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at June 30, 2025 and 2024 and for the years ended June 30, 2025, 2024 and 2023.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Parent Company controls an investee, if and only if, the Parent Company has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Parent Company has less than a majority of the voting or similar rights of an investee, the Parent Company considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Parent Company's voting rights and potential voting rights



The subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

Subsidiaries	Principal Activities	Effective Percentage of Ownership					
		2025		2024		2023	
		Direct	Indirect	Direct	Indirect	Direct	Indirect
STI College Batangas, Inc. (STI Batangas)	Educational Institution	100	—	100	—	100	—
STI College of Kalookan, Inc. (STI Caloocan) ^(a)	Educational Institution	100	—	100	—	100	—
STI College of Santa Maria, Inc. (STI Sta. Maria)	Educational Institution	100	—	100	—	100	—
STI College Tanauan, Inc. (STI Tanauan)	Educational Institution	100	—	100	—	100	—
STI College Iloilo, Inc. (STI Iloilo)	Educational Institution	100	—	100	—	100	—
STI College Lipa, Inc. (STI Lipa)	Educational Institution	100	—	100	—	100	—
STI College Pagadian, Inc. (STI Pagadian)	Educational Institution	100	—	100	—	100	—
STI Training Academy, Inc. (STI Training Academy)	Educational Institution	100	—	100	—	100	—
STI College Tuguegarao, Inc. (STI Tuguegarao)	Educational Institution	100	—	100	—	100	—
NAMEI Polytechnic Institute, Inc. (NAMEI)	Educational Institution	94	—	94	—	94	—
NAMEI Polytechnic Institute of Mandaluyong, Inc. (NPIM) ^(b)	Educational Institution	100	—	100	—	100	—
De Los Santos-STI College, Inc. (De Los Santos-STI College) ^(c)	Educational Institution	100	—	100	—	100	—
STI Colleges of Rizal, Inc. (STI Tanay) ^(d)	Educational Institution	—	100	—	100	—	100
STI - College Alabang, Inc. (STI Alabang)	Educational Institution	100	—	100	—	100	—
Clinquant Holdings, Inc. (CHI) ^(e)	Investment Company	100	—	100	—	—	—
STI College Novaliches, Inc. ^(f)	Educational Institution	—	—	100	—	100	—

^(a) A subsidiary through a management contract

^(b) NPIM ceased operations effective June 30, 2022.

^(c) In June 2016, De Los Santos-STI College advised the CHED of the suspension of its operations for SYs 2016-2017 and 2017-2018 as a result of the implementation of the Government's K to 12 program. De Los Santos-STI College became a wholly owned subsidiary of the Parent Company effective August 4, 2021. De Los Santos-STI College has not resumed its school operations as at October 13, 2025.

^(d) A wholly owned subsidiary of De Los Santos-STI College; formerly STI College Quezon Avenue, Inc.

^(e) CHI became a wholly owned subsidiary of STI ESG as at June 30, 2024 (see Notes 10 and 38).

^(f) STI ESG's ownership interest in STI College Novaliches, Inc. was reduced from 100% to 6.25% as a result of the investment of STI Holdings in STI College Novaliches, Inc. pursuant to the subscription agreement, executed in June 2024, between STI Holdings and STI College Novaliches, Inc., and upon SEC's approval of the increase in the authorized capital of STI College Novaliches, Inc. in January 2025. STI ESG deconsolidated STI College Novaliches, Inc. as at June 30, 2025 and recognized its remaining equity interest amounting to P5.0 million, representing 6.25% ownership in STI College Novaliches, Inc., under "Equity instruments at FVOCI" as at June 30, 2025 (see Notes 14, 19 and 39).

Accounting Policies of Subsidiaries. The separate financial statements of the subsidiaries are prepared using uniform accounting policies for similar transactions and other events in similar circumstances.

The consolidated financial statements include the accounts of the Parent Company and its subsidiaries as at June 30, except for the accounts of STI Tuguegarao and STI Iloilo whose financial reporting date ends on December 31; and STI Batangas, STI Tanauan, STI Lipa, STI Pagadian, STI Sta. Maria, De Los Santos-STI College, STI Alabang, and STI Tanay whose financial reporting date ends on March 31. Adjustments are made for the effects of significant transactions or events that occur between the financial reporting date of the aforementioned subsidiaries and the financial reporting date of the Group's consolidated financial statements.

Non-controlling Interests. Non-controlling interests represent the portion of profit or loss and net assets in the subsidiaries not wholly-owned by the Parent Company but rather held by minority interests. These are presented in profit or loss and within equity in the consolidated statement of financial position, separately from equity attributable to equity holders of the Parent Company.



On transactions with non-controlling interests without loss of control, the difference between the fair value of the consideration and the book value of the share in the net assets acquired or disposed of is treated as an equity transaction and is presented as “Other equity reserve” within the equity section of the consolidated statement of financial position.

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards effective July 1, 2024. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards and amendments did not have any significant impact on the consolidated financial statements except otherwise stated.

- Amendments to PAS 1, *Classification of Liabilities as Current or Non-current*

The amendments clarify:

- That only covenants with which an entity must comply on or before reporting date will affect a liability’s classification as current or non-current.
- That classification is unaffected by the likelihood that an entity will exercise its deferral right.
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

- Amendments to PFRS 16, *Lease Liability in a Sale and Leaseback*

The amendments specify how a seller-lessee measures the lease liability arising in a sale and leaseback transaction in a way that it does not recognize any amount of the gain or loss that relates to the right of use retained.

- Amendments to PAS 7 and PFRS 7, *Disclosures: Supplier Finance Arrangements*

The amendments specify disclosure requirements to enhance the current requirements, which are intended to assist users of financial statements in understanding the effects of supplier finance arrangements on an entity’s liabilities, cash flows and exposure to liquidity risk.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective as at July 1, 2024 are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective for fiscal year 2026

- Amendments to PAS 21, *Lack of exchangeability*

Effective for fiscal year 2027

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Annual Improvements to PFRS Accounting Standards—Volume 11
- Amendments to PFRS 1, *Hedge Accounting by a First-time Adopter*
- Amendments to PFRS 7, *Gain or Loss on Derecognition*



- Amendments to PFRS 9, *Lessee Derecognition of Lease Liabilities and Transaction Price*
- Amendments to PFRS 10, *Determination of a 'De Facto Agent'*
- Amendments to PAS 7, *Cost Method*

Effective for fiscal year 2028

- *PFRS 17, Insurance Contracts*
- *PFRS 18, Presentation and Disclosure in Financial Statements*
- *PFRS 19, Subsidiaries without Public Accountability*

Deferred effectivity

- Amendments to PFRS 10, *Consolidated Financial Statements* and PAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group has not early adopted the previously mentioned standards. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to June 30, 2025 on its consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the consolidated financial statements when these amendments are adopted.

Business Combination and Goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interest in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interest in the acquiree either at fair value or at the proportionate share in the acquiree's identifiable net assets. Acquisition-related costs are expensed and included in administrative expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances, and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument is measured at fair value at each reporting date with changes in fair value recognized in profit or loss.

Goodwill acquired in a business combination is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognized for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed).

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units (CGUs) that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.



Business Combination Involving Entities under Common Control

Where there are business combinations in which all the combining entities within the Group are ultimately controlled by the same ultimate parent before and after the business combination and that the control is not transitory (business combinations under common control), the Group may account such business combinations under the acquisition method of accounting or pooling of interests method, if the transaction was deemed to have substance from the perspective of the reporting entity. In determining whether the business combination has substance, factors such as the underlying purpose of the business combination and the involvement of parties other than the combining entities such as the non-controlling interest, shall be considered.

In cases where the business combination has no substance, the Group shall account for the transaction similar to a pooling of interests. The assets and liabilities of the acquired entities and that of the Group are reflected at their carrying values. The difference in the amount recognized and the fair value of the consideration given, is accounted for as an equity transaction.

Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a. Financial assets

Initial Recognition and Measurement

Financial assets are classified at initial recognition, and subsequently measured at amortized cost, FVOCI and FVPL.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. The Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at FVPL, transaction costs.

In order for a financial asset to be classified and measured at amortized cost or FVOCI, it needs to give rise to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. In making this assessment, the Group determines whether the contractual cash flows are consistent with a basic lending arrangement, i.e., interest includes consideration only for the time value of money, credit risk and other basic lending risks and costs associated with holding the financial asset for a particular period of time. In addition, interest can include a profit margin that is consistent with a basic lending arrangement. The assessment as to whether the cash flows meet the test is made in the currency in which the financial asset is denominated. Any other contractual terms that introduce exposure to risks or volatility in the contractual cash flows that is unrelated to a basic lending arrangement, such as exposure to changes in equity prices or commodity prices, do not give rise to contractual cash flows that are SPPI on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both. It is determined at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. The Group's business model does not depend on management's intentions for an individual instrument.



Subsequent Measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at amortized cost (debt instruments)
- Financial assets at FVOCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments), and
- Financial assets at FVPL

Financial assets at amortized cost (debt instruments). This category is the most relevant to the Group. The Group measures financial assets at amortized cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI on the principal amount outstanding

Financial assets at amortized cost are subsequently measured at amortized cost using the effective interest rate (EIR) method, less any impairment in value. Gains and losses are recognized in profit or loss when the asset is derecognized, modified or impaired.

As at June 30, 2025 and 2024, the Group's financial assets at amortized cost include cash and cash equivalents, receivables (except for advances to officers and employees) and rental and utility deposits under "Goodwill, intangible and other noncurrent assets" account.

Financial assets at FVOCI with no recycling of cumulative gains and losses upon derecognition (equity instruments). Upon initial recognition, the Group can elect to classify its equity investments as equity instruments at FVOCI, irrevocably, when they meet the definition of equity under PAS 32, *Financial Instruments: Presentation* and are not held for trading nor are contingent consideration recognized in a business combination in accordance with PFRS 3. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments at FVOCI are not subject to impairment assessment.

As at June 30, 2025 and 2024, the Group's listed and non-listed equity investments are classified as financial assets at FVOCI.

Financial assets at FVPL. Financial assets at FVPL include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at FVPL, irrespective of the business model.

Financial assets at FVPL are carried in the consolidated statement of financial position at fair value with net changes in fair value recognized in the consolidated statement of comprehensive income.



As at June 30, 2025 and 2024, the Group's listed equity investments for trading are classified as financial assets at FVPL.

Impairment of Financial Assets

The Group recognizes an allowance for expected credit losses (ECLs) for all debt instruments not held at FVPL. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate.

The Group applies a simplified approach in calculating ECLs for receivables from students. Therefore, the Group does not track changes in credit risk but instead recognizes a loss allowance based on lifetime ECLs at each reporting date. As for the other financial assets, the Group applied a general approach in the calculation since these accounts had no significant deterioration in credit risk since their initial recognition.

A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- The Group has transferred its right to receive cash flows from the asset and either (a) has transferred all the risks and rewards of ownership of the asset substantially, or (b) the Group has neither transferred nor retained all the risks and rewards of the asset substantially, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of ownership of the asset nor transferred control of the asset, the Group continues to recognize the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

b. Financial liabilities

Initial Recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at FVPL, or as other financial liabilities.

The Group determines the classification of its financial liabilities at initial recognition.

Financial liabilities are recognized initially at fair value and in the case of other financial liabilities, net of directly attributable transaction costs which include the Group's bond issuance costs, such as taxes and various fees paid to investment banks, law firms, auditors, regulators, and so on.



As at June 30, 2025 and 2024, the Group does not have financial liabilities at FVPL. The Group's financial liabilities as at June 30, 2025 and 2024 are measured at amortized cost.

Subsequent Measurement

After initial recognition, other financial liabilities are subsequently measured at amortized cost using the EIR method.

Gains and losses are recognized in the consolidated statements of comprehensive income when the liabilities are derecognized as well as through the EIR amortization process. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in the consolidated statements of comprehensive income.

Other financial liabilities include interest-bearing loans and borrowings, bonds payable, accounts payable and other current liabilities (excluding government and other statutory liabilities), lease liabilities, and other noncurrent liabilities (excluding advance rent and deferred lease liability).

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or canceled or has expired. When an existing financial liability is replaced by another from the same lender on substantially different terms or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the consolidated statement of comprehensive income.

The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10 percent different from the discounted present value of the remaining cash flows of the original financial liability. If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognized as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortized over the remaining term of the modified liability.

Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The net realizable value of educational materials is the selling price in the ordinary course of business, less estimated costs necessary to make the sale. The net realizable value of promotional materials and school materials and supplies is the current replacement cost.

Prepaid Expenses and Other Current Assets

Prepaid expenses are carried at cost and are amortized on a straight-line basis over the period of expected usage, which is equal to or less than 12 months or within the normal operating cycle.

Creditable Withholding Taxes (CWT). CWT represents the amount of tax withheld by counterparties from the Group. These are recognized upon collection and are utilized as tax credits against income tax due as allowed by Philippine taxation laws and regulations. CWT is presented as part of "Prepaid taxes" under the "Prepaid expenses and other current assets" account in the consolidated statement of financial position. CWT is stated at its estimated net realizable value.



Property and Equipment

The Group's property and equipment consists of land, buildings, equipment, furniture and fixtures, leasehold improvements, library holdings, construction in-progress and right-of-use (ROU) assets that do not qualify as investment properties.

Property and equipment, except land, are stated at cost less accumulated depreciation, amortization and any impairment in value, excluding the costs of day-to-day servicing. The initial cost of property and equipment comprises its construction cost or purchase price and any directly attributable costs of bringing the property and equipment to its working condition and location for its intended use. Such cost includes the cost of replacing part of such property and equipment when that cost is incurred and the recognition criteria are met. Land is stated at cost less any impairment in value.

The Group recognizes ROU assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). ROU assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The initial cost of ROU assets includes the amount of lease liabilities recognized, initial direct costs incurred, lease payments made at or before the commencement date less any lease incentives received and estimate of costs to be incurred by the lessee in dismantling or removing the underlying asset.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognized ROU assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term. ROU assets are subject to impairment.

Depreciation and amortization are computed using the straight-line method over the following estimated useful lives or lease term (in the case of ROU assets), whichever is shorter:

Buildings	20 to 25 years
Office and school equipment	5 to 15 years
Office furniture and fixtures	5 years
Leasehold improvements	5 years or term of the lease agreement, whichever is shorter
Transportation equipment	4 to 5 years
Computer equipment and peripherals	3 years
Library holdings	5 years
Renewable energy equipment	5 years
Right-of-use asset – land	25 years or term of the lease agreement, whichever is shorter
Right-of-use asset – building	2 to 10 years
Right-of-use asset – transportation equipment	3 to 5 years

The estimated useful lives and the depreciation and amortization method are reviewed periodically to ensure that the periods and depreciation and amortization method are consistent with the expected pattern of economic benefits from items of property and equipment.

Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation or amortization is charged to current operations.

An item of property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of comprehensive income in the year the asset is derecognized.



Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes the costs of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for operational use.

Investment Properties

Investment properties primarily include land and condominium units held by the Group for office or commercial lease and for capital appreciation. Condominium units are carried at cost less accumulated depreciation and any impairment in value, while land is carried at cost less any impairment in value. The carrying amount includes the cost of constructing a significant portion of an existing investment property if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property.

Depreciation of condominium units is computed on a straight-line basis over 20 to 25 years.

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gain or loss on the retirement or disposal of an investment property is recognized in the consolidated statement of comprehensive income in the year of retirement or disposal.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by ending of owner-occupation or commencement of an operating lease to another party. Transfers are made from investment property when there is a change in use, evidenced by commencement of owner-occupation or commencement of development with a view to sell.

For a transfer from investment property to owner-occupied property or inventories, the cost of the property for subsequent accounting is its carrying value at the date of the change in use. If the property occupied by the Group as owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under property and equipment up to the date of the change in use.

Construction-in-progress represents structures under construction and is stated at cost less any impairment in value. This includes the cost of construction and other direct costs, including any interest on borrowed funds during the construction period. Construction-in-progress is not depreciated until the relevant assets are completed and become available for use, capital appreciation and/or rental purposes.

Asset Acquisition

When property is acquired through corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents an acquisition of a business.

When such an acquisition is not judged to be an acquisition of a business, it is not treated as a business combination. Rather, the cost to acquire the entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Accordingly, no goodwill or additional deferred tax arises.

Investments in Associates and Joint Venture

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies.



STI ESG has interest in Philippine Healthcare Educators, Inc. (PHEI), a joint venture company. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's interest in associates and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognized at cost. The carrying amount of the investment is adjusted to recognize changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is neither amortized nor individually tested for impairment.

The consolidated statement of comprehensive income reflects the Group's share of the results of operations of the associate or joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there is a change recognized directly in the equity of the associate or joint venture, the Group recognizes its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The aggregate of the Group's share in profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

The financial reporting dates of the associates, joint venture and the Parent Company are identical, except for Global Resource for Outsourced Workers, Inc. (GROW) and PHEI which follow December 31 and March 31, respectively, as their financial reporting dates. The associates' and joint venture's accounting policies conform to those used by the Group for like transactions and events in similar circumstances. Adjustments are made for the Group's share in the effects of significant transactions or events that occur between the financial reporting date of the above-mentioned associates and joint ventures and the financial reporting date of the Group's consolidated financial statements.

After application of the equity method, the Group determines whether it is necessary to recognize any impairment loss on its investment in associates and joint venture. The Group determines at each financial reporting date whether there is any objective evidence that the investment in associates and joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associates and joint venture and its carrying value and recognizes the amount in profit or loss.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognizes any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognized in profit or loss.



The associates of the Group, which are all incorporated in the Philippines, are as follows:

Associates	Principal Activities	Effective Percentage of Ownership					
		2025		2024		2023	
		Direct	Indirect	Direct	Indirect	Direct	Indirect
Accent Healthcare/STI-Banawe, Inc. (STI Accent) ^(a)	Medical and related Services	49	–	49	–	49	–
STI - College Marikina, Inc. (STI Marikina)	Educational Institution	24	–	24	–	24	–
GROW	Recruitment Agency	17	3	17	3	17	3
STI Holdings ^(b) (see Notes 4 and 12)	Holding Company	4	–	5	–	5	–

^(a) Dormant entity

^(b) On various dates during fiscal year ended June 30, 2025, STI ESG partially disposed of its interest in STI Holdings resulting in a change in STI ESG's ownership interest in STI Holdings from 5.05% to 4.37% as at June 30, 2025 (see Note 12).

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization in the case of intangible assets with finite lives and any accumulated impairment losses.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over the economic useful life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the consolidated statement of comprehensive income in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are not amortized but are tested for impairment annually, either individually or at the CGU level. The assessment of indefinite life is reviewed annually to determine whether indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

The Group has assessed the useful life of intangible assets as having a finite useful life to be the shorter of its contractual term or economic life. Amortization is on a straight-line basis over the estimated useful lives of three years.

Impairment of Nonfinancial Assets

The carrying values of investments in and advances to associates and joint venture, property and equipment, investment properties, intangible assets and advances to suppliers are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. When an indicator of impairment exists or when an annual impairment testing for an asset is required, the Group makes a formal estimate of recoverable amount. Recoverable amount is the higher of an asset's (or CGU's) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is assessed as part of the CGU to which it belongs. Where the carrying amount of an asset (or CGU) exceeds its recoverable amount, the asset (or CGU) is considered impaired and is written down to its recoverable amount.



In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset (or CGU). In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded securities or other available fair value indicators.

Provisions for impairment are recognized in the consolidated statement of comprehensive income in those expense categories consistent with the function of the impaired asset, except for assets previously revalued where the revaluation was taken to equity. In this case, the impairment is also recognized in equity up to the amount of any previous revaluation.

For nonfinancial assets, excluding goodwill and intangible assets with indefinite useful life, an assessment is made at each reporting date as to whether there is any indication that previously recognized provisions for impairment may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last provision for impairment was recognized. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortization (in the case of property and equipment, investment properties and intangible assets), had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase. After such a reversal, the depreciation and amortization expense is adjusted in future years to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining life.

Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Impairment is determined by assessing the recoverable amount of the CGUs to which the goodwill relates. Where the recoverable amount of the CGU (or group of CGUs) is less than the carrying amount of the CGU (or group of CGUs) to which the goodwill has been allocated, an impairment loss is recognized in the consolidated statement of comprehensive income. Impairment losses relating to goodwill cannot be reversed for subsequent increases in its recoverable amount in future periods. The Group performs its annual impairment test of goodwill at the end of each reporting period.

Capital Stock and Additional Paid-in Capital

Common stock is measured at par value for all shares issued. Incremental costs incurred directly attributable to the issuance of new shares are shown in equity as a deduction from proceeds, net of tax. Proceeds and/or fair value of the consideration received in excess of par value are recognized as additional paid-in capital.

Treasury Stocks

Own equity instruments which are reacquired (treasury stocks) are recognized at cost and deducted from equity. No gain or loss is recognized in the consolidated statement of comprehensive income on the purchase, sale, issue or cancellation of the Group's own equity instruments. Any difference between the carrying amount and the consideration, if reissued, is recognized as additional paid-in capital.

Retained Earnings and Dividend on Common Stock of the Parent Company

The amount included in retained earnings includes profit attributable to the Parent Company's equity holders and reduced by dividends on capital stocks. Dividends on capital stocks are recognized as a liability and deducted from equity when approved by the BOD of the Parent Company. Dividends that are approved after the financial reporting date are dealt with as an event after the financial reporting period.



Earnings per Share Attributable to the Equity Holders of the Parent Company

Earnings per share is computed by dividing net income attributed to equity holders of the Parent Company for the year by the weighted average number of shares issued and outstanding after giving retroactive effect to stock split and stock dividend declaration, if any.

Diluted earnings per share is calculated by dividing the net income attributable to equity holders of the Parent Company by the weighted average number of common shares outstanding during the year adjusted for the effects of any dilutive convertible common shares.

Revenue Recognition

Revenue is recognized when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. The Group assesses whether it is acting as a principal or an agent in every revenue arrangement. It is acting as a principal when it has the primary responsibility for providing the goods or services. The Group also acts as a principal when it has the discretion in establishing the prices and bears inventory and credit risk. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and value-added tax (VAT).

The following specific recognition criteria must also be met before revenue is recognized:

Tuition and Other School Fees. Revenue from tuition and other school fees is satisfied over time and is recognized as income over the corresponding school term to which they pertain on the basis of the time lapsed over the service period. Fees received pertaining to the school year commencing after the financial reporting date are recorded under the “Unearned tuition and other school fees” account in the consolidated statement of financial position. Unearned tuition and other school fees are amortized over the related school term.

Educational Services and Royalty Fees. Revenues from educational services and royalty fees are satisfied over time based on a percentage of monthly franchise receipts and are recognized in accordance with the terms of the licensing agreements.

Sale of Educational Materials and Supplies. Revenue is satisfied at a point in time and is recognized at the time of sale when control of the goods is transferred to the customer.

Other Revenues. Other revenues include income related to the software license subscriptions provided to franchised schools. These revenues are satisfied at a point in time and are recognized at the time of sale when control or rights to the goods or services are transferred to the customer.

The following are the revenue streams outside the scope of PFRS 15:

Rental Income. Rental income is recognized on a straight-line basis over the term of the lease agreement.

Interest Income. Interest income is recognized as the interest accrues considering the effective yield on the asset.

Dividend Income. Revenue is recognized when the Group’s right to receive the payment is established.

The following are contract balances relative to PFRS 15:

Receivables. Receivables represent the Group’s right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).



Contract liabilities. A contract liability is the obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Group transfers goods or services to the customer, a contract liability is recognized. Contract liabilities are recognized as revenue when the Group performs under the contract. The Group's "Unearned tuition and other school fees" account represents contract liabilities which will be recognized as revenue when the related educational services are rendered. This includes advance payment for tuition and other school fees for the school year commencing after the financial reporting date.

Costs and Expenses

Costs and expenses are decreases in economic benefits during the accounting period in the form of outflows or decrease of assets or incurrence of liabilities that result in decreases in equity, other than those relating to distributions to equity participants. Costs and expenses are recognized in profit or loss in the year these are incurred.

Pension Cost

The Group has the following pension plans (Plan) covering substantially all of its regular and permanent employees:

Entity	Type of Plan
Parent Company	Funded, noncontributory defined benefit plan
Subsidiaries	Unfunded, noncontributory defined benefit plan

Defined Benefit Plans. The net defined benefit liability or asset is the aggregate of the present value of the defined benefit obligation at the end of the reporting period reduced by the fair value of plan assets (if any), adjusted for any effect of limiting a net defined benefit asset to the asset ceiling. The asset ceiling is the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan.

The cost of providing benefits under the defined benefit plans is actuarially determined using the projected unit credit method.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognized as an expense in the consolidated statement of comprehensive income. Past service costs are recognized when plan amendment or curtailment occurs. These amounts are calculated periodically by an independent qualified actuary.

Net interest on the net defined benefit liability or asset is the change during the period in the net defined benefit liability or asset that arises from the passage of time which is determined by applying the discount rate based on government bonds to the net defined benefit liability or asset. Net interest on the net defined benefit liability or asset is recognized as expense or income in the consolidated statement of comprehensive income.



Remeasurements comprising actuarial gains and losses, return on plan assets and any change in the effect of the asset ceiling (excluding net interest on defined benefit liability) are recognized immediately in OCI in the period in which they arise. Remeasurements are not reclassified to profit or loss in subsequent periods.

Plan assets are assets that are held by a long-term employee benefit fund or qualifying insurance policies. Plan assets are not available to the creditors of the Group, nor can they be paid directly to the Group. The fair value of plan assets is based on market price information. When no market price is available, the fair value of plan assets is estimated by discounting expected future cash flows using a discount rate that reflects both the risk associated with the plan assets and the maturity or expected disposal date of those assets (or, if they have no maturity, the expected period until the settlement of the related obligations).

The Group's right to be reimbursed for some or all of the expenditure required to settle a defined benefit obligation is recognized as a separate asset at fair value when and only when reimbursement is virtually certain.

Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date of whether the fulfillment of the arrangement is dependent on the use of a specific asset or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in the arrangement. A reassessment is made after the inception of the lease only if one of the following applies: (a) there is a change in contractual terms, other than a renewal or extension of the agreement; (b) a renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term; (c) there is a change in the determination of whether the fulfillment is dependent on a specified asset; or (d) there is a substantial change to the asset.

Where a reassessment is made, lease accounting shall commence or cease from the date when the change in circumstances gave rise to the reassessment for scenarios (a), (c) or (d) and the date of renewal or extension period for scenario (b).

Right-of-use Assets. The Group classifies its ROU assets as part of property and equipment. Refer to the accounting policies for property and equipment.

Lease Liabilities. At the commencement date of the lease, the Group recognizes lease liabilities measured at the present value of lease payments to be made over the remaining lease term. The lease payments include fixed payments (including in-substance fixed payments, as applicable) less any lease incentives receivable and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating a lease, if the lease term reflects the Group exercising the option to terminate.

In calculating the present value of lease payments, the Group uses the incremental borrowing rate (IBR) at the lease commencement date if the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made.

In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the in-substance fixed lease payments or a change in the assessment to purchase the underlying asset.



Short-term Leases and Leases with Low-value Assets. The Group applies the short-term lease recognition exemption to its short-term leases of equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of equipment that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognized as expense on a straight-line basis over the lease term.

Lease Modification. Lease modification is defined as a change in the scope of a lease, or the consideration for a lease, that was not part of the original terms and conditions of the lease (for example, adding or terminating the right to use one or more underlying assets, or extending or shortening the contractual lease term).

The Group shall account for a modification to a lease as a new lease from the effective date of the modification, considering any prepaid or accrued lease payments relating to the original lease as part of the lease payments for the new lease. If a change in lease payments does not meet the definition of a lease modification, that change would generally be accounted for as a negative variable lease payment. A lessee recognizes the effect of a rent concession by recognizing the reduction in payment as other income in profit or loss in the consolidated statement of comprehensive income.

Group as a Lessor. The Group had lease agreements for the lease of its investment properties. These leases, where the Group retains all the risks and benefits of ownership of the asset substantially, are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognized over the lease term on the same basis as rental income.

Taxes

Current Tax. Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authority. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted at the financial reporting date.

Deferred Tax. Deferred tax is provided using the liability method on temporary differences at the financial reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;
- in respect of taxable temporary differences associated with investments in subsidiaries and associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, and carryforward benefit of net operating loss carryover (NOLCO), and to the extent that it is probable that taxable income will be available against which the deductible temporary differences and carryforward benefits of NOLCO can be utilized, except:

- when the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting income nor taxable income or loss;



- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable income will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each financial reporting date and reduced to the extent that it is no longer probable that sufficient future taxable profit will be available to allow all or part of the deferred tax assets to be utilized. Unrecognized deferred tax assets are reassessed at each financial reporting date and are recognized to the extent that it has become probable that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted at the financial reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to offset current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Value-added Tax (VAT). Revenue, expenses and assets are recognized net of the amount of VAT, except:

- when the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; or
- receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of the “Prepaid expenses and other current assets” or “Accounts payable and other current liabilities” accounts in the consolidated statement of financial position.

Operating Segment

For management purposes, the Group is organized into business units based on the geographical location of the students and assets. Financial information about operating segments is presented in Note 3 to the consolidated financial statements.

Contingencies

Contingent liabilities are not recognized in the consolidated financial statements. These are disclosed in the notes to the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the consolidated financial statements but disclosed in the notes to the consolidated financial statements when an inflow of economic benefits is probable.

Events after the Reporting Period

Post-year-end events that provide additional information about the Group’s financial position at the financial reporting date (adjusting events) are reflected in the consolidated financial statements. Post-year-end events that are not adjusting events are disclosed in the notes to the consolidated financial statements when material.



3. Segment Information

For management purposes, the Group is organized into business units based on the geographical location of the students and assets, and has five reportable segments as follows:

- a. Metro Manila
- b. Northern Luzon
- c. Southern Luzon
- d. Visayas
- e. Mindanao

Management monitors the operating results of its business segments separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on consolidated net income and EBITDA, defined as earnings before interest expense, interest income, provision for (benefit from) income tax, depreciation and amortization, equity in net earnings of associates and joint venture, loss (gain) on foreign exchange differences, fair value loss (gain) on equity instruments at FVPL, and nonrecurring gains such as gain on partial disposal of interest in an associate, gain on termination of lease, and gain on early extinguishment of loan. Depreciation and interest expense for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.

The following table shows the reconciliation of the consolidated net income to consolidated EBITDA:

	Year Ended June 30		
	2025	2024	2023
Consolidated net income	₱1,813,083,408	₱1,275,792,779	₱621,935,112
Depreciation and amortization ⁽¹⁾ (see Notes 10, 11, 15, 23 and 25)	454,594,557	419,986,229	420,842,361
Interest expense ⁽¹⁾ (see Notes 17, 18, and 22)	210,329,689	248,388,355	256,614,538
Provision for (benefit from) income tax	187,048,716	127,383,518	(15,431,070)
Interest income (see Notes 5, 6, and 22)	(30,139,284)	(41,198,965)	(18,288,499)
Gain on:			
Partial disposal of interest in an associate	(24,592,792)	—	—
Termination of lease ⁽²⁾	(1,575,650)	—	—
Early extinguishment of loan (see Note 17)	—	(3,076,465)	—
Equity in net earnings of associates and joint venture (see Note 12)	(22,044,896)	(18,810,890)	(15,161,635)
Foreign exchange loss (gain) - net	5,769,285	(17,258,550)	(2,455,546)
Fair value loss (gain) on equity instruments at FVPL (see Note 9)	(3,363,500)	852,500	620,000
Consolidated EBITDA	₱2,589,109,533	₱1,992,058,511	₱1,248,675,261

⁽¹⁾ Depreciation and interest expense exclude those related to ROU assets and lease liabilities, respectively.

⁽²⁾ Reported as part of "Other income".



Inter-Segment Transactions

Segment revenue, segment expenses and operating results include transfers among geographical segments. The transfers are accounted for at market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.



Geographical Segment Data

The following tables present revenue and income information for the years ended June 30, 2025, 2024 and 2023, and certain assets and liabilities information as at June 30, 2025, 2024 and 2023 regarding geographical segments:

	For the year ended June 30, 2025					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱2,457,697,251	₱330,860,794	₱1,471,393,016	₱53,112,449	₱136,464,076	₱4,449,527,586
Results						
Income before other income (expenses) and income tax	₱1,083,793,835	₱145,446,016	₱752,551,547	₱11,212,769	₱44,145,155	₱2,037,149,322
Equity in net earnings of associates and joint venture	22,044,896	—	—	—	—	22,044,896
Interest expense	(218,117,900)	(4,997,974)	(6,655,104)	(928,855)	(2,956,807)	(233,656,640)
Interest income	25,301,191	30,414	4,792,903	6,756	8,020	30,139,284
Other income ^(a)	136,788,777	1,993,792	4,994,855	129,912	547,926	144,455,262
Provision for income tax	(179,697,670)	(3,160,846)	(4,190,200)	—	—	(187,048,716)
Net Income	₱870,113,129	₱139,311,402	₱751,494,001	₱10,420,582	₱41,744,294	₱1,813,083,408
EBITDA						₱2,589,109,533
	As at June 30, 2025					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(b)	₱8,553,138,927	₱705,773,459	₱2,097,123,917	₱71,214,485	₱133,381,884	₱11,560,632,672
Goodwill (see Note 15)	236,629,190	—	—	—	—	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	433,257,841	—	—	—	—	433,257,841
Deferred tax assets - net (see Note 29)	19,820,054	2,873,776	15,428,588	252,350	1,727,327	40,102,095
Total Assets	₱9,242,846,012	₱708,647,235	₱2,112,552,505	₱71,466,835	₱135,109,211	₱12,270,621,798
Segment liabilities ^(c)	₱450,943,400	₱78,183,632	₱425,501,855	₱9,963,584	₱32,408,646	₱997,001,117
Interest-bearing loans and borrowings (see Note 17)	1,726,332,830	—	—	—	—	1,726,332,830
Bonds payable (see Note 18)	816,706,013	—	—	—	—	816,706,013
Pension liabilities (see Note 27)	5,696,568	4,837,257	16,913,459	254,795	3,137,904	30,839,983
Lease liabilities (see Note 28)	116,746,594	40,005,514	106,275,671	11,185,930	34,668,349	308,882,058
Total Liabilities	₱3,116,425,405	₱123,026,403	₱548,690,985	₱21,404,309	₱70,214,899	₱3,879,762,001
Other Segment Information						
Capital expenditures for property and equipment						₱796,971,910
Depreciation and amortization ^(d)						454,594,557
Noncash expenses other than depreciation and amortization						70,217,823

^(a) Other income (expenses) exclude equity in net earnings of associates and joint venture, interest expense and interest income.

^(b) Segment assets exclude goodwill, investments in and advances to associates and joint venture, and net deferred tax assets.

^(c) Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities.

^(d) Depreciation and amortization exclude those related to ROU assets.



	For the year ended June 30, 2024					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱2,094,904,112	₱287,297,914	₱1,165,127,321	₱71,242,354	₱77,826,832	₱3,696,398,533
Results						
Income before other income (expenses) and income tax	₱738,693,241	₱110,244,141	₱588,827,547	₱15,664,471	₱21,787,571	₱1,475,216,971
Equity in net earnings of associates and joint venture	18,810,890	—	—	—	—	18,810,890
Interest expense	(256,039,688)	(3,719,018)	(6,390,653)	(1,313,970)	(2,448,259)	(269,911,588)
Interest income	38,086,493	26,102	3,074,077	5,500	6,793	41,198,965
Other income ^(a)	134,439,231	349,570	2,618,648	117,058	336,552	137,861,059
Provision for income tax	(120,020,582)	(2,212,353)	(5,150,583)	—	—	(127,383,518)
Net Income	₱553,969,585	₱104,688,442	₱582,979,036	₱14,473,059	₱19,682,657	₱1,275,792,779
EBITDA						₱1,992,058,511
	As at June 30, 2024					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(b)	₱7,794,234,323	₱682,262,822	₱1,792,286,647	₱113,698,314	₱71,579,918	₱10,454,062,024
Goodwill (see Note 15)	236,629,190	—	—	—	—	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	496,276,072	—	—	—	—	496,276,072
Deferred tax assets - net (see Note 29)	16,642,597	2,797,372	12,557,491	690,949	1,296,597	33,985,006
Total Assets	₱8,543,782,182	₱685,060,194	₱1,804,844,138	₱114,389,263	₱72,876,515	₱11,220,952,292
Segment liabilities ^(c)	₱595,636,209	₱57,008,678	₱251,954,267	₱11,789,034	₱25,101,760	₱941,489,948
Interest-bearing loans and borrowings (see Note 17)	2,086,114,412	—	—	—	—	2,086,114,412
Bonds payable (see Note 18)	814,967,275	—	—	—	—	814,967,275
Pension liabilities (see Note 27)	44,008,750	5,921,760	13,681,541	1,616,515	1,430,678	66,659,244
Lease liabilities (see Note 28)	122,808,579	42,466,080	101,690,258	18,828,574	29,240,581	315,034,072
Total Liabilities	₱3,663,535,225	₱105,396,518	₱367,326,066	₱32,234,123	₱55,773,019	₱4,224,264,951
Other Segment Information						
Capital expenditures for property and equipment						₱643,537,486
Depreciation and amortization ^(d)						419,986,229
Noncash expenses other than depreciation and amortization						76,190,964

^(a) Other income (expenses) exclude equity in net earnings of associates and joint venture, interest expense and interest income.

^(b) Segment assets exclude goodwill, investments in and advances to associates and joint venture, and net deferred tax assets.

^(c) Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities.

^(d) Depreciation and amortization exclude those related to ROU assets.



	For the year ended June 30, 2023					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,407,024,660	₱239,585,468	₱835,133,394	₱34,789,700	₱66,618,865	₱2,583,152,087
Results						
Income before other income (expenses) and income tax	₱296,388,950	₱59,994,011	₱345,144,878	₱4,643,863	₱2,181,611	₱708,353,313
Equity in net earnings of associates and joint venture	15,161,635	—	—	—	—	15,161,635
Interest expense	(263,216,828)	(3,865,002)	(5,278,958)	(1,501,233)	(2,057,151)	(275,919,172)
Interest income	18,121,703	29,320	123,621	6,322	7,533	18,288,499
Other income ^(a)	133,059,561	1,159,502	5,667,640	337,289	395,773	140,619,765
Benefit from (provision for) income tax	15,209,513	577,047	(355,163)	(327)	—	15,431,070
Net Income	₱214,724,534	₱57,894,878	₱345,302,018	₱3,485,914	₱527,766	₱621,935,110
EBITDA						₱1,248,675,261
	As at June 30, 2023					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(b)	₱8,192,277,712	₱717,138,215	₱1,382,644,996	₱77,062,329	₱126,266,793	₱10,495,390,045
Goodwill (see Note 15)	250,898,081	—	—	—	—	250,898,081
Investments in and advances to associates and joint venture (see Note 12)	493,988,698	—	—	—	—	493,988,698
Deferred tax assets - net (see Note 29)	32,396,464	3,065,113	4,796,366	41,555	1,695,394	41,994,892
Total Assets	₱8,969,560,955	₱720,203,328	₱1,387,441,362	₱77,103,884	₱127,962,187	₱11,282,271,716
Segment liabilities ^(c)	₱434,942,339	₱59,149,312	₱115,631,192	₱9,274,759	₱32,588,682	₱651,586,284
Interest-bearing loans and borrowings (see Note 17)	931,903,301	—	—	—	—	931,903,301
Bonds payable (see Note 18)	2,988,422,984	—	—	—	—	2,988,422,984
Pension liabilities (see Note 27)	58,791,356	5,775,501	12,226,482	116,334	2,519,932	79,429,605
Lease liabilities (see Note 28)	120,644,554	57,706,097	103,871,119	25,298,373	28,215,797	335,735,940
Total Liabilities	₱4,534,704,534	₱122,630,910	₱231,728,793	₱34,689,466	63,324,411	₱4,987,078,114
Other Segment Information						
Capital expenditures for property and equipment						₱305,656,075
Depreciation and amortization ^(d)						420,842,361
Noncash expenses other than depreciation and amortization						77,623,352

^(a) Other income (expenses) exclude equity in net earnings of associates and joint venture, interest expense and interest income.

^(b) Segment assets exclude goodwill, investments in and advances to associates and joint venture, and net deferred tax assets.

^(c) Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities.

^(d) Depreciation and amortization exclude those related to ROU assets.



4. Significant Accounting Judgments, Estimates and Assumptions

The preparation of the consolidated financial statements in conformity with PFRS requires management to make judgments, estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The estimates used are based upon management's evaluation of relevant facts and circumstances as at the date of the consolidated financial statements, giving due consideration to materiality. Actual results could differ from such estimates.

The Group believes the following represents a summary of these significant judgments, estimates and assumptions and related impact and associated risks in its consolidated financial statements.

Judgments

In the process of applying the Group's accounting policies, management has made the following judgments, apart from those involving estimations, which have the most significant effect on the amounts recognized in the Group's consolidated financial statements.

Recognition of revenue from tuition and other school fees, educational services and royalty fees over time. The Group concluded that tuition and other school fees, educational services, and royalty fees are to be recognized over time on the basis of time lapsed over the service period. This approach reflects the principle that revenue should be recognized as the Group satisfies its performance obligations in rendering its services to students and franchisees. Since the students and franchisees receive and consume the benefits of the services as they are provided, there is no need for another entity to re-perform the services that the Group has provided to date. This demonstrates that students and franchisees simultaneously receive and consume the benefits of the Group's performance as it is performed.

Recognition of revenue from the sale of educational materials and supplies at the point in time. Revenue from the sale of educational materials and supplies is recognized at the point in time when the control of the asset is transferred to the customer, generally upon receipt of the goods by franchisees and students. It is also the point in which the customer is obliged to pay for the asset without any further conditions or actions and the Group has transferred physical possession of the asset.

Asset Acquisition. On June 20, 2024, STI ESG and Total Consolidated Asset Management, Inc. (TCAMI) executed a deed of absolute sale for STI ESG's acquisition of 100.0% of the total issued and outstanding capital stock of TCAMI's wholly owned subsidiary, CHI. Management considered the substance of the assets and activities of the acquired entity and assessed that the acquisition of a subsidiary does not represent a business, but rather an acquisition of the land, the primary asset of the subsidiary at the date of acquisition. The cost of the acquisition is allocated to the assets acquired based upon their relative fair values and no goodwill or deferred tax is recognized (see Notes 10 and 38).

Determination of Control Arising from a Management Contract. The Parent Company has a management contract with STI Caloocan. Management has concluded that the Parent Company, in substance, has the power to direct its relevant activities and has the means to obtain the majority of the benefits of STI Caloocan, a non-stock corporation, through the management contract. Management has assessed that it has control of STI Caloocan and accordingly, classifies the entity as subsidiary effective from the date control was obtained.

Significant Influence on an Associate. The Parent Company has an equity interest of 4.37% and 5.05% in STI Holdings as at June 30, 2025 and 2024, respectively (see Note 12). However, management has assessed that it has retained significant influence through interlocking members of the BOD and key management personnel. Accordingly, the Parent Company continues to classify these shares of stock held as an investment in an associate.



Contingencies. The Group is currently a party in a number of cases involving claims and disputes related to the collection of receivables and labor cases. The Group's estimate of the probable costs for the resolution of these claims has been developed in consultation with outside legal counsels handling defense in these matters and is based upon an analysis of potential results. Management and its legal counsels believe that the Group has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions, if any, will not have a material adverse impact on the consolidated financial statements. It is possible, however, that future results of operations could be materially affected by changes in the estimates or in the effectiveness of strategies relating to these proceedings (see Note 33).

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the financial reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Measurement of the expected credit losses. ECLs are derived from unbiased and probability-weighted estimates of expected loss, and are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls over the expected life of the financial asset discounted by the effective interest rate. The cash shortfall is the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive.
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows discounted by the credit-adjusted effective interest rate.

The ECL is measured on either a 12-month or lifetime basis depending on whether a significant increase in credit risk has occurred since initial recognition or whether an asset is considered to be credit-impaired. ECLs are the discounted product of the Probability of Default (PD), Loss Given Default (LGD), and Exposure at Default (EAD), defined as follows:

- *Probability of default.* The PD represents the likelihood of a borrower defaulting on its financial obligation, either over the next 12 months, or over the remaining life of the obligation. PD estimates are estimates at a certain date, which are calculated based on statistical rating models based on internally compiled data comprising both quantitative and qualitative factors. Where it is available, market data may also be used to derive the PD.
- *Loss given default.* LGD represents the Group's expectation of the extent of loss on a defaulted exposure, taking into account the mitigating effect of collateral, its expected value when realized and the time value of money.
- *Exposure at default.* EAD is based on the amounts the Group expects to be owed at the time of default, over the next 12 months or over the remaining lifetime.



Simplified approach for receivables from students. The Group applies the simplified approach in calculating ECLs of receivables from students. The Group develops loss rates based on days past due for each grouping of receivables per school term. The methodology is initially based on the Group's historically observed default rates. The Group will then adjust the historical credit loss experience using forward-looking information. At every reporting date, the historical default rates are updated and changes in the forward-looking estimates are analyzed.

The assessment of the correlation between historical default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Group's historical credit loss experience and forecast of economic conditions may also not be representative of the customer's actual default in the future.

The Group's impairment calculations are outputs of statistical models with a number of underlying assumptions regarding the choice of variable inputs and their interdependencies. Elements of the impairment models that are considered accounting judgments and estimates include:

- The Group's criteria for defining default and for assessing if there has been a significant increase in credit risk;
- The segmentation of financial assets when impairment is assessed on a collective basis;
- The choice of inputs and the various formulas used in the impairment calculation;
- Determination of relationships between macroeconomic scenarios and, economic inputs, such as unemployment levels and collateral values, and the effect on PDs, EADs and LGDs; and
- Selection of forward-looking macroeconomic scenarios and their probability weightings, to derive the economic inputs into the impairment models.

It is the Group's policy to regularly review its models in the context of actual loss experience and adjust when necessary. The amount and timing of the ECLs, as well as the probability assigned thereto, have been based on the available information as at report date.

Incorporation of forward-looking information. The Group incorporates forward-looking information into both its assessment of whether the credit risk of an instrument has increased significantly since its initial recognition and its measurement of ECL.

The Group has identified and documented key drivers of credit risk and credit losses of each portfolio of financial instruments and, using an analysis of historical data, has estimated relationships between macro-economic variables and credit risk and credit losses.

The macro-economic variables include the following key indicators for the Philippines: unemployment rates, inflation rates and GDP growth rate. The inputs and models used for calculating ECL may not always capture all characteristics of the market at the date of the consolidated financial statements. To reflect this, qualitative adjustments or overlays are occasionally made as temporary adjustments when such differences are significantly material.

The Group has not identified any uncertain event that it has assessed to be relevant to the risk of a default occurring but where it is not able to estimate the impact on ECL due to lack of reasonable and supportable information.

The Group recognized provision for ECL amounting to ₱56.0 million, ₱24.6 million and ₱60.8 million for the years ended June 30, 2025, 2024 and 2023, respectively. Allowance for ECL on receivables amounted to ₱156.7 million and ₱155.6 million as at June 30, 2025 and 2024, respectively.



In June 2024, the BOD of STI ESG approved the write-off of receivables aggregating to ₱159.4 million for the year ended June 30, 2024. In June 2025, the BOD of STI ESG approved the write-off of receivables aggregating to ₱54.9 million for the year ended June 30, 2025.

The carrying amounts of receivables as at June 30, 2025 and 2024 are disclosed in Note 6 to the consolidated financial statements.

Estimating Useful Lives of Nonfinancial Assets. Management determines the estimated useful lives and the related depreciation and amortization charges for its property and equipment, investment properties, excluding land, and intangible assets based on the period over which the property and equipment, investment properties and intangible assets are expected to provide economic benefits. Management's estimation of the useful lives of property and equipment, investment properties and intangible assets is based on a collective assessment of industry practice, internal technical evaluation and experience with similar assets while for intangible assets with a finite life, estimated useful life is based on the economic useful benefit of the intangible assets. These estimations are reviewed periodically and could change significantly due to physical wear and tear, technical or commercial obsolescence and legal or other limits on the use of the assets. A reduction in the estimated useful lives of property and equipment, investment properties and intangible assets would increase recorded expenses and decrease noncurrent assets.

There were no changes in the estimated useful lives of the Group's property and equipment, investment properties and intangible assets as at June 30, 2025 and 2024. The carrying values of nonfinancial assets subject to depreciation and amortization are as follows:

	2025	2024
Property and equipment (see Note 10)	₱5,008,054,943	₱4,819,682,065
Investment properties (see Note 11)	422,523,988	444,705,388
Intangible assets (see Note 15)	29,298,912	31,192,337

Impairment of Nonfinancial Assets. PFRS requires nonfinancial assets, excluding goodwill and intangible assets with indefinite useful life, to be tested for impairment when certain impairment indicators are present, irrespective of whether there are any indications of impairment. Nonfinancial assets include property and equipment, investment properties, investment in and advances to associates and joint venture, intangible assets and other noncurrent assets.

Management is required to make estimates and assumptions to determine the future cash flows to be generated from the continued use and ultimate disposition of these assets in order to determine the value of these assets. While STI ESG believes that the assumptions used are reasonable and appropriate, these estimates and assumptions can materially affect the consolidated financial statements. Future adverse events may cause management to conclude that the affected assets are impaired and may have a material impact on the financial condition and results of operations of the Group.

The carrying value of property and equipment, investment properties, investments in and advances to associates and joint venture, intangible assets and other noncurrent assets are disclosed in Notes 10, 11, 12, 13 and 15, respectively.

STI ESG recognized provision for impairment of its investment in a joint venture amounting to ₱1.7 million for the year ended June 30, 2024. No impairment was recognized for the years ended June 30, 2025 and 2023. As at June 30, 2025 and 2024, the carrying value of the investments in and advances to associates and joint venture amounted to ₱433.3 million and ₱496.3 million, respectively (see Notes 12 and 25).



Impairment of Goodwill and Intangible Assets with Indefinite Useful Life. Acquisition method requires extensive use of accounting estimates and judgments to allocate the purchase price to the fair market values of the acquiree's identifiable assets, liabilities and contingent liabilities at the acquisition date. It also requires the acquirer to recognize any goodwill as the excess of the acquisition cost over the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities. The Group's business acquisitions have resulted in goodwill and intangible assets with indefinite useful life which are subject to an annual impairment testing. This requires an estimation of the value in use of the CGUs to which the goodwill and intangible assets with indefinite useful life are allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the CGU and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Using the updated information and various scenarios of future financial performance and cash flows, an assessment of the recoverability of certain assets as at reporting period was conducted.

The recoverable amounts of CGUs have been determined based on the value in use calculations using cash flow projections covering a five-year period based on long-range plans approved by management. The significant assumptions used in the value in use calculations are forecasted revenue growth, long-term growth rate and discount rate.

Management used an appropriate discount rate for cash flows equal to the prevailing rates of return for a group having substantially the same risks and characteristics. Management used the weighted average cost of capital wherein the costs of equity and debt financing are weighted. The weighted average cost of capital is the overall required return on the CGUs. A pre-tax discount rate of 12.70% and 13.20% were used as at June 30, 2025 and 2024, respectively. The growth rate used in extrapolating the cash flows beyond the period covered by the CGU's recent budgets was 5.00%.

Impairment testing showed that the CGUs' recoverable amounts were greater than their carrying amounts, except for NPIM (2024). STI ESG recognized a provision for impairment of goodwill amounting to ₱14.3 million for the year ended June 30, 2024, representing impairment of goodwill assigned to NPIM. No impairment was recognized for the years ended June 30, 2025 and 2023. Goodwill amounted to ₱236.6 million as at June 30, 2025 and 2024 while intangible assets with indefinite useful life amounted to ₱27.6 million as at June 30, 2025 and 2024 (see Note 15).

Realizability of Deferred Tax Assets. Deferred tax assets are recognized for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilized. Significant management judgment is required to determine the amount of deferred tax assets that can be recognized, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.

Deferred tax assets recognized as at June 30, 2025 and 2024 are disclosed in Note 29 to the consolidated financial statements.

Measurement of Lease Liabilities. The Group's lease liabilities are measured based on the present value of lease payments over the lease term using the Group's IBR.

▪ *Determination of Lease Term*

The Group has several lease contracts that include extension and termination options. The Group applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Group reassesses the lease term if there is a significant event or change in circumstances



that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate (e.g., construction of significant leasehold improvements).

The Group determined that renewal periods of leases with longer periods are not included as part of the lease term as these are not reasonably certain to be exercised.

▪ *Estimating the Incremental Borrowing Rate*

The Group cannot readily determine the interest rate implicit in the lease, therefore, it uses its IBR to measure lease liabilities. The IBR is the rate of interest that the Group would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the ROU asset in a similar economic environment. The IBR therefore reflects what the Group ‘would have to pay’, which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Group estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity-specific estimates.

The Group’s lease liabilities as at June 30, 2025 and 2024 are disclosed in Note 28 to the consolidated financial statements.

Determining Pension Liabilities. The determination of the obligation and cost for pension benefits is dependent on the selection of certain assumptions provided by the Group to its actuaries in calculating such amounts. Those assumptions were described in Note 27 and included among others, discount rate and future salary increases. In accordance with Revised PAS 19, *Employee Benefits*, actual results that differ from the Group’s assumptions are included in OCI and are not reclassified to profit or loss in subsequent periods. While it is believed that the assumptions are reasonable and appropriate, significant differences in actual experience or significant changes in assumptions may materially affect the Group’s pension and other pension obligations.

The carrying values of net pension liabilities as at June 30, 2025 and 2024 are disclosed in Note 27 to the consolidated financial statements.

5. Cash and Cash Equivalents

This account consists of:

	2025	2024
Cash on hand and in banks	₱786,908,551	₱860,566,343
Cash equivalents	807,661,136	331,150,502
	₱1,594,569,687	₱1,191,716,845

Cash in banks earn interest at their respective deposit rates. Cash equivalents are short-term investments, placed for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at their respective short-term investment rates.

Interest earned from cash in banks and cash equivalents amounted to ₱23.1 million, ₱34.8 million and ₱12.5 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 22).



6. Receivables

This account consists of:

	2025	2024
Tuition and other school fees	₱386,262,179	₱347,101,878
Educational services (see Note 30)	135,262,240	61,260,086
Rent, utilities, and other related receivables (see Note 28)	32,085,758	48,762,757
Receivables from officers and employees (see Note 30)	14,021,874	25,125,248
Interest receivables (see Notes 5 and 22)	4,337,761	454,049
Others	17,765,499	20,111,011
	589,735,311	502,815,029
Less allowance for expected credit losses	156,675,922	155,582,995
	₱433,059,389	₱347,232,034

The terms and conditions of the receivables are as follows:

- a. Tuition and other school fees include receivables from students, DepEd, CHED, and Development Bank of the Philippines (DBP).

