

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 nine-month period ended March 31, 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	₱3.0 billion bonds listed; ₱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

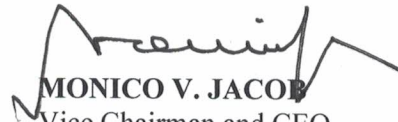
SIGNATURE PAGE

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



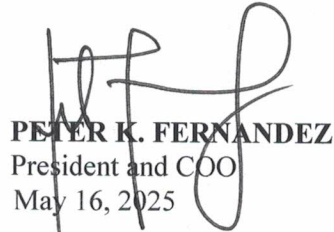
MONICO V. JACOB

Vice Chairman and CEO

Date

May 16, 2025

Signature and Title



PETER K. FERNANDEZ

President and COO

Date

May 16, 2025

Signature and Title



YOLANDA M. BAUTISTA

Treasurer

Date

May 16, 2025

STI EDUCATION SERVICES GROUP, INC.
(A Private Educational Institution)
AND SUBSIDIARIES

**INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION**

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱1,300,892,158	₱1,191,716,845
Receivables (Note 6)	990,807,310	347,232,034
Inventories (Note 7)	171,947,085	147,421,269
Prepaid expenses and other current assets (Note 8)	115,714,948	98,790,986
Equity instruments at fair value through profit or loss (FVPL) (Note 9)	9,765,000	8,137,500
Total Current Assets	2,589,126,501	1,793,298,634
Noncurrent Assets		
Property and equipment (Note 10)	7,776,458,948	7,548,645,572
Investment properties (Note 11)	820,166,654	836,772,871
Investments in and advances to associates and joint venture (Notes 12)	428,087,993	496,276,072
Equity instruments at fair value through other comprehensive income (FVOCI) (Note 13)	80,605,469	76,027,229
Deferred tax assets - net	51,388,711	33,985,006
Goodwill, intangible and other noncurrent assets (Note 14)	790,888,746	435,946,908
Total Noncurrent Assets	9,947,596,521	9,427,653,658
TOTAL ASSETS	₱12,536,723,022	₱11,220,952,292
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	₱708,440,403	₱714,923,355
Current portion of interest-bearing loans and borrowings (Note 16)	580,259,251	536,274,021
Unearned tuition and other school fees	924,125,159	93,026,256
Current portion of lease liabilities	63,337,381	62,786,000
Income tax payable	75,999,833	21,473,093
Total Current Liabilities	2,352,162,027	1,428,482,725
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Note 16)	1,145,041,102	1,549,840,391
Bonds payable (Note 17)	816,260,506	814,967,275
Lease liabilities - net of current portion	241,686,025	252,248,072
Pension liabilities - net	46,380,748	66,659,244
Other noncurrent liabilities (Note 18)	27,721,855	112,067,244
Total Noncurrent Liabilities	2,277,090,236	2,795,782,226
Total Liabilities (Carried Forward)	4,629,252,263	4,224,264,951

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Total Liabilities <i>(Brought Forward)</i>	₱4,629,252,263	₱4,224,264,951
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	64,259,903	36,707,023
Unrealized fair value adjustment on equity instruments at FVOCI (Note 13)	19,819,159	20,240,919
Other equity reserve	(46,104,556)	(46,104,556)
Share in associates':		
Cumulative actuarial gain	298,698	298,698
Unrealized fair value loss on equity instruments at FVOCI (Note 12)	(41,834)	(34,579)
Retained earnings	4,400,281,933	3,524,679,379
Total Equity Attributable to Equity Holders of the Parent Company	7,902,426,088	6,999,699,669
Equity Attributable to Non-controlling Interests	5,044,671	(3,012,328)
Total Equity	7,907,470,759	6,996,687,341
TOTAL LIABILITIES AND EQUITY	₱12,536,723,022	₱11,220,952,292

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

	Nine months ended March 31		Three months ended March 31	
	2025	2024	2025	2024
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES (Note 20)				
Sale of services:				
Tuition and other school fees	₱2,934,446,235	₱2,289,548,404	₱1,094,685,342	₱ 984,291,464
Educational services	173,597,986	138,876,117	74,105,303	62,219,792
Royalty fees	17,092,008	13,673,382	6,063,624	5,176,320
Others	87,665,029	61,895,571	34,595,472	25,441,386
Sale of goods -				
Sale of educational materials and supplies	97,785,689	110,176,471	16,824,703	20,413,060
	3,310,586,947	2,614,169,945	1,226,274,444	1,097,542,022
COSTS AND EXPENSES				
Cost of educational services (Note 21)	739,771,368	663,887,088	232,077,997	251,392,676
Cost of educational materials and supplies sold (Note 22)	77,269,952	82,526,435	12,727,220	15,584,577
General and administrative expenses (Note 23)	984,478,533	876,753,070	301,949,636	296,807,041
	1,801,519,853	1,623,166,593	546,754,853	563,784,294
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX				
	1,509,067,094	991,003,352	679,519,591	533,757,728
OTHER INCOME (EXPENSES)				
Interest expense (Notes 16 and 17)	(179,729,201)	(204,011,832)	(59,931,693)	(68,327,211)
Rental income	81,704,426	87,788,035	26,195,713	29,433,966
Interest income (Notes 5 and 6)	21,964,550	29,792,330	9,829,930	19,504,093
Equity in net earnings of associates and joint venture (Note 12)	16,735,559	13,042,271	4,375,439	4,498,857
Foreign exchange gain (loss) - net	(5,743,067)	10,518,146	(11,674)	3,082,945
Gain on:				
Early extinguishment of loan (Note 16)	-	3,076,465	-	-
Sale of property and equipment	-	415,344	-	-
Partial disposal of interest in an associate (Note 12)	24,568,097	-	21,406,889	-
Recovery of accounts written off (Note 6)	6,554,623	3,891,845	1,652,403	1,626,370
Dividend income (Notes 9 and 13)	2,840,588	2,168,464	156,493	151,840
Fair value gain (loss) on equity instruments at FVPL (Note 9)	1,627,500	(1,116,000)	651,000	294,500
Other income (expenses) - net (Notes 4 and 10)	1,185,533	(775,820)	(2,052,750)	(253,882)
	(28,291,392)	(55,210,752)	2,271,750	(9,988,522)
INCOME BEFORE INCOME TAX				
<i>(Carried Forward)</i>	1,480,775,702	935,792,600	681,791,341	523,769,206

	Nine months ended March 31		Three months ended March 31	
	2025 (Unaudited)	2024 (Unaudited)	2025 (Unaudited)	2024 (Unaudited)
INCOME BEFORE INCOME TAX <i>(Brought Forward)</i>	₱1,480,775,702	₱935,792,600	₱681,791,341	₱523,769,206
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	163,299,710	95,393,854	78,137,550	50,589,892
Deferred	(20,465,137)	(16,423,464)	(12,637,680)	(2,913,582)
	142,834,573	78,970,390	65,499,870	47,676,310
NET INCOME	1,337,941,129	856,822,210	616,291,471	476,092,896
OTHER COMPREHENSIVE INCOME (LOSS)				
Items not to be reclassified to profit or loss in subsequent years:				
Remeasurement gain (loss) on pension liabilities	30,614,312	26,838,926	(135,513)	19,500,899
Tax effect on remeasurement gain on pension liabilities	(3,061,432)	(2,683,893)	13,552	(1,950,090)
Unrealized fair value adjustment on equity instruments at FVOCI (Note 13)	(421,760)	2,270,160	(94,208)	908,960
Share in associate's unrealized fair value adjustment on equity instruments at FVOCI (Note 12)	(7,255)	(1,258)	(5,255)	(838)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	27,123,865	26,423,935	(221,424)	18,458,931
TOTAL COMPREHENSIVE INCOME	₱1,365,064,994	₱883,246,145	₱616,070,047	₱494,551,827
Net Income (Loss) Attributable To				
Equity holders of the Parent Company	₱1,337,884,130	₱856,750,466	₱616,456,735	₱476,051,801
Non-controlling interests	56,999	71,744	(165,264)	41,095
	₱1,337,941,129	₱856,822,210	₱616,291,471	₱476,092,896
Total Comprehensive Income (Loss) Attributable To				
Equity holders of the Parent Company	₱1,365,007,995	₱883,174,401	₱616,235,311	₱494,510,732
Non-controlling interests	56,999	71,744	(165,264)	41,095
	₱1,365,064,994	₱883,246,145	₱616,070,047	₱494,551,827
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Note 25)	₱0.43	₱0.28	₱0.20	₱0.15

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 NINE MONTHS ENDED MARCH 31, 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 Instruments at FVOCI (Note 13)	Other Equity Reserve (Note 19)	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 19)	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	-	-	-	-	-	-	-	-	-	1,337,884,130	1,337,884,130	56,999	1,337,941,129
Other comprehensive income (loss)	-	-	-	-	27,552,880	(421,760)	-	-	(7,255)	-	27,123,865	-	27,123,865
Total comprehensive income	-	-	-	-	27,552,880	(421,760)	-	-	(7,255)	1,337,884,130	1,365,007,995	56,999	1,365,064,994
Dividends declaration	-	-	-	-	-	-	-	-	-	(462,281,576)	(462,281,576)	-	(462,281,576)
Deposit for future stock subscription of non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	₱8,000,000	8,000,000
Balance at March 31, 2025	₱3,087,829,443	₱386,916,479	₱8,000,000	(₱10,833,137)	₱64,259,903	₱19,819,159	(₱46,104,556)	₱298,698	(₱41,834)	₱4,400,281,933	₱7,910,426,088	(₱2,955,329)	₱7,907,470,759
Balance at July 1, 2023	₱3,087,829,443	₱386,916,479	₱-	(₱10,833,137)	₱2,589	₱15,008,758	(₱46,904,)	₱163,082	(₱38,774)	₱2,865,327,141	₱6,298,271,025	(₱3,077,423)	₱6,295,193,602
Net income	-	-	-	-	-	-	-	-	-	856,750,466	856,750,466	71,744	856,822,210
Other comprehensive income (loss)	-	-	-	-	24,155,032	2,270,160	-	-	(1,258)	-	26,423,934	-	26,423,934
Total comprehensive income	-	-	-	-	24,155,032	2,270,160	-	-	(1,258)	856,750,466	883,174,401	71,744	883,246,144
Dividends declaration	-	-	-	-	-	-	-	-	-	(616,375,434)	(616,375,434)	-	(616,375,434)
Balance at March 31, 2024	₱3,087,829,443	₱386,916,479	₱-	(₱10,833,137)	₱24,157,621	₱17,278,918	(₱46,104,556)	₱163,082	(₱40,032)	₱3,105,702,173	₱6,565,069,992	(₱3,005,679)	₱6,562,064,312

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

	Nine months ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,480,775,702	₱935,792,600
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 10, 11, 21 and 23)	380,220,928	365,100,512
Interest expense (Notes 16 and 17)	179,729,201	204,011,832
Gain on:		
Partial disposal of interest in an associate	(24,568,097)	–
Early extinguishment of loan (Note 16)	–	(3,076,465)
Sale of property and equipment (Note 10)	–	(415,344)
Interest income (Notes 5 and 6)	(21,964,550)	(29,792,330)
Equity in net earnings of associates and joint venture (Note 12)	(16,735,559)	(13,042,271)
Movements in pension	10,335,816	9,548,176
Dividend income (Notes 9 and 13)	(2,840,588)	(2,168,464)
Fair value loss (gain) on equity instruments at FVPL (Note 9)	(1,627,500)	1,116,000
Effect of deconsolidation of a subsidiary	799,811	–
Unrealized foreign exchange loss (gain) - net	71,672	(9,098,824)
Operating income before working capital changes	1,984,196,836	1,457,975,422
Decrease (increase) in:		
Receivables	61,662,302	188,340,401
Inventories	(28,950,768)	(17,015,731)
Prepaid expenses and other current assets	(35,199,336)	(16,658,645)
Increase (decrease) in:		
Accounts payable and other current liabilities	32,727,404	(94,867,352)
Unearned tuition and other school fees	216,431,752	253,935,464
Other noncurrent liabilities	(1,345,389)	(988,919)
Net cash generated from operations	2,229,522,801	1,770,720,640
Interest received	20,637,340	27,003,433
Income tax paid	(93,114,640)	(1,846,579)
Net cash provided by operating activities	2,157,045,501	1,795,877,494
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Note 10)	(519,084,572)	(228,189,651)
Investment properties (Note 11)	(3,384,046)	(742,697)
Proceeds from:		
Partial disposal of interest in an associate - net (Note 12)	88,000,000	–
Redemption of equity instruments at FVOCI	–	352,920
Sale of property and equipment	–	415,412
Payments for other noncurrent assets (Note 14)	(394,292,867)	(54,757,078)
Dividend received (Notes 9 and 13)	24,325,068	17,181,451
Cash taken out upon deconsolidation of a subsidiary	(148,385,940)	–
Net cash used in investing activities	(952,822,357)	(265,739,643)

(Forward)

	2025 (Unaudited)	2024 (Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term loans – net of issuance cost	198,500,000	1,488,750,000
Deposit for future stock subscription of non-controlling interest	–	8,000,000
Payments of:		
Bonds	–	(2,180,000,000)
Long-term loans (Note 16)	(562,222,222)	(333,050,203)
Interests	(202,445,657)	(195,823,580)
Lease liabilities	(68,502,896)	(65,275,213)
Dividends	(460,305,384)	(616,375,282)
Net cash used in financing activities	(1,094,976,159)	(1,893,774,278)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	(71,672)	9,098,824
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	109,175,313	(354,537,603)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,191,716,845	1,571,737,633
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱1,300,892,158	₱1,217,200,030

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 March 31, 2025 and June 30, 2024, the subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

Subsidiaries	Principal Activities	2025		2024	
		Direct	Indirect	Direct	Indirect
STI College Batangas, Inc. (STI Batangas)	Educational Institution	100	–	100	–
STI College of Kalookan, Inc. (STI Caloocan) ^(a)	Educational Institution	100	–	100	–
STI College of Santa Maria, Inc. (STI Sta. Maria)	Educational Institution	100	–	100	–
STI College Tanauan, Inc. (STI Tanauan)	Educational Institution	100	–	100	–
STI Iloilo, Inc. (STI Iloilo)	Educational Institution	100	–	100	–
STI Lipa, Inc. (STI Lipa)	Educational Institution	100	–	100	–
STI Pagadian, Inc. (STI Pagadian)	Educational Institution	100	–	100	–
STI Training Academy, Inc. (STI Training Academy)	Educational Institution	100	–	100	–
STI Tuguegarao, Inc. (STI Tuguegarao)	Educational Institution	100	–	100	–
NAMEI Polytechnic Institute, Inc. (NAMEI)	Educational Institution	94	–	94	–
NAMEI Polytechnic Institute of Mandaluyong, Inc. (NPIM) ^(b)	Educational Institution	100	–	100	–
De Los Santos-STI College, Inc. (De Los Santos-STI College) ^(c)	Educational Institution	100	–	100	–
STI Colleges of Rizal, Inc. (STI College Tanay) ^(d)	Educational Institution	–	100	–	100
STI Alabang ^(d)	Educational Institution	100	–	100	–
Clinquant Holdings, Inc (CHI) ^(e)	Investment Company	100	–	–	–
STI College Novaliches, Inc. (STI Novaliches) ^(f)	Educational Institution	–	–	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 May 16, 2025.

