

COVER SHEET

SEC Registration Number

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s	t	i	t	u	t	i	o	n)	a	n	d	S	U	B	S	I	D	I	A	R	I	E	S			

(Company's Full Name)

S	T	I	A	c	a	d	e	m	i	c	C	e	n	t	e	r	O	r	t	i	g	a	s	-	C	a	
i	n	t	a	,	O	r	t	i	g	a	s	A	v	e	n	u	e	E	x	t	e	n	s	i	o	n	
,	C	a	i	n	t	a	,	R	i	z	a	l															

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

ARSENIO C. CABRERA JR.

Contact Person

(6	3	2)	8	8	1	3	7	1	1	1
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Company Telephone Number

0	6	3	0
Month	Day	Month	Day
Fiscal Year			

SEC FORM 17-Q For the Nine Months Ended 31 March 2026
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FORM TYPE

1st Thursday of November

Month Day
Annual Meeting

N/A

Secondary License Type, If Applicable

M	S	R	D
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Dept. Requiring this Doc.

N/A

Amended Article Number/Section

				6	3
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Total No. of Stockholders

Total Amount of Borrowings

₱820 million Series 10-year bonds
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Domestic

N/A

Foreign

To be accomplished by SEC Personnel concerned

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File Number

LCU

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Document ID

Cashier

STAMPS

SECURITIES AND EXCHANGE COMMISSION

SEC FORM 17-Q

**QUARTERLY REPORT PURSUANT TO SECTION 17 OF THE SECURITIES
REGULATION CODE AND SRC RULE 17(2)(b) THEREUNDER**

- | | | |
|-----|---|---|
| 1. | For the nine months ended | March 31, 2026 |
| 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 [<input checked="" type="checkbox"/>] |

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

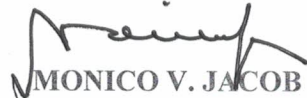
SIGNATURE PAGE

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:

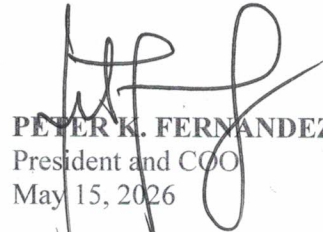
Signature and Title



MONICO V. JACOB
Vice Chairman and CEO
May 15, 2026

Date

Signature and Title



PETER K. FERNANDEZ
President and COO
May 15, 2026

Date

Signature and Title



YOLANDA M. BAUTISTA
Treasurer
May 15, 2026

Date

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

**INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF FINANCIAL POSITION**

	March 31, 2026	June 30, 2025
	(Unaudited)	(Audited)
ASSETS		
Current Assets		
Cash and cash equivalents (Note 5)	₱1,774,092,164	₱1,594,569,687
Receivables (Note 6)	1,084,971,690	433,059,389
Inventories (Note 7)	158,460,329	163,797,810
Prepaid expenses and other current assets (Note 8)	106,766,520	94,209,952
Equity instruments at fair value through profit or loss (FVPL) (Note 9)	104,078,012	11,501,000
Total Current Assets	3,228,368,715	2,297,137,838
Noncurrent Assets		
Property and equipment (Note 10)	8,419,214,054	8,050,298,699
Investment properties (Note 11)	655,362,099	674,448,089
Investments in and advances to associates and joint venture (Note 12)	26,919,918	433,257,841
Equity instruments at fair value through other comprehensive income (FVOCI) (Note 13)	79,724,815	78,079,631
Deferred tax assets - net	56,080,746	40,102,095
Goodwill, intangible and other noncurrent assets (Note 14)	802,479,602	697,297,605
Total Noncurrent Assets	10,039,781,234	9,973,483,960
TOTAL ASSETS	₱13,268,149,949	₱12,270,621,798
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and other current liabilities (Note 15)	₱584,356,039	₱770,354,255
Current portion of interest-bearing loans and borrowings (Note 16)	341,843,371	580,267,162
Bonds payable (Note 17)	818,087,528	–
Unearned tuition and other school fees	852,371,786	162,975,778
Current portion of lease liabilities	57,456,107	64,327,479
Income tax payable	62,138,094	34,074,415
Total Current Liabilities	2,716,252,925	1,611,999,089
Noncurrent Liabilities		
Interest-bearing loans and borrowings - net of current portion (Note 16)	683,784,592	1,146,065,668
Bonds payable (Note 17)	–	816,706,013
Lease liabilities - net of current portion	158,436,503	244,554,579
Pension liabilities - net	54,847,445	30,839,983
Other noncurrent liabilities (Note 18)	36,065,430	29,596,669
Total Noncurrent Liabilities	933,133,970	2,267,762,912
Total Liabilities <i>(Carried Forward)</i>	3,649,386,895	3,879,762,001

	March 31, 2026	June 30, 2025
	(Unaudited)	(Audited)
Total Liabilities (<i>Brought Forward</i>)	₱3,649,386,895	₱3,879,762,001
Equity Attributable to Equity Holders of the Parent Company		
(Note 19)		
Capital stock	3,087,829,443	3,087,829,443
Deposit on stock subscription	-	-
Additional paid-in capital	386,916,479	386,916,479
Treasury stock	(10,833,137)	(10,833,137)
Cumulative actuarial gain	60,730,289	75,196,684
Unrealized fair value adjustment on equity instruments at FVOCI (Note 13)	18,938,505	17,293,321
Other equity reserve	(46,104,556)	(46,104,556)
Share in associates':		
Cumulative actuarial gain	130,673	130,673
Unrealized fair value loss on equity instruments at FVOCI (Note 12)	(40,274)	(37,993)
Retained earnings	6,115,916,395	4,875,254,140
Total Equity Attributable to Equity Holders of the Parent Company	9,613,483,817	8,385,645,054
Equity Attributable to Non-controlling Interests	5,279,237	5,214,743
Total Equity	9,618,763,054	8,390,859,797
TOTAL LIABILITIES AND EQUITY	₱13,268,149,949	₱12,270,621,798

See accompanying notes to the unaudited interim condensed consolidated financial statements.

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

INTERIM CONDENSED CONSOLIDATED
STATEMENTS OF COMPREHENSIVE INCOME

	Nine months ended March 31		Three months ended March 31	
	2026	2025	2026	2025
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
REVENUES (Note 20)				
Sale of services:				
Tuition and other school fees	₱2,937,345,477	₱2,934,446,235	₱19,950,961	₱1,094,685,342
Educational services	190,242,694	173,597,986	83,025,295	74,105,303
Royalty fees	17,838,757	17,092,008	6,672,303	6,063,624
Others	86,831,886	87,665,029	32,753,368	34,595,472
Sale of goods -				
Sale of educational materials and supplies	69,926,030	97,785,689	14,432,698	16,824,703
	3,302,184,844	3,310,586,947	1,056,834,625	1,226,274,444
COSTS AND EXPENSES				
Cost of educational services (Note 21)	790,593,328	739,771,368	244,040,449	232,077,997
Cost of educational materials and supplies sold (Note 22)	52,636,574	77,269,952	10,108,431	12,727,220
General and administrative expenses (Note 23)	1,016,149,261	984,478,533	316,200,906	301,949,636
	1,859,379,163	1,801,519,853	570,349,786	546,754,853
INCOME BEFORE OTHER INCOME (EXPENSES) AND INCOME TAX	1,442,805,681	1,509,067,094	486,484,839	679,519,591
OTHER INCOME (EXPENSES)				
Gains on:				
Disposals of interest in an associate (Note 12)	200,508,336	24,568,097	-	21,406,889
Sale of property and equipment	11,988	-	-	-
Interest expense (Notes 16 and 17)	(140,544,407)	(179,729,201)	(41,004,095)	(59,931,693)
Rental income	83,115,033	81,704,426	33,316,506	26,195,713
Interest income (Notes 5 and 6)	42,493,275	22,028,287	9,194,134	7,922,190
Fair value gain (loss) on equity instruments at FVPL (Note 9)	32,407,350	1,627,500	(2,092,555)	651,000
Equity in net earnings of associates and joint venture (Note 12)	5,846,553	16,735,559	424,244	4,375,439
Recovery of accounts written off (Note 6)	5,833,066	6,554,623	1,877,979	1,652,403
Dividend income (Notes 9 and 13)	3,872,956	2,840,588	3,546,061	156,493
Foreign exchange gain (loss) - net	138,027	(5,743,067)	92,202	(11,674)
Other income (expenses) - net (Notes 4 and 10)	13,590,345	1,121,796	(257,342)	(145,010)
	247,272,522	(28,291,392)	5,097,134	2,271,750
INCOME BEFORE INCOME TAX <i>(Carried Forward)</i>	1,690,078,203	1,480,775,702	491,581,973	681,791,341

	Nine months ended March 31		Three months ended March 31	
	2026 (Unaudited)	2025 (Unaudited)	2026 (Unaudited)	2025 (Unaudited)
INCOME BEFORE INCOME TAX <i>(Brought Forward)</i>	₱1,690,078,203	₱1,480,775,702	₱491,581,973	₱681,791,341
PROVISION FOR (BENEFIT FROM) INCOME TAX				
Current	155,535,011	163,299,710	70,636,424	78,137,550
Deferred	(14,371,274)	(20,465,137)	(24,196,673)	(12,637,680)
	141,163,737	142,834,573	46,439,751	65,499,870
NET INCOME	1,548,914,466	1,337,941,129	445,142,222	616,291,471
OTHER COMPREHENSIVE INCOME (LOSS)				
Items not to be reclassified to profit or loss in subsequent years:				
Remeasurement gain (loss) on pension liabilities	(16,073,772)	30,614,312	–	(135,513)
Tax effect on remeasurement loss (gain) on pension liabilities	1,607,377	(3,061,432)	–	13,552
Unrealized fair value adjustment on equity instruments at FVOCI (Note 13)	1,645,184	(421,760)	1,325,120	(94,208)
Share in associate's unrealized fair value adjustment on equity instruments at FVOCI (Note 12)	(2,281)	(7,255)	–	(5,255)
OTHER COMPREHENSIVE INCOME (LOSS), NET OF TAX	(12,823,492)	27,123,865	1,325,120	(221,424)
TOTAL COMPREHENSIVE INCOME	₱1,536,090,974	₱1,365,064,994	₱446,467,342	₱616,070,047
Net Income Attributable To				
Equity holders of the Parent Company	₱1,548,849,972	₱1,337,884,130	₱445,139,895	₱616,234,803
Non-controlling interests	64,494	56,999	2,327	56,668
	₱1,548,914,466	₱1,337,941,129	₱445,142,222	₱616,291,471
Total Comprehensive Income Attributable To				
Equity holders of the Parent Company	₱1,536,026,480	₱1,365,007,995	₱446,465,015	₱616,013,379
Non-controlling interests	64,494	56,999	2,327	56,668
	₱1,536,090,974	₱1,365,064,994	₱446,467,342	₱616,070,047
Basic/Diluted Earnings Per Share on Net Income Attributable to Equity Holders of the Parent Company (Note 25)	₱0.50	₱0.43	₱0.14	₱0.20

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, 2026 AND 2025

	Capital Stock (Note 19)	Additional Paid-in Capital	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, 2025	₱3,087,89,443	₱386,916,479	(₱10,833,137)	₱75,196,684	₱17,293,321	(₱46,104,556)	₱130,673	(₱37,993)	₱4,875,254,140	₱8,385,645,054	₱5,214,743	₱8,390,859,797
Net income	–	–	–	–	–	–	–	–	1,548,849,972	1,548,849,972	64,494	1,548,914,466
Other comprehensive income (loss)	–	–	–	(14,466,395)	1,645,184	–	–	(2,281)	–	(12,823,492)	–	(12,823,492)
Total comprehensive income (loss)	–	–	–	(14,466,395)	1,645,184	–	–	(2,281)	1,548,849,972	1,536,026,480	64,494	1,536,090,974
Dividends declaration	–	–	–	–	–	–	–	–	(308,187,717)	(308,187,717)	–	(308,187,717)
Balance at March 31, 2026	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱60,730,289	₱18,938,505	(₱46,104,556)	₱130,673	(₱40,274)	₱6,115,916,395	₱9,613,483,817	₱5,279,237	₱9,618,763,054
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 (loss)	–	–	–	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 noncontrolling interest	–	–	–	–	–	–	–	–	–	–	8,000,000	8,000,000
Balance at March 31, 2025	₱3,087,829,443	₱386,916,479	(₱10,833,137)	₱64,259,903	₱19,819,159	(₱46,104,556)	₱298,698	(₱41,834)	₱4,400,281,933	₱7,902,426,088	₱5,044,671	₱7,907,470,759

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	
	2026	2025
	(Unaudited)	(Unaudited)
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	₱1,690,078,203	₱1,480,775,702
Adjustments to reconcile income before income tax to net cash flows:		
Depreciation and amortization (Notes 10, 11,14, 21 and 23)	432,164,390	380,220,928
Gains on:		
Disposals of interest in an associate (Note 12)	(200,508,336)	(24,568,097)
Sale of property and equipment (Note 10)	(11,988)	–
Interest expenses (Notes 16, 17, and 27)	140,544,407	179,729,201
Provisions for:		
Expected credit loss (ECL) (Notes 6 and 23)	75,085,378	94,750,605
Inventory obsolescence (Notes 7 and 23)	165,413	–
Interest income (Notes 5 and 6)	(42,493,275)	(22,028,287)
Fair value gain on equity instruments at FVPL (Note 9)	(32,407,350)	(1,627,500)
Movements in pension	7,933,690	10,335,816
Equity in net earnings of associates and joint venture (Note 12)	(5,846,553)	(16,735,559)
Dividend income (Notes 9 and 13)	(3,872,956)	(2,840,588)
Unrealized foreign exchange (gain) loss - net	(138,027)	71,672
Effect of deconsolidation of a subsidiary	–	799,811
Decrease (increase) in:		
Receivables	(299,627,828)	(33,088,303)
Inventories	5,172,068	(28,950,768)
Prepaid expenses and other current assets	(29,687,314)	(35,199,336)
Increase (decrease) in:		
Accounts payable and other current liabilities	(181,144,104)	32,727,404
Unearned tuition and other school fees	253,811,755	216,431,752
Other noncurrent liabilities	6,468,761	(1,345,389)
Net cash generated from operations	1,815,686,334	2,229,459,064
Interest received	38,623,823	20,701,077
Income tax paid	(110,340,586)	(93,114,640)
Net cash provided by operating activities	1,743,969,571	2,157,045,501
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Property and equipment (Notes 10 and 29)	(609,104,926)	(519,084,572)
Investment properties (Note 11)	(1,222,308)	(3,384,046)
Proceeds from:		
Disposals of interest in an associate - net (Note 12)	548,862,000	88,000,000
Sale of property and equipment	12,000	–
Payments for other noncurrent assets (Note 14)	(273,566,832)	(394,292,867)
Dividend received (Notes 9 and 13)	7,531,825	24,325,068
Cash taken out upon deconsolidation of a subsidiary	–	(148,385,940)
Net cash used in investing activities	(327,488,241)	(952,822,357)

(Forward)

	2026	2025
	(Unaudited)	(Unaudited)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from:		
Long-term loans – net of issuance cost	–	198,500,000
Payments of:		
Long-term loans (Note 16)	(704,444,445)	(562,222,222)
Interests	(158,632,902)	(202,445,657)
Lease liabilities	(65,831,890)	(68,502,896)
Dividends	(308,187,643)	(460,305,384)
Net cash used in financing activities	(1,237,096,880)	(1,094,976,159)
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS		
	138,027	(71,672)
NET INCREASE IN CASH AND CASH EQUIVALENTS	179,522,477	109,175,313
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	1,594,569,687	1,191,716,845
CASH AND CASH EQUIVALENTS AT END OF PERIOD (Note 5)	₱1,774,092,164	₱1,300,892,158

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, 2026 and June 30, 2025, the subsidiaries of the Parent Company, which are all incorporated in the Philippines, are as follows:

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

^(a) A subsidiary through a management contract

^(b) As at May 15, 2026, the following wholly owned subsidiaries of the Parent Company—STI Iloilo, STI Pagadian, STI Tuguegarao, and NPIM are nonoperating entities. In view of their continued nonoperating status, these entities will undergo eventual dissolution or shortening of the corporate life, subject to compliance with applicable regulatory requirements.

^(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 15, 2026.

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

^(e) CHI became a wholly owned subsidiary as at June 30, 2024 (see Note 14).

STI ESG is 98.66%-owned by STI Education Systems Holdings, Inc. (STI Holdings) which is the ultimate parent company of the Group. STI Holdings is a company incorporated in the Philippines and is listed in the Philippine Stock Exchange (PSE).

The Parent Company has investments in several entities which own and operate STI schools. STI schools may be operated either by: (a) the Parent Company; (b) its subsidiaries; or (c) independent entrepreneurs (referred to as “franchisees”) under the terms of licensing agreements with the Parent Company. Other features of the licensing agreements are as follows:

- Exclusive right to use proprietary marks and information including but not limited to courseware programs, operational manuals, methods, standards, systems, that are used exclusively in the STI network of schools;
- Continuing programs for faculty and personnel development, including evaluation and audit of pertinent staff;
- Development and adoption of the enrollment and registration system;
- Assistance on matters pertaining to financial and accounting procedures, faculty recruitment and selection, marketing and promotion, record keeping and others.

b. Merger with several majority and wholly-owned subsidiaries

On December 9, 2010, STI ESG’s stockholders approved the following mergers:

- Phase 1: The merger of three (3) majority owned schools and fourteen (14) wholly-owned schools with STI ESG, with STI ESG as the surviving entity. The Phase 1 merger was approved by the Commission on Higher Education (CHED) and the SEC on March 15, 2011 and May 6, 2011, respectively.
- Phase 2: The merger of one (1) majority owned school and eight (8) wholly-owned pre-operating schools with STI ESG, with STI ESG as the surviving entity. The Phase 2 merger was approved by the CHED and the SEC on July 18, 2011 and August 31, 2011, respectively.
- Phase 3: On August 30, 2017, the SEC approved the application for merger of STI College Taft, Inc. (STI Taft) and STI College Dagupan, Inc. (STI Dagupan) with STI ESG as the surviving entity.

On September 25, 2013, STI ESG’s Board of Directors (BOD) approved an amendment to the Phases 1 and 2 mergers whereby STI ESG would issue shares at par value, to the stockholders of the non-controlling interests. In 2014, STI ESG issued 1.9 million additional shares at par value to the stockholders of one of the merged schools. As at May 15, 2026, the amendment is still pending approval by the SEC.

STI ESG also requested for confirmatory ruling on the tax-free mergers covered by Phases 1 and 3, from the Bureau of Internal Revenue (BIR). As a response to the request made for the Phases 1 and 3 mergers, the BIR informed STI ESG through letters dated November 25, 2022 and September 28, 2022, respectively, that Section 40 C.2 of the Tax Code, as amended by Republic Act (RA) No. 11534 or the Corporate Recovery and Tax Incentives for Enterprises (CREATE) Act, now mandates that for purposes of availing the tax exemption, prior BIR confirmatory ruling is no longer required. In this regard, the Parent Company applied for the issuance of the Certificates Authorizing Registration (CARs) 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 15, 2026, the Parent Company has not received the CARs from the BIR.

As at March 31, 2026, STI ESG’s network of operating schools totals 63 schools with 37 owned schools and 26 franchised schools comprising 60 colleges and 3 education centers.

The establishment, operation, administration and management of schools are subject to the existing laws, rules and regulations, policies, and standards of DepEd, TESDA and CHED pursuant to Batas Pambansa Bilang 232, otherwise known as the “Education Act of 1982,” RA No. 7796, otherwise known as the “TESDA Act of 1994,” and RA No. 7722, otherwise known as the “Higher Education Act of 1994,” respectively.

2. Basis of Preparation and Material 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 Philippine Accounting Standards (PAS) and Philippine Interpretations based on equivalent interpretations from the International Financial Reporting Interpretations Committee (IFRIC) adopted by the Philippine Financial and Sustainability Reporting Standards Council (FSRSC).

Changes in Accounting Policies and Disclosures

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards effective July 1, 2025. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective. The adoption of these new standards and amendments did not have any significant impact on the unaudited interim condensed consolidated financial statements except otherwise stated.

- *Amendments to PAS 21, Lack of exchangeability*

The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking.

Standards Issued but not yet Effective

Pronouncements issued but not yet effective as at July 1, 2025 are listed below. Unless otherwise indicated, the Group does not expect that the future adoption of the said pronouncements will have a significant impact on its unaudited interim condensed consolidated financial statements. The Group intends to adopt the following pronouncements when they become effective.

Effective for fiscal year 2027

- *Amendments to Illustrative Examples on PFRS 7, PFRS 18, PAS 1, PAS 8, PAS 26 and PAS 37, Disclosures about Uncertainties in the Financial Statements*
- *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 for fiscal year 2028

- *PFRS 17, Insurance Contracts*
- *PFRS 18, Presentation and Disclosure in Financial Statements*
- *PFRS 19, Subsidiaries without Public Accountability*
- *Amendments to PAS 21, Translation to a Hyperinflationary Presentation Currency*

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, 2026 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 consolidated financial statements of the Group when these amendments are adopted.

3. Seasonality of Operations

The Group's business is linked to the academic cycle which spans one academic year. The academic cycle for SY 2024-2025 began in mid-August 2024 and ended in June 2025. For School Year (SY) 2025-2026, the academic year started in late July 2025 with all levels concluding in June 2026. Classes for SY 2024-2025 were conducted entirely on a face-to-face basis, while classes for SY 2025-2026 were conducted predominantly on a face-to-face basis.

During the latter part of SY 2025-2026, the Group temporarily adopted a hybrid learning modality across the STI network, whereby classes were conducted through a combination of face-to-face and online delivery. The shift to a hybrid learning modality was implemented in consideration of the prevailing external conditions, particularly the elevated transportation costs, with the objective of maintaining continuity in academic delivery for the remaining academic term.