On March 17, 2021, STI ESG executed a Memorandum of Agreement (MOA) with DBP for the implementation of the DBP Resources for Inclusive and Sustainable Education Program (DBP RISE). The program grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fees structure which is determined at the beginning of the first term of the course or program starting SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. STI ESG and DBP executed a similar MOA in November 2021 and May 2023 covering the implementation of DBP RISE for deserving students enrolled beginning SY 2021-2022, SY 2022-2023 and SY 2023-2024. Receivables from DBP amounted to ₱1.9 million and ₱2.2 million as at June 30, 2025 and 2024, respectively.

These receivables are non-interest-bearing. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED and DBP are expected to be collected in full within the next fiscal year.

- b. Educational services receivables pertain to receivables from franchisees and other related parties arising from educational services, royalty fees, sale of educational materials and supplies, and other charges. These receivables are generally noninterest-bearing and are normally collected within 30 days. Interest is charged on past due accounts.

This account also includes outstanding receivables from Philippine School of Business Administration, Inc. (PSBA Manila) and Philippine School of Business Administration Inc.-Quezon City (PSBA Quezon City), collectively referred to as "PSBA", in the total amount of ₱31.6 million as at June 30, 2025.



On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG provided the management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services would be for a period of three years counting from the management commencement date (see Note 39).

Interest earned from past due accounts amounted to ₱7.0 million, ₱6.4 million and ₱5.8 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 22).

- c. Rent, utilities and other related receivables are expected to be collected in full within the next fiscal year (see Note 28).
- d. Receivables from officers and employees substantially represent advances for official business expenses which are necessary and reasonable to carry out the operations of head office and the schools. These advances are normally liquidated within one month from the date the advances are obtained (see Note 30).
- e. Interest receivables represent accrued interest income on the Group's short-term investments, typically maturing within three months, and earning interest at prevailing market rates (see Notes 5 and 22).
- f. Others consist primarily of receivables from former vendors of STI ESG, former employees, and Social Security System amounting to ₱0.9 million, ₱3.7 million, and ₱8.0 million, respectively, as at June 2025; and amounting to ₱6.5 million, nil, and ₱7.1 million, respectively, as at June 2024. The balance as at June 30, 2024 included a receivable from a former franchisee amounting to ₱1.4 million. All outstanding receivables are expected to be collected within the next fiscal year.

The movements in allowance for expected credit losses are as follows:

	2025		
	Tuition and Other School Fees	Others	Total
Balance at beginning of year	₱147,172,518	₱8,410,477	₱155,582,995
Provisions - net (see Note 25)	50,563,192	5,438,116	56,001,308
Write-off	(47,872,657)	(7,035,724)	(54,908,381)
Balance at end of year	₱149,863,053	₱6,812,869	₱156,675,922

	2024		
	Tuition and Other School Fees	Others	Total
Balance at beginning of year	₱278,670,843	₱11,677,882	₱290,348,725
Provisions (reversal) - net [see Note 25]	24,801,048	(206,178)	24,594,870
Write-off	(156,299,373)	(3,061,227)	(159,360,600)
Balance at end of year	₱147,172,518	₱8,410,477	₱155,582,995



The COVID-19 pandemic has significantly affected the school operations since SY 2020-2021, hence, the Group considered the COVID-19 impact in its judgments and estimates, particularly in assessing the recoverability of receivables from students. In response, the BOD of STI ESG approved an interim policy in June 2023 and July 2022, deferring the write-off of certain receivables from students for the years ended June 30, 2023 and 2022, respectively. Subsequently, in June 2024, the BOD of STI ESG approved the write-off of receivables aggregating to ₱159.4 million for the year ended June 30, 2024. These receivables largely pertain to outstanding tuition and other school fees as at June 30, 2024 arising from SY 2019-2020 to SY 2021-2022. In June 2025, the BOD of STI ESG approved the write-off of receivables aggregating to ₱54.9 million for the year ended June 30, 2025. These receivables largely cover outstanding tuition and other school fees for SY 2022-2023.

Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱8.8 million, ₱5.8 million and ₱10.1 million for the years ended June 30, 2025, 2024 and 2023, respectively. These amounts are reported in the “Other income (expenses)” section in the consolidated statements of comprehensive income.

7. Inventories

This account consists of:

	2025	2024
At cost:		
Educational materials:		
Uniforms	₱129,972,473	₱112,263,734
Textbooks and other education-related materials	7,093,070	7,250,240
	137,065,543	119,513,974
Promotional materials:		
Proware materials	18,503,327	19,100,179
Marketing materials	1,197,512	1,199,015
	19,700,839	20,299,194
School materials and supplies	7,031,428	7,608,101
	₱163,797,810	₱147,421,269

Inventories recognized as obsolete, substantially composed of old tertiary uniforms and textbooks, are fully provided with allowance for inventory obsolescence. Accordingly, the carrying value of these inventories at net realizable value is nil as at June 30, 2025 and 2024. Allowance for inventory obsolescence amounted to ₱25.5 million and ₱25.1 million as at June 30, 2025 and 2024, respectively. Provision for inventory obsolescence resulting from the excess of cost over the net realizable value of these obsolete inventories recognized for the years ended June 30, 2025, 2024 and 2023 amounted to ₱0.3 million, ₱1.0 million and ₱5.6 million, respectively (see Note 25).

Inventories charged to cost of educational materials and supplies sold amounted to ₱93.5 million, ₱96.0 million and ₱83.1 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 24).



8. Prepaid Expenses and Other Current Assets

This account consists of:

	2025	2024
Input VAT - net	₱44,540,845	₱49,124,164
Prepaid subscriptions and licenses	20,244,199	14,745,516
Prepaid taxes	18,739,737	18,166,248
Advances to suppliers	7,694,690	13,317,682
Prepaid insurance	1,121,965	1,044,188
Software and infrastructure maintenance	329,932	984,218
Others	1,538,584	1,408,970
	₱94,209,952	₱98,790,986

Net input VAT represents the remaining balance after application against output VAT and is recoverable in future periods. As at June 30, 2025, the balance of this account is primarily attributed to input VAT recognized on the purchase of goods and services during the year ended June 30, 2025. As at June 30, 2024, the balance includes the input VAT related to the acquisition of a parcel of land in South Park District, Alabang, Muntinlupa City amounting to ₱24.7 million (see Note 10).

Prepaid subscriptions and licenses substantially pertain to Microsoft licenses and eLearning Management System (eLMS) subscriptions which were paid in advance in preparation for the succeeding school year. These subscriptions are normally renewed annually and are recognized as expense in accordance with the terms of the respective agreements.

Prepaid taxes primarily pertain to creditable withholding taxes, and prepayments for local business taxes and real property taxes. Prepayments for local business taxes and real property taxes are recognized as expenses over the applicable period, typically within the next fiscal year. The creditable withholding taxes represent taxes withheld by counterparties on income payments received by the Group which will be applied against income tax due on the following period.

Advances to suppliers primarily relate to prepayments for commencement related expenses, procurement of students' school uniforms and advance payments for ongoing repair and maintenance works in schools owned and operated by STI ESG.

Prepaid insurance primarily represents comprehensive general liability, fire and other risks insurance coverage on buildings, and life and accident insurance for employees, which are paid in advance and are recognized as expense over the period of coverage which is within the next fiscal year.

Prepaid software and infrastructure maintenance costs as at June 30, 2025 substantially pertain to firewall and web application cost. The balance as at June 30, 2024 substantially pertains to the annual support and maintenance charges for the use of STI ESG's accounting system. These software licenses and maintenance costs are recognized as expense over time in accordance with the terms of the respective agreements.

Other prepaid expenses mainly represent advance payments for social media marketing services and recruitment platform as at June 30, 2025 and 2024, respectively.



9. Equity Instruments at Fair Value through Profit or Loss (FVPL)

Equity instruments at FVPL represents the Group's investment in quoted equity shares of RL Commercial REIT, Inc. (RCR) held for trading amounting to ₱11.5 million and ₱8.1 million as at June 30, 2025 and 2024, respectively.

STI ESG acquired 1,550,000 quoted equity shares of RCR at ₱6.45 per share or an aggregate amount of ₱10.0 million in 2021. STI ESG recognized fair value gain on equity instruments at FVPL amounting to ₱3.4 million for the year ended June 30, 2025 and fair value loss on equity instruments at FVPL amounting to ₱0.9 million and ₱0.6 million for the years ended June 30, 2024 and 2023, respectively.

STI ESG recognized dividend income from RCR amounting to ₱0.6 million each for the years ended June 30, 2025, 2024 and 2023.



10. Property and Equipment

The rollforward analyses of this account are as follows:

2025														
	Land	Buildings	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Renewable Energy Equipment	Construction-in-Progress	Right-of-use Asset - Land	Right-of-use Asset - Building	Right-of-use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of year	P2,492,031,676	P4,358,612,598	P91,355,509	P27,851,333	P13,461,185	P3,382,861	P56,417,937	P9,916,121	P9,244,638	P236,931,831	P106,374,068	P134,466,916	P8,598,899	P7,548,645,572
Additions	213,310,625	254,650,651	68,795,604	34,708,717	5,285,007	9,491,817	30,849,566	1,844,057	6,464,848	171,571,018	—	64,058,375	6,157,143	867,187,428
Reclassification	—	194,484,977	1,598,320	—	—	—	—	—	15,661,479	(211,744,776)	—	—	—	—
Reclassification from investment properties (see Note 11)	140,143,382	—	—	—	—	—	—	—	—	—	—	—	—	140,143,382
Lease termination (see Note 28)	—	—	—	—	—	—	—	—	—	—	—	(13,888,769)	—	(13,888,769)
Depreciation and amortization (see Notes 23 and 25)	—	(326,664,898)	(31,706,080)	(12,423,152)	(8,207,376)	(2,211,544)	(36,313,576)	(2,508,126)	(5,974,248)	—	(8,079,506)	(50,424,484)	(7,275,924)	(491,788,914)
Balance at end of year	P2,845,485,683	P4,481,083,328	P130,043,353	P50,136,898	P10,538,816	P10,663,134	P50,953,927	P9,252,052	P25,396,717	P196,758,073	P98,294,562	P134,212,038	P7,480,118	P8,050,298,699
At June 30, 2025														
Cost	P2,845,485,683	P7,128,609,662	P829,209,562	P329,619,321	P218,587,139	P18,632,333	P459,137,040	P135,212,929	P32,680,993	P196,758,073	P148,107,223	P308,951,079	P56,517,543	P12,707,508,580
Accumulated depreciation and amortization	—	(2,647,526,334)	(699,166,209)	(279,482,423)	(208,048,323)	(7,969,199)	(408,183,113)	(125,960,877)	(7,284,276)	—	(49,812,661)	(174,739,041)	(49,037,425)	(4,657,209,881)
Net book value	P2,845,485,683	P4,481,083,328	P130,043,353	P50,136,898	P10,538,816	P10,663,134	P50,953,927	P9,252,052	P25,396,717	P196,758,073	P98,294,562	P134,212,038	P7,480,118	P8,050,298,699
2024														
	Land	Buildings	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Renewable Energy Equipment	Construction-in-Progress	Right-of-use Asset - Land	Right-of-use Asset - Building	Right-of-use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of year	P2,496,599,185	P4,494,444,742	P110,214,053	P27,679,382	P13,734,407	P1,453,695	P42,424,554	P12,076,809	P-	P35,995,589	P114,453,562	P143,839,829	P12,749,082	P7,505,664,889
Additions	182,873,095	116,782,420	29,495,843	14,735,296	10,168,642	2,427,000	44,505,257	517,679	10,554,665	231,477,589	—	38,590,106	5,080,982	687,208,574
Disposal	—	—	(23,416)	(36)	—	—	(129)	—	—	—	—	—	—	(23,581)
Reclassification	—	30,541,347	—	—	—	—	—	—	—	(30,541,347)	—	—	—	—
Reclassification to investment properties (see Note 11)	(187,440,604)	—	—	—	—	—	—	—	—	—	—	—	—	(187,440,604)
Depreciation and amortization (see Notes 23 and 25)	—	(283,155,911)	(48,330,971)	(14,563,309)	(10,441,864)	(497,834)	(30,511,745)	(2,678,367)	(1,310,027)	—	(8,079,494)	(47,963,019)	(9,231,165)	(456,763,706)
Balance at end of year	P2,492,031,676	P4,358,612,598	P91,355,509	P27,851,333	P13,461,185	P3,382,861	P56,417,937	P9,916,121	P9,244,638	P236,931,831	P106,374,068	P134,466,916	P8,598,899	P7,548,645,572
At June 30, 2024														
Cost	P2,492,031,676	P6,685,558,712	P803,587,678	P338,149,146	P208,972,459	P12,259,517	P464,038,221	P133,638,561	P10,554,666	P236,931,831	P148,107,223	P279,564,030	P59,287,044	P11,872,680,764
Accumulated depreciation and amortization	—	(2,326,946,114)	(712,232,169)	(310,297,813)	(195,511,274)	(8,876,656)	(407,620,284)	(123,722,440)	(1,310,028)	—	(41,733,155)	(145,097,114)	(50,688,145)	(4,324,035,192)
Net book value	P2,492,031,676	P4,358,612,598	P91,355,509	P27,851,333	P13,461,185	P3,382,861	P56,417,937	P9,916,121	P9,244,638	P236,931,831	P106,374,068	P134,466,916	P8,598,899	P7,548,645,572



The cost of fully depreciated property and equipment still used by the Group amounted to ₱1,105.4 million and ₱1,649.3 million as at June 30, 2025 and 2024, respectively. There were no idle property and equipment as at June 30, 2025 and 2024.

Additions and Reclassifications

Land Acquired via Deed of Sale on Installments. On June 10, 2024, STI ESG and Avida Land Corp. (Avida) executed a contract to sell for STI ESG's acquisition of a parcel of land with a total area of 3,266 square meters, located at South Park District, Alabang, Muntinlupa City, for a total purchase price of ₱228.8 million, inclusive of taxes. The purchase price is payable in three installments: (i) the amount of ₱45.1 million, inclusive of ₱24.7 million VAT, was settled on June 10, 2024 (ii) the amount of ₱81.6 million was paid by STI ESG upon the execution of the Deed of Sale on Installments (the "Deed"); and (iii) the amount of ₱102.1 million shall be paid by STI ESG on the 16th month after the execution of the Deed.

On September 30, 2024, STI ESG and Avida executed the Deed. On the same date, STI ESG settled the second installment amounting to ₱81.6 million. STI ESG likewise paid ₱9.2 million for taxes and other charges related to the sale. In view of this, STI ESG recognized this acquisition as "Land" under "Property and equipment" on September 30, 2024. On the same date, the related installment payments for the asset acquisition were applied to the total purchase price, and STI ESG recognized the remaining balance of the purchase price amounting to ₱102.1 million as liability under "Accounts payable" (see Note 16).

STI ESG is entitled to physical possession and control over the lot upon execution of the Deed. Further, the Deed also provided that STI ESG should start the construction within two years from its execution. As at October 13, 2025, the construction of the new STI Academic Center Alabang is ongoing (see Notes 15 and 33).

Land Acquired through Acquisition of Shares. On June 20, 2024, STI ESG and TCAMI, a related party, executed a Deed of Absolute Sale for the acquisition of 76.0 million common shares, each with a par value of ₱1.0, representing 100% of the total issued and outstanding capital stock of CHI, for ₱180.0 million. CHI is the registered and beneficial owner of a 10,000-square-meter parcel of land located on President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. This property is the site for the on-going construction of the STI Academic Center Tanauan. The land was valued at ₱182.9 million, following the allocation of the acquisition cost to other identifiable assets and liabilities of CHI which had a net liability carrying amount of ₱2.9 million (see Notes 15, 33 and 38).

Reclassification from Investment Properties to Property and Equipment. On October 1, 2022, STI ESG acquired two parcels of land with improvements in Meycauayan City, Bulacan, with a total area of 2,459 square meters for ₱140.1 million, inclusive of taxes and transfer fees. The Group assumed lease agreements on the property, the last of which expired in July 2025. Following the preparation for the construction of a new school building for STI Meycauayan, STI ESG reclassified the property from "Investment properties" to "Property and equipment" as at June 30, 2025.

The STI Academic Center Meycauayan project has a total cost of approximately ₱731.7 million, inclusive of materials, cost of labor and overhead, equipment and furniture, and all other costs necessary for the completion of the project. The ten-storey building which will include a service deck is expected to serve up to 7,500 students, with completion scheduled in 2027. As at October 13, 2025, the construction of the new STI Academic Center Meycauayan is ongoing.



Solar Project. STI ESG conducted roof deck waterproofing activities and installed solar panels at its head office building located in the STI Ortigas-Cainta campus during the year ended June 30, 2024. These solar panels have a total capacity of 212 kilowatts and have yielded cost savings for both administrative and school energy consumption. The associated contract cost for the solar panel project is ₱10.5 million, while the roof deck waterproofing activities have a total project cost of ₱6.1 million. These projects were completed in November 2023.

The Group has likewise completed the solar panel installation projects in several schools owned and operated by STI ESG namely: STI Pasay-EDSA, STI Novaliches, STI Las Piñas, STI Sta. Mesa, and STI Batangas. The solar panel installation project at STI Novaliches was completed in July 2024 while the rest of the projects were completed on various dates in September 2024. These projects have a combined cost of ₱22.8 million, including the costs for roofing repairs in preparation for the solar installation, and have an aggregate capacity of 674 kilowatts of electricity.

Renovation and Rehabilitation Projects. STI ESG has undertaken renovation works at its Tanay property. The initial phase, which addressed exterior facilities, has a total contract cost of ₱14.5 million and was completed in January 2024. The subsequent phase, which focused on interior improvements, has a total project cost of ₱14.6 million, and was completed in August 2024.

Classroom Expansion Projects. The Group, in anticipation of growing student population, has undertaken classroom expansion projects for several schools, namely, STI Las Piñas, STI Cubao, STI Sta Mesa, STI Caloocan, STI Lucena, STI San Jose del Monte, STI Global City, and STI Lipa. These expansion projects, with an aggregate cost of ₱140.9 million, primarily involve the partitioning of vacant or multi-purpose areas and were all completed, except for STI Lucena, as at June 30, 2025. The classroom expansion project for STI Lucena is expected to be completed by end of October 2025. These additional classrooms can accommodate an aggregate of approximately 7,000 students.

New Buildings. The new three-storey building at STI Lipa has a total cost of ₱40.0 million, which includes all costs of materials, labor, tools, equipment, furniture, and incidental expenses. The construction of the new building at STI Lipa was completed in December 2024.

The five-storey school building at the STI Ortigas-Cainta campus with a total construction cost of ₱217.3 million was designed to accommodate approximately up to 4,500 students. The first and second floors of this building with aggregate cost of ₱86.9 million were completed in September 2024 while the remaining sections of the building were completed in January 2025. The first and second floors of the building were opened for use at the start of SY2024–2025 to accommodate the increasing student population at the STI Ortigas-Cainta campus. The outstanding works related to this project, particularly the construction of the sewage treatment plant, is expected to be completed by end of December 2025.

Property and Equipment under Construction. The Group continued to invest in the expansion of its educational infrastructure, with total construction-in-progress amounting to ₱196.8 million as at June 30, 2025, primarily related to the costs incurred for putting up STI Academic Center Tanauan and new school buildings at STI Fairview and STI Batangas.

The construction of STI Academic Center Tanauan is currently underway, with a total project cost of approximately ₱604.2 million. This amount covers costs for materials, labor, overhead, equipment and furniture, and other expenses necessary to complete the project. The eight-storey building, which will include a service deck, is designed to house up to 6,000 students and will be situated on a 10,000 square-meter property at President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. This project is expected to be completed in time for SY2026-2027.



In addition, the construction-in-progress account includes the costs related to new school buildings for STI Fairview and STI Batangas. A four-storey building with a roof deck is underway at STI Fairview with a total project cost of ₱91.0 million, covering all costs of materials, labor, tools, equipment, furniture, and incidental expenses to complete the project. This building is designed to accommodate 1,800 additional students. At the same time, the construction of a three-storey building is ongoing at STI Batangas with a total project cost of ₱32.0 million. This will serve approximately 900 more students. Both projects are scheduled for completion within SY 2025-2026.

Additional solar projects are underway at STI Lipa, STI San Jose del Monte, and STI Calamba, with a combined capacity of 314 kilowatts. The total project cost is ₱13.8 million. These projects are expected to be completed by end of October 2025 and are projected to generate significant energy savings for the respective campuses while contributing to the Group's sustainability initiatives.

In addition, the Group has undertaken the construction of additional classrooms and an activity hall at the penthouse of STI Lucena, in anticipation of a growth in student enrollment. The total project cost amounts to ₱15.1 million. The project is expected to be completed by end of October 2025 and is expected to accommodate approximately 400 students.

The Group also has ongoing building upgrade and refurbishment projects across several schools within the STI network. These projects aggregate to ₱101.0 million, covering all costs of materials, labor, and incidental expenses. The projects were substantially completed as at October 13, 2025, with the remaining works expected to be completed by the end of October 2025.

As at June 30, 2024, the Group reported costs of construction-in-progress aggregating to ₱236.9 million mainly pertaining to (1) construction of the new building in STI Ortigas-Cainta campus, (2) classroom expansion projects (3) renovation and rehabilitation project of STI ESG's Tanay property, (4) construction of a three-storey building at STI Lipa, (5) roof deck waterproofing activities and installation of solar panels, and (6) renovation and rehabilitation projects. As at June 30, 2025, all of these projects have been completed and were recognized as part of "Property and equipment" (see Notes 15 and 33).

Collaterals

Transportation equipment, recognized as ROU assets, are pledged as security for the related lease liabilities as at June 30, 2025 and 2024 (see Note 28). The net book value of these equipment items amounted to ₱7.5 million and ₱8.6 million as at June 30, 2025 and 2024, respectively.

11. Investment Properties

The roll forward analyses of this account are as follows:

	2025		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of year	₱392,067,483	₱780,307,090	₱1,172,374,573
Additions	—	4,510,732	4,510,732
Reclassification to property and equipment (see Note 10)	(140,143,382)	—	(140,143,382)
Balance at end of year	251,924,101	784,817,822	1,036,741,923

(Forward)



2025			
	Land	Condominium Units	Total
Accumulated Depreciation:			
Balance at beginning of year	P—	P335,601,702	P335,601,702
Depreciation (see Note 25)	—	26,692,132	26,692,132
Balance at end of year	—	362,293,834	362,293,834
Net book value	P251,924,101	P422,523,988	P674,448,089

2024			
	Land	Condominium Units	Total
Cost:			
Balance at beginning of year	P204,626,879	P779,564,396	P984,191,275
Additions	—	742,694	742,694
Reclassification from property and equipment (see Note 10)	187,440,604	—	187,440,604
Balance at end of year	392,067,483	780,307,090	1,172,374,573
Accumulated Depreciation:			
Balance at beginning of year	—	309,052,401	309,052,401
Depreciation (see Note 25)	—	26,549,301	26,549,301
Balance at end of year	—	335,601,702	335,601,702
Net book value	P392,067,483	P444,705,388	P836,772,871

As at June 30, 2025 and 2024, investment properties primarily include condominium units of STI ESG which are held for office or commercial lease.

Description of valuation techniques used and key inputs to valuation of investment properties

The fair values of investment properties were determined by an independent professionally qualified appraiser accredited by the SEC. The fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Land

Level 3 fair value of land was derived using the market approach. The market approach is a comparative approach to value which considers the sales of similar or substitute properties and related market data and establishes a value estimate by process involving comparison. Listings and offerings may also be considered. Sales prices of comparable land in close proximity (external factor) are adjusted for differences in key attributes (internal factors) such as location and size.

Using the latest available valuation report as at June 30, 2025 and 2024, the following shows the valuation technique used in measuring the fair value of the land, as well as the significant unobservable inputs used:

	2025	2024
Fair value	P570,917,000	P667,106,385
Valuation Date	June 2025/June 2023	June 2023/May 2022
Valuation technique	Market approach	Market approach
Unobservable input	Net price per square meter	Net price per square meter
Relationship of unobservable inputs to fair value	The higher the price per square meter, the higher the fair value	The higher the price per square meter, the higher the fair value



These refer to several parcels of land owned by STI ESG located in various locations and are primarily held for capital appreciation and rental purposes. These properties are not utilized by the Group in the conduct of its operations.

The highest and best use of the land is commercial utility.

Condominium Units

Level 3 fair values of condominium units have also been derived using the market approach.

Using the latest available valuation report as at June 30, 2025 and 2024, the following table shows the valuation technique used in measuring the fair value of the condominium units, as well as the significant unobservable inputs used:

	2025	2024
Fair value	₱1,591,386,000	₱1,597,923,000
Valuation Date	June 2025/June 2023	June 2023/May 2022
Valuation technique	Market approach	Market approach
Unobservable input	Net price per square meter	Net price per square meter
Relationship of unobservable inputs to fair value	The higher the price per square meter, the higher the fair value	The higher the price per square meter, the higher the fair value

The highest and best use of the condominium units is commercial utility.

Renovation and fit-out works. STI ESG recorded additions amounting to ₱4.5 million, mainly related to fit-out works carried out in one of STI ESG's investment properties during the year ended June 30, 2025.

Reclassification from Property and Equipment. In 2024, STI ESG reclassified the vacant lot located on Diversion Road, Brgy. San Rafael, Mandurriao, Iloilo City to "Investment properties" following the cessation of STI Iloilo's operations in the area. The carrying value of the property at the time of reclassification is at ₱187.4 million. In 2023, STI ESG reclassified the parcels of land, including the improvements thereon, located in Las Piñas City as part of "Investment properties". The carrying value at the time of reclassification is ₱40.5 million. These properties, a part of which is being used as warehouse, have existing leases with varying terms expiring in 2026 up to 2029 (see Note 10).

Property Acquired through Extrajudicial Foreclosure and Subsequent Disposal

In 2019, STI ESG acquired from DBP, without recourse, receivables from STI Tanay for a consideration of ₱75.5 million, secured by properties in Tanay and Pasig. The Pasig Property was foreclosed in 2021. In June 2022, STI Tanay and the mortgagors sought its redemption. Pending the actual tender of the redemption price, STI ESG executed the Certificate of Redemption and the release and cancellation of the third-party mortgage and accordingly reclassified the Pasig Property from "Investment properties" to "Noncurrent asset held for sale" as of June 30, 2022. The Pasig property was later on redeemed by STI Tanay on July 29, 2022 for ₱19.0 million. Accordingly, STI ESG derecognized said noncurrent asset held for sale.

Rental

Rental income earned from investment properties amounted to ₱92.6 million, ₱96.9 million and ₱107.3 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 28). Direct operating expenses, including depreciation, real property taxes, insurance, janitorial, security services and repairs and maintenance, arising from investment properties amounted to ₱41.5 million, ₱36.8 million and ₱33.3 million for the years ended June 30, 2025, 2024 and 2023, respectively.



12. Investments in and Advances to Associates and Joint Venture

The details and movements of this account are as follows:

	2025	2024
Investments		
Acquisition costs	₱549,760,826	₱549,760,826
Disposal	(67,688,833)	—
Balance at end of year	₱482,071,993	₱549,760,826
Accumulated equity in net losses:		
Balance at beginning of year	(52,098,533)	(55,896,436)
Equity in net earnings of associates and joint venture	22,044,896	18,810,890
Dividends received	(21,484,480)	(15,012,987)
Disposal	4,272,368	—
Balance at end of year	(47,265,749)	(52,098,533)
Accumulated share in associates' other comprehensive income:		
Balance at beginning of year	264,119	124,308
Remeasurement gain (loss) on pension liability	(168,025)	135,616
Unrealized fair value adjustment on equity instruments designated at FVOCI	(3,414)	4,195
Disposal	9,257	—
Balance at end of year	101,937	264,119
	434,908,181	497,926,412
Less allowance for impairment loss (see Note 13)	1,650,340	1,650,340
	433,257,841	496,276,072
Advances (see Note 30)	48,134,540	48,134,540
Less allowance for impairment loss	48,134,540	48,134,540
	—	—
	₱433,257,841	₱496,276,072

The carrying values of the Group's investments in and advances to associates and joint venture are as follows:

	2025	2024
Associates (see Note 30):		
STI Holdings	₱408,539,619	₱475,167,393
STI Accent*	48,134,540	48,134,540
GROW	22,457,345	18,814,679
Joint venture - PHEI	3,911,217	3,944,340
	483,042,721	546,060,952
Allowance for impairment loss	(49,784,880)	(49,784,880)
	₱433,257,841	₱496,276,072

*The share in equity of STI Accent for the years ended June 30, 2025 and 2024 is not material to the consolidated financial statements.

As at June 30, 2025 and 2024, the carrying amount of the investments in STI Marikina and STI Accent amounted to nil. The Group received dividends from STI Marikina which was recognized as income amounting to ₱1.5 million and ₱1.2 million for the years ended June 30, 2025 and 2024, respectively.



Provision for impairment on investment in joint venture for the year ended June 30, 2024 amounted to ₱1.7 million (see Notes 13 and 25). There were no movements in allowance for impairment in value of investments in and advances to associates and joint venture for the years ended June 30, 2025 and 2023.

Information about associates and indirect associates and their major transactions are discussed below:

STI Holdings. STI Holdings is a holding company whose primary purpose is to invest in, purchase or otherwise acquire and own, hold, use, sell, assign, transfer, lease, mortgage, pledge, exchange, or otherwise dispose of real properties as well as personal and movable property of any kind and description, including shares of stock, bonds, debentures, notes, evidence of indebtedness and other securities or obligations of any corporation or corporations, association or associations, domestic or foreign and to possess and exercise in respect thereof all the rights, powers and privileges of ownership, including all voting powers of any stock, so owned, but not to act as dealer in securities and to invest in and manage any company or institution. STI Holdings aims to focus on education and education-related activities and investments.

Condensed financial information of STI Holdings is as follows:

	2025	2024	2023
Current assets	₱3,599,666,499	₱3,679,207,879	₱3,781,571,176
Noncurrent assets	13,414,592,085	11,762,613,967	11,301,610,127
Current liabilities	(1,954,174,091)	(1,770,507,834)	(3,451,887,036)
Noncurrent liabilities	(2,574,912,967)	(3,098,938,003)	(2,421,483,768)
Total equity	12,485,171,526	10,572,376,009	9,209,810,499
Equity attributable to holders of non-controlling interests	118,112,753	(90,813,426)	(81,940,509)
STI ESG's cumulative total comprehensive income taken up by STI Holdings	(7,348,794,840)	(5,614,994,741)	(4,299,486,544)
Total equity, net of cumulative total comprehensive income taken up by STI Holdings	5,254,489,439	4,866,567,842	4,828,383,446
Proportion of the Group's ownership	4.37%	5.05%	5.05%
Equity attributable to equity holders of the Parent Company	229,621,188	245,761,676	243,833,364
Excess of acquisition cost over carrying value of net assets	229,405,717	229,405,717	229,405,717
Effect of change in ownership %	(50,487,286)	—	—
Carrying amount of investment	₱408,539,619	₱475,167,393	₱473,239,081

	2025	2024	2023
Revenues	₱5,559,461,807	₱4,700,323,668	₱3,405,467,953
Expenses	(3,343,865,944)	(3,091,972,670)	(2,531,633,670)
Income from operations	2,215,595,863	1,608,350,998	873,834,283
Other comprehensive income (loss)	31,619,606	44,703,772	(15,035,026)
Total comprehensive income	2,247,215,469	1,653,054,770	858,799,257
Comprehensive loss (income) attributable to equity holders of non-controlling interest	24,519,346	17,159,815	(3,565,879)
STI ESG's total comprehensive income taken up by STI Holdings	(1,849,476,976)	(1,337,671,868)	(599,853,370)
Total comprehensive income attributable to equity holders of the parent company net of STI ESG's total comprehensive income taken up by STI Holdings	422,257,839	332,542,717	255,380,008
Proportion of the Group's ownership	4.37%	5.05%	5.05%
Share in total comprehensive income	₱18,435,352	₱16,801,488	₱12,902,896



In August and September 2024, STI ESG sold a portion of its investment in STI Holdings for a total consideration of ₱25.0 million, reducing its shareholding by 23.0 million shares, from 500.4 million shares to 477.4 million shares. In January 2025, STI ESG sold an aggregate of 45.0 million shares of its investments in STI Holdings for a total consideration of ₱63.0 million, further reducing its shareholding to 432.4 million shares. These partial disposals of STI ESG's shares in STI Holdings resulted in gain aggregating to ₱24.6 million which was recognized as "Gain on partial disposal of interest in an associate" in the consolidated statement of comprehensive income for the year ended June 30, 2025. As a result, STI ESG's ownership interest in STI Holdings decreased from 5.05% to 4.37% as at June 30, 2025.

In August 2025, STI ESG sold additional STI Holdings shares aggregating to 185.0 million shares for a total consideration of ₱277.5 million. This further reduced STI ESG's shareholding to 247.4 million shares, decreasing STI ESG's ownership interest in STI Holdings from 4.37% to 2.50%. These partial disposals of STI ESG's interest in STI Holdings have resulted in gain amounting to ₱102.7 million.

STI Accent. STI Accent is engaged in providing medical and other related services. It ceased operations on June 20, 2012 after the contract of usufruct between STI Accent and Dr. Fe Del Mundo Medical Center Foundation Philippines, Inc. to operate the hospital and its related healthcare service businesses was rescinded in May 2012. As at June 30, 2025 and 2024, allowance for impairment loss on the Parent Company's investment in STI Accent and related advances amounted to ₱48.1 million.

Others. The carrying amount of the Group's investments in GROW and PHEI represents the aggregate carrying values of individually immaterial associates.

The aggregate financial information of individually immaterial associates are as follows:

	2025	2024	2023
Current assets	₱225,645,221	₱188,843,745	₱51,770,628
Noncurrent assets	39,536,165	36,129,515	62,726,577
Current liabilities	(114,288,787)	(101,648,317)	(68,142,818)
Noncurrent liabilities	(18,376,458)	(12,207,467)	(1,590,507)
	₱132,516,141	₱111,117,476	₱44,763,880

	2025	2024	2023
Revenues	₱495,713,767	₱389,594,161	₱313,535,150
Expenses	(473,231,266)	(377,531,625)	(299,621,317)
Total comprehensive income	22,482,501	12,062,536	13,913,833
Share in comprehensive income	₱3,609,544	₱2,009,402	₱2,258,739

Terms and conditions relating to advances to associates and joint venture are disclosed in Note 30.

13. Interest in Joint Venture

On March 19, 2004, STI ESG, together with the University of Makati (UMak) and another shareholder, incorporated PHEI. The Parent Company and UMak each owns 40.00% of the equity of PHEI with the balance owned by another shareholder. PHEI was envisioned as the College of Nursing of UMak.



The following were certain key terms under the agreement signed in 2003 by the Parent Company and UMak:

- a. The Parent Company shall be primarily responsible for the design of the curriculum for the Bachelor's Degree in Nursing (BSN) and Master's Degree in Nursing Informatics with such curriculum duly approved by the University Council of UMak;
- b. UMak will allow the use of its premises as a campus of BSN while the premises of iACADEMY, Inc. (iACADEMY) will be the campus of the post graduate degree.
- c. The Parent Company will recruit the nursing faculty while UMak will provide the faculty for basic courses that are non-technical in nature.

On October 2, 2023, the BOD of PHEI approved the cessation of its school operations effective December 31, 2023.

The BOD of STI ESG, in its February 27, 2024 meeting, approved the termination of the Joint Venture Agreement (JVA) between STI ESG and the University of Makati. The BOD of STI ESG also directed the amendment of the Articles of Incorporation of PHEI for the purpose of shortening the corporate life of PHEI.

In a meeting of the BOD and the stockholders of PHEI held on March 3, 2025, it was agreed to shorten the corporate life to June 30, 2026. On June 30, 2025, the SEC approved the amendment of the Articles of Incorporation of PHEI stating that the term of existence of PHEI is until June 30, 2026.

STI ESG recognized a provision for impairment of its investment in a joint venture amounting to ₱1.7 million for the year ended June 30, 2024. No impairment was recognized for the years ended June 30, 2025 and 2023. The cost of STI ESG's investment in PHEI amounted to ₱5.0 million while its carrying value amounted to ₱2.3 million as at June 30, 2025 and 2024 (see Note 12).

The Group's share in the net losses of its joint venture amounted to ₱33.1 thousand, ₱71.7 thousand and ₱185.4 thousand for the years ended June 30, 2025, 2024 and 2023, respectively.

14. Equity Instruments at Fair Value through Other Comprehensive Income (FVOCI)

This account consists of:

	2025	2024
Quoted equity shares	₱11,880,016	₱9,574,560
Unquoted equity shares	66,199,615	66,452,669
	₱78,079,631	₱76,027,229

a. Quoted Equity Shares

Quoted equity shares pertain to shares listed in the PSE, as well as traded club shares. These are carried at fair value with the cumulative changes in fair values presented as a separate component of equity under the "Unrealized fair value adjustment on equity instruments at FVOCI" account in the consolidated statements of financial position. The fair values of these shares are based on the quoted market price as at the financial reporting date.



b. Unquoted Equity Shares

Unquoted equity shares pertain to shares that are not listed in a stock exchange.

STI ESG owns 57,971 shares of De Los Santos Medical Center, Inc. (DLSMC). The carrying value of the investment in DLSMC amounted to ₱35.1 million and ₱32.3 million as at June 30, 2025 and 2024.

STI ESG recognized dividend income from unquoted equity shares at FVOCI amounting to ₱2.2 million, ₱1.1 million, and ₱1.8 million for the years ended June 30, 2025, 2024, and 2023, respectively.

On June 24, 2024, STI Holdings and STI College Novaliches, Inc. executed a Subscription Agreement wherein STI Holdings subscribed to 75.0 million common shares of STI College Novaliches, Inc. at ₱1.0 per share or ₱75.0 million, subject to the SEC's approval of the increase in the authorized capital stock of STI College Novaliches, Inc. from 5.0 million common shares at ₱1.0 per share or ₱5.0 million to 300.0 million common shares at ₱1.0 per share or ₱300.0 million. The deposit for future stock subscription in the amount of ₱75.0 million was paid by STI Holdings in June 2024 (see Note 19). On January 27, 2025, the SEC approved STI College Novaliches, Inc.'s application to increase its authorized capital stock. As a result, STI ESG's ownership interest in STI College Novaliches, Inc. was reduced from 100% to 6.25%. STI College Novaliches, Inc. became a direct subsidiary of STI Holdings, with 93.75% ownership, effective January 2025. Consequently, STI ESG deconsolidated STI College Novaliches, Inc. and recognized its remaining equity interest amounting to ₱5.0 million, representing 6.25% ownership in STI College Novaliches, Inc., under "Equity instruments at FVOCI".

The roll forward analysis of the "Unrealized fair value adjustment on equity instruments at FVOCI" account as shown in the equity section of the consolidated statements of financial position follows:

	2025	2024
Balance at beginning of year	₱20,240,919	₱15,008,758
Unrealized fair value adjustments on equity instruments at FVOCI	(2,947,598)	5,232,161
Balance at end of year	₱17,293,321	₱20,240,919

15. Goodwill, Intangible and Other Noncurrent Assets

This account consists of:

	2025	2024
Advances to suppliers	₱345,042,564	₱60,000,697
Goodwill	236,629,190	236,629,190
Deposits for purchase of shares	60,484,800	60,484,800
Intangible assets	29,298,912	31,192,337
Rental and utility deposits	23,246,120	24,404,273
Deposits for asset acquisition	—	20,412,500
Others	2,596,019	2,823,111
	₱697,297,605	₱435,946,908



Advances to Suppliers

As at June 30, 2025, advances to suppliers primarily represent payments made in advance for the (1) design and construction of the STI Academic Center Alabang, (2) design and construction of the STI Academic Center Tanauan, (3) construction of new school buildings at STI Fairview and STI Batangas, and (4) design and set-up of the new enrollment system. The related costs for these projects, except for the enrollment system, will be recognized under “Property and Equipment” when the goods are received, or services are completely rendered (see Note 10).

Advances to suppliers as at June 30, 2024 relate substantially to advance payments made for various transactions, including the (1) construction of the new school building at STI Ortigas-Cainta, (2) learning classroom expansion projects in various schools owned and operated by STI ESG (3) acquisition of equipment and furniture, (4) various ongoing major renovation and rehabilitation projects, and (5) design and set-up of the new enrollment system. The aforementioned projects, except for the sewage treatment plant project at STI Ortigas Cainta and enrollment system were completed as at June 30, 2025. The outstanding works related to the sewage treatment plant project are expected to be completed by end of December 2025 and will be recognized as “Property and equipment” when the services are completely rendered (see Note 10).

The enrollment system is currently in the pilot testing phase at select schools, with a phased rollout to begin within SY2025-2026. The deployment will occur in stages across the STI ESG network. The related costs for this project will be recognized as “Intangible assets” upon completion of the project.

The new STI Academic Center Alabang project has a total cost of approximately ₱950.4 million, inclusive of materials, cost of labor and overhead, equipment and furniture, and all other costs necessary for the completion of the project. The eight-storey building, which will include a service deck, will rise on a 3,266 square meter property located at South Park District, Alabang, Muntinlupa City. This building is expected to accommodate up to 10,000 students and is expected to be completed in time for SY2026-2027 (see Notes 16 and 33). The related costs for this project will be recognized as “Property and equipment” upon completion of the project.

Goodwill

As at June 30, 2025 and 2024, the Group’s goodwill acquired through business combinations have been allocated to certain schools which are considered as separate CGUs.

	Amount
STI Caloocan	₱64,147,877
STI Cubao	28,327,670
STI Alabang (see Note 38)	23,023,960
STI Pasay-EDSA	22,292,630
STI Novaliches	21,803,322
STI Global City	11,360,085
STI Sta. Mesa	11,213,342
STI Lipa	8,857,790
STI Ortigas-Cainta	7,476,448
NAMEI	6,962,343
STI Dagupan	6,835,818
STI Meycauayan	5,460,587
STI Tanauan	4,873,058
STI Las Piñas	2,922,530
STI Batangas	2,585,492
(Forward)	



	Amount
STI Kalibo	₱2,474,216
STI Naga	2,305,368
STI Sta. Maria	1,776,696
STI Calbayog	1,325,721
STI Dumaguete	604,237
	₱236,629,190

Management performs its impairment test at the end of each reporting period for all the CGUs. The recoverable amounts are computed based on value-in-use calculations using cash flow projections. Future cash flows are discounted using a pre-tax discount rate of 12.70% and 13.20% in June 2025 and 2024, respectively. The cash flow projections are based on a five-year financial planning period as approved by senior management. Management used forecasted revenue increase ranging from 1.53% to 54.19% and 0.33% to 56.62% in June 2025 and 2024, respectively, for the next five years. For certain CGUs, management used forecasted revenue decrease ranging from 1.05% to 23.49% in June 2025 for the next two years. The long-term growth rate applied beyond the five-year forecast is 5.00% in June 2025 and 2024. The Group recognized a provision for impairment on goodwill amounting to ₱14.3 million for the year ended June 30, 2024. No impairment was recognized for the years ended June 30, 2025 and 2023 (see Note 25).

Key assumptions used in the value-in-use calculations

The calculations of value-in-use for the CGUs are most sensitive to the following assumptions:

- Forecasted revenue growth - Revenue forecasts are management's best estimates considering factors such as historical/industry trends, target market analysis, government regulations and other economic factors. The revenue forecast of each CGU is primarily dependent on the number of students enrolled and tuition fee rates which vary for each school.
- Long-term growth rate - Rates are based on published industry research.
- Discount rate - Discount rates represent the current market assessment of the risks specific to each CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC). The Group used the WACC rate as affected by the beta of companies with similar activities and capital structure with the CGUs. WACC is driven by cost of equity and debt which consider lending rates with a tenor of 10 years to consider both liquidity and risk.

Sensitivity to changes in assumptions

Regarding the assessment of value-in-use of the CGUs, management believes that a reasonably possible change in the assumptions would not cause the carrying values of the CGUs to materially exceed their recoverable amounts.

Deposit for Purchase of Shares

On June 20, 2024, STI ESG and TCAMI executed a Share Purchase Agreement (SPA) for STI ESG's acquisition of 190.0 million common shares with par value of ₱1.0 per share, representing 100.0% of the total issued and outstanding capital stock (Subject Shares) of TCAMI's wholly-owned subsidiary, Phosphene Holdings, Inc. (PHI), for ₱403.2 million. A 15.0% deposit, equivalent to ₱60.5 million, was paid on the effective date of the SPA. The remaining balance of ₱342.7 million would be due on the third anniversary of the SPA.



The agreement granted STI ESG the right to cancel the purchase of the Subject Shares at any time within the three-year period. Should STI ESG opt to cancel, TCAMI shall refund the deposit within thirty (30) days from receipt of the written notice of cancellation. The transfer of the shares would take place on the third anniversary of the SPA's effective date or at an earlier date mutually agreed upon by STI ESG and TCAMI.

PHI owns a 25,202-square-meter parcel of land located at President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas which is adjacent to the property owned by CHI (see Note 10).

Intangible Assets

Intangible assets substantially pertain to the license to operate a maritime school which the Group identified as intangible assets for purposes of estimating the fair value of the net assets acquired. Such intangible assets with indefinite useful life representing the fair value of the license and agreements amounted to ₱27.6 million as at June 30, 2025 and 2024.

This account also includes the Group's accounting and payroll software as at June 30, 2025 and 2024.

The roll forward analyses of this account follow:

	2025	2024
Cost, net of accumulated amortization:		
Balance at beginning of year	₱31,192,337	₱32,667,775
Additions	—	471,462
Amortization (see Notes 23 and 25)	(1,893,425)	(1,946,900)
Balance at end of year	₱29,298,912	₱31,192,337
Cost	₱73,095,036	₱73,095,036
Accumulated amortization	(43,796,124)	(41,902,699)
Net carrying amount	₱29,298,912	₱31,192,337

Rental and Utility Deposits

This account includes security deposits paid to utility companies and for school and office space rentals in accordance with the respective lease agreements.

Deposit for Asset Acquisition

Pursuant to the Deed of Sale on Installments executed by STI ESG and Avida in September 2024 and the settlement of the second installment amounting to ₱81.6 million, STI ESG reclassified this deposit made in June 2024 and recognized the payments made as "Land" under "Property and equipment" and the related liability corresponding to the last installment amounting to ₱102.1 million as "Accounts payable" (see Notes 10 and 16).



16. Accounts Payable and Other Current Liabilities

This account consists of:

	2025	2024
Accounts payable (see Note 30)	₱401,197,167	₱288,701,838
Accrued expenses:		
School activities, programs and other related expenses	65,338,927	60,271,156
Contracted services	47,789,507	37,376,939
Salaries, wages and benefits	46,247,556	40,047,307
Interest	38,606,956	49,507,925
Utilities	14,971,195	17,794,644
Advertising and promotion	5,369,064	3,058,569
Rent (see Note 28)	203,108	515,965
Others	339,764	829,914
Excess payments for refund	41,383,909	39,753,416
Network events fund	30,440,006	25,393,943
Student organization fund	20,970,989	24,876,697
Statutory payables	26,301,736	24,171,235
Dividends payable (see Note 20)	19,976,731	18,000,539
Current portion of refundable deposits (see Note 19)	5,993,506	8,418,007
Current portion of advance rent (see Note 19)	2,737,695	11,181,883
Due to an affiliate (see Note 30)	—	59,511,839
Others	2,486,439	5,511,539
	₱770,354,255	₱714,923,355

The terms and conditions of the liabilities are as follows:

- a. Accounts payable are noninterest-bearing and are normally settled within a 30 to 60-day term.

As of June 30, 2025, this account includes the remaining balance of ₱102.1 million for the acquisition of a parcel of land in Alabang, Muntinlupa City (see Notes 10 and 15).

- b. Accrued expenses, network events fund, student organization fund, and other payables are expected to be settled within the next fiscal year.
- c. Excess payments for refund represent excess payments made by students, arising from overpayments, sponsorship adjustments, or approved scholarships. These amounts are recognized as a liability and will remain as such until the necessary documentation to initiate the refund process is received. The refund is expected to be settled within the next fiscal year.
- d. Statutory payables primarily include taxes and other payables to government agencies which are generally settled on or before the respective due dates, typically within 5 to 30 days following the end of the taxable month or quarter, in accordance with BIR regulations.
- e. Dividends payable pertain to dividends declared which are unclaimed as at report date and are due on demand.
- f. Refundable deposits pertain to security deposits received from existing lease agreements and are expected to be settled within the next fiscal year.



- g. Advance rent pertains to amount received by the Group which will be earned and applied within the next fiscal year.
- h. The terms and conditions of payables to related parties are disclosed in Note 30 to the consolidated financial statements.

17. Interest-bearing Loans and Borrowings

This account consists of:

	2025	2024
Term loans ^(a)	₱1,726,332,830	₱2,086,114,412
Less current portion	580,267,162	536,274,021
Noncurrent portion	₱1,146,065,668	₱1,549,840,391

^(a)Net of unamortized debt issuance costs of ₱11.4 million and ₱13.9 million as at June 30, 2025 and 2024, respectively.

Term Loan Agreement with Bank of the Philippine Islands (BPI)

On March 7, 2024, STI ESG and BPI entered into a five-year term loan agreement for a credit facility of up to ₱1,000.0 million. The credit facility is unsecured and was originally available and ending on the earliest of (i) December 31, 2024 (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement. The proceeds of this loan could be used to (i) partially refinance STI ESG's bonds due in March 2024 (ii) finance the campus expansion projects, and (iii) and for other general corporate requirements.

On March 18, 2024, STI ESG availed a ₱500.0 million loan from this facility at an interest rate of 8.4211% per annum. The proceeds from this loan were used to partially finance the 7-year bonds which were redeemed in full upon maturity on March 23, 2024.

Principal repayments are to be made in ten (10) equal installments based on a semi-annual amortization schedule which commences six (6) months from the date of initial borrowing until the maturity date. Each such installment shall be paid by STI ESG on a repayment date occurring semi-annually from the date of initial borrowing until the maturity date. Interest and principal payment for the succeeding borrowings are to be adjusted to coincide with that of the initial borrowing.

STI ESG has elected to fix the interest on each drawdown on semi-annual basis equivalent to higher of (i) the base rate-floating plus margin; and (ii) the applicable Bangko Sentral ng Pilipinas (BSP) Target Reverse Repurchase Rate (TRRP) plus margin, payable and repriced semi-annually. Base Rate means the PHP Bloomberg Valuation (BVAL) or PHP BVAL Reference Rates (or in the event of its elimination or discontinuance, its replacement as may be determined by the Bankers' Association of the Philippines (BAP) or BSP, as displayed on Bloomberg (or such applicable platform) at approximately 5:00 PM on the relevant Interest Rate Setting Date or Interest Rate Repricing Date. BSP TRRP means the monetary policy interest rate of the BSP as published daily in the BSP website. On May 10, 2024, BPI agreed to STI ESG's request to amend the Term Loan Agreement with respect to the basis of floating interest rate at each drawdown equivalent to the higher of (i) the base rate-floating plus margin; and (ii) the applicable BSP TRRP plus 50 basis points, payable and repriced semi-annually. The amendment to the Term Loan Agreement was executed on May 17, 2024. The amendment provides that the basis of the floating interest rate will take effect on the next drawdown or on the next repricing date, whichever comes first.



Interest Period commences on the date of the Borrowing and has a duration of six (6) months with each six (6)-month period thereafter commencing upon the expiry of the immediately preceding Interest Period; provided that, in case of multiple Borrowings, for each Borrowing subsequent to the initial Borrowing, the first Interest Period for that subsequent Borrowing shall commence on the date of such Borrowing and shall end on the last day of the current Interest Period for the initial Borrowing as established above in order to synchronize the interest periods of all Borrowings. Interest Rate Setting Date means, two (2) Business Days prior to each Borrowing Date or, if that is not a Business Day, on the immediately preceding Business Day. Interest Rate Repricing Date shall mean two (2) Business Days prior to each semi-annual date coinciding with the Interest Payment Date. Interest rate for the outstanding loans under this Term Loan Facility with BPI was repriced effective March 18, 2025 and September 18, 2024 at the rates of 7.4395% per annum and 7.8735% per annum, respectively. Subsequently, interest rate for the Term Loan Facility with BPI was repriced effective September 18, 2025 at 7.0588% per annum.

STI ESG shall have the option to prepay the loan, wholly or partially, at any time during the term of the loan. Each partial prepayment shall be in integral multiples of ₱10.0 million. The amount payable in respect of any prepayment of the loan, the payment shall comprise of (i) any accrued interest on the principal amount of the loan to be prepaid; and (ii) the principal amount of the Loan to be prepaid; and (iii) prepayment penalty equivalent to 1% of the amount prepaid if the prepayment is done on any date other than the Interest Rate Setting Date.

The embedded floating interest rate and prepayment option on the loan drawdowns with BPI was assessed as clearly and closely related to the loan, thus, not for bifurcation.

On December 4, 2024, STI ESG availed an additional ₱200.0 million loan from this facility at an interest rate of 7.8201% per annum. The proceeds from this loan were used to settle the downpayment for the construction of STI Academic Center Alabang. STI ESG capitalized the related loan transaction costs amounting to ₱1.5 million.

These outstanding loans are unsecured and are due based on the following schedule as at June 30, 2025:

Fiscal Year	Amount
2026	₱144,444,444
2027	144,444,444
2028	144,444,444
2029	144,444,446
	₱577,777,778

Breakdown of STI ESG's Term Loan with BPI are as follows:

	2025	2024
Balance at beginning of year	₱500,000,000	₱—
Proceeds	200,000,000	500,000,000
Payments	(122,222,222)	—
Balance at end of year	577,777,778	500,000,000
Deferred finance cost	(4,086,412)	(3,536,184)
Balance at end of year	573,691,366	496,463,816
Less current portion	143,344,193	99,249,589
Noncurrent portion	₱430,347,173	₱397,214,227



In January 2025, STI ESG and BPI executed the second amendment to STI ESG's Term Loan Agreement with BPI extending its availability period. Following the amendment, the availability period was extended to conclude on the earliest of (i) June 30, 2025, (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement.

STI ESG settled the principal payments due under STI ESG's Term Loan facility with BPI amounting to ₱50.0 million on September 18, 2024. In addition, on March 18, 2025 and September 18, 2025, STI ESG settled principal payments of ₱72.2 million each under the same facility.

In July 2025, STI ESG and BPI executed the third amendment to STI ESG's Term Loan Agreement with BPI further extending its availability period. Following the amendment, the availability period was further extended to conclude on the earliest of (i) December 31, 2025, (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement.

Financial Covenants. The Agreement prescribes that the following financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio not exceeding 2.50:1.00, computed by dividing Total Debt over total Equity of STI ESG
2. Debt Service Cover Ratio (DSCR) of at least 1.05x, which is the ratio between (a) the EBITDA based on the latest Financial Statements, and (b) Debt Service.