^(d) A wholly owned subsidiary of De Los Santos-STI College; formerly STI College Quezon Ave., Inc.

^(e) CHI became a wholly owned subsidiary of STI ESG on June 20, 2024 (see Notes 10).

^(f) STI ESG's ownership interest in STI Novaliches was reduced from 100% to 6.25% as a result of the investment of STI Holdings in STI Novaliches pursuant to the subscription agreement, executed in June 2024, between STI Holdings and STI Novaliches, and upon SEC's approval of the increase in the authorized capital of STI Novaliches in January 2025. STI ESG deconsolidated STI Novaliches as of March 31, 2025 and recognized its remaining equity interest amounting to P5.0 million, representing 6.25% ownership in STI Novaliches, under "Equity instruments at FVOCI" as at March 31, 2025 (see Notes 13 and 18).

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 on 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. Some features of the licensing agreements are as follows:

- Exclusive right to use proprietary marks and information such as 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 May 16, 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 RA No. 11534 or the 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 May 16, 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 a meeting held on November 29, 2022, the BOD approved and the majority of the stockholders of STI Quezon Avenue ratified 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.” along with the other aforementioned amendments in its Articles of Incorporation and By-Laws.

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 the Department of Education (DepEd), Technical Education and Skills Development Authority (TESDA) and CHED pursuant to Batas Pambansa Bilang 232, otherwise known as the “Education Act of 1982,” Republic Act (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 unaudited interim condensed 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 statements named PFRS, Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from the International Financial

Reporting Interpretations Committee (IFRIC) adopted by the Philippine Financial Reporting Standards Council (FRSC).

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 unaudited interim condensed 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 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 beginning on or after January 1, 2025

- Amendments to PAS 21, *Lack of exchangeability*

Effective beginning on or after January 1, 2026

- Amendments to PFRS 9 and PFRS 7, *Classification and Measurement of Financial Instruments*
- Amendments to PFRS 9 and PFRS 7, *Contracts Referencing Nature-dependent Electricity*
- 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 beginning on or after January 1, 2027

- 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 March 31, 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 unaudited interim condensed consolidated financial statements 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 2023-2024 began on August 29, 2023 and ended in June 2024. For SY 2024-2025, the academic year started on August 12, 2024 with all levels concluding in June 2025. Classes for both years were all conducted face-to-face.

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.

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 on the conduct of the face-to-face classes.

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 about 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 an unaudited interim condensed consolidated basis, the Group's performance is evaluated based on consolidated net income and EBITDA. EBITDA is 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 early extinguishment of loan, gain on partial disposal of interest in an associate, gain on termination of lease, and gain on short term investments. Depreciation and interest expenses 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:

	March 31, 2025	March 31, 2024
	(Unaudited)	(Unaudited)
Consolidated net income	₱1,337,941,129	₱856,822,210
Depreciation and amortization ¹	330,875,063	316,780,055
Interest expense ¹	163,111,516	188,211,693
Provision for income tax	142,834,573	78,970,390
Gain on partial disposal of investment in an associate	(24,568,097)	-
Interest income	(21,964,550)	(29,792,330)
Equity in net earnings of associates and joint venture	(16,735,559)	(13,042,271)
Foreign exchange loss (gain) – net	5,743,067	(10,518,146)
Fair value loss (gain) on equity instruments at FVPL	(1,627,500)	1,116,000
Gain on termination of lease ²	(1,575,650)	-
Unrealized gain on short term investments ²	(63,737)	-
Gain on early extinguishment of loan	-	(3,076,465)
Consolidated EBITDA	₱1,913,970,255	₱1,385,471,136

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 by geographical segments for the nine-month periods ended March 31, 2025 and 2024:

	For the nine-month period ended March 31, 2025 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,850,713,285	₱242,712,770	₱1,078,227,160	₱38,354,356	₱100,579,376	₱3,310,586,947
Results						
Income before other income (expenses) and income tax	776,977,535	107,784,901	575,959,904	9,763,817	38,580,937	1,509,067,094
Equity in net earnings of associates and joint venture	16,735,559	–	–	–	–	16,735,559
Interest expense	(168,878,760)	(3,906,055)	(4,877,843)	(735,844)	(1,330,699)	(179,729,201)
Interest income	18,415,237	18,332	3,522,983	4,219	3,779	21,964,550
Other income ^(a)	106,771,062	1,920,488	3,640,382	81,147	324,621	112,737,700
Provision for income tax	(135,846,670)	(2,317,624)	(4,670,279)	–	–	(142,834,573)
Net Income	₱614,173,963	₱103,500,042	₱573,575,147	₱9,113,339	₱37,578,638	₱1,913,970,255
EBITDA						₱1,913,970,255

	For the nine-month period ended March 31, 2024 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenue	₱1,477,736,311	₱224,981,401	₱808,519,600	₱29,854,987	₱73,077,646	₱2,614,169,945
Income before other income (expenses) and income tax	471,898,531	84,241,958	407,955,054	4,689,215	22,218,594	991,003,352
Equity in net earnings of associates and joint venture	13,042,272	–	–	–	–	13,042,272
Interest expense	(193,710,265)	(2,656,401)	(4,730,916)	(1,019,806)	(1,894,444)	(204,011,832)
Interest income	27,615,612	9,415	2,164,138	2,062	1,103	29,792,330
Other income ^(a)	103,130,254	397,801	2,096,798	71,404	270,222	105,966,479
Provision for income tax	(74,823,888)	(1,660,462)	(2,486,040)	–	–	(78,970,390)
Net Income	₱347,152,516	₱80,332,311	₱404,999,034	₱3,742,875	₱20,595,475	₱856,822,211
EBITDA						₱1,385,471,136

^(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 by geographical segments as at March 31, 2025 and June 30, 2024.

	As at March 31, 2025 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱8,532,567,985	₱766,942,373	₱2,291,524,722	₱81,142,567	₱148,439,481	₱11,820,617,128
Goodwill (see Note 14)	236,629,190	–	–	–	–	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	428,087,993	–	–	–	–	428,087,993
Deferred tax assets – net	31,639,035	3,474,830	14,287,301	253,932	1,733,613	51,388,711
Total Assets	₱9,228,924,203	₱770,417,203	₱2,305,812,023	₱81,396,499	₱150,173,094	₱12,536,723,022
Segment liabilities^(b)	876,900,847	₱134,580,196	₱646,334,911	₱20,423,832	₱58,047,464	₱1,736,287,250
Interest-bearing loans and borrowings (see Note 16)	1,725,300,353	–	–	–	–	1,725,300,353
Bonds payable (see Note 17)	816,260,506	–	–	–	–	816,260,506
Pension liabilities	20,267,416	6,630,019	16,117,977	252,897	3,112,439	46,380,748
Lease liabilities	121,108,380	43,441,740	107,371,967	13,185,188	19,916,131	305,023,406
Total Liabilities	₱3,559,837,502	₱184,651,955	₱769,824,855	₱33,861,917	₱81,076,034	₱4,629,252,263
Other Segment Information						
Capital expenditures for property and equipment and investment properties						₱549,364,461
Depreciation and amortization ^(c)						330,220,928
Noncash expenses other than depreciation and amortization						105,086,421

	As at June 30, 2024 (Audited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱7,794,234,323	₱682,262,822	₱1,792,286,647	₱113,698,314	₱71,579,918	₱10,454,062,024
Goodwill (see Note 14)	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	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^(b)	₱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 16)	2,086,114,412	–	–	–	–	2,086,114,412
Bonds payable (see Note 17)	814,967,275	–	–	–	–	814,967,275
Pension liabilities	44,008,750	5,921,760	13,681,541	1,616,515	1,430,678	66,659,244
Lease liabilities	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 and investment properties						₱644,280,180
Depreciation and amortization ^(c)						419,986,229
Noncash expenses other than depreciation and amortization						76,190,964

^(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:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Cash on hand and in banks	₱898,095,115	₱860,566,343
Cash equivalents	402,797,043	331,150,502
	₱1,300,892,158	₱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 ₱16.4 million and ₱24.7 million for the nine-month periods ended March 31, 2025 and 2024, respectively.

6. Receivables

This account consists of:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Tuition and other school fees	₱945,784,554	₱347,101,878
Educational services and sale of educational materials and supplies (see Note 24)	131,326,776	61,260,086
Dividends receivable (Notes 12 and 24)	71,000,000	-
Rent, utilities, and other related receivables	32,425,799	48,762,757
Receivables from officers and employees (see Note 24)	23,671,874	25,125,248
Others	33,354,609	20,565,060
	1,237,563,612	502,815,029
Less allowance for expected credit losses (ECL)	246,756,302	155,582,995
	₱990,807,310	₱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 ₱2.7 million and ₱2.2 million as at March 31, 2025 and June 30, 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 school year.

Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱6.6 million and ₱3.9 million for the nine-month periods ended March 31, 2025 and 2024, respectively.

- b. Educational services receivables pertain to receivables from franchisees and other affiliates arising from educational services, royalty fees, management fees, and other charges. These receivables are generally noninterest-bearing and are normally collected within 30 days. Interest is charged on past due accounts.

Interest earned from past due accounts amounted to ₱5.6 million and ₱5.1 million for the nine-month periods ended March 31, 2025 and 2024, respectively.

- c. Dividend receivable pertains to dividends declared by STI Novaliches in December 2024 and was paid on April 15, 2025 (see Note 24).
- d. Rent, utilities, and other related receivables are normally collected within 30 days.
- e. 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).
- f. Others mainly include receivables from a former franchisee, vendors of STI ESG, former employees, and Social Security System amounting to ₱1.4 million, ₱9.8 million, ₱5.0 million and ₱8.0 million, respectively, as at March 31, 2025 and amounting to ₱1.4 million, ₱6.5 million, nil, and ₱7.1 million, respectively, as at June 30, 2024. This account likewise includes receivables from the Group's Retirement Trustee banks aggregating to ₱ 6.1million representing retirement benefits paid in advance by the Group directly to its former employees. The receivables from the Trustee banks and the remaining other receivables are expected to be collected within the fiscal year. Allowance for estimated credit losses for these other receivables amounted to ₱13.4 million and ₱8.3 million as at March 31, 2025 and June 30, 2024, respectively.

7. Inventories

This account consists of:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
At cost:		
Educational materials:		
Uniforms	₱131,045,011	₱112,263,734
Textbooks and other education-related materials	7,453,122	7,250,240
<i>(carried forward)</i>	138,498,133	119,513,974

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
<i>(brought forward)</i>	138,498,133	119,513,974
Promotional materials:		
Proware materials	21,016,538	19,100,179
Marketing materials	3,649,015	1,199,015
	24,665,553	20,299,194
School materials and supplies	8,783,399	7,608,101
	₱171,947,085	₱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 March 31, 2025 and June 30, 2024. Allowance for inventory obsolescence amounted to ₱25.1 million as at March 31, 2025 and June 30, 2024. No provision was recognized for the nine-month periods ended March 31, 2025 and 2024.

Inventories charged to cost of educational materials and supplies sold amounted to ₱77.3 million and ₱82.5 million for the nine-month periods ended March 31, 2025 and 2024, respectively (see Note 22).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Input VAT – net	₱47,261,788	₱49,124,164
Prepaid taxes	30,316,327	18,166,248
Prepaid subscriptions and licenses	24,154,460	14,745,516
Advances to suppliers	6,940,463	13,317,682
Prepaid insurance	5,173,799	1,044,188
Software licenses and maintenance	477,667	984,218
Prepaid Rent	105,263	–
Others	1,285,181	1,408,970
	₱115,714,948	₱98,790,986

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 during the nine-month period ended March 31, 2025.

Prepaid taxes primarily pertain to prepayments for local business taxes and real property taxes covering calendar year 2025. Prepayments for local business taxes and real property taxes are recognized as expenses over the applicable period, typically within 12 months ending December of each year.

Prepaid subscriptions and licenses substantially pertain to Adobe Creative Cloud, Microsoft licenses and eLearning Management System (eLMS) subscriptions. The balance as at March 31, 2025 includes prepayment for e-books subscriptions. The e-books subscription is across various fields such as

business, education, healthcare, engineering, and more. These subscriptions are normally renewed annually and are recognized as expense in accordance with the terms of the respective agreements.

Advances to suppliers primarily relate to prepayments for various student activities and programs, the procurement of students' school uniforms and advance payments for ongoing repair and maintenance works in schools owned and operated by STI ESG. The balance as at June 30, 2024 includes advances for expenses related to commencement exercises for SY2023-2024.

Prepaid insurance primarily represents fire insurance coverage on buildings-including coverage for equipment and furniture, money, securities and payroll robbery, fidelity guarantee, and comprehensive general liability insurance. These insurance premiums are paid in advance and are recognized as expense over the period of coverage which is normally within one year.

Prepaid software licenses and maintenance costs as at March 31, 2025 substantially pertain to AutoCAD web application and the annual support and maintenance of the Group's payroll system. AutoCAD web application is a general drafting and design tool used by STI ESG's Campus Development Group to prepare technical drawings for ongoing construction projects. 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. STI ESG is undertaking the implementation of a new financial system which is expected to streamline financial processes and enhance efficiency. As such, the non-renewal of the annual support and maintenance services for the existing financial system. The support and maintenance services are undertaken only on a need basis. The software licenses and maintenance costs likewise include prepayments for various software tools utilized by the Group. These software licenses and maintenance costs are recognized as expense over time in accordance with the terms of the respective agreements.

Prepaid rent as at March 31, 2025 represents advance rent for a facility used by STI Fairview, one of the schools owned and operated by STI ESG, covering the remainder of SY 2024-2025.

Other prepaid expenses primarily consist of advance payments for the use of a recruitment platform, association dues, and annual monitoring fee related to STI ESG's bond issue.

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 ₱9.8 million and ₱8.1 million as at March 31, 2025 and June 30, 2024, respectively.

STI ESG acquired quoted equity shares of RCR amounting to ₱10.0 million for 1,550,000 shares at ₱6.45 per share in 2021. STI ESG recognized fair value gain on equity instruments at FVPL amounting to ₱1.7 million for the nine-month periods ended March 31, 2025 and fair value loss of ₱1.1 million for the nine-month period ended March 31, 2024.

STI ESG recognized dividend income of ₱0.5 million from RCR for each of the nine-month periods ended March 31, 2025 and 2024.