In preparation for end-of-term activities, including the SHS expo, culminating events, and graduation ceremonies, full face-to-face classes for high school students across the STI network resumed effective May 11, 2026. SHS students were advised to attend classes in accordance with their regular schedules. Classes for the tertiary segment will continue to be on a hybrid learning modality for majority of the schools within the Group until the end of SY 2025-2026, with six (6) schools opting to revert to full face-to-face classes.

The Group's performance obligations arising from tuition and other school fees are satisfied over time, as students simultaneously receive and consume the benefits provided by the Group through its educational services. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) during which the educational services are rendered. Accordingly, the revenue distribution across quarters may vary depending on the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

4. Segment Information

For management purposes, the Group is organized into business units based on the geographical location of the students and assets, and has five reportable segments as follows:

- a. Metro Manila
- b. Northern Luzon
- c. Southern Luzon
- d. Visayas
- e. Mindanao

Management monitors the operating results of its business segments separately for the purpose of making decisions 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 a consolidated basis, the Group's performance is evaluated based on consolidated net income and EBITDA. EBITDA is defined as earnings before depreciation and amortization, provision for income tax, interest expense, interest income, fair value gain on equity instruments at FVPL, equity in net earnings of associates and joint venture, loss (gain) on foreign exchange differences, and nonrecurring gains such as gain on disposals of interest in an associate, and gain on termination of lease. Depreciation and interest expense for purposes of this computation exclude amounts related to ROU assets and lease liabilities, respectively.

The following table shows the reconciliation of the consolidated net income to consolidated EBITDA:

	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)
Consolidated net income	₱1,548,914,466	₱1,337,941,129
Depreciation and amortization ¹	383,675,218	330,875,063
Gain on disposals of interest in an associate	(200,508,336)	(24,568,097)
Provision for income tax	141,163,737	142,834,573
Interest expense ¹	126,039,791	163,111,516
Interest income	(42,493,275)	(22,028,287)
Fair value gain on equity instruments at FVPL	(32,407,350)	(1,627,500)
Gain on termination of lease ²	(14,049,479)	(1,575,650)
Equity in net earnings of associates and joint venture	(5,846,553)	(16,735,559)
Foreign exchange loss (gain) – net	(138,027)	5,743,067
Consolidated EBITDA	₱1,904,350,192	₱1,913,970,255

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 months ended March 31, 2026 and 2025:

	For the nine months ended March 31, 2026 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenues	₱1,786,999,744	₱263,349,479	₱1,101,698,704	₱43,518,077	₱106,618,840	₱3,302,184,844
Results						
Income before other income (expenses) and income tax	694,491,645	119,284,453	575,101,517	11,642,002	42,286,064	1,442,805,681
Equity in net earnings of associates and joint venture	5,846,553	–	–	–	–	5,846,553
Interest expense	(131,536,468)	(2,780,348)	(3,771,980)	(797,404)	(1,658,207)	(140,544,407)
Interest income	37,877,007	26,960	4,577,347	5,306	6,655	42,493,275
Other income ^(a)	321,711,642	274,141	17,003,546	106,504	381,268	339,477,101
Provision for income tax	(130,956,674)	(1,965,425)	(8,241,638)	–	–	(141,163,737)
Net Income	₱797,433,705	₱114,839,781	₱584,668,792	₱10,956,408	₱41,015,780	₱1,548,914,466
EBITDA						₱1,904,350,192

	For the nine months ended March 31, 2025 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Revenues						
External revenues	₱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	18,478,974	18,332	3,522,983	4,219	3,779	22,028,287
Other income ^(a)	106,707,325	1,920,488	3,640,382	81,147	324,621	112,673,963
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	₱1,337,941,129
EBITDA						₱1,913,970,255

^(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, 2026 and June 30, 2025.

	As at March 31, 2026 (Unaudited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱9,640,279,124	₱756,161,288	₱2,298,909,648	₱86,689,966	₱166,480,069	₱12,948,520,095
Goodwill (see Note 14)	236,629,190	–	–	–	–	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	26,919,918	–	–	–	–	26,919,918
Deferred tax assets – net	36,772,431	3,109,792	14,218,846	252,350	1,727,327	56,080,746
Total Assets	₱9,940,600,663	₱759,271,080	₱2,313,128,494	₱86,942,316	₱168,207,396	₱13,268,149,949
Segment liabilities^(b)	689,904,436	₱121,918,651	₱646,727,366	₱ 19,780,373	₱56,600,523	₱1,534,931,349
Interest-bearing loans and borrowings (see Note 16)	1,025,627,963	–	–	–	–	1,025,627,963
Bonds payable (see Note 17)	818,087,528	–	–	–	–	818,087,528
Pension liabilities	27,007,301	5,380,213	18,699,866	316,199	3,443,866	54,847,445
Lease liabilities	98,833,690	30,164,561	47,571,281	14,047,683	25,275,395	215,892,610
Total Liabilities	₱2,659,460,918	₱157,463,425	₱712,998,513	₱34,144,255	₱85,319,784	₱3,649,386,895
Other Segment Information						
Capital expenditures for property and equipment						₱809,235,088
Depreciation and amortization ^(c)						383,675,217
Noncash expenses other than depreciation and amortization						83,184,481

	As at June 30, 2025 (Audited)					
	Metro Manila	Northern Luzon	Southern Luzon	Visayas	Mindanao	Consolidated
Assets and Liabilities						
Segment assets ^(a)	₱8,553,138,927	₱705,773,459	₱2,097,123,917	₱71,214,485	₱133,381,884	₱11,560,632,672
Goodwill (see Note 14)	236,629,190	–	–	–	–	236,629,190
Investments in and advances to associates and joint venture (see Note 12)	433,257,841	–	–	–	–	433,257,841
Deferred tax assets - net	19,820,054	2,873,776	15,428,588	252,350	1,727,327	40,102,095
Total Assets	₱9,242,846,012	₱708,647,235	₱2,112,552,505	₱71,466,835	₱135,109,211	₱12,270,621,798
Segment liabilities^(b)	₱450,943,400	₱78,183,632	₱425,501,855	₱9,963,584	₱32,408,646	₱997,001,117
Interest-bearing loans and borrowings (see Note 16)	1,726,332,830	–	–	–	–	1,726,332,830
Bonds payable (see Note 17)	816,706,013	–	–	–	–	816,706,013
Pension liabilities	5,696,568	4,837,257	16,913,459	254,795	3,137,904	30,839,983
Lease liabilities	116,746,594	40,005,514	106,275,671	11,185,930	34,668,349	308,882,058
Total Liabilities	₱3,116,425,405	₱123,026,403	₱548,690,985	₱21,404,309	₱70,214,899	₱3,879,762,001
Other Segment Information						
Capital expenditures for property and equipment						₱796,971,910
Depreciation and amortization ^(c)						454,594,557
Noncash expenses other than depreciation and amortization						70,217,823

^(a) Segment assets exclude goodwill, investments in and advances to associates and joint venture and net deferred tax assets.

^(b) Segment liabilities exclude interest-bearing loans and borrowings, bonds payable, pension liabilities and lease liabilities.

^(c) Depreciation and amortization exclude those related to ROU assets.

5. Cash and Cash Equivalents

This account consists of:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Cash on hand and in banks	₱790,327,516	₱786,908,551
Cash equivalents	983,764,648	807,661,136
	₱1,774,092,164	₱1,594,569,687

Cash in banks earn interest at their respective deposit rates. Cash equivalents are short-term investments, placed for varying periods of up to three months, depending on the immediate cash requirements of the Group, and earn interest at their respective short-term investment rates.

Interest earned from cash in banks and cash equivalents amounted to ₱28.1 million and ₱16.4 million for the nine months ended March 31, 2026 and 2025, respectively.

6. Receivables

This account consists of:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Tuition and other school fees	₱1,110,882,721	₱386,262,179
Educational services and sale of educational materials and supplies (see Note 24)	105,169,951	135,262,240
Rent, utilities, and other related receivables	45,322,091	32,085,758
Receivables from officers and employees (see Note 24)	25,519,683	14,021,874
Interest receivables (see Note 5)	8,207,213	4,337,761
Others	21,631,330	17,765,499
	1,316,732,989	589,735,311
Less allowance for expected credit losses (ECL)	231,761,299	156,675,922
	₱1,084,971,690	₱433,059,389

The terms and conditions of the receivables are as follows:

- a. Tuition and other school fees include receivables from students, DepEd, CHED, and Development Bank of the Philippines (DBP), see Note 26.

These receivables are non-interest-bearing. Receivables from students are normally collected on or before the date of major examinations while receivables from DepEd, CHED, and DBP are expected to be collected in full within the school year.

Recovery of accounts pertaining to tuition and other school fees which were previously written off amounted to ₱5.8 million and ₱6.6 million for the nine months ended March 31, 2026 and 2025, respectively. These amounts are reported in the "Other income (expenses)" section in the unaudited interim condensed consolidated statements of comprehensive income.

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

This account also includes outstanding receivables from Philippine School of Business Administration (PSBA Manila) and Philippine School of Business Administration Inc. — Quezon City (PSBA Quezon City), collectively referred to as “PSBA”, in the total amount of ₱54.4 million and ₱31.6 million as at March 31, 2026 and June 30, 2025, respectively.

On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG provided management services starting July 1, 2024 for PSBA Quezon City and starting August 1, 2024 for PSBA Manila. The management services would be for a period of three years counting from the management commencement date (see Note 30).

Interest earned from past due accounts amounted to ₱14.4 million and ₱5.6 million for the nine months ended March 31, 2026 and 2025, respectively.

- c. Rent, utilities, and other related receivables are expected to be collected within the fiscal year.
- d. Receivables from officers and employees substantially represent advances for official business expenses which are necessary and reasonable to carry out the operations of the Group. These advances are normally liquidated within one month from the date the advances are obtained (see Note 24).
- e. Interest receivables represent accrued interest income on the Group’s short-term investments, typically maturing within three months, and earning interest at prevailing market rates (see Note 5).
- f. Others mainly include receivables from former vendors and employees of STI ESG aggregating to ₱4.7 million and ₱4.6 million, respectively, as at March 31, 2026 and June 30, 2025. This also includes receivables from Social Security System amounting to ₱9.8 million and ₱8.0 million as at March 31, 2026 and June 30, 2025, respectively. Also included in this account are receivables from the retirement trustee bank of STI ESG amounting to ₱4.4 million and ₱1.9 million, representing retirement benefits advanced by STI ESG to its former employees as at March 31, 2026 and June 30, 2025, respectively. These receivables are expected to be collected within the fiscal year.

7. Inventories

This account consists of:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
At cost:		
Educational materials:		
Uniforms	₱122,148,122	₱129,972,473
Textbooks and other education-related materials	6,990,010	7,093,070
	129,138,132	137,065,543
Promotional materials:		
Proware materials	19,786,592	18,503,327
Marketing materials	1,786,635	1,197,512
	21,573,227	19,700,839
School materials and supplies	7,748,970	7,031,428
	₱158,460,329	₱163,797,810

Inventories recognized as obsolete, substantially composed of old tertiary uniforms and textbooks, are fully provided with allowance for inventory obsolescence. Accordingly, the carrying value of these inventories at net realizable value is nil as at March 31, 2026 and June 30, 2025. Allowance for inventory obsolescence amounted to ₱25.6 million and ₱25.4 million as at March 31, 2026 and June 30, 2025, respectively. Provision for inventory obsolescence resulting from the excess of cost over the net realizable value of obsolete inventories recognized for the nine months ended March 31, 2026 and 2025 amounted to ₱0.2 million and nil, respectively.

Inventories charged to cost of educational materials and supplies sold amounted to ₱52.6 million and ₱77.3 million for the nine months ended March 31, 2026 and 2025, respectively (see Note 22).

8. Prepaid Expenses and Other Current Assets

This account consists of:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Input VAT – net	₱44,253,431	₱44,540,845
Prepaid taxes	30,130,863	18,739,737
Prepaid subscriptions and licenses	14,357,519	20,244,199
Prepaid insurance	9,725,967	1,121,965
Advances to suppliers	4,937,215	7,694,690
Prepaid rent	868,916	–
Infrastructure and software maintenance	158,241	329,932
Others	2,334,368	1,538,584
	₱106,766,520	₱94,209,952

Net input VAT represents the remaining balance after application against output VAT and is recoverable in future periods. The balance of this account is primarily attributed to input VAT recognized on the purchase of goods and services.

Prepaid taxes primarily consist of prepayments for local business taxes. The balance as at March 31, 2026 mainly relates to local business taxes covering calendar year 2026, while the balance as at June

30, 2025 mainly relates to local business taxes covering calendar year 2025. These prepayments are recognized as expense over the applicable period.

Prepaid subscriptions and licenses represent advance payments for software licenses and subscription-based services. As at June 30, 2026, the balance substantially relates to Microsoft licenses and eLearning Management System (eLMS) subscriptions paid in advance for SY 2025–2026. As at March 31, 2026, the balance mainly relates to cybersecurity, computer-aided design (CAD), and Adobe-related subscriptions and licenses. These subscriptions are normally renewed annually and are recognized as expense in accordance with the terms of the respective agreements.

Prepaid insurance consists of various insurance coverages, including life and accident insurance, health insurance coverage for employees, comprehensive general liability, fire insurance on buildings (including equipment and furniture), and fidelity, money, security, and payroll insurance. The balance as at March 31, 2026, primarily relates to health insurance coverage for employees and fire insurance coverage on buildings (including equipment and furniture), while the balance as at June 30, 2025 primarily relates to life and accident insurance and comprehensive general liability. These insurance premiums are normally renewed annually and are recognized as expense over the respective period of the coverage.

Advances to suppliers primarily relate to prepayments for the procurement of uniforms and other school materials and supplies, and repair and maintenance works across schools in the Group. The balance as at June 30, 2025 included prepayments for commencement activities for SY2024-2025.

Prepaid rent as at March 31, 2026 pertains to advance rentals for leased spaces covering the month of April 2026.

Prepaid infrastructure and software maintenance includes the unexpired portion of the annual support and maintenance of the Group's payroll system. The balance as at June 30, 2025 also includes firewall and web application subscriptions. These costs are recognized as expense over their respective periods of coverage, which is normally within one year from the effective dates of the respective agreements.

Other prepaid expenses mainly pertain to advance payments for social media marketing services.

9. Equity Instruments at Fair Value through Profit or Loss (FVPL)

Equity instruments at FVPL represent the Group's investment in quoted equity shares of RL Commercial REIT, Inc. (RCR) held for trading and the remaining equity interest of STI ESG in STI Holdings aggregating to ₱104.1 million and ₱11.5 million as at March 31, 2026 and June 30, 2025, respectively.

STI ESG acquired 1,550,000 quoted equity shares of RCR at ₱6.45 per share or an aggregate amount of ₱10.0 million in 2021. As at March 31, 2026 and June 30, 2025, these shares had carrying values of ₱10.3 million and ₱11.5 million, respectively. STI ESG recognized fair value loss on equity instruments at FVPL amounting to ₱1.2 million and a fair value gain of ₱1.6 million for the nine months ended March 31, 2026 and 2025, respectively.

STI ESG recognized dividend income from RCR amounting to ₱0.5 million each for the nine months ended March 31, 2026 and 2025.

As at March 31, 2026 and December 31, 2025, STI ESG holds 66.5 million quoted equity shares of STI Holdings, with a fair value of ₱1.41 per share or an aggregate amount of ₱93.8 million. This represents ownership interest of 0.67%. Following the significant reduction of STI ESG's investment in STI Holdings, the Group discontinued the use of the equity method of accounting. The remaining ownership interest was remeasured at fair value and reclassified as "Equity Instruments at FVPL". The difference between the fair value and the carrying amount upon remeasurement was recognized as fair value gain on equity instruments at FVPL amounting to ₱33.6 million for the nine months ended March 31, 2026 (see Note 12).

10. Property and Equipment

The rollforward analyses of this account are as follows:

	March 31, 2026 (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	₱2,845,485,683	₱4,481,083,328	₱130,043,353	₱50,136,898	₱10,538,816	₱10,663,134	₱50,953,927	₱9,252,052	₱25,396,717	₱196,758,073	₱98,294,562	₱134,212,038	₱7,480,118	₱8,050,298,699
Additions	301,484,551	108,995,148	43,076,521	9,380,742	21,078,347	8,874,991	34,634,723	718,599	12,185,998	267,583,160	—	12,344,705	562,370	820,919,855
Reclassifications	—	62,980,235	1,480,000.00	—	1,538,194	—	—	—	—	(65,998,429)	—	—	—	—
Lease termination	—	—	—	—	—	—	—	—	—	—	(41,337,847)	—	(55,458)	(41,393,305)
Depreciation and amortization (see Notes 21 and 23)	—	(272,277,847)	(31,723,904)	(11,278,584)	(5,393,456)	(5,539,681)	(28,327,972)	(1,949,732)	(5,630,847)	—	(4,960,683)	(39,592,471)	(3,936,018)	(410,611,195)
Balance at end of period	₱3,146,970,234	₱4,380,780,864	₱142,875,970	₱48,239,056	₱27,761,901	₱13,998,444	₱57,260,678	₱8,020,919	₱31,951,868	₱398,342,804	₱51,996,032	₱106,964,272	₱4,051,012	₱8,419,214,054
At March 31, 2026														
Cost	₱3,146,970,234	₱7,305,902,277	₱871,975,288	₱338,817,428	₱234,606,288	₱27,507,324	₱493,183,496	₱137,211,688	₱44,866,993	₱398,342,804	₱90,090,306	₱299,553,239	₱46,553,667	13,435,581,032
Accumulated depreciation and amortization	—	(2,925,121,413)	(729,099,318)	(290,578,372)	(206,844,387)	(13,508,880)	(435,922,818)	(129,190,769)	(12,915,125)	—	(38,094,274)	(192,588,967)	(42,502,655)	(5,016,366,978)
Net book value	₱3,146,970,234	₱4,380,780,864	₱142,875,970	₱48,239,056	₱27,761,901	₱13,998,444	₱57,260,678	₱8,020,919	₱31,951,868	₱398,342,804	₱51,996,032	₱106,964,272	₱4,051,012	₱8,419,214,054
	June 30, 2025 (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	₱2,492,031,676	₱4,358,612,598	₱91,355,509	₱27,851,333	₱13,461,185	₱3,382,861	₱56,417,937	₱9,916,121	₱9,244,638	₱236,931,831	₱106,374,068	₱134,466,916	₱8,598,899	₱7,548,645,572
Additions	213,310,625	254,650,651	68,795,604	34,708,717	5,285,007	9,491,817	30,849,566	1,844,057	6,464,848	171,571,018	—	64,058,375	6,157,143	867,187,428
Reclassifications	—	194,484,977	1,598,320	—	—	—	—	—	15,661,479	(211,744,776)	—	—	—	—
Reclassification from investment properties (see Note 11)	140,143,382	—	—	—	—	—	—	—	—	—	—	—	—	140,143,382
Lease termination	—	—	—	—	—	—	—	—	—	—	—	(13,888,769)	—	(13,888,769)
Depreciation and amortization	—	(326,664,898)	(31,706,080)	(12,423,152)	(8,207,376)	(2,211,544)	(36,313,576)	(2,508,126)	(5,974,248)	—	(8,079,506)	(50,424,484)	(7,275,924)	(491,788,914)
Balance at end of period	₱2,845,485,683	₱4,481,083,328	₱130,043,353	₱50,136,898	₱10,538,816	₱10,663,134	₱50,953,927	₱9,252,052	₱25,396,717	₱196,758,073	₱98,294,562	₱134,212,038	₱7,480,118	₱8,050,298,699
At June 30, 2025														
Cost	₱2,845,485,683	₱7,128,609,662	₱829,209,562	₱329,619,321	₱218,587,139	₱18,632,333	₱459,137,040	₱135,212,929	₱32,680,993	₱196,758,073	₱148,107,223	₱308,951,079	₱56,517,543	₱12,707,508,580
Accumulated depreciation and amortization	—	(2,647,526,334)	(699,166,209)	(279,482,423)	(208,048,323)	(7,969,199)	(408,183,113)	(125,960,877)	(7,284,276)	—	(49,812,661)	(174,739,041)	(49,037,425)	(4,657,209,881)
Net book value	₱2,845,485,683	₱4,481,083,328	₱130,043,353	₱50,136,898	₱10,538,816	₱10,663,134	₱50,953,927	₱9,252,052	₱25,396,717	₱196,758,073	₱98,294,562	₱134,212,038	₱7,480,118	₱8,050,298,699

The cost of fully depreciated property and equipment still used by the Group amounted to ₱1,142.5 million and ₱1,105.4 million as at March 31, 2026 and June 30, 2025, respectively. There is no idle property and equipment as at March 31, 2026 and June 30, 2025.

Additions

Land acquisition. In October 2025, STI ESG and BDO Unibank, Inc. – Trust and Investments Group, in its capacity as trustee of the trust fund for the benefit of the planholders of Philplans First, Inc. – Education, executed a Deed of Absolute Sale covering a parcel of land located at Barrio Real, Calamba City, Laguna, with a total land area of 6,237 square meters. The property was acquired by STI ESG for a total purchase price of ₱261.9 million plus VAT of ₱31.4 million. STI ESG also settled the documentary stamp tax and transfer fees related to this acquisition aggregating to ₱8.1 million. In April 2026, STI ESG settled the transfer fees amounting to ₱1.3 million to the Registry of Deeds — Calamba City, Laguna in relation to the transfer of the certificate of title of this property. This is the site where the existing STI Academic Center Calamba is located.

Building Improvements. The Group has also carried out exterior resealing and repainting of buildings across several schools within the STI ESG network. These projects have an aggregate cost of ₱110.3 million, covering all costs of materials, labor, and incidental expenses. The projects were all completed as at March 31, 2026.