The term "Total Debt" means the aggregate (as of the relevant date for calculation) of all interest bearing indebtedness of STI ESG, and the term "Equity" means the sum of capital stock (common and preferred stocks), additional paid-in capital, deposit for future subscriptions, retained earnings (appropriated and unappropriated) and shareholders advances that are intended to be infused as capital stock, as shown in the applicable financial statements of STI ESG, provided that preferred stocks shall only be considered as part of capital stock if the said preferred stocks do not earn interest.

Debt Service means the principal amortizations, interest payments and financing fees and charges falling due for the next twelve (12) months following the end of STI ESG's fiscal year. Debt Service and EBITDA shall be based on the latest audited consolidated financial statements.

The Group's D/E ratio and DSCR, as defined in the Term Loan Agreement with BPI, are as follows:

	2025	2024
Total liabilities ^(a)	₱2,543,038,843	₱2,901,081,687
Total equity	8,390,859,797	6,996,687,341
Debt-to-equity ratio	0.30:1.00	0.41:1.00

^(a) Including only all interest-bearing indebtedness

	2025	2024
EBITDA (see Note 3) ^(b)	₱2,589,109,533	₱1,992,058,511
Total interest-bearing liabilities ^(c)	762,528,616	834,054,745
Debt service cover ratio	3.40:1.00	2.39:1.00

^(b) EBITDA for the last twelve months

^(c) Total interest-bearing debts and interests due in the next twelve months



As at June 30, 2025 and 2024, STI ESG is in compliance with the BPI loan covenants.

Term Loan Agreement with Metropolitan Bank & Trust Company (Metrobank)

On March 8, 2024, STI ESG and Metrobank entered into an unsecured five-year term loan agreement of up to ₱2,000.0 million. The credit facility was originally available up to December 31, 2024. The proceeds of this loan could be used to (i) partially refinance STI ESG's bonds due in March 2024 (ii) finance the campus expansion projects, and (iii) for other general corporate requirements. Principal repayments are to be made in equal or nearly equal consecutive ten (10) installments based on a semi-annual amortization schedule which commences six (6) months from the date of initial borrowing until the maturity date, with the last installment in an amount sufficient to fully pay the loan. Each such installment shall be paid by STI ESG on a repayment date occurring semi-annually from the date of borrowing or initial borrowing, until the maturity date. In case there is more than one (1) borrowing, the repayment date is to be adjusted to coincide with the interest payment date occurring in the same calendar month.

STI ESG has elected to fix the interest on each drawdown on semi-annual basis based on the higher of the aggregate of the six (6)-month reference rate plus 1.50% per annum, and the aggregate of the BSP TRRP Rate plus 0.50% per annum. Reference rate is defined as the relevant tenor of the Bloomberg Valuation Curve for Philippine government securities, currently referred to as BVIS0923 Index in Bloomberg, as published on the PDS market page and PDS official website.

Interest Period commences on the date of borrowing or initial borrowing, in case there is more than one (1) borrowing, and having a duration of six months and each semi-annual period thereafter commencing upon the expiry of the immediately preceding interest period, provided, that the first interest period with respect to a borrowing subsequent to the initial borrowing shall commence on the date of such subsequent borrowing and shall end on the last day of the current interest period of the initial borrowing within which such subsequent borrowing was made to synchronize all subsequent interest periods. Interest Rate Setting Date is the business day immediately preceding the date of borrowing and each semi-annual period occurring after such business day but coinciding with the interest payment date.

On March 18, 2024, STI ESG made a drawdown amounting to ₱1,000.0 million subject to an interest rate of 7.8503% per annum. Interest rate for this outstanding loan with Metrobank was repriced at the rates of 7.4213% per annum and 7.0517% per annum effective March 18, 2025 and September 18, 2025, respectively, compared to 7.8135% per annum effective September 18, 2024. The proceeds of this loan were used to partially finance the full redemption of the 7-year bonds on March 23, 2024.

STI ESG may, at its option, prepay the loan in part or in full, together with accrued interest thereon. Each partial prepayment shall be in whole multiples of ₱10.0 million. Each prepayment shall be made on an interest payment date, otherwise prepayment shall be subject to a prepayment penalty of 1% of the amount prepaid.

The embedded floating interest rate and prepayment option on the loan drawdown with Metrobank was assessed as clearly and closely related to the loan, thus, not for bifurcation.



These loans are unsecured and are due based on the following original schedule:

Fiscal Year	Amount
2025	₱200,000,000
2026	200,000,000
2027	200,000,000
2028	200,000,000
2029	200,000,000
	₱1,000,000,000

Breakdown of the STI ESG's Term Loan with Metrobank as of June 30, 2025 and 2024 are as follows:

	2025	2024
Balance at beginning of year	₱1,000,000,000	₱—
Proceeds	—	1,000,000,000
Payments	(200,000,000)	—
Balance at end of year	800,000,000	1,000,000,000
Deferred finance cost	(5,571,546)	(7,072,368)
Balance at end of year	794,428,454	992,927,632
Less current portion	198,499,178	198,499,178
Noncurrent portion	₱595,929,276	₱794,428,454

On September 18, 2024 and March 18, 2025, STI ESG settled principal payments aggregating to ₱200.0 million under its Term Loan facility with Metrobank. In addition, on September 18, 2025, STI ESG made a principal payment amounting to ₱100.0 million under the same facility.

In January 2025, STI ESG and Metrobank executed an amendment to STI ESG's Term Loan Facility agreement with Metrobank, introducing the following changes:

- The availability period of the Term Loan Facility was extended from December 31, 2024, to June 30, 2025.
- The Debt-to-Equity Ratio covenant was adjusted from 1.50:1.00 to 2.50:1.00.
- The maturity date of the loan shall be five (5) years from the date of each borrowing.

In July 2025, the availability period of the Term Loan Agreement with Metrobank has been further extended from June 30, 2025 to December 31, 2025. All other provisions of the Term Loan Agreement with Metrobank continue to be in full force and effect.

Financial Covenants. The Agreement, as amended above, prescribes that the following financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio of not greater than 2.5x, shall mean the proportion of the Total Debt to Equity, and
2. Debt Service Cover Ratio (DSCR) of at least 1.05x, shall mean the proportion of EBITDA to Debt Service.



The term “Total Debt” shall mean all obligations of STI ESG which, in accordance with generally accepted accounting principles and practices in the Philippines, are required to be included as liabilities of STI ESG in its statement of financial position, including accrued income taxes and other proper accruals, but excluding “Unearned tuition and other school fees” and “Lease liabilities”, as computed based on PFRS 16, and the term “Equity” shall mean the equity interest of the owners of the capital stock of STI ESG computed and determined in accordance with generally accepted accounting principles and practices in the Philippines.

The term “EBITDA” shall mean the net income or net earnings of STI ESG before deducting interest expense, taxes, depreciation and amortization, and as defined in its audited consolidated financial statements for the immediately preceding fiscal year, and the term “Debt Service” shall mean the aggregate (as of the relevant date for calculation) of all outstanding interest-bearing debts/obligations of STI ESG that are due/payable in the next fiscal year, computed and determined in accordance with generally accepted accounting principles and practices in the Philippines.

The Group’s D/E ratio and DSCR, as defined in the Term Loan Agreement with Metrobank are as follows:

	2025	2024
Total liabilities ^(a)	₱3,407,904,165	₱3,816,204,623
Total equity	8,390,859,797	6,996,687,341
Debt-to-equity ratio	0.41:1.00	0.55:1.00

^(a) Excluding unearned tuition and other school fees and lease liabilities

	2025	2024
EBITDA (see Note 3) ^(b)	₱2,589,109,533	₱1,992,058,511
Total interest-bearing liabilities ^(c)	762,528,616	834,054,745
Debt service cover ratio	3.40:1.00	2.39:1.00

^(b) EBITDA for the last twelve months

^(c) Total interest-bearing debts and interests due in the next twelve months

As at June 30, 2025 and 2024, STI ESG is in compliance with the Metrobank loan covenants.

Term Loan Agreement with China Banking Corporation (Chinabank)

On May 7, 2019, STI ESG and Chinabank entered into a seven-year term loan agreement up to ₱1,200.0 million. The credit facility is unsecured and was originally available for a period of one year from May 7, 2019, the date of signing of the loan agreement. The proceeds of this loan could be used for the (i) financing of campus expansion projects, (ii) acquisition of schools, (iii) refinancing of short-term loans incurred for projects, and (iv) other general corporate purposes. The agreement provides for a grace period in principal repayments of two (2) years from the initial drawdown date. Principal repayments shall be made in ten (10) equal semi-annual installments beginning six (6) months from the end of the grace period.

As stated in the Term Loan Agreement, STI ESG has elected to fix the interest on each drawdown on a per annum basis based on the higher of the one-year PHP BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate, divided by the Applicable Interest Premium Factor. On the Initial Interest Rate Resetting Date, the applicable interest rate per annum for all drawdowns would be collectively reset based on the higher of 1-year BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate divided by the Applicable Interest Premium Factor.



STI ESG may, on any Interest Resetting Date and upon serving a written notice, elect to fix the interest rate for the remaining period of the loan based on the higher of the applicable BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate, divided by the Applicable Interest Premium Factor.

On July 3, 2020, STI ESG and Chinabank executed the Amendment to the Term Loan Agreement dated May 7, 2019 to amend the availability period of the Term Loan Facility. The Term Loan Facility was made available to STI ESG on any business day for the period beginning on the date of the Term Loan Agreement and ending on the earliest of: (a) July 31, 2020; (b) the date the Term Loan Facility was fully drawn; or (c) the date the Lender's commitment to extend the Term Loan Facility to STI ESG is canceled or terminated in accordance with the Term Loan Agreement. At various dates during the year ended March 31, 2020, STI ESG availed of loans aggregating to ₱800.0 million subject to interest rates ranging from 5.81% to 6.31% per annum. In July 2020, STI ESG availed of loans aggregating to ₱400.0 million subject to an interest rate of 5.81% per annum. As at July 31, 2020, the Term Loan Facility was fully drawn at ₱1,200.0 million. The proceeds from these loans were used for capital expenditures and working capital requirements. Interest rates for all drawdowns from the Term Loan Facility were repriced at the rates of 8.0472% per annum and 7.8749% effective September 19, 2023 and 2024, respectively. Starting from September 19, 2025, the interest rate was adjusted to 7.1577% per annum.

Provided that no event of default has occurred and is continuing, STI ESG may prepay, after the second (2nd) anniversary date of the initial drawdown, all or part of the loan, together with the accrued interest and other charges accruing thereon up to the date of prepayment. Prepayments shall not be subject to any penalties if made on an interest rate resetting date. Otherwise, STI ESG shall pay the prepayment premium based on the principal amount to be prepaid (i) from the 2nd anniversary date of the Initial Drawdown up to the 5th anniversary date of the Initial Drawdown subject to prepayment penalty at 103%; (ii) After the 5th anniversary date of the Initial Drawdown until one business day before the loan maturity date at 100% of the prepaid amount.

The embedded floating interest rate and prepayment option on the loan drawdown with China Bank was assessed as clearly and closely related to the loan, thus, not for bifurcation.

These loans are unsecured and are due based on the following original schedule:

Fiscal Year	Amount
2022	₱120,000,000
2023	240,000,000
2024	240,000,000
2025	240,000,000
2026	240,000,000
2027	120,000,000
	₱1,200,000,000



Breakdown of the Group's Term Loan with Chinabank are as follows:

	2025	2024
Balance at beginning of year	₱600,000,000	₱720,000,000
Repayments	(240,000,000)	(120,000,000)
Balance at end of year	360,000,000	600,000,000
Deferred finance cost	(1,786,990)	(3,277,036)
Balance at end of year	358,213,010	596,722,964
Less current portion	238,423,791	238,525,254
Noncurrent portion	₱119,789,219	₱358,197,710

On September 16, 2021, Chinabank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million. Further, Chinabank reduced the prepayment penalty from 3% to 1.5% based on the amount to be prepaid. On September 20, 2021, STI ESG made a prepayment aggregating to ₱243.9 million, inclusive of the 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on amortizations due on March 19, 2022, and September 19, 2022.

On September 23, 2022, Chinabank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million. On the same day, STI ESG made a prepayment aggregating to ₱244.5 million, inclusive of interests on the outstanding term loan facility covering September 19 to 23, 2022 and 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on scheduled amortizations due on March 19, 2023 and September 19, 2023. STI ESG settled the principal payments due amounting to ₱120.0 million each on March 19, 2024 and September 19, 2024. Further, on March 19, 2025 and September 19, 2025, STI ESG settled principal payments of ₱120.0 million each under the same Term Loan facility with Chinabank.

Financial Covenants. The Agreement prescribes that the following financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio of not more than 1.50x, computed by dividing Total Liabilities by Total Equity. For purposes of this computation, Total Liabilities shall exclude Unearned Tuition and Other School Fees, and
2. Debt Service Cover Ratio (DSCR) of a minimum of 1.05x, which is the ratio of EBITDA to Debt Service.

"Total Liabilities" shall mean, for purposes of determining STI ESG's compliance with any required D/E Ratio, the total economic obligations of STI ESG (excluding unearned tuition and other school fees) that are recognized and measured in the fiscal year end audited consolidated financial statements in accordance with PFRS and GAAP, as may be applicable and unaudited consolidated financial statements ending December 31 of each year, as may be applicable. "Total Equity" shall mean, for purposes of determining STI ESG's compliance with any required D/E Ratio, the amount of STI ESG's total stockholders' equity, recognized and measured in the fiscal year-end audited consolidated financial statements in accordance with PFRS and GAAP, as may be applicable and unaudited consolidated financial statements ending December 31 of each year, as may be applicable.



On August 15, 2022, Chinabank approved the request of STI ESG for the waiver of the DSCR requirement for the periods ended June 30, 2023 and December 31, 2023. With the waiver, STI ESG is compliant with the above covenants as at December 31, 2023 and June 30, 2023. Under the Term Loan agreement, the Debt-to-equity ratio and DSCR testing is done semi-annually, that is, as at June 30 and December 31 of each year.

	2025	2024
Total liabilities ^(c)	₱3,716,786,223	₱4,131,238,695
Total equity	8,390,859,797	6,996,687,341
Debt-to-equity ratio	0.44:1.00	0.59:1.00

^(c)Excluding unearned tuition and other school fees

	2025	2024
EBITDA (see Note 3) ^(a)	₱2,589,109,533	₱1,992,058,511
Total interest-bearing liabilities ^(b)	762,528,616	834,054,745
Debt service cover ratio	3.40:1.00	2.39:1.00

^(a) EBITDA for the last twelve months

^(b) Total interest-bearing debts and interests due in the next twelve months

As at June 30, 2025 and 2024, STI ESG is compliant with the required covenants.

Corporate Notes Facility

In 2014, STI ESG entered into a Corporate Notes Facility Agreement with Chinabank for up to ₱3,000.0 million. Of this, STI ESG drew ₱1,200.0 million in 2015, while STI WNU, Inc. drew ₱300.0 million under an accession agreement. The proceeds were used for capital expenditures and general corporate purposes.

The facility was subject to amendments in 2017 and 2021, which revised the interest rate structure, repayment terms, and financial covenants. Under the January 2021 amendment, the maturity was extended to September 19, 2026, with semi-annual amortization starting March 2023. The amendments resulted in the recognition of a loan premium of ₱8.3 million, amortized over the remaining period of the loan.

Waivers for financial covenants were obtained from Chinabank in prior years, including temporary waivers of the DSCR requirement for the years ended June 30, 2023 and December 31, 2023.

STI ESG settled ₱30.0 million of principal in March 2023 and, on September 19, 2023, paid the remaining principal of ₱180.0 million in full. The unamortized premium of ₱3.1 million was derecognized and recorded as “Gain on early extinguishment of loan” in the consolidated statement of comprehensive income for the year ended June 30, 2024. As at June 30, 2024, the facility was fully settled.

Waivers of Certain Covenants

- a. On June 23, 2020, STI ESG requested Chinabank for the waiver of certain covenants in its Term Loan Agreement and Corporate Notes Facility Agreement in connection with STI ESG’s availment of the Land Bank of the Philippines (LandBank) ACcess to Academic Development to Empower the Masses towards Endless Opportunities (ACADEME) Program.



b. On July 23, 2020, Chinabank approved the waiver of the following covenants:

- 1) Assignment of revenues/income. STI ESG/Issuer was required not to assign, transfer or otherwise convey any right to receive any of its income or revenues except when such assignment, transfer, or conveyance was: (i) made on an arm's length basis under normal commercial terms; or (ii) required by Law; and, in either case, does not result in a Material Adverse Effect and provided that STI ESG/Issuer shall notify the Lender/Note Holder in the event that any of the above transactions were entered into with related parties or any of the Subsidiaries or Affiliates of STI ESG/Issuer;
- 2) Encumbrances. STI ESG/Issuer should not permit any Indebtedness to be secured by or to benefit from any Lien, in favor of any creditor or class of creditors on, or in respect of, any present or future assets or revenues of the Issuer or the right of the Issuer in receiving income; and
- 3) Ranking of Notes. STI ESG/Issuer was to ensure that for so long as any Note was outstanding, the Issuer would not incur or permit to arise any Indebtedness which ranked ahead of the Notes whether it was by virtue of being evidenced by a public instrument as provided by Article 2244, paragraph 14 of the Civil Code of the Philippines, as the same might have been amended from time to time, or otherwise.

LandBank ACADEME Program

On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility in favor of STI ESG under the ACADEME Lending Program, intended to finance the government's "study now, pay later" initiative for students affected by the COVID-19 pandemic. STI ESG drew an aggregate amount of ₱22.1 million in 2021, subject to 3% interest per annum.

STI ESG paid ₱9.5 million during the year ended June 30, 2023. The carrying value of the loan amounted to ₱3.0 million as at June 30, 2023 (nil as at June 30, 2025 and 2024). STI ESG settled the remaining principal amortizations amounting to ₱2.1 million and ₱0.9 million, in August 2023 and January 2024, respectively. The Term Loan/Rediscounting Line Facility was fully paid as at June 30, 2024.

The Term Loan/Rediscounting Line Facility for STI ESG was secured by a Comprehensive Surety issued by STI Holdings in favor of LandBank executed in September 2020. This agreement remained effective until all obligations under the LandBank ACADEME Program were satisfied.

Interest Expense

Interest incurred on the loans (including amortization of debt issuance costs and premium) amounted to ₱155.0 million, ₱93.0 million and ₱68.4 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 22).

18. Bonds Payable

This account consists of:

	2025	2024
Fixed-rate bonds due 2027	₱820,000,000	₱820,000,000
Less unamortized debt issuance costs	3,293,987	5,032,725
	₱816,706,013	₱814,967,275



On March 23, 2017, the Parent Company issued the first tranche of its ₱5,000.0 million fixed-rate bonds program under its 3-year shelf registration with the SEC which ended on March 9, 2020. The bonds, amounting to an aggregate of ₱3,000.0 million, were listed through the Philippine Dealing & Exchange Corp. (PDEX), with interest payable quarterly and were issued with a fixed rate of 5.8085% for the 7-year series, due 2024, and 6.3756% for the 10-year series, due 2027.

Proceeds of the issuance were used to finance the campus expansion projects, refinance the short-term loans incurred for the acquisition of land, and for other general corporate requirements of the Group.

The bonds include an embedded derivative in the form of an early redemption option that gives the Parent Company the option, but not the obligation, to redeem in whole (and not in part), the outstanding bonds before the relevant maturity date, based on a certain price depending on the fixed early redemption option dates. Management has assessed that the early redemption option is closely related to the bonds and would not require to be separated from the value of the bonds and accounted for as a derivative. Subsequent reassessment is required when there has been a change in the terms of the contract that significantly modifies the cash flows.

On March 23, 2024, the 7-year fixed rate bonds with a principal amount of ₱2,180.0 million matured and were fully redeemed by STI ESG in accordance with the terms of the Trust Agreement and the Supplemental Trust Agreement.

The bonds were rated ‘PRS A plus’ with a Positive Outlook by PhilRatings in November 2024. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, this indicates that the obligor’s capacity to meet its financial commitments on the obligation is still strong. The “plus” further qualifies the assigned rating. A “Positive Outlook” indicates that there is a potential for the present credit rating to be upgraded in the next 12 months.

A summary of the terms of STI ESG’s issued bonds is as follows:

Year Issued	Interest Payable	Term	Interest Rate	Principal Amount	Carrying Value		Features
					2025	2024	
2017	Quarterly	10 years	6.3756%	₱820,000,000	₱816,706,013	₱814,967,275	Callable from the 7th anniversary issue and every year thereafter until the 9th anniversary issue date

Covenants

The bonds provide certain restrictions and requirements with respect to, among others, changes in majority ownership and management, merger or consolidation with other corporation resulting in loss of control over the overall resulting entity and sale, lease, transfer or otherwise disposal of all or substantially all its assets. The bonds’ Trust Agreement and Supplemental Trust Agreement (the “Bond Trust Agreements”) also contain, among others, covenants regarding incurring additional debt and declaration of dividends. The Parent Company is required to maintain a debt-to-equity (D/E) ratio of not more than 1.50:1.00 and interest coverage ratio (ICR) of not less than 3.00:1.00 computed based on the consolidated financial statements. Testing of compliance with required ratios is done on June 30 and December 31 of each year.



The Group's D/E ratios, as defined in the Bond Trust Agreement, as at June 30, 2025 and 2024 are 0.44:1.00 and 0.59:1.00, respectively.

In August 2020, STI ESG obtained the required consent of the holders of the Bonds (the "Record Bondholders"), which include among others, the waiver of the DSCR requirement up to June 30, 2023 (see Amendments to the Trust Agreement).

In April 2024, China Bank-Trust and STI ESG executed a second supplemental agreement to (i) replace the financial covenant on DSCR of not less than 1.05:1.00 with an ICR of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA (see discussions on the succeeding paragraphs). The Group's ICRs as at June 30, 2025 and 2024 are 14.95:1.00 and 9.37:1.00, respectively.

As at June 30, 2025 and 2024, STI ESG is compliant with the required covenants.

Supplemental Trust Agreement. On July 20, 2020, STI ESG delivered to China Banking Corporation – Trust and Asset Management Group, in its capacity as trustee (the "Trustee") for the Series 7Y Bonds due 2024 and the Series 10Y Bonds due 2027 (collectively, the "Bonds") a Consent Solicitation Statement (the "Consent Solicitation Statement") and the annexed Consent Form (the "Consent Form") in connection with the proposed amendments to the Trust Agreement dated March 10, 2017 (the "Trust Agreement") governing the Bonds issued by STI ESG. Pursuant to the Consent Solicitation Statement, STI ESG sought the consent of the Record Bondholders to certain proposed amendments to the Trust Agreement. The Proposed Amendments are (1) the waiver of Section 7.02(a) of the Trust Agreement which prohibits the Issuer from incurring or suffering to exist any Lien upon any assets or revenues, present and future, of the Issuer in relation to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of the Issuer's students in favor of LandBank as security for the ACADEME Lending Program; (2) the waiver of Section 7.02(b) of the Trust Agreement which prohibits the Issuer from incurring Indebtedness or entering into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer, unless the Issuer has made or will make effective provisions, satisfactory to the Record Bondholders in the latter's absolute discretion, whereby the Lien thereby created will secure, on an equal first ranking and ratable basis, any and all obligations of the Issuer under the Trust Agreement and such other Indebtedness which the Lien purports to secure; (3) the waiver of Section 7.02(f) of the Trust Agreement which prohibits the Issuer from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of STI ESG's students in favor of LandBank as security for the ACADEME Lending Program; and (4) the waiver of the DSCR up to June 30, 2023, as provided under Section 7.01(k) of the Trust Agreement. The Proposed Amendments will not alter the interest rate or maturity date of the Bonds, the Issuer's obligation to make principal and interest payments on the Bonds, or the substantive effect of any other covenant or provision of the Bonds. The Trustee certified as of August 15, 2020, that it has obtained the required consent of the Record Bondholders holding or representing at least fifty percent (50.0%) plus one peso (Php1.00) of the aggregate principal amount of the Bonds to the Proposed Amendments to the Trust Agreement governing the Bonds.



On August 19, 2020, pursuant to the Consent Solicitation Statement, STI ESG and the Trustee executed the Supplemental Trust Agreement incorporating the Proposed Amendments, as follows:

- Amendments Relating to Negative Covenants Waiver

Effective as of the Execution Date, the following amendments shall be deemed to have been made to Section 7.02 (Negative Covenants of the Issuer) of the Trust Agreement:

(a) Section 7.02(a) of the Trust Agreement is hereby amended to read as follows: “directly or indirectly, incur or suffer to exist, or permit any Subsidiary to directly or indirectly incur or suffer to exist, any Lien other than Permitted Liens upon any assets and revenues, present and future, of the Issuer and its Subsidiaries, as the case may be, except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer’s students as security for the ACADEME Lending Program of LandBank”;

(b) Section 7.02(b) of the Trust Agreement is hereby amended to read as follows: “incur Indebtedness or enter into, or permit any Subsidiary to enter into, any loan facility agreement secured by or to be secured by a Lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer or any Subsidiary, as the case may be, except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer’s students as security for the ACADEME Lending Program of LandBank”;

- Amendment Relating to DSCR Waiver

Effective as of the date stated in the Majority Bondholders’ Consent, the following amendment shall be deemed to have been made to Section 7.01(k) of the Trust Agreement:

(k) maintain and observe the following financial ratios:

- (i) DSCR of not less than 1.05:1:00, provided that this Debt Service Coverage Ratio requirement shall be waived up to June 30, 2023.

Second Supplemental Trust Agreement. On April 8, 2024, STI ESG delivered to China Banking Corporation through its Trust and Asset Management Group, the “Trustee” for the Series 10Y Bonds due 2027, the Consent Solicitation Statement and the annexed Consent Form seeking the amendments to the Trust Agreement dated March 10, 2017 (the “Trust Agreement”) and Supplemental Trust Agreement dated August 19, 2020 governing the Bonds issued by STI ESG. The proposed amendments are the (i) replacement of the financial covenant on Debt Service Coverage Ratio of not less than 1.05:1.00 with an ICR of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA.

ICR means EBITDA with reference to STI ESG’s audited or unaudited, as the case may be, consolidated financial statements for the immediately preceding twelve (12) months, divided by the interest due for the next twelve (12) months. The term “EBITDA” shall mean the net income of STI ESG based on the consolidated financial statements for the immediately preceding twelve (12) months for that relevant period after adding back (a) depreciation and amortization, (b) interest and other financial expenses, (c) income tax, and adding back or deducting, as applicable (d) all other items as enumerated in the EBITDA computation shown in the quarterly and annual consolidated financial statements of STI ESG, each item determined in accordance with PFRS.



The proposed amendments on the use of the ICR will better reflect the financial capability of STI ESG to service the interest payments on the Bonds and other loans as they fall due and shall also provide STI ESG with operational flexibility. The Proposed Amendment revising the definition of EBITDA will better gauge the core profitability of STI ESG and the cash income it generates year on year.

On April 23, 2024, the Trustee certified that it has obtained the consent of the bondholders as of April 1, 2024 of the Series 10Y Bonds due 2027, holding or representing at least fifty percent (50%) plus one peso (Php1.00) of the aggregate principal amount of the said bonds then outstanding, who have validly executed and properly delivered consent forms to the Trustee, in accordance with the terms of the Consent Solicitation Statement.

Thus, on April 26, 2024, pursuant to the Consent Solicitation Statement, STI ESG and China Banking Corporation, through its Trust and Asset Management Group, executed the “Second Supplemental Trust Agreement” to effect the amendments to the Trust Agreement dated March 10, 2017 and Supplemental Trust Agreement dated August 19, 2020.

Following are the amendments made:

Section 7.01(k) of the Amended Trust Agreement shall be amended as set forth below:

“Section 7.01 Affirmative Covenants of the Issuer

The Issuer hereby covenants and agrees that, for as long as the Bonds or any portion thereof remain outstanding, the Issuer shall:

(k) maintain and observe the following financial ratios:

- (i) an Interest Coverage Ratio of not less than 3.00:1.00; and
- (ii) a maximum Debt-to-Equity Ratio of 1.5:1.0.

For purposes of this Section 7.01(k):

- (iii) the term “Interest Coverage Ratio” means (a) the Issuer’s EBITDA utilizing the Issuer’s audited or unaudited, as the case may be, consolidated financial statements for the immediately preceding twelve (12) months, divided by (b) the interest due for the next twelve (12) months.
- (iv) the term “EBITDA” shall mean the net income of the Issuer based on the consolidated financial statements for the immediately preceding twelve (12) months for that relevant period after adding back (a) depreciation and amortization, (b) interest and other financial expenses, (c) income tax, and adding back or deducting, as applicable (d) all other items as enumerated in the EBITDA computation shown in the quarterly and annual consolidated financial statements of the Issuer, each item determined in accordance with PFRS.”

All references in the Amended Trust Agreement to the defined term “Debt Service Coverage Ratio” or “DSCR” shall be replaced by ICR, as applicable.



The Group's D/E ratio and ICR, as defined on the Second Supplemental Trust Agreement, as at June 30, 2025 and 2024 are as follows:

	2025	2024
Total liabilities ^(a)	₱3,716,786,223	₱4,131,238,695
Total equity	8,390,859,797	6,996,685,045
Debt-to-equity ratio	0.44:1.00	0.59:1.00

^(a) Excluding unearned tuition and other school fees

	2025	2024
EBITDA (see Note 3) ^(b)	₱2,589,109,533	₱1,992,058,511
Total interest payments ^(c)	173,181,158	212,659,106
Interest coverage ratio	14.95:1.00	9.37:1.00

^(b) EBITDA for the last twelve months

^(c) Total interests due in the next twelve months

As at June 30, 2025 and 2024, STI ESG has complied with the required covenants.

Bond Issuance Cost

STI ESG incurred costs related to the issuance of the bonds in 2017 amounting to ₱53.9 million. These costs were capitalized and amortized using the effective interest rate method. The carrying value of the unamortized bond issuance costs amounted to ₱3.3 million and ₱5.0 million as at June 30, 2025 and 2024, respectively. Amortization of bond issuance costs amounting to ₱1.7 million, ₱6.5 million and ₱7.9 million for the years ended June 30, 2025, 2024 and 2023, respectively, were recognized as part of "Interest expense" account in the consolidated statements of comprehensive income.

Interest Expense

Interest expense (including amortization of bond issuance costs) associated with the bonds payable recognized in the consolidated statements of comprehensive income amounted to ₱54.0 million, ₱151.0 million and ₱186.8 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 22).

19. Other Noncurrent Liabilities

	2025	2024
Refundable deposit - net of current portion (see Note 16)	₱13,912,200	₱11,940,857
Advance rent - net of current portion (see Note 16)	13,350,487	14,053,167
Deferred lease liability	2,333,982	3,073,220
Deposits for future stock subscriptions (see Notes 14 and 20)	—	83,000,000
	₱29,596,669	₱112,067,244

Refundable deposits are held by the Group throughout the term of the lease and are refunded in full to the lessee at the end of the lease term if the lessee has performed fully and observed all of the conditions and provisions in the lease. Refundable deposits are presented in the consolidated statements of financial position at amortized cost. The difference between the fair value at initial recognition and the notional amount of the refundable deposit is charged to "Deferred lease liability" and amortized on a straight-line basis over the respective lease term.



Advance rent pertains to the amount received by the Group which will be earned and applied to future rentals for periods more than one year after the reporting date.

Deposits for future stock subscriptions represent contributions received by STI Training Academy and STI College Novaliches, Inc., amounting to ₱8.0 million and ₱75.0 million, respectively, which were recognized under “Other noncurrent liabilities” as at June 30, 2024. As at June 30, 2025, the contribution for STI Training Academy was reclassified to “Equity attributable to non-controlling interests” under the equity section of the consolidated statement of financial position, upon meeting the required criteria for classification under the equity section. The deposit for stock subscription amounting to ₱75.0 million received by STI College Novaliches, Inc. from STI Holdings pursuant to the Subscription Agreement executed in June 2024 was applied to STI Holdings’ subscription upon SEC’s approval of the increase in the authorized capital of STI College Novaliches, Inc. in January 2025. As a result, STI ESG’s ownership interest in STI College Novaliches, Inc. was reduced from 100% to 6.25%. STI College Novaliches, Inc. became a direct subsidiary of STI Holdings with ownership interest of 93.75% effective January 2025. Consequently, STI ESG deconsolidated STI College Novaliches, Inc. and recognized its reduced equity interest, representing 6.25% ownership in STI College Novaliches, Inc., as “Equity instruments at FVOCI” (see Note 14).

20. Equity

Capital Stock

The details of the issued and outstanding number of common shares and amount as at June 30, 2025 and 2024 are as follows:

	No. of Shares	Amount (At Par)
Authorized - ₱1 par value	5,000,000,000	₱5,000,000,000
Issued and outstanding:		
Balance at beginning and end of year	3,087,829,443	₱3,087,829,443
Less treasury stocks	(5,952,273)	(5,952,273)
Issued and outstanding at end of year	3,081,877,170	₱3,081,877,170

Treasury Stock

Treasury stock acquired as at June 30, 2025 and 2024 amounted to ₱10.8 million.

Retained Earnings

On December 18, 2024, the Parent Company’s BOD approved the cash dividends amounting to ₱0.15 per share or an aggregate amount of ₱462.3 million in favor of all stockholders of record as at December 31, 2024. The dividends were paid on January 17, 2025.

On December 21, 2023, the Parent Company’s BOD approved the cash dividends amounting to ₱0.20 per share or an aggregate amount of ₱616.4 million in favor of all stockholders of record as at January 10, 2024. The dividends were paid on January 12, 2024.

On December 16, 2022, the Parent Company’s BOD approved the cash dividends amounting to ₱0.07 per share or an aggregate amount of ₱215.7 million in favor of all stockholders of record as at December 31, 2022. The dividends were paid on January 10, 2023.



Consolidated retained earnings include retained earnings of subsidiaries amounting to ₱611.6 million and ₱452.2 million as at June 30, 2025 and 2024, respectively, which are not available for dividend declaration. STI ESG's retained earnings available for dividend declaration computed based on the guidelines provided in the SEC Memorandum Circular No. 16 of 2023 amounted to ₱4,263.7 million and ₱3,072.5 million as at June 30, 2025 and 2024, respectively.

Policy on Dividend Declaration. STI ESG follows a dividend declaration policy which was approved by the BOD in September 2017 equivalent to 25.0% to 40.0% of the core income of the Group from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on the Group by lenders or other financial institutions, and the Group's investment plans and financial condition.

Core income is defined as consolidated net income after tax derived from the Group's main business-which is education and other recurring income.

The amount of dividends is reviewed periodically by the BOD in light of the earnings, financial conditions, cash flows, capital requirements and other considerations, while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Group can operate on a standalone basis.

Dividends declared and paid out of the Parent Company's unrestricted retained earnings are payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, the BOD, at its sole discretion, determines the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Group's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and such other factors as the BOD deems appropriate.

Non-controlling Interests

Equity attributable to non-controlling interests as at June 30, 2025 includes deposit for future stock subscriptions of a non-controlling interest holder in STI Training Academy amounting to ₱8.0 million, which was reclassified from "Other noncurrent liabilities" account upon STI Training Academy's submission of application for increase in authorized capital stock in August 2024 (see Note 19). As at October 13, 2025, the application for increase in STI Training Academy's authorized capital stock is pending approval by the SEC.

21. Revenues

Disaggregated Revenue Information

The disaggregated revenue information is presented in the consolidated statements of comprehensive income and segment information, as discussed in Note 3 to the consolidated financial statements, in a manner that reflects the various sources and categories of revenues generated by the Group for the years ended June 30, 2025, 2024 and 2023.



Timing of revenue recognition

	2025	2024	2023
Services transferred over time	₱4,238,097,362	₱3,494,897,468	₱2,412,483,063
Goods and services transferred at a point in time	211,430,224	201,501,065	170,669,024
Total consolidated revenue	₱4,449,527,586	₱3,696,398,533	₱2,583,152,087

Contract Balances

The Group's receivables are disclosed in Note 6 while the contract liabilities are presented as "Unearned tuition and other school fees" in the consolidated statements of financial position. There is no significant change in the contract liability and the timing of revenue recognition for SY2024-2025 and SY2023-2024.

Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱93.0 million, ₱43.9 million and ₱30.6 million for the years ended June 30, 2025, 2024 and 2023, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the years ended June 30, 2025, 2024 and 2023.

Performance Obligations

The performance obligations related to revenues from tuition and other school fees are satisfied over time since the students receive and consume the benefit provided by the Group upon performance of the services. The payment for these services is normally due within the related school term(s).

The performance obligations related to revenues from educational services and royalty fees are also satisfied over time since the franchised schools receive and consume the benefit provided by STI ESG upon performance of the services. The payment for these services is normally due within 30 days.

On the other hand, the performance obligations related to the sale of educational materials and supplies and other revenues are satisfied upon receipt by the customers since the control of the goods and products is transferred at this point. The payment for the sale of educational materials and supplies is generally due within 30 days from delivery.

As at June 30, 2025 and 2024, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) which are expected to be satisfied within one year amounted to ₱163.0 million and ₱93.0 million, respectively. This represents advance payment for tuition and other school fees for the school year commencing after the financial reporting date and will be recognized as tuition and other school fees within the related school term(s). On the other hand, the Group does not have any performance obligations that are expected to be satisfied in more than one year.

22. Interest Income and Interest Expense

Sources of interest income are as follows:

	2025	2024	2023
Cash and cash equivalents (see Note 5)	₱23,148,966	₱34,757,820	₱12,467,675
Past due receivables (see Note 6)	6,990,318	6,441,145	5,820,824
	₱30,139,284	₱41,198,965	₱18,288,499



Sources of interest expense are as follows:

	2025	2024	2023
Interest-bearing loans and borrowings (see Note 17)	₱155,021,045	₱93,019,391	₱68,377,453
Bonds payable (see Note 18)	54,018,658	150,979,292	186,813,143
Lease liabilities (see Note 28)	23,326,951	21,523,233	19,304,634
Others	1,289,986	4,389,672	1,423,942
	₱233,656,640	₱269,911,588	₱275,919,172

23. Cost of Educational Services

This account consists of:

	2025	2024	2023
Faculty salaries and benefits (see Note 26)	₱479,102,296	₱407,315,980	₱304,243,534
Depreciation and amortization (see Notes 10, 11, and 15)	306,679,099	282,218,538	287,279,220
Student activities, programs and other related expenses	204,256,524	216,617,040	128,962,928
Rental (see Note 28)	29,381,185	28,631,055	24,214,663
School materials and supplies	23,958,917	23,939,025	9,807,567
Infrastructure and software maintenance costs	6,931,852	9,609,961	9,679,327
Courseware development costs	1,811,602	1,703,088	3,727,475
Others	918,449	3,518,062	3,125,503
	₱1,053,039,924	₱973,552,749	₱771,040,217

24. Cost of Educational Materials and Supplies Sold

This account consists of:

	2025	2024	2023
Educational materials and supplies	₱80,271,920	₱81,771,119	₱75,753,803
Promotional materials	13,213,188	14,245,453	7,306,686
	₱93,485,108	₱96,016,572	₱83,060,489

25. General and Administrative Expenses

This account consists of:

	2025	2024	2023
Salaries, wages and benefits (see Note 26)	₱346,330,550	₱327,518,501	₱265,556,442
Depreciation and amortization (see Notes 10, 11, and 15)	213,695,372	203,041,369	195,744,580

Forward



	2025	2024	2023
Light and water	₱160,234,947	₱143,683,158	₱128,063,208
Outside services	120,055,935	106,992,499	87,852,741
Professional fees	111,037,509	97,346,259	81,350,986
Provisions for:			
ECL (see Note 6)	56,001,308	24,594,870	60,833,827
Inventory obsolescence (see Note 7)	325,461	1,013,523	5,601,458
Impairment of goodwill (see Note 15)	—	14,268,891	—
Impairment of investments in and advances to associates and joint venture (see Note 12)	—	1,650,340	—
Taxes and licenses	48,132,305	37,084,244	31,755,619
Advertising and promotions	37,060,238	39,665,248	29,071,305
Transportation	34,431,517	31,173,751	26,099,799
Repairs and maintenance	31,954,509	30,004,374	29,258,767
Insurance	19,265,422	17,042,117	14,419,572
Meetings and conferences	18,273,728	17,013,512	15,701,122
Entertainment, amusement and recreation	13,398,189	15,452,517	11,029,291
Rental (see Note 28)	12,618,141	12,273,334	10,392,986
Office and housekeeping supplies	10,372,395	6,336,351	7,269,743
Association dues	8,896,643	4,736,978	991,488
Payment channels and bank charges	7,537,081	4,542,655	2,148,235
Communication	4,821,880	4,939,760	5,205,403
Infrastructure and software maintenance costs	2,255,439	3,328,990	3,352,505
Others	9,154,663	7,909,000	8,998,991
	₱1,265,853,232	₱1,151,612,241	₱1,020,698,068

26. Personnel Cost

This account consists of:

	2025	2024	2023
Salaries and wages (see Note 24 and 25)	₱712,869,941	₱618,846,256	₱494,086,044
Pension expense (see Note 27)	13,891,054	34,663,340	11,188,067
Other employee benefits	98,671,851	81,324,885	64,525,865
	₱825,432,846	₱734,834,481	₱569,799,976

27. Pension Plans

The Group has separate, funded, noncontributory, defined benefit pension plans covering substantially all its faculty members and regular employees. The benefits are based on the employees' salaries and length of service.



Under the existing regulatory framework, RA No. 7641 (Retirement Pay Law) requires a provision for retirement pay to qualified private sector employees in the absence of any retirement plan in the entity, provided however that the employee's retirement benefits under any collective bargaining and other agreements shall not be less than those provided under the law. The law does not require minimum funding of the plan.

Retirement benefits are payable in the event of termination of employment due to: (i) early, normal, or late retirement; (ii) physical disability; (iii) voluntary resignation; or (iv) involuntary separation from service. For plan members retiring under normal, early or late terms, the retirement benefit is equal to a percentage of final monthly salary for every year of credited service.

In case of involuntary separation from service, the benefit is determined in accordance with the Termination Pay provision under the Philippine Labor Code or similar legislation on involuntary termination.

The funds are administered by the trustee banks under the supervision of the Board of Trustees of the plan. The Board of Trustees is responsible for the investment of the assets. It defines the investment strategy as often as necessary, at least annually, especially in the case of significant market developments or changes to the structure of the plan participants. When defining the investment strategy, it takes account of the plans' objectives, benefit obligations and risk capacity. The investment strategy is defined in the form of a long-term target structure (Investment policy). The Board of Trustees implements the Investment policy in accordance with the investment strategy, as well as various principles and objectives.

On June 20, 2024, the BOD of STI ESG approved the "STI Education Services Group, Inc. Multi-Employer Retirement Plan (STI ESG Multi-employer Retirement Plan)". As at October 13, 2025, STI ESG is in the process of completing the necessary requirements to update its retirement plan registered with the BIR.

The following tables summarize the components of the Group's net pension expense recognized in the consolidated statements of comprehensive income for the years ended June 30, 2025, 2024 and 2023 and the pension asset/liability recognized in the consolidated statements of financial position as at June 30, 2025, 2024 and 2023:

	2025	2024	2023
Pension expense (recognized under "Salaries, wages and benefits" account):			
Current service cost	₱8,115,174	₱7,790,762	₱7,286,076
Past service cost	1,344,442	21,903,585	—
Net interest cost	4,431,438	4,968,993	3,901,991
	₱13,891,054	₱34,663,340	₱11,188,067
	2025	2024	2023
Net pension liabilities (recognized in the consolidated statements of financial position):			
Present value of defined benefit obligations	₱213,486,037	₱192,512,964	₱159,147,499
Fair value of plan assets	(182,646,054)	(125,853,720)	(79,717,894)
	₱30,839,983	₱66,659,244	₱79,429,605



The Group offsets its pension assets and liabilities on a per company basis for presentation in the consolidated statements of financial position since pension assets are restricted for the settlement of pension liabilities only.

	2025	2024	2023
Changes in the present value of defined benefit obligations:			
Balance at beginning of year	₱192,512,964	₱159,147,499	₱140,768,553
Current service cost	8,115,174	7,790,762	7,286,076
Past service cost	1,344,442	21,903,585	
Actuarial loss (gain) on pension obligation from change in:			
Financial assumptions	2,910,940	(8,118,040)	1,802,002
Deviations of experience from assumptions	3,797,092	2,727,249	3,673,497
Demographic assumptions			
Benefits paid	(8,070,267)	(875,750)	(3,310,445)
Interest cost	12,875,692	9,937,659	8,927,816
Balance at end of year	₱213,486,037	₱192,512,964	₱159,147,499
Changes in the fair value of plan assets:			
Balance at beginning of year	₱125,853,720	₱79,717,894	₱77,386,521
Benefits paid	(8,070,267)	(875,750)	(3,310,445)
Interest income	8,444,253	4,968,666	5,025,825
Actuarial gain (loss) on plan assets	49,460,722	35,361,424	615,993
Contributions	6,957,626	6,681,486	—
Net transfer	—	—	—
Balance at end of year	₱182,646,054	₱125,853,720	₱79,717,894
Actual return on plan assets	₱57,904,975	₱40,330,090	₱5,641,816

The principal assumptions used in determining pension liabilities are shown below:

	2025	2024	2023
Discount rate	6.69%	6.22%	6.52%
Future salary increases	4.00%	4.00%	4.00%

As of June 30, 2025, the discount and future salary increase rates are 6.33% and 4.00%, respectively.

The maximum economic benefit available is a combination of expected refunds from the plan and reductions in future contributions.

The major categories of the Group's total plan assets as a percentage of the fair value of the total plan assets are as follows:

	2025	2024
Cash and cash equivalents	4%	0%
Short-term fixed income	33%	49%
Investments in:		
Equity securities	63%	50%
Debt securities	0%	1%
	100%	100%



The plan assets of the Group are maintained by the respective Trust Departments of Union Bank of the Philippines and LandBank.

Details of the Group's net assets available for plan benefits and their corresponding market values are as follows:

	2025	2024
Cash and cash equivalents	₱6,965,343	₱408,199
Short-term fixed income	60,363,619	61,657,215
Investments in:		
Equity securities	114,473,089	62,932,774
Debt securities	844,003	855,532
	₱182,646,054	₱125,853,720

Short-term Fixed Income. Short-term fixed income investments include time deposits and special savings deposits.

Investments in Equity Securities. Investments in equity securities pertain to investment in shares of STI Holdings, the ultimate parent company, which has a fair value of ₱1.64 per share and ₱0.90 per share as at June 30, 2025 and 2024, respectively.

As at June 30, 2025, total unrealized gains from investments in equity securities of a related party amounted to ₱51.7 million, while unrealized losses of ₱28.0 million as at June 30, 2025 were recognized as at June 30, 2024.

Investments in Debt Securities. As at June 30, 2025, investments in debt securities consist of retail treasury bonds maturing on October 20, 2026, with an interest rate of 6.25% per annum. As at June 30, 2024, these investments comprised treasury bills and fixed-term treasury notes with maturities ranging from two months to three years from June 30, 2024, and interest rates between 5.875% and 6.00% per annum. These securities are fully guaranteed by the Government of the Republic of the Philippines.

STI ESG expects to contribute ₱7.5 million to its retirement fund in 2026.

Management performs an Asset-Liability Matching Study annually. The overall investment policy and strategy of the Group's defined benefit plans are guided by the objective of achieving an investment return which, together with contributions, ensures that there will be sufficient assets to pay pension benefits as they fall due while also mitigating the various risk of the plans.

The average duration of the defined benefit obligation as at June 30, 2025 is 13 years.

Shown below is the maturity analysis of the undiscounted benefit payments:

	2025	2024
Less than one year	₱93,068,728	₱83,255,202
More than one year to five years	43,722,970	42,457,630
More than five years to 10 years	103,260,368	94,000,302
More than 10 years to 15 years	111,258,850	82,655,743
More than 15 years to 20 years	74,881,538	107,038,902
More than 20 years	210,043,302	162,774,289



The sensitivity analysis below has been determined based on reasonably possible changes of each significant assumption on the defined benefit obligation as at the end of the reporting period, assuming all other assumptions are held constant:

	Effect on Present Value of Defined Benefit Obligation		
	2025	2024	2023
Discount rates			
Increase by 1%	(P10,180,937)	(P10,451,493)	(P8,719,354)
Decrease by 1%	12,274,495	11,111,149	10,352,833
Future salary increases			
Increase by 1%	12,630,614	11,474,512	10,490,946
Decrease by 1%	(10,980,695)	(10,179,698)	(9,040,570)
Employee turnover			
Increase by 10%	1,182,988	980,699	1,465,937
Decrease by 10%	(1,182,988)	(980,699)	(1,465,937)

28. Leases

As Lessor

The Group entered into several lease agreements, as lessors, on their buildings and condominium units under operating lease agreements with varying terms and periods. Certain leases are subject to annual repricing based on a pre-agreed rate.

The Group also earns rental income from occasional use of some of the Group's facilities and properties primarily used for school operations such as gymnasiums.

Total rental income amounted to P108.1 million, P111.3 million and P122.3 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Notes 11 and 30).

The Group receives refundable deposits as security for its observance and faithful compliance with the terms and conditions of the lease agreements and advanced rental payment which will be applied on the last months of the lease. The current and noncurrent portion of advance rent and deposit liabilities are recorded under "Accounts payable and other current liabilities" and "Other noncurrent liabilities" accounts, respectively, in the consolidated statements of financial position. These pertain to the advances and refundable deposits made by the lessees to STI ESG (see Notes 16 and 19).

Future minimum rental receivable for the remaining lease terms follows:

	2025	2024
Within one year	P79,797,845	P105,679,438
After one year but not more than five years	101,763,093	210,613,424
	P181,560,938	P316,292,862

As Lessee

The Group leases land and building spaces, where the corporate office and schools are located, under lease agreements with varying terms and periods ranging from 1 to 25 years. The lease rates are subject to annual repricing based on a pre-agreed rate. Certain transportation equipment were acquired under lease agreements with varying terms and periods ranging from 3 to 5 years.



The total rental expense charged to operations amounted to ₱42.0 million, ₱40.9 million and ₱34.6 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Notes 23 and 25). Certain subsidiaries also paid their lessors rental deposits equivalent to several months of rental payments as security for its observance and faithful compliance with the terms and conditions of the agreement (see Note 15).

The following are the amounts recognized in consolidated statements of comprehensive income:

	2025	2024	2023
Depreciation expense of ROU assets included in property and equipment (see Note 10)	₱65,779,914	₱65,273,678	₱62,181,440
Expenses relating to short-term leases (see Notes 23 and 25)	38,754,017	38,843,077	32,046,109
Interest expense on lease liabilities (see Note 22)	23,326,951	21,523,233	19,304,634
Variable lease payments (see Notes 23 and 25)	3,245,309	2,061,312	2,561,540
	₱131,106,191	₱127,701,300	₱116,093,723

The rollforward analyses of lease liabilities are as follows:

	2025	2024
Beginning balance	₱315,034,072	₱335,735,940
Additions (see Note 10)	72,644,476	41,099,396
Interest expense (see Note 22)	23,326,951	21,523,233
Payments	(86,659,022)	(83,324,497)
Lease termination (see Note 10)	(15,464,419)	—
Ending balance	308,882,058	315,034,072
Less current portion	64,327,479	62,786,000
Noncurrent portion	₱244,554,579	₱252,248,072

STI ESG amended its original lease agreement for STI Laoag, a school owned and operated by STI ESG, which previously covered only parts of the leased building to now leasing the entire structure. The original lease agreement, which was set to expire on September 1, 2027, was effectively terminated and replaced with a revised lease agreement. The new lease agreement covers the lease of the entire building, with a monthly rental of ₱0.5 million for a five-year term ending in May 2029.

The termination of the previous lease resulted in the derecognition of the related ROU asset for the building, with a carrying value of ₱13.9 million. STI ESG likewise recognized a gain on termination of lease amounting to ₱1.6 million, representing the difference between the carrying value of the ROU asset and the lease liability as of the lease termination date. This gain is reported as part of “Other income (expense)” in the Group’s consolidated statement of comprehensive income for the year ended June 30, 2025. On the other hand, the new lease agreement for STI Laoag resulted in the recognition of an ROU Asset - Building amounting to ₱26.4 million. Similarly, STI ESG, entered into new lease agreements for STI Fairview and STI Puerto Princesa. The new lease agreements resulted in the recognition of an ROU asset - Building aggregating to ₱23.2 million (see Note 10).



Shown below is the maturity analysis of the undiscounted lease payments:

	2025	2024
Within one year	₱84,331,636	₱81,140,514
After one year but not more than five years	207,748,367	216,841,141
More than five years	110,859,507	137,527,448
	₱402,939,510	₱435,509,103

29. Income Tax

All domestic subsidiaries qualifying as private educational institutions are subject to tax under RA No. 8424, “An Act Amending the National Internal Revenue Code, as amended, and For Other Purposes” which was passed into law effective January 1, 1998. Title II Chapter IV - Tax on Corporations – Sec 27(B) of the said Act defines and provides that: a “Proprietary Educational Institution” is any private school maintained and administered by private individuals or groups with an issued permit to operate from DepEd, CHED, or TESDA, as the case may be, in accordance with the existing laws and regulations and shall pay a tax of ten percent (10.0%) on its taxable income.

Pursuant to RA No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises (CREATE)” Act, the following changes in tax rates became effective on July 1, 2023 as outlined in Revenue Memorandum Circular (RMC) 69-2023:

- Minimum corporate income tax (MCIT) rate has reverted to 2% of gross income from a reduced rate of 1% that was in effect from July 1, 2020 to June 30, 2023.
- Preferential income tax rate for proprietary educational institutions and hospitals which are nonprofit has reverted to 10% of the taxable income following a temporary reduction to 1% effective July 1, 2020 to June 30, 2023.

Consequently, the Group recognized provision for current income tax using preferential income tax rate of 10% (MCIT rate of 2%, as the case may be) starting fiscal year 2024 in accordance with RMC 69-2023.

The components of recognized net deferred tax assets are as follows:

	2025	2024
Deferred tax assets:		
Lease liabilities	₱30,888,206	₱31,477,895
Allowance for ECL	15,608,303	15,496,499
Unearned tuition and other school fees	16,297,578	9,302,626
Pension liabilities	3,078,823	6,658,366
NOLCO	2,007,515	4,415,342
Advance rent	1,608,818	2,523,505
Excess of cost over net realizable value of inventories	2,546,070	2,513,524
	72,035,313	72,387,757

(Forward)



	2025	2024
Deferred tax liabilities:		
Right-of-use assets	(P23,998,672)	(P24,943,264)
Unrealized forex gain	(2,366)	(5,003,384)
Excess of fair value of land and building over derecognized receivables	(2,933,057)	(3,042,063)
Intangible assets	(2,762,187)	(2,762,187)
Unamortized debt issue costs	(1,223,839)	(1,503,786)
Excess of rental under operating lease computed on a straight-line basis	(1,013,097)	(1,148,067)
	(31,933,218)	(38,402,751)
Net deferred tax assets	P40,102,095	P33,985,006

Certain deferred tax assets of the Group were not recognized as at June 30, 2025 and 2024 as it is not probable that future taxable profits will be sufficient against which these can be utilized.