10. Property and Equipment

The rollforward analyses of this account are as follows:

	March 31, 2025 (Unaudited)													Total
	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	
Cost, Net of Accumulated Depreciation and Amortization														
Balance at beginning of period	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	205,735,091	29,217,362	29,434,710	3,220,611	8,935,745	25,266,459	448,573	868,521	29,542,718	—	47,871,928	6,248,061	600,100,404
Reclassification	—	194,484,977	1,598,320	—	—	—	—	—	15,661,479	(211,744,776)	—	—	—	—
Lease Termination	—	—	—	—	—	—	—	—	—	—	—	(13,532,647)	—	(13,532,647)
Depreciation and amortization (see Notes 21 and 23)	—	(237,272,952)	(22,766,117)	(8,938,126)	(6,386,081)	(1,408,919)	(27,039,992)	(1,887,964)	(3,708,366)	—	(6,059,625)	(37,778,971)	(5,507,268)	(358,754,381)
Balance at end of period	P2,705,342,301	P4,521,559,714	P99,405,074	P48,347,917	P10,295,715	P10,909,687	P54,644,404	P8,476,730	P22,066,272	P54,729,773	P100,314,443	P131,027,226	P9,339,692	P7,776,458,948
At March 31, 2025														
Cost	P2,705,342,301	P7,082,144,343	P833,033,144	P366,719,859	P215,417,391	P18,076,262	P484,441,188	P134,497,253	P27,084,666	P54,729,773	P148,107,223	P300,712,433	P57,456,856	12,427,762,692
Accumulated depreciation and amortization	—	(2,560,584,629)	(733,628,070)	(318,371,942)	(205,121,676)	(7,166,575)	(429,796,784)	(126,020,523)	(5,018,394)	—	(47,792,780)	(169,685,207)	(48,117,164)	(4,651,303,744)
Net book value	P 2,705,342,301	P4,521,559,714	P99,405,074	P48,347,917	P10,295,715	P10,909,687	P54,644,404	P8,476,730	P22,066,272	P54,729,773	P100,314,443	P131,027,226	P9,339,692	P7,776,458,948
	June 30, 2024 (Audited)													
	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	P2,496,599,185	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 21 and 23)	—	(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 period	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 ₱1,883.1 million and ₱1,649.3 million as at March 31, 2025 and June 30, 2024, respectively. There were no idle properties and equipment as at March 31, 2025 and June 30, 2024.

Additions

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 deposits for the asset acquisition were applied to the total purchase price, and STI ESG recognized the liability amounting to ₱102.1 million as "Accounts Payable" (see Note 15).

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. In November 2024, STI ESG awarded the contract for the construction of the new STI Academic Center Alabang (see Notes 14 and 15). On February 11, 2025, the groundbreaking ceremony signifying the start of construction was held.

Land Acquired through Acquisition of Shares. On June 20, 2024, STI ESG and Total Consolidated Asset Management, Inc. (TCAMI), a related party, executed a Deed of Absolute Sale for the acquisition of 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. 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 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 Note 26).

Solar Projects. 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 fiscal 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 ₱10.6 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, and STI Sta. Mesa. 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 ₱18.5 million and have an aggregate capacity of 401 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.

Learning classroom expansion. 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 ₱117.6 million, primarily involve the partitioning of vacant or multi-purpose areas and were all, except for STI Lipa and STI Caloocan, completed as at December 2024. The classroom expansion project in STI Lipa was completed in February 2025, while the classroom expansion project in STI Caloocan was completed in April 2025. These additional classrooms can accommodate approximately an aggregate of 10,000 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 project 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 (STP), is expected to be completed by end of fiscal year June 30, 2025.

Property under Construction.

As at March 31, 2025, the Group reported costs of construction-in-progress mainly pertaining to construction of new buildings at STI Fairview and STI Batangas campuses. 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 ahead of the opening of SY 2025-2026 (see Note 14).

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 March 31, 2025, all of these projects have been completed and were recognized as part of "Property and equipment" except for those projects that remain in progress as at March 31, 2025 as discussed in the preceding paragraphs.

Lease termination

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 right-of-use (ROU) asset for the building, with a carrying value of ₱13.5 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 unaudited interim condensed consolidated statement of income for the nine-month period ended March 31, 2025. On the other hand, the new lease agreement resulted in the recognition of an ROU – Building asset amounting to ₱28.2 million in accordance with PFRS 16 Accounting for Leases.

Collaterals

Transportation equipment, recognized as ROU assets, are pledged as security for the related lease liabilities as at March 31, 2025 and June 30, 2024. The net book value of these equipment amounted to ₱9.3 million and ₱8.6 million as at March 31, 2025 and June 30, 2024, respectively.

11. Investment Properties

The rollforward analyses of this account are as follows:

	March 31, 2025 (Unaudited)		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of period	₱392,067,483	₱780,307,090	₱1,172,374,573
Additions	–	3,384,046	3,384,046
Balance at end of period	392,067,483	783,691,136	1,175,758,619
Accumulated Depreciation:			
Balance at beginning of period	–	335,601,702	335,601,702
Depreciation (see Note 23)	–	19,990,263	19,990,263
Balance at end of period	–	355,591,965	355,591,965
Net book value	₱392,067,483	₱428,099,171	₱820,166,654

	June 30, 2024 (Audited)		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of period	₱204,626,879	₱779,564,396	₱984,191,275
Additions	–	742,694	742,694
Reclassification from property and equipment	187,440,604	–	187,440,604
Balance at end of period	392,067,483	780,307,090	1,172,374,573

(forward)

	June 30, 2024 (Audited)		
	Land	Condominium Units	Total
Accumulated Depreciation:			
Balance at beginning of period	–	309,052,401	309,052,401
Depreciation (see Note 23)	–	26,549,301	26,549,301
Balance at end of period	–	335,601,702	335,601,702
Net book value	₱392,067,483	₱444,705,388	₱836,772,871

As at March 31, 2025 and June 30, 2024, investment properties primarily pertain to condominium units of the Group which are held for office or commercial lease.

Additions. STI ESG recorded additions amounting to ₱3.4 million, mainly related to fit-out works carried out in one of STI ESG’s investment properties during the nine-month period ended March 31, 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.

12. Investments in and Advances to Associates and Joint Venture

The details and movements of this account are as follows:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Investments		
Acquisition costs	₱549,760,826	₱549,760,826
Disposal	(63,431,903)	–
Balance at end of period	486,328,923	549,760,826
Accumulated equity in net losses:		
Balance at beginning of period	(52,098,533)	(55,896,436)
Equity in net earnings of associates and joint venture	16,735,559	18,810,890
Dividends receivable	(21,484,480)	(15,012,987)
Balance at end of period	(56,847,454)	(52,098,533)
Accumulated share in associates’ other comprehensive income:		
Balance at beginning of period	264,119	124,308
Remeasurement gain on pension liability	–	135,616
Unrealized fair value adjustment on equity instruments designated at FVOCI	(7,255)	4,195
Balance at end of period	256,864	264,119
	429,738,333	497,926,412
Less allowance for impairment loss	1,650,340	1,650,340
(carried forward)	428,087,993	496,276,072

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
<i>(brought forward)</i>	428,087,993	496,276,072
Advances (see Note 24)	48,134,540	48,134,540
Less allowance for impairment loss	48,134,540	48,134,540
	-	-
	₱428,087,993	₱496,276,072

There is no movement in the allowance for impairment in value of investments in and advances to associates and joint ventures for the period ended March 31, 2025 and June 30, 2024. The carrying values of the Group's investments in and advances to associates and joint venture are as follows:

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Associates (see Note 24):		
STI Holdings	₱403,555,197	₱475,167,393
STI Accent*	48,134,540	48,134,540
GROW	22,273,760	18,814,679
Joint venture - PHEI	3,909,376	3,944,340
	477,872,873	546,060,952
Allowance for impairment loss	(49,784,880)	(49,784,880)
	₱428,087,993	₱496,276,072

*The share in equity of STI Accent for the nine-month period ended March 31, 2025 and year ended June 30, 2024 is not material to the unaudited interim condensed and annual audited consolidated financial statements.

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. 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 unaudited interim condensed consolidated statement of comprehensive income for the nine-month period ended March 31, 2025. As a result, STI ESG's ownership interest in STI Holdings decreased from 5.05% to 4.37% as at March 31, 2025.

13. Equity Instruments at Fair Value through Other Comprehensive Income (FVOCI)

This account consists of:

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Quoted equity shares	₱9,152,800	₱9,574,560
Unquoted equity shares	71,452,669	66,452,669
	₱80,605,469	₱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 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.

b. Unquoted Equity Shares

Unquoted equity shares pertain to shares that are not listed on the 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 ₱32.3 million as at March 31, 2025 and June 30, 2024.

STI ESG recognized dividend income from unquoted equity shares at FVOCI amounting to ₱0.9 million and ₱0.5 million for the nine-month periods ended March 31, 2025 and 2024, respectively.

On June 24, 2024, STI Holdings and STI Novaliches, executed a Subscription Agreement wherein STI Holdings subscribed to 75.0 million common shares of STI Novaliches 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 Novaliches 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 18). On January 27, 2025, the SEC approved STI Novaliches’ application to increase its authorized capital stock. As a result, STI ESG’s ownership interest in STI Novaliches was reduced from 100% to 6.25% and STI Novaliches became a subsidiary of STI Holdings, with 93.75% ownership, effective January 2025. Consequently, STI ESG deconsolidated STI Novaliches and recognized its remaining equity interest amounting to ₱5.0 million, representing 6.25% ownership in STI Novaliches, under “Equity instruments at FVOCI”.

On March 31, 2025, STI Holdings, STI ESG and STI Novaliches executed a Deed of Assignment (the Deed) where STI Novaliches unconditionally and irrevocably assigns and transfers its identified Assets and Liabilities, including its permits and licenses, to STI ESG for a total consideration of ₱4.2 million. The school operations at the Novaliches site continued to operate as a branch of STI ESG effective January 2025 (see Note 30).

14. Goodwill, Intangible and Other Noncurrent Assets

This account consists of:

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Advances to suppliers	₱434,617,131	₱60,000,697
Goodwill	236,629,190	236,629,190
Deposits for purchase of shares	60,484,800	60,484,800
Intangible assets	29,716,055	31,192,337
Rental and utility deposits	26,618,459	24,404,273
Deposits for asset acquisition	–	20,412,500
Others	2,823,111	2,823,111
	₱790,888,746	₱435,946,908

Advances to Suppliers

As at March 31, 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, and (3) construction of new school buildings at STI Fairview and STI Batangas. The related costs for these projects will be recognized under "Property and Equipment" when the goods are received, or services are completely rendered (see Notes 10 and 26).

The construction of STI Academic Center Alabang has a total project 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. STI ESG has paid ₱194.3 million as at March 31, 2025 representing the 30% downpayment. The 8-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.

Similarly, the construction of STI Academic Center Tanauan is currently underway, with a total project cost of approximately ₱558.4 million. This amount covers costs for materials, labor, overhead, equipment and furniture, and other expenses necessary to complete the project. STI ESG has paid ₱109.3 million as at March 31, 2025 representing the 30% downpayment. The 8-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 (see Note 26).

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 STP project at STI Ortigas Cainta were completed as at March 31, 2025. The outstanding works related to the STP project are expected to be completed by end of fiscal year June 30, 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 before the opening of SY2025-2026. The deployment will occur in stages across the entire STI ESG network. The related costs for this project will be recognized as "Intangible assets" upon completion of the project.

Goodwill

As at March 31, 2025 and June 30, 2024, the Group's goodwill acquired through business combinations has 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 nine-month periods ended March 31, 2025 and 2024.

Deposit for Purchase of Shares

On June 20, 2024, STI ESG and TCAMI executed a Share Purchase Agreement for STI ESG's acquisition of 190.0 million common shares with par value of ₱1.0 per share, representing 100% 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% deposit, equivalent to ₱60.5 million, has

been paid upon the effective date of the Share Purchase Agreement. 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 PHI Shares at any time within the three-year period. If STI ESG opts to cancel, PHI 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 effective date or at an earlier date mutually agreed upon by the Parties.

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 March 31, 2025 and June 30, 2024, respectively.

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.

Deposits for Asset Acquisition

In relation 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 applied the deposits made to the total purchase price, and recognized the acquisition as "Land" under the "Property and equipment" category and the related liability amounting to ₱102.1 million as "Accounts Payable" (see Note 15).

15. Accounts Payable and Other Current Liabilities

This account consists of:

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Accounts payable (see Note 24)	₱385,607,519	₱288,701,838
Accrued expenses:		
School activities, programs and other related expenses	37,265,226	60,271,156
Contracted services	34,666,796	37,376,939
Salaries, wages and benefits	30,889,677	40,047,307
Utilities	25,340,168	17,794,644
Interest	5,972,390	49,507,925
Advertising and promotion	2,200,444	3,058,569
Rent	515,965	515,965
Others	1,231,560	829,914
Excess payments for refund	50,896,178	39,753,416
Network events fund	38,486,190	25,393,943
Statutory payables	32,591,707	24,171,235
<i>(forward)</i>		

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Student organization fund	22,153,432	24,876,697
Dividends payable	19,976,731	18,000,539
Current portion of refundable deposits	10,954,464	8,418,007
Due to an affiliate	4,164,303	59,511,839
Current portion of advance rent	3,759,599	11,181,883
Others	1,768,054	5,511,539
	₱708,440,403	₱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 (see Note 24).

This account includes the remaining balance of ₱102.1 million for the acquisition of a parcel of land at South Park District, Alabang, Muntinlupa City. STI ESG recognized this property as "Land" under "Property and Equipment" in September 2024. Previous deposits made for this transaction were applied as partial payment for the land, and the remaining balance was recognized as "Accounts Payable" representing the amount due 16 months after the execution of the Deed of Sale on Installments in September 2024 (see Note 10).

- 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.
- d. Statutory payables primarily include taxes and other payables to government agencies which are normally settled within 30 days.
- e. Dividends payable refers to dividends declared in prior periods 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 24 to the unaudited interim condensed consolidated financial statements.

16. Interest-bearing Loans and Borrowings

This account consists of:

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Term loans ^(a)	₱1,725,300,353	₱2,086,114,412
Less current portion	(580,259,251)	(536,274,021)
Noncurrent portion	₱1,145,041,102	₱1,549,840,391

^(a)Net of unamortized debt issuance costs of ₱12.5 million and ₱13.9 million as at March 31, 2025 and June 30, 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 providing for a credit facility of up to the amount of ₱1,000.0 million. The credit facility is unsecured and is 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 loan under this Term Loan Facility with BPI was repriced effective March 18, 2025 at the rate of 7.4395% per annum compared to 7.8735% per annum effective September 18, 2024.

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 when 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 drawdown with BPI 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 schedule as at March 31, 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:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Balance at beginning of period	₱500,000,000	₱-
Proceeds	200,000,000	500,000,000
Payments	(122,222,222)	-
Balance at end of period	577,777,778	500,000,000
Deferred finance cost	(4,360,721)	(3,536,184)
Balance at end of period	573,417,057	496,463,816
Less current portion	(143,344,193)	(99,249,589)
Balance classified as noncurrent	₱430,072,864	₱397,214,227

STI ESG settled the principal payments due under STI ESG's Term Loan facility with BPI amounting to ₱50.0 million and ₱72.2 million on September 18, 2024 and March 18, 2025, respectively.

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.

In January 2025, STI ESG and BPI executed the second amendment to STI ESG’s Term Loan Agreement with BPI extending its availability period. Under the original terms of the agreement, the availability period was set to end 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. 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.