Property and Equipment under Construction

School Buildings. The Group continued to invest in the expansion of its educational infrastructure in areas where building capacity utilization is nearing its maximum, with total construction-in-progress amounting to ₱398.3 million and ₱196.8 million as at March 31, 2026 and June 30, 2025, respectively, primarily related to the costs incurred for the construction of STI Academic Center Tanauan, and the new school buildings at STI Fairview and STI Batangas. The construction-in-progress account as at March 31, 2026 includes the related costs incurred for the construction of STI Academic Center Meycauayan and STI Academic Center Alabang. The costs related to these ongoing projects will be recognized as “Property and equipment” upon completion.

The construction of STI Academic Center Tanauan is currently underway, with a total project cost of approximately ₱604.2 million. This amount covers costs for materials, labor, overhead, equipment and furniture, and other expenses necessary to complete the project. The eight-storey building, which will include a service deck, is designed to house up to 7,000 students and is situated on a 10,000-square-meter property at President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas. This project is expected to be completed within SY 2026-2027.

In addition, the construction-in-progress account includes the costs related to new school buildings for STI Fairview and STI Batangas. Construction of 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 in June 2026.

The new STI Academic Center Meycauayan project has a total cost of approximately ₱731.7 million, inclusive of materials, labor and overhead, equipment and furniture, and all other costs necessary for the completion of the project. The eight-storey building, which will include a service deck, will rise on a 2,459-square-meter property located at Barrio Saluysoy, Meycauayan, Bulacan. This building is expected to accommodate up to 7,500 students and is expected to be completed in time for the second term of SY2026-2027.

The new STI Academic Center Alabang project has a total cost of approximately ₱997.6 million, inclusive of materials, labor and overhead costs, equipment and furniture, and all other costs necessary for the completion of the project. The eight-storey building, which will include a service deck, will rise on a 3,266-square-meter property located at South Park District, Alabang, Muntinlupa City. This building is expected to accommodate up to 10,000 students and is expected to be completed in time for SY2027-2028.

Solar Power Projects. The solar projects at STI Calamba, STI Lipa, STI Lucena, and STI San Jose del Monte with a combined capacity of 553 kilowatts and a total project cost of ₱20.5 million, are expected to be completed by the end of May 2026. These solar projects are expected to generate significant energy savings for the respective campuses while contributing to the Group's sustainability initiatives.

Classroom Expansion Project. The Group's classroom expansion project at STI Lucena, with a total project cost of ₱15.1 million, was over 90% completed as at March 31, 2026. The balance of the construction works is expected to be completed by end of June 2026. These additional classrooms can accommodate approximately 435 students.

Capitalized Borrowing Costs. Total borrowing costs capitalized as part of property and equipment amounted to ₱2.8 million and nil for the nine months ended March 31, 2026 and 2025, respectively. The average interest capitalization rate for the nine months ended March 31, 2026 was 7.01%, which was the effective rate of the borrowing.

Collaterals

Transportation equipment, recognized as ROU assets, are pledged as security for the related lease liabilities as at March 31, 2026 and June 30, 2025. The net book value of this equipment amounted to ₱4.1 million and ₱7.5 million as at March 31, 2026 and June 30, 2025, respectively.

11. Investment Properties

The rollforward analyses of this account are as follows:

	March 31, 2026 (Unaudited)		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of period	₱251,924,101	₱784,817,822	₱1,036,741,923
Additions	–	1,222,308	1,222,308
Balance at end of period	251,924,101	786,040,130	1,037,964,231
Accumulated Depreciation:			
Balance at beginning of period	–	₱362,293,834	₱362,293,834
Depreciation (see Note 23)	–	20,308,298	20,308,298
Balance at end of period	–	382,602,132	382,602,132
Net book value	₱251,924,101	₱403,437,998	₱655,362,099

	June 30, 2025 (Audited)		
	Land	Condominium Units	Total
Cost:			
Balance at beginning of period	₱392,067,483	₱780,307,090	₱1,172,374,573
Additions	–	4,510,732	4,510,732
Reclassification from property and equipment	(140,143,382)	–	(140,143,382)
Balance at end of period	251,924,101	784,817,822	1,036,741,923

	June 30, 2025 (Audited)		
	Land	Condominium Units	Total
Accumulated Depreciation:			
Balance at beginning of period	–	335,601,702	335,601,702
Depreciation (see Note 23)	–	26,692,132	26,692,132
Balance at end of period	–	362,293,834	362,293,834
Net book value	₱251,924,101	₱422,523,988	₱674,448,089

Additions during the nine months ended March 31, 2026, represent capital expenditures incurred for the electrical and ventilation works in one of STI ESG’s investment properties amounting to ₱1.2 million.

As at March 31, 2026 and June 30, 2025, investment properties primarily include certain parcels of land and condominium units of the Group. These parcels of land are located in various areas and are primarily held for capital appreciation and rental purposes, while the condominium units are held for office or commercial lease. These properties are not utilized by the Group in the conduct of its operations.

12. Investments in and Advances to Associates and Joint Venture

The details and movements of this account are as follows:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Investments		
Acquisition costs	₱482,071,993	₱549,760,826
Disposals	(364,233,610)	(67,688,833)
Reclassification	(66,326,904)	–
Balance at end of period	51,511,479	482,071,993
Accumulated equity in net losses:		
Balance at beginning of period	(47,265,749)	(52,098,533)
Disposals	15,686,321	4,272,368
Reclassification	6,121,728	–
Equity in net earnings of associates and joint venture	5,846,553	22,044,896
Dividends	(3,658,869)	(21,484,480)
Balance at end of period	(23,270,016)	(47,265,749)
Accumulated share in associates’ other comprehensive income:		
Balance at beginning of period	101,937	264,119
Disposals	193,625	9,257
Reclassification	35,514	–
Unrealized fair value adjustment on equity instruments designated at FVOCI	(2,281)	(3,414)
Remeasurement loss on pension liability	–	(168,025)
Balance at end of period	328,795	101,937
	28,570,258	434,908,181
Less allowance for impairment loss	1,650,340	1,650,340
	26,919,918	433,257,841
Advances (see Note 24)	48,134,540	48,134,540
Less allowance for impairment loss	48,134,540	48,134,540
	–	–
	₱26,919,918	₱433,257,841

There was no movement in the allowance for impairment in value of investments in and advances to associates and joint ventures for the periods ended March 31, 2026 and June 30, 2025. The carrying values of the Group's investments in and advances to associates and joint venture are as follows:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Associates (see Note 24):		
STI Holdings	₱—	₱408,539,619
STI Accent ¹	48,134,540	48,134,540
GROW	24,663,234	22,457,345
Joint venture - PHEI	3,907,024	3,911,217
	76,704,798	483,042,721
Allowance for impairment loss	(49,784,880)	(49,784,880)
	₱26,919,918	₱433,257,841

¹ The share in equity of STI Accent for the nine months ended March 31, 2026 and year ended June 30, 2025 is not material to the consolidated financial statements of the Group.

On various dates during the fiscal year ended June 30, 2025, STI ESG sold an aggregate of 68.0 million shares of STI Holdings for a total consideration of ₱88.0 million, reducing its shareholding to 432.4 million shares. These disposals of STI ESG's shares in STI Holdings resulted in total gain of ₱24.6 million which was recognized in the consolidated statement of comprehensive income for the year ended June 30, 2025 as 'Gain on disposals of interest in an associate'. As a result, STI ESG's ownership interest in STI Holdings decreased from 5.05% as at June 30, 2024 to 4.37% as at June 30, 2025.

In August 2025, STI ESG sold additional STI Holdings shares aggregating to 185.0 million shares for a total consideration of ₱277.5 million. This further reduced STI ESG's shareholding to 247.4 million shares, decreasing STI ESG's ownership interest in STI Holdings from 4.37% to 2.50%. In December 2025, STI ESG sold STI Holdings shares aggregating to 180.9 million shares for a total consideration of ₱271.4 million, further reducing its shareholding to 66.5 million shares. These disposals of STI ESG's equity interest in STI Holdings resulted in a total gain of ₱200.5 million, reflected as "Gain on disposals of interest in an associate" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the nine months ended March 31, 2026. STI ESG's ownership interest in STI Holdings further decreased from 2.50% to 0.67% as at March 31, 2026.

Following the significant reduction in the investment of STI ESG in STI Holdings, STI ESG reclassified the remaining balance of its investment in STI Holdings at a remeasured valuation based on its fair value as at March 31, 2026 (see Note 9).

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

This account consists of:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Quoted equity shares	₱13,525,200	₱11,880,016
Unquoted equity shares	66,199,615	66,199,615
	₱79,724,815	₱78,079,631

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), in its name and one (1) share in the name of its nominee. The carrying value of the investment in DLSMC amounted to ₱35.1 million as at March 31, 2026 and June 30, 2025.

STI ESG recognized dividend income from unquoted equity shares at FVOCI amounting to ₱1.6 million and ₱0.9 million for the nine months ended March 31, 2026 and 2025, respectively.

STI ESG owns 5.0 million common shares at ₱1.0 per share or ₱5.0 million representing 6.25% equity interest in Philippine School of Business Administration-Manila, Inc. (formerly STI College Novaliches, Inc.), as at March 31, 2026 and June 30, 2025.

On June 9, 2025, STI ESG advised CHED that STI ESG, Philippine School of Business Administration - Manila, Inc., and STI Holdings executed a Deed of Assignment to transfer certain identified assets and liabilities of Philippine School of Business Administration - Manila, Inc. to STI ESG. In the same letter, STI ESG requested CHED for the issuance of a Certificate of Confirmation in favor of STI ESG on the transfer of permits, recognitions or status of entitlements from Philippine School of Business Administration - Manila, Inc. The assets acquired by STI ESG consist of, but are not limited to the permits and licenses issued by CHED, DepED and TESDA in favor of Philippine School of Business Administration - Manila, Inc. With the acquisition of the assets of Philippine School of Business Administration - Manila, Inc., STI ESG has continued to offer the existing programs at its Novaliches, Quezon City campus. The site operates as a branch of STI ESG and has continued to carry its established name “STI Novaliches.” As at May 15, 2026, the request for issuance of a Certificate of Confirmation in favor of STI ESG is still pending review by CHED.

14. Goodwill, Intangible and Other Noncurrent Assets

This account consists of:

	March 31, 2026	June 30, 2025
	(Unaudited)	(Audited)
Advances to suppliers	₱451,917,233	₱345,042,564
Goodwill	236,629,190	236,629,190
Deposits for purchase of shares	60,484,800	60,484,800
Intangible assets	28,054,015	29,298,912
Rental and utility deposits	24,254,887	23,246,120
Others	1,139,477	2,596,019
	₱802,479,602	₱697,297,605

Advances to Suppliers

As at March 31, 2026 and June 30, 2025, advances to suppliers primarily represent payments made in advance for the (1) design and construction of STI Academic Center Alabang, (2) design and

construction of STI Academic Center Tanauan, and (3) design and set-up of the new enrollment system. The balance as at March 31, 2026 also includes advance payments for the construction of the STI Academic Center Meycauayan. The related costs for these projects, except for the enrollment system, will be recognized under “Property and Equipment” as construction progresses, or when the goods are received, or services are rendered.

The enrollment system is currently in the pilot testing phase, with a phased rollout to begin within SY2026-2027. The deployment will occur in stages across the STI ESG network. The related costs for this project will be recognized as “Intangible assets” upon completion of the project.

Goodwill

As at March 31, 2026 and June 30, 2025, the Group’s goodwill arising from business combinations have been allocated to certain schools which are considered as separate cash-generating units (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 months ended March 31, 2026 and 2025.

Deposit for Purchase of Shares

On June 20, 2024, STI ESG and Total Consolidated Asset Management, Inc. (TCAMI) executed a Share Purchase Agreement (SPA) for STI ESG’s acquisition of 190.0 million common shares with par value of ₱1.0 per share, representing 100.0% of the total issued and outstanding capital stock (Subject Shares) of TCAMI’s wholly-owned subsidiary, Phosphene Holdings, Inc. (PHI), for ₱403.2 million. A 15.0% deposit, equivalent to ₱60.5 million, was paid on the effective date of the SPA. The remaining balance of ₱342.7 million would be due on the third (3rd) anniversary of the SPA’s effective date, together with the transfer of the shares, or at an earlier date mutually agreed upon by STI ESG and TCAMI.

The agreement granted STI ESG the right to cancel the purchase of the Subject Shares at any time within the three-year period. Should STI ESG opt to cancel, TCAMI shall refund the deposit within thirty (30) days from receipt of the written notice of cancellation. The transfer of the shares would take place on the third anniversary of the SPA’s effective date or at an earlier date mutually agreed upon by STI ESG and TCAMI.

PHI owns a 25,202-square-meter parcel of land located at President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas which is adjacent to the property owned by CHI. CHI is the registered owner of a 10,000-square-meter parcel of land located on President Jose P. Laurel Highway, Barangay Darasa, Tanauan City, Batangas which is the site of the on-going construction of STI Academic Center Tanauan. CHI is 100% owned by STI ESG (see note 1).

Intangible Assets

Intangible assets substantially pertain to the license to operate a maritime school which the Group identified as intangible assets for purposes of estimating the fair value of the net assets acquired. Such intangible assets with indefinite useful life representing the fair value of the license and agreements amounted to ₱27.6 million as at March 31, 2026 and June 30, 2025.

This account also includes the Group’s amortized costs of its accounting and payroll software as at March 31, 2026 and June 30, 2025. The roll forward analyses of this account follow:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Cost, net of accumulated amortization:		
Balance at beginning of year	₱29,298,912	₱31,192,337
Amortization	(1,244,897)	(1,893,425)
Balance at end of year	₱28,054,015	₱29,298,912
Cost	₱73,095,036	₱73,095,036
Accumulated amortization	(45,041,021)	(43,796,124)
Net carrying amount	₱28,054,015	₱29,298,912

Rental and Utility Deposits

This account includes security deposits paid to utility companies and for school and office space rentals in accordance with the respective lease agreements.

15. Accounts Payable and Other Current Liabilities

This account consists of:

	March 31, 2026	June 30, 2025
	(Unaudited)	(Audited)
Accounts payable	₱273,557,478	₱401,197,167
Accrued expenses:		
Contracted services	47,448,514	47,789,507
School activities, programs and other related expenses	45,862,548	65,338,927
Salaries, wages and benefits	25,620,023	43,714,247
Utilities	20,813,823	14,971,195
Advertising and promotion	8,187,243	5,369,064
Interest Expense	3,648,291	38,606,956
Insurance	1,038,288	2,533,309
Rent	228,108	203,108
Others	452,782	339,764
Unclaimed excess payments	40,308,629	41,383,909
Network events fund	40,304,557	30,440,006
Statutory payables	27,394,632	26,301,736
Dividends payable	19,976,805	19,976,731
Student organization fund	15,624,006	20,970,989
Current portion of refundable deposits	8,584,837	5,993,506
Current portion of advance rent	2,902,438	2,737,695
Others	2,403,036	2,486,439
	₱584,356,039	₱770,354,255

The terms and conditions of the liabilities are as follows:

- a. Accounts payable are noninterest-bearing and are normally settled within a 30 to 60-day term (see Note 24).

As at June 30, 2025, this account included the remaining balance of ₱102.1 million for the acquisition of a parcel of land in Alabang, Muntinlupa City. This amount was settled in full on its due date on February 2, 2026.

- 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 amounts paid by students in excess of the amount due, primarily arising from sponsorship arrangements, subsequent adjustments, or approved scholarships. These amounts are recognized as a liability and will remain as such until the necessary documentation to initiate the refund process is received. The refund is expected to be settled within the fiscal year.
- d. Statutory payables primarily include taxes and other payables to government agencies which are generally settled on or before the respective due dates, typically within 5 to 30 days following the end of the taxable month or quarter, in accordance with government regulations.

- e. Dividends payable pertains to dividends declared in prior years which are unclaimed as at the reporting date and are due on demand.
- f. Refundable deposits pertain to security deposits received from existing lease agreements which are expected to be refunded within the fiscal year.
- g. Advance rent pertains to amount received by the Group which will be earned and applied 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, 2026 (Unaudited)	June 30, 2025 (Audited)
Term loans ^(a)	₱1,025,627,963	₱1,726,332,830
Less current portion	341,843,371	580,267,162
Noncurrent portion	₱683,784,592	₱1,146,065,668

^(a)Net of unamortized debt issuance costs of ₱7.7 million and ₱11.4 million as at March 31, 2026 and June 30, 2025, respectively.

Term Loan Agreement with Bank of the Philippine Islands (BPI)

On March 7, 2024, STI ESG and BPI entered into a five-year term loan agreement for a credit facility of up to ₱1,000.0 million. The credit facility is unsecured and was originally available and ending on the earliest of (i) December 31, 2024 (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement. The proceeds of this loan could be used to (i) partially refinance STI ESG's bonds due in March 2024 (ii) finance the campus expansion projects, and (iii) and for other general corporate requirements.

On March 18, 2024, STI ESG availed a ₱500.0 million loan from this facility at an interest rate of 8.4211% per annum. The proceeds from this loan were used to partially finance the 7-year bonds which were redeemed in full upon maturity on March 23, 2024.

Principal repayments are made in ten (10) equal installments based on a semi-annual amortization schedule which commenced six (6) months from the date of initial borrowing until the maturity date. Each such installment is being paid by STI ESG on a repayment date occurring semi-annually from the date of initial borrowing until the maturity date. Interest and principal payment for the succeeding borrowings are to be adjusted to coincide with that of the initial borrowing.

STI ESG has elected to fix the interest on each drawdown on semi-annual basis equivalent to higher of (i) the base rate-floating plus margin; and (ii) the applicable Bangko Sentral ng Pilipinas (BSP) Target Reverse Repurchase Rate (TRRP) plus margin, payable and repriced semi-annually. Base Rate means the PHP Bloomberg Valuation (BVAL) or PHP BVAL Reference Rates (or in the event of its elimination or discontinuance, its replacement as may be determined by the Bankers' Association of the Philippines (BAP) or BSP, as displayed on Bloomberg (or such applicable platform) at approximately 5:00 PM on the relevant Interest Rate Setting Date or Interest Rate Repricing Date. BSP TRRP means the monetary policy interest rate of the BSP as published daily in the BSP website. On May 10, 2024, BPI agreed to STI ESG's request to amend the Term Loan Agreement with respect to the basis of floating interest rate at each drawdown equivalent to the higher of (i) the base rate-floating plus margin; and (ii) the applicable BSP TRRP plus 50 basis points, payable and repriced semi-annually. The amendment to the Term Loan Agreement was executed on May 17, 2024. The amendment provides that the basis of the floating interest rate will take effect on the next drawdown or on the next repricing

date, whichever comes first.

Interest Period commences on the date of the Borrowing and has a duration of six (6) months with each six (6)-month period thereafter commencing upon the expiry of the immediately preceding Interest Period; provided that, in case of multiple Borrowings, for each Borrowing subsequent to the initial Borrowing, the first Interest Period for that subsequent Borrowing shall commence on the date of such Borrowing and shall end on the last day of the current Interest Period for the initial Borrowing as established above in order to synchronize the interest periods of all Borrowings. Interest Rate Setting Date means, two (2) Business Days prior to each Borrowing Date or, if that is not a Business Day, on the immediately preceding Business Day. Interest Rate Repricing Date shall mean two (2) Business Days prior to each semi-annual date coinciding with the Interest Payment Date.

STI ESG has the option to prepay the loan, wholly or partially, at any time during the term of the loan. Each partial prepayment shall be in integral multiples of ₱10.0 million. The amount payable in respect of any prepayment of the loan shall comprise of (i) any accrued interest on the principal amount of the loan to be prepaid; and (ii) the principal amount of the Loan to be prepaid; and (iii) prepayment penalty equivalent to 1% of the amount prepaid if the prepayment is done on any date other than the Interest Rate Setting Date.

The embedded floating interest rate and prepayment option on the loan drawdowns with BPI was assessed as clearly and closely related to the loan, thus, not for bifurcation.

On December 4, 2024, STI ESG availed an additional ₱200.0 million loan from this facility at an interest rate of 7.8201% per annum. The proceeds from this loan were used to settle the downpayment for the construction of STI Academic Center Alabang. STI ESG capitalized the related loan transaction costs amounting to ₱2.8 million as at March 31, 2026 (see Note 10).

Interest rate for the outstanding loans under this Term Loan Facility with BPI was repriced effective March 18, 2025 and September 18, 2024 at the rates of 7.4395% per annum and 7.8735% per annum, respectively. Subsequently, interest rate for the Term Loan Facility with BPI was repriced effective September 18, 2025 and March 18, 2026 at the rates of 7.0588% per annum and 6.6607% per annum, respectively.

These outstanding loans are unsecured and are due based on the following schedule as at March 31, 2026:

Fiscal Year	Amount
2026	₱-
2027	144,444,444
2028	144,444,444
2029	144,444,445
	₱433,333,333

The breakdown of STI ESG's Term Loan with BPI is as follows:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Balance at beginning of period	₱577,777,778	₱500,000,000
Proceeds	-	200,000,000
Payments	(144,444,445)	(122,222,222)
Balance at end of period	433,333,333	577,777,778
Deferred finance cost	(3,260,469)	(4,086,412)
Balance at end of period	430,072,864	573,691,366
Less current portion	143,344,193	143,344,193
Balance classified as noncurrent	₱286,728,671	₱430,347,173

In January 2025, STI ESG and BPI executed the second amendment to STI ESG’s Term Loan Agreement with BPI extending its availability period. Following the amendment, the availability period was extended to conclude on the earliest of (i) June 30, 2025, (ii) the date the total facility is fully drawn by STI ESG, and (iii) the date the total facility is terminated or cancelled in accordance with the terms of the Term Loan Agreement.

STI ESG settled the principal payments due under STI ESG’s Term Loan facility with BPI amounting to ₱72.2 million each on March 18, 2025 and September 18, 2025. In addition, on March 18, 2026, STI ESG settled principal payments aggregating to ₱72.2 million under the same facility.

In July 2025, STI ESG and BPI executed the third amendment to STI ESG’s Term Loan Agreement with BPI further extending its availability period. Following the amendment, the availability period was further extended to conclude on the earliest of (i) December 31, 2025, (ii) the date the total facility was fully drawn by STI ESG, and (iii) the date the total facility was terminated or cancelled in accordance with the terms of the Term Loan Agreement.