The following are the deductible temporary differences and unused NOLCO for which no deferred tax assets were recognized:

	2025	2024
NOLCO	P181,790,672	P176,070,683
Allowance for impairment of advances to associate and joint venture	49,784,880	49,784,880
	P231,575,552	P225,855,563

As at June 30, 2025 and 2024, the Group did not recognize any deferred tax asset on the provision for impairment on investment in associate and joint venture because management does not expect to generate enough capital gains against which these capital losses can be offset. The Group, likewise, did not recognize any deferred tax asset on the provision for impairment losses on advances to associates and joint venture since no deduction is expected to be claimed upon actual write-off of these advances in the future.

The Group has incurred NOLCO in the taxable years 2025, 2024 and 2023 which can be claimed as deduction from the regular taxable income for the next three (3) consecutive taxable years as follows:

Period	Availment Period	Beginning	Addition	Applied	Expired	End
2025	2026-2028	P—	P23,538,677	P—	P—	P23,538,677
2024	2025-2027	34,851,145	129,675	—	—	34,980,820
2023	2024-2026	31,186,175	—	7,274,021	—	23,912,154
2022	2023-2025	782,424	—	—	782,424	—
		P66,819,744	P23,668,352	P7,274,021	P782,424	P82,431,651

On September 30, 2020, the BIR issued Revenue Regulations No. 25-2020 implementing Section 4(bbbb) of “Bayanihan to Recover As One Act” which states that the NOLCO incurred for taxable years 2020 and 2021 can be carried over and claimed as a deduction from gross income for the next five (5) consecutive taxable years immediately following the year of such loss.



The Group has incurred NOLCO for the years ended June 30, 2022, 2021, and 2020 which can be claimed as deduction from the regular taxable income for the next five (5) consecutive taxable years pursuant to the Bayanihan to Recover As One Act, as follows:

Period	Availment Period	Beginning	Addition	Applied	Expired	End
2022	2023-2027	₱77,533,746	₱—	₱11,890,364	—	₱65,643,382
2021	2022-2026	66,470,383	—	12,679,595	—	53,790,788
2020	2021-2025	9,400,234	—	—	9,400,234	—
		₱153,404,363	₱—	₱24,569,959	9,400,234	₱119,434,170

The reconciliation of the provision for income tax on income before income tax computed at the effect of the applicable statutory income tax rate to the provision for income tax as shown in the consolidated statements of comprehensive income is summarized as follows:

	2025	2024	2023
Provision for income tax at statutory income tax rate:	₱200,013,212	₱140,317,630	₱6,065,040
Income tax effects of:			
Changed in unrecognized deferred tax assets	(3,165,810)	(5,539,321)	817,493
Gain on partial disposal of interest in an associate	(2,459,279)	—	—
Interest income already subjected to final tax	(2,314,897)	(3,475,782)	(124,677)
Royalty fees subjected to final tax	(2,129,740)	(1,731,496)	(147,363)
Equity in net losses (earnings) of associates and joint venture	(2,204,490)	(1,881,089)	(151,616)
Dividend income	(₱428,875)	(₱289,009)	(₱24,884)
Nondeductible expenses	428,479	28,224	37,072
Nondeductible expense pertaining to provision for impairment of goodwill and equity instruments	—	1,426,889	—
Difference in income tax rate	—	—	(21,856,656)
Provision for impairment of investments in and advances to subsidiaries, associates and joint venture	—	(165,034)	—
Others	(689,884)	(1,307,494)	(45,479)
Provision for (benefit from) income tax	₱187,048,716	₱127,383,518	(₱15,431,070)

30. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) enterprises or individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; and (c) enterprises or individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the Parent Company, key management personnel, including directors and officers of the Group and close members of the family of any such enterprise or individual.



The following are the Group's transactions with its related parties:

Related Party	Amount of Transactions During the Period			Outstanding Receivable (Payable)		Terms	Conditions
	2025	2024	2023	2025	2024		
<i>Associates</i>							
<i>STI Accent</i>							
Reimbursement for various expenses and other charges	P–	P–	–	₱48,134,540	₱48,134,540	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment
<i>GROW</i>							
Rental income	750,410	714,676	680,644	10,114,590	10,209,550	30 days upon receipt of billings	Unsecured; no impairment
Reimbursement for various expenses and other charges	389,415	174,079	404,060	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	–	21,166	–	(119,383)	(119,383)	Refundable upon end of contract	Unsecured
<i>STI Marikina</i>							
Educational services and sale of educational materials and supplies	15,951,786	15,336,320	10,461,238	433,874	892,949	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividend income	1,464,075	1,171,260	–	–	–	Due and demandable; noninterest-bearing	Unsecured; no impairment
<i>STI Alabang</i>							
Educational services and sale of educational materials and supplies	–	–	7,668,672	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>STI Holdings</i>							
Deposit for future stock subscription	–	75,000,000	–	–	(75,000,000)	Noninterest-bearing; to be settled upon issuance of shares	Unsecured;
Advisory fees	14,400,000	14,400,000	14,400,000	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividend income	21,484,480	15,012,987	7,506,493	–	–	Due and demandable; noninterest-bearing	Unsecured; no impairment
Dividends paid	456,093,458	608,124,607	212,843,613	–	–	Due and demandable; noninterest-bearing	Unsecured
Reimbursement for various expenses and other charges	16,425	13,756	95,731	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>Affiliates⁽¹⁾</i>							
TCAMI							
Deposit for purchase of shares of PHI	–	60,484,800	–	60,484,800	60,484,800	15% deposit; balance payable on the third anniversary of the share purchase agreement	Unsecured; no impairment
Purchase of shares of CHI	–	180,000,000	–	–	–	Full payment upon contract execution	Unsecured; no impairment
STI College Novaliches Inc.							
Educational services and sale of educational materials and supplies	26,173,688	–	–	26,173,688	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Assignment of assets and liabilities - net	4,164,303	–	–	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>STI WNU</i>							
Educational services and sale of educational materials and supplies	29,007,950	33,545,445	15,175,485	14,704,479	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	7,746,999	7,818,817	6,257,059	4,073,570	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>(Forward)</i>							



Related Party	Amount of Transactions During the Period			Outstanding Receivable (Payable)		Terms	Conditions
	2025	2024	2023	2025	2024		
<i>GROW VITE</i>							
Janitorial and staffing services	₱33,665,237	₱28,476,623	₱23,704,233	(₱3,860,907)	(₱3,794,549)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposits	—	49,959	—	(421,744)	(421,744)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Reimbursement for various expenses and other charges	96,153	88,675	932,996	264,990	157,914	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	2,820,293	2,817,347	1,597,514	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>PhilCare</i>							
Refundable deposits	—	—	—	(1,950,480)	(1,950,480)	Refundable upon end of contract	Unsecured
Rental income and other charges	—	6,347,448	13,583,859	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
HMO coverage	14,367,788	8,785,790	9,502,580	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured
<i>Philippines First Condominium Corporation</i>							
Association dues, utilities and other charges	10,347,183	9,876,804	13,380,147	(1,432,591)	(845,606)	30 days upon receipt of billings; noninterest-bearing	Unsecured
<i>PhilLife</i>							
Rental income and related charges	—	182,342	12,347,323	68,953	68,953	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Insurance	604,744	790,708	370,925	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured
<i>PhilPlans</i>							
Rental Income	4,686,600	—	—	234,330	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	1,968,866	—	—	520,769	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	937,320	—	—	(937,320)	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>Phil First Insurance Co., Inc.</i>							
Rental income and other charges	220,714	—	—	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Insurances	17,516,911	17,468,318	15,160,480	(169,595)	(2,502)	30 days upon receipt of billings; noninterest-bearing	Unsecured
<i>Venture Securities, Inc.</i>							
Reimbursement for various expenses and other charges	353,253	—	—	177,220	36,465	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	750,615	—	—	(750,615)	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>iACADEMY</i>							
Reimbursement for various expenses and other charges	11,622	—	1,043,878	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>STI Diamond</i>							
Reimbursement for various expenses and other charges	—	(59,511,839)	—	—	(59,511,839)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
(Forward)							



Related Party	Amount of Transactions During the Period			Outstanding Receivable (Payable)		Terms	Conditions
	2025	2024	2023	2025	2024		
<i>Techzone Philippines Inc.</i>							
Association dues, utilities and other charges	₱494,492	₱—	₱—	₱—	₱—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>Officers and employees</i>							
Advances for various expenses	54,628,545	56,493,766	43,224,285	14,021,874	25,125,248	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
<i>Others</i>							
Other charges	3,278	—	343,050	215,766	617,520	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
				₱169,980,808	(₱4,081,836)		

*Affiliates are entities under common control of a majority shareholder

**Represents outstanding balance only after execution of deed of assignment (see Note 13)

Became a wholly owned subsidiary effective March 16, 2023

Related party receivables and payables are generally settled in cash.

Outstanding receivables, before any allowance for impairment, and payables arising from these transactions are summarized below:

	2025	2024
Educational services (Note 6)	₱45,385,611	₱892,949
Rent, utilities, and other related receivables (see Note 6)	11,596,618	11,090,402
Receivables from officers and employees (see Note 6)	14,021,874	25,125,248
Advances to associates and joint venture (see Note 12)	48,134,540	48,134,540
Deposit for purchase of shares (see Note 15)	60,484,800	60,484,800
Accounts payable (Note 16)	(9,642,635)	(7,134,264)
Due to an affiliate (see Note 16)	—	(59,511,839)
Deposit for future stock subscription (see Note 19)	—	(75,000,000)
	₱169,980,808	(₱4,081,836)

Outstanding balances of the Parent Company's transactions with subsidiaries which were eliminated during consolidation are as follows:

Related Party	Amount of Transactions During the Period			Outstanding Receivable (Payable)		Terms	Conditions
	2025	2024	2023	2025	2024		
<i>Subsidiaries</i>							
<i>STI Caloocan</i>							
Reimbursement for various expenses	₱152,205,757	₱135,182,027	₱70,458,393	(₱311,718,036)	(₱304,173,866)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
<i>STI Lipa</i>							
Educational services, sale of educational materials and supplies,	58,245,726	57,131,201	35,772,375	156,228,713	102,461,498	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	4,532,824	1,901,760	23,507,067	39,843,042	46,403,812	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment

(Forward)



Related Party NAME/	Amount of Transactions During the Period			Outstanding Receivable (Payable)		Terms	Conditions
	2025	2024	2023	2025	2024		
Rental income and other related charges	₱20,808,000	₱20,808,000	₱20,808,000	₱101,076,566	₱78,812,006	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	4,383,766	3,092,171	14,896,916	(7,649,009)	12,436,462	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies	20,547,419	18,933,889	18,934,658	—	7,151,999	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Training Academy							
Reimbursement for various expenses	3,990,983	19,785,620	5,999,525	53,625,027	49,634,044	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other related charges	7,410,180	6,884,073	6,066,360	25,269,089	18,470,820	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Alabang*							
Educational services and sale of educational materials and supplies	14,567,861	12,425,294	3,958,285	36,312,246	38,627,668	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	625,261	449,768	3,323,946	73,598	—	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI College Novaliches, Inc.**							
Educational services and sale of educational materials and supplies	24,728,721	52,107,495	35,862,734	443,929	—	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Dividend Income	70,999,943	74,999,988	—	—	—	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	4,742,539	9,172,568	2,001,813	—	3,472,487	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Iloilo							
Reimbursement for various expenses	—	71,096	64	19,227,538	19,227,538	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
NPIM							
Rental income and other related charges	60,524	117,108	758,950	17,870,775	28,710,251	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	7,966	3,028,379	917,378	2,891,213	3,411,862	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tanauan							
Educational services and sale of educational materials and supplies	18,241,905	16,167,578	10,592,748	16,699,424	—	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	977,943	993,739	794,954	32,958	5,336,883	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
(Forward)							



Related Party	Amount of Transactions During the Period			Outstanding Receivable (Payable)		Terms	Conditions
	2025	2024	2023	2025	2024		
<i>STI Tanay</i>							
Rental income and other related charges	₱10,284,758	₱10,284,758	₱10,284,758	₱34,556,787	₱23,037,858	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	8,613,240	6,699,542	7,172,919	11,141,565	13,007,159	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies	16,159,960	10,558,831	7,086,708	8,531,306	13,709,103	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
<i>STI De Los Santos College</i>							
Reimbursement for various expenses	28,105	317,165	—	(47,127,441)	(47,155,546)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
<i>STI Tuguegarao</i>							
Educational services, sale of educational materials and supplies	—	—	—	13,136,613	13,136,613	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	—	70,231	32,441	3,914,561	3,914,561	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
<i>STI Sta. Maria</i>							
Reimbursement for various expenses	1,884,946	5,021,473	1,350,731	3,206,550	19,800,998	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies	29,949,482	25,156,744	20,252,579	4,002,002	2,051,450	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
<i>STI Pagadian</i>							
Reimbursement for various expenses	—	65,076	—	8,986,341	8,986,341	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies	—	—	—	5,426,444	5,426,444	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
<i>STI Batangas</i>							
Reimbursement for various expenses	6,350,458	8,119,185	2,001,359	(6,423,653)	(9,072,605)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Rental income and other related charges	14,968,800	14,968,800	14,968,800	—	—	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
<i>CHI</i>							
Reimbursement for various expenses and other charges	73,440	—	—	73,440	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment

* Became a wholly owned subsidiary effective March 16, 2023

** STI ESG deconsolidated STI College Novaliches, Inc. as at June 30, 2025 and recognized its remaining equity interest representing 6.25% ownership in STI College Novaliches, Inc., under "Equity instruments at FVOCI" as at June 30, 2025 (see Notes 2, 14, 19 and 39).

Compensation and Benefits of Key Management Personnel

Compensation and benefits of key management personnel of the Group are as follows:

	2025	2024	2023
Short-term employee benefits	₱59,521,434	₱52,475,314	₱46,414,554
Post-employment benefits	2,294,653	2,921,222	2,644,280
	₱61,816,087	₱55,396,536	₱49,058,834



31. Basic and Diluted Earnings Per Share on Net Income Attributed to Equity Holders of the Parent Company

The table below shows the summary of net income and weighted average number of common shares outstanding used in the calculation of EPS:

	2025	2024	2023
Net income attributable to equity holders of the Parent Company (a)	₱1,812,856,337	₱1,275,727,684	₱623,308,931
Common shares outstanding at beginning and end of year (b) (see Note 20)	3,081,877,170	3,081,877,170	3,081,877,170
Basic and diluted earnings per share on net income attributable to equity holders of the Parent Company (a)/(b)	₱0.59	₱0.41	₱0.20

The basic and diluted earnings per share are the same for the years ended June 30, 2025, 2024 and 2023 as there are no dilutive potential common shares.

32. STI Gift of Knowledge Certificates (GOKs)

On December 9, 2002, the BOD of the Parent Company approved the offer for sale and issue of up to ₱2.0 billion worth of GOKs.

The STI GOKs are noninterest-bearing certificates that entitle the holders or any designated scholars to redeem academic units in any member of the STI Group or equivalent academic units in any STI school on certain designated redemption dates or, to require STI Group to pay in cash the par value of the outstanding STI GOKs on designated graduation dates. The redemption dates range from the SY 2004-2005 to six years from date of issue of the STI GOKs. The graduation dates range from four to ten years from issue date. A total offer size of 2,409,600 academic units for the entire STI Group or its equivalent units in any STI school will be offered at serial redemption dates at their corresponding par values.

In 2003, the SEC issued an Order of Registration and a Certificate of Permit to Sell Securities for the said STI GOKs.

The Parent Company is planning to amend the terms of the GOKs to conform with future business strategies. As at October 13, 2025, there has been no sale nor issuance of GOKs. Hence, pursuant to Section 17.2 (a) of the Securities Regulation Code (SRC), STI ESG is not required to file the reports required under Section 17 of the SRC.



33. Contingencies and Commitments

Contingencies

- a. *Specific Performance Case.* STI College Cebu, Inc. (STI Cebu) and STI ESG's Finance Officer were named defendants in a case filed by certain individuals for specific performance and damages. In their Complaint, the Plaintiffs sought the execution of Deed of Absolute Sale over a parcel of land situated in Cebu City on the bases of an alleged perfected contract to sell.

The Defendants filed the Consolidated Answer to the Amended Complaint on August 30, 2017. In the Consolidated Answer, Defendants asserted that there is no perfected contract to sell or of sale between STI ESG and the Plaintiffs considering that (a) there is no Board approval on the sale of the Subject Property; (b) lack of definite terms and conditions thereof; and (c) STI ESG's Finance Officer has no authority to bind STI ESG on the alleged contract to sell or sale of the Subject Property.

After the parties completed the presentation of evidence and filed their respective Memoranda, the Defendants received the Decision of the Trial Court on June 22, 2020.

In the Decision dated June 18, 2020, the Trial Court determined that there was no perfected contract to sell over the Property. The Trial Court affirmed that the Plaintiffs failed to obtain the consent of STI ESG. There was no evidence showing that STI ESG, through its Board of Directors, (a) gave its consent to the sale or (b) authorized Defendant Finance Officer to sell the Property in favor of the Plaintiffs.

The Trial Court, however, determined that Defendant Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages (Damages). The Trial Court determined that the actions of STI ESG's Finance Officer insofar as (a) receipt of the earnest money, (b) lack of written authority from STI ESG during the negotiation and (c) continued assurances to the Plaintiffs in relation to the BIR ruling on the tax-free exchange and then sudden withdrawal from the transaction constitute bad faith.

Lastly, the Trial Court ordered STI ESG to return the amount of ₱0.3 million it received from the Plaintiffs as "earnest money" with interest rate of 6% per annum from receipt thereof on March 30, 2011 until latter's tender of the same to the Plaintiffs on July 2, 2015.

Both parties filed their respective Partial Motion for Reconsideration insofar as the (a) dismissal of the Complaint and (b) award of Damages.

On August 25, 2020, the Trial Court issued its Order, which modified the Decision only insofar as requiring STI ESG's Finance Officer to pay an additional ₱50.0 thousand as attorney's fees in favor of the Plaintiffs. The rest of the findings in the Decision is affirmed.

Both the Plaintiffs and the Finance Officer filed their respective Notice of Appeal.

On December 1, 2020, STI ESG and the Defendant Finance Officer received the Notice, which requires the Appellants (Plaintiffs and the Defendant Finance Officer) to file their respective Appellant's Brief within forty-five (45) days from receipt of the Notice.

After the parties filed their respective brief(s), STI ESG received the Decision dated February 27, 2023 on March 20, 2023. Based on the Decision, the Court of Appeals affirmed *in toto* the Trial Court's Order(s).



On May 3, 2023, STI ESG received the Motion for Reconsideration filed by the Plaintiffs.

After STI ESG filed its Opposition dated July 14, 2023 to the said Motion for Reconsideration, the Court of Appeals issued its Resolution dated November 6, 2023, which denied the Plaintiffs' Motion for Reconsideration.

On January 8, 2024, STI ESG received the Petition for Review filed by the Plaintiffs before the Supreme Court.

The Supreme Court has yet to issue the appropriate Resolution on the said Petition insofar as whether to dismiss the same or require STI ESG to file a Comment to the Plaintiffs' Petition for Review.

- b. *Complaint for Damages filed by GATE (formerly STI-College Santiago, Inc.).* Global Academy of Technology and Entrepreneurship, Inc. (GATE) filed a complaint for Damages against STI ESG for its non-renewal of the Licensing Agreement despite the former's alleged compliance with the latter's audit recommendations. On the basis of such alleged invalid non-renewal of the Licensing Agreement, GATE seeks for (a) moral damages in the amount of ₱0.5 million, (b) exemplary damages in the amount of ₱0.5 million and (c) attorney's fees in the amount of 15% of the amount to be awarded and ₱3.0 thousand per court appearance.

On June 9, 2017, STI ESG filed its Answer to the Complaint. In the Answer, STI ESG reiterated its position that GATE has no cause of action against it because its decision not to renew the Licensing Agreement is in accordance with contractual stipulations therein that its renewal is upon mutual agreement of both parties. Considering the effectivity period of the Licensing Agreement expired on March 31, 2016 without being renewed by both parties, GATE cannot claim any damages for STI ESG's lawful exercise of its rights under the Licensing Agreement.

After the parties completed the presentation of their respective evidence, STI ESG received the Decision of the Trial Court on February 4, 2020.

In the Decision dated January 16, 2020, the Trial Court dismissed the instant case because the Plaintiffs failed to establish that STI ESG acted in abuse of rights when it refused to renew the Licensing Agreement with the Plaintiffs. The Trial Court confirmed that said Agreement clearly provided that the same can only be renewed by mutual agreement of the parties.

The Trial Court also ordered the payment by the Plaintiffs of STI ESG's counterclaim in the amount of ₱0.3 million as attorney's fees plus cost of suit.

Despite filing a Motion for Reconsideration, the Trial Court affirmed its dismissal of the Plaintiff's claim and the award of litigation cost in favor of STI ESG in an Order dated July 6, 2020.

On August 3, 2020, STI ESG received the Notice of Appeal filed by the Plaintiff.

After the parties filed their respective briefs, the Court of Appeals promulgated its Decision on July 12, 2022. In the Decision, the Court of Appeals affirmed the order of the Trial Court.

After the Plaintiff filed its Motion for Reconsideration on the said Decision, STI ESG filed its Comment and Opposition on September 5, 2022. The Court of Appeals affirmed its decision when it denied the Motion for Reconsideration filed by the Plaintiff.



On January 11, 2023, STI ESG, through counsel, received the Petition for Certiorari on Review (Petition) filed by the Plaintiff before the Supreme Court.

On September 14, 2023, STI ESG, through counsel, received the Resolution issued by the Supreme Court. In the Resolution, the Supreme Court denied the Petition filed by the Plaintiff.

After the Plaintiff filed its Motion for Reconsideration, the Supreme Court denied the same and affirmed with finality the dismissal of its Petition.

The Supreme Court issued an Entry of Judgment, which declared the dismissal of the plaintiff's Petition to be final and executory.

On November 4, 2024, STI ESG received a Notice from the Trial Court, which informed the parties that the records of the case have been remanded to said court.

After the filing of a Motion for Execution of the Decision dated January 16, 2020, the Trial Court issued the Writ of Execution.

Pursuant to the said Writ, the plaintiff paid the monetary award to STI ESG on August 14, 2025. Afterwards, STI ESG filed a Manifestation on the same date to inform the Trial Court that the plaintiff fully satisfied the payment of ₱0.3 million as attorney's fee plus cost of suit to STI ESG as provided in the Decision dated January 16, 2020.

Based on said circumstances, the case is terminated.

- c. Due to the nature of the Parent Company's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves illegal dismissal cases under which faculty members have brought claims against the Parent Company by reason of their faculty and/or employment contracts. Management and its legal counsels believe that the Parent Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial statements.
- d. Other subsidiaries also stand as the defendant of various lawsuits and claims filed by their former employees. The complainants are seeking payment of damages such as back wages and attorney's fees. Management and its legal counsels believe that the subsidiaries have substantial legal and factual bases for their position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's consolidated financial statements.

Commitments

a. Financial Commitments

The Parent Company has ₱65.0 million domestic bills purchase lines from various local banks as at June 30, 2025, specifically for the purchase of local and regional clearing checks. Interest on drawdown from such facility is waived except when drawn against returned checks to which the interest shall be the prevailing lending rate of such local bank. This facility is on a clean basis. As at June 30, 2025 and 2024, there is no outstanding availment from these lines.



b. Capital Commitments

As at June 30, 2025, STI ESG's significant contractual commitments include: (1) acquisition of a parcel of land, (2) construction of STI Academic Center Alabang, (3) construction of STI Academic Center Tanauan, (4) construction of new buildings at STI Fairview and STI Batangas, and (5) building upgrade and refurbishment projects.

As of June 30, 2024, STI ESG's significant contractual commitments include: (1) construction of the new building in STI Ortigas-Cainta campus, (2) learning classroom expansion for some schools (3) renovation and rehabilitation project of STI ESG's Tanay property, (4) construction of three-storey building at STI Lipa, (5) installation of solar panels and (6) acquisition of a parcel of land.

STI ESG has a contractual commitment with Avida amounting to ₱228.8 million, inclusive of ₱24.7 million VAT, for the parcel of lot located at South Park District, Alabang, Muntinlupa City - the future site of the new STI Academic Center Alabang. Of this amount, ₱126.7 million and ₱45.1 million have been settled as at June 30, 2025 and 2024, respectively. STI ESG likewise paid ₱9.2 million for taxes and other charges related to the sale in September 2024. The remaining balance of ₱102.1 million is due 16 months after the execution of the Deed of Sale on Installments in September 2024.

STI ESG has a contractual commitment and obligation for the construction of STI Academic Center Alabang. The total contract cost to put up the building is ₱647.7 million, of which ₱194.3 million has been paid as at June 30, 2025 representing the 30% downpayment. Similarly, STI ESG has a contractual commitment and obligation for the construction of STI Academic Center Tanauan. The total contract cost for the construction of the building is ₱364.2 million, of which ₱109.3 million has been paid as at June 30, 2025 representing the 30% downpayment.

STI ESG has a contractual commitment for the construction of a four-storey building at STI Fairview. The project has an aggregate cost of ₱91.0 million, of which ₱54.9 million has been paid as at June 30, 2025. Similarly, STI ESG has a contractual commitment for the construction of a new three-storey building at STI Batangas. The total contract cost for the construction of the building is ₱32.0 million, of which ₱21.3 million has been paid as at June 30, 2025.

The Group also has contractual commitments for building upgrade and refurbishment projects across several schools within the STI network. These projects aggregate to ₱101.0 million, of which ₱11.5 million has been paid as at June 30, 2025.

STI ESG has completed the construction of a new school building at STI Ortigas-Cainta campus. This construction project has a total contract price of ₱217.3 million, including the ongoing works for the STP project, with ₱204.0 million and ₱129.1 million already paid as at June 30, 2025 and June 30, 2024, respectively.

The classroom expansion projects for several schools of STI ESG have a total cost of ₱140.9 million, of which payments aggregating to ₱122.0 million have been made as at June 30, 2025.

The renovation and rehabilitation works at STI ESG's Tanay property have also been completed with total contract cost of ₱29.1 million. STI ESG has total disbursements for this project amounting to ₱27.6 million and ₱21.5 million as at June 30, 2025 and June 30, 2024, respectively.



Furthermore, STI ESG has ventured into sustainable initiatives, particularly in solar energy projects. The installation of solar panels, including the roof deck waterproofing activities, at its STI Ortigas-Cainta campus has been completed in November 2023. This project has a total cost of ₱16.7 million, of which ₱15.1 million has been paid as at June 30, 2025 and 2024, respectively.

The Group has completed solar energy projects on several wholly owned schools of STI ESG namely: STI Las Pinas, STI Sta. Mesa, STI Pasay EDSA, STI Novaliches, and STI Batangas with aggregate cost of ₱22.8 million, of which ₱18.5 million and ₱5.9 million have been paid as at June 30, 2025 and 2024, respectively.

The Group likewise has ongoing solar energy projects on several wholly owned schools of STI ESG namely: STI Lipa, STI San Jose del Monte, and STI Calamba, with aggregate cost of ₱13.8 million, of which ₱1.3 million has been paid as at June 30, 2025.

c. Others

- i. On December 13, 2023, STI ESG and Home Development and Mutual Fund (Pag-IBIG) entered into a memorandum of agreement on the implementation of Pag-IBIG Health and Education Loan Programs (Pag-IBIG HELPs). Under the loan program, the qualified Pag-IBIG member shall be able to pay his/her beneficiary's educational-related expenses to STI ESG at a special discount rate of 20% of the tuition fee, subject to the terms and conditions of the program as follows:

- Entitled to the discount are Pag-IBIG Fund members and their immediate family members;
- The discount is applicable to tuition fees only of incoming college and senior high school students and transferees for tertiary programs and senior high tracks, and specializations; and
- The discount cannot be availed in conjunction with another promo/discount.

This agreement is in effect for a period of two (2) years from the date of signing and will be automatically renewed for an additional two-year term upon expiration, subject to the same terms and conditions, or as may be stipulated by STI ESG and Pag-IBIG Fund. Either party may opt not to renew the agreement by providing a written notice at least two months before its expiration.

- ii. On December 17, 2018, the CHED, Unified Student Financial Assistance System for Tertiary Education Board (UniFAST) and STI ESG signed a memorandum of agreement to avail of the Tertiary Education Subsidy (TES) and Student Loan Program (SLP) for its students under the Universal Access to Quality Tertiary Education Act (UAQTEA) and its Implementing Rules and Regulations (IRR). RA No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of private HEIs. Accordingly, the TES and the SLP shall be administered by the UniFAST Board.

Based on RA No. 10931, the annual TES for students, subject to guidelines and implementing rules and regulations on the release of TES, enrolled in SUCs or CHED recognized LUCs is ₱40.0 thousand. Students enrolled in select private HEIs who are qualified to receive the TES, are entitled to ₱60.0 thousand a year. The TES sharing agreement states that ₱40.0 thousand shall go to the TES student grantee and ₱20.0 thousand to the private HEI. The subsidy is for Tuition and other related school fees and should cover the living allowance, books, supplies, transportation and miscellaneous expense. Additional benefits are likewise given to Persons



with Disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand per annum and ₱10.0 thousand, respectively. Under the TES program, CHED pays directly the schools where these students enrolled.

In July 2023, UniFAST issued Memorandum Circular No. 5 for the allocation of funds for new TES grants. Qualified student grantees for SY 2021-2022 from private HEIs in cities and municipalities without SUCs or LUCs, shall receive ₱40.0 thousand for the second semester of SY 2022-2023 to cover their full or partial payables for tuition and other school fees. Thereafter, qualified grantees shall be considered as continuing grantees, subject to validation, for the first semester of SY 2023-2024 onwards shall receive a subsidy rate of ₱20.0 thousand per school year or ₱10.0 thousand per semester to cover the full or partial cost of tuition and other school fees. In case the tuition and other school fees is lower than ₱10.0 thousand per semester, the difference shall be given to the student. Administrative support cost remain at 1% of the total grant. Continuing TES grantees for the second semester of SY 2022-2023 shall receive ₱60.0 thousand per school year or ₱30.0 thousand per semester until they graduate. New TES grantees who are Persons with Disabilities (PWDs) shall receive an additional subsidy of ₱30.0 thousand per school year or ₱15.0 thousand per semester. New TES grantees for the first semester of SY 2023-2024 shall receive ₱20.0 thousand per school year or ₱10.0 thousand per semester to cover the full or partial cost of tuition and other school fees. New TES grantees who are Persons with Disabilities (PWDs) shall receive an additional subsidy of ₱10.0 thousand per school year or ₱5.0 thousand per semester.

The qualified TES graduates for SY 2022-2023 onwards, in courses requiring licensure examinations shall receive a maximum one-time reimbursement of ₱8.0 thousand to cover the full or partial cost of taking the said licensure examinations.

UniFAST issued Memorandum Circular No. 21-2024 which states that TES grantees shall receive the amount of ₱13.5 thousand per school year for students in PHEIs, while TES grantees from SUCs and LUCs shall receive an amount of ₱10.0 per semester or ₱20.0 thousand per school year unless otherwise provided by the UniFAST Board.

- iii. On March 17, 2021, STI ESG executed a Memorandum of Agreement (MOA) with DBP for the implementation of the DBP Resources for Inclusive and Sustainable Education Program (DBP RISE). The program grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program starting SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. STI ESG and DBP executed a similar MOA in November 2021 and May 2023 covering the implementation of DBP RISE for deserving students enrolled starting SY 2021-2022, SY 2022-2023, and SY 2023-2024.

34. Financial Risk Management Objectives and Policies

The principal financial instruments of the Group comprise cash and cash equivalents and interest-bearing loans and borrowings. The main purpose of these financial instruments is to raise working capital and major capital investment financing for the Group's school operations. The Group has various other financial assets and liabilities such as receivables, accounts payable and other current liabilities which arise directly from its operations.



The main risks arising from the Group's financial instruments are liquidity risk, credit risk and interest rate risk. The Parent Company's BOD and management reviews and agrees on the policies for managing each of these risks as summarized as follows.

Liquidity Risk

Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet its currently maturing commitments. The Group's liquidity profile is managed to be able to finance its operations and capital expenditures, and other financial obligations. To cover its financing requirements, the Group uses internally generated funds and interest-bearing loans and borrowings. As part of its liquidity risk management program, the Group regularly evaluates the projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives.

Any excess funds are primarily invested in short-dated and principal-protected bank products that provide flexibility of withdrawing the funds anytime. The Group regularly evaluates available financial products and monitors market conditions for opportunities to enhance yields at acceptable risk levels.

The Group's current liabilities are mostly made up of trade liabilities with a 30 to 60-day payment terms, and current portion of interest-bearing loans and borrowings that are expected to mature within one year after the reporting date. On the other hand, the biggest components of the Group's current assets are cash and cash equivalents, and receivables from students and franchisees with credit terms of up to ten (10) months for installment payments, and thirty (30) days, respectively.

As at June 30, 2025 and 2024, the Group's current assets amounted to ₱2,297.1 million and ₱1,793.3 million, respectively, while current liabilities amounted to ₱1,612.0 million and ₱1,428.5 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱163.0 million and ₱93.0 million as at June 30, 2025 and 2024, respectively. Unearned tuition and other school fees represent performance obligations related to revenues from tuition and other school fees, which will be satisfied over time as the students receive the services provided by the Group.

As part of the Group's liquidity risk management program, the management regularly evaluates the projected and actual cash flow information.

The Group regularly monitors both the debt service coverage ratio (DSCR) for STI ESG's interest-bearing loans from local banks and the interest coverage ratio (ICR) for its series 10-year bonds. The ratios are based on the consolidated financial statements of the Group. The DSCR is equivalent to the EBITDA divided by the total principal and interests due for the next twelve months while the ICR is computed as EBITDA divided by the total interests due for the next twelve months. The Group manages its DSCR to keep it at a level acceptable to the Group and the lender banks. Similarly, the Group monitors its ICR to keep it at a level acceptable to the Group and the bondholders.

The Term Loan Agreement with Chinabank prescribes that the financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year. The term loan agreements with BPI and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year. STI ESG is compliant with the DSCR requirement as at June 30, 2025 and 2024, as defined in the term loan agreements (see Note 17).



The Second Supplemental Trust Agreement replaced the DSCR measure with ICR, as discussed in Note 18 of the consolidated financial statements. The Group's policy is to keep the debt service coverage ratio not lower than 1.05:1.00 and the interest coverage ratio not lower than 3.00:1.00. DSCRs, as defined in the loan agreement, as at June 30, 2025 and 2024 are 3.40:1.00 and 2.39:1.00, respectively. ICRs, as defined in the bond trust agreement, as at June 30, 2025 and 2024 are 14.95:1.00 and 9.37:1.00, respectively. STI ESG has been compliant with the financial covenants imposed under the loan and bond trust agreements.

The tables below summarize the maturity profile of the Group's financial assets held for liquidity purposes and other financial liabilities based on undiscounted contractual payments.

	2025				
	On demand	Less than 3 Months	3 to 12 Months	More than 1 Year	Total
Financial Assets					
Loans and receivables at amortized cost:					
Cash and cash equivalents	₱1,594,569,687	₱–	₱–	₱–	₱1,594,569,687
Receivables ⁽¹⁾	136,160,090	102,031,669	82,544,917	98,300,839	419,037,515
Rental and utility deposits (included as part of the “Goodwill, intangible and other noncurrent assets” account)	–	–	–	23,246,120	23,246,120
Equity instruments at FVPL	11,501,000	–	–	–	11,501,000
Equity instruments at FVOCI	–	–	–	78,079,631	78,079,631
	₱1,742,230,777	₱102,031,669	₱82,544,917	₱199,626,590	₱2,126,433,953
Financial Liabilities					
Other financial liabilities:					
Bonds payable					
Principal	₱–	₱–	₱–	₱ 820,000,000	₱820,000,000
Interest	–	–	52,279,920	231,185,140	283,465,060
Interest-bearing loans and borrowings					
Principal	–	292,222,222	292,222,222	1,153,333,334	1,737,777,778
Interest	–	61,094,704	52,685,551	201,785,487	315,565,742
Accounts payable and other current liabilities ⁽²⁾	641,990,019	–	102,062,500	–	744,052,519
Lease liabilities	–	14,055,273	70,276,363	318,607,874	402,939,510
Other noncurrent liabilities ⁽³⁾	–	–	–	13,912,200	13,912,200
	₱641,990,019	₱367,372,199	₱569,526,557	₱2,738,824,035	₱4,317,712,809
	2024				
	On demand	Less than 3 Months	3 to 12 Months	More than 1 Year	Total
Financial Assets					
Loans and receivables at amortized cost:					
Cash and cash equivalents	₱1,191,716,845	₱–	₱–	₱–	₱1,191,716,845
Receivables ⁽¹⁾	67,094,834	138,834,587	43,303,836	72,873,529	322,106,786
Rental and utility deposits (included as part of the “Goodwill, intangible and other noncurrent assets” account)	–	–	–	24,404,273	24,404,273
Equity instruments at FVPL	8,137,500	–	–	–	8,137,500
Equity instruments at FVOCI	–	–	–	76,027,229	76,027,229
	₱1,266,949,179	₱138,834,587	₱43,303,836	₱173,305,031	₱1,622,392,633
Financial Liabilities					
Other financial liabilities:					
Bonds payable					
Principal	₱–	₱–	₱–	₱ 820,000,000	₱820,000,000
Interest	–	–	52,279,919	139,030,060	191,309,979
Interest-bearing loans and borrowings					
Principal	–	270,000,000	270,000,000	1,560,000,000	2,100,000,000
Interest	–	85,772,784	74,602,069	249,599,786	409,974,639
Accounts payable and other current liabilities ⁽²⁾	621,260,394	68,974,896	516,830	–	690,752,120
Lease liabilities	–	25,697,163	64,389,938	354,368,589	435,509,103
Other noncurrent liabilities ⁽³⁾	–	–	–	94,940,857	94,940,857
	₱621,260,394	₱441,498,256	₱461,788,756	₱3,217,939,292	₱4,742,486,698

⁽¹⁾ Excluding advances to officers and employees amounting to 14.0 million and 25.1 million as at June 30, 2025 and 2024, respectively.

⁽²⁾ Excluding government and other statutory liabilities amounting to ₱26.3 million and ₱24.2 million as at June 30, 2025 and 2024, respectively.

⁽³⁾ Excluding advance rent and deferred lease liability amounting to ₱15.7 million and ₱17.1 million as at June 30, 2025 and 2024, respectively.



The Group's current ratios are as follows:

	2025	2024
Current assets	₱2,297,137,838	₱1,793,298,634
Current liabilities	1,611,999,089	1,428,482,725
Current ratios	1.43:1.00	1.26:1.00

Credit Risk

Credit risk is the risk that the Group will incur a loss arising from students, franchisees, or counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for each counterparty and by monitoring expenses in relation to such limits.

It is the Group's policy to require the students to pay all their tuition and other school fees before they can get their report cards and other credentials. In addition, receivable balances are monitored continuously such that exposure to bad debts is not significant.

With respect to credit risk arising from the other financial assets of the Group, which comprise cash and cash equivalents, the Group's exposure to credit risk arises from the default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments. As at June 30, 2025 and 2024, there is no significant concentration of credit risk.

Credit Risk Exposures. The table below shows the maximum exposure to credit risk for the components of the consolidated statements of financial position:

	2025		2024	
	Gross Maximum Exposure ⁽¹⁾	Net Maximum Exposure ⁽²⁾	Gross Maximum Exposure ⁽¹⁾	Net Maximum Exposure ⁽²⁾
Financial Assets				
Loans and receivables:				
Cash and cash equivalents ⁽³⁾	₱1,593,746,484	₱1,572,746,484	₱1,190,866,990	₱1,169,866,990
Receivables ⁽⁴⁾	575,713,437	575,713,437	477,689,781	477,689,781
Rental deposits ⁽⁵⁾	23,246,120	23,246,120	24,404,273	24,404,273
	₱2,192,706,041	₱2,171,706,041	₱1,692,961,044	₱1,671,961,044

⁽¹⁾ Gross financial assets before taking into account any collateral held or other credit enhancements or offsetting arrangements.

⁽²⁾ Gross financial assets after taking into account any collateral held or other credit enhancements or offsetting arrangements or insurance in case of bank deposits.

⁽³⁾ Excluding cash on hand

⁽⁴⁾ Excluding advances to officers and employees amounting to ₱14.0 million and ₱25.1 million as at June 30, 2025 and 2024, respectively.

⁽⁵⁾ Included as part of "Goodwill, intangible and other noncurrent assets" account.

Credit Quality per Class of Financial Asset. The tables below show the credit quality by class of financial assets based on STI ESG's credit rating system as at June 30, 2025 and 2024:

	2025			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Class A	₱1,617,737,868	₱307,372,395	₱—	₱1,925,110,263
Class B	—	266,184,163	—	266,184,163
Class C	—	85,002,580	6,812,869	91,815,449
Gross carrying amount	1,617,737,868	658,559,138	6,812,869	2,283,109,875
ECL	—	149,863,053	6,812,869	156,675,922
Carrying amount	₱1,617,737,868	₱508,696,085	₱—	₱2,126,433,953



	2024			
	Stage 1 12-month ECL	Stage 2 Lifetime ECL	Stage 3 Credit Impaired	Total
Class A	₱1,211,819,628	₱232,915,311	₱—	₱1,444,734,939
Class B	—	260,829,220	—	260,829,220
Class C	—	64,000,992	8,410,477	72,411,469
Gross carrying amount	1,211,819,628	557,745,523	8,410,477	1,777,975,628
ECL	—	147,172,518	8,410,477	155,582,995
Carrying amount	₱1,211,819,628	₱410,573,005	₱—	₱1,622,392,633

The following credit quality categories of financial assets are managed by the Group as internal credit ratings. The credit quality of the financial assets was determined as follows:

- Class A - *Cash and cash equivalent* and *Rental and utility deposits* are classified as “Class A” based on the good credit standing or rating of the counterparty. *Receivables* classified as “Class A” are those with a high probability of collection and/or customer or counterparties who possess strong to very strong capacity to meet its obligations.
- Class B - these are *Receivables* from customers who settle their obligations within tolerable delays.
- Class C - these pertain to *Receivables* from customers with payment behavior normally extending beyond the credit terms and have a high probability of becoming impaired.

The table below shows the aging analysis of receivables from students on which the amount of allowance was based on lifetime expected credit losses:

	Current	Within the Semester	After the Semester but within the School Year	After the School Year	ECL	Total
2025	₱172,110,154	₱53,908,057	₱232,377	₱84,770,203	(₱149,863,053)	₱161,157,738
2024	₱171,655,225	₱43,305,972	₱471,503	₱63,529,489	(₱147,172,518)	₱131,789,671

Interest Rate Risk. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate financial instruments are subject to fair value interest rate risk while floating-rate financial instruments are subject to cash flow interest rate risk. The Group’s interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group’s long-term loans and bonds. While the Group’s long-term debts have floating interest rates, the Group elected to have the interest rate repriced every six months on its new loans and every year on the old loans, thus minimizing the exposure to market changes in interest rates. The Parent Company’s 7-year bonds, which had a fixed interest rate, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate.

The Group’s exposure to interest rate risk also includes its cash and cash equivalents balance. Interest rates for the Group’s cash deposits are at prevailing interest rates. Due to the magnitude of the deposits, significant changes in interest rates may also affect the statements of comprehensive income of the Group.



The following table demonstrates the sensitivity, to a reasonably possible change in interest rates, with all other variables held constant, of the consolidated statements of comprehensive income and consolidated statements of changes in equity for the years ended June 30, 2025, 2024 and 2023:

Increase/decrease in Basis Points (bps)	Effect on Income Before Income Tax		
	2025	2024	2023
+100 bps	(P25,770,864)	(P29,433,333)	(P39,433,927)
-100 bps	25,770,864	29,433,333	39,433,927

Capital Risk Management Policy

The Group's objectives when managing capital are to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. The Group is not subject to externally imposed capital requirements.

The Group monitors capital using the D/E ratio, which is computed as the total of current and noncurrent liabilities, net of unearned tuition, and other school fees, divided by total equity. The Group monitors its D/E ratio to keep it at a level acceptable to the Group, the lender banks, and the STI ESG bondholders. The Group's policy is to keep the D/E ratio at a level not exceeding 1.50:1.00. STI ESG is compliant with the D/E ratio requirement as at June 30, 2025 and 2024, as defined in the term loan and trust agreements, (see Notes 17 and 18).

The Group considers its equity contributed by stockholders as capital.

	2025	2024
Capital stock	P3,087,829,443	P3,087,829,443
Additional paid-in capital	386,916,479	386,916,479
Retained earnings (see Note 20)	4,875,254,140	3,524,679,379
	P8,350,000,062	P6,999,425,301

The Group's debt-to-equity ratios are as follows:

	2025	2024
Total liabilities*	P3,716,786,223	P4,131,238,695
Total equity	8,390,859,127	6,996,687,341
Debt-to-equity ratio	0.44:1.00	0.59:1.00

*Excluding unearned tuition and other school fees

The Group's asset-to-equity ratios are as follows:

	2025	2024
Total assets	P12,270,621,798	P11,220,952,292
Total equity	8,390,859,797	6,996,687,341
Asset-to-equity ratio	1.46:1.00	1.60:1.00

No changes were made in the objectives, policies or processes during the years ended June 30, 2025, 2024 and 2023.



35. Fair Value Information of Financial Instruments

The following tables set forth the carrying amounts and estimated fair values of financial assets and liabilities recognized as at June 30, 2025 and 2024. There are no material unrecognized financial assets and liabilities as at June 30, 2025 and 2024.

	2025				
	Carrying Amount	Fair Value	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾
Financial Assets					
At amortized cost:					
Rental and utility deposits	P23,246,120	P23,246,120	P—	P—	P23,246,120
Equity instruments at FVOCI	78,079,631	78,079,631	11,880,016	56,199,615	10,000,000
	P101,325,751	P101,325,751	P11,880,016	P56,199,615	P33,246,120
Financial Liabilities					
At amortized cost:					
Refundable deposits	P19,905,706	P16,956,093	P—	P—	P16,956,093
Bonds payable	816,706,013	729,004,970	—	729,004,970	—
	P836,611,719	P745,961,063	P—	P729,004,970	P16,956,093

⁽¹⁾ Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

⁽²⁾ Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable

⁽³⁾ Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

	2024				
	Carrying Amount	Fair Value	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾
Financial Assets					
At amortized cost:					
Rental and utility deposits	P24,404,273	P24,404,273	P—	P—	P24,404,273
Equity instruments at FVOCI	76,027,229	76,027,229	9,574,560	56,452,669	10,000,000
	P100,431,502	P100,431,502	P9,574,560	P56,452,669	P34,404,273
Financial Liabilities					
At amortized cost:					
Refundable deposits	P20,358,864	P15,249,189	P—	P—	P15,249,189
Bonds payable	814,967,275	678,402,624	—	678,402,624	—
	P835,326,139	P693,651,813	P—	P678,402,624	P15,249,189

⁽¹⁾ Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

⁽²⁾ Level 2 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is directly or indirectly observable

⁽³⁾ Level 3 – Valuation techniques for which the lowest level of input that is significant to the fair value measurement is unobservable

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Other Current Liabilities. Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as of financial reporting date.

Rental and Utility Deposits. The fair values of these instruments are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates ranging from 0.58% to 5.89% and 1.31% to 6.22% as at June 30, 2025 and 2024, respectively, that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Equity instruments at FVPL and FVOCI. The fair values of publicly traded equity instruments at FVPL and FVOCI, classified under Level 1, are determined by reference to market bid quotes as at financial reporting date. The fair values of unquoted shares are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions. Such techniques include using recent arm's-length market transactions and reference to the current market value of another instrument which is substantially the same.



Interest-bearing Loans and Borrowings. The carrying value of floating rate interest-bearing loans and borrowings approximates fair value because of regular repricing based on market conditions.

Fixed-rate Bonds. The estimated fair value of the 10-year bonds, maturing in 2027 which carries a fixed interest rate is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread. Interest rates used in discounting cash flows were 7.21% and 7.27% as at June 30, 2025 and 2024, respectively.

Refundable Deposits. The fair values of the refundable deposits are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates ranging from 5.13% to 6.66% and 5.59% to 6.86% as at June 30, 2025 and 2024, respectively, adjusted for 2% credit spread rate that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

On June 30, 2025 and 2024, there were no transfers between Level 1 and 2 fair value measurements, and no transfers into and out of Level 3 fair value measurements.



36. Changes in Liabilities Arising from Financing Activities

	June 30, 2024	Cash Flows	Gain on Early Extinguishment of Loan	Interest Expense (see Note 22)	Dividends Declared (see Note 20)	Reclassified as Current	Effect of Lease Termination/ Modification (see Notes 10 and 28)	New/ Renewed Leases (see Note 28)	June 30, 2025
Current portion of interest-bearing loans and borrowings	₱536,274,021	(₱562,222,222)	₱–	₱–	₱–	₱606,215,363	₱–	₱–	₱580,267,162
Bonds payable	814,967,275	–	–	1,738,738	–	–	–	–	816,706,013
Interest-bearing loans and borrowings – net of current portion	1,549,840,391	198,500,000	–	3,940,640	–	(606,215,363)	–	–	1,146,065,668
Lease liabilities	315,034,072	(86,659,022)	–	23,326,951	–	–	(15,464,419)	72,644,476	308,882,058
Dividends payable	18,000,539	(460,305,384)	–	–	462,281,576	–	–	–	19,976,731
Interest payable ^(a)	49,507,925	(215,551,280)	–	204,650,311	–	–	–	–	38,606,956
	₱3,283,624,223	(₱1,126,237,908)	₱–	₱233,656,640	₱462,281,576	₱–	(₱15,464,419)	₱72,644,476	₱2,910,504,588

	June 30, 2023	Cash Flows	Gain on Early Extinguishment of Loan	Interest Expense (see Note 22)	Dividends Declared (see Note 20)	Reclassified as Current	Effect of Lease Termination/ Modification (see Notes 10 and 28)	New/ Renewed Leases (see Note 28)	June 30, 2024
Current portion of interest-bearing loans and borrowings	₱183,042,276	(₱333,050,203)	₱–	₱–	₱–	₱686,281,948	₱–	₱–	₱536,274,021
Bonds payable	2,988,422,984	(2,180,000,000)	–	6,544,291	–	–	–	–	814,967,275
Interest-bearing loans and borrowings – net of current portion	748,861,025	1,488,750,000	(3,076,465)	1,587,779	–	(686,281,948)	–	–	1,549,840,391
Lease liabilities	335,735,940	(83,324,497)	–	21,523,233	–	–	–	41,099,396	315,034,072
Dividends payable	15,161,749	(613,536,656)	–	–	616,375,446	–	–	–	18,000,539
Interest payable ^(a)	21,499,453	(212,247,813)	–	240,256,285	–	–	–	–	49,507,925
	₱4,292,723,427	(₱1,933,409,169)	(₱3,076,465)	₱269,911,588	₱616,375,446	₱–	₱–	₱41,099,396	₱3,283,624,223

	June 30, 2022	Cash Flows	Gain on Early Extinguishment of Loan	Interest Expense (see Note 22)	Dividends Declared (see Note 20)	Reclassified as Current	Effect of Lease Termination/ Modification (see Notes 10 and 28)	New/ Renewed Leases (see Note 28)	June 30, 2023
Current portion of interest-bearing loans and borrowings	₱159,544,753	(₱279,544,753)	₱–	₱–	₱–	₱303,042,276	₱–	₱–	₱183,042,276
Bonds payable	2,980,515,064	–	–	7,907,920	–	–	–	–	2,988,422,984
Interest-bearing loans and borrowings – net of current portion	1,052,687,728	–	–	(784,427)	–	(303,042,276)	–	–	748,861,025
Lease liabilities	317,614,362	(80,779,082)	–	19,304,634	–	–	(1,742,209)	81,338,235	335,735,940
Dividends payable	14,186,826	(214,756,479)	–	–	215,731,402	–	–	–	15,161,749
Interest payable ^(a)	23,932,919	(251,924,511)	–	249,491,045	–	–	–	–	21,499,453
	₱4,548,481,652	(₱827,004,825)	₱–	₱275,919,172	₱215,731,402	₱–	(₱1,742,209)	₱81,338,235	₱4,292,723,427



37. Notes to the Consolidated Statements of Cash Flows

The Group's material noncash investing and financing activities pertain to the following:

- a. Additions to ROU assets presented under "Property and equipment" amounted to ₱70.2 million, ₱43.7 million, ₱85.3 million for the years ended June 30, 2025, 2024 and 2023, respectively (see Note 10).
- b. Unpaid progress billing for construction-in-progress presented under "Property and equipment" amounted to ₱40.1 million, ₱16.2 million, and ₱3.6 million as at June 30, 2025, 2024, and 2023, respectively.
- c. Reclassifications from property and equipment to investment properties amounted to ₱187.4 million and ₱40.5 million for the years ended June 30, 2024 and 2023, respectively (nil in 2025).
- d. Reclassifications from investment properties to property and equipment amounted to ₱140.1 million and ₱115.7 million for the years ended June 30, 2025 and 2023, respectively (nil in 2024).
- e. Reclassification from "Other noncurrent assets", pertaining to advances to suppliers, to "Property and equipment" amounted to ₱21.3 million, ₱12.9 million and ₱4.2 million for the years ended June 30, 2025, 2024 and 2023, respectively.
- f. Reclassification from "Other noncurrent assets", pertaining to deposit for asset acquisition, to "Property and equipment" amounted to ₱20.4 million for the year ended June 30, 2025 (see Notes 10 and 15).
- g. Accounts payable amounting to ₱102.1 million represents the outstanding installment balance of STI ESG for the acquisition of a parcel of land at South Park District, Alabang, Muntinlupa City. This liability is due 16 months after the Deed of Sale on Installments was executed in September 2024 (see Notes 10 and 16).

38. Business Combination and Asset Acquisition

STI Novaliches Campus

On March 31, 2025, STI Holdings, STI ESG, and STI College Novaliches, Inc. executed a Deed of Assignment (the Deed) where STI College Novaliches, Inc. unconditionally and irrevocably assigned and transferred its identified assets and liabilities, including its permits and licenses, to STI ESG for a total consideration of ₱4.2 million. The Novaliches campus of the Parent Company has continued to operate as an STI ESG branch in Novaliches, Quezon City, effective January 2025 (see Notes 14, 30 and 39). The transaction is accounted for as business combination under common control using pooling of interests method. Accordingly, the assets and liabilities transferred to STI ESG are recognized at its carrying values and no 'new' goodwill is recognized as a result of the combination.