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 than 2.5:1, 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, 2024 are as follows:

Total liabilities ^(a)	₱2,901,081,687
Total equity	6,996,687,341
<u>Debt-to-equity ratio</u>	<u>0.41:1.00</u>

^(a) Including only all interest-bearing Indebtedness

EBITDA (see Note 4) ^(b)	₱1,992,058,511
Total interest-bearing liabilities ^(c)	834,054,745
<u>Debt service cover ratio^(d)</u>	<u>2.39:1.00</u>

^(b) EBITDA for the last twelve months

^(c) Total interest-bearing debts and interests due in the next twelve months

^(d) The first drawdown from the BPI loan facility was made on March 18, 2024

As at March 31, 2025 and June 30, 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 a five-year term loan agreement of up to the amount of ₱2,000.0 million. The credit facility is unsecured and is 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 rate of 7.4213% per annum effective March 18, 2025 compared to 7.8135% per annum effective September 18, 2024. The proceeds of this loan were used to partially finance the 7-year bonds which were redeemed in full upon maturity 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	P200,000,000
2026	200,000,000
2027	200,000,000
2028	200,000,000
2029	200,000,000
	P1,000,000,000

Breakdown of the STI ESG’s Term Loan with Metrobank follows:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Balance at beginning of period	P1,000,000,000	P–
Proceeds	–	1,000,000,000
Payments	(200,000,000)	–
Balance at end of period	800,000,000	1,000,000,000
Deferred finance cost	(5,945,724)	(7,072,368)
Balance at end of period	794,054,276	992,927,632
Less current portion	(198,499,178)	(198,499,178)
Balance classified as noncurrent	P595,555,098	P794,428,454

On September 18, 2024 and March 18, 2025, STI ESG settled principal payments aggregating to P200.0 million under its Term Loan facility with Metrobank.

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.

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 more 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 Republic of the Philippines.

The Group’s D/E ratio and DSCR, as defined in the Term Loan Agreement with Metrobank, as at June 30, 2024 are as follows:

Total liabilities ^(a)	₱3,816,204,623
Total equity	6,996,687,341
<u>Debt-to-equity ratio</u>	<u>0.55:1.00</u>

^(a) Excluding unearned tuition and other school fees and lease liabilities

EBITDA (see Note 4) ^(b)	₱1,992,058,511
Total interest-bearing liabilities ^(c)	834,054,745
<u>Debt service cover ratio^(d)</u>	<u>2.39:1.00</u>

^(b) EBITDA for the last twelve months

^(c) Total interest-bearing debts due in the next twelve months

^(d) The first drawdown from the Metrobank loan facility was made on March 18, 2024

As at March 31, 2025 and June 30, 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 the amount of ₱1,200.0 million. The credit facility is unsecured and is 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 1-year PHP BVAL rate plus an interest spread of 1.5% 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 1.5% 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 1.5% 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 6.5789% per annum and 8.0472% effective September 19, 2022 and 2023, respectively. Starting from September 19, 2024, the interest rate was adjusted to 7.8749% 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.

Breakdown of the Group's Term Loan with Chinabank are as follows:

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Balance at beginning of period	₱600,000,000	₱720,000,000
Repayments	(240,000,000)	(120,000,000)
Balance at end of period	360,000,000	600,000,000
Deferred finance cost	(2,170,981)	(3,277,036)
Balance at end of period	357,829,019	596,722,964
Less current portion	(238,415,880)	(238,525,254)
Balance classified as noncurrent	₱119,413,139	₱358,197,710

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

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. On March 19, 2024 and September 19, 2024, STI ESG settled the principal payments due amounting to ₱120.0 million each under the Term Loan facility with Chinabank. Further, on March 19, 2025, STI ESG settled the principal payment due amounting to ₱120.0 million under the same Term Loan facility with Chinabank.

The revised repayment schedule as at March 31, 2025 are as follows:

Fiscal Year	Amount
2026	240,000,000
2027	120,000,000
	₱360,000,000

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 1.5x, 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 Debt-to-Equity 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 Debt to Equity 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.

The Group's DSCRs and D/E ratios, as defined in the Term Loan Agreement of STI ESG with Chinabank, as at December 31, 2024 and June 30, 2024 are as follows:

	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
Total liabilities ^(a)	₱4,447,861,022	₱4,131,238,695
Total equity	7,366,400,713	6,996,687,341
Debt-to-equity ratio	0.60:1.00	0.59:1.00

^(a) Excluding unearned tuition and other school fees

	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
EBITDA (see Note 4) ^(b)	₱2,370,285,134	1,992,058,511
Total interest-bearing liabilities ^(c)	787,488,667	834,054,745
Debt service cover ratio	3.01:1.00	2.39:1.00

^(b) EBITDA for the last twelve months

^(c) Total interests due in the next twelve months

As at March 31, 2025 and June 30, 2024, STI ESG is compliant with the required covenants.

Corporate Notes Facility

STI ESG entered into a Corporate Notes Facility Agreement (Credit Facility Agreement) with Chinabank in 2014, granting STI ESG a credit facility amounting to ₱3,000.0 million with a term of either 5 or 7 years. The facility is available in two tranches of ₱1,500.0 million each. The net proceeds from the issuance of the notes were used for capital expenditures and other general corporate purposes.

On May 9, 2014, the first drawdown date, STI ESG elected to have a 7-year term loan with floating interest based on the 1-year PDST-F plus a margin of two percent (2.00%) per annum, which interest rate shall in no case be lower than the BSP overnight rate plus a margin of three-fourths percent (0.75%) per annum, which is subject to repricing.

An Accession Agreement to the Credit Facility Agreement was executed on December 16, 2014 among STI ESG, STI West Negros University, Inc. (STI WNU), a company under common control of STI Holdings, and Chinabank whereby STI WNU acceded to the Credit Facility entered into by STI ESG with Chinabank in March 2014. In addition, an Amendment and Supplemental Agreement was also executed by the parties on the same date. The Amendment and Supplemental Agreement allowed STI WNU to draw up to ₱300.0 million from the facility.

On December 19, 2014, STI ESG advised Chinabank that it will not be availing of tranche 2 of the Credit Facility Agreement thus limiting the facility available to STI ESG ₱1,500.0 million.

STI ESG availed a total of ₱1,200.0 million loans in 2015 with interest ranging from 4.34% to 4.75%. The interest rate for the outstanding balance of Corporate Notes Facility amounting to ₱240.0 million was repriced at 5.5556% and 5.7895%, per annum, effective February 1, 2021 and September 20, 2021, respectively.

The Credit Facility Agreement, together with the Accession Agreement, contains, among others, covenants regarding incurring additional debt and declaration of dividends to the extent that such will result in a breach of the required debt-to-equity and DSCR ratios. The Parent Company was required to maintain a debt-to-equity ratio of not more than 1.00:1.00 and debt service cover ratio of not less than 1.10:1.00.

On January 19, 2017, STI ESG and Chinabank executed a Second Amendment and Supplemental Agreement to the Corporate Notes Facility Agreement. Significant amendments are as follows:

- a) change in interest rate of either (1) the 1-year Benchmark Rate (PDST-R2) plus a margin of 1.5% per annum which interest rate shall in no case be lower than 3.75% per annum or (2) the 3-month Benchmark Rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than 3.50% per annum.
- b) amendments on the required financial ratios, whereby STI ESG shall maintain the following ratios which shall be computed based on the consolidated financial statements:
 - (1) Debt-to-equity ratio of not more than 1.50x, computed by dividing total debt by total equity. For the purpose of this computation, total debt shall exclude unearned tuition and other school fees;
 - (2) Debt service cover ratio of a minimum of 1.05x.

STI ESG and Chinabank executed a Third Amendment and Supplemental Agreement to the Corporate Notes Facility Agreement with an outstanding balance of ₱240.0 million in January 2021. Significant changes to the terms and conditions of the Corporate Notes Facility of STI ESG are as follows:

- a) amendment of the maturity date from July 31, 2021 to September 19, 2026, where semi-annual amortization of ₱30.0 million shall be every March 19 and September 19 of each year to commence from March 19, 2023;
- b) amendment of the interest rate repricing date for the interest period commencing on January 31, 2021 while all succeeding interest rate repricing dates shall be on the interest payment date of the interest period ending on September 19 of every year, thereafter;
- c) amendment of the interest period commencing on January 31, 2021 and each successive period of six months commencing from September 19, 2021 and ending on the relevant maturity date; and
- d) amendment of the 1-year Benchmark Rate plus a margin of 1.50% per annum which interest rate shall in no case be lower than 5.50% per annum for the interest period covering January 31, 2021 to September 18, 2021 and 6.25% per annum for each succeeding interest period thereafter.

The above modification of terms and conditions resulted in the recognition of a premium on the corporate notes facility amounting to ₱8.3 million. The premium on the interest-bearing loans and borrowings will be amortized and presented as a reduction of future interest expense. The impact of the loss on loan modification and loan premium amortization was fully offset at the end of the loan period. Amortization of loan premium amounting to ₱0.4 million for the three-month period ended September 30, 2023 (nil in 2024) was recognized as a reduction of interest expense in the unaudited interim condensed consolidated statements of comprehensive income. The interest rate for the Corporate Notes Facility was repriced at 6.5789% per annum effective September 20, 2022.

In March 2023, STI ESG settled the principal payment due on its Corporate Notes Facility amounting to ₱30.0 million.

As at June 30, 2023, these loans are unsecured and were due based on the following schedule (with the January 29, 2021 amendments):

Fiscal Year	Amount
2024	₱60,000,000
2025	60,000,000
2026	60,000,000
2027	30,000,000
	₱210,000,000

STI ESG is compliant with the required financial ratios under the Corporate Notes Facility as at June 30, 2023. As discussed in a related paragraph on the Term Loan Agreement, Chinabank approved on August 15, 2022, the request of STI ESG for the waiver of the DSCR requirement for the periods ended June 30, 2023 and December 31, 2023.

On September 19, 2023, STI ESG settled the principal payment due on its Corporate Notes Facility amounting to ₱30.0 million. On the same day, STI ESG fully paid the remaining principal on the same facility amounting to ₱180.0 million. In view of this loan being fully paid, the unamortized premium, associated with the Corporate Notes Facility, amounting to ₱3.1 million as at September 19, 2023 was derecognized and taken up as “Gain on early extinguishment of loan” in the audited consolidated statement of comprehensive income for the year ended June 30, 2024.

Waivers of Certain Covenants

- a. On June 23, 2020, STI ESG requested Chinabank for waivers 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:
 - Assignment of revenues/income. STI ESG/Issuer shall not assign, transfer or otherwise convey any right to receive any of its income or revenues except when such assignment, transfer, or conveyance: (i) is made on an arm's length basis under normal commercial terms; or (ii) is 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 are entered into with related parties or any of the Subsidiaries or Affiliates of STI ESG/Issuer;
 - Encumbrances. STI ESG/Issuer shall 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

- Ranking of Notes. STI ESG/Issuer shall ensure that for so long as any Note is outstanding, the Issuer shall not incur or permit to arise any Indebtedness which ranks ahead of the Notes whether it be 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 may be amended from time to time, or otherwise.
- c. On July 23, 2020, Chinabank approved the temporary waiver of the DSCR requirement on both the Term Loan and the Corporate Notes Facility Agreements with STI ESG covering the period ended March 31, 2021. On December 18, 2020, Chinabank approved the temporary waiver of the DSCR requirement covering the period ended December 31, 2020 and the period ended June 30, 2021.
- d. 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.

LandBank ACADEME Program

On July 22, 2020, LandBank approved a ₱250.0 million Term Loan/Rediscounting Line Facility under its ACADEME Lending Program in favor of STI ESG to finance the ‘study now, pay later’ program of the government for students amid the financial difficulties facing families due to the COVID-19 pandemic. The LandBank ACADEME Program is a refinancing/rediscounting facility for Promissory Notes issued by the parents or benefactors of students to enable said students to enroll, continue and complete their studies. The school can borrow up to 70% of the amount stated in the Promissory Note issued by the parents/benefactors of the students. This loan from LandBank is subject to 3% interest per annum. Interest and principal are payable annually in arrears. The term of the borrowing is coterminous with the promissory note to be issued by the parents/benefactors of the students, which in no case shall exceed three (3) years. The loans covered by these promissory notes to be issued by the parents/benefactors/students are interest-free. On September 16, 2020, the Rediscounting Agreement with LandBank was executed by STI ESG in relation to this loan arrangement. Further, on the same date, the Comprehensive Surety Agreement securing this facility was executed by STI Holdings in favor of LandBank. This agreement shall remain in full force and effect while the obligations of STI ESG under the LandBank ACADEME Program remain outstanding and/or not paid to the satisfaction of Landbank. STI ESG has drawn from its Term Loan/Rediscounting Line Facility an aggregate amount of ₱22.1 million in 2021. The term of the borrowing is coterminous with the promissory notes executed by the parents/benefactors of the students. STI ESG paid ₱9.5 million during the year ended June 30, 2023. Total payments made up to June 30, 2023 is ₱19.1 million. In August 2023, STI ESG made a payment of ₱2.1 million while the remaining balance of the loan was fully paid on January 31, 2024.

Interest Expense

The benchmark rate for the loans of STI ESG is the BVAL reference for six months for the BPI and Metrobank Term Loan Facilities and the rate for one-year tenor for the China Bank Term Loan Facility and the Corporate Notes Facility.

Interest incurred on the loans (including amortization of debt issuance costs) amounted to ₱121.4 million, and ₱49.7 million for the nine-month periods ended March 31, 2025 and 2024, respectively.

17. Bonds Payable

This account consists of:

	March 31, 2025	June 30, 2024
	(Unaudited)	(Audited)
Fixed-rate bonds due 2027	₱820,000,000	₱820,000,000
Less unamortized debt issuance costs	3,739,494	5,032,725
Balance at end of period	₱816,260,506	₱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, refinancing of 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 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 the Parent Company’s issued and outstanding bonds is as follows:

Year Issued	Interest Payable	Term	Interest Rate	Principal Amount	Carrying Value		Features
					March 31, 2025 (Unaudited)	June 30, 2024 (Audited)	
2017	Quarterly	10 years	6.3756%	₱820,000,000	₱816,260,506	₱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, change 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 Trust Agreement, as at December 31, 2024 and June 30, 2024 are 0.60:1.00 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 December 31, 2024 and June 30, 2024 are 11.97:1.00 and 9.37:1.00, respectively.

As at March 31, 2025 and June 30, 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:

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; and
 - (ii) a maximum Debt-to-Equity Ratio of 1.5:1.

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 ratios and ICRs, as defined on the Second Supplemental Trust Agreement, as at December 31, 2024 and June 30, 2024 are as follows:

	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
Total liabilities ^(a)	₱4,447,861,022	₱4,131,238,695
Total equity	7,366,400,713	6,996,685,045
Debt-to-equity ratio	0.60:1.00	0.59:1.00

^(a) Excluding unearned tuition and other school fees

	December 31, 2024 (Unaudited)	June 30, 2024 (Audited)
EBITDA (see Note 4) ^(b)	₱2,370,285,134	₱1,992,058,511
Total interest payments ^(c)	198,046,122	212,659,106
Interest coverage ratio	11.97:1.00	9.37:1.00

^(b) EBITDA for the last twelve months

^(c) Total interests due in the next twelve months

As at March 31, 2025 and June 30, 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 are capitalized and amortized using the effective interest rate method. The carrying value of the unamortized bond issuance costs amounted to ₱3.7 million and ₱5.0 million as at March 31, 2025 and June 30, 2024, respectively. Amortization of bond issuance costs amounting to ₱1.3 million, and ₱6.1 million for the nine-month periods ended March 31, 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 ₱40.5 million and ₱137.5 million for the three-month periods ended March 31, 2025 and 2024, respectively.

18. Other Noncurrent Liabilities

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Advance rent - net of current portion (see Note 14)	₱13,343,487	₱14,053,167
Refundable deposit - net of current portion (see Note 14)	11,931,786	11,940,857
Deferred lease liability	2,446,582	3,073,220
Deposits for future stock subscriptions (see Note 19)	-	83,000,000
	₱27,721,855	₱112,067,244

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.