As at May 15, 2026, BPI and STI ESG are finalizing the terms of a new medium term loan facility amounting to ₱500.0 million. This covers the unavailed portion of the original term loan facility amounting to ₱300.0 million plus an additional facility of ₱200.0 million, with a one-year availability period commencing on the signing date of the agreement.

Financial Covenants. The Agreement prescribes that the following financial covenants shall be observed and computed annually based on STI ESG’s audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio not exceeding 2.50:1.00, computed by dividing Total Debt over total Equity of STI ESG
2. Debt Service Cover Ratio (DSCR) of at least 1.05x, which is the ratio between (a) the EBITDA based on the latest Financial Statements, and (b) Debt Service.

The term “Total Debt” means the aggregate (as of the relevant date for calculation) of all interest-bearing indebtedness of STI ESG, and the term “Equity” means the sum of capital stock (common and preferred stocks), additional paid-in capital, deposit for future subscriptions, retained earnings (appropriated and unappropriated) and shareholders’ advances that are intended to be infused as capital stock, as shown in the applicable financial statements of STI ESG, provided that preferred stocks shall only be considered as part of capital stock if the said preferred stocks do not earn interest.

Debt Service means the principal amortizations, interest payments and financing fees and charges falling due in 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, based on its audited consolidated financial statements as at June 30, 2025, as defined in the Term Loan Agreement with BPI, are as follows:

Total liabilities ^(a)	₱2,543,038,843
Total equity	8,390,859,797
Debt-to-equity ratio	0.30:1.00

^(a) Including only all interest-bearing Indebtedness

EBITDA (see Note 4) ^(b)	₱2,589,109,533
Total interest-bearing liabilities ^(c)	762,528,616
Debt service cover ratio	3.40:1.00

^(b) EBITDA for the last twelve months

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

As at March 31, 2026 and June 30, 2025, STI ESG is in compliance with the BPI loan covenants.

Term Loan Agreement with Metropolitan Bank & Trust Company (Metrobank)

On March 8, 2024, STI ESG and Metrobank entered into an unsecured five-year term loan agreement of up to ₱2,000.0 million. The credit facility was originally available up to December 31, 2024. The proceeds of this loan could be used to (i) partially refinance STI ESG's bonds due in March 2024 (ii) finance the campus expansion projects, and (iii) for other general corporate requirements.

Principal repayments are made in equal or nearly equal ten (10) consecutive installments based on a semi-annual amortization schedule which commenced 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 installment is being paid by STI ESG on a repayment date occurring semi-annually from the date of borrowing or initial borrowing, until the maturity date. In case there is more than one (1) borrowing, the repayment date is to be adjusted to coincide with the interest payment date occurring in the same calendar month.

STI ESG has elected to fix the interest on each drawdown on semi-annual basis based on the higher of the aggregate of the six (6)-month reference rate plus 1.50% per annum, and the aggregate of the BSP TRRP Rate plus 0.50% per annum. Reference rate is defined as the relevant tenor of the Bloomberg Valuation (BVAL) 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 with each semi-annual period thereafter commencing upon the expiry of the immediately preceding interest period, provided, that the first interest period with respect to a borrowing subsequent to the initial borrowing shall commence on the date of such subsequent borrowing and shall end on the last day of the current interest period of the initial borrowing within which such subsequent borrowing was made to synchronize all subsequent interest periods. Interest Rate Setting Date is the business day immediately preceding the date of borrowing and each semi-annual period occurring after such business day but coinciding with the interest payment date.

On March 18, 2024, STI ESG made a drawdown amounting to ₱1,000.0 million subject to an interest rate of 7.8503% per annum. Interest rate for this outstanding loan with Metrobank was repriced at the rates of 6.7583% per annum and 7.0517% per annum effective March 18, 2026 and September 18, 2025, respectively, compared to 7.8135% per annum and 7.4213% per annum effective September 18, 2024 and March 18, 2025, respectively. The proceeds of this loan were used to partially finance the full redemption of the 7-year bonds on March 23, 2024.

STI ESG may, at its option, prepay the loan in part or in full, together with accrued interest thereon. Each partial prepayment shall be in whole multiples of ₱10.0 million. Each prepayment shall be made on an interest payment date, otherwise prepayment shall be subject to a prepayment penalty of 1.0% of the amount prepaid.

The embedded floating interest rate and prepayment option on the loan drawdown with Metrobank was assessed as clearly and closely related to the loan, thus, not for bifurcation.

These outstanding loans are unsecured and are due based on the following schedule as at March 31, 2026:

<u>Fiscal Year</u>	<u>Amount</u>
2026	₱-
2027	200,000,000
2028	200,000,000
2029	200,000,000
	<u>₱600,000,000</u>

The breakdown of STI ESG’s Term Loan with Metrobank is as follows:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Balance at beginning of period	₱800,000,000	₱1,000,000,000
Payments	(200,000,000)	(200,000,000)
Balance at end of period	600,000,000	800,000,000
Deferred finance cost	(4,444,901)	(5,571,546)
Balance at end of period	595,555,099	794,428,454
Less current portion	198,499,178	198,499,178
Balance classified as noncurrent	₱397,055,921	₱595,929,276

On September 18, 2024 and March 18, 2025, STI ESG settled principal payments aggregating to ₱200.0 million under its Term Loan facility with Metrobank. In addition, on September 18, 2025, STI ESG made a principal payment amounting to ₱100.0 million under the same facility.

In January 2025, STI ESG and Metrobank executed an amendment to STI ESG’s Term Loan Facility agreement with Metrobank, introducing the following changes:

- The availability period of the Term Loan Facility was extended from December 31, 2024, to June 30, 2025.
- The Debt-to-Equity Ratio covenant was adjusted from 1.50:1.00 to 2.50:1.00.
- The maturity date of the loan shall be five (5) years from the date of each borrowing.

In July 2025, the availability period of the Term Loan Agreement with Metrobank has been further extended from June 30, 2025 to December 31, 2025. All other provisions of the Term Loan Agreement with Metrobank continue to be in full force and effect.

Following the expiration of the availability period of the previous Term Loan Agreement on December 31, 2025, STI ESG entered into a new unsecured five-year term loan agreement with Metrobank on February 26, 2026, for an aggregate principal amount of up to ₱2,000.0 million. The credit facility is available for drawdown until December 31, 2026. Proceeds from the new term loan may be used to finance campus expansion projects, property and/or school acquisitions, and other general corporate purposes. The new term loan likewise provides for an interest rate based on the higher of the relevant six-month BVAL Curve rate plus a spread of 1.50% per annum, or (ii) the BSP ORRP Rate plus a spread of 0.50% per annum. The loan is repayable in ten (10) equal or nearly equal semi-annual installments commencing six (6) months from the date of initial drawdown, with the final installment due on the applicable maturity date. Each borrowing matures five (5) years from its respective drawdown date. Where there is more than one borrowing, repayment dates occur semi-annually and coincide with the applicable interest payment dates, with the amortization of each borrowing adjusted to ensure full repayment by its respective maturity date. Interest is payable semi-annually, with each interest period having a duration of six (6) months from the date of borrowing and every semi-annual period thereafter.

Except for the purpose, tenor, availability period, and pricing benchmark of the new term loan facility, the other terms and conditions, and financial covenants of the new credit facility remain substantially the same as those under the previous Term Loan Agreement (please refer to the preceding discussion).

Financial Covenants. The Agreement, as amended above, prescribes that the following financial covenants shall be observed and computed annually based on STI ESG’s audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio of not greater than 2.5x, shall mean the proportion of the Total Debt to Equity, and
2. Debt Service Cover Ratio (DSCR) of at least 1.05x, shall mean the proportion of EBITDA to Debt

Service.

The term “Total Debt” shall mean all obligations of STI ESG which, in accordance with generally accepted accounting principles and practices in the Philippines, are required to be included as liabilities of STI ESG in its statement of financial position, including accrued income taxes and other proper accruals, but excluding “Unearned tuition and other school fees”, as computed based on PFRS 16, and the term “Equity” shall mean the equity interest of the owners of the capital stock of STI ESG computed and determined in accordance with generally accepted accounting principles and practices in the Philippines.

The term “EBITDA” shall mean the net income or net earnings of STI ESG before deducting interest expense, taxes, depreciation and amortization, and as defined in its audited consolidated financial statements for the immediately preceding fiscal year, and the term “Debt Service” shall mean the aggregate (as of the relevant date for calculation) of all outstanding interest-bearing debts/obligations of STI ESG that are due/payable in the next fiscal year, computed and determined in accordance with generally accepted accounting principles and practices in the Philippines.

The Group’s D/E ratio and DSCR based on its audited consolidated financial statements as at June 30, 2025, as defined in the Term Loan Agreement with Metrobank, are as follows:

Total liabilities ^(a)	₱3,407,904,165
Total equity	8,390,859,797
<u>Debt-to-equity ratio</u>	<u>0.41:1.00</u>

^(a) Excluding unearned tuition and other school fees

EBITDA (see Note 4) ^(b)	₱2,589,109,533
Total interest-bearing liabilities ^(c)	762,528,616
<u>Debt service cover ratio</u>	<u>3.40:1.00</u>

^(b) EBITDA for the last twelve months

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

As at March 31, 2026 and June 30, 2025, STI ESG is in compliance with the Metrobank loan covenants.

Term Loan Agreement with China Banking Corporation (Chinabank)

On May 7, 2019, STI ESG and Chinabank entered into a seven-year term loan agreement for an amount of up to ₱1,200.0 million. The credit facility was unsecured and was originally available for a period of one year from May 7, 2019, the date of signing of the loan agreement. Following the provisions of the Term Loan Agreement, the proceeds of this loan could be used for the (i) financing of campus expansion projects, (ii) acquisition of schools, (iii) refinancing of short-term loans incurred for projects, and (iv) other general corporate purposes. The agreement provided for a grace period in principal repayments of two (2) years from the initial drawdown date. Principal repayments were made in ten (10) equal semi-annual installments beginning six (6) months from the end of the grace period.

As stated in the Term Loan Agreement, STI ESG has elected to fix the interest on each drawdown on a per annum basis based on the higher of the one-year PHP BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate, divided by the Applicable Interest Premium Factor. On the Initial Interest Rate Resetting Date, the applicable interest rate per annum for all drawdowns would be collectively reset based on the higher of 1-year BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate divided by the Applicable Interest Premium Factor.

STI ESG had the option, on any Interest Resetting Date and upon serving a written notice, to fix the interest rate for the remaining period of the loan based on the higher of the applicable BVAL rate plus an interest spread of 1.50% per annum divided by the Applicable Interest Premium Factor, or the agreed Floor rate, divided by the Applicable Interest Premium Factor.

On July 3, 2020, STI ESG and Chinabank executed the Amendment to the Term Loan Agreement dated May 7, 2019 to amend the availability period of the Term Loan Facility. The Term Loan Facility was made available to STI ESG on any business day for the period beginning on the date of the Term Loan Agreement and ending on the earliest of: (a) July 31, 2020; (b) the date the Term Loan Facility was fully drawn; or (c) the date the Lender's commitment to extend the Term Loan Facility to STI ESG is canceled or terminated in accordance with the Term Loan Agreement. At various dates during the year ended March 31, 2020, STI ESG availed loans aggregating to ₱800.0 million subject to interest rates ranging from 5.81% to 6.31% per annum. In July 2020, STI ESG availed loans aggregating to ₱400.0 million subject to an interest rate of 5.81% per annum. As at July 31, 2020, the Term Loan Facility was fully drawn at ₱1,200.0 million. The proceeds from these loans were used for capital expenditures and working capital requirements. Interest rates for all drawdowns from the Term Loan Facility were repriced at the rates of 8.0472% per annum and 7.8749% effective September 19, 2023 and 2024, respectively. Starting from September 19, 2025, the interest rate was adjusted to 7.1577% per annum.

Provided that no event of default has occurred and is continuing, STI ESG may prepay, after the second (2nd) anniversary date of the initial drawdown, all or part of the loan, together with the accrued interest and other charges accruing thereon up to the date of prepayment. Prepayments shall not be subject to any penalties if made on an interest rate resetting date. Otherwise, STI ESG shall pay the prepayment premium based on the principal amount to be prepaid (i) from the 2nd anniversary date of the Initial Drawdown up to the 5th anniversary date of the Initial Drawdown subject to prepayment penalty at 103%; (ii) after the 5th anniversary date of the Initial Drawdown until one business day before the loan maturity date at 100% of the prepaid amount.

The embedded floating interest rate and prepayment option on the loan drawdown with China Bank was assessed as clearly and closely related to the loan, thus, not for bifurcation.

The outstanding loans as at June 30, 2025 were unsecured and due based on the following schedule:

Fiscal Year	Amount
2026	₱240,000,000
2027	120,000,000
	<u>₱360,000,000</u>

The movements in the Group's term loan with Chinabank were as follows:

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Balance at beginning of period	₱360,000,000	₱600,000,000
Repayments	(360,000,000)	(240,000,000)
Balance at end of period	–	360,000,000
Deferred finance cost	–	(1,786,990)
Balance at end of period	–	358,213,010
Less current portion	–	238,423,791
Balance classified as noncurrent	₱–	₱119,789,219

On September 16, 2021, Chinabank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million. Further, Chinabank reduced the prepayment penalty from 3% to 1.5% based on the amount to be prepaid. On September 20, 2021, STI ESG made a prepayment aggregating to ₱243.9 million, inclusive of the 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on amortizations due on March 19, 2022, and September 19, 2022.

On September 23, 2022, Chinabank approved STI ESG's request to allow a principal prepayment in the amount of ₱240.0 million. On the same day, STI ESG made a prepayment aggregating to

₱244.5 million, inclusive of interests on the outstanding term loan facility covering September 19 to 23, 2022 and 1.5% prepayment penalty. The prepayment was applied in the direct order of maturity and as such, applied on scheduled amortizations due on March 19, 2023 and September 19, 2023. STI ESG settled the principal payments due amounting to ₱120.0 million each on March 19, 2024 and September 19, 2024. Further, on March 19, 2025 and September 19, 2025, STI ESG settled principal payments of ₱120.0 million each under the same Term Loan facility with Chinabank. On March 19, 2026, STI ESG fully settled the outstanding principal balance of its Term Loan facility with Chinabank aggregating to ₱240.0 million.

Financial Covenants. The Agreement prescribed that the following financial covenants were required to be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six months ending December 31 of each year and based on the audited consolidated financial statements as at and for the year ending June 30 of each year:

1. Debt-to-equity (D/E) ratio of not more than 1.50x, computed by dividing Total Liabilities by Total Equity. For purposes of this computation, Total Liabilities excluded Unearned Tuition and Other School Fees, and
2. Debt Service Cover Ratio (DSCR) of a minimum of 1.05x, representing the ratio of EBITDA to Debt Service.

“Total Liabilities” referred to, for purposes of determining STI ESG's compliance with any required D/E Ratio, the total economic obligations of STI ESG (excluding unearned tuition and other school fees) that are recognized and measured in the fiscal year end audited consolidated financial statements in accordance with PFRS and GAAP, as may be applicable and unaudited consolidated financial statements ending December 31 of each year, as may be applicable. “Total Equity” referred to, for purposes of determining STI ESG's compliance with any required D/E Ratio, the amount of STI ESG's total stockholders' equity, recognized and measured in the fiscal year-end audited consolidated financial statements in accordance with PFRS and GAAP, as may be applicable and unaudited consolidated financial statements ending December 31 of each year, as may be applicable.

Under the Term Loan agreement, the Debt-to-equity ratio and DSCR testing was done semi-annually, specifically, as at June 30 and December 31 of each year.

The Group's D/E and DSCR, as defined in the Term Loan Agreement of STI ESG with Chinabank, were as follows:

	December 31, 2025	June 30, 2025
	(Unaudited)	(Audited)
Total liabilities ^(a)	₱3,607,207,024	₱3,716,786,223
Total equity	9,172,295,712	8,390,859,797
Debt-to-equity ratio	0.39:1.00	0.44:1.00

^(a) Excluding unearned tuition and other school fees

	December 31, 2025	June 30, 2025
	(Unaudited)	(Audited)
EBITDA (see Note 3) ^(b)	₱2,744,268,035	₱2,589,109,533
Total interest-bearing liabilities ^(c)	732,204,986	762,528,616
Debt service cover ratio	3.75:1.00	3.40:1.00

^(b) EBITDA for the last twelve months

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

As at December 31, 2025 and June 30, 2025, STI ESG was compliant with the required covenants. The related Term Loan facility was fully settled in March 2026.

Interest Expense

Interest incurred on the loans (including amortization of debt issuance costs) amounted to ₱83.5 million, and ₱121.4 million for the nine months ended March 31, 2026 and 2025, respectively.

17. Bonds Payable

This account consists of:

	March 31, 2026	June 30, 2025
	(Unaudited)	(Audited)
Fixed-rate bonds due 2027	₱820,000,000	₱820,000,000
Less unamortized debt issuance costs	1,912,472	3,293,987
Balance at end of period	₱818,087,528	₱816,706,013

On March 23, 2017, the Parent Company issued the first tranche of its ₱5,000.0 million fixed-rate bonds program under its 3-year shelf registration with the SEC which ended on March 9, 2020. The bonds, amounting to an aggregate of ₱3,000.0 million, were listed through the Philippine Dealing & Exchange Corp. (PDEX), with interest payable quarterly and were issued with a fixed rate of 5.8085% for the 7-year series, due 2024, and 6.3756% for the 10-year series, due 2027.

Proceeds of the issuance were used to finance the campus expansion projects, refinance the short-term loans incurred for the acquisition of land, and for other general corporate requirements of the Group.

The bonds include an embedded derivative in the form of an early redemption option that gives the Parent Company the option, but not the obligation, to redeem in whole (and not in part), the outstanding bonds before the relevant maturity date, based on a certain price depending on the fixed early redemption option dates. Management has assessed that the early redemption option is closely related to the bonds and would not require to be separated from the value of the bonds and accounted for as a derivative. Subsequent reassessment is required when there has been a change in the terms of the contract that significantly modifies the cash flows.

On March 23, 2024, the 7-year fixed rate bonds with a principal amount of ₱2,180.0 million matured and were fully redeemed by STI ESG in accordance with 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, the obligor’s capacity to meet its financial commitments on the obligation is still strong. The “plus” further qualifies the assigned rating. A “Positive Outlook” indicates that there is a potential for the present credit rating to be upgraded in the next 12 months.

On November 17, 2025, PhilRatings assigned STI ESG’s outstanding 10-year bond series an Issue Credit Rating of PRS Aa, with Stable Outlook. This represents an upgrade from the previous rating of PRS A plus, with a Positive Outlook. Obligations rated PRS Aa are of high quality and are subject to very low credit risk. This means that the obligor’s capacity to meet its financial commitment on the obligation is very strong. A Stable Outlook indicates that the rating is likely to be maintained and or to remain unchanged in the next 12 months.

A summary of the terms of the Parent Company’s issued and outstanding bonds is as follows:

Year Issued	Interest Payable	Term	Interest Rate	Principal Amount	Carrying Value		Features
					March 31, 2026 (Unaudited)	June 30, 2025 (Audited)	
2017	Quarterly	10 years	6.3756%	₱820,000,000	₱818,087,528	₱816,706,013	Callable from the 7th anniversary issue and every year thereafter until the 9th anniversary issue date

This 10-year bond series is due on March 23, 2027 at the principal amount of ₱820.0 million. As such, the carrying value of the bonds has been reclassified under current liabilities in the liabilities section of the Statement of Financial Position as at March 31, 2026.

Covenants

The bonds provide certain restrictions and requirements with respect to, among others, change in majority ownership and management, merger or consolidation with other corporations 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 (ICR) ratio of not less than 3.00:1.00 computed based on the consolidated financial statements. Testing of compliance with required ratios is done on June 30 and December 31 of each year.

In August 2020, STI ESG obtained the required consent of the holders of the Bonds (the “Record Bondholders”), which include among others, the waiver of the DSCR requirement up to June 30, 2023 (see Amendments to the Trust Agreement).

In April 2024, China Bank-Trust and STI ESG executed a second supplemental agreement to (i) replace the financial covenant on DSCR of not less than 1.05:1.00 with an ICR of not less than 3.00:1.00 and (ii) amendment of the definition of EBITDA (see discussions on the succeeding paragraphs).

Supplemental Trust Agreement. On July 20, 2020, STI ESG delivered to China Banking Corporation – Trust and Asset Management Group, in its capacity as trustee (the “Trustee”) for the Series 7Y Bonds due 2024 and the Series 10Y Bonds due 2027 (collectively, the “Bonds”) a Consent Solicitation Statement (the “Consent Solicitation Statement”) and the annexed Consent Form (the “Consent Form”) in connection with the proposed amendments to the Trust Agreement dated March 10, 2017 (the “Trust Agreement”) governing the Bonds issued by STI ESG. Pursuant to the Consent Solicitation Statement, STI ESG sought the consent of the Record Bondholders to certain proposed amendments to the Trust Agreement. The Proposed Amendments are (1) the waiver of Section 7.02(a) of the Trust Agreement which prohibits the Issuer from incurring or suffering to exist any Lien upon any assets or revenues, present and future, of the Issuer in relation to the requirement of LandBank to assign the sub-promissory notes to be executed by the parents or benefactors of the Issuer’s students in favor of LandBank as security for the ACADEME Lending Program; (2) the waiver of Section 7.02(b) of the Trust Agreement which prohibits the Issuer from incurring Indebtedness or entering into any loan facility agreement secured by or to be secured by a lien upon any assets and revenues, present and future, whether registered or unregistered, of the Issuer, unless the Issuer has made or will make effective provisions, satisfactory to the Record Bondholders in the latter’s absolute discretion, whereby the Lien thereby created will secure, on an equal first ranking and ratable basis, any and all obligations of the Issuer under the Trust Agreement and such other Indebtedness which the Lien purports to secure; (3) the waiver of Section 7.02(f) of the Trust Agreement which prohibits the Issuer from assigning, transferring or conveying its right to receive income or revenues insofar as such assignment relates to the requirement of LandBank to assign the subpromissory 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, 2025 and June 30, 2025 are as follows:

	December 31, 2025 (Unaudited)	June 30, 2025 (Audited)
Total liabilities ^(a)	₱3,607,207,024	₱3,716,786,223
Total equity	9,172,295,712	8,390,859,797
Debt-to-equity ratio	0.39:1.00	0.44:1.00

^(a) Excluding unearned tuition and other school fees

	December 31, 2025 (Unaudited)	June 30, 2025 (Audited)
EBITDA (see Note 4) ^(b)	₱2,744,268,035	₱2,589,109,533
Total interest payments ^(c)	144,690,145	173,181,158
Interest coverage ratio	18.97:1.00	14.95:1.00

^(b) EBITDA for the last twelve months

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

As at March 31, 2026 and June 30, 2025, STI ESG is compliant 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 ₱1.9 million and ₱3.3 million as at March 31, 2026 and June 30, 2025, respectively. Amortization of bond issuance costs amounting to ₱1.4 million and ₱1.3 million for the nine months ended March 31, 2026 and 2025, 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 ₱40.6 million and ₱40.5 million for the nine months ended March 31, 2026 and 2025.