CHI

As discussed in Notes 4 and 11, on June 20, 2024, STI ESG and TCAMI executed a deed of absolute sale for STI ESG's acquisition of 100% of the total issued and outstanding capital stock of CHI.



The acquisition of CHI is accounted for as an asset acquisition (see Note 4). CHI's assets, which primarily consist of a parcel of land, were assigned their carrying amount based on their relative fair values. The land was valued at ₱182.9 million, after allocating the acquisition cost to other identifiable assets and liabilities of CHI which had a net liability carrying amount of ₱2.9 million.

STI Alabang

On March 16, 2023, STI ESG and the majority owners of STI Alabang entered into a deed of absolute sale wherein STI ESG acquired 60% of the issued and outstanding capital stock of STI Alabang from the former franchisee for ₱1.00. Prior to this, STI ESG owns 40% of STI Alabang's issued and outstanding capital stock. As a result, STI Alabang became a wholly owned subsidiary of STI ESG effective March 31, 2023.

The following are the identifiable assets and liabilities as at the date of acquisition based on final purchase price allocation:

<i>Assets</i>	
Cash	₱9,232,050
Receivables	5,194,246
Inventories	960,491
Prepaid expenses	892,547
Property and equipment (see Note 10)	2,162,891
Deferred tax assets	843,309
Other noncurrent assets	1,271,855
	<u>20,557,389</u>
<i>Liabilities</i>	
Accounts payable and other current liabilities	₱43,581,348
Total identifiable net liabilities at fair values	(23,023,959)
Purchase consideration transferred	1
Goodwill (see Note 15)	<u>₱23,023,960</u>

Analysis of cash flow on acquisition is as follows:

Cash acquired from the subsidiary	₱9,232,050
Cash paid	(1)
Net cash inflow on acquisition	<u>₱9,232,049</u>

The transaction was accounted for as a business combination. The identifiable assets and liabilities recognized in the consolidated financial statements as at June 30, 2023 were based on assessment of the fair value of these assets and liabilities at the time of acquisition. The transaction resulted in goodwill amounting to ₱23.0 million which is presented as part of "Goodwill, intangible and other noncurrent assets" in the statement of financial position as at June 30, 2023 (see Notes 1, 12 and 15). Goodwill comprises the expected synergies in operating the school under STI ESG management.

From the date of acquisition to June 30, 2023, the revenues included in the consolidated statement of comprehensive income contributed by STI Alabang was ₱10.4 million. STI Alabang also contributed net loss of ₱1.8 million over the same period. If the acquisition had taken place at the beginning of the fiscal year ended June 30, 2023, the consolidated revenue and consolidated net income would have been ₱2,612.9 million and ₱661.8 million, respectively.



39. Other Matters

On February 27, 2024, the BOD of STI Holdings ratified the execution of a term sheet between STI Holdings and Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration, Inc. - Quezon City (PSBA Quezon City) or collectively referred to as “PSBA”. The term sheet covers the takeover by STI Holdings of the operations of PSBA as well as the acquisition of licenses, trademarks, trade names, and school-related assets owned by PSBA (the “transaction”).

The term sheet and the implementation of the transaction are subject to several conditions including, among others, the execution of mutually acceptable definitive agreements, fulfillment of the conditions precedent, approval of the stockholders of PSBA, and regulatory approvals.

On May 2, 2024, STI ESG entered into a Contract to Sell with PSBA Manila for the sale and purchase of a 3,000 square meter parcel of land located at Aurora Boulevard, Quezon City (referred to as the “Subject Property”). The sale and purchase of the Subject Property is subject to regulatory approvals and the fulfillment of certain conditions precedent. Subject to regulatory approvals and upon fulfillment of such conditions precedent, STI ESG and PSBA Manila shall execute a Deed of Absolute Sale over the Subject Property.

On May 2, 2024, STI Holdings and PSBA also executed the Right of First Refusal Agreement as STI Holdings has the right of first refusal in the event that PSBA intends to sell the PSBA properties. PSBA Manila is the registered and beneficial owner of a parcel of land, together with the improvement thereon, located at R. Papa St., Manila (the “PSBA Manila Property”). PSBA Manila is also the registered and beneficial owner of two parcels of land, together with improvements thereon, located at Aurora Boulevard, Quezon City.

On the same date, STI College Novaliches, Inc. entered into an Asset Purchase Agreement with PSBA for the acquisition by STI College Novaliches, Inc. of the tangible and intangible assets of PSBA (collectively, the “School Related Assets”) used or relating to the operation by PSBA of its schools located in Manila and Quezon City. The sale and purchase of School Related Assets is subject to regulatory approvals and the fulfillment of certain conditions. Subject to regulatory approvals and the fulfillment of certain conditions, STI College Novaliches, Inc. and PSBA shall execute Deeds of Assignment for the sale and purchase of the School Related Assets. As at October 13, 2025, the conditions precedent and regulatory approvals for the aforementioned agreements have not been fulfilled.

On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG shall provide the management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services will be for a period of three years counting from the management commencement date.

The agreement provides that STI ESG shall perform the following obligations, among others, (1) provide management services including, but not limited to, marketing and advertising efforts, administering teaching and nonteaching staff deployed in each of the PSBA schools, maintaining school records and providing such other administrative and support services required for the effective operations of PSBA schools; (2) enter into contracts for and on behalf of PSBA with third parties without need of consent of PSBA; (3) liaise with local government units and government agencies in relation to the management and operations of PSBA schools; (4) apply for and obtain permits and licenses for PSBA schools.



PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of the gross revenues of PSBA Manila and PSBA Quezon City, respectively.

The management agreement may be extended provided that (i) such extension shall be subject to mutual agreement of the Parties; (ii) STI ESG shall be entitled to use the PSBA Manila and Quezon City properties rent-free during the extended management period, and (iii) the same terms and conditions shall apply during the extended management period unless otherwise agreed upon by the Parties in writing.

On September 23, 2024, PSBA informed STI Holdings that a third party had offered to purchase the PSBA Manila Property. On October 2, 2024, STI Holdings informed PSBA that it intended to exercise its right of first refusal over the PSBA Manila Property under the same terms and conditions offered by the third party. As at October 13, 2025, STI Holdings has yet to receive the reply of PSBA.

The SEC approved on July 31, 2025, several amendments to the Articles of Incorporation of STI College Novaliches, Inc., which include the change in the corporate name to “Philippine School of Business Administration - Manila, Inc.”. The SEC likewise approved on August 29, 2025, the amended By-Laws of Philippine School of Business Administration-Manila, Inc. (formerly “STI College Novaliches, Inc.”) which include, among others, the change in its fiscal year from April 1 of each year to March 31 of the following year to July 1 of each year to June 30 of the following year.



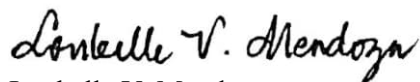
INDEPENDENT AUDITOR'S REPORT

The Board of Directors and Stockholders
STI Education Services Group, Inc.
STI Academic Center Ortigas-Cainta
Ortigas Avenue Extension
Cainta, Rizal

We have audited the accompanying consolidated financial statements of STI Education Services Group, Inc. (the Company) as at June 30, 2025 and for the year then ended, on which we have rendered the attached report dated October 13, 2025.

In compliance with the Revised Securities Regulation Code Rule 68, we are stating that the above Company has 47 stockholders owning 100 or more shares each.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

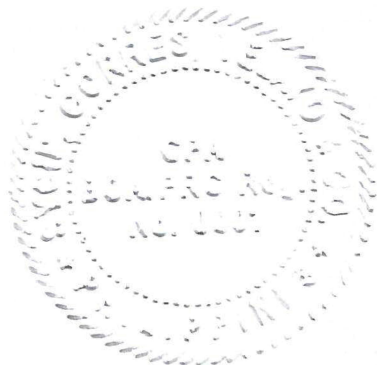
Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10465344, January 2, 2025, Makati City

October 13, 2025

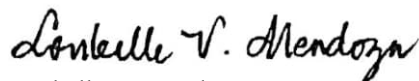


INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY SCHEDULES

The Stockholders and the Board of Directors
STI Education Services Group, Inc.
STI Academic Center Ortigas - Cainta
Ortigas Avenue Extension
Cainta, Rizal

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Services Group, Inc. and its subsidiaries (the Group) as at June 30, 2025 and 2024 and for each of the three years in the period ended June 30, 2025, and have issued our report thereon dated October 13, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The schedules listed in the Index to the Supplementary Schedules are the responsibility of the Group's management. These schedules are presented for purposes of complying with Revised Securities Regulation Code Rule 68, and are not part of the basic consolidated financial statements. These schedules have been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, fairly state, in all material respects, the information required to be set forth therein in relation to the basic consolidated financial statements taken as a whole.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

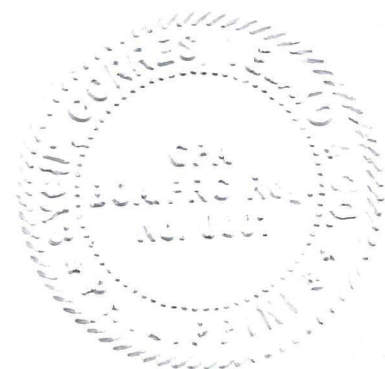
Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10465344, January 2, 2025, Makati City

October 13, 2025

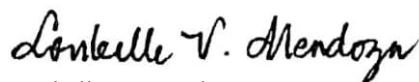


INDEPENDENT AUDITOR'S REPORT ON COMPONENTS OF FINANCIAL SOUNDNESS INDICATORS

The Stockholders and the Board of Directors
STI Education Services Group, Inc.
STI Academic Center Ortigas - Cainta
Ortigas Avenue Extension
Cainta, Rizal

We have audited in accordance with Philippine Standards on Auditing, the consolidated financial statements of STI Education Services Group, Inc. and its subsidiaries (the Group) as at June 30, 2025 and 2024 and for each of the three years in the period ended June 30, 2025, and have issued our report thereon dated October 13, 2025. Our audits were made for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The Supplementary Schedule on Financial Soundness Indicators, including their definitions, formulas, calculation, and their appropriateness or usefulness to the intended users, are the responsibility of the Group's management. These financial soundness indicators are not measures of operating performance defined by Philippine Financial Reporting Standards (PFRS) Accounting Standards and may not be comparable to similarly titled measures presented by other companies. This schedule is presented for the purpose of complying with the Revised Securities Regulation Code Rule 68 issued by the Securities and Exchange Commission, and is not a required part of the basic consolidated financial statements prepared in accordance with PFRS Accounting Standards. The components of these financial soundness indicators have been traced to the Group's consolidated financial statements as at June 30, 2025 and 2024 and for each of the three years in the period ended June 30, 2025 and no material exceptions were noted.

SYCIP GORRES VELAYO & CO.



Loubelle V. Mendoza

Partner

CPA Certificate No. 115161

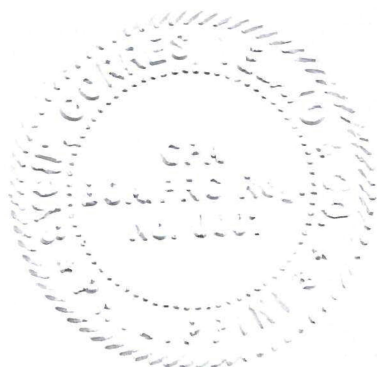
Tax Identification No. 301-422-247

BOA/PRC Reg. No. 0001, April 16, 2024, valid until August 23, 2026

BIR Accreditation No. 08-001998-145-2024, July 18, 2024, valid until July 17, 2027

PTR No. 10465344, January 2, 2025, Makati City

October 13, 2025



STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS AND SUPPLEMENTARY SCHEDULES
June 30, 2025

Schedule	CONTENT
A	Financial Assets
B	Amounts Receivable from Directors, Officers, Employees, Related Parties and Principal Stockholders (Other than Related Parties)
C	Amounts Receivable from/Payable to Related Parties which are Eliminated During the Consolidation of the Financial Statements
D	Long-term Debt
E	Indebtedness to Related Parties (Long-term Loans from Related Companies)
F	Guarantees of Securities of Other Issuers
G	Capital Stock
H	Reconciliation of Retained Earnings Available for Dividend Declaration
I	Map of Relationships Between and Among the Company and its Ultimate Parent Company, Middle Parent, Subsidiaries or Co-subsidiaries and Associates
J	Schedule of Financial Soundness Indicators
K	Supplementary Schedule of External Auditor Fee-Related Information

SCHEDULE A - FINANCIAL ASSETS

June 30, 2025
(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of Issuing entity and association of each issue	Number of shares or principal amount of bonds and notes	Amount Shown in the Statement of Financial Position	Valued based on market quotation at end of reporting period period	Income received and accrued
---	--	--	---	--

The Group's financial asset at FVPL is less than 5% of total consolidated current assets as at June 30, 2025, thus, schedule of financial assets is not applicable.

**SCHEDULE B – AMOUNTS RECEIVABLE FROM DIRECTORS, OFFICERS, EMPLOYEES,
RELATED PARTIES, AND PRINCIPAL STOCKHOLDERS (Other than Related Parties)**

June 30, 2025
(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name and Designation of debtor	Balance at beginning of period	Additions	Amounts collected	Amounts Written- off	Current	Not Current	Balance at end of period
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The Group does not have receivables from individual directors, officers, employees and principal stockholders aggregating above one million pesos (P1.0 million) or 1% of total consolidated assets, whichever is less as at June 30, 2025.

**SCHEDULE C – AMOUNTS RECEIVABLE FROM (PAYABLE TO) RELATED PARTIES WHICH ARE
ELIMINATED DURING THE CONSOLIDATION OF FINANCIAL STATEMENTS**

June 30, 2025
(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of debtor and description	Balance at beginning of period	Additions	Amounts collected	Amounts written off	Current	Not Current	Balance at end of period	Description
Receivable from CHI		73,440	-	-	73,440	-	73,440	Reimbursement for various expenses
Receivable from NAMEI	98,400,467	45,739,185 -	50,712,095	-	45,739,185	47,688,372	93,427,557	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from NPIM	32,122,113	68,490 -	11,428,615	-	68,490	20,693,498	20,761,988	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from STI Alabang	38,627,668	15,193,122 -	17,434,946	-	15,193,122	21,192,722	36,385,844	Educational services, school materials sold, other charges
Receivable from STI College Novaliches, Inc.	3,472,487	29,471,260 -	32,499,818	-	443,929		443,929	Educational services and sale of educational materials and supplies
Receivable from STI Iloilo	19,227,538	-	-	-	-	19,227,538	19,227,538	Reimbursement for various expenses
Receivable from STI Lipa	148,865,310	62,778,550 -	15,572,105	-	62,778,550	133,293,205	196,071,755	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from STI Pagadian	14,412,785	-	-	-	-	14,412,785	14,412,785	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from STI Sta. Maria	21,852,448	31,834,428 -	46,478,324		7,208,552	-	7,208,552	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from STI Tanauan	5,335,492	19,219,848 -	7,822,958	-	16,732,382		16,732,382	Reimbursement for various expenses
Receivable from STI Tanay	49,754,120	35,057,958 -	30,582,420	-	35,057,958	19,171,700	54,229,658	Educational services, school materials sold, other charges; Reimbursement for various expenses
Receivable from STI Training Academy	68,104,864	11,401,163 -	611,911	-	11,401,163	67,492,953	78,894,116	Educational services, school materials sold, other charges; Reimbursement for various expenses

SCHEDULE D – LONG-TERM DEBT

June 30, 2025

(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Title of Issue and type of obligation	Amount authorized by indenture	Amount shown under caption "Current portion of long-term debt" in the Statement of Financial Position	Amount shown under caption "Long-Term Debt" in the Statement of Financial Position
Metrobank / Term Loan ⁽¹⁾ Maturity Date: March 16, 2029 Interest Rate: 7.8503% per annum (reprised at the rate of 7.0517% on September 18, 2025) No. of installment: ten (10) semi-annual installments	₱2,000,000,000 (Amount drawn: ₱1,000,000,000; Balance: ₱800,000,000)	198,499,178	595,929,276
BPI / Term Loan ⁽²⁾ Maturity Date: March 18, 2029 Interest rate: 8.4211% / 7.8201% per annum (reprised at the rate of 7.0588% on September 18, 2025) No. of installments: ten (10) semi-annual installments	₱1,000,000,000 (Initial drawn amount: ₱500,000,000; Balance: ₱400,000,000 Second drawn amount: ₱200,000,000; Balance: ₱177,777,778)	143,344,193	430,347,173
China Banking Corporation - Term loan ⁽³⁾ Maturity Date: September 19, 2026 Interest Rate: 5.81% to 8.0472% per annum (reprised at the rate of 7.1577% on September 19, 2025) Remaining No. of installments: five (5) semi- annual installments	₱1,200,000,000 (Amount drawn: ₱1,200,000,000; Balance: ₱360,000,000)	238,423,791	119,789,219
Fixed rate bonds series 10-year Interest rate: 6.3756%, respectively ⁽⁴⁾ No. of installments: due 2027	₱5,000,000,000 (Amount of bonds issued: 7-year series - ₱2,180,000,000; 10-year series - ₱820,000,00 Balance: ₱820,000,000)	-	816,706,013
		580,267,162	1,962,771,681

Figures are presented in the Statement of Financial Position:

(1) presented net of deferred finance cost of ₱5.5 million

(4) presented net of deferred finance costs of ₱4.1 million

(3) presented net of deferred finance costs of ₱1.8 million

(4) presented net of bond issue cost of ₱3.3 million

**SCHEDULE E – INDEBTEDNESS TO RELATED PARTIES
(LONG-TERM LOANS FROM RELATED COMPANIES)**

June 30, 2025
(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of related party	Balance at beginning of period	Balance at end of period
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The Group has no long-term loans from related parties as at June 30, 2025.

SCHEDULE F - GUARANTEES OF SECURITIES OF OTHER ISSUERS

June 30, 2025
(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Name of issuing entity of securities guaranteed by the company for which this statement is filed	Title of issue of each class of securities guaranteed	Total amount guaranteed and outstanding	Amount owned by person for which statement is filed	Nature of guarantee
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The Group does not have guarantees of securities of other issuing entities as at June 30, 2025.

SCHEDULE G – CAPITAL STOCK

June 30, 2025
(Amount in Pesos)

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Title of Issue	Number of Shares authorized	Number of shares issued and outstanding as shown in the Statement of Financial Position⁽¹⁾	Number of shares reserved for options, warrants, conversion and other rights	Number of shares held by related parties⁽²⁾	Directors, officers and employees⁽³⁾	Others
Common Stock	5,000,000,000	3,081,877,185	-	3,081,877,170	15	-
⁽²⁾ <i>Related Parties</i>			⁽³⁾ <i>Directors, officers and employees</i>			
STI EDUCATION SYSTEMS HOLDINGS, INC.	3,040,623,037	98.66%	BORJA, RAINERIO M. (Trustee of E.H. Tanco)			2
PRUDENT RESOURCES, INC.	13,465,465	0.44%	JACOB, MONICO V. (Trustee of E.H. Tanco)			2
GONZALES, FRANCISCO B. JR. (DECEASED)	8,873,692	0.29%	TANCO, JOSEPH AUGUSTIN L.			2
ROSSI, PURIFICACION G.	7,841,118	0.25%	DE MESA, RAUL B.			2
PRUDENCIO, TOMAS J.	3,732,400	0.12%	TANCO, MARTIN K.			1
SANTOS, MARIA LOURDES	1,725,000	0.06%	LAPUS, JESLI A.			1
YOUNG, CAROLINA	1,651,828	0.05%	TANCO, MA. VANESSA ROSE L.			1
RAMOS, DULCE	1,155,447	0.04%	TANCO, EUSEBIO H.			1
BUSTOS, FELIXBERTO	792,283	0.03%	BAUTISTA, PAOLO MARTIN O.			1
DOMINGO, EMERITA R.	303,466	0.01%	FERNANDEZ, PETER K.			1
VALERIO, RUBEN M. AND VALERIO, REMEDIOS S	241,279	0.01%	VERGARA, ROBERT G.			1
ZARASPE, ANACLETA C.	214,038	0.01%				15
MONES, REYNALDO A.	201,901	0.01%				
HEIRS OF EDGAR SARTE	148,622	0.00%				
RELLEVE, ALVIN K.	137,338	0.00%				
PUBLICO, EDGARDO	122,080	0.00%				
DUJUA, JOCELYN	115,532	0.00%				
MADRIGAL, VICTORIA P.	63,384	0.00%				
LAO, ERIENE C.	63,384	0.00%				
PAULINO, MA. LUZ LOURDES M.	55,061	0.00%				
ANSALDO, LYDIA V.	53,876	0.00%				
CANTOS, LOLITA	53,185	0.00%				
LIMJOCO, ALEX	47,603	0.00%				
ZAPANTA, PRISCILLA D.	37,500	0.00%				
HERBOSA, ARTURO ALFONSO J.	36,219	0.00%				
NANO, ANA BELEN N.	35,288	0.00%				
YU, ANNIE	30,434	0.00%				
BRAVO, MELINDA C.	16,517	0.00%				
DE LEON, AURORA F.	7,923	0.00%				
GOPALAN, MA. LOURDES	6,155	0.00%				
CAPAROS, VILMA	6,155	0.00%				
PASCUA, ARNOLD F.	3,648	0.00%				
BALAN, ARIEL KELLY D.	3,169	0.00%				
PANTALEON, SERAFIN M.	2,117	0.00%				
BASA, VIRGILIO T.	1,857	0.00%				
GAMBOA, HERMAN T.	1,429	0.00%				
DE LEON, MA. LOIDA	1,367	0.00%				
DE LEON, ROSANO	1,367	0.00%				
VILLASEÑOR, CELSO A.	1,330	0.00%				
TOLENTINO, RUFINO (DECEASED)	738	0.00%				
MONSOD, CHRISTIAN S.	714	0.00%				
ZETA, BENJAMIN D.	688	0.00%				
BALAGOT, WILFRED P.	466	0.00%				
BARTOLOME, ARSENIO M., III	410	0.00%				
MACHICA, RAMON G.	399	0.00%				
ANGELES, BERNARD DAN F.	106	0.00%				
SUAREZ, ROLANDO A.	106	0.00%				
DAYCO, ROLANDO P.	30	0.00%				
BORJA, RAINERIO M. (Trustee of E.H. Tanco)	2	0.00%				
JACOB, MONICO V. (Trustee of E.H. Tanco)	2	0.00%				
TANCO, JOSEPH AUGUSTIN L.	2	0.00%				
DE MESA, RAUL M.	2	0.00%				
VASQUEZ-DE JESUS, MA. LEONORA	1	0.00%				
ABAYA, RAMON C. (Trustee of E.H. Tanco)	1	0.00%				
VILLA, JESUS S. (Trustee for AADC)	1	0.00%				
TANCO, MARTIN K.	1	0.00%				

⁽¹⁾ net of treasury shares of 5,952,273 shares

**SCHEDULE H – RECONCILIATION OF RETAINED EARNINGS
AVAILABLE FOR DIVIDEND DECLARATION**

June 30, 2025
(Amount in Pesos)

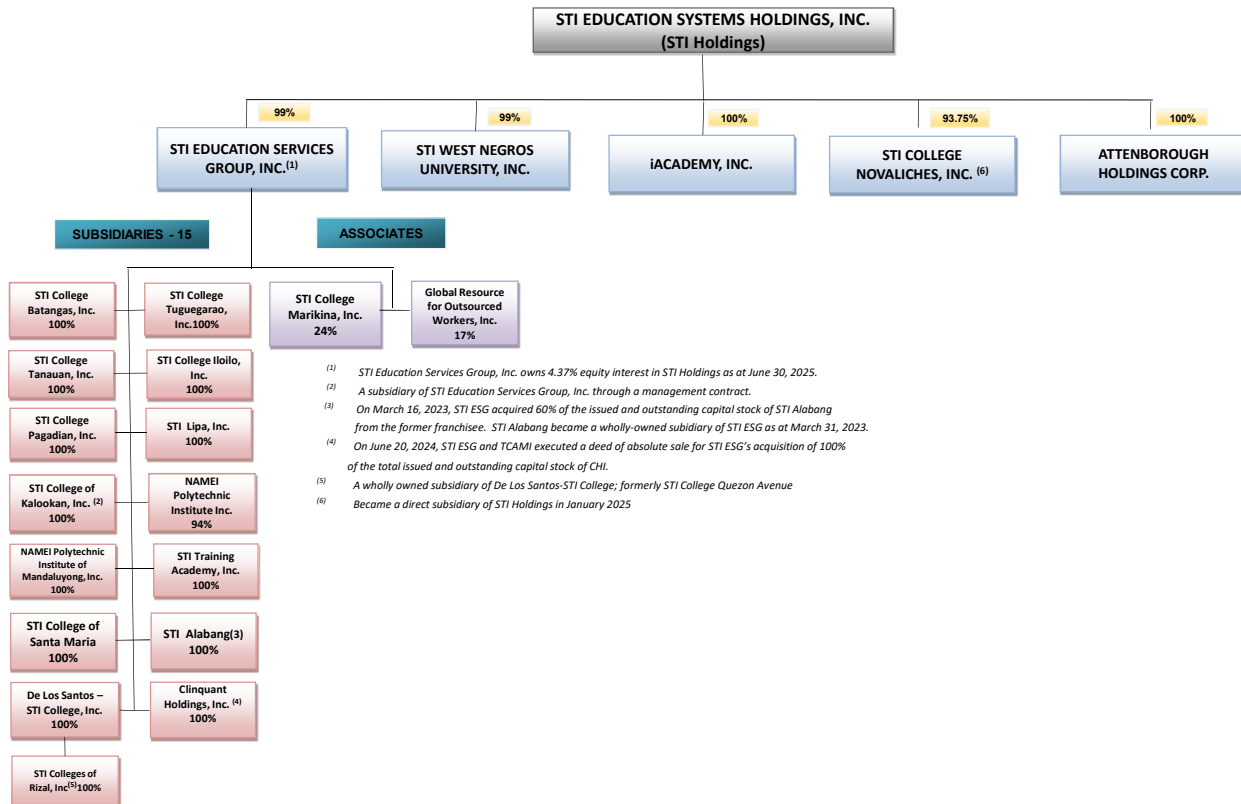
STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

Unappropriated Retained Earnings, beginning of reporting period	P3,072,491,393
Add: Category A: Items that are directly credited to unappropriated retained earnings	-
Less: Category B: Items that are directly debited to unappropriated retained earnings - Dividend declaration during the reporting period	462,281,576
Unappropriated retained earnings, as adjusted	<u>2,610,209,817</u>
 Add: Net Income for the current year	 1,659,380,346
 Less: Category C.1: Unrealized income recognized in profit or loss during the reporting period (net of tax) Unrealized fair value adjustments (market-to-market gains) of financial instruments at fair value through profit or loss (FVTPL)	 3,363,500
Add: Category C.2: Unrealized income recognized in the profit or loss in prior reporting periods but realized in the current reporting period (net of tax)	-
Add. Category C.3: Unrealized income recognized in profit or loss in prior periods but reversed in the current reporting (net of tax)	-
Subtotal	<u>- 3,363,500</u>
Adjusted net income	<u>1,656,016,846</u>
 Add: Category D: Non-actual losses recognized in profit or loss during the reporting period (net of tax)	 -
Add: Category E: Adjustments related to relief granted by the SEC and BSP	-
Add/Less: Category F: Other items that should be excluded	-
from the determination of the amount of available for dividends distribution - Net movement in deferred tax assets not considered in the reconciling items under the previous categories	 (2,050,502)
Net movement in deferred tax assets and deferred tax liabilities related to right-of-use assets and lease liabilities	(501,935)
Subtotal	<u>- 2,552,437</u>
TOTAL RETAINED EARNINGS, END OF THE REPORTING PERIOD	-
AVAILABLE FOR DIVIDEND DECLARATION	<u>P 4,263,674,227</u>

**SCHEDULE I – MAP OF RELATIONSHIPS BETWEEN AND AMONG THE COMPANY
AND ITS ULTIMATE PARENT COMPANY, MIDDLE PARENT, SUBSIDIARIES OR
CO-SUBSIDIARIES, AND ASSOCIATES**
June 30, 2025

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES
STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal



SCHEDULE J – SCHEDULE OF FINANCIAL SOUNDNESS INDICATORS

June 30, 2025

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIES

STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

	June 2025	June 2024
<i>Liquidity Ratios</i>		
Current ratio ⁽¹⁾	1.43	1.26
Acid test ratio ⁽²⁾	1.26	1.08
<i>Solvency ratios</i>		
Debt to equity ratio ⁽³⁾	0.44	0.59
Asset to equity ratio ⁽⁴⁾	1.46	1.60
Debt service cover ratio ⁽⁵⁾	3.40	2.39
Interest coverage ratio ⁽⁶⁾	14.95	9.37
<i>Profitability ratios</i>		
EBITDA margin ⁽⁷⁾	58%	54%
Net income margin ⁽⁸⁾	41%	35%
Return on equity ⁽⁹⁾	24%	19%
Return on assets ⁽¹⁰⁾	15%	11%

⁽¹⁾ Current ratio is measured as current assets divided by current liabilities.

⁽²⁾ Acid test ratio is measured as current assets less inventories and prepayments divided by current liabilities.

⁽³⁾ Debt-to-equity ratio is measured as total liabilities, net of unearned tuition and other school fees, divided by total equity.

⁽⁴⁾ Asset to equity ratio is measured as total assets divided by total equity.

⁽⁵⁾ DSCR for bank loans purposes is measured as EBITDA for the last twelve months divided by the total interest-bearing debts and interest due in the next twelve months.

⁽⁶⁾ Interest coverage ratio is measured as EBITDA divided by interest due in the next twelve months

⁽⁷⁾ EBITDA margin is measured as EBITDA divided by total revenues. 'EBITDA' is earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint venture, gain(loss) on foreign exchange differences, fair value gain(loss) on equity instruments at FVPL, and nonrecurring gains such as gain on partial disposal of interest in an associate, gain on termination of lease, and gain on early extinguishment of loan.

⁽⁸⁾ Net income margin is measured as net income after income tax divided by total revenues.

⁽⁹⁾ Return on equity is measured as net income attributable to equity holders of the parent Company divided by average equity attributable to equity holders of the parent company.

⁽¹⁰⁾ Return on assets is measured as net income divided by average total assets.

SCHEDULE K – SCHEDULE OF EXTERNAL AUDITOR FEE-RELATED INFORMATION

June 30, 2025

STI EDUCATION SERVICES GROUP, INC. AND SUBSIDIARIESSTI Academic Center Ortigas-Cainta, Ortigas Avenue Extension,
Cainta, Rizal

	2,025	2,024
Total Audit Fees	19,454,000	17,883,000
Non-audit services fees:		
Other assurance services		
Tax services	-	66,000
All other services*	348,438	347,813
Total non-audit fees	348,438	413,813
Total audit and non-audit fees	19,802,438	18,296,813

**Billed fees for sustainability reporting advisory services*

COVER SHEET

00000113156

STI EDUCATION SERVICES
GROUP, INC.

(Company's Full Name)

STI ACADEMIC CENTER
ORTIGAS - CAINTA, ORTIGAS AVENUE
EXTENSION, CAINTA RIZAL 1900

(Business Address : No. Street City / Town / Province)

ARSENIO C. CABRERA, JR.

Contact Person

(632) 88137111

Company Telephone Number

06 30
Month Day
Fiscal Year

SEC FORM 17-L
FORM TYPE

1st Thursday of November
Month Day
Annual Meeting

Secondary License Type, If Applicable

Dept. Requiring this Doc.

Amended Articles Number/Section

Total No. of Stocholders

Total Amount of Borrowings
Domestic Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document I.D.

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-L

NOTIFICATION OF INABILITY TO FILE ALL OR
ANY PORTION OF SEC FORM 17-A OR 17-Q

Check One:

Form 17-A ☒ Form 17-Q ☐

Period-Ended Date of required filing..... **For the Fiscal Year Ended 30 June 2025/13 October 2025**

Date of this report..... 6 October 2025

Nothing in this Form shall be construed to imply that the Commission has verified any information contained herein.

If this notification relates to a portion or portions of the filing checked above, identify the item(s) to which the notification relates:.....

1. SEC Identification Number**113156** 2. BIR Tax Identification No.....**000-143-457-000**

3. **STI EDUCATION SERVICES GROUP, INC.**
Exact name of issuer as specified in its charter

4. **Philippines**
Province, country or other jurisdiction of incorporation

5. Industry Classification Code: (SEC Use Only)

6. **STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal, 1900**
Address of principal office Postal Code

7. **(632) 8812-1784**
Issuer's telephone number, including area code

8.
Former name, former address, and former fiscal year, if changed since last report.

9. Are any of the issuer's securities listed on a Stock Exchange?

Yes ☐ No ☒

If yes, disclose the name of such Stock Exchange and the class of securities listed therein:

Part I - Representations

If the subject report could not be filed without unreasonable effort or expense and the issuer seeks relief pursuant to SRC Rule 17-1, the following should be completed. (Check box if appropriate)

(a) The reasons described in reasonable detail in Part II of this Form could not be estimated without unreasonable effort or expense. [☒]

(b) The subject annual report on SEC Form 17-A, or portion thereof, will be filed on or before the fifteenth calendar day following the prescribed due date; or the subject quarterly report on SEC Form 17-Q, or portion thereof, will be filed on or before the fifth day following the prescribed due date. [☒]

(c) The accountant's statement or other exhibit required by paragraph 3 of SRC Rule 17-1 has been attached if applicable. [☐]

Part II - Narrative

State below in reasonable detail the reasons why SEC Form 17-A or SEC Form 17-Q, or portion thereof, could not be filed within the prescribed period. (Attach additional sheets if needed.)

The completion of the Company's Consolidated and Parent Company Financial Statements ("FS") and the Annual Report required pursuant to SEC Form 17-A have been materially affected by the recent typhoons and continuous heavy rains in certain areas where some of the Company's schools are situated. Such adverse weather conditions resulted in flooding and power interruptions in the affected locations and hindered the ability of key personnel who are essential to the preparation and completion of the said reports to report for work for several days. Consequently, these circumstances have caused delays in the completion of the audited FS and other reports required to be filed under SEC Form 17-A.

In view of the above, the prescribed deadline of October 13, 2025, is not sufficient for the Company to complete all the reports required in the Annual Report (SEC Form 17-A) for the Fiscal Year Ended June 30, 2025.

We therefore request an additional period of fifteen (15) days or up to October 28, 2025 to file the Company's SEC Form 17-A for the Fiscal Year Ended June 30, 2025.

Part III - Other Information

(a) Name, address and telephone number, including area code, and position/title of person to contact in regard to this notification

ARSENIO C. CABRERA, JR.
Corporate Secretary and Corporate Information Officer
5/F, SGV II Building, 6758 Ayala Avenue
Makati City
Telephone number : 8813-7111
Fax number : 8813-7881

(b) Have all other periodic reports required under Section 17 of the Code and under Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months, or for such shorter period that the issuer was required to file such report(s), been filed? If the answer is no, identify the report(s).

Yes ☒ No ☐

Reports:

(c) Is it anticipated that any significant change in results of operations from the corresponding period for the last fiscal year will be reflected by the earnings statements to be included in the subject report or portion thereof?

Yes ☐ No ☒

If so, attach an explanation of the anticipated change, both narratively and quantitatively, and, if appropriate, state the reasons why a reasonable estimate of the results cannot be made.

SIGNATURE

Pursuant to the requirements of the SRC Rule 17-1, the issuer has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

STI EDUCATION SERVICES GROUP, INC.

Registrant's full name as contained in charter

ARSENIO C. CARRERA, JR.

Corporate Secretary
Signature and Title

Date: **6 October 2025**

Arsenio C. Cabrera

From: noreply-cifsost@sec.gov.ph
Sent: Monday, 6 October 2025 4:48 PM
Subject: SEC eFast Initial Acceptance

Greetings!

SEC Registration No: 0000113156
Company Name: STI EDUCATION SERVICES GROUP, INC.
Document Code: SEC_Form_17-L

This serves as temporary receipt of your submission.
Subject to verification of form and quality of files of the submitted report.
Another email will be sent as proof of review and acceptance.

Thank you.

REMINDER:
TO ALL FILERS OF REPORTS IN THE e-FAST

Please strictly follow the instruction stated in the form.

Filings not in accordance with the prescribed template for the following reports
will be automatically reverted by the system to the filer.

1. General Information Sheet (GIS-Stock)
2. General Information Sheet (GIS-Non-stock)
3. General Information Sheet (GIS- Foreign stock & non-stock)
4. Broker Dealer Financial Statements (BDFS)
5. Financing Company Financial Statements (FCFS)
6. Investment Houses Financial Statements (IHFS)
7. Publicly – Held Company Financial Statement
8. General Form for Financial Statements
9. Financing Companies Interim Financial Statements (FCIF)
10. Lending Companies Interim Financial Statements (LCIF)

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFast, if the filed report is compliant with the existing requirements.

A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the reports rejection in the remarks box.

SECURITIES AND EXCHANGE COMMISSION

SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

THIS IS AN AUTOMATED MESSAGE - PLEASE DO NOT REPLY DIRECTLY TO THIS EMAIL

COVER SHEET

SEC Registration Number

0 0 0 0 0 1 1 3 1 5 6

S T I E D U C A T I O N S E R V I C E S G R O U P ,
I N C . (A P r i v a t e E d u c a t i o n a l I n
s t i t u t i o n) a n d S U B S I D I A R I E S

(Company's Full Name)

S T I A c a d e m i c C e n t e r O r t i g a s - C a
i n t a , O r t i g a s A v e n u e E x t e n s i o n
, C a i n t a , R i z a l

(Business Address: No. Street City / Town / Province)

ARSENIO C. CABRERA JR.

Contact Person

(6 3 2) 8 8 1 3 7 1 1 1

Company Telephone Number

0 6 3 0

Month Day
Fiscal Year

SEC FORM 17-Q For the Three Months
Ended 30 September 2025

FORM TYPE

1st Thursday of November

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

M S R D

Dept. Requiring this Doc.

N/A

Amended Article Number/Section

6 3

Total No. of Stockholders

Total Amount of Borrowings

Php820 million Series 10-year
Bonds

Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

File Number

LCU

Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION SEC FORM 17-Q
QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER

1. For the three months ended September 30, 2025
2. SEC Identification Number 113156
3. BIR Tax Identification Number 000-143-457-000
4. Exact name of registrant
as specified in its charter STI EDUCATION SERVICES GROUP, INC.
5. Province, country or other
jurisdiction of incorporation
or organization Metro Manila,
Philippines
6. Industry Classification Code
(SEC Use Only)
7. Address of Principal Office STI Academic Center Ortigas-Cainta
Ortigas Avenue Extension,
Cainta, Rizal
8. Registrant's telephone
number (including area code) (632) 8812-17-84
9. Former name, former address,
former fiscal year, if changed
since last report N/A

10. Securities Registered pursuant to Sections 4 and 8 of the RSA.

Title of Each Class	Number of Shares of Common Stock Outstanding and Amount of Debt Outstanding
-----	-----
Common Stock	3,081,877,170 shares Issued and Outstanding
Fixed Rate Bonds	₱820.0 million outstanding 10-year series

11. Are any or all of these securities listed on a Stock Exchange?

Yes [] No [☒]

Name of Stock Exchange: N/A Class of Securities: N/A

Shares of Common Stock Issued and Outstanding are not listed in any stock exchange. Fixed Rate Bonds are listed in the Philippine Dealing & Exchange Corp. (PDEx).

12. Check whether the registrant:

- (a) has filed all reports required to be filed by Section 17 of the Securities Regulations Code (SRC) and SRC Rule 17 (a) - 1 there under and Sections 26 and 141 of the Corporation Code of the Philippines during the preceding 12 months (or for such shorter period that the registrant was required to file such reports);

Yes [☒]

No [☐]

- (b) has been subject to such filing requirements for the past 90 days.

Yes [☒]

No [☐]

PART I – FINANCIAL INFORMATION

Item 1 – Financial Statements

Please refer to Annex “A”.

Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

Please refer to Annex “B”.

PART II – OTHER INFORMATION

Not applicable

SIGNATURE PAGE

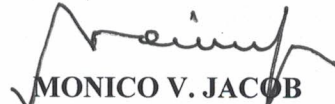
Pursuant to the requirements of Section 17 of the Securities Regulation Code, the issuer has duly caused this report to be signed on its behalf by the undersigned thereto duly authorized.

STI EDUCATION SERVICES GROUP, INC.

By:

Signature and Title

Date


MONICO V. JACOB
Vice Chairman and CEO
November 19, 2025

Signature and Title

Date


PETER K. FERNANDEZ
President and COO
November 19, 2025

Signature and Title

Date


YOLANDA M. BAUTISTA
Treasurer
November 19, 2025

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2025 AND JUNE 30, 2025

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	P1,893,796,023	P1,594,569,687
Receivables (Note 6)	1,515,302,218	433,059,389
Inventories (Note 7)	148,309,592	163,797,810
Prepaid expenses and other current assets (Note 8)	95,459,687	94,209,952
Equity instruments at fair value through profit or loss (FVPL) (Note 9)	11,253,000	11,501,000
Total Current Assets	3,664,120,520	2,297,137,838
Noncurrent Assets		
Property and equipment (Note 10)	8,169,894,088	8,050,298,699
Investment properties (Note 11)	667,708,667	674,448,089
Investments in and advances to associates and joint venture (Note 12)	262,536,836	433,257,841
Equity instruments at fair value through other comprehensive income (FVOCI) (Note 13)	77,854,415	78,079,631
Deferred tax assets – net (Note 4)	58,181,253	40,102,095
Goodwill, intangible and other noncurrent assets (Note 14)	805,550,375	697,297,605
Total Noncurrent Assets	10,041,725,634	9,973,483,960
TOTAL ASSETS	P13,705,846,154	P12,270,621,798
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	P735,319,765	P770,354,255
Current portion of interest-bearing loans and borrowings (Note 16)	580,448,289	580,267,162
Unearned tuition and other school fees	1,303,406,485	162,975,778
Current portion of lease liabilities	63,470,471	64,327,479
Income tax payable	89,692,039	34,074,415
Total Current Liabilities	2,772,337,049	1,611,999,089
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Note 16)	854,709,840	1,146,065,668
Bonds payable (Note 17)	817,158,937	816,706,013
Lease liabilities - net of current portion	231,106,803	244,554,579
Pension liabilities - net	50,956,038	30,839,983
Other noncurrent liabilities (Note 18)	30,120,752	29,596,669
Total Noncurrent Liabilities	1,984,052,370	2,267,762,912
Total Liabilities (Carried Forward)	4,756,389,419	3,879,762,001

	September 30, 2025	June 30, 2025
	(Unaudited)	(Audited)
Total Liabilities <i>(Brought Forward)</i>	₱4,756,389,419	₱3,879,762,001
Equity Attributable to Equity Holders of the Parent Company		
(Note 19)		
Capital stock	3,087,829,443	3,087,829,443
Additional paid-in capital	386,916,479	386,916,479
Treasury stock	(10,833,137)	(10,833,137)
Cumulative actuarial gain	59,472,341	75,196,684
Unrealized fair value adjustment on equity instruments at FVOCI		
(Note 13)	17,068,105	17,293,321
Other equity reserve	(46,104,556)	(46,104,556)
Share in associates':		
Cumulative actuarial gain	130,673	130,673
Unrealized fair value loss on equity instruments at FVOCI		
(Note 12)	(40,274)	(37,993)
Retained earnings	5,449,887,296	4,875,254,140
Total Equity Attributable to Equity Holders of the Parent Company	8,944,326,370	8,385,645,054
Equity Attributable to Non-controlling Interests	5,130,365	5,214,743
Total Equity	8,949,456,735	8,390,859,797
TOTAL LIABILITIES AND EQUITY	₱13,705,846,154	₱12,270,621,798

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED STATEMENTS OF
COMPREHENSIVE INCOME
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024**

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
REVENUES (Note 20)		
Sale of services:		
Tuition and other school fees	₱975,596,485	₱618,349,362
Educational services	72,870,036	57,623,808
Royalty fees	7,202,798	6,057,514
Others	33,970,653	33,168,368
Sale of goods -		
Sale of educational materials and supplies	44,760,313	57,397,225
	1,134,400,285	772,596,277
COSTS AND EXPENSES		
Cost of educational services (Note 21)	222,920,907	199,454,569
Cost of educational materials and supplies sold (Note 22)	34,874,998	46,430,602
General and administrative expenses (Note 23)	341,074,937	328,486,653
	598,870,842	574,371,824
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	535,529,443	198,224,453
OTHER INCOME (EXPENSES)		
Gain on partial disposal of interest in an associate (Note 12)	102,721,832	3,161,208
Interest expense (Notes 16 and 17)	(54,138,686)	(62,891,523)
Rental income	22,346,519	27,351,923
Interest income (Notes 5 and 6)	12,167,163	8,341,391
Equity in net earnings of associates and joint venture (Note 12)	4,059,446	6,377,485
Recovery of accounts written off (Note 6)	2,772,287	4,017,278
Fair value gain (loss) on equity instruments at FVPL (Note 9)	(248,000)	1,007,500
Dividend income (Note 9)	162,595	153,760
Foreign exchange gain (loss) - net	34,465	(5,765,517)
Other income (expenses) – net (Note 4)	(83,051)	1,967,518
	89,794,570	(16,278,977)
INCOME BEFORE INCOME TAX (Carried Forward)	625,324,013	181,945,476

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
INCOME BEFORE INCOME TAX <i>(Brought Forward)</i>	₱625,324,013	₱181,945,476
PROVISION FOR (BENEFIT FROM)		
INCOME TAX		
Current	67,107,244	50,163,543
Deferred	(16,332,009)	(32,938,559)
	50,775,235	17,224,984
NET INCOME	574,548,778	164,720,492
OTHER COMPREHENSIVE INCOME		
Items not to be reclassified to profit or loss in subsequent years:		
Remeasurement gain (loss) on pension liabilities	(17,471,492)	23,761,228
Tax effect on remeasurement loss (gain) on pension liabilities	1,747,149	(2,376,123)
Unrealized fair value adjustment on equity instruments at FVOCI (Note 13)	(225,216)	89,680
Share in associate's unrealized fair value adjustment on equity instruments at FVOCI (Note 12)	(2,281)	(9,002)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(15,951,840)	21,465,783
TOTAL COMPREHENSIVE INCOME	₱558,596,938	₱186,186,275
Net Income (Loss) Attributable To		
Equity holders of the Parent Company	₱574,633,156	₱164,828,426
Non-controlling interests	(84,378)	(107,934)
	₱574,548,778	₱164,720,492
Total Comprehensive Income (Loss)		
Attributable To		
Equity holders of the Parent Company	₱558,681,316	₱186,294,209
Non-controlling interests	(84,378)	(107,934)
	₱558,596,938	₱186,186,275
Basic/Diluted Earnings Per Share on		
Net Income Attributable to Equity Holders of the		
Parent Company (Note 25)	₱0.19	₱0.05

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

	Capital Stock (Note 19)	Additional Paid-in Capital	Deposit on stock subscription (Note 19)	Treasury Stock (Note 19)	Cumulative Actuarial Gain	Unrealized Fair Value Adjustment on Equity FVOCI (Note 13)	Other Equity Reserve (Note 19)	Share in Associates' Cumulative Gain (Note 12)	Share in Associates' Unrealized Fair Value Loss on Equity FVOCI (Note 12)	Retained Earnings (Note 19)	Total	Equity Attributable to Non-controlling Interests	Total Equity
Balance at July 1, 2025	₱3,087,829,443	₱386,916,479	₱–	(₱10,833,137)	₱75,196,684	₱17,293,321	(₱46,104,556)	₱130,673	(₱37,993)	₱4,875,254,140	₱8,385,645,054	₱5,214,743	₱8,390,859,797
Net Income	–	–	–	–	–	–	–	–	–	574,633,156	574,633,156	(84,378)	574,548,778
Other comprehensive loss	–	–	–	–	(15,724,343)	(225,216)	–	–	(2,281)	–	(15,951,840)	–	(15,951,840)
Total comprehensive income (loss)	–	–	–	–	(15,724,343)	(225,216)	–	–	(2,281)	574,633,156	558,681,316	(84,378)	558,596,938
Balance at September 30, 2025	₱3,087,829,443	₱386,916,479	₱–	(₱10,833,137)	₱59,472,341	₱17,068,105	(₱46,104,556)	₱130,673	(₱40,274)	₱5,449,887,296	₱8,944,326,370	₱5,130,365	₱8,949,456,735
Balance at July 1, 2024	₱3,087,829,443	₱386,916,479	₱–	(₱10,833,137)	₱36,707,023	₱20,240,919	(₱46,104,556)	₱298,698	(₱34,579)	₱3,524,679,379	₱6,999,699,669	(₱3,012,328)	₱6,996,687,341
Net Income	–	–	–	–	–	–	–	–	–	164,828,426	164,828,426	(107,934)	164,720,492
Other comprehensive income (loss)	–	–	83,000,000	–	21,385,105	89,680	–	–	(9,002)	–	104,465,783	–	104,465,783
Total comprehensive income (loss)	–	–	83,000,000	–	21,385,105	89,680	–	–	(9,002)	164,828,426	269,294,209	(107,934)	269,186,275
Balance at September 30, 2024	₱3,087,829,443	₱386,916,479	₱83,000,000	(₱10,833,137)	₱58,092,128	₱20,330,599	(₱46,104,556)	₱298,698	(₱43,581)	₱3,689,507,805	₱7,268,993,878	(₱3,120,262)	₱7,265,873,616

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

INTERIM CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2025 AND 2024

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱625,324,013	₱181,945,476
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization		
(Notes 10, 11, 21 and 23)	141,093,527	122,369,737
Interest expense (Notes 16 and 17)	54,138,686	62,891,523
Interest income (Notes 5 and 6)	(12,167,163)	(8,341,391)
Equity in net earnings of associates and joint venture (Note 12)	(4,059,446)	(6,377,485)
Movements in pension	2,644,568	3,089,628
Unrealized foreign exchange (gain) loss - net	(34,465)	95,685
Fair value loss (gain) on equity instruments at FVPL (Note 9)	248,000	(1,007,500)
Dividend income (Note 9)	(162,595)	(153,760)
Gain on partial disposal of interest in an associate (Note 12)	(102,721,832)	(3,161,208)
Operating income before working capital changes	704,303,293	351,350,705
Decrease (increase) in:		
Receivables	(234,595,526)	55,438,315
Inventories	15,488,218	6,230,402
Prepaid expenses and other current assets	(5,871,145)	(15,297,950)
Increase (decrease) in:		
Accounts payable and other current liabilities	(56,225,565)	(40,902,592)
Unearned tuition and other school fees	294,749,391	373,991,696
Other noncurrent liabilities	524,083	264,369
Net cash generated from operations	718,372,749	731,074,945
Interest received	9,793,285	8,097,266
Income tax paid	(6,868,210)	(5,932,326)
Net cash provided by operating activities	721,297,824	733,239,885
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 10)	(173,008,738)	(204,369,576)
Proceeds from:		
Partial disposal of interest in an associate - net (Note 12)	277,500,000	25,000,000
Payments for other noncurrent assets (Note 14)	(120,803,141)	(3,594,673)
Dividend received (Note 9)	162,595	153,760
Net cash used in investing activities	(16,149,284)	(182,810,489)

(Forward)

	2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments of:		
Long-term loans (Note 16)	(P292,222,222)	(P270,000,000)
Interests	(81,114,160)	(99,255,371)
Lease liabilities	(32,620,287)	(32,115,420)
Dividends	—	(53,280)
Net cash used in financing activities	(405,956,669)	(401,424,071)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	34,465	(95,685)
NET INCREASE IN CASH AND CASH EQUIVALENTS	299,226,336	148,909,640
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF PERIOD	1,594,569,687	1,191,716,845
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	P1,893,796,023	P1,340,626,485

See accompanying Notes to the Unaudited Interim Condensed Consolidated Financial Statements.

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES
NOTES TO THE UNAUDITED INTERIM CONDENSED CONSOLIDATED
FINANCIAL STATEMENTS

1. Corporate Information

a. General

STI Education Services Group, Inc. (STI ESG or the Parent Company) and its subsidiaries (hereafter collectively referred to as the “Group”) are all incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated on June 2, 1983 and is involved in establishing, maintaining, and operating educational institutions to provide pre-elementary, elementary, secondary, including Senior High School (SHS), and tertiary as well as post-graduate courses, post-secondary and lower tertiary non-degree programs. The Group also develops, adopts and/or acquires, entirely or in part, such curricula or academic services as may be necessary in the pursuance of its main activities, relating but not limited to information technology services, information technology-enabled services, education, hotel and restaurant management, engineering, business studies, psychology and criminology.

The registered office address of the Parent Company is STI Academic Center Ortigas-Cainta, Ortigas Avenue Extension, Cainta, Rizal.

As at September 30, 2025 and June 30, 2025, the subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

Subsidiaries	Principal Activities	Effective Percentage of Ownership	
		Direct	Indirect
STI College Batangas, Inc. (STI Batangas)	Educational Institution	100	–
STI College of Kalookan, Inc. (STI Caloocan) ^(a)	Educational Institution	100	–
STI College of Santa Maria, Inc. (STI Sta. Maria)	Educational Institution	100	–
STI College Tanauan, Inc. (STI Tanauan)	Educational Institution	100	–
STI College Iloilo, Inc. (STI Iloilo)	Educational Institution	100	–
STI College Lipa, Inc. (STI Lipa)	Educational Institution	100	–
STI College Pagadian, Inc. (STI Pagadian)	Educational Institution	100	–
STI Training Academy, Inc. (STI Training Academy)	Educational Institution	100	–
STI College Tuguegarao, Inc. (STI Tuguegarao)	Educational Institution	100	–
NAMEI Polytechnic Institute, Inc. (NAMEI)	Educational Institution	94	–
NAMEI Polytechnic Institute of Mandaluyong, Inc. (NPIM) ^(b)	Educational Institution	100	–
De Los Santos-STI College, Inc. (De Los Santos-STI College) ^(c)	Educational Institution	100	–
STI Colleges of Rizal, Inc. (STI Tanay) ^(d)	Educational Institution	–	100
STI-College Alabang, Inc. (STI Alabang)	Educational Institution	100	–
Clinquant Holdings, Inc. (CHI) ^(e)	Investment Company	100	–

^(a) A subsidiary through a management contract

^(b) NPIM ceased operations effective June 30, 2022.