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 unaudited interim condensed 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.

Current portion of advance rent and refundable deposits are presented and disclosed in Note 16.

Deposits for future stock subscriptions represent contributions received by STI Training Academy and STI Novaliches, amounting to ₱8.0 million and ₱75.0 million, respectively, which were recognized under the “Other noncurrent liabilities” as at June 30, 2024. As at March 31, 2025, the contribution for STI Training Academy was reclassified under the “Equity” section of the unaudited interim condensed consolidated statements 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 Novaliches 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 of STI Novaliches in January 2025. As a result, STI ESG’s ownership interest in STI Novaliches was reduced from 100% to 6.25% and STI Novaliches became a subsidiary of STI Holdings with ownership interest of 93.75% effective January 2025. Consequently, STI ESG deconsolidated STI Novaliches and recognized its reduced equity interest, representing 6.25% ownership in STI Novaliches as “Equity instruments at FVOCI” (see Note 13).

19. Equity

Capital Stock

The details of the issued and outstanding number of common shares and amount as at March 31, 2025 and June 30, 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 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

Deposit for future stock subscription of non-controlling interest

Deposit for future stock subscriptions represents payment amounting to ₱8.0 million of a non-controlling interest in STI Training Academy. As at May 15, 2025, STI Training Academy is awaiting the approval by the SEC of the increase in its authorized capital stock (see Note 18).

Treasury Stock

Treasury stock acquired as at March 31, 2025 and June 30, 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.

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.

20. Revenues

Disaggregated Revenue Information

The disaggregated revenue information is presented in the unaudited interim condensed consolidated statements of comprehensive income and segment information (see Note 4), in a manner that reflects the various sources and categories of revenues generated by the Group for the nine-month periods ended March 31, 2025 and 2024.

Timing of revenue recognition

	Nine- months ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Services transferred over time	₱3,125,136,229	₱2,442,097,903
Goods and services transferred at a point in time	185,450,718	172,072,042
Total consolidated revenue	₱3,310,586,947	₱2,614,169,945

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 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 and ₱43.9 million for the nine-month periods ended March 31, 2025 and 2024, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the nine-month periods ended March 31, 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 March 31, 2025 and June 30, 2024, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to ₱924.1 million and ₱93.0 million, respectively. The contract liabilities as at March 31, 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, 2024 represent advance payment for tuition and other school fees for the school year commencing after the financial reporting date and are 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.

21. Cost of Educational Services

This account consists of:

	Nine-months ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Faculty salaries and benefits	₱359,285,852	₱292,267,653
Depreciation and amortization (see Note 10)	224,454,336	214,565,738
Student activities, programs and other service costs	113,685,197	104,577,812
Rental	22,369,582	21,750,797
School materials and supplies	12,109,815	16,958,449
Infrastructure and software maintenance costs	6,084,647	7,286,797
Courseware development costs	1,464,887	1,072,268
Others	317,052	5,407,574
	₱739,771,368	₱663,887,088

22. Cost of Educational Materials and Supplies Sold

This account consists of:

	Nine-months ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Educational materials and supplies	₱65,076,137	₱70,545,823
Promotional materials	12,193,815	11,980,612
	₱77,269,952	₱82,526,435

23. General and Administrative Expenses

This account consists of:

	Nine-months ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Salaries, wages and benefits	₱266,713,766	₱236,315,763
Depreciation and amortization (see Notes 10 and 11)	155,766,592	150,534,774
Light and water	115,037,072	100,760,259
Provision for ECL (see Note 6)	94,750,605	98,127,680
Outside services	88,630,354	77,280,922
Professional fees	85,182,900	66,919,659
Taxes and licenses	33,905,960	26,839,044
Repairs and maintenance	23,161,001	20,550,022
Transportation	21,190,456	19,898,279
Advertising and promotions	20,098,764	10,629,475
Insurance	14,538,356	12,570,411
Meetings and conferences	11,388,147	10,967,944
Entertainment, amusement and recreation	10,705,970	10,493,548
Rental	9,608,633	9,324,651
Office supplies	8,759,268	5,381,608

(forward)

	Nine-months ended March 31	
	2025	2024
	(Unaudited)	(Unaudited)
Association dues	7,388,518	2,375,275
Payment channels and bank charges	5,812,589	3,192,093
Communication	3,444,742	3,520,044
Infrastructure, software subscriptions and maintenance costs	1,892,352	2,934,495
Others	6,502,488	8,137,124
	₱984,478,533	₱876,753,070

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
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)		
<i>Associates</i>						
STI Accent						
Reimbursement for various expenses and other charges	₱-	₱-	₱48,134,540	₱48,134,540	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment
GROW, Inc.						
Rental income and other charges	562,807	-	10,334,962	10,209,550	30 days upon receipt of billings	Unsecured; no impairment
Reimbursement for various expenses and other charges	437,658	-	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	-	-	(119,383)	(119,383)	Refundable upon end of contract	Unsecured;
STI Marikina						
Educational services and sale of educational materials and supplies	13,581,179	12,291,472	1,158,468	892,949	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Holdings						
Advisory fees	10,800,000	10,800,000	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividends Income	21,484,480	15,012,987	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividends paid	456,093,456	608,124,607	-	-	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
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)		
Reimbursement for various expenses and other charges	₱17,345	₱13,756	₱-	₱-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Deposit for future stock subscription	-	-	-	(75,000,000)	classified under the equity section	Unsecured;
Affiliates*						
STI Novaliches						
Dividends Receivable	71,000,000	-	71,000,000	-	Due in April 2025	Unsecured; no impairment
Assignment of the affiliate's assets and liabilities	4,164,303	-	(4,164,303)	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Educational services and sale of educational materials and supplies**	443,929	-	443,929	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
TCAMI						
Deposit for purchase of shares of PHI	-	-	60,484,800	60,484,800	15% deposit; balance payable on the third anniversary of the share purchase agreement	Unsecured; no impairment
STI Diamond						
Reimbursement for various expenses and other charges	-	-	-	(59,511,839)	30 days upon receipt of billings; noninterest-bearing	Unsecured;
STI WNU						
Educational services and sale of educational materials and supplies	23,957,671	24,862,708	13,809,252	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	6,132,082	7,482,581	6,132,082	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
PhilPlans						
Rental income	3,749,280	-	521,775	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	1,461,392	-	166,950	-	30 days upon receipt of billings; noninterest-bearing	Unsecured;
Refundable deposits	937,320	-	(937,320)	-	30 days upon receipt of billings; noninterest-bearing	Unsecured;
Phil First Insurance Co., Inc.						
Rental income and other charges	220,714	-	240,000	-	30 days upon receipt of billings	Unsecured; no impairment
Insurance	19,183,932	17,177,464	(1,851)	(2,502)	30 days upon receipt of billings; noninterest-bearing	Unsecured
PhilCare						
Rental income and other charges	-	8,925,753	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
HMO coverage	14,367,788	8,785,790	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposits	-	-	(1,950,480)	(1,950,480)	Refundable upon end of contract	Unsecured
GROW VITE						
Janitorial and Staffing Services	24,263,969	21,732,904	(4,226,581)	(3,794,549)	30 days upon receipt of billings; noninterest-bearing	Unsecured

(forward)

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)		
Refundable deposits	₱-	₱49,959	(₱421,744)	(₱421,744)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Association dues, utilities and other charges	739,797	88,675	183,215	157,914	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	1,358,014	843,487	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
PhilLife Insurance	15,963	369,440	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	-	211,114	68,953	68,953	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Philippines First Condominium Corporation Association dues, utilities and other charges	7,332,149	7,050,303	(3,454)	(845,606)	30 days upon receipt of billings; noninterest-bearing	Unsecured
iACADEMY Reimbursement for various expenses and other charges	11,622	7,348	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Venture Securities, Inc. Rental income and other charges	87,572	-	124,037	36,465	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposits	750,615	-	(750,615)	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Others Advances for various expenses	46,316,967	46,293,892	23,671,874	25,125,248	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
Rental and other charges	-	-	356,269	617,520	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Partial disposal of interest in an Associate	88,000,000	-	-	-	full payment upon issuance of shares	Unsecured
			₱224,255,376	(₱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)

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:

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Advances to associates and joint venture (see Note 12)	₱48,134,540	₱48,134,540
Educational services and sale of educational materials and supplies (Note 6)	21,543,731	892,949
Receivables from officers and employees (see Note 6)	23,671,874	25,125,248
Rent, utilities, and other related receivables (see Note 6)	11,996,162	11,090,402
Deposit for purchase of shares (see Note 14)	60,484,800	60,484,800
Accounts payable (see Note 15)	(8,411,428)	(7,134,264)
Due to an affiliate (see note 15)	(4,164,303)	(59,511,839)

(forward)

	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)
Deposit for future stock subscription (see Note 18)	-	(75,000,000)
Dividend receivable	71,000,000	-
	₱ 224,255,376	(₱4,081,836)

Outstanding balances of the Parent Company's transactions with subsidiaries which were eliminated during consolidation are as follows:

	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)		
Related Party						
Subsidiaries						
STI Caloocan						
Reimbursement for various expenses	₱5,515,728	₱3,868,137	(₱319,910,068)	(₱304,173,866)	30 days from billing or cut-off date; noninterest-bearing	Unsecured
STI Lipa						
Educational services, sale of educational materials and supplies,	49,239,107	43,970,234	134,752,110	109,461,498	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	3,316,020	1,375,168	40,898,809	46,403,812	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI De Los Santos College						
Reimbursement for various expenses	28,105	94,539	(47,127,441)	(47,155,546)	30 days from billing or cut-off date; noninterest-bearing	Unsecured;
NAMEI						
Rental income and other related charges	16,698,420	18,041,495	95,510,426	78,812,006	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	3,269,789	919,352	7,863,238	12,436,462	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies,	17,784,718	16,094,208	-	7,151,999	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Training Academy						
Reimbursement for various expenses	3,377,148	19,286,169	53,011,192	49,634,044	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other related charges	4,816,045	4,926,302	23,286,865	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	11,320,829	8,868,291	32,979,559	38,627,668	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	516,912	140,323	-	-	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
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)		
STI Novaliches*						
Educational services, sale of educational materials and supplies, management fees, and other charges	₱52,234,762	₱41,087,674	₱-	₱-	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	4,736,325	8,435,579	-	3,472,487	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Dividend income	-	74,999,940	-	-	Due and demandable; noninterest bearing	Unsecured; no impairment
STI Quezon Avenue						
Rental income and other related charges	7,713,569	7,098,360	31,677,055	23,037,858	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	6,864,073	4,432,450	11,490,716	13,007,159	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	13,269,046	7,713,569	12,998,735	13,709,103	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Hoilo						
Reimbursement for various expenses	-	71,096	19,227,538	19,227,538	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for 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	-	70,231	3,914,561	3,914,561	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Batangas						
Reimbursement for various expenses	5,149,908	4,102,749	(1,502,025)	(9,072,605)	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Tanauan						
Educational services, sale of educational materials and supplies,	15,247,514	12,877,147	14,884,490	-	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	700,378	603,815	-	5,336,883	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment

* volume for 2025 pertains to transactions from July 1 to December 31, 2024 only (see Note 13).

(forward)

	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	March 31, 2025 (Unaudited)	March 31, 2024 (Unaudited)	March 31, 2025 (Unaudited)	June 30, 2024 (Audited)		
Related Party						
STI Sta. Maria						
Reimbursement for various expenses	₱1,506,845	₱4,296,887	₱7,239,907	₱19,800,998	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies,	24,237,449	19,980,546	6,068,942	2,051,450	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Pagadian						
Reimbursement for various expenses	–	65,076	8,986,341	8,986,341	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for 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; with provision for impairment
NPIM						
Rental income and other related charges	–	–	17,810,251	28,710,251	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment
Reimbursement for various expenses	842	5,775	2,914,172	3,411,862	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment

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:

	Nine-months ended March 31	
	2025 (Unaudited)	2024 (Unaudited)
Net income attributable to equity holders of the Parent Company (a)	₱1,337,884,130	₱856,750,466
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)	₱0.43	₱0.28

The basic and diluted earnings per share are the same for the nine-month periods ended March 31, 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.

As at May 16, 2025, 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.

Based on these circumstances, STI ESG will file a Motion for Execution and issuance of Writ of Execution for the Plaintiff to pay the amount of ₱0.3 million as attorney's fees plus cost of suit as provided in the Decision dated January 16, 2020.

- 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 March 31, 2025 and June 30, 2024, 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 March 31, 2025 and June 30, 2024, there is no outstanding avilment from these lines.

b. Capital Commitments

As at March 31, 2025, STI ESG's significant contractual commitments include: (1) construction of the new building in STI Ortigas-Cainta campus, (2) acquisition of a land, (3) construction of STI Academic Center Alabang, (4) construction of STI Academic Center Tanauan, (5) construction of new buildings at STI Fairview and STI Batangas.

As at 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 owned and operated by STI ESG, (3) renovation and rehabilitation project of STI ESG's Tanay property, (4) construction of a three-storey building at STI Lipa, (5) installation of solar panels, (6) lot acquisition.

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 ₱203.5 million and ₱129.1 million already disbursed as at March 31, 2025 and June 30, 2024, respectively.

STI ESG likewise 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 March 31, 2025 and June 30, 2024, respectively. STI ESG likewise paid ₱9.2 million for taxes and other charges related to the sale in September 2024. The balance of ₱102.1 million is due 16 months after the execution of the Deed of Sale on Installments in September 2024.

As at March 31, 2025, 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 March 31, 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 March 31, 2025 representing the 30% downpayment.

STI ESG has a contractual commitment and obligation for the construction of a four-storey building at STI Fairview. The project has an aggregate cost of ₱91.0 million, of which ₱27.3 million has been paid as at March 31, 2025, representing the 30% downpayment. Similarly, STI ESG has a contractual commitment and obligation 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 ₱18.5 million has been paid as at March 31, 2025.

As at March 31, 2025, the learning classroom expansion projects for several schools of STI ESG have a total cost of ₱161.5 million, of which payments aggregating to ₱135.2 million have been made as at March 31, 2025.

Furthermore, STI ESG has ventured into sustainable initiatives, particularly in solar energy projects. The installation of solar panels, including roof deck waterproofing activities, at its STI Ortigas-Cainta campus has been completed on November 7, 2023. This project has a total cost of

₱16.7 million, of which ₱15.1 million has been paid as at March 31, 2025 and June 30, 2024. As at March 31, 2025, the Group likewise has completed several solar energy projects in various schools owned and operated by STI ESG. These projects have an aggregate cost of ₱18.5 million, of which ₱16.6 million has been paid as at March 31, 2025 and June 30, 2024.

c. Others

- i. In December 2023, STI ESG and Home Development and Mutual Fund (also known as Pag-IBIG Fund) entered into a MOA 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 automatically renew 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 MOA 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. 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 (see Note 6).