18. Other Noncurrent Liabilities

	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)
Advance rent - net of current portion (see Note 15)	₱17,351,224	₱13,350,487
Refundable deposit - net of current portion (see Note 15)	15,841,460	13,912,200
Deferred lease liability	2,872,746	2,333,982
	₱36,065,430	₱29,596,669

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 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 recognized under “Deferred lease liability” and amortized on a straight-line basis over the respective lease term.

19. Equity

Capital Stock

The details of the issued and outstanding number of common shares and amount as at March 31, 2026 and June 30, 2025 are as follows:

	No. of Shares	Amount (At Par)
Authorized - ₱1 par value	5,000,000,000	₱5,000,000,000
Issued and outstanding:		
Balance at beginning and end of period	3,087,829,443	₱3,087,829,443
Less treasury stocks	(5,952,273)	(5,952,273)
Issued and outstanding at end of period	3,081,877,170	₱3,081,877,170

Treasury Stock

Treasury stock acquired as at March 31, 2026 and June 30, 2025 amounted to ₱10.8 million.

Retained Earnings

On December 12, 2025, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱0.10 per share or an aggregate amount of ₱308.2 million in favor of all stockholders of record as at December 31, 2025. The dividends were paid on January 13, 2026.

On December 18, 2024, the Parent Company's BOD approved the declaration of cash dividends amounting to ₱0.15 per share or an aggregate amount of ₱462.3 million in favor of all stockholders of record as at December 31, 2024. The dividends were paid on January 17, 2025.

Policy on Dividend Declaration.

STI ESG follows a dividend declaration policy which was approved by the BOD in September 2017 equivalent to 25.0% to 40.0% of the core income of the Group from the previous fiscal year, subject to compliance with the requirements of applicable laws and regulations, statutory limitations and/or restrictions, terms and conditions which may be imposed on the Group by lenders or other financial institutions, and the Group's investment plans and financial condition.

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

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

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

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

Non-controlling Interests

Equity attributable to non-controlling interests as at March 31, 2026 and June 30, 2025 includes deposit for future stock subscriptions of a non-controlling interest holder in STI Training Academy amounting to ₱8.0 million, which was reclassified from “Other noncurrent liabilities” account upon STI Training Academy’s submission of application for increase in authorized capital stock in August 2024. As at May 15, 2026, STI Training Academy is completing the requirements for its application to increase its authorized capital stock.

20. Revenues

Disaggregated Revenue Information

The disaggregated revenue information is presented in the unaudited interim condensed consolidated statements of comprehensive income and segment information, as discussed in Note 4 to the unaudited interim condensed consolidated financial statements, in a manner that reflects the various sources and categories of revenues generated by the Group for the nine months ended March 31, 2026 and 2025.

Timing of revenue recognition

	Nine months ended March 31	
	2026	2025
	(Unaudited)	(Unaudited)
Services transferred over time	₱3,145,426,928	₱3,125,136,229
Goods and services transferred at a point in time	156,757,916	185,450,718
Total consolidated revenues	₱3,302,184,844	₱3,310,586,947

The revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain. Accordingly, the revenue distribution across quarters may vary depending on the school calendar. For SY 2025-2026, classes started on July 28, 2025 while for SY 2024-2025, classes started on August 12, 2024. Further, for fiscal year 2025-2026, the Group recognized its revenues from tuition and other school fees based on the actual number of days within the school calendar in contrast with the monthly recognition done previously. This approach affects the timing of revenue recognition across quarters but does not affect total revenues for the full fiscal year.

Contract Balances

The Group’s receivables are disclosed in Note 6 while the contract liabilities are presented as “Unearned tuition and other school fees” in the unaudited interim condensed consolidated statements of financial position. There is no significant change in the contract liability and the timing of revenue recognition for SY2025-2026 and SY2024-2025, except for the quarters herein indicated.

Revenue recognized from amounts included in the contract liabilities at the beginning of the period amounted to ₱162.1 million and ₱93.0 million for the nine months ended March 31, 2026 and 2025, respectively.

There was no revenue recognized from performance obligations satisfied in previous years for the nine months ended March 31, 2026 and 2025.

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, 2026 and June 30, 2025, the transaction price allocated to the remaining performance obligations (unsatisfied or partially satisfied) amounted to ₱852.4 million and ₱163.0 million, respectively. The contract liabilities as at March 31, 2026 refer to unearned portions of students' assessments initially recorded as liability accounts at the start of the applicable term(s), with revenue recognized over time on a proportional basis during the nine months ended March 31, 2026. Meanwhile, the remaining performance obligations as at June 30, 2025 represent advance payments for tuition and other school fees for the school year commencing after the year ended June 30, 2025, and will be recognized as tuition and other school fees within the related school term(s) for SY 2025-2026. On the other hand, the Group does not have any performance obligations that are expected to be satisfied in more than one year.

21. Cost of Educational Services

This account consists of:

	Nine months ended March 31	
	2026	2025
	(Unaudited)	(Unaudited)
Faculty salaries and benefits	₱348,304,740	₱359,285,852
Depreciation and amortization (see Notes 10 and 14)	257,440,536	224,454,336
Student activities, programs and other service costs	141,229,408	113,685,197
Rental	21,628,107	22,369,582
School materials and supplies	16,870,686	12,109,815
Infrastructure and software maintenance costs	3,345,811	6,084,647
Courseware development costs	1,328,111	1,464,887
Others	445,929	317,052
	₱790,593,328	₱739,771,368

22. Cost of Educational Materials and Supplies Sold

This account consists of:

	Nine months ended March 31	
	2026	2025
	(Unaudited)	(Unaudited)
Educational materials and supplies	₱41,659,023	₱65,076,137
Promotional materials	10,977,551	12,193,815
	₱52,636,574	₱77,269,952

23. General and Administrative Expenses

This account consists of:

	Nine months ended March 31	
	2026 (Unaudited)	2025 (Unaudited)
Salaries, wages and benefits	₱283,579,501	₱266,713,766
Depreciation and amortization (see Notes 10,11, and 14)	174,723,854	155,766,592
Light and water	120,348,886	115,037,072
Outside services	93,881,542	88,630,354
Professional fees	91,641,183	85,182,900
Provisions for:		
ECL (see Note 6)	75,085,378	94,750,605
Inventory Obsolescence (see Note 7)	165,413	-
Taxes and licenses	39,594,352	33,905,960
Transportation	23,222,655	21,190,456
Repairs and maintenance	22,521,753	23,161,001
Insurance	15,981,215	14,538,356
Association dues	12,954,922	7,388,518
Meetings and conferences	10,864,783	11,388,147
Rental	9,282,756	9,608,633
Entertainment, amusement and recreation	8,538,437	10,705,970
Payment channels and bank charges	7,905,145	5,812,589
Advertising and promotions	7,643,868	20,098,764
Office supplies	6,168,371	8,759,268
Communication	3,905,833	3,444,742
Infrastructure and software maintenance costs	1,433,919	1,892,352
Others	6,705,495	6,502,488
	₱1,016,149,261	₱984,478,533

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, 2026 (Unaudited)	March 31, 2025 (Unaudited)	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)		
<i>Associates</i>						
STI Holdings						
Advisory fees	₱10,800,000	₱10,800,000	₱-	₱-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividend income	3,658,869	21,484,480	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividends paid	304,062,304	456,093,456	-	-	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	14,961	17,345	-	-	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, 2026 (Unaudited)	March 31, 2025 (Unaudited)	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)		
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	590,951	562,807	10,525,636	10,114,590	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	227,374	437,658	–	–		
Refundable deposits	43,987	–	(163,370)	(119,383)	Refundable upon end of contract	Unsecured
STI Marikina						
Educational services and sale of educational materials and supplies	14,063,543	13,581,179	1,183,817	433,874	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
<i>Affiliates*</i>						
TCAMI						
Deposit for purchase of shares of PHI	–	–	60,484,800	60,484,800	15% deposit; balance payable on the third anniversary of the share purchase agreement	Unsecured; no impairment
Philippine School of Business Administration-Manila, Inc.**						
Educational services and sale of educational materials and supplies	–	–	–	26,173,688	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Dividend receivable	–	71,000,000	–	–	Due in April 2025	Unsecured; no impairment
Assignment of the affiliate's assets and liabilities	–	4,164,303	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI West Negros University, Inc.						
Educational services and sale of educational materials and supplies	18,637,207	23,957,671	9,413,581	14,704,479	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	6,197,778	6,132,082	2,009,041	4,073,570	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Phil First Insurance Co., Inc.						
Insurance	21,451,995	19,183,932	(1,852)	(169,595)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Rental	220,714	220,714	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Philplans First, Inc.						
Rental income	2,952,558	3,749,280	–	234,330	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	–	937,320	(937,320)	(937,320)	30 days upon receipt of billings; noninterest-bearing	Unsecured;
Reimbursement for various expenses and other charges	1,307,191	1,461,392	171,466	520,769	30 days upon receipt of billings; noninterest-bearing	Unsecured;
Philhealthcare, Inc.						
Rental income and other charges	8,845,932	–	9,776,393	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses and other charges	873,625	–	873,625	–	30 days upon receipt of billings; noninterest-bearing	Unsecured;
HMO coverage	19,661,476	14,367,788	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposits	–	–	(1,950,480)	(1,950,480)	Refundable upon end of contract	Unsecured

(forward)

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)		
GROW VITE						
Janitorial and Staffing Services	25,973,509	24,263,969	(4,732,433)	(3,860,907)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Refundable deposits	–	–	(421,744)	(421,744)	30 days upon receipt of billings; noninterest-bearing	Unsecured
Reimbursement for various expenses and other charges	668,612	739,797	92,857	264,990	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	1,461,341	1,358,014	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Venture Securities, Inc.						
Reimbursement for various expenses and other charges	1,457,591	87,572	403,854	177,220	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	750,615	–	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Refundable deposits	–	750,615	(750,615)	(750,615)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Philippine Life Financial Assurance Corporation						
Insurance	33,540	15,963	–	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other charges	–	–	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	7,316,693	7,332,149	(3,453)	(1,432,591)	30 days upon receipt of billings; noninterest-bearing	Unsecured
iACADEMY, Inc.						
Reimbursement for various expenses and other charges	8,496	11,622	1,701	–	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Officers and employees						
Receivables for various transactions	40,854,918	46,316,967	25,519,683	14,021,874	Liquidated within one month; noninterest-bearing	Unsecured; no impairment
Others						
Other charges	–	–	66,943	215,766	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment
			₱159,765,623	₱169,980,808		

*Affiliates are entities under common control of a majority Shareholder

**Formerly STI College Novaliches, Inc.

Related party receivables and payables are generally settled in cash.

Outstanding receivables, before any allowance for impairment, and payables arising from these transactions are summarized below:

	March 31, 2026 (Unaudited)	June 30, 2025 (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)	12,606,439	45,385,611
Receivables from officers and employees (see Note 6)	25,519,683	14,021,874
Rent, utilities, and other related receivables (see Note 6)	21,981,428	11,596,618
Deposit for purchase of shares (see Note 14)	60,484,800	60,484,800
Accounts payable (see Note 15)	(8,961,267)	(9,642,635)
	₱159,765,623	₱169,980,808

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

Related Party	Amount of Transactions During the Period		Outstanding Receivable (Payable)		Terms	Conditions
	March 31, 2026 (Unaudited)	March 31, 2025 (Unaudited)	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)		
Subsidiaries						
STI Calocan						
Reimbursement for various expenses	₱274,809,012	₱5,515,728	(₱336,655,975)	(₱311,718,036)	30 days from billing or cut-off date; noninterest-bearing	Unsecured
STI Lipa						
Educational services, sale of educational materials and supplies,	41,314,481	49,239,107	138,447,316	156,228,713	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	1,998,331	3,316,020	27,112,773	39,843,042	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
De Los Santos-STI College						
Reimbursement for various expenses	-	28,105	(47,127,441)	(47,127,441)	30 days from billing or cut-off date; noninterest-bearing	Unsecured;
NAMEI						
Rental income and other related charges	17,478,720	16,698,420	117,563,035	101,076,566	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	25,821,022	3,269,789	(26,328,328)	(7,649,009)	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Training Academy						
Reimbursement for various expenses	2,211,915	3,377,148	55,836,942	53,625,027	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Rental income and other related charges	5,279,753	4,816,045	31,215,758	25,269,089	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
STI Alabang						
Educational services and sale of educational materials and supplies	12,071,949	11,320,829	36,289,679	36,312,246	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	499,210	516,912	-	73,598	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Philippine School of Business Administration-Manila, Inc.*						
Educational services and other charges	-	52,234,762	-	443,929	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, 2026 (Unaudited)	March 31, 2025 (Unaudited)	March 31, 2026 (Unaudited)	June 30, 2025 (Audited)		
STI Tanay						
Rental income and other related charges	7,713,569	7,713,569	43,195,984	34,556,787	30 days from billing or cut-off date; noninterest-bearing	Unsecured;
Reimbursement for various expenses	6,855,244	6,864,073	7,549,068	11,141,565	30 days from billing or cut-off date; noninterest-bearing	Unsecured;
Educational services, sale of educational materials and supplies, management fees, and other charges	12,017,951	13,269,046	1,223,135	8,531,306	30 days from billing or cut-off date; noninterest-bearing	Unsecured;
STI Iloilo						
Reimbursement for various expenses	–	–	19,227,538	19,227,538	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Tuguegarao						
Educational services, sale of educational materials and supplies, management fees, and other charges	–	–	13,136,613	13,136,613	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
Reimbursement for various expenses	–	–	3,914,560	3,914,560	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
STI Batangas						
Reimbursement for various expenses	16,864,746	5,149,908	(22,632,588)	(6,423,653)	30 days from billing or cut-off date; noninterest-bearing	Unsecured;
STI Tanauan						
Educational services, sale of educational materials and supplies,	14,141,856	15,247,514	–	16,699,424	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
Reimbursement for various expenses	15,499,583	700,378	(15,512,667)	32,958	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Sta. Maria						
Reimbursement for various expenses	1,618,534	1,506,845	(4,171,174)	3,206,550	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment
Educational services, sale of educational materials and supplies,	24,442,534	24,237,449	–	4,002,002	30 days from billing or cut-off date; noninterest-bearing	Unsecured; no impairment
STI Pagadian						
Reimbursement for various expenses	–	–	8,986,341	8,986,341	30 days from billing or cut-off date; noninterest-bearing	Unsecured; with provision for impairment
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	–	–	17,870,775	17,870,775	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment
Reimbursement for various expenses	2,564	842	2,663,937	2,891,213	30 days upon receipt of billings; noninterest-bearing	Unsecured; with provision for impairment
CHI						
Reimbursement for various expenses	74,300	–	147,740	73,440	30 days upon receipt of billings; noninterest-bearing	Unsecured; no impairment

(forward)

* STI ESG deconsolidated Philippine School of Business Administration – Manila, Inc. as at June 30, 2025 and recognized its remaining equity interest representing 6.25% ownership in Philippine School of Business Administration - Manila, Inc., under "Equity instruments at FVOCI" as at June 30, 2025 (see Note 13).

25. Basic and Diluted Earnings Per Share (EPS) on Net Income Attributed to Equity Holders of the Parent Company

The table below shows the summary of net income and weighted average number of common shares outstanding used in the calculation of EPS:

	Nine months ended March 31	
	2026	2025
	(Unaudited)	(Unaudited)
Net income attributable to equity holders of the Parent Company (a)	₱1,548,849,972	₱1,337,884,130
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)	₱0.50	₱0.43

The basic and diluted earnings per share are the same as there are no dilutive potential common shares.

26. Contingencies and Commitments

Contingencies

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

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

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

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

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

Lastly, the Trial Court ordered STI ESG to return the amount of ₱0.3 million it received from the Plaintiffs as “earnest money” with interest rate of 6% per annum from receipt thereof on March 30, 2011 until latter’s tender of the same to the Plaintiffs on July 2, 2015.

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

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

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

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

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

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

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

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

The Supreme Court has yet to issue the appropriate Resolution on the said Petition insofar as whether to dismiss the same or require STI ESG to file a Comment to the Plaintiffs’ Petition for Review.

- b. Due to the nature of the Parent Company’s business, it is involved in various legal proceedings, both as plaintiff and defendant, from time to time. The majority of outstanding litigation involves illegal dismissal cases under which former employees and former 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.
- c. Other subsidiaries also stand as the defendant of various lawsuits and claims filed by their former employees. The complainants are seeking payment of damages such as back wages and attorney’s fees. Management and its legal counsels believe that the subsidiaries have substantial legal and factual bases for their position and are of the opinion that losses arising from these legal actions and proceedings, if any, will not have a material adverse impact on the Group’s 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, 2026 and June 30, 2025, specifically for the purchase of local and regional clearing checks. Interest on drawdown from such facility is waived except when drawn against returned

checks to which the interest shall be the prevailing lending rate of such local bank. This facility is on a clean basis. As at March 31, 2026 and June 30, 2025, there is no outstanding availment from these lines.

b. Capital Commitments

As at March 31, 2026 and June 30, 2025, STI ESG's significant contractual commitments include: (1) construction of STI Academic Center Alabang, (2) construction of STI Academic Center Tanauan, (3) construction of new buildings at STI Fairview and STI Batangas, and (4) building upgrade and refurbishment projects. As at March 31, 2026, STI ESG's significant contractual commitments also include the construction of STI Academic Center Meycauayan. As at June 30, 2025, the Group also had contractual commitments related to the acquisition of a parcel of land (see Note 10).

STI ESG has a contractual commitment with Avida amounting to ₱228.8 million, inclusive of ₱24.7 million VAT, for the acquisition of a parcel of land located at South Park District, Alabang, Muntinlupa City — the future site of the new STI Academic Center Alabang. Of this amount, an aggregate of ₱126.7 million has been settled as at June 30, 2025. STI ESG likewise paid ₱9.2 million for taxes and other charges related to the sale in September 2024. The remaining balance of ₱102.1 million was paid on February 2, 2026 (see Note 15).

STI ESG also has a contractual commitment and obligation for the construction of STI Academic Center Alabang. The total contract cost to put up the building is ₱647.7 million, of which ₱194.3 million has been paid as at March 31, 2026 and June 30, 2025. 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 ₱193.5 million and ₱109.3 million have been paid as at March 31, 2026 and June 30, 2025, respectively (see Note 14).

Furthermore, STI ESG has a contractual commitment for the construction of a four-storey building at STI Fairview. The project has an aggregate cost of ₱91.0 million, of which ₱75.5 million and ₱54.9 million have been paid as at March 31, 2026 and June 30, 2025, respectively. Similarly, STI ESG has a contractual commitment for the construction of a new three-storey building at STI Batangas. The total contract cost for the construction of the building is ₱32.0 million, of which ₱22.6 million and ₱21.3 million have been paid as at March 31, 2026 and June 30, 2025, respectively (see Note 10).

The Group also has contractual commitments for building exterior and repainting works across several schools within the STI network. These projects aggregated to ₱110.3 million, of which ₱88.6 million and ₱11.5 million have been paid as at March 31, 2026 and June 30, 2025, respectively (see Note 10).

c. Others

- i. In December 2023, STI ESG and Home Development and Mutual Fund (also known as Pag-IBIG Fund) entered into a memorandum of agreement on the implementation of Pag-IBIG Health and Education Loan Programs (Pag-IBIG HELPs). Under the loan program, the qualified Pag-IBIG member shall be able to pay his/her beneficiary's educational-related expenses to STI ESG at a special discount rate of 20% of the tuition fee, subject to the terms and conditions of the program as follows:
- Entitled to the discount are Pag-IBIG Fund members and their immediate family members;
 - The discount is applicable to tuition fees only of incoming college and senior high school students and transferees for tertiary programs and senior high tracks, and specializations; and
 - The discount cannot be availed in conjunction with another promo/discount.

This agreement is in effect for a period of two (2) years from the date of signing and will 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 SUCs, LUCs, private HEIs, and all TVIs. 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, Series of 2023 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 is 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. 02, Series of 2024 which states that beginning first semester of Academic Year 2023-2024, TES grantees shall receive the amount of ₱13.5 thousand per semester or ₱27.0 thousand 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.

TES grants are subject to availability of funds, with subsidy amounts determined by the UniFAST Board in accordance with its implementing guidelines and subject to annual budgetary appropriations as provided under relevant UniFAST issuances.