^(c) In June 2016, De Los Santos-STI College advised the Commission of Higher Education (CHED) of the suspension of its operations for SYs 2016-2017

and 2017-2018 as a result of the implementation of the Government's K to 12 program. De Los Santos-STI College became a wholly owned subsidiary of the Parent Company effective August 4, 2021. De Los Santos-STI College has not resumed its school operations as at November 19, 2025.

^(d) *A wholly owned subsidiary of De Los Santos-STI College; formerly STI College Quezon Avenue, Inc.*

^(e) *CHI became a wholly owned subsidiary as at June 30, 2024 (see Note 14).*

STI ESG is 98.66%-owned by STI Education Systems Holdings, Inc. (STI Holdings) which is the ultimate parent company of the Group. STI Holdings is a company incorporated in the Philippines and is listed in the Philippine Stock Exchange (PSE).

The Parent Company has investments in several entities which own and operate STI schools. STI schools may be operated either by: (a) the Parent Company; (b) its subsidiaries; or (c) independent entrepreneurs (referred to as “franchisees”) under the terms of licensing agreements with the Parent Company. Other features of the licensing agreements are as follows:

- Exclusive right to use proprietary marks and information including but not limited to courseware programs, operational manuals, methods, standards, systems, that are used exclusively in the STI network of schools;
- Continuing programs for faculty and personnel development, including evaluation and audit of pertinent staff;
- Development and adoption of the enrollment and registration system;
- Assistance on matters pertaining to financial and accounting procedures, faculty recruitment and selection, marketing and promotion, record keeping and others.

b. Merger with several majority and wholly-owned subsidiaries

On December 9, 2010, STI ESG’s stockholders approved the following mergers:

- Phase 1: The merger of three (3) majority owned schools and fourteen (14) wholly-owned schools with STI ESG, with STI ESG as the surviving entity. The Phase 1 merger was approved by the Commission on Higher Education (CHED) and the SEC on March 15, 2011 and May 6, 2011, respectively.
- Phase 2: The merger of one (1) majority owned school and eight (8) wholly-owned pre-operating schools with STI ESG, with STI ESG as the surviving entity. The Phase 2 merger was approved by the CHED and the SEC on July 18, 2011 and August 31, 2011, respectively.
- Phase 3: On August 30, 2017, the SEC approved the application for merger of STI College Taft, Inc. (STI Taft) and STI College Dagupan, Inc. (STI Dagupan) with STI ESG as the surviving entity.

On September 25, 2013, STI ESG’s Board of Directors (BOD) approved an amendment to the Phases 1 and 2 mergers whereby STI ESG would issue shares at par value, to the stockholders of the non-controlling interests. In 2014, STI ESG issued 1.9 million additional shares at par value to the stockholders of one of the merged schools. As at November 19, 2025, the amendment is still pending approval by the SEC.

Also, STI ESG requested for confirmatory ruling on the tax-free mergers covered by Phases 1 and 3, from the Bureau of Internal Revenue (BIR). As a response to the request made for the Phases 1 and 3 mergers, the BIR informed STI ESG through letters dated November 25, 2022 and September 28, 2022, respectively, that Section 40 C.2 of the Tax Code, as amended by Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, now mandates that for purposes of availing the tax exemption, prior BIR confirmatory ruling is no longer required. In this regard, the Parent Company applied for the issuance of the Certificates Authorizing Registration (CAR) for the tax-free transfers of real estate in exchange for shares pursuant to the provisions of Section 40. C.2 of the Tax Code. As at November 19, 2025, the Parent Company has not received the CARs

from the BIR.

On August 5, 2022, CHED approved the transfer of school operations of STI College Quezon Avenue, Inc. (STI Quezon Avenue) to Tanay, Rizal subject to compliance with certain requirements.

In separate meetings held on November 29, 2022, the BOD and stockholders of STI Quezon Avenue approved the amendments in its Articles of Incorporation and By-Laws as follows: (1) change of corporate name from “STI College Quezon Avenue, Inc.” to “STI Colleges of Rizal, Inc.”, (2) have perpetual existence, (3) change of fiscal year beginning July 1 of each year and ending on June 30 of the following year, among others. On November 12, 2024, the SEC approved the change of corporate name from “STI College Quezon Avenue, Inc.” to “STI Colleges of Rizal, Inc. (STI Tanay),” along with the other aforementioned amendments in its Articles of Incorporation and By-Laws. On September 10, 2025, the BIR approved the change in its fiscal year.

As at September 30, 2025, STI ESG’s network of operating schools totals 63 schools with 37 owned schools and 26 franchised schools comprising 60 colleges and 3 education centers.

The establishment, operation, administration and management of schools are subject to the existing laws, rules and regulations, policies, and standards of DepEd, TESDA and CHED pursuant to Batas Pambansa Bilang 232, otherwise known as the “Education Act of 1982,” RA No. 7796, otherwise known as the “TESDA Act of 1994,” and RA No. 7722, otherwise known as the “Higher Education Act of 1994,” respectively.

2. Basis of Preparation and Summary of the Group’s Significant Accounting Policies

Basis of Preparation

The accompanying consolidated financial statements have been prepared on a historical cost basis, except for equity instruments at FVOCI and equity instruments at FVPL which have been measured at fair value. The unaudited interim condensed consolidated financial statements are presented in Philippine Peso (₱), which is the Parent Company’s functional and presentation currency, and all values are rounded to the nearest peso, except when otherwise indicated.

Statement of Compliance

The accompanying unaudited interim condensed consolidated financial statements have been prepared in accordance with Philippine Financial Reporting Standards (PFRS) Accounting Standards. PFRS Accounting Standards include Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from the International Financial Reporting Interpretations Committee (IFRIC) adopted by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards effective July 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards and amendments did not have any significant impact on the unaudited interim condensed consolidated financial statements except otherwise stated.

- Amendments to PAS 21, *Lack of exchangeability*

The amendments clarify how to account for situations where a currency cannot be exchanged and

how to determine the appropriate exchange rate in such cases.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective as at July 1, 2025 are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its unaudited interim condensed consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective for fiscal year 2027

- *Amendments to PFRS 9 and PFRS 7, Classification and Measurement of Financial Instruments*
- *Annual Improvements to PFRS Accounting Standards—Volume 11*
- *Amendments to PFRS 1, Hedge Accounting by a First-time Adopter*
- *Amendments to PFRS 7, Gain or Loss on Derecognition*
- *Amendments to PFRS 9, Lessee Derecognition of Lease Liabilities and Transaction Price*
- *Amendments to PFRS 10, Determination of a ‘De Facto Agent’*
- *Amendments to PAS 7, Cost Method*

Effective for fiscal year 2028

- *PFRS 17, Insurance Contracts*
- *PFRS 18, Presentation and Disclosure in Financial Statements*
- *PFRS 19, Subsidiaries without Public Accountability*

Deferred effectivity

- *Amendments to PFRS 10, Consolidated Financial Statements and PAS 28, Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*

The Group has not early adopted the previously mentioned standards. The Group continues to assess the impact of the above new, amended and improved accounting standards and interpretations that are effective subsequent to September 30, 2025 on its unaudited interim condensed consolidated financial statements in the period of initial application. Additional disclosures required by these amendments will be included in the condensed consolidated financial statements of the Group when these amendments are adopted.

3. Seasonality of Operations

The Group’s business is linked to the academic cycle which spans one academic year. The academic cycle for SY 2024-2025 began in mid-August 2024 and ended in June 2025. For SY 2025-2026, the academic year started in late July 2025 with all levels concluding in June 2026. Classes for both years have been conducted face-to-face.

The Group’s performance obligations arising from tuition and other school fees are satisfied over time, as students simultaneously receive and consume the benefits provided by the Group through its educational services. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) during which the educational services are rendered. Accordingly, the revenue distribution across quarters may vary depending on the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group. However, management has concluded that the Group’s operation is not highly seasonal.

4. Segment Information

For management purposes, the Group is organized into business units based on the geographical location of the students and assets, and has five reportable segments as follows:

- a. Metro Manila
- b. Northern Luzon
- c. Southern Luzon
- d. Visayas
- e. Mindanao

Management monitors the operating results of its business segments separately for the purpose of making decisions on resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with profit or loss in the unaudited interim condensed consolidated financial statements.

On a consolidated basis, the Group's performance is evaluated based on consolidated net income and EBITDA, defined as earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint venture, loss (gain) on foreign exchange differences, fair value loss (gain) on equity instruments at FVPL, and nonrecurring gains such as gain on partial disposal of interest in an associate, and gain on termination of lease. Depreciation and interest expense for purposes of this computation exclude those related to ROU assets and lease liabilities, respectively.

The following table shows the reconciliation of the consolidated net income to consolidated EBITDA:

	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)
Consolidated net income	P574,548,778	P164,720,492
Depreciation and amortization ¹	123,785,038	105,879,599
Gain on:		
partial disposal of interest in an associate	(102,721,832)	(3,161,208)
termination of lease ²	–	(1,575,650)
Provision for (benefit) from income tax	50,775,235	17,224,984
Interest expense ¹	48,506,718	56,909,772
Interest income	(12,167,163)	(8,341,391)
Equity in net earnings of associates and joint venture	(4,059,446)	(6,377,485)
Fair value loss (gain) on equity instruments at FVPL	248,000	(1,007,500)
Foreign exchange loss (gain) – net	(34,465)	5,765,517
Consolidated EBITDA	P678,880,863	P330,037,130

¹Depreciation and interest expense exclude those related to ROU assets and lease liabilities, respectively.

²Reported as part of "Other income".

Inter-Segment Transactions

Segment revenue, segment expenses and operating results include transfers among geographical segments. The transfers are accounted for at market prices charged to unrelated customers for similar services. Such transfers are eliminated upon consolidation.

Geographical Segment Data

The following tables present revenue and income information regarding geographical segments for the three months ended September 30, 2025 and 2024:

	For the three months ended September 30, 2025 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱625,318,458	₱87,895,137	₱369,639,378	₱15,070,920	₱36,476,392	₱1,134,400,285
Results						
Income before other income (expenses) and income tax	265,539,588	43,723,381	206,607,512	4,367,893	15,291,069	535,529,443
Equity in net earnings of associates and joint venture	4,059,446	—	—	—	—	4,059,446
Interest expense	(50,548,712)	(1,011,162)	(1,741,619)	(228,484)	(608,709)	(54,138,686)
Interest income	10,246,371	9,496	1,907,899	1,860	1,537	12,167,163
Other income ^(a)	126,193,095	84,003	1,147,925	50,255	231,369	127,706,647
Provision for income tax	(46,873,295)	(940,281)	(2,961,659)	—	—	(50,775,235)
Net Income	₱308,616,493	₱41,865,437	₱204,960,058	₱4,191,524	₱14,915,266	₱574,548,778
EBITDA						₱678,880,863
	For the three months ended September 30, 2024 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱460,867,502	₱53,556,308	₱227,368,093	₱15,298,397	₱15,505,977	₱772,596,277
Results						
Income before other income (expenses) and income tax	94,000,568	13,783,168	86,505,329	1,864,689	2,070,699	198,224,453
Equity in net earnings of associates and joint venture	6,377,485	—	—	—	—	6,377,485
Interest expense	(58,950,576)	(1,572,072)	(1,599,269)	(270,183)	(499,423)	(62,891,523)
Interest income	7,291,710	7,580	1,037,262	3,238	1,601	8,341,391
Other income ^(a)	28,221,627	1,803,264	1,626,556	128,215	114,008	31,893,670
Benefit from (provision for) income tax	(17,214,047)	(554,505)	543,568	—	—	(17,224,984)
Net Income	₱59,726,767	₱13,467,435	₱88,113,446	₱1,725,959	₱1,686,885	₱164,720,492
EBITDA						₱330,037,130

^(a) Other income excludes equity in net earnings of associates and joint venture, interest expense and interest income

The following tables present certain assets and liabilities information regarding geographical segments as at September 30, 2025 and June 30, 2025.

	As at September 30, 2025 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱9,498,120,403	₱796,047,144	₱2,565,727,210	₱101,250,830	₱187,353,288	₱13,148,498,875
Goodwill (see Note 14)	236,629,190	—	—	—	—	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	262,536,836	—	—	—	—	262,536,836
Deferred tax assets - net	37,748,080	3,153,963	15,299,533	252,350	1,727,327	58,181,253
Total Assets	₱10,035,034,509	₱799,201,107	₱2,581,026,743	₱101,503,180	₱189,080,615	₱13,705,846,154
Segment liabilities ^(b)	₱960,982,219	₱180,953,134	₱913,336,701	₱26,043,409	₱77,223,578	₱2,158,539,041
Interest-bearing loans and borrowings (see Note 16)	1,435,158,129	—	—	—	—	1,435,158,129
Bonds payable (see Note 17)	817,158,937	—	—	—	—	817,158,937
Pension liabilities	24,913,714	5,018,242	17,508,928	275,263	3,239,891	50,956,038
Lease liabilities	104,477,942	36,295,040	102,976,677	19,234,277	31,593,338	294,577,274
Total Liabilities	₱3,342,690,941	₱222,266,416	₱1,033,822,306	₱45,552,949	₱112,056,807	₱4,756,389,419
Other Segment Information						
Capital expenditures for property and equipment						₱240,440,924
Depreciation and amortization ^(c)						123,785,037
Noncash expenses other than depreciation and amortization						47,246,588

	As at June 30, 2025 (Audited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱8,553,138,927	₱705,773,459	₱2,097,123,917	₱71,214,485	₱133,381,884	₱11,560,632,672
Goodwill (see Note 14)	236,629,190	—	—	—	—	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	433,257,841	—	—	—	—	433,257,841
Deferred tax assets - net	19,820,054	2,873,776	15,428,588	252,350	1,727,327	40,102,095
Total Assets	₱9,242,846,012	₱708,647,235	₱2,112,552,505	₱71,466,835	₱135,109,211	₱12,270,621,798
Segment liabilities ^(b)	₱450,943,400	₱78,183,632	₱425,501,855	₱9,963,584	₱32,408,646	₱997,001,117
Interest-bearing loans and borrowings (see Note 16)	1,726,332,830	—	—	—	—	1,726,332,830
Bonds payable (see Note 17)	816,706,013	—	—	—	—	816,706,013
Pension liabilities	5,696,568	4,837,257	16,913,459	254,795	3,137,904	30,839,983
Lease liabilities	116,746,594	40,005,514	106,275,671	11,185,930	34,668,349	308,882,058
Total Liabilities	₱3,116,425,405	₱123,026,403	₱548,690,985	₱21,404,309	₱70,214,899	₱3,879,762,001
Other Segment Information						
Capital expenditures for property and equipment						₱796,971,910
Depreciation and amortization ^(c)						454,594,557
Noncash expenses other than depreciation and amortization						70,217,823

^(a) Segment assets exclude goodwill, investments in and advances to associates and joint venture and net deferred tax assets

^(b) Segment liabilities exclude interest bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities

^(c) Depreciation and amortization exclude those related to ROU assets

5. Cash and Cash Equivalents

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Cash on hand and in banks	₱834,464,048	₱786,908,551
Cash equivalents	1,059,331,975	807,661,136
	₱ 1,893,796,023	₱1,594,569,687

Cash in banks earn interest at their respective deposit rates. Cash equivalents are short-term investments, placed for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at their respective short-term investment rates.

Interest earned from cash in banks and cash equivalents amounted to ₱10.4 million and ₱5.6 million for the three months ended September 30, 2025 and 2024, respectively.

6. Receivables

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Tuition and other school fees	₱1,456,009,809	₱386,262,179
Educational services (see Note 24)	188,800,385	135,262,240
Rent, utilities, and other related receivables (see Note 24)	26,719,286	32,085,758
Receivables from officers and employees (see Note 24)	17,658,387	14,021,874
Interest receivables (see Note 5)	6,711,639	4,337,761
Others	20,680,659	17,765,499
	1,716,580,165	589,735,311
Less allowance for expected credit losses	201,277,947	156,675,922
	₱ 1,515,302,218	₱433,059,389

The terms and conditions of the receivables are as follows:

- a. Tuition and other school fees include receivables from students, DepEd, CHED, and Development Bank of the Philippines (DBP), see note 26.

These receivables are non-interest-bearing. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED and DBP are expected to be collected in full within the school year.

- b. Educational services pertain to receivables from franchisees and other related parties arising from educational services, royalty fees, sale of educational materials and supplies, and other charges. These receivables are generally noninterest-bearing and are normally collected within 30 days. Interest is charged on past due accounts.

This account also includes outstanding receivables from Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration Inc.-Quezon City (PSBA Quezon City), collectively referred to as "PSBA", in the total amount of ₱36.9 million and ₱31.6 million as at September 30, 2025 and June 30, 2025, respectively.

On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG provided management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services would be for a period of three years counting from the management commencement date (see Note 30).

Interest earned from past due accounts amounted to ₱1.8 million and ₱2.7 million for the three-month periods ended September 30, 2025 and 2024, respectively.

- c. Rent, utilities and other related receivables are expected to be collected in full within the fiscal year.
- d. Receivables from officers and employees substantially represent advances for official business expenses which are necessary and reasonable to carry out the operations of head office and the schools. These advances are normally liquidated within one month from the date the advances are obtained (see Note 24).
- e. Interest receivables represent accrued interest income on the Group's short-term investments, typically maturing within three months, and earning interest at prevailing market rates (see Note 5).
- f. Others mainly include receivables from former vendors and employees of STI ESG amounting to ₱0.9 million and ₱3.7 million, respectively, as at September 30, 2025 and June 30, 2025. This also includes receivables from Social Security System amounting to ₱8.7 million and ₱8.0 million as at September 30, 2025 and June 30, 2025, respectively. Further, this account also includes receivables from the retirement trustee bank of STI ESG amounting to ₱2.2 million and ₱1.9 million, representing retirement benefits advanced by STI ESG to its former employees as at September 30, 2025 and June 30, 2025, respectively. These receivables are expected to be collected within the fiscal year.

Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱2.8 million and ₱4.0 million for the three months ended September 30, 2025 and 2024, respectively. These amounts are reported in the "Other income (expenses)" section in the unaudited interim condensed consolidated statements of comprehensive income.

7. Inventories

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
At cost:		
Educational materials:		
Uniforms	₱111,855,917	₱129,972,473
Textbooks and other education-related materials	7,088,666	7,093,070
	118,944,583	137,065,543
Promotional materials:		
Proware materials	21,063,479	18,503,327
Marketing materials	2,464,536	1,197,512
	23,528,015	19,700,839
School materials and supplies	5,836,994	7,031,428
	₱148,309,592	₱163,797,810

Inventories recognized as obsolete, substantially composed of old tertiary uniforms and textbooks, are fully provided with allowance for inventory obsolescence. Accordingly, the carrying value of these inventories at net realizable value is nil as at September 30, 2025 and June 30, 2025. Allowance for inventory obsolescence amounted to ₱25.5 million as at September 30, 2025 and June 30, 2025. No provision was recognized for the three months ended September 30, 2025 and 2024.

Inventories charged to cost of educational materials and supplies sold amounted to ₱34.9 million and ₱46.4 million for the three months ended September 30, 2025 and 2024, respectively (see Note 22).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Input VAT - net	₱40,286,798	₱44,540,845
Prepaid subscriptions and licenses	23,534,686	20,244,199
Prepaid taxes	12,559,416	18,739,737
Prepaid insurance	12,058,382	1,121,965
Advances to suppliers	4,648,466	7,694,690
Infrastructure and software maintenance	210,900	329,932
Others	2,161,039	1,538,584
	₱95,459,687	₱94,209,952

Net input VAT represents the remaining balance after application against output VAT and is recoverable in future periods. The balance of this account is primarily attributed to input VAT recognized on the purchase of goods and services.

Prepaid subscriptions and licenses substantially pertain to Microsoft licenses, eBooks platform, Cybersecurity software, and eLearning Management System (eLMS) subscriptions which were paid in advance for SY 2025-2026. These subscriptions are normally renewed annually and are recognized as

expense in accordance with the terms of the respective agreements.

Prepaid taxes primarily pertain to prepayments for local business taxes and real property taxes. Prepayments for local business taxes and real property taxes are recognized as expenses over the applicable period, within 12 months ending December of every year.

Prepaid insurance primarily relates to health insurance coverage for employees, fire insurance coverage on buildings, including equipment and furniture, and comprehensive general liability. These insurance premiums are normally renewed annually and are recognized as expense over the respective period of the coverage.

Advances to suppliers primarily relate to prepayments for the yearbook production, procurement of students' school uniforms, repair and maintenance works across schools within the Group, and the national STI Talent Search. The balance as at June 30, 2025 included prepayments for commencement activities for SY2024-2025.

Prepaid infrastructure and software maintenance substantially pertains to firewall and web application subscription. These infrastructure and software maintenance costs are recognized as expense over the respective period of the coverage, which is normally within one year from date of agreement.

Other prepaid expenses mainly pertain to prepaid rentals and advance payments for social media marketing services.

9. Equity Instruments at Fair Value through Profit or Loss (FVPL)

Equity instruments at FVPL represents the Group's investment in quoted equity shares of RL Commercial REIT, Inc. (RCR) held for trading amounting to ₱11.3 million and ₱11.5 million as at September 30, 2025 and June 30, 2025, respectively.

STI ESG acquired 1,550,000 quoted equity shares of RCR amounting at ₱6.45 per share or an aggregate amount of ₱10.0 million in 2021. STI ESG recognized fair value loss on equity instruments at FVPL amounting to ₱0.2 million for the three months ended September 30, 2025 and fair value gain of ₱1.0 million for the three months ended September 30, 2024.

STI ESG recognized dividend income from RCR amounting to ₱0.2 million for each of the three months ended September 30, 2025 and 2024.

10. Property and Equipment

The roll forward analyses of this account are as follows:

	September 30, 2025 (Unaudited)													
	Land	Buildings	Office and School Equipment	Office Furniture and Fixtures	Leasehold Improvements	Transportation Equipment	Computer Equipment and Peripherals	Library Holdings	Renewable energy equipment	Construction in progress	Right-of-use Asset - Land	Right-of-use Asset - Building	Right-of-use Asset - Transportation Equipment	Total
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of period	P2,845,485,683	P4,481,083,328	P130,043,353	P50,136,898	P10,538,816	P10,663,134	P50,953,927	P9,252,052	P25,396,717	P196,758,073	P98,294,562	P134,212,038	P7,480,118	P8,050,298,699
Additions	—	24,232,751	14,952,345	6,279,682	6,922,305	5,284,992	21,739,417	363,452	3,219,999	157,445,981	—	13,431,683	—	253,919,229
Reclassification	—	42,945,412	1,480,000	—	1,538,194	—	—	—	650,000	(46,613,606)	—	—	—	—
Lease modification/termination	—	—	—	—	—	—	—	—	—	—	—	—	(340,256)	(340,256)
Depreciation and amortization (see Notes 21 and 23)	—	(88,312,263)	(10,271,170)	(3,736,016)	(1,565,433)	(1,113,842)	(9,405,538)	(525,662)	(1,698,549)	—	(2,019,876)	(13,463,413)	(1,825,200)	(133,936,962)
Balance at end of period	P2,845,485,683	P4,459,949,228	P136,204,528	P52,680,564	P17,433,882	P14,834,284	P63,287,806	P9,089,842	P27,568,167	P307,590,448	P96,274,686	P134,180,308	P5,314,662	P8,169,894,088
At September 30, 2025														
Cost	P2,845,485,683	P7,201,329,198	P845,641,907	P335,899,003	P220,915,052	P23,917,324	P480,876,457	P136,167,594	P36,550,993	P307,590,448	P148,107,222	P304,234,111	P47,193,286	12,933,908,278
Accumulated depreciation and amortization	—	(2,741,379,970)	(709,437,379)	(283,218,439)	(203,481,170)	(9,083,040)	(417,588,651)	(127,077,752)	(8,982,826)	—	(51,832,536)	(170,053,803)	(41,878,624)	(4,764,014,190)
Net book value	P2,845,485,683	P4,459,949,228	P136,204,528	P52,680,564	P17,433,882	P14,834,284	P63,287,806	P9,089,842	P27,568,167	P307,590,448	P96,274,686	P134,180,308	P5,314,662	P8,169,894,088

The cost of fully depreciated property and equipment still used by the Group amounted to ₱1,123.9 million and ₱1,105.4 million as at September 30, 2025 and June 30, 2025, respectively. There were no idle properties and equipment as at September 30, 2025 and June 30, 2025.

Property and Equipment under Construction

School Buildings. The Group continued to invest in the expansion of its educational infrastructure in areas where building capacity utilization is nearing its maximum, with total construction-in-progress amounting to ₱307.6 million and ₱196.8 million as at September 30, 2025 and June 30, 2025, respectively, primarily related to the costs incurred for putting up STI Academic Center Tanauan, and new school buildings at STI Fairview and STI Batangas. The construction-in-progress as at September 30, 2025 includes the related costs incurred for the construction of STI Academic Center Meycauayan.

The new STI Academic Center Meycauayan project has a total cost of approximately ₱731.7 million, inclusive of materials, cost of labor and overhead, equipment and furniture, and all other costs necessary for the completion of the project. The eight-storey building, which will include a service deck, will rise on a 2,459 square meter property located at Barrio Saluysoy, Meycauayan, Bulacan. This building is expected to accommodate up to 7,500 students and is expected to be completed within SY 2026-2027. The related costs for this project will be recognized as “Property and equipment” upon completion of the project.

The construction of STI Academic Center Tanauan is currently underway, with a total project cost of approximately ₱604.2 million. This amount covers costs for materials, labor, overhead, equipment and furniture, and other expenses necessary to complete the project. The eight-storey building, which will include a service deck, is designed to house up to 6,000 students and will be situated on a 10,000 square-meter property at President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. This project is expected to be completed within SY2026-2027.

In addition, the construction-in-progress account includes the costs related to new school buildings for STI Fairview and STI Batangas. A four-storey building with a roof deck is underway at STI Fairview with a total project cost of ₱91.0 million, covering all costs of materials, labor, tools, equipment, furniture, and incidental expenses to complete the project. This building is designed to accommodate 1,800 additional students. At the same time, the construction of a three-storey building is ongoing at STI Batangas with a total project cost of ₱32.0 million. This will serve approximately 900 more students. Both projects are scheduled for completion within SY 2025-2026.

Solar Power Projects. As at September 30, 2025, the Group has ongoing solar projects at STI Lipa, STI San Jose del Monte, and STI Calamba, with a combined capacity of 314 kilowatts. The total project cost is ₱13.8 million. These projects are expected to be completed by end of November 2025. These solar projects are expected to generate significant energy savings for the respective campuses while contributing to the Group’s sustainability initiatives

Classroom Expansion Project. The Group’s classroom expansion project at STI Lucena, with a total project cost of ₱15.1 million, is expected to be completed by end of November 2025. These additional classrooms can accommodate approximately up to 435 students.

Building Improvements. The Group has also carried out exterior resealing and repainting of buildings across several schools within the STI ESG network. These projects have an aggregate cost of ₱110.3 million, covering all costs of materials, labor, and incidental expenses. The projects were substantially completed as at report date, with the remaining works expected to be completed by the end of November 2025.

Collaterals

Transportation equipment, recognized as ROU assets, are pledged as security for the related lease liabilities as at September 30, 2025 and June 30, 2025. The net book value of these equipment amounted to ₱5.3 million and ₱7.5 million as at September 30, 2025 and June 30, 2025, respectively.

11. Investment Properties

The rollforward analyses of this account are as follows:

	September 30, 2025 (Unaudited)		
	Land	Condominium Units	Total
Cost:			
Balance at beginning/end of period	₱251,924,101	₱784,817,822	₱1,036,741,923
Accumulated Depreciation:			
Balance at beginning of period	–	₱362,293,834	₱362,293,834
Depreciation (see Notes 21 and 23)	–	6,739,422	6,739,422
Balance at end of period	–	369,033,256	369,033,256
Net book value	₱251,924,101	₱415,784,566	₱667,708,667

	June 30, 2025 (Audited)		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of period	₱392,067,483	₱780,307,090	₱1,172,374,573
Additions	–	4,510,732	4,510,732
Reclassification to property and equipment (see Note 10)	(140,143,382)	–	(140,143,382)
Balance at end of period	251,924,101	784,817,822	1,036,741,923
Accumulated Depreciation:			
Balance at beginning of period	–	335,601,702	335,601,702
Depreciation (see Notes 21 and 23)	–	26,692,132	26,692,132
Balance at end of period	–	362,293,834	362,293,834
Net book value	₱251,924,101	₱422,523,988	₱674,448,089

As at September 30, 2025 and June 30, 2025, investment properties primarily include certain parcels of land and condominium units of the Group. These parcels of land are located in various locations and are primarily held for capital appreciation and rental purposes, while the condominium units are held for office or commercial lease. These properties are not utilized by the Group in the conduct of its operations.

12. Investments in and Advances to Associates and Joint Venture

The details and movements of this account are as follows:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Investments		
Acquisition costs	₱482,071,993	₱549,760,826
Disposal	(184,153,443)	(67,688,833)
Balance at end of period	297,918,550	482,071,993
Accumulated equity in net losses:		
Balance at beginning of period	(47,265,749)	(52,098,533)
Equity in net earnings of associates and joint venture	4,059,446	22,044,896
Dividends received	—	(21,484,480)
Disposal	9,278,220	4,272,368
Balance at end of period	(33,928,083)	(47,265,749)
Accumulated share in associates' other comprehensive income:		
Balance at beginning of period	101,937	264,119
Remeasurement loss on pension liability	—	(168,025)
Unrealized fair value adjustment on equity instruments designated at FVOCI	(2,281)	(3,414)
Disposal	97,053	9,257
Balance at end of period	196,709	101,937
	264,187,176	434,908,181
Less allowance for impairment loss	1,650,340	1,650,340
	262,536,836	433,257,841
Advances (see Note 24)	48,134,540	48,134,540
Less allowance for impairment loss	48,134,540	48,134,540
	—	—
	₱262,536,836	₱433,257,841

There were no movements in the allowance for impairment in value of investments in and advances to associates and joint ventures for the three months ended September 30, 2025 and 2024. The carrying values of the Group's investments in and advances to associates and joint venture are as follows:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Associates (see Note 24):		
STI Holdings	₱237,404,025	₱408,539,619
STI Accent*	48,134,540	48,134,540
GROW	22,864,054	22,457,345
Joint venture - PHEI	3,919,097	3,911,217
	312,321,716	483,042,721
Allowance for impairment loss	(49,784,880)	(49,784,880)
	₱262,536,836	₱433,257,841

*The share in equity of STI Accent for the periods ended September 30, 2025 and June 30, 2025 is not material to the unaudited interim condensed consolidated financial statements.

In August and September 2024, STI ESG partially disposed of its interest in STI Holdings for a total consideration of ₱25.0 million, reducing its shareholding by 23.0 million shares, from 500.4 million

shares to 477.4 million shares. These partial disposals of STI ESG' interest in STI Holdings resulted in gain amounting to ₱3.2 million which was recognized as "Gain on partial disposal of interest in an associate" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2024. As a result, STI ESG's ownership interest in STI Holdings decreased from 5.05% to 4.82%, respectively, as at September 30, 2024.

In January 2025, STI ESG sold an aggregate of 45.0 million shares of its interest in STI Holdings for a total consideration of ₱63.0 million, further reducing its shareholding to 432.4 million shares. These partial disposals of STI ESG' shares in STI Holdings resulted in total gain of ₱24.6 million which was recognized in the consolidated statement of comprehensive income for the year ended June 30, 2025. STI ESG's ownership interest in STI Holdings decreased from 5.05% to 4.37% as at June 30, 2025.

In August 2025, STI ESG sold additional STI Holdings shares aggregating to 185.0 million shares for a total consideration of ₱277.5 million. This further reduced STI ESG's shareholding to 247.4 million shares, decreasing STI ESG's ownership interest in STI Holdings from 4.37% to 2.50%. These partial disposals of STI ESG's interest in STI Holdings have resulted in gain amounting to ₱102.7 million which was recognized as "Gain on partial disposal of interest in an associate" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2025.

13. Equity Instruments at Fair Value through Other Comprehensive Income (FVOCI)

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Quoted equity shares	₱11,654,800	₱11,880,016
Unquoted equity shares	66,199,615	66,199,615
	₱77,854,415	₱78,079,631

b. Quoted Equity Shares

Quoted equity shares pertain to shares listed in the PSE, as well as traded club shares. These are carried at fair value with the cumulative changes in fair values presented as a separate component of equity under the "Unrealized fair value adjustment on equity instruments at FVOCI" account in the unaudited interim condensed consolidated statements of financial position. The fair values of these shares are based on the quoted market price as at the financial reporting date.

a. Unquoted Equity Shares

Unquoted equity shares pertain to shares that are not listed in a stock exchange.

STI ESG owns 57,971 shares of De Los Santos Medical Center, Inc. (DLSMC). The carrying value of the investment in DLSMC amounted to ₱35.1 million as at September 30, 2025 and June 30, 2025.

STI ESG owns 5.0 million common shares at ₱1.0 per share or ₱5.0 million representing 6.25% equity interest in Philippine School of Business Administration-Manila, Inc. (formerly STI College Novaliches, Inc.), as at September 30, 2025 and June 30, 2025.

14. Goodwill, Intangible and Other Noncurrent Assets

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Advances to suppliers	₱453,235,000	₱345,042,564
Goodwill	236,629,190	236,629,190
Deposits for purchase of shares	60,484,800	60,484,800
Intangible assets	28,881,769	29,298,912
Rental and utility deposits	23,723,597	23,246,120
Others	2,596,019	2,596,019
	₱805,550,375	₱697,297,605

Advances to Suppliers

Advances to suppliers as at September 30, 2025 and June 30, 2025 pertain substantially to payments made in advance for the (1) design and construction of the STI Academic Center Alabang, (2) design and construction of the STI Academic Center Tanauan, (3) construction of new school buildings at STI Fairview and STI Batangas, and (4) design and set-up of the new enrollment system. The balance as at September 30, 2025 includes advance payments for the construction of the STI Academic Center Meycauyan amounting to ₱147.7 million, representing a 30% down payment. The related costs for these projects, except for the enrollment system, will be recognized under “Property and Equipment” as construction progresses, or when the goods are received, or services are rendered.

The enrollment system is currently in the pilot testing phase, with a phased rollout to begin within SY2025-2026. The deployment will occur in stages across the STI ESG network. The related costs for this project will be recognized as “Intangible assets” upon completion of the project.

Goodwill

As at September 30, 2025 and June 30, 2025, the Group’s goodwill acquired through business combinations have been allocated to certain schools which are considered as separate CGUs. Management performs its impairment test at the end of each annual reporting period for all the CGUs. No impairment was recognized for the three months ended September 30, 2025 and 2024.

Deposit for Purchase of Shares

On June 20, 2024, STI ESG and TCAMI executed a Share Purchase Agreement (SPA) for STI ESG’s acquisition of 190.0 million common shares with par value of ₱1.0 per share, representing 100.0% of the total issued and outstanding capital stock (Subject Shares) of TCAMI’s wholly-owned subsidiary, Phosphene Holdings, Inc. (PHI), for ₱403.2 million. A 15.0% deposit, equivalent to ₱60.5 million, was paid on the effective date of the SPA. The remaining balance of ₱342.7 million would be due on the third anniversary of the SPA.

The agreement granted STI ESG the right to cancel the purchase of the Subject Shares at any time within the three-year period. Should STI ESG opt to cancel, TCAMI shall refund the deposit within thirty (30) days from receipt of the written notice of cancellation. The transfer of the shares would take place on the third anniversary of the SPA’s effective date or at an earlier date mutually agreed upon by STI ESG and TCAMI.

PHI owns a 25,202-square-meter parcel of land located at President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas which is adjacent to the property owned by CHI. CHI is the registered owner of a 10,000-square-meter parcel of land located on President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas which is the site of the on-going construction of the STI Academic

Center Tanauan. CHI is 100% owned by STI ESG (see note 1).

Intangible Assets

Intangible assets substantially pertain to the license to operate a maritime school which the Group identified as intangible assets for purposes of estimating the fair value of the net assets acquired. Such intangible assets with indefinite useful life representing the fair value of the license and agreements amounted to ₱27.6 million as at September 30, 2025 and June 30, 2025.

This account also includes the Group's accounting and payroll software as at September 30, 2025 and June 30, 2025. The roll forward analyses of this account follow:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Cost, net of accumulated amortization:		
Balance at beginning of year	₱29,298,912	₱31,192,337
Amortization	(417,143)	(1,893,425)
Balance at end of year	₱28,881,769	₱29,298,912
Cost	₱73,095,036	₱73,095,036
Accumulated amortization	(44,213,267)	(43,796,124)
Net carrying amount	₱28,881,769	₱29,298,912

Rental and Utility Deposits

This account includes security deposits paid to utility companies and for school and office space rentals in accordance with the respective lease agreements.

15. Accounts Payable and Other Current Liabilities

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Accounts payable (see Note 24)	₱393,991,068	₱401,197,167
Accrued expenses:		
Contracted services	52,556,364	47,789,507
Salaries, wages and benefits	49,482,615	43,714,247
School activities, programs and other related expenses	47,153,630	65,338,927
Utilities	20,192,604	14,971,195
Insurance	5,468,894	2,533,309
Interest	4,499,069	38,606,956
Advertising and promotion	1,707,809	5,369,064
Rent	228,108	203,108
Others	698,975	339,764
Network events fund	39,406,012	30,440,006
Excess payments for refund	39,103,611	41,383,909
Statutory payables	28,954,610	26,301,736
Student organization fund	20,316,741	20,970,989
Dividends payable (see Note 19)	19,976,731	19,976,731
Current portion of refundable deposits (see Note 18)	5,882,995	5,993,506

(forward)

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Current portion of advance rent (see Note 18)	2,737,695	2,737,695
Others	2,962,234	2,486,439
	₱735,319,765	₱770,354,255

The terms and conditions of the liabilities are as follows:

- a. Accounts payable are noninterest-bearing and are normally settled within a 30 to 60-day term.

As of September 30, 2025, this account includes the remaining balance of ₱102.1 million for the acquisition of a parcel of land in Alabang, Muntinlupa City.

- b. Accrued expenses, network events fund, student organization fund, and other payables are expected to be settled within the fiscal year.
- c. Excess payments for refund represent excess payments made by students, arising from overpayments, sponsorship adjustments, or approved scholarships. These amounts are recognized as a liability and will remain as such until the necessary documentation to initiate the refund process is received. The refund is expected to be settled within the fiscal year.
- d. Statutory payables primarily include taxes and other payables to government agencies which are generally settled on or before the respective due dates, typically within 5 to 30 days following the end of the taxable month or quarter, in accordance with BIR regulations.
- e. Dividends payable pertain to dividends declared which are unclaimed as at report date and are due on demand.
- f. Advance rent pertains to amount received by the Group which will be earned and applied within the fiscal year.
- g. Refundable deposits pertain to security deposits received from existing lease agreements and are expected to be settled within the fiscal year.
- h. The terms and conditions of payables to related parties are disclosed in Note 30 to the consolidated financial statements (see Note 24).

16. Interest-bearing Loans and Borrowings

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Term loans ^(a)	₱1,435,158,129	₱1,726,332,830
Less current portion	580,448,289	580,267,162
Noncurrent portion	₱854,709,840	₱1,146,065,668

^(a)Net of unamortized debt issuance costs of ₱10.4 million and ₱11.4 million as at September 30, 2025 and June 30, 2025, respectively.

Term Loan Agreement with Bank of the Philippine Islands (BPI)

On March 7, 2024, STI ESG and BPI entered into a five-year term loan agreement for a credit facility of up to ₱1,000.0 million. The credit facility is unsecured and was originally available and ending on

the earliest of (i) December 31, 2024 (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement. The proceeds of this loan could be used to (i) partially refinance STI ESG's bonds due in March 2024 (ii) finance the campus expansion projects, and (iii) and for other general corporate requirements.

On March 18, 2024, STI ESG availed a ₱500.0 million loan from this facility at an interest rate of 8.4211% per annum. The proceeds from this loan were used to partially finance the 7-year bonds which were redeemed in full upon maturity on March 23, 2024.

Principal repayments are made in ten (10) equal installments based on a semi-annual amortization schedule which commences six (6) months from the date of initial borrowing until the maturity date. Each such installment is being paid by STI ESG on a repayment date occurring semi-annually from the date of initial borrowing until the maturity date. Interest and principal payment for the succeeding borrowings are to be adjusted to coincide with that of the initial borrowing.

STI ESG has elected to fix the interest on each drawdown on semi-annual basis equivalent to higher of (i) the base rate-floating plus margin; and (ii) the applicable Bangko Sentral ng Pilipinas (BSP) Target Reverse Repurchase Rate (TRRP) plus margin, payable and repriced semi-annually. Base Rate means the PHP Bloomberg Valuation (BVAL) or PHP BVAL Reference Rates (or in the event of its elimination or discontinuance, its replacement as may be determined by the Bankers' Association of the Philippines (BAP) or BSP, as displayed on Bloomberg (or such applicable platform) at approximately 5:00 PM on the relevant Interest Rate Setting Date or Interest Rate Repricing Date. BSP TRRP means the monetary policy interest rate of the BSP as published daily in the BSP website. On May 10, 2024, BPI agreed to STI ESG's request to amend the Term Loan Agreement with respect to the basis of floating interest rate at each drawdown equivalent to the higher of (i) the base rate-floating plus margin; and (ii) the applicable BSP TRRP plus 50 basis points, payable and repriced semi-annually. The amendment to the Term Loan Agreement was executed on May 17, 2024. The amendment provides that the basis of the floating interest rate will take effect on the next drawdown or on the next repricing date, whichever comes first.

Interest Period commences on the date of the Borrowing and has a duration of six (6) months with each six (6)-month period thereafter commencing upon the expiry of the immediately preceding Interest Period; provided that, in case of multiple Borrowings, for each Borrowing subsequent to the initial Borrowing, the first Interest Period for that subsequent Borrowing shall commence on the date of such Borrowing and shall end on the last day of the current Interest Period for the initial Borrowing as established above in order to synchronize the interest periods of all Borrowings. Interest Rate Setting Date means, two (2) Business Days prior to each Borrowing Date or, if that is not a Business Day, on the immediately preceding Business Day. Interest Rate Repricing Date shall mean two (2) Business Days prior to each semi-annual date coinciding with the Interest Payment Date. Interest rate for the outstanding loans under this Term Loan Facility with BPI was repriced effective March 18, 2025 and September 18, 2024 at the rates of 7.4395% per annum and 7.8735% per annum, respectively. Subsequently, interest rate for the Term Loan Facility with BPI was repriced effective September 18, 2025 at 7.0588% per annum.

STI ESG has the option to prepay the loan, wholly or partially, at any time during the term of the loan. Each partial prepayment shall be in integral multiples of ₱10.0 million. The amount payable in respect of any prepayment of the loan, the payment shall comprise of (i) any accrued interest on the principal amount of the loan to be prepaid; and (ii) the principal amount of the Loan to be prepaid; and (iii) prepayment penalty equivalent to 1% of the amount prepaid if the prepayment is done on any date other than the Interest Rate Setting Date.

The embedded floating interest rate and prepayment option on the loan drawdowns with BPI was assessed as clearly and closely related to the loan, thus, not for bifurcation.

On December 4, 2024, STI ESG availed an additional ₱200.0 million loan from this facility at an interest rate of 7.8201% per annum. The proceeds from this loan were used to settle the downpayment for the construction of STI Academic Center Alabang. STI ESG capitalized the related loan transaction costs amounting to ₱1.5 million.

These outstanding loans are unsecured and are due based on the following schedule as at September 30, 2025:

Fiscal Year	Amount
2026	₱72,222,221
2027	144,444,444
2028	144,444,444
2029	144,444,446
	<u>₱505,555,555</u>

The breakdown of STI ESG's Term Loan with BPI is as follows:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Balance at beginning of period	₱577,777,778	₱500,000,000
Proceeds	—	200,000,000
Payments	(72,222,223)	(122,222,222)
Balance at end of period	505,555,555	577,777,778
Deferred finance cost	(3,809,088)	(4,086,412)
Balance at end of period	501,746,467	573,691,366
Less current portion	143,344,193	143,344,193
Balance classified as noncurrent	<u>₱358,402,274</u>	<u>₱430,347,173</u>

In January 2025, STI ESG and BPI executed the second amendment to STI ESG's Term Loan Agreement with BPI extending its availability period. Following the amendment, the availability period was extended to conclude on the earliest of (i) June 30, 2025, (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement.

STI ESG settled the principal payments due under STI ESG's Term Loan facility with BPI amounting to ₱50.0 million on September 18, 2024. In addition, on March 18, 2025 and September 18, 2025, STI ESG settled principal payments of ₱72.2 million each under the same facility.

In July 2025, STI ESG and BPI executed the third amendment to STI ESG's Term Loan Agreement with BPI further extending its availability period. Following the amendment, the availability period was further extended to conclude on the earliest of (i) December 31, 2025, (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement.

Financial Covenants. The Agreement prescribes that the following financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio not exceeding 2.50:1.00, computed by dividing Total Debt over total Equity of STI ESG

2. Debt Service Cover Ratio (DSCR) of at least 1.05x, which is the ratio between (a) the EBITDA based on the latest Financial Statements, and (b) Debt Service.

The term “Total Debt” means the aggregate (as of the relevant date for calculation) of all interest bearing indebtedness of STI ESG, and the term “Equity” means the sum of capital stock (common and preferred stocks), additional paid-in capital, deposit for future subscriptions, retained earnings (appropriated and unappropriated) and shareholders advances that are intended to be infused as capital stock, as shown in the applicable financial statements of STI ESG, provided that preferred stocks shall only be considered as part of capital stock if the said preferred stocks do not earn interest.

Debt Service means the principal amortizations, interest payments and financing fees and charges falling due for the next twelve (12) months following the end of STI ESG’s fiscal year. Debt Service and EBITDA shall be based on the latest audited consolidated financial statements.

The Group’s D/E ratio and DSCR, as defined in the Term Loan Agreement with BPI, as at June 30, 2025 are as follows:

Total liabilities ^(a)	₱2,543,038,843
Total equity	8,390,859,797
Debt-to-equity ratio	0.30:1.00

^(a) Including only all interest-bearing Indebtedness

EBITDA (see Note 4) ^(b)	₱2,589,109,533
Total interest-bearing liabilities ^(c)	762,528,616
Debt service cover ratio	3.40:1.00

^(b) EBITDA for the last twelve months

^(c) Total interest-bearing debts and interests due in the next twelve months

As at September 30, 2025 and June 30, 2025, STI ESG is in compliance with the BPI loan covenants.

Term Loan Agreement with Metropolitan Bank & Trust Company (Metrobank)

On March 8, 2024, STI ESG and Metrobank entered into an unsecured five-year term loan agreement of up to ₱2,000.0 million. The credit facility was originally available up to December 31, 2024. The proceeds of this loan could be used to (i) partially refinance STI ESG’s bonds due in March 2024 (ii) finance the campus expansion projects, and (iii) for other general corporate requirements.

Principal repayments are made in equal or nearly equal consecutive ten (10) installments based on a semi-annual amortization schedule which commences six (6) months from the date of initial borrowing until the maturity date, with the last installment in an amount sufficient to fully pay the loan. Each such installment is being paid by STI ESG on a repayment date occurring semi-annually from the date of borrowing or initial borrowing, until the maturity date. In case there is more than one (1) borrowing, the repayment date is to be adjusted to coincide with the interest payment date occurring in the same calendar month.

STI ESG has elected to fix the interest on each drawdown on semi-annual basis based on the higher of the aggregate of the six (6)-month reference rate plus 1.50% per annum, and the aggregate of the BSP TRRP Rate plus 0.50% per annum. Reference rate is defined as the relevant tenor of the Bloomberg Valuation Curve for Philippine government securities, currently referred to as BVIS0923 Index in Bloomberg, as published on the PDS market page and PDS official website.

Interest Period commences on the date of borrowing or initial borrowing, in case there is more than one (1) borrowing, and having a duration of six months and each semi-annual period thereafter commencing

upon the expiry of the immediately preceding interest period, provided, that the first interest period with respect to a borrowing subsequent to the initial borrowing shall commence on the date of such subsequent borrowing and shall end on the last day of the current interest period of the initial borrowing within which such subsequent borrowing was made to synchronize all subsequent interest periods. Interest Rate Setting Date is the business day immediately preceding the date of borrowing and each semi-annual period occurring after such business day but coinciding with the interest payment date.

On March 18, 2024, STI ESG made a drawdown amounting to ₱1,000.0 million subject to an interest rate of 7.8503% per annum. Interest rate for this outstanding loan with Metrobank was repriced at the rates of 7.4213% per annum and 7.0517% per annum effective March 18, 2025 and September 18, 2025, respectively, compared to 7.8135% per annum effective September 18, 2024. The proceeds of this loan were used to partially finance the full redemption of the 7-year bonds on March 23, 2024.

STI ESG may, at its option, prepay the loan in part or in full, together with accrued interest thereon. Each partial prepayment shall be in whole multiples of ₱10.0 million. Each prepayment shall be made on an interest payment date, otherwise prepayment shall be subject to a prepayment penalty of 1% of the amount prepaid.

The embedded floating interest rate and prepayment option on the loan drawdown with Metrobank was assessed as clearly and closely related to the loan, thus, not for bifurcation.

These outstanding loans are unsecured and are due based on the following schedule as at September 30, 2025:

Fiscal Year	Amount
2026	₱100,000,000
2027	200,000,000
2028	200,000,000
2029	200,000,000
	₱700,000,000

The breakdown of STI ESG's Term Loan with Metrobank is as follows:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Balance at beginning of period	₱800,000,000	₱1,000,000,000
Payments	(100,000,000)	(200,000,000)
Balance at end of period	700,000,000	800,000,000
TDeferred finance cost	(5,193,256)	(5,571,546)
Balance at end of period	694,806,744	794,428,454
Less current portion	198,499,178	198,499,178
Balance classified as noncurrent	₱496,307,566	₱595,929,276

On September 18, 2024 and March 18, 2025, STI ESG settled principal payments aggregating to ₱200.0 million under its Term Loan facility with Metrobank. In addition, on September 18, 2025, STI ESG made a principal payment amounting to ₱100.0 million under the same facility.

In January 2025, STI ESG and Metrobank executed an amendment to STI ESG's Term Loan Facility agreement with Metrobank, introducing the following changes:

- The availability period of the Term Loan Facility was extended from December 31, 2024, to June 30, 2025.
- The Debt-to-Equity Ratio covenant was adjusted from 1.50:1.00 to 2.50:1.00.
- The maturity date of the loan shall be five (5) years from the date of each borrowing.

In July 2025, the availability period of the Term Loan Agreement with Metrobank has been further extended from June 30, 2025 to December 31, 2025. All other provisions of the Term Loan Agreement with Metrobank continue to be in full force and effect.

Financial Covenants. The Agreement, as amended above, prescribes that the following financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio of not greater than 2.5x, shall mean the proportion of the Total Debt to Equity, and
2. Debt Service Cover Ratio (DSCR) of at least 1.05x, shall mean the proportion of EBITDA to Debt Service.

The term "Total Debt" shall mean all obligations of STI ESG which, in accordance with generally accepted accounting principles and practices in the Philippines, are required to be included as liabilities of STI ESG in its statement of financial position, including accrued income taxes and other proper accruals, but excluding "Unearned tuition and other school fees" and "Lease liabilities", as computed based on PFRS 16, and the term "Equity" shall mean the equity interest of the owners of the capital stock of STI ESG computed and determined in accordance with generally accepted accounting principles and practices in the Philippines.

The term "EBITDA" shall mean the net income or net earnings of STI ESG before deducting interest expense, taxes, depreciation and amortization, and as defined in its audited consolidated financial statements for the immediately preceding fiscal year, and the term "Debt Service" shall mean the aggregate (as of the relevant date for calculation) of all outstanding interest-bearing debts/obligations of STI ESG that are due/payable in the next fiscal year, computed and determined in accordance with generally accepted accounting principles and practices in the Philippines.

The Group's D/E ratio and DSCR as at June 30, 2025, as defined in the Term Loan Agreement with Metrobank are as follows:

Total liabilities ^(a)	₱3,407,904,165
Total equity	8,390,859,797
Debt-to-equity ratio	0.41:1.00

^(a) Excluding unearned tuition and other school fees and lease liabilities

EBITDA (see Note 4) ^(b)	₱2,589,109,533
Total interest-bearing liabilities ^(c)	762,528,616
Debt service cover ratio	3.40:1.00

^(b) EBITDA for the last twelve months

^(c) Total interest-bearing debts due in the next twelve months

As at September 30, 2025 and June 30, 2025, STI ESG is in compliance with the Metrobank loan covenants.

Term Loan Agreement with China Banking Corporation (Chinabank)

On May 7, 2019, STI ESG and Chinabank entered into a seven-year term loan agreement up to ₱1,200.0 million. The credit facility is unsecured and was originally available for a period of one year

from May 7, 2019, the date of signing of the loan agreement. Following the provisions of the Term Loan Agreement, the proceeds of this loan could be used for the (i) financing of campus expansion projects, (ii) acquisition of schools, (iii) refinancing of short-term loans incurred for projects, and (iv) other general corporate purposes. The agreement provides for a grace period in principal repayments of two (2) years from the initial drawdown date. Principal repayments are made in ten (10) equal semi-annual installments beginning six (6) months from the end of the grace period.

As stated in the Term Loan Agreement, STI ESG has elected to fix the interest on each drawdown on a per annum basis based on the higher of the one-year PHP BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate, divided by the Applicable Interest Premium Factor. On the Initial Interest Rate Resetting Date, the applicable interest rate per annum for all drawdowns would be collectively reset based on the higher of 1-year BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate divided by the Applicable Interest Premium Factor.

STI ESG may, on any Interest Resetting Date and upon serving a written notice, elect to fix the interest rate for the remaining period of the loan based on the higher of the applicable BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate, divided by the Applicable Interest Premium Factor.

On July 3, 2020, STI ESG and Chinabank executed the Amendment to the Term Loan Agreement dated May 7, 2019 to amend the availability period of the Term Loan Facility. The Term Loan Facility was made available to STI ESG on any business day for the period beginning on the date of the Term Loan Agreement and ending on the earliest of: (a) July 31, 2020; (b) the date the Term Loan Facility was fully drawn; or (c) the date the Lender's commitment to extend the Term Loan Facility to STI ESG is canceled or terminated in accordance with the Term Loan Agreement. At various dates during the year ended March 31, 2020, STI ESG availed loans aggregating to ₱800.0 million subject to interest rates ranging from 5.81% to 6.31% per annum. In July 2020, STI ESG availed loans aggregating to ₱400.0 million subject to an interest rate of 5.81% per annum. As at July 31, 2020, the Term Loan Facility was fully drawn at ₱1,200.0 million. The proceeds from these loans were used for capital expenditures and working capital requirements. Interest rates for all drawdowns from the Term Loan Facility were repriced at the rates of 8.0472% per annum and 7.8749% effective September 19, 2023 and 2024, respectively. Starting from September 19, 2025, the interest rate was adjusted to 7.1577% per annum.