27. Changes in Liabilities Arising from Financing Activities

	June 30, 2024	Cash Flows	Gain on early extinguishment of loan	Interest Expense ¹	Capitalized Borrowing Cost	Reclassified as Current	Effect of Lease Modification	New/Renewed Leases ³	Dividends Declared (Note 19)	March 31, 2025
Current portion of interest-bearing loans and borrowings	₱536,274,021	(₱562,222,222)	₱-	₱2,908,163	₱-	₱603,299,289	₱-	₱-	₱-	₱580,291,251
Bonds payable	814,967,275	-	-	1,293,231	-	-	-	-	-	816,260,506
Interest-bearing loans and borrowings ¹ - net of current portion	1,549,840,391	198,500,000	-	-	-	(603,299,289)	-	-	-	1,145,041,102
Lease liabilities	315,034,072	(68,502,896)	-	16,617,685	-	-	(16,796,384)	58,670,929	-	305,023,406
Dividends payable	18,000,539	(460,305,384)	-	-	-	-	-	-	462,281,576	19,976,731
Interest payable ²	49,507,925	(202,445,657)	-	158,910,122	-	-	-	-	-	5,972,390
	₱3,283,624,223	(₱1,094,976,159)	₱-	₱179,729,201	₱-	₱-	(₱16,796,384)	₱58,670,929	₱462,281,576	₱2,872,533,386

¹ Net of deferred finance charges

² Interest expense is inclusive of amortization of deferred finance charges.

³ Net of lease termination.

	June 30, 2023	Cash Flows	Gain on early extinguishment of loan	Interest Expense ¹	Capitalized Borrowing Cost	Reclassified as Current	Effect of Lease Modification	New/Renewed Leases	Dividends Declared (Note 19)	March 31, 2024
Current portion of interest-bearing loans and borrowings	₱183,042,276	(₱333,050,203)	₱-	₱7,927	₱-	₱690,000,000	₱-	₱-	₱-	₱540,000,000
Bonds payable	2,988,422,984	(2,180,000,000)	-	6,127,253	-	-	-	-	-	814,550,237
Interest-bearing loans and borrowings - net of current portion	748,861,025	148,750,000	(3,076,457)	664,694	-	(690,000,000)	-	-	-	1,545,199,254
Lease liabilities	335,735,940	(65,275,213)	-	15,800,142	-	-	(4,587,535)	41,173,858	-	322,847,192
Dividends payable	15,161,749	(616,375,282)	-	-	-	-	-	-	616,375,434	15,161,901
Interest payable ¹	21,499,453	(195,823,580)	-	181,411,816	-	-	-	-	-	7,087,689
Deposit for future stock subscription of non-controlling interest	-	8,000,000	-	-	-	-	-	-	-	8,000,000
	₱4,292,882,427	(₱1,893,774,278)	(₱3,076,457)	₱204,011,832	₱-	₱-	(₱4,587,535)	₱41,173,858	₱616,375,434	₱3,244,846,273

¹ Interest expense is inclusive of amortization of deferred finance charges and net of premium on interest-bearing loans and borrowings

28. Fair Value Information of Financial Instruments

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 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 at 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 designated 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 estimated fair value 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 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 March 31, 2025 do not significantly differ from the fair values of these financial instruments as at June 30, 2024.

29. Notes to the Consolidated Statements of Cash Flows

The Group's material noncash investing and financing activities pertain to the following:

- a. Recognition of ROU asset - Building , presented under "Property and equipment", amounted to ₱54.1 million and ₱43.5 million for the nine-month periods ended March 31, 2025 and 2024, respectively. Reversal of ROU asset - Building amounting to ₱13.5 million due to the termination of a lease agreement under PFRS 16 (see Note 10).

- b. Unpaid progress billing for construction-in-progress presented under “Property and equipment” amounted to ₱16.8 million and ₱8.2 million as at March 31, 2025 and 2024, respectively (see Notes 10).
- c. Reclassification from “Other noncurrent assets”, pertaining to advances to suppliers, to “Property and equipment” amounted to ₱13.1 million and ₱12.9 million for the nine-month periods ended March 31, 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 nine-month period ended March 31, 2025 (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 Notes 10 and 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 Novaliches entered into an Asset Purchase Agreement with PSBA for the acquisition by STI Novaliches 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 Novaliches and PSBA shall execute Deeds of Assignment for the sale and purchase of the School Related Assets.

As at May 16, 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. The management services commenced 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.

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 obtains 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 May 16, 2025, STI Holdings has yet to receive the reply of PSBA.

Financial Highlights and Key Performance Indicators

(in millions except margins, financial ratios and earnings per share)

	March 31, 2025 (Unaudited)	June 2024 (Audited)	March 2025 vs June 2024	
			Amount	%
Condensed Statements of Financial Position				
Total assets	12,536.7	11,221.0	1,315.7	12%
Current assets	2,589.1	1,793.3	795.8	44%
Cash and cash equivalents	1,300.9	1,191.7	109.2	9%
Total liabilities	4,629.3	4,224.3	405.0	10%
Current liabilities	2,352.2	1,428.5	923.7	65%
Total Equity	7,907.5	6,996.7	910.8	13%
Equity attributable to equity holders of the parent company	7,902.4	6,999.7	902.7	13%
Financial Ratios				
Debt to equity ratio ⁽¹⁾	0.47	0.59	(0.12)	-20%
Current ratio ⁽²⁾	1.10	1.26	(0.16)	-13%
Debt service cover ratio ⁽¹⁰⁾	3.28	2.39	0.89	37%
Interest coverage ratio	14.15	9.37	4.78	51%
Asset to equity ratio ⁽³⁾	1.59	1.60	(0.01)	-1%
Condensed Statements of Income				
	Nine months ended March 31			
	2025	2024	2025 vs 2024	
	(Unaudited)		Amount	%
Revenues	3,310.6	2,614.2	696.4	27%
Direct costs ⁽⁴⁾	817.0	746.4	70.6	9%
Gross profit	2,493.6	1,867.8	625.8	34%
Operating expenses	984.5	876.8	107.7	12%
Operating income	1,509.1	991.0	518.1	52%
Other expenses - net	(28.3)	(55.2)	26.9	-49%
Income before income tax	1,480.8	935.8	545.0	58%
Net income	1,337.9	856.8	481.1	56%
EBITDA ⁽⁵⁾	1,914.0	1,385.5	528.5	38%
Core Income ⁽⁶⁾	1,296.5	831.1	465.4	56%
Net income attributable to equity holders of the parent company	1,337.9	856.8	481.1	56%
Earnings per share ⁽⁷⁾	0.43	0.28	0.150	54%
Financial Soundness Indicators				
Consolidated Condensed Statements of Cash Flows				
Net cash from operating activities	2,157.0	1,795.9	361.1	20%
Net cash provided by (used in) investing activities	(952.8)	(265.7)	(687.1)	259%
Net cash provided by (used in) financing activities	(1,095.0)	(1,893.8)	798.8	-42%
Effect of exchange rate changes on cash and cash equivalents	(0.1)	9.1	(9.2)	-101%

	As at/nine months ended		Increase (Decrease)	
	March 31		Amount	%
	2025	2024		
	(Unaudited)			
Liquidity Ratios				
Current ratio ⁽²⁾	1.10	1.10	-	0%
Acid test ratio ⁽⁸⁾	0.98	0.98	-	0%
Cash ratio ⁽⁹⁾	0.55	0.56	(0.01)	-2%
Solvency ratios				
Debt to equity ratio ⁽¹⁾	0.47	0.58	(0.11)	-19%
Asset to equity ratio ⁽³⁾	1.59	1.75	(0.16)	-9%
Debt service cover ratio ⁽¹⁰⁾	3.28	0.84	2.44	290%
Interest coverage ratio ⁽¹¹⁾	14.15	16.03	(1.88)	-12%
Profitability ratios				
EBITDA margin ⁽¹²⁾	58%	53%	0.05	9%
Gross profit margin ⁽¹³⁾	75%	71%	0.04	6%
Operating profit margin ⁽¹⁴⁾	46%	38%	0.08	21%
Net income margin ⁽¹⁵⁾	40%	33%	0.07	21%
Return on equity ⁽¹⁶⁾	25%	17%	0.08	48%
Return on assets ⁽¹⁷⁾	15%	10%	0.05	50%

(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 (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, nonrecurring gains such as gain on early extinguishment of loan, 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 cover those due for the immediately succeeding twelve months (see Note 16 of the unaudited condensed interim 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 MARCH 31, 2025

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Current receivables	990,807,310	792,253,160	26,120,464	91,604,409	80,829,276

TYPE OF ACCOUNTS RECEIVABLE	NATURE	DESCRIPTION
Current receivables	Tuition fees and other current receivables	Monthly

ANNEX "B"

STI EDUCATION SERVICES GROUP, INC.

MANAGEMENT'S 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.

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, and Arts and Sciences. STI ESG is also offering Senior High School (SHS) while select schools offer Junior High School (JHS). In School Year (SY) 2022-2023, STI ESG began offering Bachelor of Arts in Psychology and Bachelor of Science in Criminology in certain schools in the network.

As at May 16, 2025, STI ESG has a network of 63 operating schools comprising of 60 colleges and 3 education centers. Of the total number of operating schools, STI ESG owns 37 schools while franchisees operate 26 schools.

STI ESG's total student capacity aggregates to 155,581 students, with 112,119 pertaining to owned schools and 43,462 for franchised schools.

STUDENT POPULATION

The enrollment figures of the Group in SY 2024-2025 demonstrate a significant increase of 17.0%, as total enrollment reached 121,374 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. Total 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.

The enrollment figures are as follows:

	SY 2024-2025	SY 2023-2024	Increase	
			Enrollees	Percentage
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 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 2024-2025	%	SY 2023-2024	%
CHED	86,447	71%	71,159	68%
TESDA	1,760	2%	1,682	2%
DepEd*	33,167	27%	31,141	30%
TOTAL	121,374	100%	103,982	100%

**For SY2024-2025, DepEd count represents 32,501 SHS students and 666 JHS students while for SY2023-2024, 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.

FINANCIAL REVIEW

This discussion summarizes the significant factors affecting the operating results for the nine-month periods ended March 31, 2025 and 2024 and financial condition of STI Education Services Group, Inc. and its subsidiaries (the "Group") as at March 31, 2025 and June 30, 2024. 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 nine-month period ended March 31, 2025. All necessary adjustments have been made to present fairly the financial position as at March 31, 2025 and June 30, 2024 and the results of operations and cash flows of the Group for the nine-month periods ended March 31, 2025 and 2024.

The Group's business is linked to the academic cycle. The academic cycle, which is one academic year, begins in 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, revenue is expected to be lower during the first quarter of its fiscal year compared to the other quarters if the number of enrollees remains constant. This information is included to provide context for proper appreciation of the results of operations of the Group.

I. RESULTS OF OPERATIONS

Three-month period ended March 31, 2025 vs. three-month period ended March 31, 2024

For the three-month period ended March 31, 2025, the Group generated gross revenues amounting to ₱1,226.3 million, representing a year-on-year increase of 12% or ₱128.8 million from the same period last year of ₱1,097.5 million. The improvement was primarily driven by the remarkable increase in the student population of the Group for SY 2024-2025. In addition, the Group implemented an average of 5% tuition fee increase for incoming tertiary students for SY2024-2025, further contributing to the revenue growth. Gross profit increased by ₱150.9 million or 18% year-on-year from ₱830.6 million to ₱981.5 million.

The Group recorded operating income for the three-month period ended March 31, 2025 amounting to ₱679.5 million, compared to ₱533.8 million for the same period last year. The Group recognized net income after income tax amounting to ₱616.3 million and ₱476.1 million for the three-month periods ended March 31, 2025 and 2024, respectively.

Earnings before interest, taxes, depreciation, and amortization or EBITDA, amounted to ₱821.6 million for the three-month period ended March 31, 2025 compared to ₱663.4 million for the same period last year. EBITDA for the three-month periods ended March 31, 2025 and 2024 is computed 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, nonrecurring gains such as gain on early extinguishment of loan, gain on partial disposal of interest in an associate, and gain on termination of lease. Gain on termination of lease were reported as part of "Other income." Depreciation and interest expenses for purposes of this computation exclude those related to Right-of-Use (ROU) assets and lease liabilities, respectively. EBITDA margin for the three-month period ended March 31, 2025 increased to 67% compared to 60% for the same period ended March 31, 2024.

Nine-month period ended March 31, 2025 vs. nine-month period ended March 31, 2024

The consolidated gross revenues of the Group for the nine-month period ended March 31, 2025 amounted to ₱3,310.6 million, representing a 27% year-on-year increase from ₱2,614.2 million gross revenues generated for the same period last year. This growth was primarily driven by a 17% increase in total student enrollment. In addition, the Group implemented an average of 5% tuition fee increase for new tertiary students for SY 2024-2025. Gross profit likewise increased by 34% or ₱625.8 million year-on-year from ₱1,867.8 million last year to ₱2,493.6 million this year. Gross margin improved from 71% to 75% for the nine-month periods ended March 31, 2024 and 2025, respectively.

The Group recorded an operating income of ₱1,509.1 million for the nine-month period ended March 31, 2025 compared to ₱991.0 million for the same period last year. The Group recognized net income after income tax amounting to ₱1,337.9 million for the nine-month period ended

March 31, 2025, reflecting a 56% increase compared to ₱856.8 million for the nine-month period ended March 31, 2024.

EBITDA amounted to ₱1,914.0 million from ₱1,385.5 million for the same period last year. EBITDA margin for the nine-month period ended March 31, 2025 likewise improved to 58% compared to 53% for the same period last year due to the reasons cited above.

II. FINANCIAL CONDITION

The Group posted consolidated total assets of ₱12,536.7 million as at March 31, 2025, up from ₱11,221.0 million as at June 30, 2024. This increase was primarily driven by higher balances in cash and cash equivalents, receivables, property and equipment, as well as other non-current assets related to advances to suppliers for capital projects.

<i>(Amounts in Peso millions)</i>	March 31,	June 30,	Increase (Decrease)	
	2025	2024	Amount	%
Total Current Assets	2,589.1	1,793.3	795.8	44%
Total Noncurrent Assets	9,947.6	9,427.7	519.9	6%
Total Assets	12,536.7	11,221.0	1,315.8	12%
Total Current Liabilities	2,352.2	1,428.5	923.7	65%
Total Noncurrent Liabilities	2,277.1	2,795.8	(518.7)	-19%
Total Liabilities	4,629.3	4,224.3	405.0	10%
Total Equity	7,907.5	6,996.7	910.8	13%
Total liabilities and equity	12,536.7	11,221.0	1,315.8	12%

Cash and cash equivalents increased by 9.2% or ₱109.2 million from ₱1,191.7 million to ₱1,300.9 million as at June 30, 2024 and March 31, 2025, respectively, primarily attributable to the Group's strong operating performance and improved collection efficiency, partially offset by cash outflows related to investing and financing activities.

Total receivables is up by ₱643.6 million from ₱347.2 million as at June 30, 2024 to ₱990.8 million as at March 31, 2025. This receivable 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 the SHS vouchers that are expected to be received during the remaining months of the school year.

Inventories increased by ₱24.5 million or 17%, from ₱147.4 million as at June 30, 2024 to ₱171.9 million as at March 31, 2025, substantially attributed to STI ESG's purchases of uniforms during the nine-month period ended March 31, 2025.

Prepaid expenses increased by ₱16.9 million or 17%, from ₱98.8 million as at June 30, 2024 to ₱115.7 million as at March 31, 2025. The increase was mainly due to payments made in advance for taxes, subscriptions, licenses, and insurance coverage, which were partially offset by decreases in advances to suppliers.

The carrying value of the equity instruments designated at FVPL amounted to ₱9.8 million as at March 31, 2025 compared to ₱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 at the Philippine Stock Exchange.