- iii. On March 17, 2021, STI ESG executed a Memorandum of Agreement (MOA) with DBP for the implementation of the DBP Resources for Inclusive and Sustainable Education Program (DBP RISE). The program grants financial assistance to deserving students from the ranks of underprivileged Filipino families who aspire to pursue studies in DBP-accredited public and private tertiary schools. DBP RISE covers (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school's tuition fee structure which is determined at the beginning of the first term of the course or program starting SY 2020-2021, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP. STI ESG and DBP executed a similar MOA in November 2021 and May 2023 covering the implementation of DBP RISE for deserving students enrolled starting SY 2021-2022, SY 2022-2023, SY 2023-2024.

27. Changes in Liabilities Arising from Financing Activities

	July 1, 2025	Cash Flows	Interest Expense ¹	Capitalized Borrowing Cost	Reclassified as Current	Effect of Lease Termination	New/Renewed Leases	Dividends Declared (Note 19)	March 31, 2026
Current portion of interest-bearing loans and borrowings	₱580,267,162	(₱704,444,445)	₱3,739,578	₱-	₱462,281,076	₱-	₱-	₱-	₱341,843,371
Bonds payable	816,706,013	-	1,381,515	-	-	-	-	-	818,087,528
Interest-bearing loans and borrowings – net of current portion	1,146,065,668	-	-	-	(462,281,076)	-	-	-	683,784,592
Lease liabilities	308,882,058	(65,831,890)	14,504,616	-	-	(55,609,462)	13,947,288	-	215,892,610
Dividends payable	19,976,731	(308,187,643)	-	-	-	-	-	308,187,717	19,976,805
Interest payable ¹	38,606,956	(158,632,902)	120,918,698	2,755,539	-	-	-	-	3,648,291
	₱2,910,504,588	(₱1,237,096,880)	₱140,544,407	₱2,755,539	₱-	(₱55,609,462)	₱13,947,288	₱308,187,717	₱2,083,233,197

¹Interest expense is inclusive of amortization of deferred finance charges.

	July 1, 2024	Cash Flows	Interest Expense ¹	Capitalized Borrowing Cost	Reclassified as Current	Effect of Lease Termination	New/Renewed Leases	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 – 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 ¹	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

¹Interest expense is inclusive of amortization of deferred finance charges.

28. Fair Value Information of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument for which it is practicable to estimate such value:

Cash and Cash Equivalents, Receivables and Accounts Payable and Other Current Liabilities. Due to the short-term nature of transactions, the fair values of these instruments approximate the carrying amounts as 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.

Fixed-rate Bonds. The estimated fair value of the 10-year bonds, maturing in 2027 which carries a fixed interest rate is based on the discounted value of future cash flows using the prevailing credit adjusted risk-free rates that are adjusted for credit spread.

Refundable Deposits. The fair values of the refundable deposits are computed based on the present value of future cash flows discounted using the prevailing BVAL reference rates 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, 2026 do not significantly differ from the fair values of these financial instruments as at June 30, 2025.

29. Notes to the Unaudited Interim Condensed Consolidated Statements of Cash Flows

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

- a. Additions of ROU assets presented under "Property and equipment", amounted to ₱12.9 million and ₱54.1 million for the nine months ended March 31, 2026 and 2025, respectively.
- b. Unpaid progress billing for construction-in-progress presented under "Property and equipment" amounted to ₱29.0 million and ₱16.8 million for the nine months ended March 31, 2026 and 2025, respectively (see Notes 10).
- c. Reclassification from "Other noncurrent assets", pertaining to advances to suppliers, to "Property and equipment" amounted to ₱167.1 million and ₱13.1 million for the nine months ended March 31, 2026 and 2025, 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 months 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 as at March 31, 2025. This liability, which falls due 16 months after the execution of the Deed of Sale on Installments in September 2024 (see Note 15), was settled on February 2, 2026.

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, STI Holdings’ assignee, 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. Pursuant to the Right of First Refusal Agreement, STI Holdings shall have the right to exercise its right of first refusal to purchase any PSBA Manila Property and/or the remaining PSBA Quezon City Properties (collectively, the “PSBA Properties”). STI Holdings may exercise its right of first refusal in the event PSBA receives a bona fide offer from a third party and has the intention to sell any of the PSBA Properties within the three (3) year period counted from June 1, 2024. 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, the Philippine School of Business Administration - Manila, Inc., STI Holdings’ assignee, entered into an Asset Purchase Agreement with PSBA for its acquisition 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.

On May 30, 2024, STI ESG and PSBA executed a Management Agreement appointing STI ESG to manage the operations of PSBA schools with the goal of increasing enrollment as well as promoting PSBA as one of the leading educational institutions in the Philippines for accountancy and business programs. STI ESG shall provide the management services starting July 1, 2024 for PSBA Quezon City

and starting August 1, 2024 for PSBA Manila. The management services will be for a period of three years counting from the management commencement date.

The agreement provides that STI ESG shall perform the following obligations , among others, (1) provide management services including, but not limited to, marketing and advertising efforts, administering teaching and nonteaching staff deployed in each of the PSBA schools, maintaining school records and providing such other administrative and support services required for the effective operations of PSBA schools; (2) enter into contracts for and on behalf of PSBA with third parties without need of consent of PSBA; (3) liaise with local government units and government agencies in relation to the management and operations of PSBA schools; (4) apply for and 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 15, 2026, PSBA is still complying with the conditions precedent to effect the sale of the PSBA Manila Property to STI Holdings.

On July 31, 2025, the SEC approved several amendments to the Articles of Incorporation (AOI) of STI College of Novaliches, Inc. which include, among others, the following: a) change in corporate name to “Philippine School of Business Administration-Manila, Inc.”; b) revision of the primary purpose to include the offering of primary and post-graduate education; c) modification of the secondary purpose to allow the purchase, acquisition, ownership, lease, sale, and conveyance of intangible assets as may be necessary or incidental to its operations; and d) extension of the corporate term to perpetual existence.

On August 29, 2025, the SEC approved the amended By-Laws of the then STI College of Novaliches, Inc., amending the name of the corporation to Philippine School of Business Administration-Manila, Inc.

On September 13, 2024, the SEC approved the amended By-Laws of the then STI College of Novaliches, Inc., amending, among others, its fiscal year from April 1 of each year to March 31 of the following year to July 1 of each year to June 30 of the following year. The change in fiscal year was subsequently approved by the BIR in January 2026 and shall take effect beginning July 1, 2026.

On November 18, 2025, the SEC approved the amendment of the AOI of Philippine School of Business Administration-Manila, Inc.’s principal office address to “1029 Aurora Boulevard, Loyola Heights, Quezon City”.

On February 9, 2026, Philippine School of Business Administration-Manila, Inc. entered into several Deeds of Assignment with PSBA Manila and PSBA Quezon City, covering the transfer of school-related assets of the two companies, as well as the assignment of trademarks, owned by the two schools.

Philippine School of Business Administration-Manila, Inc. executed two (2) separate Deeds of Assignment with PSBA Manila and PSBA Quezon City, respectively, for the purchase of all tangible and intangible assets used in the operations of their respective campuses. These assets include CHED and DepEd permits and licenses, property and equipment, scholastic records, student listings, and receivables.

Each purchase transaction carries a price of ₱25.0 million. A downpayment equivalent to 25% or ₱6.25 million was paid on the date of signing of the respective Deeds, and the balance equivalent to 75% or ₱18.75 million is payable upon fulfillment of conditions precedent, including: (i) CHED approval of the sale; (ii) dismissal of intra-corporate cases identified in the schedules; (iii) amendment of the Seller's corporate name to remove references to "PSBA"; and (iv) delivery of original and/or certified true copies of all CHED permits and licenses, original records relating to receivables arising from tuition and other school fees of students, original records and documents relating to the acquisition, maintenance and operation of the tangible/intangible assets, and original documents relating to records of all students, graduates, and alumni of PSBA Manila and PSBA Quezon City.

Under the agreements, any tax, including value-added tax, or tax on any income derived by PSBA Manila and PSBA Quezon City from selling the subject assets, described in the agreements, to Philippine School of Business Administration-Manila, Inc. shall be for the respective accounts of PSBA Manila and PSBA Quezon City. Documentary stamp tax, transfer tax, registration fees and other expenses necessary or incident to the transfer of the subject assets, if any, shall be for the account of Philippine School of Business Administration-Manila, Inc.

In addition to the transfer of the school related assets, Philippine School of Business Administration-Manila, Inc. entered into two (2) separate Deeds of Assignment under which PSBA Manila and PSBA Quezon City, respectively, assigned all their respective trademarks, service marks, logos, trade dress, trade names, and domain names, within the definition used by the Intellectual Property Office of the Philippines (IPO) to Philippines School of Business Administration-Manila, Inc.

The assignments cover the transfer of all rights, titles, and interest in the trademarks, including goodwill, rights over pending or granted applications with the IPO, all tangible and intangible embodiments, licensing rights, rights to enforce against infringements, and the right to apply for and obtain statutory rights and registrations.

Financial Highlights and Key Performance Indicators

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

	March 31, 2026 (Unaudited)	June 2025 (Audited)	March 2026 vs June 2025	
			Amount	%
Condensed Statements of Financial Position				
Total assets	13,268.1	12,270.6	997.5	8%
Current assets	3,228.4	2,297.1	931.3	41%
Cash and cash equivalents	1,774.1	1,594.6	179.5	11%
Total liabilities	3,649.4	3,879.8	(230.4)	-6%
Current liabilities	2,716.3	1,612.0	1,104.3	69%
Total Equity	9,618.8	8,390.9	1,227.9	15%
Equity attributable to equity holders of the parent company	9,613.5	8,385.6	1,227.9	15%

Financial Ratios

Debt to equity ratio ⁽¹⁾	0.29	0.44	(0.15)	-34%
Current ratio ⁽²⁾	1.19	1.43	(0.24)	-17%
Debt service cover ratio ⁽¹⁰⁾	5.56	3.40	2.16	64%
Interest coverage ratio	22.18	14.95	7.23	48%
Asset to equity ratio ⁽³⁾	1.38	1.46	(0.08)	-5%

Nine months ended March 31

	2026 (Unaudited)	2025	2026 vs 2025	
			Amount	%
Condensed Statements of Income				
Revenues	3,302.2	3,310.6	(8.4)	0%
Direct costs ⁽⁴⁾	843.2	817.0	26.2	3%
Gross profit	2,459.0	2,493.6	(34.6)	-1%
Operating expenses	1,016.1	984.5	31.6	3%
Operating income	1,442.9	1,509.1	(66.2)	-4%
Other expenses - net	247.3	(28.3)	275.6	-974%
Income before income tax	1,690.2	1,480.8	209.4	14%
Net income	1,548.9	1,337.9	211.0	16%
EBITDA ⁽⁵⁾	1,904.4	1,914.0	(9.6)	-1%
Core Income ⁽⁶⁾	1,296.0	1,298.6	(2.6)	0%
Net income attributable to equity holders of the parent company	1,548.8	1,337.9	210.9	16%
Earnings per share ⁽⁷⁾	0.50	0.43	0.070	16%

Financial Soundness Indicators

Consolidated Condensed Statements of Cash Flows

Net cash from operating activities	1,744.0	2,157.0	(413.0)	-19%
Net cash provided by (used in) investing activities	(327.5)	(952.8)	625.3	-66%
Net cash provided by (used in) financing activities	(1,237.1)	(1,095.0)	(142.1)	13%
Effect of exchange rate changes on cash and cash equivalents	0.1	(0.1)	0.2	-200%

	As at/Nine months ended March 31		Increase (Decrease)	
	2026	2025	Amount	%
	(Unaudited)			
Liquidity Ratios				
Current ratio ⁽²⁾	1.19	1.10	0.09	8%
Acid test ratio ⁽⁸⁾	1.09	0.98	0.11	11%
Cash ratio ⁽⁹⁾	0.65	0.55	0.10	18%
Solvency ratios				
Debt to equity ratio ⁽¹⁾	0.29	0.47	(0.18)	-38%
Asset to equity ratio ⁽³⁾	1.38	1.59	(0.21)	-13%
Debt service cover ratio ⁽¹⁰⁾	5.56	3.28	2.28	70%
Interest coverage ratio ⁽¹¹⁾	22.18	14.15	8.03	57%
Profitability ratios				
EBITDA margin ⁽¹²⁾	58%	58%	-	0%
Gross profit margin ⁽¹³⁾	74%	75%	(0.01)	-1%
Operating profit margin ⁽¹⁴⁾	44%	46%	(0.02)	-4%
Net income margin ⁽¹⁵⁾	47%	40%	0.07	18%
Return on equity ⁽¹⁶⁾	22%	24%	(0.02)	-8%
Return on assets ⁽¹⁷⁾	16%	15%	0.01	7%

(1) Debt-to-equity ratio is measured as total liabilities, net of unearned tuition and other school fees, divided by total equity.

(2) Current ratio is measured as current assets divided by current liabilities.

(3) Asset to equity ratio is measured as total assets divided by total equity.

(4) Direct costs is calculated by adding the costs of educational services and educational materials and supplies sold.

(5) EBITDA is earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint venture, loss (gain) on foreign exchange differences, fair value loss (gain) on equity instruments at FVPL, and nonrecurring gains such as gain on disposals of interest in an associate, and gain on termination of lease.

(6) Core income is computed as consolidated net income after tax derived from the Group's main business – education and other recurring income.

(7) Income per share is measured as net income attributable to equity holders of the parent company divided by the weighted average number of outstanding common shares

(8) Acid test ratio is measured as current assets less inventories and prepayments divided by current liabilities.

(9) Cash ratio is measured as cash and cash equivalents divided by current liabilities.

(10) Debt service cover ratio is measured as EBITDA for the last twelve months divided by total principal and interest covering those due for the immediately succeeding twelve months (see Note 16 of the unaudited interim condensed consolidated financial statements).

(11) Interest coverage ratio is measured as EBITDA for the last twelve months divided by interests due in the next twelve months.

(12) EBITDA margin is measured as EBITDA divided by total revenues.

(13) Gross profit margin is measured as gross profit divided by total revenues.

(14) Operating profit margin is measured as operating profit divided by total revenues.

(15) Net income margin is measured as net income after income tax divided by total revenues.

(16) Return on equity is measured as net income attributable to equity holders of the parent Company [annualized] divided by average equity attributable to equity holders of the parent company.

(17) Return on assets is measured as net income [annualized] divided by average total assets.

STI EDUCATION SERVICES GROUP, INC.
 AGING OF ACCOUNTS RECEIVABLES
 AS OF MARCH 31, 2026

TYPE OF ACCOUNTS RECEIVABLE	TOTAL	1-30 DAYS	31-60 DAYS	61-90 DAYS	OVER 90 DAYS
Current receivables	1,084,819,174	829,256,982	22,633,428	115,436,525	117,492,239

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.

STI ESG began with a goal of training as many Filipinos as possible in computer programming and addressing the information technology education needs of the Philippines. Starting as a training center, STI ESG initially offered short-term computer programming courses that were patterned to satisfy the demand of college graduates and working professionals who wanted to learn more about emerging computer technology.

Shortly after, STI ESG’s campuses began to grow as it started granting franchises in other locations within Metro Manila, which soon expanded to other key areas in Luzon, Visayas, and Mindanao.

Over the years, STI ESG began shifting its focus from short-term courses to college degree programs to adjust to the changing business environment. In 1995, STI ESG was granted a permit by the Commission on Higher Education (CHED) to operate colleges and roll out four-year college programs starting with the Bachelor of Science (BS) degree in Computer Science. STI ESG then slowly diversified its programs beyond Information & Communications Technology by introducing new programs in the fields of Business and Management, Accountancy, Engineering, Education, Hospitality Management, Tourism Management, Arts and Sciences, Psychology, and Criminology. STI ESG also offers Senior High School (SHS) while select schools offer Junior High School (JHS).

As at May 15, 2026, STI ESG has a network of 63 operating schools comprising 60 colleges and 3 education centers. Of the total number of schools, STI ESG owns 37 schools while franchisees operate 26 schools.

STI ESG’s total student capacity aggregates to 159,569 students, with 112,119 pertaining to owned schools and 47,450 for franchised schools.

STUDENT POPULATION

The enrollment of the Group for SY 2025-2026 reached 114,569, compared to 121,374 for SY 2024-2025. The total number of enrollees in CHED programs remained stable at 86,537 for SY 2025-2026 from 86,447 for SY 2024-2025. The number of continuing students enrolled in CHED programs, or those students who opted to remain in the Group’s network of schools, notably increased by 5,362 from 72,507 students in SY2024-2025 to 77,869 students in SY 2025-2026. Meanwhile, total number of students enrolled in DepEd programs declined by 7,098. This decline is attributed to the early start of classes in the public school sector. Classes for the public schools’ junior and senior high school students started on June 16, 2025, while STI ESG started on July 28,

2025 for SY 2025-2026. Enrollment in programs regulated by CHED and DepED as a percentage of total enrollment stood at 75% and 23%, respectively, in SY 2025-2026 as against 71% and 27%, respectively, in SY 2024-2025. CHED programs generate higher revenues per student relative to other levels.

The enrollment figures are as follows:

	SY 2025-2026	SY 2024-2025	Decrease	
			Enrollees	Percentage
Owned schools	77,377	84,122	6,745	8.0%
Franchised schools	37,192	37,252	60	0.2%
Total Enrollees	114,569	121,374	6,805	5.6%

The grouping of students according to the government regulatory agencies overseeing the programs is outlined as follows:

- CHED - students under this group are enrolled in tertiary programs;
- TESDA - students under this group are enrolled in technical-vocational programs; and
- DepEd – pertains to primary and secondary education, including JHS and SHS.

	SY 2025-2026	%	SY 2024-2025	%
CHED	86,537	75%	86,447	71%
TESDA	1,963	2%	1,760	2%
DepEd*	26,069	23%	33,167	27%
TOTAL	114,569	100%	121,374	100%

* For SY 2025–2026, DepEd count includes 25,216 SHS students and 853 JHS students, while for SY 2024–2025, count includes 32,501 SHS students and 666 JHS students.

In SY 2025–2026, classes across all levels started on July 28, 2025 while for SY 2024–2025, classes started on August 12, 2024.

Classes in SY 2024–2025 were conducted fully face-to-face, while classes for SY 2025–2026 were conducted predominantly on a face-to-face basis. In the latter part of SY 2025–2026, the Group temporarily adopted a hybrid learning modality across the STI network, combining onsite and online delivery, to support continuity of academic operations amid prevailing external conditions, particularly – the elevated transportation costs. Full face-to-face classes for high school students resumed effective May 11, 2026 in preparation for end-of-term activities, while classes for the tertiary segment for majority of the schools within the STI network will remain on a hybrid set-up until the end of SY 2025–2026. This approach was adopted following student consultations conducted through surveys. Six (6) schools, where survey results indicated a preference for in-person learning, have opted to resume full face-to-face classes, with four (4) schools effective May 13, 2026 and two (2) schools effective May 14, 2026.

The Group remains committed to ensuring adherence to the guidelines set by 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 months ended March 31, 2026 and 2025 and financial condition of STI Education Services Group, Inc. and its subsidiaries (the “Group”) as at March 31, 2026 and June 30, 2025. 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 months ended March 31, 2026. All necessary adjustments have been made to present fairly the financial position as at March 31, 2026 and June 30, 2025 and the results of operations and cash flows of the Group for the nine months ended March 31, 2026 and 2025.

The Group’s operations follow the academic cycle. For SY 2025–2026, the academic year began in late July 2025 and will conclude in June 2026. For SY 2024–2025, the academic year started around mid-August 2024 and ended in June 2025.

The Group’s performance obligations arising from tuition and other school fees are satisfied over time, as students simultaneously receive and consume the benefits provided by the Group through its educational services. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain and in relation to the services provided by the Group. As such, revenue distribution across quarters may vary depending on the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group.

I. RESULTS OF OPERATIONS

Three months ended March 31, 2026 vs. three months ended March 31, 2025

For the three months ended March 31, 2026, the Group generated gross revenues amounting to ₱1,056.8 million, representing a year-on-year decrease of 14% or ₱169.4 million from the same period last year of ₱1,226.3 million.

The variation between quarters of the current and previous year was primarily attributable to the adoption of revenue recognition based on the school days within the related term(s). Starting FY 2025-2026, STI ESG recognized revenues from tuition and other school fees based on the actual number of school days in a quarter of the applicable school term compared with the previous practice of recognizing the same on a monthly basis within each quarter of the school term(s). This change affects the timing of revenue recognition across quarters but does not affect the aggregate revenues recognized for the full school year. In addition, the Group implemented adjustments in tuition and other school fees for SY 2025-2026.

The Group recorded operating income for the three months ended March 31, 2026 amounting to ₱486.5 million, compared to ₱679.5 million for the same period last year. The Group recognized net income after income tax amounting to ₱445.1 million and ₱616.3 million for the three months ended March 31, 2026 and 2025, respectively.

Earnings before interest, taxes, depreciation, and amortization or EBITDA, amounted to ₱652.7 million for the three months ended March 31, 2026 compared to ₱817.4 million for the same period last year. EBITDA is computed as earnings before interest expense, interest income, provision for income tax, depreciation and amortization, equity in net earnings of associates and joint venture, gain on foreign exchange differences, fair value gain(loss) on equity instruments at FVPL, nonrecurring gain (loss) such as gain on disposals of interest in an associate, and gain (loss) on termination of lease. Gain-recognized from termination of lease is 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 margins for the three months ended March 31, 2026 and 2025 were 62% and 67%, respectively.

Nine months ended March 31, 2026 vs. nine months ended March 31, 2025

The consolidated gross revenues of the Group for the nine months ended March 31, 2026 amounted to ₱3,302.2 million, reflecting marginal variance from the ₱3,310.6 million gross revenues generated for the same period last year.

Gross profit amounted to ₱2,459.0 million for the nine months ended March 31, 2026 compared to ₱2,493.6 million for the nine months ended March 31, 2025. Gross margin remained stable at the mid-70% level for the same periods.

The Group recorded an operating income of ₱1,442.8 million for the nine months ended March 31, 2026, compared to ₱1,509.1 million for the same period last year. Operating income margin was sustained at approximately the mid-40% level for the nine months ended March 31, 2025 and 2026.