Provided that no event of default has occurred and is continuing, STI ESG may prepay, after the second (2nd) anniversary date of the initial drawdown, all or part of the loan, together with the accrued interest and other charges accruing thereon up to the date of prepayment. Prepayments shall not be subject to any penalties if made on an interest rate resetting date. Otherwise, STI ESG shall pay the prepayment premium based on the principal amount to be prepaid (i) from the 2nd anniversary date of the Initial Drawdown up to the 5th anniversary date of the Initial Drawdown subject to prepayment penalty at 103%; (ii) After the 5th anniversary date of the Initial Drawdown until one business day before the loan maturity date at 100% of the prepaid amount.

The embedded floating interest rate and prepayment option on the loan drawdown with China Bank was assessed as clearly and closely related to the loan, thus, not for bifurcation.

These outstanding loans are unsecured and are due based on the following schedule as at September 30, 2025:

Fiscal Year	Amount
2026	₱120,000,000
2027	120,000,000
	<u>₱240,000,000</u>

The breakdown of the Group's Term Loan with Chinabank is as follows:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Balance at beginning of period	₱360,000,000	₱600,000,000
Repayments	(120,000,000)	(240,000,000)
Balance at end of period	240,000,000	360,000,000
Deferred finance cost	(1,395,082)	(1,786,990)
Balance at end of period	238,604,918	358,213,010
Less current portion	238,604,918	238,423,791
Balance classified as noncurrent	₱—	₱119,789,219

On September 16, 2021, Chinabank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million. Further, Chinabank reduced the prepayment penalty from 3% to 1.5% based on the amount to be prepaid. On September 20, 2021, STI ESG made a prepayment aggregating to ₱243.9 million, inclusive of the 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on amortizations due on March 19, 2022, and September 19, 2022.

On September 23, 2022, Chinabank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million. On the same day, STI ESG made a prepayment aggregating to ₱244.5 million, inclusive of interests on the outstanding term loan facility covering September 19 to 23, 2022 and 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on scheduled amortizations due on March 19, 2023 and September 19, 2023. STI ESG settled the principal payments due amounting to ₱120.0 million each on March 19, 2024 and September 19, 2024. Further, on March 19, 2025 and September 19, 2025, STI ESG settled principal payments of ₱120.0 million each under the same Term Loan facility with Chinabank.

Financial Covenants. The Agreement prescribes that the following financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio of not more than 1.50x, computed by dividing Total Liabilities by Total Equity. For purposes of this computation, Total Liabilities shall exclude Unearned Tuition and Other School Fees, and
2. Debt Service Cover Ratio (DSCR) of a minimum of 1.05x, which is the ratio of EBITDA to Debt Service.

"Total Liabilities" shall mean, for purposes of determining STI ESG's compliance with any required D/E Ratio, the total economic obligations of STI ESG (excluding unearned tuition and other school fees) that are recognized and measured in the fiscal year end audited consolidated financial statements in accordance with PFRS and GAAP, as may be applicable and unaudited consolidated financial

statements ending December 31 of each year, as may be applicable. “Total Equity” shall mean, for purposes of determining STI ESG’s compliance with any required D/E Ratio, the amount of STI ESG’s total stockholders’ equity, recognized and measured in the fiscal year-end audited consolidated financial statements in accordance with PFRS and GAAP, as may be applicable and unaudited consolidated financial statements ending December 31 of each year, as may be applicable.

Under the Term Loan agreement, the Debt-to-equity ratio and DSCR testing is done semi-annually, that is, as at June 30 and December 31 of each year .

The Group's D/E and DSCR, as defined in the Term Loan Agreement of STI ESG with Chinabank, as at June 30, 2025 are as follows:

Total liabilities ^(a)	₱3,716,786,223
Total equity	8,390,859,797
Debt-to-equity ratio	0.44:1.00

^(a) Excluding unearned tuition and other school fees

EBITDA (see Note 4) ^(b)	₱2,589,109,533
Total interest-bearing liabilities ^(c)	762,528,616
Debt service cover ratio	3.40:1.00

^(b) EBITDA for the last twelve months

^(c) Total interest-bearing debts and interests due in the next twelve months

As at September 30, 2025 and June 30, 2025, STI ESG is compliant with the required covenants.

Interest Expense

Interest incurred on the loans (including amortization of debt issuance costs) amounted to ₱33.3 million, and ₱43.0 million for the three-month periods ended September 30, 2025 and 2024, respectively.

17. Bonds Payable

This account consists of:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Fixed-rate bonds due 2027	₱820,000,000	₱820,000,000
Less unamortized debt issuance costs	2,841,063	3,293,987
Balance at end of period	₱817,158,937	₱816,706,013

On March 23, 2017, the Parent Company issued the first tranche of its ₱5,000.0 million fixed-rate bonds program under its 3-year shelf registration with the SEC which ended on March 9, 2020. The bonds, amounting to an aggregate of ₱3,000.0 million, were listed through the Philippine Dealing & Exchange Corp. (PDEx), with interest payable quarterly and were issued with a fixed rate of 5.8085% for the 7-year series, due 2024, and 6.3756% for the 10-year series, due 2027.

Proceeds of the issuance were used to finance the campus expansion projects, refinance the short-term loans incurred for the acquisition of land, and for other general corporate requirements of the Group.

The bonds include an embedded derivative in the form of an early redemption option that gives the

Parent Company the option, but not the obligation, to redeem in whole (and not in part), the outstanding bonds before the relevant maturity date, based on a certain price depending on the fixed early redemption option dates. Management has assessed that the early redemption option is closely related to the bonds and would not require to be separated from the value of the bonds and accounted for as a derivative. Subsequent reassessment is required when there has been a change in the terms of the contract that significantly modifies the cash flows.

On March 23, 2024, the 7-year fixed rate bonds with a principal amount of ₱2,180.0 million matured and were fully redeemed by STI ESG in accordance with the terms of the Trust Agreement and the Supplemental Trust Agreement.

The bonds were rated ‘PRS A plus’ with a Positive Outlook by PhilRatings in November 2024. Obligations rated PRS A have favorable investment attributes and are considered as upper-medium grade obligations. Although these obligations are somewhat more susceptible to the adverse effects of changes in economic conditions, this indicates that the obligor’s capacity to meet its financial commitments on the obligation is still strong. The “plus” further qualifies the assigned rating. A “Positive Outlook” indicates that there is a potential for the present credit rating to be upgraded in the next 12 months.

On November 17, 2025, PhilRatings assigned STI ESG’s outstanding 10-year bond series an Issue Credit Rating of PRS Aa, with Stable Outlook. This represents an upgrade from the previous rating of PRS A plus, with a Positive Outlook. Obligations rated PRS Aa are of high quality and are subject to very low credit risk. This means that the obligor’s capacity to meet its financial commitment on the obligation is very strong. A Stable Outlook indicates that the rating is likely to be maintained and or to remain unchanged in the next 12 months.

A summary of the terms of the Parent Company’s issued and outstanding bonds is as follows:

Year Issued	Interest Payable	Term	Interest Rate	Principal Amount	Carrying Value		Features
					September 30, 2025 (Unaudited)	June 30, 2025 (Audited)	
2017	Quarterly	10 years	6.3756%	₱820,000,000	₱817,158,937	₱816,706,013	Callable from the 7th anniversary issue and every year thereafter until the 9th anniversary issue date

Covenants

The bonds provide certain restrictions and requirements with respect to, among others, changes in majority ownership and management, merger or consolidation with other corporation resulting in loss of control over the overall resulting entity and sale, lease, transfer or otherwise disposal of all or substantially all its assets. The bonds’ Trust Agreement and Supplemental Trust Agreement (the “Bond Trust Agreements”) also contain, among others, covenants regarding incurring additional debt and declaration of dividends. The Parent Company is required to maintain a debt-to-equity (D/E) ratio of not more than 1.50:1.00 and interest coverage ratio (ICR) of not less than 3.00:1.00 computed based on the consolidated financial statements. Testing of compliance with required ratios is done on June 30 and December 31 of each year.

In August 2020, STI ESG obtained the required consent of the holders of the Bonds (the “Record Bondholders”), which include among others, the waiver of the DSCR requirement up to June 30, 2023 (see Amendments to the Trust Agreement).

In April 2024, China Bank-Trust and STI ESG executed a second supplemental agreement to (i) replace the financial covenant on DSCR of not less than 1.05:1.00 with an ICR of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA (see discussions on the succeeding paragraphs).

Supplemental Trust Agreement. On July 20, 2020, STI ESG delivered to China Banking Corporation

– Trust and Asset Management Group, in its capacity as trustee (the “Trustee”) for the Series 7Y Bonds due 2024 and the Series 10Y Bonds due 2027 (collectively, the “Bonds”) a Consent Solicitation Statement (the “Consent Solicitation Statement”) and the annexed Consent Form (the “Consent Form”) in connection with the proposed amendments to the Trust Agreement dated March 10, 2017 (the “Trust Agreement”) governing the Bonds issued by STI ESG. Pursuant to the Consent Solicitation Statement, STI ESG sought the consent of the Record Bondholders to certain proposed amendments to the Trust Agreement. The Proposed Amendments are (1) the waiver of Section 7.02(a) of the Trust Agreement which prohibits the Issuer from incurring or suffering to exist any Lien upon any assets or revenues, present and future, of the Issuer in relation to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of the Issuer’s students in favor of LandBank as security for the ACADEME Lending Program; (2) the waiver of Section 7.02(b) of the Trust Agreement which prohibits the Issuer from incurring Indebtedness or entering into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer, unless the Issuer has made or will make effective provisions, satisfactory to the Record Bondholders in the latter’s absolute discretion, whereby the Lien thereby created will secure, on an equal first ranking and ratable basis, any and all obligations of the Issuer under the Trust Agreement and such other Indebtedness which the Lien purports to secure; (3) the waiver of Section 7.02(f) of the Trust Agreement which prohibits the Issuer from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of STI ESG’s students in favor of LandBank as security for the ACADEME Lending Program; and (4) the waiver of the DSCR up to June 30, 2023, as provided under Section 7.01(k) of the Trust Agreement. The Proposed Amendments will not alter the interest rate or maturity date of the Bonds, the Issuer’s obligation to make principal and interest payments on the Bonds, or the substantive effect of any other covenant or provision of the Bonds. The Trustee certified as of August 15, 2020, that it has obtained the required consent of the Record Bondholders holding or representing at least fifty percent (50.0%) plus one peso (Php1.00) of the aggregate principal amount of the Bonds to the Proposed Amendments to the Trust Agreement governing the Bonds.

On August 19, 2020, pursuant to the Consent Solicitation Statement, STI ESG and the Trustee executed the Supplemental Trust Agreement incorporating the Proposed Amendments, as follows:

- Amendments Relating to Negative Covenants Waiver

Effective as of the Execution Date, the following amendments shall be deemed to have been made to Section 7.02 (Negative Covenants of the Issuer) of the Trust Agreement:

(a) Section 7.02(a) of the Trust Agreement is hereby amended to read as follows: “directly or indirectly, incur or suffer to exist, or permit any Subsidiary to directly or indirectly incur or suffer to exist, any Lien other than Permitted Liens upon any assets and revenues, present and future, of the Issuer and its Subsidiaries, as the case may be, except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer’s students as security for the ACADEME Lending Program of LandBank”;

(b) Section 7.02(b) of the Trust Agreement is hereby amended to read as follows: “incur Indebtedness or enter into, or permit any Subsidiary to enter into, any loan facility agreement secured by or to be secured by a Lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer or any Subsidiary, as the case may be, except for the assignment by the Issuer to LandBank of sub-promissory notes to be executed by the parents or benefactors of the Issuer’s students as security for the ACADEME Lending Program of LandBank”;

▪ Amendment Relating to DSCR Waiver

Effective as of the date stated in the Majority Bondholders' Consent, the following amendment shall be deemed to have been made to Section 7.01(k) of the Trust Agreement:

(k) maintain and observe the following financial ratios:

DSCR of not less than 1.05:1:00, provided that this Debt Service Coverage Ratio requirement shall be waived up to June 30, 2023.

Second Supplemental Trust Agreement. On April 8, 2024, STI ESG delivered to China Banking Corporation through its Trust and Asset Management Group, the "Trustee" for the Series 10Y Bonds due 2027, the Consent Solicitation Statement and the annexed Consent Form seeking the amendments to the Trust Agreement dated March 10, 2017 (the "Trust Agreement") and Supplemental Trust Agreement dated August 19, 2020 governing the Bonds issued by STI ESG. The proposed amendments are the (i) replacement of the financial covenant on Debt Service Coverage Ratio of not less than 1.05:1.00 with an ICR of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA.

ICR means EBITDA with reference to STI ESG's audited or unaudited, as the case may be, consolidated financial statements for the immediately preceding twelve (12) months, divided by the interest due for the next twelve (12) months. The term "EBITDA" shall mean the net income of STI ESG based on the consolidated financial statements for the immediately preceding twelve (12) months for that relevant period after adding back (a) depreciation and amortization, (b) interest and other financial expenses, (c) income tax, and adding back or deducting, as applicable (d) all other items as enumerated in the EBITDA computation shown in the quarterly and annual consolidated financial statements of STI ESG, each item determined in accordance with PFRS.

The proposed amendments on the use of the ICR will better reflect the financial capability of STI ESG to service the interest payments on the Bonds and other loans as they fall due and shall also provide STI ESG with operational flexibility. The Proposed Amendment revising the definition of EBITDA will better gauge the core profitability of STI ESG and the cash income it generates year on year.

On April 23, 2024, the Trustee certified that it has obtained the consent of the bondholders as of April 1, 2024 of the Series 10Y Bonds due 2027, holding or representing at least fifty percent (50%) plus one peso (Php1.00) of the aggregate principal amount of the said bonds then outstanding, who have validly executed and properly delivered consent forms to the Trustee, in accordance with the terms of the Consent Solicitation Statement.

Thus, on April 26, 2024, pursuant to the Consent Solicitation Statement, STI ESG and China Banking Corporation, through its Trust and Asset Management Group, executed the "Second Supplemental Trust Agreement" to effect the amendments to the Trust Agreement dated March 10, 2017 and Supplemental Trust Agreement dated August 19, 2020.

Following are the amendments made:

Section 7.01(k) of the Amended Trust Agreement shall be amended as set forth below:

"Section 7.01 Affirmative Covenants of the Issuer

The Issuer hereby covenants and agrees that, for as long as the Bonds or any portion thereof remain outstanding, the Issuer shall:

(k) maintain and observe the following financial ratios:

(i) an Interest Coverage Ratio of not less than 3.00:1.00; and

- (ii) a maximum Debt-to-Equity Ratio of 1.5:1.0.

For purposes of this Section 7.01(k):

- (iii) the term “Interest Coverage Ratio” means (a) the Issuer’s EBITDA utilizing the Issuer’s audited or unaudited, as the case may be, consolidated financial statements for the immediately preceding twelve (12) months, divided by (b) the interest due for the next twelve (12) months.
- (iv) the term “EBITDA” shall mean the net income of the Issuer based on the consolidated financial statements for the immediately preceding twelve (12) months for that relevant period after adding back (a) depreciation and amortization, (b) interest and other financial expenses, (c) income tax, and adding back or deducting, as applicable (d) all other items as enumerated in the EBITDA computation shown in the quarterly and annual consolidated financial statements of the Issuer, each item determined in accordance with PFRS.”

All references in the Amended Trust Agreement to the defined term “Debt Service Coverage Ratio” or “DSCR” shall be replaced by ICR, as applicable.

The Group’s D/E ratio and ICR, as defined on the Second Supplemental Trust Agreement, as at June 30, 2025 are as follows:

Total liabilities ^(a)	₱3,716,786,223
Total equity	8,390,859,797
Debt-to-equity ratio	0.44:1.00

^(a)Excluding unearned tuition and other school fees

EBITDA (see Note 4) ^(b)	₱2,589,109,533
Interest expense ^(c)	173,181,158
Interest coverage ratio	14.95:1.00

^(b) EBITDA for the last twelve months

^(c) Total interests due in the next twelve months

As at September 30, 2025 and June 30, 2025, STI ESG has complied with the required covenants.

Bond Issuance Cost

STI ESG incurred costs related to the issuance of the bonds in 2017 amounting to ₱53.9 million. These costs were capitalized and amortized using the effective interest rate method. The carrying value of the unamortized bond issuance costs amounted to ₱2.8 million and ₱3.3 million as at September 30, 2025 and June 30, 2025, respectively. Amortization of bond issuance costs amounting to ₱0.5 million, and ₱0.4 million for the three months ended September 30, 2025 and 2024, respectively, were recognized as part of “Interest expense” account in the unaudited interim condensed consolidated statements of comprehensive income.

Interest Expense

Interest expense (including amortization of bond issuance costs) associated with the bonds payable recognized in the unaudited interim condensed consolidated statements of comprehensive income amounted to ₱13.5 million for each of the three months ended September 30, 2025 and 2024.

18. Other Noncurrent Liabilities

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Refundable deposit - net of current portion (see Note 15)	₱14,516,318	₱13,912,200
Advance rent - net of current portion (see Note 15)	13,500,487	13,350,487
Deferred lease liability	2,103,947	2,333,982
	₱30,120,752	₱29,596,669

Refundable deposits are held by the Group throughout the term of the lease and are refunded in full to the lessee at the end of the lease term if the lessee has performed fully and observed all the conditions and provisions in the lease. Refundable deposits are presented in the consolidated statements of financial position at amortized cost. The difference between the fair value at initial recognition and the notional amount of the refundable deposit is charged to “Deferred lease liability” and amortized on a straight-line basis over the respective lease term.

Advance rent pertains to the amount received by the Group which will be earned and applied to future rentals for periods more than one year after the reporting date.

19. Equity

Capital Stock

The details of the issued and outstanding number of common shares and amount as at September 30, 2025 and June 30, 2025 are as follows:

	No. of Shares	Amount (At Par)
Authorized - ₱1 par value	5,000,000,000	₱5,000,000,000
Issued and outstanding:		
Balance at beginning and end of period	3,087,829,443	₱3,087,829,443
Less treasury stocks	(5,952,273)	(5,952,273)
Issued and outstanding at end of period	3,081,877,170	₱3,081,877,170

Treasury Stock

Treasury stock acquired as at September 30, 2025 and June 30, 2025 amounted to ₱10.8 million.

Retained Earnings

On December 18, 2024, the Parent Company’s BOD approved the cash dividends amounting to ₱0.15 per share or an aggregate amount of ₱462.3 million in favor of all stockholders of record as at December 31, 2024. The dividends were paid on January 17, 2025.

Policy on Dividend Declaration. STI ESG follows a dividend declaration policy which was approved by the BOD in September 2017 equivalent to 25.0% to 40.0% of the core income of the Group from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on the Group by lenders or other financial institutions, and the Group’s investment plans and financial condition.

Core income is defined as consolidated net income after tax derived from the Group’s main business- which is education and other recurring income.

The amount of dividends is reviewed periodically by the BOD in light of the earnings, financial

conditions, cash flows, capital requirements and other considerations, while maintaining a level of capitalization that is commercially sound and sufficient to ensure that the Group can operate on a standalone basis.

Dividends declared and paid out of the Parent Company's unrestricted retained earnings are payable in cash, property or stock to all shareholders on the basis of outstanding stock held by them. Unless otherwise required by law, the BOD, at its sole discretion, determines the amount, type and date of payment of the dividends to the shareholders, taking into account various factors, including:

- the level of the Group's earnings, cash flow, return on equity and retained earnings;
- its results for and its financial condition at the end of the year in respect of which the dividend is to be paid and its expected financial performance;
- the projected levels of capital expenditures and other investment programs;
- restrictions on payments of dividends that may be imposed on it by any of its financing arrangements and current or prospective debt service requirements; and such other factors as the BOD deems appropriate.

Non-controlling Interests

Equity attributable to non-controlling interests as at September 30, 2025 and June 30, 2025 includes deposit for future stock subscriptions of a non-controlling interest holder in STI Training Academy amounting to ₱8.0 million, which was reclassified from "Other noncurrent liabilities" account upon STI Training Academy's submission of application for increase in authorized capital stock in August 2024. As at November 19, 2025, the application for increase in STI Training Academy's authorized capital stock is pending approval by the SEC.

20. Revenues

Disaggregated Revenue Information

The disaggregated revenue information is presented in the unaudited interim condensed consolidated statements of comprehensive income and segment information, as discussed in Note 4 to the unaudited interim condensed consolidated financial statements, in a manner that reflects the various sources and categories of revenues generated by the Group for the three months ended September 30, 2025 and 2024.

Timing of revenue recognition

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Services transferred over time	₱1,055,669,319	₱682,030,684
Goods and services transferred at a point in time	78,730,966	90,565,593
Total consolidated revenue	₱1,134,400,285	₱772,596,277

The revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain. Accordingly, the revenue distribution across quarters may vary depending on the school calendar. For SY 2025-2026, classes started on July 28, 2025 while for SY2024-2025, classes started on August 12, 2024. Further, for fiscal year 2025-2026, the Group recognized its revenues from tuition and other school fees based on the actual number of days within the school calendar in contrast with the monthly recognition done previously. This approach affects the timing of revenue recognition across quarters but does not affect

total revenues for the full fiscal year.

Contract Balances

The Group's receivables are disclosed in Note 6 while the contract liabilities are presented as "Unearned tuition and other school fees" in the unaudited interim condensed consolidated statements of financial position. There is no significant change in the contract liability and the timing of revenue recognition for SY2025-2026 and SY2024-2025, except for the quarters herein indicated.

Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱114.0 million and ₱93.0 million for the three months ended September 30, 2025 and 2024, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the three months ended September 30, 2025 and 2024.

Performance Obligations

The performance obligations related to revenues from tuition and other school fees are satisfied over time since the students receive and consume the benefit provided by the Group upon performance of the services. The payment for these services is normally due within the related school term(s).

The performance obligations related to revenues from educational services and royalty fees are also satisfied over time since the franchised schools receive and consume the benefit provided by STI ESG upon performance of the services. The payment for these services is normally due within 30 days.

On the other hand, the performance obligations related to the sale of educational materials and supplies and other revenues are satisfied upon receipt by the customers since the control of the goods and products is transferred at this point. The payment for the sale of educational materials and supplies is generally due within 30 days from delivery.

As at September 30, 2025 and June 30, 2025, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to ₱1,303.4 million and ₱163.0 million, respectively. The contract liabilities as at September 30, 2025 refer to the portion of student assessment initially recorded as a liability account at the start of the school term and recognized as earned income proportionately until the end of the related school term(s). Meanwhile, the remaining performance obligations as at June 30, 2025 represent advance payment for tuition and other school fees for the school year commencing after the year ended June 30, 2025, and will be recognized as tuition and other school fees within the related school term(s) for SY2025-2026. On the other hand, the Group does not have any performance obligations that are expected to be satisfied in more than one year.

21. Cost of Educational Services

This account consists of:

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Faculty salaries and benefits	₱101,892,902	₱90,241,151
Depreciation and amortization (see Notes 10, 11 and 14)	78,415,870	67,604,230
Student activities, programs and other related expenses	26,095,234	23,615,216

(forward)

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
School materials and supplies	7,633,754	6,460,681
Rental	7,203,298	7,860,402
Infrastructure and software maintenance costs	1,188,834	2,556,799
Courseware development costs	390,087	528,705
Others	100,928	587,385
	₱222,920,907	₱199,454,569

22. Cost of Educational Materials and Supplies Sold

This account consists of:

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Educational materials and supplies	₱31,194,189	₱42,827,164
Promotional materials	3,680,809	3,603,438
	₱34,874,998	₱46,430,602

23. General and Administrative Expenses

This account consists of:

	Three months ended September 30	
	2025	2024
	(Unaudited)	(Unaudited)
Salaries, wages and benefits	₱83,324,038	₱77,800,035
Depreciation and amortization (see Notes 10, 11 and 14)	62,677,657	54,765,507
Provision for estimated credit losses (ECL) (see Note 6)	44,602,025	52,299,725
Light and water	41,256,271	34,814,794
Outside services	30,945,958	28,546,274
Professional fees	23,025,774	21,437,123
Taxes and licenses	12,475,765	9,785,982
Repairs and maintenance	7,880,447	8,619,113
Advertising and promotions	7,757,350	14,285,707
Insurance	4,772,769	4,764,271
Transportation	4,724,184	4,513,393
Rental	3,091,655	3,377,708
Meetings and conferences	3,064,188	2,997,444
Payment channels and bank charges	2,550,820	1,671,169
Office and housekeeping supplies	1,852,936	2,854,621
Association dues	1,869,729	1,385,483
Entertainment, amusement and recreation	1,590,228	1,658,558
Communication	1,360,096	894,223
Infrastructure and software maintenance costs	509,500	306,207
Others	1,743,547	1,709,316
	₱341,074,937	₱328,486,653

24. Related Party Transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. This includes: (a) enterprises or individuals owning, directly or indirectly through one or more intermediaries, control or are controlled by, or under common control with the Parent Company; (b) associates; and (c) enterprises or individuals owning, directly or indirectly, an interest in the voting power of the company that gives them significant influence over the Parent Company, key management personnel, including directors and officers of the Group and close members of the family of any such enterprise or individual.

The following are the Group's transactions with its related parties:

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)		
<i>Associates</i>						
STI Accent						
Reimbursement for various expenses and other charges	P=	P=	₱48,134,540	₱48,134,540	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment
GROW						
Rental income and other charges	196,984	187,602	10,187,592	10,114,590	30 days upon receipt of billings	Unsecured; no impairment
Reimbursement for various expenses and other charges	95,537	273,631	—	—	30 days upon receipt of billings	Unsecured; no impairment
Refundable deposits	77,601	—	(196,984)	(119,383)	Refundable upon end of contract	Unsecured
STI Holdings						
Advisory fees	3,600,000	3,600,000	(2,400,000)	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Marikina						
Educational services and sale of educational materials and supplies	5,389,570	4,419,822	1,827,963	433,874	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>Affiliates*</i>						
TCAMI						
Deposit for purchase of shares of PHI	—	—	60,484,800	60,484,1800	15% deposit; balance payable on the third anniversary of the share purchase agreement	Unsecured; no impairment
Philippine School of Business Administration - Manila, Inc.**						
Educational services and sale of educational materials and supplies	—	—	26,173,688	26,173,688	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI WNU						
Educational services and sale of educational materials and supplies	1,446,556	6,382,311	118,680	14,704,479	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	1,715,652	1,319,417	1,306,990	4,073,570	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Phil First Insurance Co., Inc.						
Insurance	4,676,526	16,736,046	(3,519,245)	(169,595)	30 days upon receipt of billings; noninterest-bearing	Unsecured

(forward)

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)		
PhilPlans						
Rental income	₱984,186	₱2,811,960	₱234,330	₱234,330	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	—	937,320	(937,320)	(937,320)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	583,067	425,234	476,536	520,769	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
PhilCare						
Refundable deposits	—	—	(1,950,480)	(1,950,480)	Refundable upon end of contract	Unsecured
Reimbursement for various expenses and other charges	27,789	—	27,789	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
HMO coverage	19,800,613	10,714,988	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured
GROW VITE						
Janitorial and Staffing Services	10,202,524	9,584,409	(4,546,301)	(3,860,907)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	—	—	(421,744)	(421,744)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Reimbursement for various expenses and other charges	279,967	250,874	160,277	264,990	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	487,114	442,831	—	—	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Venture Securities, Inc.						
Reimbursement for various expenses and other charges	276,300	—	101,156	177,220	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	—	—	(750,615)	(750,615)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
PhilLife						
Rental income and related charges	—	—	68,593	68,953	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Philippines First Condominium Corporation						
Association dues, utilities and other charges	1,516,117	1,880,937	(3,453)	(1,432,591)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Officers and employees						
Receivables for various transactions	9,753,747	10,155,235	17,658,387	14,021,874	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
Others						
Other charges	—	—	215,766	215,766	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
			₱152,451,305	₱169,980,808		

*Affiliates are entities under common control of a majority Shareholder.

**Formerly STI College Novaliches, Inc.

Related party receivables and payables are generally settled in cash.

Outstanding receivables, before any allowance for impairment, and payables arising from these transactions are summarized below:

	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)
Advances to associates and joint venture (see Note 12)	₱48,134,540	₱48,134,540
Educational services (Note 6)	29,427,321	45,385,611
Receivables from officers and employees (see Note 6)	17,658,387	14,021,874
Rent, utilities, and other related receivables (see Note 6)	11,472,399	11,596,618
Deposit for purchase of shares (see Note 14)	60,484,800	60,484,800
Accounts payable (see Note 15)	(14,726,142)	(9,642,635)
	₱152,451,305	₱169,980,808

Outstanding balances of the Parent Company's transactions with subsidiaries which were eliminated during consolidation are as follows:

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)		
Subsidiaries						
STI Caloocan						
Reimbursement for various expenses	₱39,777,117	₱38,100,864	(₱306,872,631)	(₱311,718,036)	30 days from billing or cut-off date; noninterest-bearing	Unsecured
STI Lipa						
Educational services, sale of educational materials and supplies,	14,432,042	10,948,368	154,025,307	156,228,713	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	564,863	755,242	36,616,691	39,843,042	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI De Los Santos College						
Reimbursement for various expenses	—	1,708	(47,127,441)	(47,127,441)	30 days from billing or cut-off date; noninterest-bearing	Unsecured;
NAMEI						
Rental income and other related charges	5,826,240	5,566,140	106,902,806	101,076,566	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	1,567,381	1,157,078	(9,216,390)	(7,649,009)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Training Academy						
Reimbursement for various expenses	1,244,895	387,284	54,869,922	53,625,027	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other related charges	1,759,918	1,726,322	27,251,312	25,269,089	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Alabang						
Educational services and sale of educational materials and supplies	4,507,220	4,097,358	36,237,524	36,312,246	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment

(forward)

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)		
Reimbursement for various expenses	₱373,762	₱264,693	₱-	₱73,598	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tanay						
Rental income and other related charges	2,571,190	2,571,190	37,436,519	34,556,787	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies, management fees, and other charges	4,305,306	3,759,286	12,810,709	8,531,306	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	2,084,199	1,845,967	10,017,732	11,141,565	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Iloilo						
Reimbursement for various expenses	—	—	19,227,538	19,227,538	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
Philippine School of Business Administration - Manila, Inc.*						
Educational services, sale of educational materials and supplies, management fees, and other charges	—	40,312,477	443,929	443,929	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Sta. Maria						
Reimbursement for various expenses	754,204	533,866	48,739	3,206,550	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies,	7,942,326	6,230,867	1,655,519	4,002,002	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
NPIM						
Rental income and other related charges	—	—	17,870,775	17,870,775	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	1,288	630	2,779,785	2,891,213	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Tuguegarao						
Educational services, sale of educational materials and supplies, management fees, and other charges	—	—	13,136,613	13,136,613	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
Reimbursement for various expenses	—	—	3,914,560	3,914,560	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Pagadian						
Educational services, sale of educational materials and supplies	—	—	5,426,444	5,426,444	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
Reimbursement for various expenses	—	—	8,986,341	8,986,341	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Tanauan						
Educational services, sale of educational materials and supplies,	5,315,996	5,054,867	19,819,289	16,699,424	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	492,500	219,916	522	32,958	30 days from billing or cut-off date; noninterest-bearing	Unsecured

(forward)

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	September 30, 2025 (Unaudited)	September 30, 2024 (Unaudited)	September 30, 2025 (Unaudited)	June 30, 2025 (Audited)		
STI Batangas						
Reimbursement for various expenses	₱798,758	₱15,452,143	₱54,150	(₱6,423,653)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
CHI						
Reimbursement for various expenses	—	—	73,440	73,440	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment

* STI ESG deconsolidated Philippine School of Business Administration – Manila, Inc. as at June 30, 2025 and recognized its remaining equity interest representing 6.25% ownership in Philippine School of Business Administration - Manila, Inc., under “Equity instruments at FVOCI” as at June 30, 2025 (see Note 13).

25. Basic and Diluted Earnings Per Share (EPS) on Net Income Attributed to Equity Holders of the Parent Company

The table below shows the summary of net income and weighted average number of common shares outstanding used in the calculation of EPS:

	Three months ended September 30	
	2025 (Unaudited)	2024 (Unaudited)
Net income attributable to equity holders of the Parent Company (a)	₱574,633,156	₱164,828,426
Common shares outstanding at beginning and end of period (b) (see Note 19)	3,081,877,170	3,081,877,170
Basic and diluted earnings per share on net income attributable to equity holders of the Parent Company (a)/(b)	₱0.19	₱0.05

The basic and diluted earnings per share are the same for the three months ended September 30, 2025 and 2024 as there are no dilutive potential common shares.

26. Contingencies and Commitments

Contingencies

- a. *Specific Performance Case.* STI College Cebu, Inc. (STI Cebu) and STI ESG’s Finance Officer were named defendants in a case filed by certain individuals for specific performance and damages. In their Complaint, the Plaintiffs sought the execution of Deed of Absolute Sale over a parcel of land situated in Cebu City on the bases of an alleged perfected contract to sell.

The Defendants filed the Consolidated Answer to the Amended Complaint on August 30, 2017. In the Consolidated Answer, Defendants asserted that there is no perfected contract to sell or of sale between STI ESG and the Plaintiffs considering that (a) there is no Board approval on the sale of the Subject Property; (b) lack of definite terms and conditions thereof; and (c) STI ESG’s Finance Officer has no authority to bind STI ESG on the alleged contract to sell or sale of the Subject Property.

After the parties completed the presentation of evidence and filed their respective Memoranda, the Defendants received the Decision of the Trial Court on June 22, 2020.

In the Decision dated June 18, 2020, the Trial Court determined that there was no perfected contract to sell over the Property. The Trial Court affirmed that the Plaintiffs failed to obtain the consent of STI ESG. There was no evidence showing that STI ESG, through its Board of Directors, (a) gave its consent to the sale or (b) authorized Defendant Finance Officer to sell the Property in favor of the Plaintiffs.

The Trial Court, however, determined that Defendant Finance Officer is liable to pay the Plaintiffs the total amount of ₱0.2 million representing temperate and exemplary damages (Damages). The Trial Court determined that the actions of STI ESG's Finance Officer insofar as (a) receipt of the earnest money, (b) lack of written authority from STI ESG during the negotiation and (c) continued assurances to the Plaintiffs in relation to the BIR ruling on the tax-free exchange and then sudden withdrawal from the transaction constitute bad faith.

Lastly, the Trial Court ordered STI ESG to return the amount of ₱0.3 million it received from the Plaintiffs as "earnest money" with interest rate of 6% per annum from receipt thereof on March 30, 2011 until latter's tender of the same to the Plaintiffs on July 2, 2015.

Both parties filed their respective Partial Motion for Reconsideration insofar as the (a) dismissal of the Complaint and (b) award of Damages.

On August 25, 2020, the Trial Court issued its Order, which modified the Decision only insofar as requiring STI ESG's Finance Officer to pay an additional ₱50.0 thousand as attorney's fees in favor of the Plaintiffs. The rest of the findings in the Decision is affirmed.

Both the Plaintiffs and the Finance Officer filed their respective Notice of Appeal.

On December 1, 2020, STI ESG and the Defendant Finance Officer received the Notice, which requires the Appellants (Plaintiffs and the Defendant Finance Officer) to file their respective Appellant's Brief within forty-five (45) days from receipt of the Notice.

After the parties filed their respective brief(s), STI ESG received the Decision dated February 27, 2023 on March 20, 2023. Based on the Decision, the Court of Appeals affirmed *in toto* the Trial Court's Order(s).

On May 3, 2023, STI ESG received the Motion for Reconsideration filed by the Plaintiffs.

After STI ESG filed its Opposition dated July 14, 2023 to the said Motion for Reconsideration, the Court of Appeals issued its Resolution dated November 6, 2023, which denied the Plaintiffs' Motion for Reconsideration.

On January 8, 2024, STI ESG received the Petition for Review filed by the Plaintiffs before the Supreme Court.

The Supreme Court has yet to issue the appropriate Resolution on the said Petition insofar as whether to dismiss the same or require STI ESG to file a Comment to the Plaintiffs' Petition for Review.

- b. Due to the nature of the Parent Company's business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves illegal dismissal cases under which faculty members have brought claims against the Parent Company by reason of their faculty and/or employment contracts. Management and its legal counsels believe that the Parent Company has substantial legal and factual bases for its position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not

have a material adverse impact on the Group's unaudited interim condensed consolidated financial statements.

- c. Other subsidiaries also stand as the defendant of various lawsuits and claims filed by their former employees. The complainants are seeking payment of damages such as back wages and attorney's fees. Management and its legal counsels believe that the subsidiaries have substantial legal and factual bases for their position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group's unaudited interim condensed consolidated financial statements.

Commitments

a. Financial Commitments

The Parent Company has ₱65.0 million domestic bills purchase lines from various local banks as at September 30, 2025 and June 30, 2025, specifically for the purchase of local and regional clearing checks. Interest on drawdown from such facility is waived except when drawn against returned checks to which the interest shall be the prevailing lending rate of such local bank. This facility is on a clean basis. As at September 30, 2025 and June 30, 2025, there is no outstanding availment from these lines.

b. Capital Commitments

As of September 30, 2025 and June 30, 2025, STI ESG's significant contractual commitments include: (1) acquisition of a parcel of land, (2) construction of STI Academic Center Alabang, (3) construction of STI Academic Center Tanauan, (4) construction of new buildings at STI Fairview and STI Batangas, and (5) building upgrade and refurbishment projects. As at September 30, 2025, STI ESG's significant contractual commitments include the construction of STI Academic Center Meycauayan (see Note 10).

STI ESG has a contractual commitment with Avida amounting to ₱228.8 million, inclusive of ₱24.7 million VAT, for the parcel of lot located at South Park District, Alabang, Muntinlupa City - the future site of the new STI Academic Center Alabang. Of this amount, an aggregate of ₱126.7 million has been settled as at September 30, 2025 and June 30, 2025. STI ESG likewise paid ₱9.2 million for taxes and other charges related to the sale in September 2024. The remaining balance of ₱102.1 million is due 16 months after the execution of the Deed of Sale on Installments in September 2024 (see Note 15).

STI ESG also has a contractual commitment and obligation for the construction of STI Academic Center Alabang. The total contract cost to put up the building is ₱647.7 million, of which ₱194.3 million has been paid as at September 30, 2025 and June 30, 2025, representing the 30% downpayment. Similarly, STI ESG has a contractual commitment and obligation for the construction of STI Academic Center Tanauan. The total contract cost for the construction of the building is ₱364.2 million, of which ₱140.1 million and ₱109.3 million have been paid as at September 30, 2025 and June 30, 2025, respectively (see Note 14).

Furthermore, STI ESG has a contractual commitment for the construction of a four-storey building at STI Fairview. The project has an aggregate cost of ₱91.0 million, of which ₱75.5 million and ₱54.9 million have been paid as at September 30, 2025 and June 30, 2025, respectively. Similarly, STI ESG has a contractual commitment for the construction of a new three-storey building at STI Batangas. The total contract cost for the construction of the building is ₱32.0 million, of which ₱21.4 million and ₱21.3 million have been paid as at September 30, 2025 and June 30, 2025, respectively (see Note 10).

The Group also has contractual commitments for building exterior and repainting works across several schools within the STI network. These projects aggregate to ₱110.3 million, of which ₱59.4 million and ₱11.5 million have been paid as at September 30, 2025 and June 30, 2025, respectively (see Note 10).

c. Others

- i. On December 13, 2023, STI ESG and Home Development and Mutual Fund (Pag-IBIG) entered into a memorandum of agreement on the implementation of Pag-IBIG Health and Education Loan Programs (Pag-IBIG HELPs). Under the loan program, the qualified Pag-IBIG member shall be able to pay his/her beneficiary's educational-related expenses to STI ESG at a special discount rate of 20% of the tuition fee, subject to the terms and conditions of the program as follows:

- Entitled to the discount are Pag-IBIG Fund members and their immediate family members;
- The discount is applicable to tuition fees only of incoming college and senior high school students and transferees for tertiary programs and senior high tracks, and specializations; and
- The discount cannot be availed in conjunction with another promo/discount.

This agreement is in effect for a period of two (2) years from the date of signing and will be automatically renewed for an additional two-year term upon expiration, subject to the same terms and conditions, or as may be stipulated by STI ESG and Pag-IBIG Fund. Either party may opt not to renew the agreement by providing a written notice at least two months before its expiration.

- ii. On December 17, 2018, the CHED, Unified Student Financial Assistance System for Tertiary Education Board (UniFAST) and STI ESG signed a memorandum of agreement to avail of the Tertiary Education Subsidy (TES) and Student Loan Program (SLP) for its students under the Universal Access to Quality Tertiary Education Act (UAQTEA) and its Implementing Rules and Regulations (IRR). RA No. 10931 or the UAQTEA and its IRR provide among others, that to support the cost of tertiary education or any part or portion thereof, TES and SLP are established for all Filipino students who shall enroll in undergraduate and post-secondary programs of private HEIs. Accordingly, the TES and the SLP shall be administered by the UniFAST Board.

Based on RA No. 10931, the annual TES for students, subject to guidelines and implementing rules and regulations on the release of TES, enrolled in SUCs or CHED recognized LUCs is ₱40.0 thousand. Students enrolled in select private HEIs who are qualified to receive the TES, are entitled to ₱60.0 thousand a year. The TES sharing agreement states that ₱40.0 thousand shall go to the TES student grantee and ₱20.0 thousand to the private HEI. The subsidy is for Tuition and other related school fees and should cover the living allowance, books, supplies, transportation and miscellaneous expense. Additional benefits are likewise given to Persons with Disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand per annum and ₱10.0 thousand, respectively. Under the TES program, CHED pays directly the schools where these students enrolled.

In July 2023, UniFAST issued Memorandum Circular No. 5 for the allocation of funds for new TES grants. Qualified student grantees for SY 2021-2022 from private HEIs in cities and municipalities without SUCs or LUCs, shall receive ₱40.0 thousand for the second semester of SY 2022-2023 to cover their full or partial payables for tuition and other school fees.

Thereafter, qualified grantees shall be considered as continuing grantees, subject to validation, for the first semester of SY 2023-2024 onwards shall receive a subsidy rate of ₱20.0 thousand per school year or ₱10.0 thousand per semester to cover the full or partial cost of tuition and other school fees. In case the tuition and other school fees are lower than ₱10.0 thousand per semester, the difference shall be given to the student. Administrative support cost remains at 1% of the total grant. Continuing TES grantees for the second semester of SY 2022-2023 shall receive ₱60.0 thousand per school year or ₱30.0 thousand per semester until they graduate. New TES grantees who are Persons with Disabilities (PWDs) shall receive an additional subsidy of ₱30.0 thousand per school year or ₱15.0 thousand per semester. New TES grantees for the first semester of SY 2023-2024 shall receive ₱20.0 thousand per school year or ₱10.0 thousand per semester to cover the full or partial cost of tuition and other school fees. New TES grantees who are Persons with Disabilities (PWDs) shall receive an additional subsidy of ₱10.0 thousand per school year or ₱5.0 thousand per semester.

The qualified TES graduates for SY 2022-2023 onwards, in courses requiring licensure examinations shall receive a maximum one-time reimbursement of ₱8.0 thousand to cover the full or partial cost of taking the said licensure examinations.

UniFAST issued Memorandum Circular No. 21-2024 which states that TES grantees shall receive the amount of ₱13.5 thousand per school year for students in PHEIs, while TES grantees from SUCs and LUCs shall receive an amount of ₱10.0 per semester or ₱20.0 thousand per school year unless otherwise provided by the UniFAST Board.

- iii. On March 17, 2021, STI ESG executed a Memorandum of Agreement (MOA) with DBP for the implementation of the DBP Resources for Inclusive and Sustainable Education Program (DBP RISE). The program grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program starting SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. STI ESG and DBP executed a similar MOA in November 2021 and May 2023 covering the implementation of DBP RISE for deserving students enrolled starting SY 2021-2022, SY 2022-2023, SY 2023-2024.

27. Changes in Liabilities Arising from Financing Activities

	June 30, 2025	Cash Flows	Interest Expense ¹	Reclassified as Current	New/Renewed Leases	Effect of Lease Termination/Modification	September 30, 2025
Current portion of interest-bearing loans and borrowings	₱580,267,162	(₱292,222,222)	₱1,047,521	₱291,355,828	₱—	₱—	₱580,448,289
Bonds payable	816,706,013	—	452,924	—	—	—	817,158,937
Interest-bearing loans and borrowings – net of current portion	1,146,065,668	—	—	(291,355,828)	—	—	854,709,840
Lease liabilities	308,882,058	(32,620,287)	5,631,968	—	13,269,406	(585,871)	294,577,274
Dividends payable	19,976,731	—	—	—	—	—	19,976,731
Interest payable ¹	38,606,956	(81,114,160)	47,006,273	—	—	—	4,499,069
	₱2,910,504,588	(₱405,956,669)	₱54,138,686	₱—	₱13,269,406	(₱585,871)	₱2,571,370,140

¹Interest expense is inclusive of amortization of deferred finance charges.

	June 30, 2024	Cash Flows	Interest Expense ¹	Reclassified as Current	New/Renewed Leases	Effect of Lease Termination/Modification	September 30, 2024
Current portion of interest-bearing loans and borrowings	₱536,274,021	(₱270,000,000)	₱928,621	₱269,025,358	₱—	₱—	₱536,228,000
Bonds payable	814,967,275	—	423,980	—	—	—	815,391,255
Interest-bearing loans and borrowings – net of current portion	1,549,840,391	—	—	(269,025,358)	—	—	1,280,815,033
Lease liabilities	315,034,072	(32,115,420)	5,981,751	—	29,874,767	(15,464,419)	303,310,751
Dividends payable	18,000,539	(53,280)	—	—	—	—	17,947,259
Interest payable ¹	49,507,925	(99,255,371)	55,557,171	—	—	—	5,809,725
	₱3,283,624,223	(₱401,424,071)	₱62,891,523	₱—	₱29,874,767	(₱15,464,419)	₱2,959,502,023

¹Interest expense is inclusive of amortization of deferred finance charges.

²Net of lease termination.

28. Fair Value Information of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Other Current Liabilities. Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as of financial reporting date.

Rental and Utility Deposits. The fair values of these instruments are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Equity instruments at FVPL and FVOCI. The fair values of publicly traded equity instruments at FVPL and FVOCI, classified under Level 1, are determined by reference to market bid quotes as at financial reporting date. The fair values of unquoted shares are determined using valuation techniques with inputs and assumptions that are based on market observable data and conditions. Such techniques include using recent arm's-length market transactions and reference to the current market value of another instrument which is substantially the same.

Interest-bearing Loans and Borrowings. The carrying value of floating rate interest-bearing loans and borrowings approximates fair value because of regular repricing based on market conditions.

Fixed-rate Bonds. The estimated fair value of the 10-year bonds, maturing in 2027 which carries a fixed interest rate is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread.

Refundable Deposits. The fair values of the refundable deposits are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates adjusted for credit spread rate that are specific to the tenor of the instruments' cash flows at the end of the reporting period.

Management believes that the fair values of deposits, bonds payable and other noncurrent liabilities as at September 30, 2025 do not significantly differ from the fair values of these financial instruments as at June 30, 2025.

29. Notes to the Unaudited Interim Condensed Consolidated Statements of Cash Flows

The Group's material noncash investing and financing activities pertain to the following:

- a. Additions to ROU assets presented under "Property and equipment" amounted to ₱13.4 million and ₱28.3 million for the three months ended September 30, 2025 and 2024, respectively.
- b. Unpaid progress billing for construction-in-progress presented under "Property and equipment" amounted to ₱55.3 million and ₱67.9 million as at September 30, 2025 and 2024, respectively (see Notes 10 and 14).
- c. Reclassification from "Other noncurrent assets", pertaining to advances to suppliers, to "Property and equipment" amounted to ₱12.1 million and ₱4.9 million for the three months ended September 30, 2025 and 2024, respectively (see Notes 10 and 14).
- d. Reclassification from "Other noncurrent assets", pertaining to deposit for asset acquisition, to "Property and equipment" amounted to ₱20.4 million for the three months ended September 30, 2024 (see Notes 10 and 14).
- e. Accounts payable amounting to ₱102.1 million represents the outstanding installment balance of STI ESG for the acquisition of a parcel of land at South Park District, Alabang, Muntinlupa City. This liability is due 16 months after the Deed of Sale on Installments was executed in September 2024 (see Note 15).

30. Other Matters

On February 27, 2024, the BOD of STI Holdings ratified the execution of a term sheet between STI Holdings and Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration, Inc. - Quezon City (PSBA Quezon City) or collectively referred to as “PSBA”. The term sheet covers the takeover by STI Holdings of the operations of PSBA as well as the acquisition of licenses, trademarks, trade names, and school-related assets owned by PSBA (the “transaction”).

The term sheet and the implementation of the transaction are subject to several conditions including, among others, the execution of mutually acceptable definitive agreements, fulfillment of the conditions precedent, approval of the stockholders of PSBA, and regulatory approvals.

On May 2, 2024, STI ESG entered into a Contract to Sell with PSBA Manila for the sale and purchase of a 3,000 square meter parcel of land located at Aurora Boulevard, Quezon City (referred to as the “Subject Property”). The sale and purchase of the Subject Property is subject to regulatory approvals and the fulfillment of certain conditions precedent. Subject to regulatory approvals and upon fulfillment of such conditions precedent, STI ESG and PSBA Manila shall execute a Deed of Absolute Sale over the Subject Property.

On May 2, 2024, STI Holdings and PSBA also executed the Right of First Refusal Agreement as STI Holdings has the right of first refusal in the event that PSBA intends to sell the PSBA properties. PSBA Manila is the registered and beneficial owner of a parcel of land, together with the improvement thereon, located at R. Papa St., Manila (the “PSBA Manila Property”). PSBA Manila is also the registered and beneficial owner of two parcels of land, together with improvements thereon, located at Aurora Boulevard, Quezon City.

On the same date, STI College Novaliches, Inc. entered into an Asset Purchase Agreement with PSBA for the acquisition by STI College Novaliches, Inc. of the tangible and intangible assets of PSBA (collectively, the “School Related Assets”) used or relating to the operation by PSBA of its schools located in Manila and Quezon City. The sale and purchase of School Related Assets is subject to regulatory approvals and the fulfillment of certain conditions. Subject to regulatory approvals and the fulfillment of certain conditions, STI College Novaliches, Inc. and PSBA shall execute Deeds of Assignment for the sale and purchase of the School Related Assets. As at November 19, 2025, the conditions precedent and regulatory approvals for the aforementioned agreements have not been fulfilled.

On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG shall provide the management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services will be for a period of three years counting from the management commencement date.

The agreement provides that STI ESG shall perform the following obligations, among others, (1) provide management services including, but not limited to, marketing and advertising efforts, administering teaching and nonteaching staff deployed in each of the PSBA schools, maintaining school records and providing such other administrative and support services required for the effective operations of PSBA schools; (2) enter into contracts for and on behalf of PSBA with third parties without need of consent of PSBA; (3) liaise with local government units and government agencies in relation to the management and operations of PSBA schools; (4) apply for and obtain permits and licenses for PSBA schools.

PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of the gross revenues of PSBA Manila and PSBA Quezon City, respectively.

The management agreement may be extended provided that (i) such extension shall be subject to mutual agreement of the Parties; (ii) STI ESG shall be entitled to use the PSBA Manila and Quezon City properties rent-free during the extended management period, and (iii) the same terms and conditions shall apply during the extended management period unless otherwise agreed upon by the Parties in writing.

On September 23, 2024, PSBA informed STI Holdings that a third party had offered to purchase the PSBA Manila Property. On October 2, 2024, STI Holdings informed PSBA that it intended to exercise its right of first refusal over the PSBA Manila Property under the same terms and conditions offered by the third party. As at November 19, 2025, STI Holdings has yet to receive the reply of PSBA.

The SEC approved on July 31, 2025, several amendments to the Articles of Incorporation of STI College Novaliches, Inc., which include the change in the corporate name to “Philippine School of Business Administration - Manila, Inc.”. The SEC likewise approved on August 29, 2025, the amended By-Laws of Philippine School of Business Administration-Manila, Inc. (formerly “STI College Novaliches, Inc.”) which include, among others, the change in its fiscal year from April 1 of each year to March 31 of the following year to July 1 of each year to June 30 of the following year.

Financial Highlights and Key Performance Indicators

(in Peso millions, except for margins, financial ratios and earnings per share)

	September 30, 2025 (Unaudited)	June 2025 (Audited)	September 2025 vs June 2025	
			Amount	%
Condensed Statements of Financial Position				
Total assets	13,705.8	12,270.6	1,435.2	12%
Current assets	3,664.1	2,297.1	1,367.0	60%
Cash and cash equivalents	1,893.8	1,594.6	299.2	19%
Total liabilities	4,756.4	3,879.8	876.6	23%
Current liabilities	2,772.3	1,612.0	1,160.3	72%
Total Equity	8,949.5	8,390.9	558.6	7%
Equity attributable to equity holders of the parent company	8,944.3	8,385.6	558.7	7%
Financial Ratios				
Debt to equity ratio ⁽¹⁾	0.39	0.44	(0.05)	-11%
Current ratio ⁽²⁾	1.32	1.43	(0.11)	-8%
Debt service cover ratio ⁽¹⁰⁾	4.01	3.40	0.61	18%
Interest coverage ratio	20.31	14.95	5.36	36%
Asset to equity ratio ⁽³⁾	1.53	1.46	0.07	5%

Three months ended September 30				
	2025 (Unaudited)	2024	2025 vs 2024	
			Amount	%
Condensed Statements of Income				
Revenues	1,134.4	772.6	361.8	47%
Direct costs ⁽⁴⁾	257.8	245.9	11.9	5%
Gross profit	876.6	526.7	349.9	66%
Operating expenses	341.1	328.5	12.6	4%
Operating income	535.5	198.2	337.3	170%
Other expenses - net	89.8	(16.3)	106.1	-651%
Income before income tax	625.3	181.9	443.4	244%
Net income	574.5	164.7	409.8	249%
EBITDA ⁽⁵⁾	678.9	330.0	348.9	106%
Core Income ⁽⁶⁾	468.0	158.5	309.5	195%
Net income attributable to equity holders of the parent company	574.6	164.8	409.8	249%
Earnings per share ⁽⁷⁾	0.19	0.05	0.140	280%

Financial Soundness Indicators

Consolidated Condensed Statements of Cash Flows

Net cash from operating activities	721.3	733.2	(11.9)	-2%
Net cash provided by (used in) investing activities	(16.1)	(182.8)	166.7	-91%
Net cash provided by (used in) financing activities	(406.0)	(401.4)	(4.6)	1%
Effect of exchange rate changes on cash and cash equivalents	-	(0.1)	0.1	-100%

	As at/Three months ended September 30		Increase (Decrease)	
	2025	2024		
	(Unaudited)		Amount	%
Liquidity Ratios				
Current ratio ⁽²⁾	1.32	1.02	0.30	29%
Acid test ratio ⁽⁸⁾	1.23	0.94	0.29	31%
Cash ratio ⁽⁹⁾	0.68	0.42	0.26	62%
Solvency ratios				
Debt to equity ratio ⁽¹⁾	0.39	0.53	(0.14)	-26%
Asset to equity ratio ⁽³⁾	1.53	1.78	(0.25)	-14%
Debt service cover ratio ⁽¹⁰⁾	4.01	3.00	1.01	34%
Interest coverage ratio ⁽¹¹⁾	20.31	11.67	8.64	74%
Profitability ratios				
EBITDA margin ⁽¹²⁾	60%	43%	0.17	40%
Gross profit margin ⁽¹³⁾	77%	68%	0.09	13%
Operating profit margin ⁽¹⁴⁾	47%	26%	0.21	81%
Net income margin ⁽¹⁵⁾	51%	21%	0.30	143%
Return on equity ⁽¹⁶⁾	23%	10%	0.13	130%
Return on assets ⁽¹⁷⁾	15%	5%	0.10	183%

⁽¹⁾ Debt-to-equity ratio is measured as total liabilities, net of unearned tuition and other school fees, divided by total equity.