Property and equipment increased by ₱227.8 million, net of depreciation expenses for the period, from ₱7,548.6 million as at June 30, 2024 to ₱7,776.4 million as at March 31, 2025. The

increase was primarily driven by STI ESG's strategic investments, including the acquisition of a parcel of land in Alabang, Muntinlupa City, the construction of a new school building at the STI Ortigas-Cainta campus, renovation and classroom expansion projects, and the purchase of various equipment and furniture.

Investments in and advances to associates and joint ventures decreased by ₱68.2 million from ₱496.3 million as at June 30, 2024 to ₱428.1 million as at March 31, 2025. The decrease is largely attributed to the partial disposal of STI ESG's interest in STI Holdings on various dates in 2024 and in January 2025.

The carrying value of the equity instruments at FVOCI increased to ₱80.6 million as at March 31, 2025 up from ₱76.0 million as at June 30, 2024. The increase primarily reflects STI ESG's remaining equity interest of 6.25% in STI Novaliches amounting to ₱5.0 million. This was partially offset by the fair value adjustments on STI ESG's quoted equity instruments.

Deferred tax assets (DTA) increased by ₱17.4 million from ₱34.0 million as at June 30, 2024 to ₱51.4 million as at March 31, 2025, largely driven by 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 assets, and other noncurrent assets increased by 81% or ₱355.0 million from ₱435.9 million as at June 30, 2024 to ₱790.9 million as at March 31, 2025, substantially attributed to STI ESG's downpayments for the construction of STI Academic Center Alabang and STI Academic Center Tanauan amounting to ₱194.3 million and ₱109.3 million, respectively.

Total current liabilities increased by ₱923.7 million, from ₱1,428.5 million to ₱2,352.2 million as at June 30, 2024 and March 31, 2025, respectively, mainly attributed to the increase in unearned tuition and other school fees by ₱831.1 million from ₱93.0 million to ₱924.1 million as at March 31, 2025. The unearned revenues will be recognized as income over the remaining months of the related school term(s).

Total noncurrent liabilities decreased by ₱518.7 million to ₱2,277.1 million as at March 31, 2025 from ₱2,795.8 million as at June 30, 2024 substantially attributed to the reclassification of the portion of noncurrent interest-bearing loans and borrowings due within the next twelve months, to current interest-bearing loans and borrowings. This decline was partially offset by the long-term portion of the ₱200.0 million loan drawn by STI ESG under its Term Loan Facility with BPI in December 2024.

Total equity increased by ₱910.8 million or by 13.01% from ₱6,996.7 million as at June 30, 2024 to ₱7,907.5 million as at March 31, 2025 driven by Group's net income attributable to equity holders of STI ESG of ₱1,337.9 million for the nine-month period ended March 31, 2025. This increase is net of cash dividends amounting to ₱462.3 million, declared in December 2024 and was subsequently paid in January 2025. The increase also includes the deposit for future stock subscription of non-controlling interest for STI Training Academy which was reclassified from liability to equity section following the fulfillment of the required conditions for classification under the equity section.

III. TOP FIVE (5) KEY PERFORMANCE INDICATORS

The top key performance indicators (KPIs) of the Group include 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.

		As at/Nine-month periods ended March 31		
		2025	2024	Remarks
EBITDA margin	EBITDA divided by total revenues.	58%	53%	EBITDA margin improved in 2025 as compared to the same period in 2024 mainly due to increase in revenues arising from the higher number of enrollees.
Gross profit margin	Gross profit divided by total revenues	75%	71%	Gross profit margin improved due to economies of scale, as revenues increased at a faster rate than costs.
Return on equity (ROE)	Net income attributable to equity holders of the Parent Company (annualized) divided by average equity attributable to equity holders of the Parent Company	25%	17%	ROE improved as revenue growth outpaced the increase in costs and operating expenses reflecting improved operating leverage.
Debt-to-equity ratio (D/E ratio)	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.47	0.58	D/E ratio improved due to principal payments made by STI ESG on its Term Loans.
Current ratio	Current assets divided by current liabilities	1.10	1.10	Current ratio remained stable, supported by the Group's continued profitability and effective receivables management.

As at the periods ended

		December 31, 2024	June 30, 2024	Remarks
D/E ratio ¹	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.60	0.59	D/E ratio is well within the ratios set by management, the lender banks, and the bondholders.
Debt service coverage ratio (DSCR) ²	EBITDA for the last twelve months divided by total principal and interest due in the next twelve months.	3.01	2.39	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 notes below).
Interest coverage ratio (ICR) ³	EBITDA for the immediately preceding twelve months divided by interest due in the next twelve months	11.97	9.37	ICR is well within the threshold set under the Second Supplemental Trust Agreement governing the STI ESG bonds.

STI ESG likewise monitors its financial covenants in accordance with the provisions under its loans and trust Agreements.

¹ D/E ratio under the Term Loan Agreement with Chinabank must not exceed 1.5:1.0, while D/E ratio under the Term Loan Agreements with BPI and Metrobank must not be more than 2.5:1.0.

² DSCR under the Term Loan Agreements with Chinabank, BPI and Metrobank must not be lower than 1.05:1.00.

³ ICR 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 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.

As at March 31, 2025 and June 30, 2024, 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 ₱109.2 million from ₱1,191.7 million as at June 30, 2024 to ₱1,300.9 million as at March 31, 2025. The increase was mainly contributed by the strong operating cash flows driven by the Group's profitability, partially offset by its investing and financing cash outflows. The Group generated ₱2,157.0 million in net cash from operating activities during the nine-month period ended March 31, 2025, primarily attributed to collection of tuition and other school fees. These cash inflows funded key 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, and down payment related to the construction of STI Academic Center Tanauan. Net cash used in investing activities at ₱952.8 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 amounted to ₱1,095.0 million during the nine-month period ended March 31, 2025 primarily is 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 ₱202.4 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, which was used to fund the down payment for the construction of STI Academic Center Alabang.

Receivables increased by ₱643.6 million to ₱990.8 million as at March 31, 2025 from the ₱347.2 million balance reported as at June 30, 2024. Receivables from students rose by ₱531.3 million from ₱279.0 million to ₱810.3 million, reflecting tuition and other school fees that are expected to be collected from the students over the remaining months of the related school term(s). This account also includes the dividends receivable from STI Novaliches, a former subsidiary of STI ESG, amounting to ₱71.0 million. This likewise includes receivables from franchised schools and an affiliate for educational services and sale of educational materials and supplies amounting to ₱131.3 million as at March 31, 2025, an increase of ₱70.0 compared to ₱61.3 million as at June 30, 2024. The dividends receivable from STI Novaliches was settled on April 15, 2025.

Outstanding receivables from DepEd for the SHS qualified vouchers, substantially pertaining to the current school year, amounted to ₱44.7 million as at March 31, 2025 compared to ₱16.6 million as at June 30, 2024. The outstanding receivables as at June 30, 2024 have been substantially collected as of report date while the outstanding receivables as at March 31, 2025 are expected to be collected in full within the school year. 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 ₱2.7 million and ₱2.2 million as at March 31, 2025 and June 30, 2024, respectively. DBP RISE covers the: (1) 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) increased to ₱2.2 million as at March 31, 2025 from ₱1.4 million as at June 30, 2024. 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 Higher Education Institutions (PHEIs) and are qualified to receive the TES, are entitled to ₱60.0 thousand per school year. The TES sharing agreement states that ₱40.0 thousand goes to the TES student grantee and ₱20.0 thousand goes to the PHEI. 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. In July 2023, CHED Unified Student Financial Assistance System for Tertiary Education Board (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. UniFast issued Memorandum Circular No. 21-2024 which states that TES grantees shall receive the amount of ₱13.5 thousand per semester or ₱27.0 thousand per school year for students in PHEIs, while TES grantees from SUCs and LUCs shall receive an amount of ₱10.0 thousand per semester or ₱20.0 thousand per school year unless otherwise provided by the UniFAST Board. Under the TES Program, CHED directly pays the schools where these students enrolled.

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 increased to ₱131.3 million as at March 31, 2025, up by ₱70.0 million from ₱61.3 million as at June 30, 2024. The increase was primarily driven by the amounts due from the franchised schools for the cost of educational services provided by STI ESG, as well as the network charges billed to franchised schools and an affiliate. Network charges mainly comprise of fees for the use of eLearning Management System (eLMS), Microsoft License subscriptions, and other related services. These receivables are expected to be settled within 15 to 30 days following the invoice date.

Rent, utilities and other related receivables declined by ₱16.3 million to ₱32.4 million as at March 31, 2025, from ₱48.7 million as at June 30, 2024 representing collection of rental payments from various lessees and reimbursements of fit-out costs from a lessee during the nine-month period ended March 31, 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 ₱155.6 million as at June 30, 2024 to ₱246.8 million as at March 31, 2025. This increase represents the net effect of the provision for ECL amounting to ₱94.8 million, partially offset by the receivables written-off by STI Novaliches aggregating to ₱3.5 million, during the nine-month period ended March 31, 2025.

Inventories increased by ₱24.5 million or 16.6%, from ₱147.4 million as at June 30, 2024 to ₱171.9 million, substantially attributed to purchases of uniforms during the nine-month period ended March 31, 2025. STI ESG increased its inventory level of student uniforms in anticipation of the demands in the coming years, taking into account the production lead time and availability of materials.

Prepaid expenses increased by ₱16.9 million or 17%, reaching ₱115.7 million as at March 31, 2025, from ₱98.8 million as at June 30, 2024. This increase was primarily driven by prepaid taxes, which rose by ₱12.2 million or 67%, largely representing local business taxes for the calendar year 2025. Prepaid subscriptions and licenses also increased significantly by ₱9.5 million or 64%, substantially attributed to Microsoft and Adobe License subscriptions while prepayment for the use of the eLMS decreased due to timing differences. In addition, prepaid insurance rose by ₱4.1 million, largely representing fire and building, fidelity guarantee and money, securities and payroll robbery insurance coverages for the Group. These increases were partially offset by a ₱6.4 million or 48% decline in advances to suppliers, reflecting completion of delivery of goods and/or services acquired.

The carrying value of STI ESG's equity instruments designated at FVPL, particularly, its investment in quoted equity shares of RCR, amounted to ₱6.30 per share or an aggregate of ₱9.8 million as at March 31, 2025 compared to ₱5.25 or an aggregate value of ₱8.1 million as at June 30, 2024. This increase in market value in quoted equity shares of RCR resulted in fair value gain on equity instruments at FVPL amounting to ₱1.6 million for the nine-month period ended March 31, 2025 as compared to fair value loss on equity instrument at FVPL amounting to ₱1.1 million for the same period in prior year. Dividends received from this investment amounted to ₱0.5 million for each of the nine-month periods ended March 31, 2025 and 2024.

Property and equipment increased by ₱227.8 million, net of depreciation expenses for the period, to ₱7,776.4 million as at March 31, 2025 from ₱7,548.6 million as at June 30, 2024 substantially attributed to STI ESG's acquisition of a parcel of lot in Alabang, Muntinlupa City, the construction of a new school building at STI Ortigas-Cainta, acquisition of various equipment and furniture, and renovation and expansion of the facilities in schools owned and operated by STI ESG.

On February 11, 2025, STI formally commenced the construction of the new STI Academic Center Alabang with a groundbreaking ceremony held in Alabang, Muntinlupa City. Concurrently, the construction of the new school building at the STI Ortigas-Cainta campus progressed with the first and second floors in the STI Ortigas-Cainta campus completed in September 2024 and the remaining sections of the building 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. Remaining works for the construction of the sewage treatment plant (STP) are ongoing and are expected to be completed within the fiscal year June 30, 2025.

STI ESG sold 68 million of its shares in STI Education Systems Holdings, Inc. (STI Holdings) across various dates during the nine-month period ended March 31, 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 March 31, 2025. This resulted in "Gain on partial disposal of interest in an associate" amounting to ₱24.6 million for the nine-month period ended March 31, 2025.

The carrying value of the equity instruments at FVOCI amounted to ₱80.6 million as at March 31, 2025 compared to ₱76.0 million as at June 30, 2024. STI ESG's ownership interest in STI Novaliches was reduced from 100% to 6.25% and STI Novaliches became a subsidiary of STI Holdings effective January 2025 pursuant the subscription agreement between STI Holdings and STI Novaliches which was executed in June 2024, and upon SEC's approval of the capital stock increase of STI Novaliches in January 2025. Consequently, STI ESG deconsolidated STI Novaliches and recognized its remaining equity interest amounting to P5.0 million, representing 6.25% ownership in STI Novaliches, under "Equity instruments at FVOCI" as at March 31, 2025.

Deferred tax assets (DTA) increased by ₱17.4 million from ₱34.0 million to ₱51.4 million as at March 31, 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 increased by ₱355.0 million from ₱435.9 million to ₱790.9 million as at March 31, 2025. This increase mainly pertains to advances to suppliers, recognized as under "other noncurrent assets", representing downpayments for the construction of STI Academic Center Alabang and STI Academic Center Tanauan amounting to ₱194.3 million and ₱109.3 million, respectively.

Accounts payable and other current liabilities declined by ₱6.5 million from ₱714.9 million as at June 30, 2024 to ₱708.4 million as at March 31, 2025. Accounts payable rose by ₱96.9 million to ₱385.6 million as at March 31, 2025. This includes the last installment due to Avida Land Corp. amounting to ₱102.1 million for the parcel of land acquired by STI ESG in South Park District, Alabang which is due in February 2026. Meanwhile, the ₱59.5 million due to an affiliate was fully settled as at March 31, 2025.

Accrued expenses decreased by ₱71.3 million to ₱138.1 million, substantially reflecting interest payments for STI ESG's loans and borrowings in March 2025 and payments for commencement-related expenses for SY2023-2024 made subsequent to fiscal year ended June 30, 2024.

Network events fund increased by ₱13.1 million to ₱38.5 million as at March 31, 2025. This fund refers to fees collected from students which are allocated to subsidize the expenses intended for network-wide social, academic, arts, and sports competitions with the objective of enhancing the student development programs of the schools within the network. This fund is expected to be fully utilized within the fiscal year.

Unearned tuition and other school fees increased by ₱831.1 million from ₱93.0 million as at June 30, 2024 to ₱924.1 million as at March 31, 2025. This unearned tuition and other school fees will be recognized as income over the remaining months of the related school term(s).

Current portion of interest-bearing loans and borrowings amounted to ₱580.3 million as at March 31, 2025 net of deferred finance charges amounting to ₱4.1 million. The balance as at March 31, 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 ₱404.8 million from ₱1,549.8 million to ₱1,145.0 million, net of deferred finance cost, as at June 30, 2024 and March 31, 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 March 31, 2025.

Current portion of lease obligations amounted to ₱63.3 million and ₱62.8 million as at March 31, 2025 and June 30, 2024, respectively. Noncurrent lease liabilities declined by ₱10.5 million from ₱252.2 million to ₱241.7 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 condensed consolidated financial statements of the Group following the adoption of PFRS 16 *Leases*.

Income tax payable amounted to ₱76.0 million as at March 31, 2025, reflecting the income tax obligation of STI ESG and some of its subsidiaries for their respective taxable income for the nine-month period ended March 31, 2025.