The Group recognized net income after income tax amounting to ₱1,548.9 million for the nine months ended March 31, 2026, reflecting a 16% increase, compared to ₱1,337.9 million for the nine months ended March 31, 2025. Net income margin improved from 40% to 47% for the nine months ended March 31, 2025 and 2026, respectively.

EBITDA amounted to ₱1,904.4 million for the nine months ended March 31, 2026 from ₱1,914.0 million for the same period last year. EBITDA margin for the nine months ended March 31, 2026 and 2025 remains stable at 58%.

II. FINANCIAL CONDITION

The Group posted consolidated total assets of ₱13,268.1 million as at March 31, 2026, up from ₱12,270.6 million as at June 30, 2025. This increase was primarily driven by growth in current assets – particularly cash and receivables, as well as capital expenditures and supplier advances for purchases and ongoing projects. These increases were partly offset by movements in investments and advances to associates and joint ventures.

Condensed Statements of Financial Position

<i>(Amounts in Peso millions)</i>	March 31,	June 30,	Increase (Decrease)	
	2026	2025	Amount	%
Total Current Assets	3,228.3	2,297.1	931.2	41%
Total Noncurrent Assets	10,039.8	9,973.5	66.3	1%
Total Assets	13,268.1	12,270.6	997.5	8%
Total Current Liabilities	2,716.2	1,612.0	1,104.2	68%
Total Noncurrent Liabilities	933.1	2,267.8	(1,334.7)	-59%
Total Liabilities	3,649.3	3,879.8	(230.5)	-6%
Total Equity	9,618.8	8,390.8	1,228.0	15%
Total liabilities and equity	13,268.1	12,270.6	997.5	8%

Cash and cash equivalents increased by ₱179.5 million or 11.3% from ₱1,594.6 million to ₱1,774.1 million as at June 30, 2025 and March 31, 2026, respectively. This was largely attributed to the Group's profitable operations and improved collection efficiency, with the increase partly offset by net cash outflows from investing and financing activities.

Total receivables increased by ₱651.9 million, from ₱433.1 million as at June 30, 2025 to ₱1,085.0 million as at March 31, 2026. This balance consists primarily of amounts expected to be collected from students for tuition and other school fees, as well as from DepEd for SHS vouchers, that are expected to be received within the school year.

Prepaid expenses increased by ₱12.6 million, from ₱94.2 million as at June 30, 2025 to ₱106.8 million as at March 31, 2026. The increase was primarily driven by higher prepaid taxes and prepaid insurance, partially offset by the lower prepaid subscriptions and licenses, as well as advances to suppliers.

Property and equipment increased by ₱368.9 million, net of accumulated depreciation, from ₱8,050.3 million as at June 30, 2025 to ₱8,419.2 million as at March 31, 2026. The increase primarily reflects the acquisition of land in Calamba, Laguna, and additions to "Property and equipment" arising from the completed and progress of ongoing construction projects during the nine-month period, after considering the depreciation recognized for the period.

STI ESG's equity interest in STI Holdings declined following disposals aggregating 365.9 million shares during the nine months ended March 31, 2026. This reduced STI ESG's ownership in STI Holdings to 0.67% as at March 31, 2026, resulting in the reclassification of the remaining interest in STI Holdings to "Equity Instrument at FVPL". Accordingly, the balance of "Investments and advances to associates and joint ventures" decreased to ₱26.9 million from ₱433.2 million while the balance of "Equity Instrument at FVPL" increased from ₱11.5 million as at June 30, 2025 to ₱104.1 million as at March 31, 2026, reflecting the reclassification of the the remaining interest of STI ESG in STI Holdings.

Deferred tax assets (DTA) increased by ₱16.0 million, from ₱40.1 million as at June 30, 2025 to ₱56.1 million as at March 31, 2026, primarily attributed to taxes due on tuition and other school fees collected in advance. In accordance with statutory regulations, tuition and other school fees which are collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets increased by ₱105.2 million from ₱697.3 million as at June 30, 2025 to ₱802.5 million as at March 31, 2026, mainly attributable to a down payment made by STI ESG in August 2025 amounting to ₱147.6 million for the construction of STI Academic Center Meycauayan, net of advances applied or reclassified to property and equipment.

Total current liabilities increased by ₱1,104.2 million, from ₱1,612.0 million to ₱2,716.2 as at June 30, 2025 and March 31, 2026, respectively. The increase was primarily driven by the reclassification of the 10-year series bonds maturing in March 2027 to the current portion of liabilities. Unearned tuition and other school fees also rose by ₱689.4 million from ₱163.0 million to ₱852.4 million as at June 30, 2025 and March 31, 2026, respectively. These unearned revenues will be recognized as income over the remaining months of the related school term(s). These increases were partially offset by the lower current portion of interest-bearing loans and borrowings, reflecting payments made during the nine months ended March 31, 2026.

Total noncurrent liabilities decreased by ₱1,334.7 million to ₱933.1 million as at March 31, 2026, from ₱2,267.8 million as at June 30, 2025. The reduction was primarily attributable to the reclassification to current liabilities of STI ESG's 10-year series bonds and the portion of interest-bearing loans and borrowings due within the next twelve months. In addition, STI ESG prepaid the outstanding balance of its term loan facility with Chinabank.

Total equity increased from ₱8,390.8 million as at June 30, 2025 to ₱9,618.8 million as at March 31, 2026, reflecting the Group's net income for the nine months ended March 31, 2026, net of dividends declared during the same period.

III. TOP FIVE (5) KEY PERFORMANCE INDICATORS

The key performance indicators (KPIs) of the Group cover tests of profitability, liquidity, and solvency. Profitability refers to the Group's earning capacity and ability to earn income for its stockholders. This is measured by profitability ratios analyzing margins and returns. Liquidity refers to the Group's ability to pay its short-term liabilities as and when they fall due. Solvency refers to the Group's ability to pay all its debts when they fall due, whether such liabilities are current or noncurrent.

The top five (5) KPIs of the Group include:

		As at/Nine months ended March 31		
		2026	2025	Remarks
EBITDA margin	EBITDA divided by total revenues.	58%	58%	EBITDA margin remained flat at 58% for both periods, reflecting consistent operating profitability.
Gross profit margin	Gross profit divided by total revenues	74%	75%	Gross profit margin remained relatively flat for both periods. The marginal decrease is attributed largely to higher depreciation and amortization expense, relative to revenues, during the months ended March 31, 2026.

As at/Nine months ended March 31

		2026	2025	Remarks
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	22%	24%	ROE slightly declined. While the net income attributable to equity holders of the Parent Company earned during the nine-month period ended March 31, 2026 increased compared to the same period last year, the average equity attributable to equity holders of the Parent Company increased at a faster rate reflecting retained earnings accumulation during the years.
Debt-to-equity ratio (D/E ratio) ¹	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.29	0.47	D/E ratio improved due to principal payments made by STI ESG on its term loans.
Current ratio	Current assets divided by current liabilities	1.19	1.10	Current ratio improved due to the Group's profitable operations and improved collection efficiency.

The Group likewise monitors its financial covenants in accordance with its loans and trust agreements.

As at and for the periods ended

		December 31, 2025	June 30, 2025	Remarks
D/E ratio ¹	Total liabilities, net of unearned tuition and other school fees, divided by total equity	0.39	0.44	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	3.75	3.40	The minimum DSCR set by management and the lender banks is 1.05 of cash income (EBITDA) for

		December 31, 2025	June 30, 2025	Remarks
	next twelve months.			every peso of loans and interest due within the next 12 months (see note below).
Interest coverage ratio (ICR) ³	EBITDA for the immediately preceding twelve months divided by interest due in the next twelve months	18.97	14.95	ICR is well within the threshold set under the Second Supplemental Trust Agreement.

¹ D/E ratio under the Term Loan Agreements with Chinabank had a maximum threshold of 1.50:1.00, while D/E ratio under the Term Loan Agreements with BPI and Metrobank must not be more than 2.50:1.00. The loan with China Bank has been fully paid as at March 31, 2026.

² DSCR under the Term Loan Agreements with Chinabank was set at a minimum of 1.05:1.00. Similarly, the DSCR requirement under the Term Loan Agreements with BPI and Metrobank must not be lower than 1.05:1.00. For Chinabank, DSCR was tested every December 31 and June 30 of each year while for BPI and Metrobank, this is tested on June 30 of each year. The loan with China Bank has been fully paid as at March 31, 2026.

³ ICR under the Trust Agreement must not be lower than 3.00:1.00.

The Term Loan Agreement with Chinabank prescribed 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. Under the respective term loan agreements with BPI and Metrobank, 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, 2026 and June 30, 2025, STI ESG is compliant with the aforementioned financial covenants, following the respective agreements, (see Notes 16 and 17 of the unaudited interim condensed consolidated financial statements).

IV. MATERIAL CHANGES IN BALANCE SHEET ACCOUNTS

Cash and cash equivalents increased by ₱179.5 million from ₱1,594.6 million to ₱1,774.1 million as at June 30, 2025 and March 31, 2026, respectively, primarily attributable to the Group's profitable operations and improved collection efficiency. The Group generated cash from operating activities aggregating to ₱1,744.0 million during the nine months ended March 31, 2026, with the collection of tuition and other school fees serving as the primary source of operating cash inflows. Net cash outflows for investing activities amounted to ₱327.5 million, mainly reflecting disbursements for the related progress completion of the ongoing construction projects, and the acquisition of a parcel of land. These cash outflows were partially offset by the ₱548.9 million proceeds received by STI ESG from the sale of majority of its shares in STI Holdings. Cash used in financing activities totaled ₱1,237.1 million, substantially representing principal payments of STI ESG's Term Loans with Chinabank, BPI and Metrobank aggregating to ₱704.4 million, as well as interest payments on STI ESG's Term Loans, and coupon payments on STI ESG's bond issuance aggregating to ₱158.6 million during the nine months ended March 31, 2026, and payment of cash dividends amounting to ₱308.2 million in January 2026.

Receivables increased to ₱1,085.0 million as at March 31, 2026, up by ₱651.9 million from ₱433.1 million as at June 30, 2025, reflecting more than twofold increase from the prior period balance.

Receivables from students rose by ₱482.7 million from ₱311.0 million to ₱793.7 million, representing tuition and other school fees that are expected to be collected from students within the school year.

Receivables from DepEd likewise increased to ₱214.7 million as at March 31, 2026 from ₱19.8 million as at June 30, 2025. The SHS Voucher Program is a financial assistance program wherein subsidies in the form of vouchers are provided to qualified SHS students who are enrolled in a “non-DepEd SHS”. A non-DepEd SHS refers to an educational provider not directly operated by DepEd but granted by DepEd with a permit or government recognition to operate SHS. This includes private schools, private colleges and universities; state universities and colleges (SUCs), local universities and colleges (LUCs); and technical and vocational institutions offering SHS. A Qualified Voucher Recipient (QVR) enrolled in a participating private institution is entitled to a subsidy ranging from ₱14.0 thousand to ₱22.5 .0 thousand annually. The subsidy is administered by the Department of Education under the Senior High School Voucher Program through the Private Education Assistance Committee (PEAC), which facilitates the direct transfer of funds to the participating schools.

Receivables related to DBP Resources for Inclusive and Sustainable Education Program (DBP RISE) amounted to ₱1.3 million and ₱1.9 million as at March 31, 2026 and June 30, 2025, respectively. DBP RISE covers: (1) the total cost of tuition fees for all year levels of the entire course or program based on the partner school’s tuition fee structure which is determined at the beginning of the first term of the course or program, and (2) student support fund which covers other school fees, miscellaneous fees, and living allowance that will be determined and set by DBP.

Receivables from CHED for the Tertiary Education Subsidy (TES) amounted to ₱15.3 million as at March 31, 2026 from ₱1.4 million as at June 30, 2025. The TES is implemented pursuant to the Universal Access to Quality Tertiary Education Act (UAQTEA) or RA No. 10931, and its Implementing Rules and Regulations (IRR), and is administered by the CHED through the Unified Student Financial Assistance System for Tertiary Education (UniFAST).

Under earlier implementations of the TES program, qualified students enrolled in selected private higher education institutions (HEIs) were entitled to subsidies of up to ₱60.0 thousand per year. These subsidies were subject to a sharing arrangement between the TES student grantee and the private HEI. The TES subsidy was allocated between the student grantee and the private HEI, with ₱40.0 thousand intended for student support and ₱20.0 thousand credited to the participating institution. Additional benefits were likewise given to persons with disabilities (PWDs) and graduates of programs with licensure exams amounting to ₱30.0 thousand and ₱10.0 thousand per year, respectively.

Pursuant to UniFAST Memorandum Circular No. 5 issued in July 2023, TES grants for new beneficiaries beginning 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 are entitled to an additional subsidy of ₱10.0 thousand per school year or ₱5.0 thousand per semester. Under UniFAST Memorandum Circular No. 02, Series of 2024, 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 per semester or ₱20.0 thousand per school year. TES grants are subject to the

availability of funds, with subsidy amounts determined by the UniFAST Board in accordance with its guidelines and subject to annual budgetary appropriations. Under the TES program, subsidy amounts are released directly by CHED to the participating HEIs where the qualified students are 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 decreased by ₱30.1 million from ₱135.3 million as at June 30, 2025 to ₱105.2 million as at March 31, 2026 representing payments received during the nine months ended March 31, 2026. This balance is largely composed of receivables from franchised schools and an affiliate for the educational services rendered and educational materials and supplies sold by STI ESG. These receivables from franchised schools and affiliates are expected to be settled within 30 days from invoice date.

Rent and other receivables increased by ₱13.2 million to ₱45.3 million as at March 31, 2026 from ₱32.1 million as at June 30, 2025, representing rentals from various lessees during the nine months ended March 31, 2026.

STI ESG's allowance for estimated credit losses (ECL) recognized in relation to the adoption of Philippine Financial Reporting Standards (PFRS) 9 *Financial Instruments*, increased from ₱156.7 million as at June 30, 2025 to ₱231.8 million as at March 31, 2026. The increase reflects the additional provisions for ECL amounting to ₱75.1 million for the nine months ended March 31, 2026.

Prepaid expenses increased by ₱12.6 million, from ₱94.2 million as at June 30, 2025 to ₱106.8 million as at March 31, 2026. The increase was primarily driven by higher prepaid taxes and prepaid insurance, partially offset by the lower prepaid subscriptions and licenses, as well as advances to suppliers. The increase in prepaid taxes is mainly attributable to the payment of local business taxes covering calendar year 2026. Prepaid insurance increased mainly due to the prepayment of HMO insurance and fire insurance, covering periods beyond June 30, 2026. These prepayments are recognized as expenses over the applicable period. Prepaid subscriptions and licenses decreased, substantially pertaining to Microsoft licenses and eLearning Management System (eLMS) subscriptions, representing amounts recognized as expense for the nine months ended March 31, 2026. This decrease was partially offset by the prepayments for new subscriptions of cybersecurity and computer-aided design (CAD) licenses. Advances to suppliers likewise decreased, reflecting the utilization of prepayments substantially related to completed school activities.

Property and equipment increased by ₱368.9 million, net of accumulated depreciation, from ₱8,050.3 million as at June 30, 2025 to ₱8,419.2 million as at March 31, 2026 representing the acquisition of a parcel of land in Calamba, Laguna, and additions from completed and ongoing construction projects. Various school and office equipment, furniture and fixtures were likewise purchased during the nine-month period ended March 31, 2026.

Investments in and advances to associates and joint venture decreased by ₱406.3 million, from ₱433.3 million as at June 30, 2025 to ₱26.9 million as at March 31, 2026 mainly due to the disposals of STI ESG's equity interest in STI Holdings. During the period, STI ESG sold a total of 365.9 million shares of STI Holdings for aggregate proceeds of ₱548.9 million, reducing its ownership interest from 4.37% as at June 30, 2025 to 0.67% as at March 31, 2026. These disposals of equity interest in STI Holdings resulted in gain amounting to ₱200.5 million, reflected as "Gain on

disposals of interest in an associate” in the unaudited interim condensed consolidated statement of comprehensive income for the nine months ended March 31, 2026. Following the significant reduction in ownership, STI ESG ceased applying the equity method of accounting, and the remaining investment was reclassified as “Equity Instruments at FVPL”. As at March 31, 2026, the remaining 66.5 million shares were valued at ₱1.41 per share or an aggregate amount of ₱93.8 million, resulting in a fair value gain on equity instruments at FVPL amounting to ₱33.6 million for the nine months ended March 31, 2026. The fair value per share is consistent with its level as at December 31, 2025. Consequently, the balance of “Equity Instrument at FVPL” increased from ₱11.5 million as at June 30, 2025 to ₱104.1 million as at March 31, 2026, substantially reflecting the reclassification of STI ESG’s remaining equity interest in STI Holdings.

Deferred tax assets (DTA) increased by ₱16.0 million, from ₱40.1 million as at June 30, 2025 to ₱56.1 million as at March 31, 2026. The increase was primarily attributed to taxes due on tuition and other school fees collected in advance. In accordance with statutory regulations, tuition and other school fees which are collected in advance are subject to income tax upon receipt.

Goodwill, intangible, and other noncurrent assets rose by ₱105.2 million from ₱697.3 million as at June 30, 2025 to ₱802.5 million as at March 31, 2026, primarily reflecting 30% downpayment of ₱147.7 million in August 2025 for the construction of the STI Academic Center Meycauayan. The reported increase is net of advances applied or reclassified to property and equipment .

Accounts payable and other current liabilities decreased by ₱186.0 million from ₱770.4 million as at June 30, 2025 to ₱584.4 million as at March 31, 2026. The decrease was primarily driven by the full settlement of the remaining balance for the acquisition of a parcel of land in Alabang, Muntinlupa City, as well as payments for progress billings related to completed and ongoing construction projects.

Unearned tuition and other school fees increased by ₱689.4 million, from ₱163.0 million as at June 30, 2025 to ₱852.4 million as at March 31, 2026. The balance as at June 30, 2025 represents the tuition and other school fees collected before the fiscal year end but applicable to SY 2025-2026. The balance as at March 31, 2026 refers to the unearned portion of students’ assessments initially recorded as liabilities at the start of the applicable term(s). These unearned tuition and other school fees are recognized as income over the remaining months within SY 2025-2026.

Current portion of interest-bearing loans and borrowings amounted to ₱341.8 million as at March 31, 2026, net of deferred finance charges amounting to ₱2.6 million. The balance as at March 31, 2026 represents the current portion of the term loans of STI ESG with BPI and Metrobank amounting to ₱144.4 million and ₱200.0 million, respectively. On the other hand, the non-current portion of interest-bearing loans and borrowings, decreased by ₱462.3 million from ₱1,146.1 million to ₱683.8 million, net of deferred finance cost, as at June 30, 2025 and March 31, 2026, respectively. The decrease was primarily due to the prepayment of the outstanding Chinabank term loan balance, and the reclassification of amounts due within the next twelve months from non-current to current liabilities.

As at March 31, 2026, STI ESG reclassified its 10-year series bonds, maturing in March 2027, from non-current to current liabilities since the remaining principal is due within the next twelve months. The bonds’ carrying amount, net of deferred finance costs, amounted to ₱818.1 million and ₱816.7 million as at March 31, 2026 and June 30, 2025, respectively.

Current portion of lease obligations amounted to ₱57.5 million and ₱64.3 million as at March 31, 2026 and June 30, 2025, respectively. Noncurrent lease liabilities declined by ₱86.1 million from

₱244.5 million to ₱158.4 million primarily due to (i) the reclassification of lease obligations that are due within the next twelve months, and (ii) the reversal of the lease liability related to the termination of a lease agreement previously accounted for under the PFRS 16, following the acquisition of a parcel of land, a property previously leased by STI ESG, in Calamba, Laguna, where STI Academic Center Calamba is situated. Lease liabilities were recognized based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of the initial application. The amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. The measurement and presentation of lease liabilities were recognized in the unaudited interim condensed consolidated financial statements of the Group following the adoption of PFRS 16 *Leases*.

Income tax payable amounted to ₱62.1 million and ₱34.1 million as at March 31, 2026 and June 30, 2025, respectively. The balance as at March 31, 2026 represents net income tax payable on the taxable income of STI ESG and certain subsidiaries for the nine months ended March 31, 2026.

Pension liabilities increased by ₱24.0 million, from ₱30.8 million as at June 30, 2025 to ₱54.8 million as at March 31, 2026. The increase is mainly attributable to the recognition of pension expense amounting to ₱7.9 million and remeasurement adjustments of ₱16.1 million, gross of tax, for the nine months ended March 31, 2026.

Other noncurrent liabilities rose by ₱6.5 million from ₱29.6 million as at June 30, 2025 to ₱36.1 million as at March 31, 2026, mainly due to the advance rent and refundable deposits from new lease agreements.

Cumulative actuarial gain amounted to ₱60.7 million as at March 31, 2026 from ₱75.2 million as at June 30, 2025. The decrease reflects changes in the market value of the equity investments held within the pension plan asset of the Group for the nine months ended March 31, 2026.

Retained earnings increased by ₱1,240.6 million from ₱4,875.3 million to ₱6,115.9 million. The Group registered a net income amounting to ₱1,548.9 million for the nine months ended March 31, 2026. STI ESG declared cash dividends on December 12, 2025 amounting to ₱308.2 million which were subsequently settled in January 2026.

V. MATERIAL CHANGES IN INCOME STATEMENT ACCOUNTS

The Group generated gross revenues amounting to ₱3,302.2 million during the nine months ended March 31, 2026, reflecting marginal variance from the ₱3,310.6 million gross revenues generated for the same period last year.