⁽²⁾ Current ratio is measured as current assets divided by current liabilities.

⁽³⁾ Asset to equity ratio is measured as total assets divided by total equity.

⁽⁴⁾ Direct costs is calculated by adding the costs of educational services and educational materials and supplies sold.

⁽⁵⁾ EBITDA is earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint venture, loss (gain) on foreign exchange differences, fair value loss (gain) on equity instruments at FVPL, and nonrecurring gains such as gain on partial disposal of interest in an associate, and gain on termination of lease.

⁽⁶⁾ Core income is computed as consolidated net income after tax derived from the Group's main business – education and other recurring income.

⁽⁷⁾ Income per share is measured as net income attributable to equity holders of the parent company divided by the weighted average number of outstanding common shares

⁽⁸⁾ Acid test ratio is measured as current assets less inventories and prepayments divided by current liabilities.

⁽⁹⁾ Cash ratio is measured as cash and cash equivalents divided by current liabilities.

⁽¹⁰⁾ Debt service cover ratio is measured as EBITDA for the last twelve months divided by total principal and interest covering those due for the immediately succeeding twelve months (see Note 16 of the unaudited interim condensed consolidated financial statements).

⁽¹¹⁾ Interest coverage ratio is measured as EBITDA for the last twelve months divided by interests due in the next twelve months.

⁽¹²⁾ EBITDA margin is measured as EBITDA divided by total revenues.

⁽¹³⁾ Gross profit margin is measured as gross profit divided by total revenues.

⁽¹⁴⁾ Operating profit margin is measured as operating profit divided by total revenues.

⁽¹⁵⁾ Net income margin is measured as net income after income tax divided by total revenues.

⁽¹⁶⁾ Return on equity is measured as net income attributable to equity holders of the parent Company [annualized] divided by average equity attributable to equity holders of the parent company.

⁽¹⁷⁾ Return on assets is measured as net income [annualized] divided by average total assets.

STI EDUCATION SERVICES GROUP, INC.
AGING OF ACCOUNTS RECEIVABLES
AS OF SEPTEMBER 30, 2025

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Current receivables	1,515,302,218	1,175,055,394	91,328,258	116,881,119	132,037,447

TYPE OF ACCOUNTS RECEIVABLE	NATURE	DESCRIPTION
Current receivables	Tuition fees and other current receivables	Monthly

ANNEX “B”

STI EDUCATION SERVICES GROUP, INC.

MANAGEMENT DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

STI Education Services Group, Inc. (STI ESG or the Parent Company) and its subsidiaries (hereafter collectively referred to as the “Group”) are all incorporated in the Philippines and registered with the Philippine Securities and Exchange Commission (SEC). The Parent Company was incorporated on June 2, 1983.

STI ESG began with a goal of training as many Filipinos as possible in computer programming and addressing the information technology education needs of the Philippines. Starting as a training center, STI ESG initially offered short-term computer programming courses that were patterned to satisfy the demand of college graduates and working professionals who wanted to learn more about emerging computer technology.

Shortly after, STI ESG’s campuses began to grow as it started granting franchises in other locations within Metro Manila, which soon expanded to other key areas in Luzon, Visayas, and Mindanao.

Over the years, STI ESG began shifting its focus from short-term courses to college degree programs to adjust to the changing business environment. In 1995, STI ESG was granted a permit by the Commission on Higher Education (CHED) to operate colleges and roll out four-year college programs starting with the Bachelor of Science (BS) degree in Computer Science. STI ESG then slowly diversified its programs beyond Information & Communications Technology by introducing new programs in the fields of Business and Management, Accountancy, Engineering, Education, Hospitality Management, Tourism Management, Arts and Sciences, Psychology, and Criminology. STI ESG is also offering Senior High School (SHS) while select schools offer Junior High School (JHS).

On August 5, 2022, CHED approved the transfer of school operations of STI College Quezon Avenue, Inc. (STI Quezon Avenue) to Tanay, Rizal subject to compliance with certain requirements.

In separate meetings held on November 29, 2022, the BOD and stockholders of STI Quezon Avenue approved the amendments in its Articles of Incorporation and By-Laws as follows: (1) change of corporate name from “STI College Quezon Avenue, Inc.” to “STI Colleges of Rizal, Inc.”, (2) have perpetual existence, (3) change of fiscal year beginning July 1 of each year and ending on June 30 of the following year, among others. On November 12, 2024, the SEC approved the change of corporate name from “STI College Quezon Avenue, Inc.” to “STI Colleges of Rizal, Inc. (STI Tanay),” along with the other amendments in its Articles of Incorporation and By-Laws. On September 10, 2025, the BIR approved the change in its fiscal year.

As at November 19, 2025, STI ESG has a network of 63 operating schools comprising of 60 colleges and 3 education centers. Of the total number of schools, STI ESG owns 37 schools while franchisees operate 26 schools.

STI ESG’s total student capacity aggregates to 159,569 students, with 112,119 pertaining to owned schools and 47,450 for franchised schools.

STUDENT POPULATION

The enrollment of the Group for SY 2025-2026 reached 114,569, compared to 121,374 for SY 2024-2025. The total number of enrollees in CHED programs remained stable at 86,537 for SY 2025-2026 from 86,447 for SY 2024-2025. The number of continuing students enrolled in CHED programs, or those students who opted to remain in the Group's network of schools, notably increased by 5,362 from 72,507 students in SY2024-2025 to 77,869 students in SY 2025-2026. Meanwhile, total number of students enrolled in DepEd programs declined by 7,098. This decline is attributed to the early start of classes in the public school sector. Classes for the public schools' junior and senior high school students started on June 16, 2025, while STI ESG started on July 28, 2025 for SY 2025-2026. Enrollment in programs regulated by CHED and DepEd as a percentage of total enrollment stand at 75% and 23%, respectively, in SY 2025-2026 as against 71% and 27%, respectively, in SY 2024-2025. CHED programs generate higher revenues per student relative to other levels.

The enrollment figures are as follows:

	SY 2025-2026	SY 2024-2025	Decrease	
			Enrollees	Percentage
Owned schools	77,377	84,122	6,745	8.0%
Franchised schools	37,192	37,252	60	0.2%
Total Enrollees	114,569	121,374	6,805	5.6%

The grouping of students according to the government regulatory agencies overseeing the programs is outlined as follows:

- CHED - students under this group are enrolled in tertiary programs;
- TESDA - students under this group are enrolled in technical-vocational programs; and
- DepEd - pertains to primary and secondary education, including JHS and SHS.

	SY 2025-2026	%	SY 2024-2025	%
CHED	86,537	75%	86,447	71%
TESDA	1,963	2%	1,760	2%
DepEd*	26,069	23%	33,167	27%
TOTAL	114,569	100%	121,374	100%

* For SY 2025-2026, DepEd count includes 25,216 SHS students and 853 JHS students, while for SY 2024-2025, count includes 32,501 SHS students and 666 JHS students.

In SY 2025–2026, classes across all levels started on July 28, 2025 while for SY 2024–2025, classes started on August 12, 2024. Classes are held onsite across all levels for both school years.

The Group remains committed to ensuring adherence to the guidelines set by Inter-Agency Task Force for the Management of Emerging Infectious Diseases (IATF), CHED, DepEd, local government units (LGUs), and all pertinent agencies that have released information and guidance on the conduct of face-to-face classes.

FINANCIAL REVIEW

This discussion summarizes the significant factors affecting the operating results of the Group for the three-months ended September 30, 2025 and 2024 and financial condition as at September 30, 2025 and June 30, 2025 of STI Education Services Group, Inc. and its subsidiaries (the “Group”). The following discussions should be read in conjunction with the attached unaudited interim condensed consolidated financial statements of the Group as at and for the three months ended September 30, 2025. All necessary adjustments have been made to present fairly the financial position of the Group as at September 30, 2025 and June 30, 2025 and results of operations and cash flows for the three months ended September 30, 2025 and 2024.

The Group’s operations follow the academic cycle. For SY 2025–2026, the academic year began in late July 2025 and will conclude in June 2026. For SY 2024–2025, the academic year started around mid-August 2024 and ended in June 2025. The Group’s performance obligations arising from tuition and other school fees are satisfied over time, as students simultaneously receive and consume the benefits provided by the Group through its educational services. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain and in relation to the services provided by the Group. As such, revenue distribution across quarters may vary depending on the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group.

I. RESULTS OF OPERATIONS

Three months ended September 30, 2025 vs. three months ended September 30, 2024

For the three months ended September 30, 2025, the Group posted gross revenues amounting to ₱1,134.4 million, compared to ₱772.6 million for the same period last year. The wide variation was primarily attributable to two factors: (1) the earlier commencement of classes for SY 2025–2026 compared to SY 2024–2025, and (2) the adoption of revenue recognition based on the instructional days within the related term(s). Classes for SY 2025–2026 commenced on July 28, 2025 as compared to August 12, 2024 last year. Starting FY 2025–2026, STI ESG recognized revenues from tuition and other school fees based on the actual number of school days in a quarter of the applicable school term compared with recognizing the same on a monthly basis within the quarter of the related school term(s). Total revenues within the school term and for the school year are not affected by this change. The Group likewise implemented tuition and other school fees adjustments for new tertiary students, as well as the other school fees for continuing tertiary students.

Gross profit increased by ₱349.9 year-on-year from ₱526.7 million to ₱876.6 million, resulting in a gross profit margin of 77% compared to 68% in the same period last year.

The Group recorded an operating income for the three months ended September 30, 2025 amounting to ₱535.5 million, compared to ₱198.2 million for the same period last year. Net income for the quarter amounted to ₱574.5 million, higher than the ₱164.7 million recorded for the three months ended September 30, 2024.

Earnings before interest, taxes, depreciation, and amortization (EBITDA) amounted to ₱678.9 million for the three months ended September 30, 2025, compared to ₱330.0 million for the same period last year. EBITDA is computed as earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint ventures, gain (loss) on foreign exchange differences, fair value gain (loss) on equity instruments at FVPL, and nonrecurring gains such as gain on partial disposal of interest in an associate and gain on termination of lease. Gains recognized from partial disposal of interest in an associate and termination of lease are presented under “Other income (expenses).” Depreciation and interest expenses used in this computation exclude those related to Right-of-Use (ROU) assets and lease liabilities, respectively. The resulting EBITDA margin for the three months ended September 30, 2025 is 60%, compared to 43% for the same period last year.

II. FINANCIAL CONDITION

The Group’s consolidated total assets stood at ₱13,705.8 million as at September 30, 2025, up from ₱12,270.6 million as at June 30, 2025. The increase was primarily driven by higher levels of cash and cash equivalents and receivables for tuition and other school fees.

Condensed Consolidated Statements of Financial Position

<i>(Amounts in Peso millions)</i>	September 30, 2025	June 30, 2025	Increase (Decrease) Amount	%
Total Current Assets	₱3,664.1	₱2,297.1	₱1,367.0	60%
Total Noncurrent Assets	10,041.7	9,973.5	68.3	1%
Total Assets	₱13,705.8	₱12,270.6	₱1,435.3	12%
Total Current Liabilities	₱2,772.3	₱1,612.0	₱1,160.3	72%
Total Noncurrent Liabilities	1,984.0	2,267.8	(283.8)	13%
Total Liabilities	4,756.3	3,879.8	876.5	23%
Total Equity	8,949.5	8,390.8	558.7	7%
Total liabilities and equity	₱13,705.8	₱12,270.6	₱1,435.2	12%

Cash and cash equivalents increased by ₱299.2 million or 19% from ₱1,594.6 million to ₱1,893.8 million as at June 30, 2025 and September 30, 2025, respectively, attributed largely to the Group’s profitable operations and improved collection efficiency .

Total receivables increased by ₱1,082.2 million, from ₱433.1 million as at June 30, 2025 to ₱1,515.3 million as at September 30, 2025. This balance consists primarily of amounts expected to be collected from students as payment for tuition and other school fees, as well as from DepEd for SHS vouchers that are expected to be received during the related term(s) of the school year.

Property and equipment increased by ₱119.6 million, net of accumulated depreciation, from ₱8,050.3 million as at June 30, 2025 to ₱8,169.9 million as at September 30, 2025, largely representing progress completion of ongoing projects during the three-months ended September 30, 2025.

STI ESG partially disposed its interest in STI Holdings aggregating 185.0 million shares during the three months ended September 30, 2025, for a total consideration of ₱277.5 million. Consequently, “Investments and advances to associates and joint ventures” decreased by ₱170.8 million, from ₱433.3 million as at June 30, 2025 to ₱262.5 million as at September 30, 2025 – primarily reflecting the carrying amount of the disposed interest in STI Holdings as at September 30, 2025 amounting to ₱174.8 million (refer to succeeding paragraphs for further details). STI ESG likewise recognized STI ESG’s share in the associates’ net earnings recognized for the three months ended September 30, 2025.

Deferred tax assets (DTA) increased by ₱18.1 million, from ₱40.1 million as at June 30, 2025 to ₱58.2 million as at September 30, 2025, largely representing taxes due on tuition and other school fees collected in advance. In accordance with statutory regulations, tuition and other school fees collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets increased by ₱108.3 million from ₱697.3 million as at June 30, 2025 to ₱805.6 million as at September 30, 2025 mainly driven by STI ESG’s downpayment for the construction of STI Academic Center Meycauayan, net of advances applied or reclassified to property and equipment.

Total current liabilities increased by ₱1,160.3 million, from ₱1,612.0 million to ₱2,772.3 as at June 30, 2025 and September 30, 2025, respectively, mainly due to recognition of unearned tuition and other school fees of ₱1,303.4 million as at September 30, 2025, or an increase of ₱1,140.4 million, from ₱163.0 million as at June 30, 2025. These unearned revenues will be recognized as income over the remaining months of the related school term(s).

Total noncurrent liabilities decreased by ₱283.7 million to ₱1,984.1 million as at September 30, 2025, from ₱2,267.8 million as at June 30, 2025, attributed to the reclassification of a portion of noncurrent interest-bearing loans and borrowings to current liabilities, representing the principal amounts due within the next twelve months.

Total equity increased from ₱8,390.9 million as at June 30, 2025 to ₱8,949.5 million as at September 30, 2025, reflecting the Group’s net income for the three months ended September 30, 2025.

III. TOP FIVE (5) KEY PERFORMANCE INDICATORS

The key performance indicators (KPIs) of the Group cover tests of profitability, liquidity, and solvency. Profitability refers to the Group’s earning capacity and ability to earn income for its stockholders. This is measured by profitability ratios analyzing margins and returns. Liquidity refers to the Group’s ability to pay its short-term liabilities as and when they fall due. Solvency refers to the Group’s ability to pay all its debts when they fall due, whether such liabilities are current or noncurrent. The top five (5) KPIs of the Group include:

As at/Three months ended September 30				
		2025	2024	Remarks
EBITDA margin	EBITDA divided by total revenues.	60%	43%	EBITDA margin increased in 2025 compared to the same period in 2024, mainly due to the increase in revenues recognized during the three months ended September 30, 2025.

As at/Three months ended September 30

		2025	2024	Remarks
Gross profit margin	Gross profit divided by total revenues	77%	68%	Gross profit margin went up as higher revenues were recognized this first quarter.
Return on equity (ROE)	Net income attributable to equity holders of the Parent Company divided by average equity attributable to equity holders of the Parent Company	23%	10%	ROE is higher as a result of the bigger revenues recognized for the quarter even as direct costs and operating expenses increased at a lower rate.
Debt-to-equity ratio (D/E ratio) ¹	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.39	0.53	D/E ratio improved due to principal payments made by STI ESG on its Term Loans.
Current ratio	Current assets divided by current liabilities	1.32	1.02	Current ratio improved due to the Group's profitable operations and improved collection efficiency.

The Group likewise monitors its financial covenants in accordance with the provisions under its loans and trust Agreements.

		June 2025	Remarks
D/E ratio ¹	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.44	D/E ratio improved from 0.59 in June 2024 due to principal payments made by STI ESG on its Term Loans.
DSCR ²	EBITDA for the last twelve months divided by total principal and interest due in the next twelve months.	3.40	The minimum DSCR set by management, and the lender banks is 1.05 of cash income (EBITDA) for every peso of loans and interest due within the next 12 months (see note below).
ICR ³	EBITDA for the immediately preceding twelve months divided by interest due in the next twelve months	14.95	ICR is well within the threshold set under the Second Supplemental Trust Agreement.

¹D/E ratio under the Term Loan Agreements with Chinabank must not exceed 1.5:1, while D/E ratio under the Term Loan Agreements with BPI and Metrobank must not be more than 2.5:1.00.

²DSCR under the Term Loan Agreements with Chinabank, BPI and Metrobank must not be lower than 1.05:1.00. For Chinabank, DSCR is tested every December 31 and June 30 of each year while for BPI and Metrobank, this is tested on June 30 of each year

³ICR under the Trust Agreement must not be lower than 3.00:1.00

The Term Loan Agreement with Chinabank prescribes that the financial covenants shall be observed and computed based on STI ESG's unaudited consolidated financial statements as at and for the six-month period ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year. The term loan agreements with BPI and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the year ending June 30 of each year.

As at September 30, 2025 and June 30, 2025, STI ESG is compliant with the aforementioned financial covenants, following the respective agreements, (see Notes 16 and 17) of the unaudited interim condensed consolidated financial statements).

IV. MATERIAL CHANGES IN BALANCE SHEET ACCOUNTS

Cash and cash equivalents increased by ₱299.2 million from ₱1,594.6 million to ₱1,893.8 million as at June 30, 2025 and September 30, 2025, respectively, primarily attributable to the Group's profitable operations and improved collection efficiency. The Group generated cash from operating activities aggregating to ₱721.3 million during the three months ended September 30, 2025. The collection of tuition and other school fees during the three months ended September 30, 2025 was the primary contributor to the increase in net cash generated from operating activities. These funds were utilized mainly to pay the contractors for the construction of new buildings for STI Tanauan, STI Meycauayan, STI Fairview and STI Batangas. Cash outflows for investing activities likewise include expenditures related to building rehabilitation works and acquisition of various equipment and furniture for the schools owned and operated by STI ESG. Net cash outflows for investing activities amounted to ₱16.1 million. The cash outflows for investing activities were partially offset by the proceeds received by STI ESG from the partial disposal of its interest in STI Holdings. The Group registered ₱406.0 million cash used in financing activities, substantially representing scheduled principal payments of STI ESG Term Loans with Chinabank, BPI and Metrobank aggregating to ₱292.2 million. This includes interest payments largely for STI ESG's Term Loans and coupon payments for STI ESG's bond issue aggregating to ₱81.1 million during the three months ended September 30, 2025.

Receivables increased to ₱1,515.3 million as at September 30, 2025, up by ₱1,082.2 million from ₱433.1 million as at June 30, 2025 — more than threefold increase from the prior period balance.

Receivables from students rose by ₱729.2 million from ₱311.0 million to ₱1,040.2 million, reflecting tuition and other school fees that are expected to be collected from the students over the related term(s) of the school year.

Receivables from DepEd likewise increased to ₱327.5 million as at September 30, 2025 from ₱19.8 million as at June 30, 2025. The SHS Voucher Program is a financial assistance program wherein subsidies in the form of vouchers are provided to qualified SHS students who are enrolled in a "non-DepEd SHS". A non-DepEd SHS refers to an educational provider not

directly operated by DepEd but granted by DepEd with a permit or government recognition to operate SHS. This includes private schools, private colleges and universities; state universities and colleges (SUCs), local universities and colleges (LUCs); and technical and vocational institutions offering SHS. A Qualified Voucher Recipient (QVR) in participating private institutions is entitled to a subsidy ranging from ₱14,000 to ₱22,500 annually. DepEd, through the Private Education Assistance Committee, facilitates the transfer of funds to the participating schools.

Receivables related to DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) amounted to ₱0.8 million and ₱1.9 million as at September 30, 2025 and June 30, 2025, respectively. DBP RISE covers: (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP.

Receivables from CHED for the Tertiary Education Subsidy (TES) amounted to ₱3.8 million as at September 30, 2025 from ₱1.4 million as at June 30, 2025. Under the Universal Access to Quality Tertiary Education Act (UAQTEA) or RA No. 10931, and its Implementing Rules and Regulations (IRR), students enrolled in select private HEIs and are qualified to receive the TES are entitled to ₱60.0 thousand per year. The TES sharing agreement states that ₱40.0 thousand goes to the TES student grantee and ₱20.0 thousand to the private HEI. The subsidy is for tuition and other related school fees and should cover the living allowance, books, supplies, transportation, and miscellaneous expenses. Additional benefits are likewise given to persons with disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand per annum and ₱10.0 thousand, respectively. Under the TES Program, CHED directly pays the schools where these students enrolled. In July 2023, UniFAST issued Memorandum Circular No. 5 for the allocation of funds for new TES grants. The circular provides, among others, that the new TES grantees for the first semester of SY 2023–2024 shall receive ₱20.0 thousand per school year or ₱10.0 thousand per semester to cover the full or partial cost of tuition and other school fees. New TES grantees who are PWDs shall receive an additional subsidy of ₱10.0 thousand per school year or ₱5.0 thousand per semester.

Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED, and DBP are expected to be collected in full within the school year.

Receivables related to educational services and sale of educational materials and supplies amounted to ₱188.8 million as at September 30, 2025, higher by ₱53.5 million from ₱135.3 million as at June 30, 2025. This balance is composed of receivables from franchised schools for the educational services rendered by STI ESG and receivables from franchised schools and an affiliate for educational materials and supplies sold. These receivables from franchised schools and an affiliate are expected to be settled within 30 days from invoice date.

Rent and other receivables decreased by ₱5.4 million to ₱26.7 million as at September 30, 2025 from ₱32.1 million as at June 30, 2025, representing collection of rentals from various lessees and reimbursements of fit-out costs from a lessee during the three months ended September 30, 2025.

STI ESG's allowance for estimated credit losses (ECL) recognized in relation to the adoption of Philippine Financial Reporting Standards (PFRS) 9, Financial Instruments, increased from

₱156.7 million as at June 30, 2025 to ₱201.3 million as at September 30, 2025. The increase reflects the additional provisions for ECL amounting to ₱44.6 million for the three months ended September 30, 2025.

Inventories decreased by ₱15.5 million or 16%, from ₱163.8 million as at June 30, 2025 to ₱148.3 million as at September 30, 2025, substantially attributed to the sale of uniforms and prowares during the three-month period ended September 30, 2025, partially offset by purchases made during the quarter.

Property and equipment increased by ₱119.6 million, net of accumulated depreciation, from ₱8,050.3 million as at June 30, 2025 to ₱8,169.9 million as at September 30, 2025 representing percentage of construction completed for ongoing projects particularly the construction of new school buildings for STI Batangas, STI Fairview, STI Meycauayan, and STI Tanauan, as well as the installation of solar panels and various renovation and rehabilitation works in schools owned and operated by STI ESG.

Investments and advances to associates and joint ventures decreased by ₱170.8 million, from ₱433.3 million as at June 30, 2025 to ₱262.5 million as at September 30, 2025. In August 2025, STI ESG partially disposed of its interest in STI Holdings amounting to 185.0 million shares for a total consideration of ₱277.5 million. This reduced STI ESG's ownership interest in STI Holdings from 4.37% as at June 30, 2025 to 2.50% as at September 30, 2025 resulting in gain amounting to ₱102.7 million which was recognized as "Gain on partial disposal of interest in an associate" in the unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2025.

Deferred tax assets (DTA) increased by ₱18.1 million, from ₱40.1 million as at June 30, 2025 to ₱58.2 million as at September 30, 2025, representing taxes due on tuition and other school fees collected in advance. Following statutory regulations, tuition and other school fees which are collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets rose by ₱108.3 million from ₱697.3 million as June 30, 2025 to ₱805.6 million as at September 30, 2025, primarily reflecting 30% downpayment of ₱147.7 million in August 2025 for the construction of the STI Academic Center Meycauayan. The reported increase is net of the reclassification of certain advances to suppliers to "Property and equipment" corresponding to the progress completion of ongoing construction projects, full delivery and/or installation of other capital assets.

Accounts payable and other current liabilities decreased by ₱35.0 million from ₱770.4 million as at June 30, 2025 to ₱735.3 million as at September 30, 2025 representing semi-annual payment of interests on loans in September 2025 and settlement of commencement-related expenses for SY 2024-2025 during the three months ended September 30, 2025.

Unearned tuition and other school fees increased by ₱1,140.4 million, from ₱163.0 million to ₱1,303.4 million as at September 30, 2025. This unearned tuition and other school fees will be recognized as income over the remaining months of the related school term(s) within SY 2025-2026.

Current portion of interest-bearing loans and borrowings amounted to ₱580.4 million as at September 30, 2025 net of deferred finance charges amounting to ₱4.0 million. The balance as at September 30, 2025 represents the current portion of the Term Loan Facility of STI ESG with Chinabank, BPI and Metrobank amounting to ₱240.0 million, ₱144.4 million, and ₱200.0 million, respectively. On the other hand, the non-current portion of interest-bearing loans and

borrowings, decreased by ₱291.4 million from ₱1,146.1 million to ₱854.7 million, net of deferred finance cost, as at June 30, 2025 and September 30, 2025, respectively, due to the reclassification from non-current portion to current portion of interest-bearing loans and borrowings that are due in the next twelve months.

Current portion of lease obligations amounted to ₱63.5 million and ₱64.3 million as at September 30, 2025 and June 30, 2025, respectively. Noncurrent lease liabilities declined by ₱13.4 million from ₱244.5 million to ₱231.1 million representing lease obligations which are due within the next twelve months. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities were recognized in the unaudited interim condensed consolidated financial statements of the Group following the adoption of PFRS 16 Leases.

Income tax payable amounted to ₱89.7 million and ₱34.1 million as at September 30, 2025 and June 30, 2025, respectively. The balance as at September 30, 2025 represents income tax due on the taxable income for the three months ended September 30, 2025, as well as the income tax payable as at June 30, 2025, which was duly settled in October 2025.

Pension liabilities increased by ₱20.1 million, from ₱30.8 million as at June 30, 2025 to ₱50.9 million as at September 30, 2025. The increase is mainly attributable to the recognition of pension expense amounting to ₱2.6 million and remeasurement adjustments of ₱17.1 million, gross of tax, for the three-months ended September 30, 2025.

Cumulative actuarial gain amounted to ₱59.5 million as at September 30, 2025 from ₱75.2 million as at June 30, 2025. The increase reflects changes in the market value of the equity investments held within the pension plan assets of the Group for the three months ended September 30, 2025.

Retained earnings increased by ₱574.6 million from ₱4,875.3 million to ₱5,449.9 million representing net income recognized for the three months ended September 30, 2025.

V. MATERIAL CHANGES IN INCOME STATEMENT ACCOUNTS

Total revenues reached ₱1,134.4 million during the three months ended September 30, 2025, an increase of ₱361.8 million from ₱772.6 million of the same period last year.

Condensed Consolidated Statements of Comprehensive Income

<i>(Amounts in Peso millions)</i>	Three Months Ended September 30			
	2025	2024	Increase (Decrease)	
Revenues	₱1,134.4	₱772.6	₱361.8	47%
Costs and expenses	598.9	574.4	24.5	4%
Operating income	535.5	198.2	337.3	170%
Other income (expenses)	89.8	(16.3)	106.1	-652%
Income before income tax	625.3	181.9	443.4	244%
Provision for income tax	50.8	17.2	33.6	195%
Net income (carried forward)	₱574.5	₱164.7	₱409.8	249%

	Three Months Ended September 30			
<i>(Amounts in Peso millions)</i>	2025	2024	Increase (Decrease)	
Net income (brought forward)	₱574.5	₱164.7	₱409.8	249%
Other comprehensive income (loss)	(15.9)	21.5	(37.4)	-174%
Total comprehensive income	₱558.6	₱186.2	₱372.4	200%

Tuition and other school fees amounted to ₱975.6 million for the three months ended September 30, 2025, up by ₱357.3 million from ₱618.3 million of the same period last year. Revenues from tuition and other school fees are recognized proportionately throughout the related school term(s) to which they pertain, consistent with the time frame in which educational services are delivered. As such, revenue distribution across quarters may vary depending on the timing of the school calendar. The wide variance reflects the earlier commencement of SY 2025–2026 on July 28, 2025, compared to August 12, 2024, for the prior year. Since tuition and related fees are recognized as revenue over the duration of the related school term(s), the earlier start of classes led to a greater share of revenues earned for the three months ended September 30, 2025, compared to same period of the previous year. Starting this fiscal year, the Group has recognized the revenues based on the actual number of days within the school calendar in contrast with the monthly recognition done previously. This approach affects the timing of revenue recognition across quarters but does not affect total revenues for the full fiscal year. Adjustments in tuition and other fees for both new and continuing tertiary students, ranging from 2.1% to 6.7%, also contributed to the increase in revenues for the three months ended September 30, 2025.

Revenues from educational services and royalty fees largely from STI ESG’s franchised schools aggregated to ₱72.9 million for the three months ended September 30, 2025, posting an increase of 26%, and 19%, respectively, primarily due to improved collection efficiency for SY 2025-2026. Revenues from educational services and royalty fees are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Revenues from educational services likewise include management fees from Philippine School of Business Administration (PSBA Manila), and Philippine School of Business Administration, Inc.-Quezon City (PSBA Quezon City) amounting to ₱4.3 million and ₱1.6 million for the three months ended September 30, 2025 and 2024, respectively. The management agreement, executed in May 2024, became effective on July 1, 2024 for PSBA Quezon City and on August 1, 2024 for PSBA Manila. The agreement has a term of three (3) years counting from the respective management commencement dates. PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of their respective gross revenues.

The revenues generated from the sale of educational materials and supplies amounted to ₱44.8 million for the three months ended September 30, 2025, compared to ₱57.4 million for the same period last year consistent with the enrollment levels for SY 2025-2026. Sales for both periods were mainly attributable to uniforms. The cost of educational materials and supplies sold amounted to ₱34.9 million for the three months ended September 30, 2025, compared to ₱46.4 million for the same period last year aligned with the movement in sales.

The cost of educational services amounted to ₱222.9 million, compared to ₱199.5 million for the three months ended September 30, 2025 and 2024, respectively. This increase is primarily attributed to higher instructors’ salaries and benefits, as well as higher depreciation expense for the three months ended September 30, 2025.

Faculty salaries and benefits amounted to ₱101.9 million, compared to ₱90.2 million for the three months ended September 30, 2025 and 2024, respectively, driven by the earlier start of classes for SY2025–2026 compared to the previous year.

The completion of the new school buildings at STI Ortigas-Cainta and STI Lipa, renovation and rehabilitation works in schools owned and operated by STI ESG, along with the acquisition of new equipment and furniture, led to higher depreciation charges of the Group. The increase is reflected both under the cost of educational services and the general and administrative expense sections of the unaudited interim condensed consolidated statement of comprehensive income. Depreciation expense, under cost of educational services, amounted to ₱78.4 million, compared to ₱67.6 million for the three months ended September 30, 2025 and 2024, respectively, while depreciation expense, under general and administrative expenses section, amounted to ₱62.7 million, compared to ₱54.8 million for the three months ended September 30, 2025 and 2024, respectively.

Expenses attributed to student activities and programs amounted to ₱26.1 million for the quarter ended September 30, 2025 compared to ₱23.6 million for the three months ended September 30, 2024. This account includes subscription costs for the use of eLearning Management System, MS License, and eBooks, among others. These subscriptions are renewed annually, and the related costs are spread over the contract periods which are usually aligned with the school calendar.

Rent expense amounted to ₱7.2 million, compared to ₱7.9 million for the three months ended September 30, 2025 and 2024, respectively. The reduction is mainly due to a lease agreement for one STI ESG branch that ceased to qualify for the short-term lease accounting under Philippine Financial Reporting Standards (PFRS) Accounting Standards 16 - *Leases*, resulting in the recognition of a right-of-use asset and corresponding lease liability beginning fiscal year ending June 30, 2026.

STI ESG transitioned from annual support and maintenance contract to on-demand engagements with the third-party providers for its computerized accounting and enrollment systems during SY 2024-2025. This resulted in lower expenses related to infrastructure and software maintenance, from ₱2.6 million to ₱1.2 million for the three months ended September 30, 2024 and 2025, respectively. Concurrently, STI ESG is in the process of implementing new financial and enrollment systems to streamline the Group's financial and enrollment processes and students' information and records management to enhance operational efficiency over the long term.

Gross profit increased from ₱526.7 million to ₱876.6 million for the three months ended September 30, 2024 and 2025, respectively, primarily due to increase in revenues driven by the earlier start of classes. Similarly, gross profit margin is at 77% compared to 68% for the same period of the previous year.

General and administrative expenses amounted to ₱341.1 million, compared to ₱328.5 million for the three months ended September 30, 2025 and 2024, respectively, largely attributed to expenses related to salaries and benefits, depreciation, light and water, and janitorial and security services, and taxes and licenses. This increase was partially offset by lower provisions for ECL and reduced advertising and promotional spending during the three months ended September 30, 2025.

Salaries and benefits amounted to ₱83.3 million for the three months ended September 30, 2025, compared to ₱77.8 million for the same period last year. The increase was primarily driven by merit-based salary adjustments and bonuses given in the second quarter of the fiscal year ended June 30, 2025, as well as the onboarding of personnel for previously vacant positions during the three months ended September 30, 2025.

Light and water expenses are higher by ₱6.4 million from ₱34.8 million to ₱41.2 million for the three months ended September 30, 2024 and 2025, respectively. The increase was primarily driven by higher power consumption due to earlier start of classes for SY 2025-2026 compared to same period of the previous year. The increased power consumption was mitigated by the cost savings from the solar power systems installed at several wholly-owned schools of STI ESG.

The Group recognized a provision for ECL amounting to ₱44.6 million for the three months ended September 30, 2025, largely representing ECLs on outstanding receivables from students' tuition and other school fees as at September 30, 2025 associated with SY 2025-2026. This provision for ECL is lower by ₱7.7 million compared to ₱52.3 million for the three months ended September 30, 2024 reflecting improved collection efficiency. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned with lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from students pertaining to prior years.

Outside services, including security and janitorial services are higher by ₱2.4 million from ₱28.5 million to ₱30.9 million for the three months ended September 30, 2024 and 2025, respectively, mainly attributed to increase in minimum wage rates charged by security and utility service providers.

Professional fees are higher by ₱1.6 million from ₱21.4 million to ₱23.0 million for the three months ended September 30, 2024 and 2025, respectively. The increase was mainly due to professional fees incurred in connection with the partial disposal of STI ESG's interest in STI Holdings, as well as the appraisal of STI ESG's real properties. The appraisal was undertaken in compliance with the requirements of PFRS Accounting Standards, which mandate that assets be assessed for potential impairment at regular intervals to ensure that their carrying amounts reflect current market conditions.

Taxes and licenses expense rose by ₱2.7 million from ₱9.8 million for the three months ended September 30, 2024 to ₱12.5 million for the three months ended September 30, 2025, largely due to higher local business taxes for calendar year 2025.

Advertising and promotions expenses amounted to ₱7.8 million for the three months ended September 30, 2025, compared to ₱14.3 million for the three months ended September 30, 2024. The decline was primarily due to timing differences in the implementation of advertisements and marketing campaigns. For SY 2025-2026, classes commenced earlier, resulting in a shift of a significant portion of marketing activities to the last quarter of fiscal year ended June 30, 2025, whereas for SY 2024-2025, the marketing campaigns through social media channels were largely executed during the three months ended September 30, 2024.

Repairs and maintenance expenses amounted to ₱7.9 million from ₱8.6 million to for the three months ended September 30, 2025 and 2024, respectively, mainly due to higher corrective maintenance activities made for certain equipment and school facilities for the three months ended September 30, 2024.

Association dues amounted to ₱1.9 million from ₱1.4 million for the three months ended September 30, 2025 and 2024, respectively, representing office condominium dues paid by STI ESG for its investment properties.

The other general and administrative expenses like transportation and travel, meetings and conferences, communication, payment channels also increased driven by the Group's growing business activities.

The Group posted an operating income of ₱535.5 million for the three months ended September 30, 2025, from ₱198.2 million for the three months ended September 30, 2024. The increase was mainly driven by higher revenues attributed to reasons cited in the preceding paragraphs.

STI ESG sold STI Holdings shares aggregating to 185.0 million shares for a total consideration of ₱277.5 million in August 2025. This reduced STI ESG's shareholding to 247.4 million shares, decreasing STI ESG's ownership interest in STI Holdings from 4.37% to 2.50%. These partial disposal of STI ESG's interest in STI Holdings have resulted in gain amounting to ₱102.7 million which was recognized as "Gain on partial disposal of interest in an associate" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2025.

Interest expenses decreased by ₱8.8 million, from ₱62.9 million to ₱54.1 million for the three months ended September 30, 2025. This reduction is primarily attributed to principal payments made by STI ESG on its Term Loan Facility with BPI, Chinabank, and Metrobank. Similarly, interest rates per annum improved effective September 2025 for BPI, Chinabank, and Metrobank at 7.0588%, 7.1577%, and 7.0517%, respectively, compared to 7.8735%, 7.8749%, and 7.8135% for the same period of the previous year.

Rental income decreased by ₱5.0 million, from ₱27.3 million to ₱22.3 million for the three months ended September 30, 2024 and 2025, respectively, reflecting the expiration of lease agreements in some of STI ESG's investment properties.

Interest income rose from ₱8.3 million for the three months ended September 30, 2024 to ₱12.2 million for the three months ended September 30, 2025, substantially attributed to short term investments of STI ESG and some of its subsidiaries.

Equity in net earnings of associates and joint venture amounted to ₱4.1 million for the three months ended September 30, 2025, compared to ₱6.4 million for the same period in 2024, reflecting the reduced STI ESG's ownership interest in STI Holdings from 4.82% as at September 30, 2024, to 4.37% as at June 30, 2025, and further to 2.50% as at September 30, 2025.

The Group recognized recovery of accounts written-off amounting to ₱2.8 million for the three months ended September 30, 2025, compared to ₱4.0 million for the same period last year.

Fair value loss on equity instruments at FVPL amounting to ₱0.2 million was recognized for the three months ended September 30, 2025, compared to fair value gain amounting to ₱1.0 million for the three months ended September 30, 2024, respectively, representing adjustments in the market value of STI ESG's quoted equity shares.

STI ESG redeemed and converted substantially all its dollar money market and time deposit placements in 2024, resulting in a realized foreign exchange loss amounting to ₱5.8 million for the three months ended September 30, 2024. STI ESG recognized an unrealized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱0.03 million for the three months ended September 30, 2025.

The Group also recognized other income aggregating to ₱2.0 million, net of other expenses, for the three months ended September 30, 2024, substantially attributed to gain recognized on the termination of a lease agreement which was previously accounted for under the PFRS 16. The "Gain on the termination of lease" amounting to ₱1.6 million was recognized as part of "Other income" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the three months ended September 30, 2024. Other income for the three months ended September 30, 2025 and 2024 is presented net of bond maintenance fees amounting to ₱0.1 million in each period.

The Group recognized "Provision for income tax" amounting to ₱50.8 million and ₱17.2 million for the three months ended September 30, 2025 and 2024, respectively.

STI ESG reported a net income of ₱574.5 million for the three months ended September 30, 2025, compared to ₱164.7 million for the three months ended September 30, 2024. Net income margin stood at 51%, compared to 21% for the same period of the previous year, resulting from the higher revenues recognized this quarter due to the early start of classes and the change in the revenue recognition discussed in earlier paragraphs.

STI ESG recognized remeasurement loss, net of tax effect, in pension liability of ₱15.7 million for the three months ended September 30, 2025 compared to remeasurement gain, net of tax, of ₱21.4 million for the three months ended September 30, 2024, reflecting the adjustments in the market value of equity shares forming part of pension assets.

The unrealized fair value adjustments on equity instruments designated at FVOCI amounted to negative ₱0.2 million for the three months ended September 30, 2025, compared to ₱0.1 million for the three months ended September 30, 2024. The movement represents fair value adjustments in the market price of quoted equity shares held by STI ESG.

Total comprehensive income for the three months ended September 30, 2025 amounted to ₱558.6 million compared to ₱186.2 million for the three months ended September 30, 2024.

EBITDA is up from ₱330.0 million for the three months ended September 30, 2024 to ₱678.9 million for the three months ended September 30, 2025. EBITDA margin is 60% for the three months ended September 30, 2025, compared to 43% for the same period of the previous year.

Core income, computed as the consolidated income after income tax derived from the Group's main business of education and other recurring income, amounted to ₱468.0 million for the three months ended September 30, 2025 compared to core income for the same period last year of ₱158.5 million.

VI. FINANCIAL RISK DISCLOSURE

The Group's present activities expose it to liquidity, credit, interest rate and capital risks.

Liquidity risk -Liquidity risk arises from the possibility that the Group may encounter difficulties in raising funds to meet its currently maturing commitments. The Group's liquidity profile is managed to be able to finance its operations and capital expenditures, and other financial obligations. To cover its financing requirements, the Group uses internally generated funds and interest-bearing loans and borrowings. As part of its liquidity risk management program, the Group regularly evaluates the projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives.

Any excess funds are primarily invested in short-dated and principal-protected bank products that provide flexibility of withdrawing the funds anytime. The Group regularly evaluates available financial products and monitors market conditions for opportunities to enhance yields at acceptable risk levels.

The Group's current liabilities are mostly made up of trade liabilities with a 30 to 60-day payment terms, and current portion of interest-bearing loans and borrowings that are expected to mature within one year after the reporting date. On the other hand, the biggest components of the Group's current assets are cash and cash equivalents, and receivables from students and franchisees with credit terms of up to ten (10) months for installment payments, and thirty (30) days, respectively.

As at September 30, 2025 and June 30, 2025, the Group's current assets amounted to ₱3,664.1 million and ₱2,297.1 million, respectively, while current liabilities amounted to ₱2,772.3 million and ₱1,612.0 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱1,303.4 million and ₱163.0 million as at September 30, 2025 and June 30, 2025, respectively. Unearned tuition and other school fees represent performance obligations related to revenues from tuition and other school fees, which will be satisfied over time as the students receive the services provided by the Group.

As part of the Group's liquidity risk management program, the management regularly evaluates the projected and actual cash flow information.

The Group regularly monitors both the DSCR for STI ESG's interest-bearing loans from local banks and the ICR for its series 10-year bonds. The ratios are based on the consolidated financial statements of the Group. The DSCR is equivalent to the EBITDA divided by the total principal and interests due for the next twelve months while the ICR is computed as EBITDA divided by the total interests due for the next twelve months. The Group manages its DSCR to keep it at a level acceptable to the Group and the lender banks. Similarly, the Group monitors its ICR to keep it at a level acceptable to the Group and the bondholders.

The Term Loan Agreement with Chinabank prescribes that the financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six months ending December 31 of each year and based on the audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. The term loan agreements with BPI and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial

statements as at and for the fiscal year ending June 30 of each year. STI ESG is compliant with the DSCR requirement as at June 30, 2025, as defined in the term loan agreements, (see Note 16 of the unaudited interim condensed consolidated financial statements).

The Second Supplemental Trust Agreement replaced the DSCR measure with ICR, as discussed in Note 17 of the unaudited interim condensed consolidated financial statements.

The Group's policy is to keep the DSCR not lower than 1.05:1.00 and the ICR not lower than 3.00:1.00. DSCRs, as defined in the loan agreements, as at June 30, 2025 is 3.40:1.00. ICR, as defined in the bond trust agreement, as at June 30, 2025 is 14.95:1.00. STI ESG has been compliant with the financial covenants imposed under the loan and bond trust agreements.

Credit risk – Credit risk is the risk that the Group will incur a loss arising from students, franchisees, or counterparties who fail to discharge their contractual obligations. The Group manages and controls credit risk by setting limits on the amount of risk that the Group is willing to accept for each counterparty and by monitoring expenses in relation to such limits.

It is the Group's policy to require the students to pay all their tuition and other school fees before they can get their report cards and other credentials. In addition, receivable balances are monitored continuously such that exposure to bad debts is not significant.

Interest rate risk – Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fixed-rate financial instruments are subject to fair value interest rate risk while floating-rate financial instruments are subject to cash flow interest rate risk. The Group's interest rate risk management policy centers on reducing the overall interest expense and exposure to changes in interest rates. Changes in market interest rates relate primarily to the Group's long-term loans and bonds. While the Group's long-term debt has a floating interest rate, the Group elected to have the interest rate repriced every six months on its new loans and every year on the old loans, thus minimizing the exposure to market changes in interest rates. STI ESG's 7-year bonds, which had a fixed interest rate, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate.

The Group's exposure to interest rate risk also includes its cash and cash equivalents balance. Interest rates for the Group's cash deposits are at prevailing interest rates. Due to the magnitude of the deposits, significant changes in interest rates may also affect the statements of comprehensive income of the Group.

Capital risk – The Group's objectives when managing capital is to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. The Group is not subject to externally imposed capital requirements.

The Group monitors capital using the D/E ratio, which is computed as the total of current and noncurrent liabilities, net of unearned tuition, and other school fees, divided by total equity. The Group monitors its D/E ratio to keep it at a level acceptable to the Group, the lender banks, and the STI ESG bondholders. The Group's policy is to keep the D/E ratio at a level not exceeding 1.50:1.00. STI ESG is compliant with the D/E ratio requirement as at June 30, 2025,

as defined in the term loan and trust agreements, (see Notes 16 and 17 of the unaudited interim condensed consolidated financial statements).

VII. AGREEMENTS/COMMITMENTS AND CONTINGENCIES/OTHER MATTERS

- a. There are no changes in accounting estimates used in the preparation of the unaudited interim condensed consolidated financial statements for the current and prior financial periods.
- b. Except as provided in Note 26 of the Notes to the notes to unaudited interim condensed consolidated financial statements attached as Annex "A," the Group has no other financial and capital commitments.
- c. There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Group.
- d. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- e. The various loan agreements entered into and the issuance of fixed rate bonds by STI ESG provide certain restrictions and conditions with respect to, among others, change in majority ownership and management and maintenance of financial ratios. STI ESG is fully compliant with all the covenants of the respective agreements. See Notes 16 and 17 of the notes to unaudited interim condensed consolidated financial statements of the Company attached as Annex "A" for a more detailed discussion. There are no other events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation.
- f. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/income from continuing operations except for the contingencies and commitments enumerated in Note 26 of the notes to unaudited interim condensed consolidated financial statements attached as Annex "A".
- g. There are no significant elements of income or loss that did not arise from the Group's continuing operations.
- h. The Group's business is linked to the academic cycle. For SY 2025-2026, the academic year begins in late July 2025 and will end in June 2026. For SY 2024-2025, the academic year began around mid-August 2024 and ended in June 2025. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain. As such, revenue distribution across quarters may vary depending on the timing of the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.
- i. On March 23, 2017, STI ESG listed its ₱3.0 billion Series 7-year Bonds due 2024 and Series 10-year Bonds due 2027 on the PDEX secondary market. The ₱3.0 billion bond issue represented the first tranche of STI ESG's ₱5.0 billion fixed-rate bonds program under its

3-year shelf registration with the SEC. The 3-year shelf registration ended on March 9, 2020. STI ESG's 7-year bonds, which had a fixed interest rate of 5.8085% per annum, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate of 6.3756% per annum. Interests are payable quarterly in arrears on June 23, September 23, December 23, and March 23 or the next business day if such dates fall on non-banking days, of each year commencing on June 23, 2017, until and including the relevant maturity dates (see Note 17 of the notes to unaudited interim condensed consolidated financial statements).

- j. On February 27, 2024, the BOD of STI Holdings ratified the execution of a term sheet between STI Holdings and Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration, Inc. - Quezon City (PSBA Quezon City) or collectively referred to as "PSBA". The term sheet covers the takeover by STI Holdings of the operations of PSBA as well as the acquisition of licenses, trademarks, trade names, and school-related assets owned by PSBA (the "transaction").

The term sheet and the implementation of the transaction are subject to several conditions including, among others, the execution of mutually acceptable definitive agreements, fulfillment of the conditions precedent, approval of the stockholders of PSBA, and regulatory approvals.

On May 2, 2024, STI ESG entered into a Contract to Sell with PSBA Manila for the sale and purchase of a 3,000 square meter parcel of land located at Aurora Boulevard, Quezon City (referred to as the "Subject Property"). The sale and purchase of the Subject Property is subject to regulatory approvals and the fulfillment of certain conditions precedent. Subject to regulatory approvals and upon fulfillment of such conditions precedent, STI ESG and PSBA Manila shall execute a Deed of Absolute Sale over the Subject Property.

On May 2, 2024, STI Holdings and PSBA also executed the Right of First Refusal Agreement as STI Holdings has the right of first refusal in the event that PSBA intends to sell the PSBA properties. PSBA Manila is the registered and beneficial owner of a parcel of land, together with the improvement thereon, located at R. Papa St., Manila (the "PSBA Manila Property"). PSBA Manila is also the registered and beneficial owner of two parcels of land, together with improvements thereon, located at Aurora Boulevard, Quezon City.

On the same date, STI College Novaliches, Inc. entered into an Asset Purchase Agreement with PSBA for the acquisition by STI College Novaliches, Inc. of the tangible and intangible assets of PSBA (collectively, the "School Related Assets") used or relating to the operation by PSBA of its schools located in Manila and Quezon City. The sale and purchase of School Related Assets is subject to regulatory approvals and the fulfillment of certain conditions. Subject to regulatory approvals and the fulfillment of certain conditions, STI College Novaliches, Inc. and PSBA shall execute Deeds of Assignment for the sale and purchase of the School Related Assets. In January 2025, STI Novaliches became a direct subsidiary of STI Holdings.

As at October 13, 2025, the conditions precedent and regulatory approvals for the aforementioned agreements have not been fulfilled.

On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG shall provide the management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila.

The management services will be for a period of three years counting from the management commencement date.

The agreement provides that STI ESG shall perform the following obligations, among others, (1) provide management services including, but not limited to, marketing and advertising efforts, administering teaching and nonteaching staff deployed in each of the PSBA schools, maintaining school records and providing such other administrative and support services required for the effective operations of PSBA schools; (2) enter into contracts for and on behalf of PSBA with third parties without need of consent of PSBA; (3) liaise with local government units and government agencies in relation to the management and operations of PSBA schools; (4) apply for and obtain permits and licenses for PSBA schools.

PSBA Manila and PSBA Quezon City shall each pay management fees to STI ESG equivalent to 26.0% of the gross revenues of PSBA Manila and PSBA Quezon City, respectively.

The management agreement may be extended provided that (i) such extension shall be subject to mutual agreement of the Parties; (ii) STI ESG shall be entitled to use the PSBA Manila and Quezon City properties rent-free during the extended management period, and (iii) the same terms and conditions shall apply during the extended management period unless otherwise agreed upon by the Parties in writing.

On September 23, 2024, PSBA informed STI Holdings that a third party had offered to purchase the PSBA Manila Property. On October 2, 2024, STI Holdings informed PSBA that it intended to exercise its right of first refusal over the PSBA Manila Property under the same terms and conditions offered by the third party. As at October 13, 2025, STI Holdings has yet to receive the reply of PSBA.

On July 31, 2025, the SEC approved the amendments to the Articles of Incorporation of STI College Novaliches, Inc., which include, among others, the following:

- Change in corporate name to "Philippine School of Business Administration - Manila, Inc.";
- Revision of the primary purpose to include the offering of primary and post-graduate education;
- Modification of the secondary purpose to allow the purchase, acquisition, ownership, lease, sale, and conveyance of intangible assets as may be necessary or incidental to its operations; and
- Extension of the corporate term to perpetual existence.

On August 29, 2025, the SEC approved the amended By-Laws of Philippine School of Business Administration-Manila, Inc. (formerly "STI College Novaliches, Inc.") which include, among others, the change in its fiscal year from April 1 of each year to March 31 of the following year to July 1 of each year to June 30 of the following year.

Arsenio C. Cabrera

From: noreply-cifsost@sec.gov.ph
Sent: Wednesday, 19 November 2025 5:01 PM
Subject: SEC eFast Initial Acceptance

Dear **STI EDUCATION SERVICES GROUP, INC.**,

Greetings!

This serves as a temporary receipt of your submission, subject to verification of the form and the quality of the image of the submitted report.

SEC Registration No: 0000113156
Company Name: STI EDUCATION SERVICES GROUP, INC.
Document Code: SEC_Form_17-Q

A separate email will be sent as proof of review and/or final acceptance.

Thank you.

SECURITIES AND EXCHANGE COMMISSION
SEC Headquarters, 7907 Makati Avenue,
Salcedo Village, Barangay Bel-Air, Makati City,
1209, Metro Manila, Philippines

REMINDER:**TO ALL FILERS OF REPORTS IN THE e-FAST**

Please strictly follow the instructions stated in the form. Filings not in accordance with the prescribed template for the following reports will be automatically reverted by the system to the filer: 1. General Information Sheet (GIS-Stock); 2. General Information Sheet (GIS-Non-stock); 3. General Information Sheet (GIS- Foreign stock & non-stock); 4. Broker Dealer Financial Statements (BDFS); 5. Financing Company Financial Statements (FCFS); 6. Investment Houses Financial Statements (IHFS); 7. Publicly – Held Company Financial Statement; 8. General Form for Financial Statements; 9. Financing Companies Interim Financial Statements (FCIF); 10. Lending Companies Interim Financial Statements (LCIF).

Per Section 18 of SEC Memorandum Circular No. 3 series of 2021, the reckoning date of receipt of reports is the date the report was initially submitted to the eFAST, if the filed report is compliant with the existing requirements. A report, which was reverted or rejected, is considered not filed or not received. A notification will be sent to the filer, stating the reason for the report's rejection in the remarks box.

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