Pension liabilities declined by 30.4% or ₱20.3 million from ₱66.7 million to ₱46.4 million as at June 30, 2024 and March 31, 2025, respectively, representing remeasurement adjustments forming part of STI ESG's pension assets for the nine-month period ended March 31, 2025. This decrease was partially offset by the pension expense recognized for the nine-month period ended March 31, 2025.

Other noncurrent liabilities decreased by ₱84.4 million from ₱112.1 million to ₱27.7 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 May 15, 2025, STI Training Academy is awaiting the approval by the SEC of the increase in its authorized capital stock. Meanwhile, the deposit for stock subscription amounting to ₱75.0 million received by STI Novaliches 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 Novaliches in January 2025. As a result, STI ESG's ownership interest in STI Novaliches was reduced from 100% to 6.25% and STI Novaliches became a subsidiary of STI Holdings with ownership interest of 93.75% effective January 2025. Consequently, STI ESG deconsolidated STI Novaliches and recognized its reduced equity interest, representing 6.25% ownership in STI Novaliches as "Equity instruments at FVOCI".

Cumulative actuarial gain amounted to ₱64.3 million as at March 31, 2025 from ₱36.7 million as at June 30, 2024. The increase reflects changes in the market value of the equity investments held within the pension plan assets of the Group for the nine-month period ended March 31, 2025.

STI ESG's share in associate's unrealized fair value loss on equity instruments designated at FVOCI amounted to ₱34.6 thousand and ₱41.8 thousand, as at June 30, 2024 and March 31,

2025, 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 increased by ₱875.6 million from ₱3,524.7 million to ₱ 4,400.3 million. The Group registered a net income amounting to ₱1,337.9 million for the nine-month period ended March 31, 2025. STI ESG declared cash dividends on December 18, 2024 amounting to ₱462.3 million which were subsequently settled in January 2025.

V. MATERIAL CHANGES IN INCOME STATEMENT ACCOUNTS

The Group generated gross revenues amounting to ₱3,310.6 million during the nine-month period ended March 31, 2025, an increase by 27% or ₱696.4 million from ₱2,614.2 million for the same period last year.

Condensed Statements of Comprehensive Income

<i>(Amounts in Peso millions)</i>	Nine Months Ended March 31			
	2024	2023	Increase (Decrease)	
Revenues	3,310.6	2,614.2	696.4	27%
Costs and expenses	1,801.5	1,623.2	178.4	11%
Operating income	1,509.1	991.0	518.1	52%
Other income (expenses)	(28.3)	(55.2)	26.9	-49%
Income before income tax	1,480.8	935.8	545.0	58%
Provision for income tax	142.8	79.0	63.9	81%
Net income	1,337.9	856.8	481.1	56%
Other comprehensive income	27.1	26.4	0.7	3%
Total comprehensive income	1,365.1	883.2	481.8	55%

Tuition and other school fees amounted to ₱2,934.4 million for the nine-month period ended March 31, 2025, up by ₱644.9 million or 28% year-on-year from ₱2,289.5 million of the same period last 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 period. 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 aggregated to ₱190.7 million for the nine-month period ended March 31, 2025, an increase by 25%, primarily due to the growth in student enrollment and improved collection efficiency of the franchised schools for SY 2024-2025. 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.

Other revenues rose to ₱87.7 million for the nine-month period ended March 31, 2025, up by ₱25.8 million or 42% from ₱61.9 million for the nine-month period ended March 31, 2024. The increase is largely attributed to growth in student population, which also drove other revenue streams related to school-related services and activities. In addition, the subscription costs for the Microsoft licenses increased due to a change in the subscription package – from Microsoft Office 365 A1 Plus to Microsoft Office 365 A3. This upgrade involves the use of licenses

available to a higher-tier plan which provides additional features and capabilities resulting in a higher per-user cost. 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”.

In May 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. The management services commenced 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. This contributed to the increase in other revenues recognized by STI ESG for the nine-month period ended March 31, 2025 amounting to ₱9.7 million.

The revenues generated from the sale of educational materials and supplies amounted to ₱97.8 million for the nine-month period ended March 31, 2025, compared to ₱110.2 million for the same period last year. Sales for both periods were primarily driven by uniform and proware items. The decline is due to timing differences as some of the student uniforms were distributed to franchised schools as early as the last quarter ended June 30, 2024 as opposed to last year wherein some sales transactions were completed during the first quarter of SY 2023-2024. The cost of educational materials and supplies sold decreased likewise concomitant with the decrease in the sale of educational materials and supplies.

The cost of educational services is higher by ₱75.9 million, from ₱663.9 million to ₱739.8 million for the nine-month periods ended March 31, 2024 and 2025, respectively. This increase is primarily attributed to higher instructors’ salaries and benefits, as well as higher expenditures related to increase in subscription costs for eLMS and Microsoft Licenses mainly due to the bigger number of students. Higher depreciation expense is also recognized for the nine-month period ended March 31, 2025 as completed projects are put into use.

Instructors' salaries and benefits are up by ₱66.3 million from ₱292.3 million to ₱359.3 million year-on-year. This is primarily due to the bigger 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 a significant increase in the Group's depreciation expense recognized by the Group. The Group likewise recognized the depreciation expense for solar projects across several schools owned and operated by STI ESG which were completed on various dates in 2024. These capital 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 unaudited interim condensed consolidated statement of comprehensive income.

Expenses attributed to student activities, programs and other service costs climbed by ₱5.0 million from ₱108.7 million for the nine-month ended March 31, 2024 to ₱113.7 million during the nine-month ended March 31, 2025. This increase was generally driven by the costs associated with the higher subscription costs for eLMS, and Microsoft Licenses, as well as the subscription to digital learning resources. The higher subscription costs for eLMS and Microsoft Licenses are concomitant with the increase in student population. Additionally, STI ESG has expanded its e-book subscriptions across multiple disciplines – including business,

education, healthcare, and engineering—to ensure compliance with CHED’s library and academic resource requirements. These investments support the institution’s commitment to maintaining high standards in instruction, research, and student services.

Gross profit improved from ₱1,867.8 million to ₱2,493.5 million for the nine-month periods ended March 31, 2024 and 2025, respectively, primarily due to higher enrollment, with a notable 21% increase in students enrolled in CHED-regulated programs. Similarly, gross margins improved from 71% to 75% year-on-year attributed to higher operating leverage.

General and administrative expenses increased by 12% or ₱107.7 million from ₱876.8 million to ₱984.5 million for the nine-month periods ended March 31, 2024 and 2025, respectively. The growth in expenses was driven by increased costs associated with higher personnel costs, utility consumption, professional fees, taxes and licenses, facility-related services, and marketing expenditures.

Salaries and benefits rose to ₱266.7 million for the nine-month period ended March 31, 2025 compared to same period last year of ₱236.3 million. The increase was primarily driven by merit-based salary adjustments and bonuses given in the second quarter of the fiscal year ending June 30, 2025, and the onboarding of personnel for previously vacant plantilla positions during the nine months ended March 31, 2025.

Light and water expenses increased by ₱14.2 million from ₱100.8 million to ₱115.0 million for the nine-month periods ended March 31, 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 nine-month period ended March 31, 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 Pasay-EDSA, STI Novaliches, STI Las Piñas, and STI Sta. Mesa in various dates in 2024 with combined capacity of 401 kilowatts of electricity.

The Group recognized a provision for ECL amounting to ₱94.7 million from the nine-month period ended March 31, 2025 largely representing ECLs on outstanding receivables from students’ tuition and other school fees as at March 31, 2025. This provision for ECL is lower by ₱3.4 million compared to ₱98.1 million for the nine-month period ended March 31, 2024, driven by improved collections, as reflected in the lower student receivable balance as of March 31, 2025, compared to the amount reported for the same period last 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 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 ₱11.3 million from ₱77.3 million to ₱88.6 million for the nine-month periods ended March 31, 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.

Similarly, professional fees increased by ₱18.3 million from ₱66.9 million for the nine-month period ended March 31, 2024 to ₱85.2 million for the nine-month period ended March 31, 2025, primarily due to higher costs associated with corporate and general counsel services.

Taxes and licenses expense increased by ₱7.1 million from ₱26.8 million to ₱33.9 million for the nine-month periods ended March 31, 2024 and 2025, respectively, primarily driven by higher local business taxes, which grew concomitant with the increase in the Group's revenues .

Repairs and maintenance expenses are higher by ₱2.6 million from ₱20.6 million to ₱23.2 million for the nine-month periods ended March 31, 2024 and 2025, respectively. The increase was primarily due to facility refurbishments and corrective maintenance activities carried out during the SY 2024–2025 on building systems and infrastructure, and equipment across various campuses.

Advertising and promotions expenses rose by ₱9.5 million from ₱10.6 million to ₱20.1 million for the nine-month periods ended March 31, 2024 and 2025, respectively, as online advertisements and promotions were intensified before the start of SY 2024-2025.

Insurance expense is higher by ₱2.0 million from ₱12.5 million to ₱14.5 million for the nine-month periods ended March 31, 2024 and 2025, respectively. Similarly, office and housekeeping supplies increased by ₱3.4 million, from ₱5.4 million to ₱8.8 million. The increase was primarily attributed to the completion of the new school building at STI Ortigas-Cainta, and classroom expansion projects across several schools owned and operated by STI ESG. The additional spaces necessitated higher spending on cleaning and maintenance supplies to ensure operational efficiency and upkeep.

Association dues increased by ₱5.0 million from ₱2.4 million to ₱7.4 million for the nine-month periods ended March 31, 2024 and 2025, respectively, substantially representing dues paid by STI ESG for its investment properties.

Software, licenses and related maintenance costs declined by ₱1.0 million from ₱2.9 million for the nine-month period ended March 31, 2024 to ₱1.9 million for the nine-month period ended March 31, 2025. The decrease was primarily due to the nonrenewal of support and maintenance contract for the computerized accounting system currently being used by the Group which was implemented way back 2013. STI ESG is undertaking the implementation of a new financial system aimed at streamlining financial processes and enhancing operational efficiency over the long term.

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 student population requiring greater operational resources and services across various expense categories.

The Group generated an operating income of ₱1,509.1 million for the nine-month period ended March 31, 2025, a 52% increase from the ₱991.0 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 nine-month period ended March 31, 2025, compared to 38% for the nine-month period ended March

31, 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 ₱24.3 million, from ₱204.0 million to ₱179.7 million for the nine-month period ended March 31, 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. These reductions were partially offset by the increase in the interest rates 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. 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. Interest expense also reflects 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 income decreased from ₱29.8 million for the nine-month period ended March 31, 2024 to ₱22.0 million for the nine-month period ended March 31, 2025 as STI ESG and its subsidiaries utilized available funds to support the ongoing capital projects and meet financing obligations.

Equity in net earnings of associates and joint venture amounted to ₱16.7 million for the nine-month period ended March 31, 2025, compared to ₱13.0 million for the nine-month period ended March 31, 2024 reflecting improved results of operations of certain associates of STI ESG.

The Group recognized recovery of accounts written-off amounting to ₱6.6 million for the nine-month period ended March 31, 2025 compared to ₱3.9 million for the same period last year.

The Group recognized realized loss on foreign exchange amounting to ₱5.7 million for the nine-month period ended March 31, 2025 as STI ESG converted substantially all its dollar money market placements to local currency and redeemed its dollar time deposit placements in August 2024. For the same period last year, the Group recognized unrealized foreign exchange gain of ₱9.1 million. The Group also recognized realized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱1.4 million for the nine-month period ended March 31, 2024.

In September 2023, STI ESG fully paid the outstanding balance on its Corporate Notes Facility with China Bank 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 unaudited interim condensed consolidated statement of comprehensive income for the nine-month period ended March 31, 2024.

Fair value gain on equity instruments at FVPL amounting to ₱1.6 million was recognized for the nine-month period ended March 31, 2025, compared to fair value loss amounting to ₱1.1 million for the nine-month period ended March 31, 2024, representing adjustments in the market value of STI ESG’s quoted equity shares.

The Group also recognized other income aggregating to ₱1.2 million, net of other expenses, for the nine-month period ended March 31, 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 dollar short term investment as at March 31, 2025. The “Gain on the termination of lease” is recognized as part of "Other income (expense)" in the Group’s unaudited interim condensed consolidated statement of income for the nine-month period ended March 31, 2025. Other income is presented net of bond maintenance fees amounting to ₱0.4 million and ₱0.8 million for the nine-month periods ended March 31, 2025 and 2024, respectively.

The Group recognized “Provision for income tax” amounting to ₱142.8 million and ₱79.0 million for the nine-month periods ended March 31, 2025 and 2024, respectively, representing taxes due on STI ESG’s and some of its subsidiaries’ taxable income.

STI ESG reported a net income of ₱1,337.9 million for the nine-month period ended March 31, 2025, a remarkable increase from same period last year’s net income of ₱856.8 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 33% to 40% year-on-year.

STI ESG recognized remeasurement gain, net of taxes, amounted to ₱27.6 million for the nine-month period ended March 31, 2025 compared to remeasurement gain of ₱24.2 million for the nine-month period ended March 31, 2024, attributed to increase 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 ₱0.4 million for the nine-month period ended March 31, 2025, compared to ₱2.3 million for the nine-month period ended March 31, 2024. The decrease represents fair value adjustments in the market price of quoted equity shares held by STI ESG.

Total comprehensive income for the nine-month period ended March 31, 2025 amounted to ₱1,365.0 million compared to total comprehensive income of ₱883.2 million for the nine-month period ended March 31, 2024.

EBITDA is up from ₱1,385.5 million for the nine-month period ended March 31, 2024 to ₱1,914.0 million for the nine-month period ended March 31, 2025. EBITDA margin is 58% for the nine-month period ended March 31, 2025, compared to 53% 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 ₱1,296.5 million for the

nine-month period ended March 31, 2025 compared to core income for the same period last year of ₱831.1 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, receivables from students and franchisees and advances to subsidiaries, associates and joint venture with credit terms of thirty (30) to one hundred and eighty (180) days.

As at March 31, 2025 and June 30, 2024, the Group's current assets amounted to ₱2,589.1 million and ₱1,793.3 million, respectively, while current liabilities amounted to ₱2,352.2 million and ₱1,428.5 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱924.1 million and ₱93.0 million as at March 31, 2025 and June 30, 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 nine-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 March 31, 2025 and June 30, 2024, 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 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 December 31, 2024 and June 30, 2024 are 3.01:1.00 and 2.39:1.00, respectively. ICRs, as defined in the bond trust agreement, as at December 31, 2024 and June 30, 2024 are 11.97:1.00 and 9.37:1.00, respectively. STI ESG has been compliant with the financial covenants imposed under the loan and bond trust agreements.

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. 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.

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 bank, 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 December 31, 2024 and June 30, 2024, 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 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. 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. The Bonds carry coupon rates of 5.8085% and 6.3756% 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 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). STI ESG redeemed in full its series 7-year bonds in March 2024.
- 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 the execution of mutually acceptable definitive agreements, the fulfillment of the conditions precedent, the 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 it 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 likewise 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 Novaliches entered into an Asset Purchase Agreement with PSBA for the acquisition by STI Novaliches 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 the 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 Novaliches and PSBA shall execute Deeds of Assignment for the sale and purchase of the School Related Assets. In January 2025, STI Novaliches became a subsidiary of STI Holdings.

As at May 16, 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. The management services commenced 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.

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 non-teaching 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; and (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% 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 May 16, 2025, STI Holdings has yet to receive the reply of PSBA.