Condensed Statements of Comprehensive Income

<i>(Amounts in Peso millions)</i>	Nine Months Ended March 31			
	2026	2025	Increase (Decrease)	
Revenues	3,302.2	3,310.6	(8.4)	0%
Costs and expenses	1,859.4	1,801.5	57.9	3%
Operating income	1,442.8	1,509.1	(66.3)	-4%
Other income (expenses)	247.3	(28.3)	275.6	-974%
Income before income tax	1,690.1	1,480.8	209.3	14%
Provision for income tax	141.2	142.8	(1.6)	-1%
Net income	1,548.9	1,338.0	210.9	16%
Other comprehensive income	(12.8)	27.1	(39.9)	-147%
Total comprehensive income	1,536.1	1,365.1	171.0	13%

Tuition and other school fees amounted to ₱2,937.3 million for the nine months ended March 31, 2026, a marginal year-on-year increase from ₱2,934.4 million for the same period last year. Revenues from tuition and other school fees are recognized proportionately throughout the related school term(s) to which they pertain, consistent with the time frame in which educational services are delivered. As such, revenue distribution across quarters may vary depending on the timing of the school calendar. Starting this fiscal year, the Group has recognized the revenues based on the actual number of days within the school calendar in contrast with the monthly recognition done in prior years. This approach affects the timing of revenue recognition across quarters but does not affect total revenues for the full fiscal year. STI ESG implemented adjustments on tuition and other school fees for new tertiary students, as well as the other school fees for continuing tertiary students, ranging from 2.1% to 6.7%.

Revenues from educational services and royalty fees, largely from STI ESG's franchised schools, aggregated to ₱208.1 million for the nine months ended March 31, 2026, posting an increase of 10% and 4%, respectively. Revenues from educational services and royalty fees are derived as a percentage of the tuition and other school fees collected by the franchised schools from their students, DepEd and CHED.

Revenues from educational services' increase is substantially driven by management fees earned from Philippine School of Business Administration (PSBA Manila), and Philippine School of Business Administration, Inc.-Quezon City (PSBA Quezon City) amounting to ₱16.6 million and ₱7.2 million for the nine months ended March 31, 2026 and 2025, respectively. The management agreement, executed in May 2024, became effective on July 1, 2024 for PSBA Quezon City and on August 1, 2024 for PSBA Manila. The agreement has a term of three (3) years counting from the respective management commencement dates. PSBA Manila and PSBA Quezon City pay management fees to STI ESG equivalent to 26.0% of their respective gross revenues.

The total revenues generated from sale of educational materials and supplies amounted to ₱69.9 million for the nine months ended March 31, 2026, compared to ₱97.8 million for the same period last year, which is consistent with the enrollment levels for SY 2025-2026. Sales for both periods were mainly attributable to uniforms. The cost of educational materials and supplies sold amounted to ₱52.6 million for the nine months ended March 31, 2026, compared to ₱77.3 million for the same period last year, which is aligned with the movement in sales.

The cost of educational services amounted to ₱790.6 million, compared to ₱739.8 million for the nine months ended March 31, 2026 and 2025, respectively. This increase is primarily attributed to higher depreciation expense, as well as the recognition of new software subscription costs, reported as part of the "Cost of student activities, programs and other service costs" in the

unaudited interim condensed consolidated statements of income for the nine months ended March 31, 2026.

Depreciation expenses increased following the completion of the new school buildings at STI Ortigas-Cainta and STI Lipa, completion of major renovation and rehabilitation works in the schools owned and operated by STI ESG, and the acquisition of new equipment and furniture. The higher depreciation expense is reflected both under the cost of educational services and general and administrative expenses sections of the unaudited interim condensed consolidated statement of comprehensive income. Depreciation and amortization under the cost of educational services section amounted to ₱257.4 million, compared to ₱224.5 million for the nine months ended March 31, 2026 and 2025, respectively, while depreciation and amortization recognized under the general and administrative expenses section amounted to ₱174.7 million, compared to ₱155.8 million for the nine months ended March 31, 2026 and 2025, respectively.

Expenses attributed to student activities, programs and other service costs amounted to ₱141.2 million for the nine months ended March 31, 2026 compared to ₱113.7 million for the nine months ended March 31, 2025. This account includes subscription costs for the use of eLearning Management System, MS License, and eBooks, among others. These subscriptions are renewed annually, and the related costs are spread over the contract periods which are usually aligned with the school calendar. The rise in subscription costs is mainly associated with the Group's adoption of specialized cybersecurity and CAD platforms for the Criminology and ICT Programs such as Computer Engineering, Computer Science, and Information Technology, as well as Adobe Creative Cloud licenses used for instruction in the Multimedia Arts program. These subscriptions support the Group's ongoing initiatives to align laboratory requirements with current industry practices. The cybersecurity, CAD, and Adobe platforms allow for structured, skills-based assessments and enable students to complete tasks that correspond to recognized technical standards. The use of these tools is also intended to increase the number of students earning industry-aligned certifications, which are relevant to improving graduate employability in fields where validated technical competencies are increasingly required.

School materials and supplies amounted to ₱16.8 million, compared to ₱12.1 million for the nine months ended March 31, 2026 and 2025, respectively, largely representing materials and other consumables used in academic and practical activities in the schools.

STI ESG transitioned from an annual support and maintenance contract to on-demand engagements with third-party providers for its computerized accounting and enrollment systems beginning SY 2024-2025. This resulted in lower expenses related to infrastructure and software maintenance, reported under the "Cost of Educational Services" section, from ₱6.1 million to ₱3.3 million for the nine months ended March 31, 2025 and 2026, respectively. Similarly, infrastructure and software maintenance, reported under the "General and Administrative Expenses" section, from ₱1.9 million to ₱1.4 million for the nine months ended March 31, 2025 and 2026, respectively. Concurrently, STI ESG is in the process of implementing new financial and enrollment systems to streamline its financial and enrollment processes and students' information and records management to enhance operational efficiency over the long term.

Gross profit increased from ₱2,493.5 million to ₱2,459.0 million for the nine months ended March 31, 2025 and 2026. Gross margin remained stable at the mid-70% level for the same periods.

General and administrative expenses amounted to ₱1,016.1 million, compared to ₱984.5 million for the nine months ended March 31, 2026 and 2025, respectively. The increase was largely driven

by higher salaries and benefits, depreciation, light and water, janitorial and security services, and taxes and licenses. These increases were partially offset by lower provisions for expected credit losses and a decline in advertising and promotional expense reflecting the shift in the timing of marketing activities following the earlier start of the school year.

Salaries and benefits amounted to ₱283.6 million for the nine months ended March 31, 2026, compared to ₱266.7 million for the same period last year, reflecting salary adjustments, higher premiums for HMO coverage, and the onboarding of personnel to fill vacant positions during the nine months ended March 31, 2026.

Light and water expenses are higher by ₱5.3 million from ₱115.0 million to ₱120.3 million for the nine months ended March 31, 2025 and 2026, respectively. The increase was primarily driven by higher average rate per kilowatt hour and per cubic meter compared to same period last year. These higher costs were partly offset by the savings generated from the solar power systems installed at several wholly owned schools of STI ESG.

Outside services, including security and janitorial services, are higher by ₱5.3 million from ₱88.6 million to ₱93.9 million for the nine months ended March 31, 2025 and 2026, respectively, mainly attributed to increase in minimum wage rates charged by security and janitorial service providers.

Professional fees are higher by ₱6.4 million from ₱85.2 million to ₱91.6 million for the nine months ended March 31, 2025 and 2026, respectively. The increase was mainly due to higher costs associated with corporate and general counsel services, fees incurred in connection with the disposals of STI ESG's interest in STI Holdings, as well as the appraisal of STI ESG's real properties. The appraisal was undertaken in compliance with the requirements of Philippine Accounting Standards, which mandate that assets be assessed for potential impairment at regular intervals to ensure that their carrying amounts reflect current market conditions.

The Group recognized a provision for ECL amounting to ₱75.1 million for the nine months ended March 31, 2026, largely representing ECLs on outstanding receivables from students' tuition and other school fees as at March 31, 2026 associated with SY 2025-2026. This provision for ECL is lower by ₱19.7 million compared to ₱94.8 million for the nine months ended March 31, 2025, reflecting improved collection efficiency. The Group recognized ECL based on the Group's historical credit loss experience adjusted with forward-looking information. The most recent receivables are assigned with lower loss rates. Estimated loss rates vary over time and increase as receivables age and as credit risks increase, with the likelihood of the receivables becoming impaired. The Group likewise considered the subsequent collections of receivables from students pertaining to prior years.

Taxes and licenses expenses rose by ₱5.7 million from ₱33.9 million for the nine months ended March 31, 2025 to ₱39.6 million for the nine months ended March 31, 2026, primarily due to higher local business taxes for calendar year 2026 and the recognition of additional gross receipts tax amounting to ₱1.4 million arising from the prepayment of the outstanding term loan facility with Chinabank.

Insurance expense stood at ₱16.0 million and ₱14.5 million for the nine months ended March 31, 2026 and 2025, respectively, largely attributed to higher insurance expense for fire and building insurance, resulting from expanded coverage for newly constructed buildings, building improvements, additional equipment, and other higher value assets.

Association dues amounted to ₱13.0 million from ₱7.4 million for the nine months ended March 31, 2026 and 2025, respectively, representing dues paid by STI ESG for its investment properties.

Advertising and promotions expenses amounted to ₱7.6 million for the nine months ended March 31, 2026, compared to ₱20.1 million for the nine months ended March 31, 2025. The decline was primarily due to timing differences in the implementation of advertisements and marketing campaigns. For SY 2025–2026, classes commenced earlier, resulting in the shift of a significant portion of marketing activities to the last quarter of fiscal year ended June 30, 2025, whereas for SY 2024–2025, the marketing campaigns through social media channels were largely executed during the first quarter of fiscal year ended June 30, 2025.

Office supplies expense amounted to ₱6.2 million for the nine months ended March 31, 2026, compared to ₱8.8 million for the nine months ended March 31, 2025 reflecting changes in purchasing levels aligned with current operational demand.

The other general and administrative expenses like transportation and travel, communication, and charges associated with the use of payment channels also increased driven by the Group's growing business activities. On the other hand, certain activities relating to meetings and conferences, entertainment, amusement and recreation, were lower during the nine months ended March 31, 2026.

The Group posted an operating income of ₱1,442.8 million for the nine months ended March 31, 2026, from ₱1,509.1 million for the nine months ended March 31, 2025. The decrease was substantially driven by higher depreciation expense recognized for completed projects.

STI ESG sold its equity interest in STI Holdings aggregating to 365.9 million shares for a total consideration of ₱548.9 million in August 2025 and December 2025. This reduced STI ESG's shareholding to 66.5 million shares, decreasing its equity interest in STI Holdings from 4.37% as at June 30, 2025 to 0.67% as at March 31, 2026. These disposals of STI ESG's equity interest in STI Holdings have resulted in gain amounting to ₱200.5 million, reflected as "Gain on disposals of interest in an associate" in the Group's unaudited interim condensed consolidated statement of comprehensive income for the nine months ended March 31, 2026.

Interest expenses decreased by ₱39.2 million, from ₱179.7 million to ₱140.5 million for the nine months ended March 31, 2025 and 2026, respectively. This reduction is primarily attributed to principal payments made by STI ESG on its Term Loan Facility with BPI and Metrobank and the full payment of STI ESG's Chinabank Term Loan. Similarly, interest rates per annum declined effective September 2025 for BPI, Chinabank, and Metrobank at 7.0588%, 7.1577%, and 7.0517%, respectively, compared to 7.8735%, 7.8749%, and 7.8135%, respectively, for the same period in the previous year. Further, interest rates for BPI and Metrobank improved to 6.6607% per annum and 6.7583% per annum, respectively, effective March 2026.

Rental income increased by ₱1.4 million, from ₱81.7 million to ₱83.1 million for the nine months ended March 31, 2025 and 2026, respectively, representing new lease agreements in some of STI ESG's investment properties.

Interest income earned from the Group's short-term investments rose from ₱22.0 million for the nine months ended March 31, 2025 to ₱42.5 million for the nine months ended March 31, 2026, due to higher levels of investible funds.

Fair value gain on equity instruments at FVPL amounted to ₱32.4 million and ₱1.6 million for the nine months ended March 31, 2026 and 2025, respectively. The higher gain in 2026 was primarily attributable to the reclassification and remeasurement of STI ESG's remaining ownership interest in STI Holdings to equity instruments at FVPL. The difference between the fair value and the carrying amount upon remeasurement of STI ESG's remaining ownership interest in STI Holdings was recognized as fair value gain on equity instruments at FVPL amounting to ₱33.6 million for the nine months ended March 31, 2026. On the other hand, STI ESG recognized a fair value loss amounting to ₱1.2 million and a fair value gain of ₱1.6 million for the nine months ended March 31, 2026 and 2025, respectively, from its investment in RL Commercial REIT, Inc.

Equity in net earnings of associates and joint venture amounted to ₱5.8 million for the nine months ended March 31, 2026, compared to ₱16.7 million for the same period in 2025, reflecting the reduced STI ESG's ownership interest in STI Holdings from 4.37% as at June 30, 2025 to 0.67% as at March 31, 2026. STI ESG ceased the equity method of accounting for STI Holdings effective December 2025.

The Group recognized recovery of accounts written-off amounting to ₱5.8 million for the nine months ended March 31, 2026, compared to ₱6.6 million for the same period last year.

STI ESG redeemed and converted substantially all its dollar money market and time deposit placements in 2024, resulting in a realized foreign exchange loss amounting to ₱5.7 million for the nine months ended March 31, 2025. STI ESG recognized an unrealized gain on foreign exchange differences in its dollar-denominated cash and cash equivalents amounting to ₱0.01 million for the nine months ended March 31, 2026.

The Group also recognized other income aggregating to ₱13.6 million and ₱1.1 million, net of other expenses, for the nine months ended March 31, 2026 and 2025, respectively. This account includes the gain recognized by STI ESG from the termination of a lease agreement, following the acquisition of a parcel of land, in Calamba, Laguna, where STI Academic Center Calamba is situated. Other income for the nine months ended March 31, 2026 and 2025 is presented net of bond maintenance fees amounting to ₱0.5 million each for the nine months ended March 31, 2026 and 2025.

The Group recognized "Provision for income tax" amounting to ₱141.2 million and ₱142.8 million for the nine months ended March 31, 2026 and 2025, respectively.

STI ESG reported a net income of ₱1,548.9 million for the nine months ended March 31, 2026, compared to ₱1,337.9 million for the nine months ended March 31, 2025. Net income margin stood at 47%, compared to 40% for the same period of the previous year.

STI ESG recognized remeasurement loss, net of taxes, in pension liability of ₱14.5 million for the nine months ended March 31, 2026, compared to remeasurement gain, net of taxes, of ₱27.6 million for the nine months ended March 31, 2025, reflecting the adjustments in the market value of equity shares forming part of pension assets.

The unrealized fair value gain on equity instruments designated at FVOCI amounted to ₱1,645.2 million for the nine months ended March 31, 2026, compared to negative ₱0.4 million for the nine months ended March 31, 2025. The movement represents fair value adjustments in the market price of quoted equity shares held by STI ESG.

Total comprehensive income for the nine months ended March 31, 2026 amounted to ₱1,536.1 million compared to ₱1,365.1 million for the nine months ended March 31, 2025.

EBITDA amounted to ₱1,914.0 million for the nine months ended March 31, 2025 compared to ₱1,904.4 million for the nine months ended March 31, 2026. EBITDA margin remained stable at 58% for the nine months ended March 31, 2026 and 2025.

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 ₱1,296.0 million for the nine months ended March 31, 2026 compared to core income for the same period last year of ₱1,298.6 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, the current portion of interest-bearing loans and borrowings, and the 10-year series of bonds, representing amounts due within one year after the reporting date. On the other hand, the biggest components of the Group's current assets are cash and cash equivalents, and receivables from students and franchisees with credit terms of up to ten (10) months for installment payments, and thirty (30) days, respectively.

As at March 31, 2026 and June 30, 2025, the Group's current assets amounted to ₱3,228.3 million and ₱2,297.1 million, respectively, while current liabilities amounted to ₱2,716.2 million and ₱1,612.0 million, respectively. Current liabilities include unearned tuition and other school fees amounting to ₱852.4 million and ₱163.0 million as at March 31, 2026 and June 30, 2025, respectively. Unearned tuition and other school fees represent performance obligations related to revenues from tuition and other school fees, which will be satisfied over time as the students receive the services provided by the Group.

As part of the Group's liquidity risk management program, the management regularly evaluates the projected and actual cash flow information.

The Group regularly monitors both the DSCR for STI ESG's interest-bearing loans from local banks and the ICR for its series 10-year bonds. The ratios are based on the consolidated financial statements of the Group. The DSCR is equivalent to the EBITDA divided by the total principal

and interests due for the next twelve months while the ICR is computed as EBITDA divided by the total interests due for the next twelve months. The Group manages its DSCR to keep it at a level acceptable to the Group and the lender banks. Similarly, the Group monitors its ICR to keep it at a level acceptable to the Group and the bondholders.

The Term Loan Agreement with Chinabank prescribed that the financial covenants shall be observed and computed based on STI ESG's unaudited interim consolidated financial statements as at and for the six months ending December 31 of each year and based on the audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. The respective term loan agreements with BPI and Metrobank prescribe that the financial covenants shall be observed and computed annually based on STI ESG's audited consolidated financial statements as at and for the fiscal year ending June 30 of each year. STI ESG is compliant with the DSCR requirement as at June 30, 2025 and March 31, 2026, 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. STI ESG is compliant with the required ICR under the Second Supplemental Trust Agreement.

The Group's policy is to keep the DSCR not lower than 1.05:1.00 and the ICR not lower than 3.00:1.00. DSCRs, as defined in the loan agreements, as at December 31, 2025 and June 30, 2025 are 3.75:1.00 and 3.40:1.00, respectively. ICR, as defined in the bond trust agreement, as at December 31, 2025 and June 30, 2025 are 18.97:1.00 and 14.95:1.00, 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 loans, thus minimizing the exposure to market changes in interest rates. STI ESG's 7-year bonds, which had a fixed interest rate, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate.

The Group's exposure to interest rate risk also includes its cash and cash equivalents balance. Interest rates for the Group's cash deposits are at prevailing interest rates. Due to the magnitude of the deposits, significant changes in interest rates may also affect the statements of comprehensive income of the Group.

Capital risk - The Group's objectives when managing capital is to provide returns for stockholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages its capital structure and adjusts it in light of changes in economic conditions. The Group is not subject to externally imposed capital requirements.

The Group monitors capital using the D/E ratio, which is computed as the total of current and noncurrent liabilities, net of unearned tuition, and other school fees, divided by total equity. The Group monitors its D/E ratio to keep it at a level acceptable to the Group, the lender banks, and the STI ESG bondholders. The Group's policy is to keep the D/E ratio at a level not exceeding 1.50:1.00. STI ESG is compliant with the D/E ratio requirement as at December 31, 2025 and June 30, 2025, as defined in the term loan and trust agreements, (see Notes 16 and 17 of the unaudited interim condensed consolidated financial statements).

VII. AGREEMENTS/COMMITMENTS AND CONTINGENCIES/OTHER MATTERS

- a. There are no changes in accounting estimates used in the preparation of the unaudited interim condensed consolidated financial statements for the current and prior financial periods.
- b. Except as provided in Note 26 of the Notes to the notes to unaudited interim condensed consolidated financial statements attached as Annex "A," the Group has no other financial and capital commitments.
- c. There are no material events and uncertainties known to management that would address the past and would have an impact on future operations of the Group.
- d. There are no material off-balance sheet transactions, arrangements, obligations (including contingent obligations), and other relationships of the Group with unconsolidated entities or other persons created during the reporting period.
- e. The various loan agreements entered into and the issuance of fixed rate bonds by STI ESG provide certain restrictions and conditions with respect to, among others, change in majority ownership and management and maintenance of financial ratios. STI ESG is fully compliant with all the covenants of the respective agreements. See Notes 16 and 17 of the notes to unaudited interim condensed consolidated financial statements of the Company attached as Annex "A" for a more detailed discussion. There are no other events that will trigger direct or contingent financial obligations that are material to the Group, including any default or acceleration of an obligation.
- f. There are no known trends, events or uncertainties that have had or that are reasonably expected to have a material favorable or unfavorable impact on net sales/revenues/ income from continuing operations except for the contingencies and commitments enumerated in Note 26 of the notes to unaudited interim condensed consolidated financial statements attached as Annex "A".
- g. There are no significant elements of income or loss that did not arise from the Group's continuing operations.
- h. The Group's business is linked to the academic cycle. For SY 2025-2026, the academic year begins in late July 2025 and ends in June 2026. For SY 2024-2025, the academic year began around mid-

August 2024 and ended in June 2025. The core business and revenues of the Group, which are mainly from tuition and other school fees, are recognized as income over the corresponding school term(s) to which they pertain. As such, revenue distribution across quarters may vary depending on the timing of the school calendar. This information is provided to facilitate a comprehensive understanding and informed analysis of the results of operations of the Group. However, management has concluded that the Group's operation is not highly seasonal.

- i. On March 23, 2017, STI ESG listed its ₱3.0 billion Series 7-year Bonds due 2024 and Series 10-year Bonds due 2027 on the Philippine Dealing & Exchange Corp. (PDEX) secondary market. The ₱3.0 billion bond issue represented the first tranche of STI ESG's ₱5.0 billion fixed-rate bonds program under its 3-year shelf registration with the SEC. The 3-year shelf registration ended on March 9, 2020. STI ESG's 7-year bonds, which had a fixed interest rate of 5.8085% per annum, were fully redeemed in March 2024 while the 10-year bonds, maturing in 2027, continue to carry a fixed interest rate of 6.3756% per annum. Interests are payable quarterly in arrears on June 23, September 23, December 23, and March 23 or the next business day if such dates fall on non-banking days, of each year commencing on June 23, 2017, until and including the relevant maturity dates (see Note 17 of the notes to unaudited interim condensed consolidated financial statements attached as Annex "A").
- j. On February 27, 2024, the BOD of STI Holdings ratified the execution of a term sheet between STI Holdings and PSBA Manila and 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"). Please refer to Note 30 of the unaudited interim condensed consolidated financial statements attached as Annex "A", for a full discussion of this transaction.